

# **Consolidation Options & Impacts**

## **Cities of Lewiston and Auburn, Maine**



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# Consolidation Options & Impacts

## Cities of Lewiston and Auburn, Maine

**Prepared for:**

Lewiston and Auburn Joint Charter Commission



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# Table of Contents

<b>Executive Summary</b> .....	<b>1</b>
<b>Introduction</b> .....	<b>3</b>
How this report was developed.....	3
How this report is structured.....	6
What this report does not address.....	6
Implementation and transition.....	7
<b>City Operations</b> .....	<b>8</b>
Administrator.....	9
Planning, Permitting and Codes.....	10
Social Services and General Assistance.....	11
Economic and Community Development.....	12
Library.....	13
Legal.....	13
Finance and Administration (New Combined Department).....	14
Administration Division.....	15
Accounting Division.....	15
Tax Collection Division.....	15
Information Technology Division.....	15
City Clerk Division.....	16
Tax Assessing Division.....	17
Human Resources Division.....	18
A Note on Facilities.....	18
Boards and Committees.....	19
Summary of City Operations Savings / (Costs).....	21
Advantages of Unification and Scale.....	21
<b>Public Safety</b> .....	<b>22</b>
Fire and Emergency Medical Services.....	22
Fire and EMS Future Considerations.....	27
Law Enforcement.....	27

---

Dispatch.....	32
Summary of Public Safety Savings / (Costs) .....	32
Advantages of Unification and Scale .....	32
<b>Public Works.....</b>	<b>34</b>
General Services .....	34
Administrator.....	34
Arborist.....	35
Building Maintenance Operations .....	35
Electrical Division.....	36
Engineering .....	36
Recreation.....	37
Solid Waste and Recycling .....	38
Stormwater Operations .....	38
Streets and Highways.....	38
Vehicle Maintenance .....	39
Utilities and Authorities.....	40
Wastewater Treatment .....	40
Water and Wastewater Operations.....	40
Auburn-Lewiston Airport.....	41
Summary of Public Works Savings / (Costs).....	41
Advantages of Unification and Scale .....	42
<b>Education.....</b>	<b>43</b>
A workgroup “vision statement” .....	44
A Vision for Improving Education in L-A .....	44
Respecting Traditions.....	44
Focus on Individual Student Needs .....	45
Local School Leadership .....	45
Expanding Best Practices .....	46
Special Needs Insourced.....	46
Additional Revenue Sources.....	46
Efficiencies Would Free Up Resources for Education .....	46

---

Enrollment Stability.....	46
Aspirations .....	46
Summary of Options and Recommendations .....	47
School Enrollment and Buildings.....	47
Governance .....	48
Board of Education .....	48
Central Administration.....	48
Teaching and Learning.....	50
Education.....	50
Educators.....	50
Student and Family Support.....	51
Summary of Financial Opportunities.....	51
Direct and Near-Term Opportunities .....	53
Building-Level.....	53
System-Level.....	53
General Administration.....	54
Financial Administration and Human Resources .....	54
Information Technology and MIS.....	55
School Committee .....	55
Indirect and / or Out-Year Opportunities .....	55
Special Education .....	56
Transportation .....	60
<b>Capital Equipment.....</b>	<b>62</b>
<b>Transition Costs .....</b>	<b>63</b>
Blending of compensation and benefits.....	65
Leveling Up Analysis .....	69
<b>Summary of Tax and Non-Tax Impacts from Consolidation.....</b>	<b>70</b>
Longer-Term and Non-Tax Considerations .....	70
Calculating the Fiscal Impact .....	71
Step 1: The Current State .....	72
Step 2: Adjust to Equalized State Valuation.....	72

---

Step 3: Separate out Pre-Existing Debt Service .....	73
Step 4: Combined Current State.....	74
Step 5: Direct Tax Impacts of Consolidation.....	74
Direct Tax Impacts: Citizen Workgroup Recommended Model.....	77
Direct Tax Impacts: Max Savings Model .....	79
Summary of Fiscal Impacts.....	80
Review of Revenue Impacts.....	81
Additional Fiscal Impacts .....	81

## Executive Summary

Consolidating the cities of Lewiston and Auburn into a single municipality could reduce existing property tax levies by 2.5 to 4.4 percent while preserving – **and in certain areas, further investing in** – the level of services the community relies on.

**Total annualized tax savings of \$2.3 to \$4.2 million would produce savings for the median property on both sides of the Androscoggin River.** Over a ten-year period of full implementation, savings of \$23 to \$42 million would translate into overall savings of as much as \$1,900 for the typical Lewiston property and \$1,050 for the typical Auburn property.

**At full implementation, a consolidated city could generate annual savings of \$2.3 to \$4.2 million and produce savings for the typical property on both sides of the river.**

Even beyond potential savings, consolidation would offer the community **unique opportunities to improve the capacity and level of its services** – opportunities that are not otherwise available if the cities remain separate. For example:



**One Police Department could result in improved patrol capacity with more officers on the street and fewer administrators**



**One Fire Department could result in improved responses by ensuring emergencies are addressed by the closest unit**



**One School Department could create the largest and most comprehensive district in Maine, offering greater specialization and student choices**



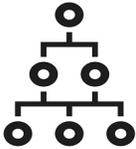
**One Planning Department could result in improved planning capacity through the addition of more staff planner expertise**



**One Economic Development Department could result in improved staff capacity to focus on downtown development efforts**



**One Public Works Department could improve specialization and offset recent staff reductions in both cities**



**One Finance & Administration Department could capitalize on synergies across similar services and more efficiently serve the community**



**One City Administration could result in more growth opportunities for employees and functional specialization for the city**



**One City Government could eliminate certain “threshold costs” required by separate governments, freeing up resources that can be redeployed elsewhere**

# Introduction

This report presents potential options available to the Lewiston-Auburn community in the event it decides to consolidate its two separate city governments. The report builds on a comprehensive baseline review issued by the Lewiston-Auburn Joint Charter Commission in May 2016, entitled **Baseline Services and Financial Overview: Cities of Lewiston and Auburn, Maine**. That report, prepared by CGR on behalf of the Charter Commission, established a foundational understanding of how the cities deliver and fund essential services; their basic governing structures; assets, debts and liabilities; and other issues that may bear on the question of consolidation. In order to fully understand the options discussed in the current report in their proper context, readers are encouraged to review the baseline document. The document is available on the Charter Commission's website at <http://newl charter.ning.com/reference>.

## How this report was developed

This report is the product of an extensive four month process involving Charter Commission members, CGR's study team and stakeholders in both cities. To facilitate a thorough review of each service area and a full vetting of available options, the Charter Commission established a series of "workgroups" with specific departmental /

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**In total, 40 members of the Lewiston-Auburn community participated in the process of reviewing services and evaluating options for consolidation.**

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service review responsibilities. Each workgroup was chaired by a member of the Charter Commission, and included community representatives who accepted an invitation to participate in the options review process.

In total, 40 members of the Lewiston-Auburn community participated, in addition to the six members of the Commission. The workgroups and their focus areas were as follows.

- **City Operations Workgroup (Charles Morrison, Chair):** Consider and make recommendations on general city functions, including administration, planning and permitting, codes, general assistance, economic and community development, library, legal, financial administration, accounting, tax collection, clerk, tax assessing, human resources, information technology, and relevant boards, committees and commissions.

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Community representatives: Ed Barrett, Lincoln Jeffers, Howard Kroll, Adam Lee, Nate Libby, Steve Morgan, Bette Thibault and Curt Webber

- **Education Workgroup (Chantel Pettengill, Chair)**: Consider and make recommendations on education functions, including the establishment of a “vision” for how a consolidated school department could be structured and what it could deliver to the Lewiston-Auburn community.

Community representatives: Joyce Bucciantini, Pat Gauthier, Peter Geiger, Joyce Gibson, Bill Grant, Bonnie Hayes, Tina Hutchinson, Jake Langlais, Jodi Redmun, Matt Roy and Samantha Sias

- **Public Safety Workgroup (Holly Lasagna, Chair)**: Consider and make recommendations on law enforcement, fire protection, emergency medical services and dispatch.

Community representatives: Mark Cayer, Phil Crowell, Paul Gosselin, Paul LeClair, Bob Macdonald, ZamZam Mohamud, Joe Philippon, Michael Scott, Bettyann Sheats and Donna Steckino

- **Public Works Workgroup (Lucien Gosselin, Chair)**: Consider and make recommendations on public works services, infrastructure and related services delivered by utilities and / or separate authorities (including sewer and water).

Community representatives: Elliott Epstein, Dick Grandmaison, Tammy Grieshaber, Bob Hayes, Sid Hazelton, Luke Jenson, David Jones, Normand Lamie, Rick Lanman, Phil Nadeau and Dwight Payne

For each workgroup, the CGR study team mapped out a range of general options for how functions could be structured in the event of consolidation. In delineating the available options, the study team’s role was to inform the workgroup on the range of possibilities; facilitate its consideration thereof; and document the workgroup’s final recommended alternative(s), where applicable. In many cases, workgroup deliberations led to the further development of “hybrid” options, as workgroup members sought to address perceived community expectations and / or leverage opportunities to improve service levels and quality through different forms of reorganization.

The initial options developed for each workgroup by the CGR study team were based on several factors, including the study team’s collection and analysis of data in the

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baseline phase, an identification of efficiency / cost savings opportunities that could be enabled from consolidation, and the study team's perception of how municipal best practices could be applied to further enhance services and administration in Lewiston-Auburn.

The CGR team presented each workgroup with several options for each service area to review and discuss. The options ranged from no restructuring (i.e. merged baseline) to minimal (i.e. Model 1) and to finally intensive (i.e. Models 2, 3, etc.) restructuring, as follows.

- **Merged Baseline:** This model assumes that in the event of consolidation, all current staff / titles would transfer to a consolidated city in their current form. No analysis is provided in this model regarding the duplication of positions and / or responsibilities.
- **Model #1:** This is the first "true" restructuring model for most departments, in that it envisions changes to the current staffing level (and deployment thereof) as a result of consolidation. The goal of this model is to retain the full workforce complement (i.e. the same number of full-time equivalent positions) in a consolidation, but leverage a merged department to "repurpose" or "redeploy" duplicative administrative-level titles into lower-level line staff positions. Savings in this model are generally derived from the cost differential between line-staff positions and the administrative titles they replace.
- **Model #2:** This pushes the restructuring further by eliminating one or more titles as a result of consolidation. As such, it is often the first model to reduce overall headcount as a result of merger. Often, the reduction is applied to one or more administrative-level titles only.
- Where applicable, a **model #3** or even **model #4** is presented. These models contemplate possible reductions in duplicative support and / or line staff titles. They may also consider cross-departmental synergies in a consolidated government, where multiple departments are currently performing reasonably similar functions in parallel fashion.

This framework notwithstanding, the approach workgroups took to reviewing their respective service areas was slightly different in each case. In staffing and providing analytical support to each workgroup, the CGR study team sought to bring a level of standardization across them – ensuring they were focusing at the appropriate level of detail and facilitating consideration of a range of alternatives.

Using this process, the development of options led to the consideration of their feasibility and relative impacts, which in turn led to the development of a workgroup

recommendation. According to the Charter Commission's agreed-upon process, those workgroup recommendations were then forwarded to the full Commission.

## How this report is structured

This report presents the options considered by the workgroups in each of the primary areas relevant to the consolidation discussion. In cases where the workgroup endorsed a recommended option, or set forth a particular vision of how a consolidated entity would best be structured, that is so noted. In an effort to share with the public the full menu of options, the report presents the range of alternatives considered by the workgroup in cases where multiple structures or pathways were considered.

### What this report does not address

Readers should note that while the elements presented in this report are vitally important to a potential consolidation of Lewiston and Auburn, they are not the only elements to be considered. Under the State of Maine law that governs the Charter Commission's work – Title 30-A, §2152 of the Maine Revised Statutes – the Commission is also tasked with drafting a consolidation agreement between the communities that includes the following:

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**The Commission's work to draft a consolidation agreement has occurred parallel to CGR's evaluation of options and impacts.**

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Charter. The proposed charter to govern how the city will operate and include details clarifying the post-election process for how the two cities work through the many details and make actual decisions for how the new city would operate.

City Name. The name of the new community.

City Hall. The proposed name and location of the municipal office.

City Assets. The property, real and personal, belonging to each municipality, and its fair value.

City Debt. The indebtedness, bonded and otherwise, of each municipality.

Taxes to Service Existing Debt. The terms for apportioning tax rates to service the existing bonded indebtedness of the respective municipalities.

Other Information. Any other necessary and proper facts and terms.

The Commission's work on these elements has occurred parallel to CGR's evaluation of consolidation impacts. Readers are strongly encouraged to review the Charter Commission's draft charter for information on the city council, the formation of city council districts, powers and responsibilities of city officers, critical procedures for governing the new city, and more. Those elements are not otherwise addressed in this options report.

## Implementation and transition

If voters of Lewiston and Auburn were to approve a consolidation of the two cities, the eventual decisions on how the new city would operate and its services would be the purview of the newly elected city council and mayor. Although the recommended courses of action offered by the Commission's workgroups are the result of considerable review, analysis and discussion, they are still only recommendations. The new government would ultimately be responsible for making decisions on organizational structure, budgets, staffing and more – just as the respective elected officials are doing today in Lewiston and Auburn.

Typically in cases of municipal consolidation, an affirmative referendum to merge is followed by a "transition period." The transition period lasts from the date of referendum to the effective date of consolidation. The Commission's proposed charter calls for a two-year transition process.

For example, if Lewiston and Auburn were to approve consolidation in November 2017, the transition period would span through 2019, with the effective date of consolidation being January 1, 2020. During the transition period, the critical building blocks of consolidation are assembled – facility space reviewed, organizational structure determined, managerial-level staffing assignments named, and so on. But because this part of the process pre-dates the effective date of consolidation, both governments continue to operate as independent entities during the transition year, both in terms of governance and service delivery.

For this reason, successful transitions often rely on one or both of the following to ensure coordination between the governments and a timely / orderly transition:

- **Joint Council Meetings**, where the two city councils meet on a regular schedule during the transition year to review implementation progress, identify / resolve any

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**The Commission's proposed charter calls for a two-year transition process, during which critical building blocks of consolidation would be assembled before the new government begins.**

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transition impediments, and plan for key “Day One” decisions in advance of the new government being seated; and

- **Transition Task Force**, a separate body appointed to administer, provide structure to, and report to the two city governments and general public on the merger transition process. The Transition Task Force is often comprised of a combination of elected officials and residents, and communicates regularly with both councils. As part of the charter, the Lewiston Auburn Joint Charter Commission has proposed a transition task force and an extensive transition process to implement the new charter.

## City Operations

The City Operations Workgroup was tasked with considering and making recommendations on general city functions, including administration, planning and permitting, codes, general assistance, economic and community development, library, legal, financial administration, accounting, tax collection, clerk, tax assessing, human resources and information technology. Additionally, the workgroup inventoried and reviewed the boards, commissions and committees currently in place in the two cities and evaluated the impact consolidation would have on them, if any.

To structure its consideration of options in these service areas, the workgroup generally adhered to the options analysis framework summarized above. For each of the service areas considered, this section therefore presents the “merged baseline” and all reviewed options.

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## Administrator

### Merged Baseline

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Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

---

Retain one administrator and downgrade the second administrator to a line-staff position. **(Savings of \$68,600)**

### Model 2

---

Retain one administrator and eliminate the second administrator, thereby reducing the staff complement by one full-time equivalent position. **(Savings of \$138,600)**

### Model 3

---

Start with Model 2, and also downgrade one of the deputy administrators to a line-staff position. **(Savings of \$190,400)**

### Model 4

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Start with Model 2, and also eliminate one of the deputy administrators and one of the clerical support positions. The resulting department would have 1 administrator, 1 deputy, 2 professional staff and 1 administrative assistant. **(Savings of \$319,400)**

### Workgroup Recommendation: Model 4

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CGR's study team initially produced the merged baseline and models 1, 2 and 3. After consideration of the current operations of both city administrator / manager offices, the workgroup requested that model 4 be developed. After further discussion, the workgroup endorsed model 4.

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## Planning, Permitting and Codes

### Merged Baseline

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Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

---

Retain one director and downgrade one of the two deputy directors to a planner position. **(Savings of \$25,600)**

### Model 1a

---

Retain the current administrative assistant capacity but eliminate a duplicate deputy director. **(Savings of \$109,600)**

### Model 1b

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Start with Model 1a, but add two full-time equivalent city planners to the department – one at a senior planner level and one at a mid-level planner. **(Cost of \$58,300)**

### Model 1c

---

Start with Model 1a, but add one full-time equivalent city planner to the department – at a senior planner level. **(Savings of \$18,600)**

### Model 2

---

Start with Model 1, but eliminate (rather than downgrade) one of the two deputy directors and one administrative assistant. **(Savings of \$161,000)**

### Model 3

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Start with Model 2, and also eliminate one planner. **(Savings of \$245,000)**

### Workgroup Recommendation: Model 1c

---

CGR's study team initially produced the merged baseline and models 1, 2 and 3. After consideration of the current operations of both planning departments, the workgroup requested developed the hybrid models. There was consensus among the workgroup that the cities' current level of planning capacity was too low, and that a combined city department offered an opportunity to reinvest some of the efficiency savings into increased capacity. The workgroup therefore ruled out model 3 because it would further reduce planning staff capacity. As part of this review, the workgroup did a cursory benchmark of Lewiston and Auburn's planner staffing levels to select peers. After discussion, the workgroup endorsed model 1c.

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## Social Services and General Assistance

### Merged Baseline

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Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

---

Retain one director and downgrade the second director to a line-staff position. **(Savings of \$30,800)**

### Model 2

---

Retain one director and eliminate the second director, thereby reducing the staff complement by one full-time equivalent position. **(Savings of \$78,000)**

### Model 3

---

Start with Model 2, and also eliminate one part-time caseworker position. **(Savings of \$103,200)**

### Workgroup Recommendation: Model 2

---

CGR's study team initially produced the merged baseline and models 1, 2 and 3. After consideration of the current operations of both cities' general assistance departments, the workgroup endorsed model 2.

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## Economic and Community Development

### Merged Baseline

---

Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

---

Retain one director and downgrade the second economic development director and the community development director to line-staff positions. **(Savings of \$71,200)**

### Model 1a

---

Start with Model 1 and downgrade one of the duplicate directors but repurpose the other to the role Downtown Development Director / Coordinator to increase the department's capacity to focus on downtown-specific economic development efforts. **(Savings of \$43,200)**

### Model 1b

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This is a hybrid model that yields a department with one director, one deputy director for economic development, one deputy director for community development, one downtown development director and all other current positions. **(Cost of \$23,300)**

### Model 2

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Retain one director and eliminate the second economic development director and the community development director, thereby reducing the staff complement by two full-time equivalent positions. **(Savings of \$197,200)**

### Workgroup Recommendation: Model 1b

---

CGR's study team initially produced the merged baseline and models 1 and 2. After consideration of the current operations of both economic / community development departments, the workgroup requested that models 1a and 1b be developed. After further discussion, the workgroup endorsed model 1b.

## Library

The workgroup's review of library services focused on the two different models currently in place in the cities. In Lewiston, the library is a department of the city, with 18 full-time equivalent employees (and a total of 38 staff); in Auburn, the library is an independent 501(c)(3) not-for-profit organization. Although both libraries receive substantial funding from their respective city, Lewiston's employees are city employees while Auburn's are employees of the not-for-profit organization.

### Workgroup Recommendation

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Upon review, the workgroup concluded and endorsed the following in the event of consolidation:

- Both library facilities should remain open in their current form;
- The combination of library systems would enable the reduction of one library director position **(Savings of \$120,000)**;
- No other anticipated staffing adjustments; and
- Expanding the 501c3 model to cover both libraries (i.e. converting Lewiston's library from a city department to an independent not-for-profit organization) would eliminate any impact of long-term liabilities for post-retirement employee benefits that would otherwise exist on the city's financial statements, while still permitting the current level of services to continue.

## Legal

Neither city currently has a city attorney on staff. Rather, both fund this function as a contracted professional service. In reviewing the actual / budgeted expenditures for this function over the past several years, the workgroup found that the combined cost to the two cities is typically in the \$150,000 / year range. The workgroup concluded that creating an in-house city legal department and staffing it with city attorneys would likely cost more than the current approach.

### Workgroup Recommendation

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The workgroup recommended no change to the current contractual approach to this service. While acknowledging that legal services for one municipality would probably be less than for two, the workgroup conservatively estimated no immediate savings. **(No cost impact)**

## Finance and Administration (New Combined Department)

The City Operations initially began reviewing a series of “back office” administrative departments separately. These offices included finance, accounting, tax collection, clerk, tax assessing, human resources and information technology. During the course of its review, the workgroup determined that the functions had certain staffing and structural synergies that, if viewed together rather than separately, had the potential to

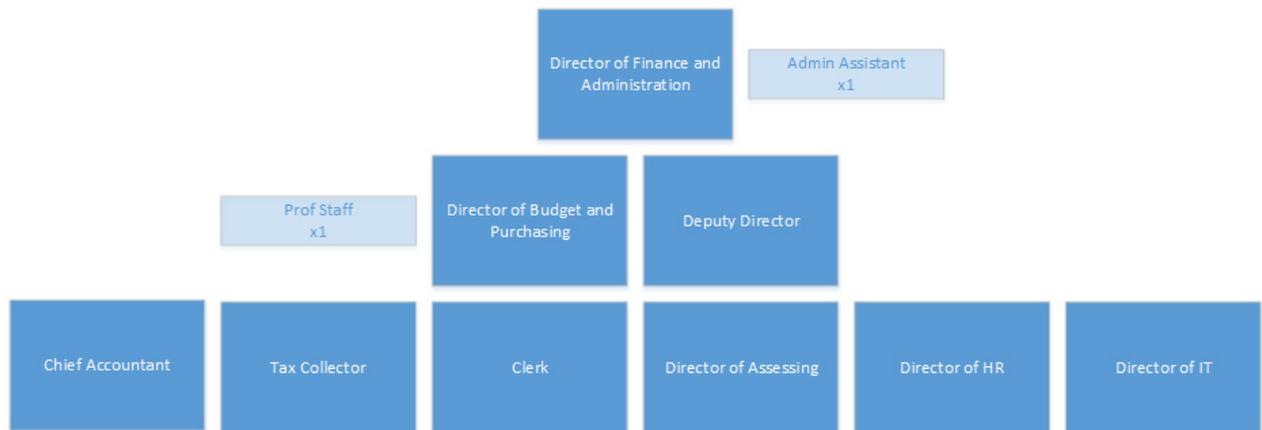
**The City Operations Workgroup recommends a consolidated Finance and Administration Department that spans several functions, in order to create new synergies.**

offer additional efficiencies. The resulting workgroup recommendation was to create a consolidated department spanning all of these functions, capitalizing on synergies among them and opportunities to more efficiently utilize support and clerical personnel.

To more accurately capture the breadth of responsibilities for the new department, the workgroup recommended branding it as the “Department of Finance and Administration.”

Department administration would include a Director of Finance and Administration and a Deputy Director, with the following division heads overseeing each included service: Chief Accountant, Tax Collector, City Clerk, Chief Assessor, Human Resources Administrator and Chief Technology Officer. The department would also include a Budget Director. To account for the additional responsibilities that would be borne by the Director of Finance and Operations, a salary increase of 15% from the current Chief Financial Officer role is included in the financial calculations.

A model organizational chart is presented below to demonstrate the envisioned structure. The remainder of this section presents the division-by-division breakdown of the workgroup’s staffing level recommendations and changes (where applicable), along with the associated cost impact estimates.



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## Administration Division

Financial administration would serve as the core of the newly consolidated department. The workgroup recommends a Director of Finance and Operations, a Deputy Director, a Director of Budget and Purchasing and a Facilities Manager / Purchasing Assistant. This would represent no net change from the current financial administration staffing levels in the two cities. **(Cost of \$21,600)**

## Accounting Division

The workgroup recommends retaining the current staffing complement. The workgroup also recommends that the staff accountant titles be stratified to create a "senior" accountant position in order to improve growth opportunities for personnel in the department. **(No cost impact)**

## Tax Collection Division

The workgroup recommends retaining the current staffing complement, but downgrading one of the two tax collector positions to a tax account clerk-level title (to retain current staff capacity but leverage the efficiency of needing only a single division head). The workgroup also recommends that the tax account clerk titles be stratified to create a "senior" account clerk in order to improve growth opportunities for personnel in the department. **(Savings of \$24,100)**

## Information Technology Division

The workgroup recommends retaining the current FTE complement and staffing structure. **(No cost impact)**

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## City Clerk Division

### Merged Baseline

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Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

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Retain one city clerk and downgrade the second city clerk to a line-staff position. **(Savings of \$44,700)**

### Model 1a

---

Start with Model 1 and downgrade one city clerk position and one deputy clerk position to line-staff roles, such that the current staff capacity / FTE complement is retained. **(Savings of \$54,000)**

### Model 2

---

Retain one city clerk and eliminate the second city clerk, thereby reducing the staff complement by one full-time equivalent position. **(Savings of \$89,500)**

### Model 3

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Start with Model 2, and also downgrade one deputy clerk position to a line-staff position. **(Savings of \$98,800)**

### Workgroup Recommendation: Model 1a

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CGR's study team initially produced the merged baseline and models 1, 2 and 3. After consideration of the current operations of both city clerks' offices, the workgroup requested the development of model 1a, which it ultimately endorsed.

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## Tax Assessing Division

### Merged Baseline

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Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

---

Retain one chief assessor and downgrade the second chief assessor to a line-staff position. **(Savings of \$25,900)**

### Model 1a

---

Start with Model 1, and also eliminate one clerical position such that the overall staff capacity / FTE complement is reduced by one but the assessing staff capacity is retained in full. **(Savings of \$66,100)**

### Model 2

---

Retain one chief assessor and eliminate the second chief assessor, thereby reducing the staff complement by one full-time equivalent position. **(Savings of \$109,200)**

### Model 3

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Start with Model 2, and also downgrade one deputy to a line-staff position. **(Savings of \$122,000)**

### Workgroup Recommendation: Model 1a

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CGR's study team initially produced the merged baseline and models 1, 2 and 3. After consideration of the current operations of both tax assessing offices, the workgroup requested the development of model 1a, which it ultimately endorsed.

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## Human Resources Division

### Merged Baseline

---

Retain all personnel in their current titles, keeping the current staff complement and workforce capacity intact. **(No cost impact)**

### Model 1

---

Retain one HR director and downgrade the second director to a line-staff position. **(Savings of \$10,000)**

### Model 2

---

Retain one HR director and eliminate the second director, thereby reducing the staff complement by one full-time equivalent position. **(Savings of \$80,200)**

### Model 3

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Start with Model 2, and also reduce the FTE load of support staff by 0.5 position. **(Savings of \$111,300)**

### Workgroup Recommendation: Model 2

---

CGR's study team initially produced the merged baseline and models 1, 2 and 3. After consideration of the current operations of both human resources departments, the workgroup endorsed model 2.

## A Note on Facilities

As noted above, the workgroup concluded that a consolidated Department of Finance and Operations had the potential to leverage more synergies than if its component parts continued to operate as separate departments in a consolidated city. However, the ability of a combined Department of Finance and Operations to realize those efficiencies is predicated largely on space considerations. In the event of consolidation, the optimal arrangement would be to find a way of co-locating all divisions at the same site. This would provide opportunities to cross-train and share staff, particularly clerical support personnel. To the extent divisions are physically separated from one another, it will make the realization of certain efficiencies more challenging.

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## Boards and Committees

As part of its review, the workgroup examined the intent and status of a series of boards, committees and commissions established by one or both cities in order to make a recommendation as to their status in the event of consolidation. The basis for the list was an inventory produced by the Auburn Mayor early in the review process. A preliminary review of each board, committee and commission was included in the appendix to the May 2016 Baseline Services and Financial Overview report, which readers are encouraged to consult for additional information on how the workload of each would be impacted by merger. The workgroup's recommendations / conclusions are as follows.

It should also be noted that any "mutual aid" agreements currently in place between the cities (e.g. police, fire) would cease to exist as of the effective date of consolidation. This is because the basis for mutual aid – i.e. separate municipalities supporting each other on an emergency basis – would be gone. The new city could, of course, enter into mutual aid agreements with other municipal neighbors.

### Lewiston Auburn Economic Growth Council

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This is currently an organization that represents both cities on economic development issues and which staffs the private development corporations of each city. The workgroup concluded that in the event of consolidation, LAEGC would still be needed to bring private sector expertise and guidance to economic development efforts. It should be noted that as of July 1, 2016, the Auburn City Council opted to cease its funding share of the Growth Council.

### Audit Committee

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This is addressed by the draft charter.

### Board of Assessment Review

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Consolidate into a single board.

### Cable TV Advisory Committee

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This is currently a joint committee of the two cities. In the event of merger this would continue unchanged. The workgroup concludes that there is an opportunity for consolidation to yield program improvement and / or expansion.

### Community Development Block Grant Citizen Advisory Committee

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Consolidate into a single committee, though a determination would be required on the appropriate size. Currently Auburn's committee is larger than Lewiston's.

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### **Community Development Block Grant Loan Committee**

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Consolidate into a single committee.

### **Zoning Board of Appeals**

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Consolidate into a single board.

### **Planning Board**

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Consolidate into a single board.

### **Joint Council Committee**

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Eliminate, since the need for a joint committee would be obviated in the event of consolidation.

### **Lewiston Auburn Transit Committee**

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The operations of buses could become part of a city department, likely either public works or social services. There probably would still be a need for a citizen committee to provide advice and feedback on routes and service, though that would be the prerogative of the new government.

### **Joint Budget Committee**

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Eliminate, since the need for a joint committee would be obviated in the event of consolidation.

### **Firearms and Discharge Committee**

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If a consolidated city opted to retain this committee, the workgroup recommends its function be rolled into the Planning Board.

### **Solid Waste and Recycling Committee**

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This is currently an Auburn-only committee (Lewiston has a Public Works Committee). The workgroup recommends a single committee be created in the event of consolidation.

### **Community Forestry Board**

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This is currently a joint committee, and should be retained in the event of consolidation.

## Other Ad Hoc Committees

Over the years, both cities have established *ad hoc* committees to address specific issues from time to time. A consolidated city would have the same prerogative. Examples include Lewiston's Committee to Review Public Works Service Level Standards, and Immigrant and Refugee Integration and Policy Development Working Group, and Auburn's Mount Apatite Joint Land Use Committee and New Auburn Land Use Committee.

## Summary of City Operations Savings / (Costs)

Based on workgroup recommendations:

Administrator	\$319,400
Planning, Permitting and Codes	\$18,600
Social Services and General Assistance	\$78,000
Economic and Community Development	(\$23,300)
Library	\$120,000
Finance and Administration	(\$21,600)
Accounting	-
Tax Collection	\$24,100
City Clerk	\$54,000
Assessing	\$66,100
Human Resources	\$80,200
Information Technology	-
<b>Annual Recurring Savings</b>	<b>\$715,500</b>

## Advantages of Unification and Scale

Beyond the specific financial savings identified above, the workgroups noted other clear benefits of merging city operations.

**Freeing up finite resources:** Today there are two legislative bodies, two city administrations, two finance departments, and so on. Each requires a minimum investment of finite resources. One government entity frees up resources that can be redeployed elsewhere.

**Professional opportunity:** Larger departments of a larger city offer more growth opportunities for employees and function specialization for the city.

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## Public Safety

The Public Safety Workgroup was tasked with considering and making recommendations on fire, emergency medical services and law enforcement functions. The workgroup also considered a potential option for emergency communications that is already under discussion in the community outside of the consolidation study process.

The options and recommendations presented below offer an overview of how services might be provided by a unified government. The need for public safety services will not change substantially with consolidation. The same number of people and buildings will exist. The same type of traffic and commerce will continue. Residents will continue to have emergencies. Fires will still occur and crime will continue. Some efficiencies in providing the service may be identified when the two cities merge, particularly at the administrative level, but there will not be wholesale changes in services.

## Fire and Emergency Medical Services

The two cities provide the services using different models, and consolidation would require adjustment into a single model. Lewiston is transitioning to provide a consistent EMS first response with its fire department and uses United Ambulance Service (UAS) for all EMS responses. Prior to 2014, Auburn used the model of fire department EMS first response with UAS transport. In 2014, AFD started using its firefighters to staff ambulances and to provide transport for 911 EMS calls. The motivations for the change were faster response times, greater productivity from the firefighters and revenue from patient billing to offset the cost of the fire service.

The Public Safety Workgroup considered each service separately and identified two prospective options for a merged city to consider for implementation. There were common concerns with both prospective models that would need to be addressed:

- Current level of firefighting staff, station locations and equipment would be needed to retain the very good ISO fire protection ratings.
- A minimum of basic life support first response is needed by fire departments in the 21<sup>st</sup> century. Lewiston would need to complete the transition to EMR training to meet this standard.

- The work shifts would need to be harmonized. A recent external evaluation of Auburn's fire department showed that they could effectively add several line or administrative positions by moving to Lewiston's schedule.
- A new fire department would need to add a training officer (new position) and maintain adequate line command staff on each shift.
- The retirement plan for Auburn firefighters has a substantially better benefit than Lewiston's (two-thirds of final pay vs. one-half of final pay) while Lewiston has better benefits for time off (i.e. vacation and sick time).
- Several of the fire stations in the two cities need refurbishment or replacement.

Note: Regarding the models presented below, readers should note that the workgroup determined that in the event of consolidation certain changes would be necessary that would make it unlikely for a purely "merged baseline" model to be functional. As such, the models below are labeled "Model 1" and "Model 2."

### **Model 1: Fire Service w/ 2 Paramedic Ambulances on Duty / Workgroup Recommendation**

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The workgroup recommends that the merged city maintain the model of a fire department with two paramedic ambulances in service, with some reduction in administrative positions. However, the new city should evaluate the long-term provision of EMS transportation to identify the model that provides the highest value of service at an acceptable cost.

This option takes the existing operations of the two fire departments and joins them together with minimal disruption. All personnel would be retained except the elimination of a chief position, elimination of a deputy chief, and a net loss of firefighter three positions (one lieutenant and two firefighters). There would also be the addition of a training officer in the fire department.

The line staff would move to the Lewiston model which would have 3 platoons with "Kelly" days. A matrix showing a potential harmonized work shift is below. The result is a single on-duty chief, an engine on each side of the river with a captain in charge, four three-person engine companies, two four-person truck companies and two ambulance crews. The on-duty dedicated firefighting force is a minimum of 27 personnel plus four transport EMS staff, with 10 personnel (including 2 lieutenants) to float to cover Kelly days.

### Status Quo Harmonized Work Schedule

	Battalion Chief	Captain	Lieutenant	Firefighter
Command	1	-	-	-
Engine L3	-	1	-	2
Engine L4	-	-	1	2
Engine L5	-	-	1	2
Engine L7	-	-	1	2
Truck L1	-	-	1	3
Engine A3	-	1	-	2
Engine A2	-	-	1	2
Truck A1	-	-	1	3
Ambulance A3	-	-	1	1
Ambulance A5	-	-	1	1
Kelly	-	-	2	8
<b>Per Platoon</b>	<b>1</b>	<b>2</b>	<b>10</b>	<b>28</b>
<b>Line Staff</b>	<b>3</b>	<b>6</b>	<b>30</b>	<b>84</b>

The department would retain 2 paramedic ambulances on duty at all times and would contract for service with a private ambulance service, such as United Ambulance Services, for between 3 and 5 ambulances to be available for 911 calls based on call volume. The private service would be required to meet contractual obligations for response times and patient care levels to ensure appropriate care to patients. The final model for staffing is shown below. All the reductions could be managed through attrition.

### Fire Service Staffing Matrix, Assuming Status Quo and Maintain Transport EMS

	Lewiston	Auburn	Current Combined	Status Quo w/ EMS	Net Change
Chief	1	1	2	1	-1
Deputy / Assistant Chief	1	1	2	1	-1
Deputy Chief for EMS	-	1	1	1	n/c
Battalion Chief	-	4	4	4	n/c
Admin Assistant	1	-	1	1	n/c
Captain	4	4	8	8	n/c
Lieutenant (incl EMS)	15	16	31	30	-1
Firefighter (incl EMS)	49	37	86	84	-2
Fire Planner	-	1	1	1	n/c
Maintenance Tech	1	-	1	1	n/c
Fire Inspector	1	-	1	1	n/c
Fire Prevention Officer	-	1	1	1	n/c
Office Manager	-	1	1	1	n/c

Principal Clerk	0.5	-	0.5	0.5	n/c
Training	-	-	-	1	+1
<b>Total</b>	<b>73.5</b>	<b>67</b>	<b>140.5</b>	<b>136.5</b>	<b>-4</b>

**Fiscal and Service Impact:** The financial impact of this model is a decrease of about \$249,000 over the current salary cost of the fire service. When benefits are included, the cost savings grows to about \$349,000. This savings come with the addition of a training officer and the potential to better control overtime costs with the assignment of “Kelly” staff. There is also the potential for increased ambulance transport revenue if resources are deployed in a manner to respond to additional calls. Under a unified city, certain areas would see improved response times as the closest station is sometimes across the river; for example, the area around Great Falls Plaza in Auburn is closer to a Lewiston Fire Station.

**Transition:** A portion of the transition to this model would need to be accomplished through negotiation to harmonize the work schedules between the two fire departments. The changes in staffing levels would be accomplished through attrition.

### Model 2: Shift Transport EMS to Private Service w/ Corresponding Reduction in Staff

The workgroup considered and did not recommend this model, an alternative EMS delivery model that would utilize a private service to perform EMS transports. Under this model, the fire service would retain the current number and type of apparatus that are typically on duty today. The staffing for those apparatus would follow a single city staffing model based on the current Lewiston model. There would be an elimination of 6 lieutenant and 6 firefighter positions based on the elimination of 2 ambulance units per shift. (These four personnel on occasion are used to staff another fire engine when needed.) Also, two Kelly positions (1 lieutenant and 1 firefighter) per shift could be eliminated as there would be fewer off shifts to cover. The resulting staff would still be more dedicated firefighters (1 per shift plus Kelly staff) and an equal number of apparatus as exists today.

#### Fire Department with No EMS Transport Work Schedule

	Battalion Chief	Captain	Lieutenant	Firefighter
Command	1	-	-	-
Engine L3	-	1	-	2
Engine L4	-	-	1	2
Engine L5	-	-	1	2
Engine L7	-	-	1	2

Truck L1	-	-	1	3
Engine A3	-	1	-	2
Engine A2	-	-	1	2
Truck A1	-	-	1	3
Kelly	-	-	1	7
<b>Per Platoon</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>25</b>
<b>Line Staff</b>	<b>3</b>	<b>6</b>	<b>24</b>	<b>75</b>

The resulting workforce for the fire department would be smaller by the EMS deputy chief position, 7 lieutenant positions and 11 firefighters. The workforce reduction could be accomplished through a combination of attrition and early retirement incentives as a substantial portion of the fire department workforce is currently at or near retirement age.

#### Fire Service Staffing Matrix, Assuming No EMS Transport

	Lewiston	Auburn	Current Combined	Proposed	Net Change
Chief	1	1	2	1	-1
Deputy / Assistant Chief	1	1	2	1	-1
Deputy Chief for EMS	-	1	1	0	-1
Battalion Chief	-	4	4	4	n/c
Admin Assistant	1	-	1	1	n/c
Captain	4	4	8	8	n/c
Lieutenant	15	16	31	24	-7
Firefighter	49	37	86	75	-11
Fire Planner	-	1	1	1	n/c
Maintenance Tech	1	-	1	1	n/c
Fire Inspector	1	-	1	1	n/c
Fire Prevention Officer	-	1	1	1	n/c
Office Manager	-	1	1	1	n/c
Principal Clerk	0.5	-	0.5	0.5	n/c
Training	-	-	-	1	+1
<b>Total</b>	<b>73.5</b>	<b>67</b>	<b>140.5</b>	<b>119.5</b>	<b>-20</b>

EMS transport service would be provided by a private EMS provider, likely United Ambulance Service, under a contract that requires a minimum number of paramedic units on duty and response to emergencies under strict rule (i.e. an ambulance must arrive at serious events in 8 minutes or less, 90 percent of the time, in all wards of the city). There would need to be administrative time to oversee the contract and ensure compliance, but no other staff time related to transport EMS.

**Fiscal Impact:** The fiscal impact of outsourcing all EMS is a savings of \$1.03 million in salaries and about another \$410,000 in benefits. Eliminating this service would also

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reduce associated operational costs such as vehicle maintenance, fuel, capital, medical supplies and insurance. This reduction in expenses would also eliminate the city's ambulance revenue, which is currently about \$1.3 million in Auburn. (As noted above, the ambulances could possibly be redeployed to increase utilization and revenue through deployment across the whole city.) There might also be an increase in revenue from a charge to the commercial ambulance service for the first response service of the fire departments, as well as the possibility of a franchise agreement with the commercial provider.

**Transition:** The number of positions that would be eliminated under this option is likely not able to be accomplished through attrition and might necessitate layoffs. There would need to be a significant lead time to move to this option to allow for an appropriate contracting process and for the vendor to develop the needed capacity.

**Drawbacks:** The workgroup considers the loss of the highly trained dual purpose firefighting personnel to be a substantial drawback because it reduces the ability of the fire department to respond to a surge in call volume. Additionally, residents have become accustomed to the service provided by the Auburn Fire Department ambulances.

### Fire and EMS Future Considerations

The two cities are using different models for EMS transport and each are currently satisfied with their models. The current situation includes generating enough revenue from EMS transport in Auburn to cover the expenses of operating the ambulance service. A thorough evaluation should be performed comparing the hybrid model, using a private service for all, or using city personnel for all EMS transport,

## Law Enforcement

The two police departments have many common characteristics in how they operate and their administrative structure. Both departments operate with an Administrative Division containing the department leaders and support staff; a Patrol Division that focuses on police work in the community; a Criminal Investigative Division that is responsible for investigation of crimes; and a Support Services Division that assist the rest of the department with tasks including records maintenance, property management, crime analysis and parking enforcement.

Overall, the two departments have many common approaches to law enforcement. Both train at the Maine Criminal Justice Academy (where all law enforcement officers in Maine receive basic law enforcement training); both place a high value on using technology and data to target resources; and both are very active with youth in the

community. The departments dispatch using the same radio system and use common recordkeeping software.

The most substantial differences involve shift length, equipment and collective bargaining agreements. Lewiston uses 8-hour patrol shifts while Auburn uses 11-hour shifts. They utilize different side arms and patrol vehicle types. The collective bargaining agreements governing sworn personnel have different benefit levels that would have to be harmonized in the context of future CBAs.

### Staffing Matrix

	Current Lewiston	Current Auburn	Current Combined
Chief	1	1	2
Deputy Chief	1	1	2
Commander	-	-	-
Lieutenant	5	4	9
Sergeant	10	11	21
Corporal	4	0	4
Detective	14	4	18
SRO	3	3	6
Task Forces	8	2	10
CRO	3	-	3
DV Coordinator	1	-	1
Officer	32	28	60
<b>Sworn Total</b>	<b>82</b>	<b>54</b>	<b>136</b>
Exec Assistant	0	1	1
Admin Assistant	1	-	1
Info Assistant	-	2	2
CID Clerk	1	-	1
Planner	-	1	1
Records Clerk	4	-	4
Court Liaison	1	1	2
Civil Process	-	-	-
Property Tech	1	1	2
Crime Analysis	1	1	2
Building Maintenance	-	-	-
Police Service Mgr	-	-	-
Parking	2	-	2
ACO	1	-	1
<b>Non Sworn Total</b>	<b>12</b>	<b>7</b>	<b>19</b>
<b>Total</b>	<b>94</b>	<b>61</b>	<b>155</b>

Note: Regarding the models presented below, readers should note that the workgroup determined that in the event of consolidation certain changes would be necessary

that would make it unlikely for a purely “merged baseline” model to be functional. As such, the models below are labeled “Model 1” and “Model 2.”

## Model 1

Model 1 is for the two departments to merge with minimal changes in staffing. It includes the retention of all current positions and titles with the exception of one of the two chief positions being moved to a deputy chief title. The two civilian evidence property technician positions would be eliminated. These positions would be replaced by work of sworn officers. Also, a civilian position of police property manager would be created to help manage the property in the department. All current corporals would move to the title of detective.

### Model 1 Staffing

	Current Combined	Proposed	Net Change
Chief	2	1	-1
Deputy Chief	2	3	+1
Commander	-	-	n/c
Lieutenant	9	9	n/c
Sergeant	21	21	n/c
Corporal	4	0	-4
Detective	18	22	+4
SRO	6	6	n/c
Task Forces	10	10	n/c
CRO	3	3	n/c
DV Coordinator	1	1	n/c
Officer	60	60	n/c
<b>Sworn Total</b>	<b>136</b>	<b>136</b>	<b>n/c</b>
Exec Assistant	1	1	n/c
Admin Assistant	1	4	+3
Info Assistant	2	-	-2
CID Clerk	1	-	-1
Planner	1	1	n/c
Records Clerk	4	4	n/c
Court Liaison	2	2	n/c
Civil Process	-	-	n/c
Property Tech	2	-	-2
Crime Analysis	2	2	n/c
Building Maintenance	-	-	n/c
Police Service Mgr	-	1	+1
Parking	2	3	+1
ACO	1	1	n/c
<b>Non Sworn Total</b>	<b>19</b>	<b>19</b>	<b>n/c</b>
<b>Total</b>	<b>155</b>	<b>155</b>	<b>n/c</b>

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The salary cost of this model is estimated to be \$8.4 million. CGR used this figure instead of the budget figures (which are utilized in other sections of the report) because the number of existing positions differs from the budgeted staffing levels. This model was used as the baseline for calculating the fiscal impact of the other option that follows.

## Model 2 / Workgroup Recommendation

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Model 2 is the preferred option from the workgroup and was developed to address several concerns that were identified during the workgroup's meetings and analysis done by workgroup members. The changes are highlighted below:

- Key Changes
  - One chief position changed to a Deputy Chief
  - Current Deputy Chief position titles would be changed to Commander
  - No more civilian evidence property managers; done by sworn detectives
  - Civilian manager for departmental property
  - Civilian assigned to manage grants and accreditation
  - Current Lewiston base patrol officer staffing is 7 and current Auburn base patrol officer staffing is 4 for a total of 11 officers; Under proposed 12-hour / 4 platoon rotation there would be between 14 to 16 patrol officers working
    - Beat areas would be readdressed
    - Road Sergeants coverage areas would be created
- Additions
  - Professional standards team
  - Full-time evidence collection team comprised of detectives
- Losses
  - Traffic enforcement team, however there would be additional specific patrol officers assigned to this task
- Transition Considerations
  - The preferred station location would be a new purpose-built station for the combined department. However, an alternative that would be a workable

situation at the start of the merged city would be Auburn City Hall. The benefits of the building include:

- Newer and more space including parking garage
- Could house service providers and civil / restorative justice court room
- Would need small walk-in office in Lewiston
- A less desirable option would be to use the Lewiston Police station with access to additional parking and an expansion of some facilities.
- To standardize equipment, the vehicles are on a three-year rotation before the entire fleet would match. It is not necessary to have the same make / model. The department would move to a uniform firearm when it is time to rotate.
- Through attrition some positions would change or be eliminated.

#### Revised Staffing Model After Attrition

	Current Combined	Proposed	Net Change
Chief	2	1	-1
Deputy Chief	2	1	-1
Commander	-	2	+2
Lieutenant	9	6	-3
Sergeant	21	16	-5
Corporal	4	0	-4
Detective	18	15	-3
SRO	6	6	n/c
Task Forces	10	9	-1
CRO	3	4	+1
DV Coordinator	1	1	n/c
Officer	60	69	+9
<b>Sworn Total</b>	<b>136</b>	<b>130</b>	<b>-6</b>
Exec Assistant	1	1	n/c
Admin Assistant	1	4	+3
Info Assistant	2	-	-2
CID Clerk	1	-	-1
Planner	1	1	n/c
Records Clerk	4	4	n/c
Court Liaison	2	2	n/c
Civil Process	-	1	+1
Property Tech	2	1	-1
Crime Analysis	2	2	n/c
Building Maintenance	-	1	+1
Police Service Mgr	-	1	+1
Parking	2	3	+1

ACO	1	1	n/c
<b>Non Sworn Total</b>	<b>19</b>	<b>22</b>	<b>+3</b>
<b>Total</b>	<b>155</b>	<b>152</b>	<b>-3</b>

**Fiscal Impact:** Reclassify two deputy chief positions to commander, with no change in pay; through attrition and realignment reduce three lieutenants, five sergeants, and six detectives; eliminate one task force officer and add nine officers. This is a net reduction of 6 sworn officers with a realignment that increases the strength of patrol officers by 9, while reducing 15 mid-level sworn positions through attrition. The model also includes a net increase of three non-sworn employees. The result is a projected salary savings of \$547,000 compared to the baseline model; fully-loaded with benefits, the estimated savings is \$770,000.

## Dispatch

The workgroup recommends moving dispatch from the current separate joint organization into the police department. The employees would remain civilian employees, but would be overseen through the police department chain of command. Discussions related to this proposed change have been underway outside of the work of the Joint Charter Commission process.

## Summary of Public Safety Savings / (Costs)

Based on workgroup recommendations:

Fire and EMS	\$349,000
Police	\$770,000
<b>Annual Recurring Savings</b>	<b>\$1,119,000</b>

## Advantages of Unification and Scale

In the course of the Commission and Workgroup's discussions, some potential advantages of merger were raised – beyond the financial implications presented above.

**Police:** A combined operation would provide opportunity for additional specialization, particularly in investigations and the use of data to more strategically target service areas. Patrolling as one community would also help better address law enforcement

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challenges that are either shared by both cities or move back and forth across the current municipal border.

**Fire:** A merger would address the current situation where certain areas of one city are closer to the fire response resources of the other city than to their own. A single city and single department would ensure that fire emergencies are being responded to by the closest available resource. It should also be noted that structure fires are becoming increasingly rare, with large scale fires that require multi-agency response rarer still. The best way to be prepared for such events is to have departments working together – or in this case, have a single larger-capability department. A single fire department would also allow for more specialization, particularly in areas such as technical rescue and hazardous materials.

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**Consolidation of fire departments would ensure fire emergencies are being responded to by the closest available resource.**

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## Public Works

The Public Works Workgroup was tasked with considering and making recommendations on public works services, infrastructure and related functions delivered by utilities and / or separate authorities (including sewer and water).

Regarding general public works services, functions examined included departmental administration, arborist, building maintenance, electrical, engineering, recreation, solid waste and recycling, stormwater, street and highway maintenance, and vehicle / fleet maintenance. The workgroup also considered options for the Auburn-Lewiston Airport.

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**Both cities have reduced positions in public works in recent years. Consolidation offers an opportunity to offset some of those reductions and reinforce current service levels.**

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The options and recommendations presented below offer an overview for how services might be provided by a unified government. The number of trees, miles of streets, and quantity of water consumed and processed will not change

if the cities merge. Some efficiencies may be found in administrative areas and some cost savings might be found by adjusting delivery models. It should be noted, however, that public works operations have seen the elimination of dozens of positions in recent years, and the sense of the workgroup is that there is little room for additional cuts without compromising the ability to provide current service levels to the community.

## General Services

### Administrator

The day-to-day administration of the two public works departments is performed with a combination of professional and clerical staff. Lewiston has a director, inventory manager, account clerk and principal clerk. The account clerk also serves as a dispatcher for the department. Auburn has a director, planner and office manager.

### Merged Baseline

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All the administrative positions are retained in the department, although they would move so they are working at a single location. The less senior of the two directors would assume a deputy role with no change in salary. No leveling up is anticipated to occur because there are no substantially duplicate positions. **(No cost impact)**

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## Model 1

No deputy director position is created, and the less senior of the two directors' positions would be eliminated. No other administrative staff reductions are projected under this option. **(Savings of \$120,000)**

### Workgroup Recommendation: Merged Baseline

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After consideration of the current operations and needs of a merged city, the workgroup endorsed the merged baseline model.

## Arborist

The arborist positions function in a similar manner in each city and could be combined to function as a single arborist group. In addition to maintaining trees in various public areas in the cities, the arborist positions also perform highway duties during snow events.

### Merged Baseline

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All existing positions with the arborist title would be retained by the unified city. Lewiston has an arborist team manager and two landscapers; Auburn has two arborists. All five positions would be retained. There would likely be some excess equipment identified during the merger that could be sold as surplus. **(No cost impact)**

## Model 1

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Although not recommended by the workgroup because there is currently a challenge to keep up with existing workload, reduction of an arborist role would bring savings to a merged city. There would still be three landscaper / arborist positions and nine tree maintenance staff members. **(Savings of \$49,240)**

### Workgroup Recommendation: Merged Baseline

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After consideration of the current operations and needs of a merged city, the workgroup endorsed the merged baseline model.

## Building Maintenance Operations

Similar services are provided by the two cities. Lewiston employs a director, a supervisor and three workers; Auburn employs four full-time workers and a part-time worker. Both cities contract out custodial duties. There would be no anticipated change in the number or type of buildings used by the two cities.

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## Merged Baseline / Workgroup Recommendation

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The operations of the two cities could be unified under a single structure with no change in staffing levels. **(No cost impact)**

### Electrical Division

Varied approaches to electrical functions in each city make comparison more challenging. Lewiston takes care of a significant number of streetlights; Auburn contracts out this work to Central Maine Power. Electrical division responsibilities include traffic light functions in each city. Work completed by the Lewiston electrical group also includes electrical work at wastewater and drinking water pump stations; in Auburn, that work is completed by the Auburn Water and Wastewater Districts. In both cities, the electrical functions include electrical permit inspections. In the workgroup's view, current electrical division staffing is probably low. It is unclear the pathway for the two cities to merge their streetlight operations if merger were to occur, but it was the consensus of the workgroup that electrical functions could be harmonized into one group.

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## Merged Baseline / Workgroup Recommendation

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This option retains all staff and merges functions into a single department with adjusted responsibilities. The new city would have the four positions from Lewiston (electrical superintendent, senior electrician and two line persons) and the two positions from Auburn (city electrician and electrician [currently vacant]). There would be an adjustment in responsibilities if a water authority began service in Lewiston. **(No cost impact)**

### Engineering

The two engineering departments function in similar ways and have equivalent responsibilities. Both have the practice of using contracted engineers for larger projects. It would be relatively easy to bring the two operations into one and it might allow for greater efficiency of operation through specialization. An important consideration is that the Lewiston staff is unionized; Auburn is not.

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## Merged Baseline

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All staff in the department would be retained in the merged city – a city engineer, GIS coordinator, three project engineers, two engineer technicians and an administrative

assistant<sup>1</sup> from Lewiston, and a deputy director / city engineer, assistant engineer, two project engineers and administrative assistant from Auburn. **(No cost impact)**

### Model 1

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This is the same as the merged baseline except that a single administrative assistant position is eliminated. The workgroup believes it might be difficult to eliminate this position because of the collateral duties it performs for other public works divisions. **(Savings of \$49,300)**

### Workgroup Recommendation: Merged Baseline

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After consideration of the current operations and needs of a merged city, the workgroup endorsed the merged baseline model.

## Recreation

The two recreation departments have many common day-to-day tasks and offer many similar programs. Lewiston has three full-time staff and Auburn has five. Lewiston operates a seasonal outdoor pool and Auburn operates an indoor turf facility. The Norway Savings Bank Arena is operated as an independent enterprise fund by Auburn and is kept separate from recreation programs.

### Merged Baseline

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All existing recreation department positions would be retained in the merged city. Lewiston has a deputy director, program coordinator and clerk; Auburn has a director, administrative assistant, building maintenance technician, program coordinator and a specialist. All existing facilities and programs would be expected to continue, although some programs would be unified across the cities. The Norway Savings Bank Arena would remain a separate facility. **(No cost impact)**

### Model 1

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This is the same as the merged baseline except that the deputy director position would be eliminated. **(Savings of \$62,400)**

### Workgroup Recommendation: Model 1

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After consideration of the current operations and needs of a merged city, the workgroup endorsed model 1.

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<sup>1</sup> This position supports all Lewiston Public Works divisions, but is shown in this budget.

## Solid Waste and Recycling

Solid waste is handled in a similar manner in both cities with a contracted service collecting the solid waste and the cost for the service being in the general fund. Lewiston and Auburn use a contract for collecting recycled materials. Auburn is a member of the MMWAC waste-to-energy facility; Lewiston is not a member but does have a waste-for-ash agreement with MMWAC. Lewiston operates a landfill, but is limited to the type of waste that it can receive at the location. Lewiston has four staff members (superintendent, equipment operator, a worker and weigh station attendant) assigned to solid waste; Auburn supervises its contract with administrative staff.

### Merged Baseline / Workgroup Recommendation

The two systems could be harmonized with a single agreement for solid waste and recycling services. The employees that supervise the landfill and the waste contracts would all be retained. The new city would seek to retain the current agreements with MMWAC. **(No cost impact)**

## Stormwater Operations

Maintenance of the stormwater system is managed by the public works department in both cities, with the work being done by highway staff. Lewiston funds its operations through a stormwater fee that is based on the impervious surface of a property and not the assessed value. The fee structure also includes revenue from tax-exempt properties. In Auburn, all expenses are funded through general property tax.

### Merged Baseline

The existing public works staff from streets and highways would continue to maintain the stormwater system under a unified operation. **(No cost impact)**

### Model 1 / Workgroup Recommendation

The workgroup believes that a stormwater fee would promote a merged city's ability to maintain the stormwater system. The workgroup agreed that the methodology of funding stormwater would be determined by the officers of the consolidated city, and that a cost-benefit analysis should be performed. **(Cost impact is unknown, pending a decision on allocation of costs among all property owners of the unified city)**

## Streets and Highways

Both cities provide street and highway maintenance in similar manners, although Auburn has more rural areas than Lewiston and shares its winter maintenance

responsibilities with the State of Maine Department of Transportation in certain areas. The number of highway personnel has been reduced over the years, and the workgroup believes it is now at a minimal level to maintain plowing services during serious storms. The workgroup suggested that the community could improve service delivery by contracting for additional services from private vendors during peak events.

Lewiston operates with a deputy director, operations team manager, two district Team managers, a traffic worker, a street opening coordinator and 33 highway workers / equipment operators. Auburn has two operations managers, five highway supervisors and 30 highway workers / equipment operators.

### Merged Baseline

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All positions would be retained in a consolidated operation. Services would be consolidated based on tasks and all facilities would likely remain in the interim. Some duplicate capital equipment might not be necessary in the future. **(No cost impact)**

### Model 1

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Reduce the staffing complement by two mid-level management positions while still retaining an appropriate span of control. This would also provide more workers for necessary tasks. Under this option an operations manager and highway supervisor position would be changed to an equipment operator position. **(Savings of \$73,200)**

### Workgroup Recommendation: Merged Baseline

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After consideration of the current operations and needs of a merged city, the workgroup endorsed the merged baseline model.

## Vehicle Maintenance

Both departments provide a full range of vehicle maintenance services to the vehicle fleets of the two cities. Each maintenance facility is capable of working on any vehicle in the fleet although certain specialty work, including some fire apparatus maintenance, is contracted out. Neither facility would have the capacity to maintain the combined fleet from a unified city in one location. Both fleet maintenance operations are working at full capacity, although there might be some savings through a unified fleet management system. No barriers were identified for a joint fleet operation. Lewiston has ten employees in the vehicle maintenance function and Auburn has nine.

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## Merged Baseline / Workgroup Recommendation

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All positions would be retained in a consolidated city, and both facilities would remain in operation. Responsibilities would be divided based on vehicle type. For example, light trucks and cars could be done at one location; heavy duty trucks and equipment could be done at the other. An evening shift should be maintained after consolidation. **(No cost impact)**

## Utilities and Authorities

The utilities currently work as enterprise funds that are designed to cover the costs of their operations through charges to ratepayers. As such, a comprehensive fiscal analysis of potential staffing or operational changes was not conducted because the rates would be adjusted based on the changes in expense. However, there may be efficiencies in operations with corresponding cost savings in the future that could be better pursued as a single community.

## Wastewater Treatment

The Lewiston Auburn Water Pollution Control Authority was created by Maine legislative charter about 40 year ago. The authority is governed by a seven-person board with three positions representing Lewiston, the three representing Auburn and a seventh position appointed by the remainder of the board that is appointed for a three-year term. This position alternates between cities. The LAWPCA also provides treatment for septic waste from approximately 20 neighboring communities. The apportionment of cost to operate the treatment plant is made with a detailed formula that takes into consideration the volume of waste as well as waste strength.

## Workgroup Recommendation

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The consensus recommendation of the workgroup is to leave LAWPCA as a free-standing operation. There is no direct impact from consolidation other than a minor change in governance. Auburn has greater likelihood than Lewiston regarding future dependency on the treatment plant since it has more land mass and capacity to grow.

## Water and Wastewater Operations

The two cities receive this service in substantially different manners. Lewiston provides the service through its public works department and it is funded through enterprise funds by ratepayers. Auburn residents receive their services through a separate authority. While either method could provide the service to a unified city, the workgroup expressed preference for a separate authority by expanding the existing

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Auburn Water District and Auburn Sewer District to include the City of Lewiston. This method is preferred because it would retain the critical filtration waiver for the water supply that prevents the need for a filtration plant. A filtration plant would cost in excess of \$30 million to construct and more than \$1 million a year to operate. Also, it is easier for the district to be expanded in size to include Lewiston than it would be to dissolve the district and expand the municipal operations. The use of Lewiston Water and Sewer employees to help plow roads could continue through a contract.

### Workgroup Recommendation

Concurrent with the formation of a new city, the Auburn Water District and Sewer District would be modified to include the geography of Lewiston. The governance structure and name would need to be modified. It is projected that all current employees would retain their positions, although certain economies of scale in billing and administration may lead to savings.

### Auburn-Lewiston Airport

The Auburn-Lewiston Airport operates as a quasi-municipal corporation. The change to the governance structure under a single municipality would likely result in a shift of the number and category of representatives on the board. The only change would be in committee appointments. In the future, the workgroup believes consideration should be given to the airport becoming a self-sufficient "transit authority" instead of a municipal operation. This could possibly include additional property development around the airport, including parking garages and bus operations.

## Summary of Public Works Savings / (Costs)

Based on workgroup recommendations:

Administration	-
Arborist	-
Building Maintenance	-
Electrical	-
Engineering	-
Recreation	\$62,400
Solid Waste and Recycling	-
Stormwater Operations	-
Streets and Highways	-
Vehicle Maintenance	-
<b>Annual Recurring Savings</b>	<b>\$62,400</b>

## Advantages of Unification and Scale

In the course of the Commission and Workgroup's discussions, some potential functional advantages of merger were raised – beyond the financial implications presented above. As noted earlier in this section, both public works departments operating separately have had to reduce staff over the recent past. This has compromised their ability to maintain service levels. A larger combined department has the potential to mitigate those separate reductions, while at the same time permitting more specialization of staff. Such specialization would be particularly helpful in engineering, where technical items are generally outsourced.

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# Education

The Education Workgroup was tasked with considering and making recommendations on education functions, including the establishment of a “vision” for how a consolidated school department could be structured and what it could deliver to the Lewiston-Auburn community. It focused at two levels: **Structural**, in order to inform a “vision” for what a combined school department could achieve and provide to the community, and **Financial**, to identify the primary areas where merger had the greatest potential to enable cost efficiencies. **The workgroup did not make specific recommendations to classroom-level changes or pedagogy. Those details and decisions would be the responsibility of the combined department’s superintendent and school committee.**

The structural consideration involved a review of options for how a school department would, in the workgroup’s view, be best structured in a consolidated framework. Through informed consideration of data, current approaches in the two departments and the Lewiston-Auburn community context, the workgroup sought to make a recommendation on a “preferred alternative” it believed makes the most sense in the event the cities of Lewiston and Auburn combine. The workgroup’s consideration was focused on the following structural elements:

- Board of Education
- Central Administration
- Curriculum and Instruction
- Pre-K
- ELL / Bilingual / Dual Language Education
- Students with Disabilities
- Career and Technical Education
- Gifted and Talented Education
- Leadership Development
- Teacher Development
- School-Based Health Centers
- Newcomer Services
- Adult Education and Workforce Development
- Community Partnerships

- Parent and Family Engagement
- College / Post-Secondary Aspirations and Preparedness

For each element, the workgroup’s goal was intentionally at a conceptual rather than management level. That is, to develop a high level overview of what a combined department should be focused on – and what it *could be* for the Lewiston-Auburn community – while recognizing that the ultimate decisions on structure, management, curricula, assessment, services and programming would be the responsibility of the new School Committee and Superintendent, in partnership with other key stakeholders. That determination was made in the context of data collected and presented in the May 2016 Baseline Services and Financial Overview report, consideration of current differences (both perceived and real) between the two school departments, and perceptions on the preferences of Lewiston and Auburn residents.

## A workgroup “vision statement”

In an effort to articulate what it saw as the promise and opportunity of a combined school department, as well as to frame its recommendations, the Education Workgroup developed a “vision” for a first-rate education system for Pre-K through secondary education and beyond. It speaks to the potential opportunities and benefits the workgroup sees in a single school department, and it emphasizes certain key guiding principles it believes should be at the core of any transition to a combined department.

As noted, the workgroup did not make specific recommendations to classroom-level changes or pedagogy. Those details and decisions would be the responsibility of the combined department’s superintendent and school committee.

## A Vision for Improving Education in L-A

**A unified school system offers a unique opportunity for innovation and reinvention. LA schools can be – and must be – among the best in Maine and the best for each student’s individual needs.**

**While bigger is not necessarily better, some opportunities require the scale of a larger student body and a deeper, diverse pool of teaching talent.**

### Respecting Traditions

**Regardless of how things might change, alma maters will be preserved. Students can still attend the high school they – and their parents – identify**

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with. There will still be Blue Devils and Red Eddies. Tradition and rivalries will continue.

### **Focus on Individual Student Needs**

For a bigger LA district to be truly excellent, the new system has to be designed to be student-centered and focused on personalized learning. A larger system can offer dramatically more choices for students at all levels. There can be more options offered to students' varying interests, especially since we have the geographical advantage of the schools all being close to each other. Smaller systems often do not have the student population to serve student interests, spark enthusiasm for learning, and motivate students toward high aspirations.

The middle schools and high schools can focus on themes and specialized areas. For example, one high school could emphasize advanced placement and bridge courses while the other could expand course offerings and available seats for Career and Technical Education (CTE) curricula. At the high school level, that might even mean taking some classes at Lewiston High School and some classes at Edward Little High School, blending the offerings of both and offering a personalized learning experience. It could include having a school strong in the visual and performing arts, another project-based, or another focused on STEM (Science, Technology, Engineering and Math). Broader scale affords us opportunities for unique, attractive and intellectually-stimulating specialization alongside excellence in our general education areas.

There will likely be a new Edward Little High School built within the next 5 years. This is an opportunity to configure that building so that it supports the needs and opportunities we envision – and the objective of making our system the best in Maine.

Each student is an individual who learns best when challenged and motivated by subjects he or she is interested in and with instructional practices tailored to their learning styles, like applied or experiential learning. The aim would be to expand the number of choices and pathways for each student.

### **Local School Leadership**

For personalized learning to be maximized more authority and decision making needs to reside with the leadership and faculty of each school. Ideally, the district leadership (i.e. superintendent) sets the vision, but then strong school leaders apply that vision to each unique circumstance.

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## Expanding Best Practices

Best practices currently employed in Lewiston and Auburn can be expanded across the entire system.

## Special Needs Insourced

A larger district allows more options for serving students with disabilities in-district, potentially reducing the number of students who must currently go out-of-district at an average cost of \$45,000 and for as much as \$100,000 or more.

## Additional Revenue Sources

A larger district has the potential to attract new revenue streams, such as federal, state and private competitive grants. In fact, a large district could likely afford to have a Development Office that would be the face to foundations and alumni. That "face" would promote the district and education "brand," telling the story of LA schools similar to how private schools do today.

A Development Office has the potential to over time generate annual revenue that would cover unfunded needs. This could amount to \$250,000 to \$500,000 or more beyond the cost of the staffing.

## Efficiencies Would Free Up Resources for Education

Scale, particularly at the size of a combined school department, would allow for operational efficiencies that free resources for teaching and learning. Consider how transportation, food service, buildings / facilities and administration could be streamlined in a larger system.

## Enrollment Stability

**In general, school enrollments are declining in Maine – and with that comes declining state reimbursement.** A larger district would help to stabilize enrollments and offer the flexibility to shift resources to changing needs.

## Aspirations

Directionally, here is where we (i.e. the workgroup) want to go. Some of these elements can best be accomplished within a larger school district.

- Reach out to the parents of newborns saying, "We welcome your new child and look forward to having him / her join us in 4 years. Here is what you need to know to get him / her ready."

- Education, whether public or private, starts for all children beginning at age 4.
- All-day kindergarten for all children.
- All kids on reading level by grade 3.
- Aspiration labs at the middle schools.
- Increased summer learning opportunities.
- A large system offers more opportunities for after-school groups and activities.
- Increased CTE options and increased options for helping college-bound students.
- Increased adult education for both workforce readiness and enrichment.
- More time for principals and teachers to go into homes or meet with groups outside of the school building (i.e. deeper engagement with the community).
- Top-to-bottom leadership development.

In short, a combined school system would respect traditions, but would offer more education choices and a more personal approach to learning. Merging systems invites the sort of innovation that is difficult, if not impossible within the current status quo.

## Summary of Options and Recommendations

As part of the Education Workgroup’s review of possibilities for a combined school department, it made recommendations on each of the structural elements cited earlier in this section. Those recommendations were based on the workgroup’s understanding of current approaches in Lewiston and Auburn, discussion of where key differences and / or opportunities may exist, and consideration of community expectations for a “best in class” education department. Those recommendations and their rationale are presented below, by category.

### School Enrollment and Buildings

The Education Workgroup recommends that in the event of consolidation, the current physical deployment of existing schools remain and that students remain in the school building where they are currently enrolled (or would otherwise be moving into regardless of consolidation). This approach will minimize the impact on students and families; retain consistency and school building familiarity for students and families;

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and empower the newly elected school committee for the consolidated department to intentionally and diligently plan for the future from a position of stability and strength. As noted below, that planning process will likely include streamlining of curricula across all the schools of the consolidated district, developing themes and / or specialized areas at the middle and high school levels, and exploring opportunities to expand programmatic choices and enhance personalized learning options.

## Governance

### Board of Education

As with the city councils, the current Auburn and Lewiston School Committees would continue to function in their current roles. The structure would change on the effective date of the city consolidation, currently envisioned as January 1, 2020. Currently, Auburn has seven school committee members, with one elected from each ward and two elected at-large. The Mayor or a mayoral designee is also on the committee. Lewiston has nine school committee members – one from each ward and one at-large, plus a city councilor nominated by the Mayor and confirmed by the Council.

**Composition:** Pursuant to Article 11 of the draft charter developed by the Joint Charter Commission, the school committee's structure would mirror that of the proposed city council. There would be 2 persons elected from each of five wards with staggered terms, plus an eleventh member drawn from the City Council, as nominated by the Mayor and approved by the Council. Further, there would be at least one non-voting student representative, with the school committee determining the specifics of appointment and participation thereof.

**Transition Period:** The Education Workgroup acknowledged that during any pre-merger transition period, the governance requirements and responsibilities of both school departments would still need to be sustained. In addition to carrying out their normal governance responsibilities, it would be incumbent on both school committees to begin planning for conversion to a single unified department. For this reason, the Education Workgroup emphasized the benefit of having a "transition group" to facilitate the process – whether the two existing school committees meeting in joint fashion or both committees appointing two or more representatives to serve as an *ad hoc* transition group.

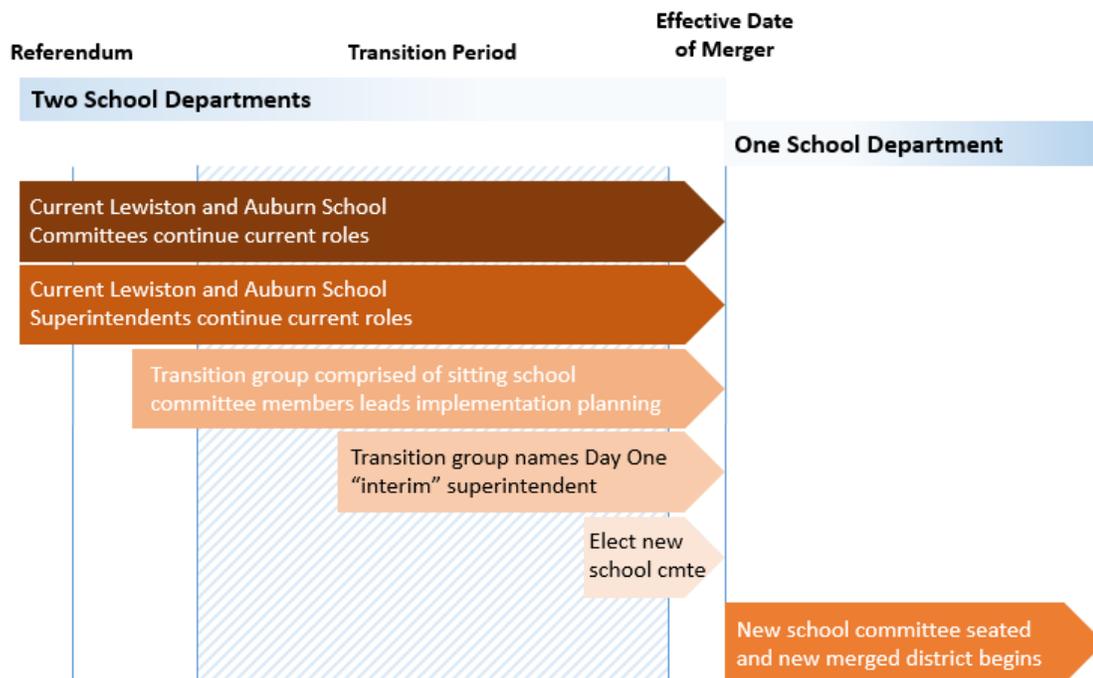
### Central Administration

As is the case with the school committee, during the pre-consolidation transition period it would be essential to sustain current central administration functions and capacity. The workgroup recommends that current superintendents and

administrative structures remain in place during the transition period. The appointment of the consolidated department's permanent superintendent would be the prerogative and responsibility of the consolidated school committee, which would be elected during the pre-merger transition year. With that in mind, the Education Workgroup suggests that the joint transition group consider how best to work with existing leadership so that planning and decision making leads to an effective hand-off on January 1, 2020.

At the same time, the Education Workgroup recommends the joint transition group begin a study to review potential administrative reorganization during the transition period, and once a permanent superintendent is appointed work with that individual to implement any such reorganization.

This implementation pathway, beginning with an affirmative referendum and stretching through an assumed transition year for the two cities, is illustrated in the following graphic:



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## Teaching and Learning

The Education Workgroup makes the following recommendations.

### Education

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#### General Education

The new superintendent collaborate with teacher leaders, community members and student representatives to solidify existing offerings and to build a long-term plan to evolve curricula across all schools.

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#### Pre-Kindergarten

Pre-K is offered to all children beginning at age 4.

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#### ELL / Bilingual / Dual Language Education

Ensure ELL programs, including newcomer services, are available to all who need them.

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#### Students with Disabilities

Expand special education programs for all who require it.

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#### Career and Technical Education

Expand CTE programs and seats for LA students, including offering satellite offerings.

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#### Gifted and Talented Education

Study best practices and expand offerings to increase program access.

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#### Post-Secondary Aspirations

Expand programs, including offering post-secondary classes, to prepare students for post-high school education.

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#### Adult Education and Workforce Development

Expand work readiness and enrichment offerings, making them available to all LA residents.

### Educators

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#### Leadership Development

Quality education requires developing leadership skills at all levels throughout the district.

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## Professional Development

Provide instruction within and outside of the regular school day, and encourage staff collaboration.

## Student and Family Support

### Health

Using external vendors, keep current school-based health centers intact.

### External Partnerships

Inventory and expand partnerships with businesses and non-profits to help guide students to relevant college and career pathways.

### Family Engagement

Encourage and expand involvement at schools and off site.

## Summary of Financial Opportunities

As part of the Education Workgroup's review of possibilities for a combined school department, CGR considered the potential for financial and programmatic efficiencies. The review began at the highest level, with a comparison of like-category expenditure articles from Lewiston and Auburn's respective FYE 2016 budgets. That cost center alignment, which was also included in the May 2016 Baseline Services and Financial Overview report, is shown in the following table.

### Budgeted School Expenditures by Cost Center, Fiscal Year 2016

Source: Approved School Budgets

	Lewiston	Auburn	Total
Regular Instruction	\$22,545,416	\$15,538,599	\$38,084,015
Special Education	\$17,081,192	\$8,721,607	\$25,802,799
Career Tech Education	\$3,009,044	\$0	\$3,009,044
Other Instruction	\$771,472	\$817,718	\$1,589,190
Student and Staff Support	\$3,717,480	\$4,457,716	\$8,175,196
System Administration	\$1,208,436	\$875,684	\$2,084,120
School Administration	\$2,632,106	\$1,320,888	\$3,952,994
Transportation and Buses	\$3,320,638	\$1,147,905	\$4,468,543

Facilities Maintenance	\$6,412,196	\$5,260,417	\$11,672,613
Debt Service and Other	\$3,311,730	\$1,128,505	\$4,456,235
Crossing Guides	\$16,000	\$37,603	\$53,603
Adult Education	\$677,122	\$382,955	\$1,060,077
<b>Total</b>	<b>\$64,702,832</b>	<b>\$39,689,597</b>	<b>\$104,392,429</b>

When general expenditures are viewed on a per pupil basis, as shown in the following table, there are areas of both alignment between the two departments (e.g. regular instruction, system administration) and divergence (e.g. student and staff support, transportation and buses).

**Per Pupil Budgeted School Expenditures by Cost Center, Fiscal Year 2016**

*Source: Approved School Budgets, CGR Calculations*

	<b>Lewiston</b>	<b>Auburn</b>	<b>Composite</b>
Regular Instruction	\$4,143	\$4,296	\$4,204
Special Education	\$3,139	\$2,411	\$2,848
Career Tech Education	n/a	n/a	n/a
Other Instruction	\$142	\$226	\$175
Student and Staff Support	\$683	\$1,232	\$902
System Administration	\$222	\$242	\$230
School Administration	\$484	\$365	\$436
Transportation and Buses	\$610	\$317	\$493
Facilities Maintenance	\$1,178	\$1,454	\$1,289
Debt Service and Other	\$609	\$312	\$490
Crossing Guides	\$3	\$10	\$6
Adult Education	n/a	n/a	n/a

Note: Calculations use school-age total enrollment (PK-12) as denominator.

As noted, in certain expenditure articles per pupil costs are similar, while in others there are considerable differences. In order to quantify the extent of the difference between per pupil costs in Lewiston and Auburn, the Education Workgroup reviewed a hypothetical "lowest unit cost" analysis prepared by CGR in which an assumed

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combined school department had the lower of Lewiston or Auburn's current per pupil cost in each expense category. The magnitude of that differential was \$10.6 million, or the equivalent of about 10 percent of the current combined spend of the two departments.

In the event of consolidation, however, not all cost categories will offer the same degree of efficiency opportunity. For example, there would likely be direct savings as the school departments went from *two* administrative frameworks to *one*. On the other hand, there would *not* be direct savings on previously-issued debt for which principal and interest obligations would remain unchanged.

In an effort to categorize savings opportunities, then, CGR separated the expenditure articles into two "buckets": First, those categories where consolidation had the potential provide direct and near-term savings, and second, those categories that had the potential to provide indirect and / or out-year (i.e. longer range) savings. Each category is discussed in further detail below.

## Direct and Near-Term Opportunities

### Building-Level

As noted above in the "Summary of Options and Recommendations: School Enrollment and Buildings" section, the Education Workgroup recommended that students initially remain in the school building where they are currently enrolled (or would otherwise be moving to regardless of consolidation). To the extent that the current deployment of school facilities remains unchanged and students are not shifted, the near-term impact on building level spending in a combined school department is likely to be minimal. The number of building-based administrators, teaching staff and support personnel would likely remain unchanged, as would the supply, utility and maintenance costs associated with those buildings.

This is not to imply that a combined school department could / would not eventually realize efficiencies and savings at a building level due to consolidation. Rather, it is to say that while a consolidated department may offer certain opportunities to streamline at the building level, those opportunities are likely to be marginal at first and not materially impact overall spending levels.

### System-Level

However, there are direct and near-term opportunities to materially reduce costs at the system level. Thinking of Lewiston and Auburn as a single school department does enable certain savings opportunities, particularly in the areas of administrative services

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and “back office” support functions that are currently provided on a district-wide basis by both departments independently.

By way of context, Lewiston and Auburn budgeted a combined \$2.1 million (or \$230 per pupil) on system administration functions in FYE 2016. A review of both departmental budgets shows that the system administration function spanned the following:

- School Committee
- Legal Services
- Superintendent
- Superintendent Secretary
- Human Resource Services
- Fiscal Services
- Printing and Binding
- Postage and Advertising
- Tuition Reimbursement
- Software

Based on a review of these categories, CGR finds the greatest likelihood of efficiency savings from a consolidated school department would occur in the following areas.

### General Administration

CGR estimates that a combined school department has the potential to produce **approximately \$310,000 in general administration savings**, primarily resulting from the consolidation of two superintendent offices into one. Savings estimates are based on the assumption that a combined department would eliminate one superintendent position and up to one full-time clerical support title in the superintendent’s office. Although the salary level for superintendent of a combined department may increase and reduce this savings figure somewhat, for estimation purposes we use current levels.

### Financial Administration and Human Resources

CGR estimates that combining the currently separate financial administration and HR offices in Lewiston and Auburn within a consolidated school department has the potential to produce **approximately \$115,000 in savings**. Savings estimates are based on the assumption that a combined department would eliminate one finance /

business officer position and downgrade or eliminate up to one title among the general finance support staff.

## Information Technology and MIS

CGR estimates that a combined information technology arm serving a consolidated school department has the potential to produce **approximately \$20,000 in savings**. It should be noted that this estimate pertains only to the system-wide level, rather than the individual school buildings, where (as noted above) we have assumed no immediate change. CGR did not perform a detailed review of current hardware / software in either department to gauge consistency, but to the extent there are material differences between the departments today, the realization of these savings may be delayed somewhat and grow only as the consolidated school department replaces aging hardware / software with newer products. To the extent possible, consistency of hardware / software across all buildings of a combined school department would maximize the potential savings. Savings estimates are based on the assumption that the full combined IT staff capacity would be retained, but that one of the current MIS manager titles could be downgraded to a tech support title.

## School Committee

CGR estimates that the combination of school committees into a single department would generate **approximate savings of up to \$10,000**. This is primarily due to the reduction in the overall number of school committee members.

### Summary of System-Level Savings

General Administration	\$310,000
Financial Administration & HR	\$115,000
Information Technology	\$20,000
School Committee	\$10,000
<b>Annual Recurring Savings</b>	<b>\$455,000</b>

## Indirect and / or Out-Year Opportunities

Beyond the system-level savings shown above, a combined school department also offers potential long-range cost reductions in several areas. Below we consider three: Special Education, Transportation and Capital. In each case, the opportunity is contextualized to consolidation. However, precise savings figures cannot be determined at the present time. In the case of special education, savings would be predicated on further detailed analysis post-consolidation at an individual student and

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program level. In the case of transportation, current vendor contracts run through 2021; moreover, adopting the lower-cost model of the two departments would require a multi-year up-front capital investment. And in the case of capital equipment, potential savings is likely to be in the form of cost avoidance rather than direct cost reduction. Still, each category offers potential in the event of merger.

## Special Education

Like every school district, a segment of the student population in both departments requires additional – and in some cases, intensive – services to address learning and / or other disabilities. The needs of special education students vary widely, from low-intensity supplemental services provided in-district, to high-intensity offerings requiring supplemental staffing and specialized settings, including classrooms with significantly lower student-to-teacher ratios. These varying needs result in more tailored programs and services that result in higher per pupil costs than associated with non-special education students.

Special education was the second-largest cost center in both Lewiston and Auburn in 2016, after regular instruction. Lewiston budgeted \$17.1 million (26 percent of the total), while Auburn budgeted \$8.7 million (22 percent). The SPED classification rates are identical between the districts, with Lewiston reporting 902 students (17 percent of the total student body) and Auburn reporting 620 students (17 percent).

In certain cases, the needs of special education students are so specialized that the “home” district cannot provide them adequately, resulting in students receiving an “out of district” placement. Although Lewiston and Auburn provide in-district services to the vast majority of their respective SPED student population, a portion of the special education population in both districts have been determined to require a more intensive setting and / or higher level of therapeutic services than can be provided within either district.

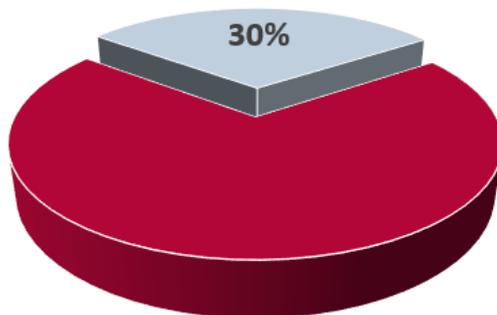
As of September 2016, Lewiston reported 131 out-of-district placements among its SPED population, while Auburn reported 43. Between the two departments, out-of-district placements spanned eleven separate locations, and of the total combined student count, 141 (or 81 percent) attended common schools. The most highly-enrolled program for both departments is the Margaret Murphy Center for Children, which specializes in autism and developmental disabilities. Nearly one-third of Lewiston’s out-of-district placements attend MMCC, while more than half of Auburn’s do. In total, MMCC provides programming for 68 students, or 39 percent of the combined Lewiston-Auburn out-placement population.

The following table illustrates the out-of-district enrollment for both districts as of September 2016. As noted, 141 students (or 81 percent of the total OOD enrollment) attend common schools.

	Lewiston Students	Auburn Students	COMBINED STUDENTS	Approx Tuition per Student
<b>Out of District Placements w/ BOTH Lewiston and Auburn Students</b>				
Margaret Murphy Center for Children	43	25	68	\$45,000
Spurwink	18	3	21	\$53,000
Renaissance School	14	7	21	\$40,000
Androscoggin Learning & Transition Center	13	3	16	\$39,000
Collaborative School	5	3	8	\$45,000
Future Builders School	4	1	5	\$35,000
Morrison Center	1	1	2	\$84,000
<b>Out of District Placements w/ ONLY Lewiston Students</b>				
RETC (*Based in Auburn Schools)	9	-	9	\$34,000
MECDHH / Baxter	3	-	3	n/a
REAL	2	-	2	\$43,000
Easter Seals	1	-	1	\$60,000

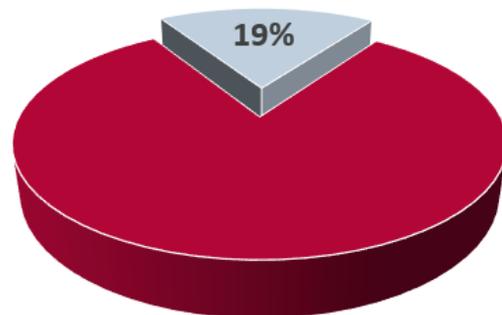
Of the combined \$25.8 million budgeted by Lewiston and Auburn for special education in FYE 2016, approximately \$6.8 million (26 percent) was for tuition related to out-of-district placements and programming. Further, there is a cost associated with providing transportation services to Lewiston and Auburn students with out-of-district placements. The departments' combined OOD transportation cost in FYE 2016 was approximately \$834,000.

**Lewiston SPED Costs (2016)**



■ In-District ■ Out-of-District

**Auburn SPED Costs (2016)**



■ In-District ■ Out-of-District

**Combined OOD tuition costs = \$6,787,556  
(excluding \$834,000 in transportation)**

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As Lewiston and Auburn consider consolidation, there may be potential opportunities related to special education. To understand how those opportunities could materialize, it is important to understand why school departments utilize out-of-district placements. It is typically done for two, not necessarily mutually exclusive reasons. First, the intensity of required programming and services. For a segment of the special education student population, the level of specialized programming and / or therapeutic services required to address the needs of an individual student surpass the department's ability to deliver them directly. As noted, a significant majority of the SPED students in both departments are educated in-district already; only those requiring more intensive supports beyond the departments' capacity to address receive out-of-district placements.

Related, the number of students requiring a given SPED specialty varies from year to year. Utilizing outside services enables the school systems to service the need flexibly – and avoid a large fixed cost of gearing up to provide a service only to find the need has changed.

Second is the issue of delivering specialized services at scale. As noted in the preceding table, Lewiston and Auburn utilize a total of 11 separate programs for their out-of-district placements. This reflects both the specialized needs of individual students and the specialized programming offered by different sites. Although the quality of the programming provided to students is a critically important consideration, so too are the economics of providing such programming at smaller scale. And in all but one of the current placements used by Lewiston and Auburn for out-of-district programming, each district has fewer than 20 of its own students enrolled. Simply put, it is cost prohibitive for either school department to establish, staff and program a highly-intensive specialized program in-district for a small number of students. For that reason, the departments opt for out-of-district programs that a) have the specialized expertise already and b) provide services at scale for multiple districts, making them more cost-effective.

Consolidation **may** offer a single school department scale opportunities to deliver certain specialized and / or intensive services in-district rather than having to rely on out-of-district placement. Where one department on its own may only have the equivalent of a half-classroom of students requiring certain services, a combined department may have the equivalent of a full-classroom (or more), creating the opportunity to hire appropriately trained and specialized staff to deliver the services in-district.

Of course, cost reductions **cannot** and **should not** be the primary objective – the programming and services required by students are paramount. And in no cases

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would we expect a school department – consolidated or otherwise – to seek to implement sub-quality programming for special education students simply to lower costs. However, in cases where a consolidated department may offer scale opportunities to deliver comparably high-quality special education services in-district to a larger combined student population, there would likely be two direct financial benefits – in addition to the “human benefit” for children and families where students can be offered these specialized services in-district rather than having to leave L-A to go to school.

The first benefit is in per pupil education and support costs. Retaining special education students in-district would mitigate any “premium” paid by the department for out-of-district placements and would lower the aggregate per pupil cost of the department’s administrative services (i.e. under the assumption that students are retained in-district without adding to the current administrative infrastructure).

At the same time, a combined school department that can leverage scale advantages to deliver certain specialized services in-district may be in a position to offer those same services to other school departments in the region on a tuition basis (i.e. a combined L-A department could serve as the “out of district” placement for other departments), further offsetting the costs to deliver those services. The potential impact of providing this enhanced service would require additional detailed study, and would have to be weighed against the cost of scaling up both staffing and facilities to adequately provide those services.

A second benefit is in transportation costs. Lewiston and Auburn budgeted a combined \$834,000 in transportation costs for their out-of-district placement special education population in FYE 2016. Although a consolidated department that delivers more special education programming in-district would still have a responsibility to transport those students each day (and the associated costs), transporting them to district buildings instead of other sites outside the community may reduce the required expenditure.

### Potential Financial Impacts

As noted, it is difficult to project potential savings from such a move at the current time. But in order to provide a frame of reference for how a consolidated department could think about that potential, consider the following.

Lewiston estimates the total cost for a student placed out-of-district to be \$83,000, compared to \$49,500 for an in-district student. Several pieces make up the out-of-district total:

- **Tuition:** Estimated to be \$39,900 per student.

- **MaineCare Seed:** Medically necessary services billed to Medicaid, for which the local department is partially responsible. Estimated to be \$24,663 per student.
- **Extended School Year:** Estimated to be \$11,400 per student.
- **Extended School Year MaineCare Seed:** Estimated to be \$7,047 per student.

Transportation is in addition to these costs, since local departments are responsible for providing transportation to out-of-district placements. The average annual out-of-district transportation cost for Lewiston and Auburn is \$5,860, compared to \$630 for in-district special education students. That is a difference of \$5,230 per student.

All else being equal, shifting an out-of-district placement to in-district placement could save \$33,500 per student (i.e. \$83,000 minus \$49,500), plus an additional \$5,230 on transportation. That is a total per-student difference of \$38,730. Therefore, each hypothetical classroom that brings 8 currently out-of-district placements back into the local district would generate savings of more than \$300,000.

CGR strongly recommends that in the event of consolidation, a unified Lewiston-Auburn School Department evaluate the possibility of bringing one or more out-of-district special education programs in-house. While this would not eliminate special education costs, leveraging scale advantages to deliver special education programming in-house would mitigate tuition payments and potentially reduce special education transportation costs.

As programming is evaluated for potential in-districting, emphasis should be on those services where the two school departments currently have the highest combined enrollment, since it would offer the greatest scale opportunities.

## Transportation

Although both school departments use a common transportation vendor – Ledgemere Transportation Inc. – they employ different approaches. This results in different contract rates and overall costs. Lewiston contracts for the entirety of its transportation service – staff, capital equipment and related expenses. Auburn, by contrast, owns its fleet and contracts with the vendor to operate and maintain department-owned buses and rolling stock. As of the start of its most recent contract with Ledgemere, Auburn reported an active fleet of nineteen 77-pupil buses, two 84-pupil buses, two 43-pupil buses (with wheelchair accessibility), three minibuses (with wheelchair accessibility) and one 8-passenger van. In addition, Auburn had a spare bus fleet of six 77-pupil buses, one 45-pupil bus (with wheelchair accessibility), and one 23-pupil bus (with wheelchair accessibility).

This difference in approach explains, in part, the significant cost differential that exists between the two departments today. Lewiston's per pupil transportation cost is nearly double that of Auburn, despite Lewiston being geographically smaller. Lewiston's \$3.3 million transportation budget for FYE 2016 translates to \$610 per pupil, compared to Auburn's \$317 per pupil (on a budget of \$1.1 million. The difference in approach also manifests itself in different contract rates with their common outside vendor, as shown in the following table (select 2016-17 common rate categories shown).

	Lewiston	Auburn
<b>Contract Start</b>	<b>1/29/2016</b>	<b>5/12/2016</b>
<b>Contract End</b>	<b>6/30/2021</b>	<b>2/01/2021</b>
Full Size Bus	\$268.75	\$195.00
Full Size Bus w/ Aide	\$340.75	\$231.00
Minibus	\$268.75	\$195.00
Minibus w/ Aide	\$340.75	\$231.00
Minivan	\$195.50	\$190.00
Minivan w/ Aide	\$267.50	\$226.00
Midday Route	\$92.45	\$56.00

A primary reason for the rate differential is that Auburn owns its bus fleet, and has made a capital investment in buses over time that Lewiston has not. Auburn's FYE 2016 budget included an appropriation for one new bus at \$93,000, whereas Lewiston's did not. The Auburn school department estimates new buses cost \$90,000 to \$100,000 on average. So although Auburn's regular operational costs are lower, it has made a capital investment over time that Lewiston has not, by virtue of the different approaches. In current dollar terms, Auburn's active bus fleet has a value of approximately \$2.3 million. Converting Lewiston's model to Auburn's would require *at least* as much of an investment, and likely more given Lewiston's larger enrollment. To the extent this is an opportunity for cost reductions, then, it is an out-year opportunity.

The state does provide transportation reimbursement to school departments. Both Lewiston and Auburn receive revenue to offset some or all of their transportation costs. In the current year, Lewiston's transportation costs were reimbursed at a rate of approximately 90 percent, leaving a locally-funded differential of roughly \$300,000. By contrast, Auburn's costs were reimbursed at a rate of approximately 105 percent.

A combined school department would require a detailed analysis before determining whether it was willing to invest capital funds in buses.

It is important to note that Auburn receives certain state reimbursement for its bus expenditures through the Maine School Bus Purchase Program (Chapter 81 §81.1). So while the initial capital outlay for the bus is the responsibility of the school

department, a significant percentage of the overall cost is reimbursed pending state approval. According to estimates provided by Auburn, recent bus purchases of \$91,000 generated reimbursement of \$79,000, leaving the school department responsible for only \$12,000 of the total purchase cost. Over the past five fiscal years, the State of Maine has appropriated \$8 million annually for bus purchases statewide through the SBPP. Notably, reimbursement is not guaranteed and is subject to state approval and fund availability. According to state data, last year's statewide reimbursement requests totaled 262 (with a value of \$23 million), compared to approvals of 91 (with a value of \$8 million).

	Lewiston	Auburn
Total Enrollment	5,442	3,617
Spec Ed Enrollment	902	620
In-District	799	580
Out-of-District	103	40
Total Transportation Cost	\$3.3m	\$1.1m
Per Pupil	\$610	\$317
Per Non-SPED	\$364	\$191
Per In-District SPED	\$797	\$416
Per Out-of-District SPED	\$7,520	\$1,587

Another factor that likely impacts the cost differential between Lewiston and Auburn's transportation costs is special education. In FYE 2016, Lewiston budgeted \$1.4 million for transportation of special education students and students with disabilities (both in-district and out-of-district placements); Auburn, by contrast, budgeted \$250,000 (increasing to approximately \$300,000 when special education shares of fuel and vehicle insurance costs are accounted for). On a per pupil basis, Lewiston's transportation costs for in-district special education students were \$797, compared to Auburn's \$416. The difference is larger when considering out-of-district placements: Lewiston was \$7,520, while Auburn was \$1,587. This difference may be due, in part, to differences in the levels of service required by students in Lewiston vs. Auburn, as well as the distance some out-of-district placements are required to travel to access their program. But in both cases, the lower transportation cost for in-district special education compared to out-of-district placements reinforces the benefit that may result from opportunities to bring certain programming in-house, as discussed in the previous section.

## Capital Equipment

As part of the financial review, CGR reviewed the combined asset inventory of major equipment and vehicles for both cities. We also examined the multi-year capital plans

in both Lewiston and Auburn with regard to the intention to purchase major equipment and vehicles. Because of the size of both cities and school departments, and the common resource requirements of services both provide independent of one another, there are already multiple pieces of many equipment types in order to meet public service demands. As a result of merging into a single city and school department, there is no expectation that these equipment needs would change materially at “Day One” or that existing equipment would be redundant. However, a single capital planning process will likely allow some replenishment cycles to be lengthened, increasing cost avoidance over time.

## Transition Costs

The process of combining two cities into one is likely to create certain transition costs, both in real expenditures *and* in staff time necessary to blend the municipal and education systems into a single entity. This section considers likely sources of transition costs in two categories: General implementation items (i.e. supplies, equipment, facilities, etc.) and direct personnel costs (i.e. harmonization of compensation). **In neither case should all identified transition cost items be considered equally urgent or immediate** – indeed, certain potential transition cost elements (e.g. implementing standard uniforms or vehicle logos) can likely be delayed until items are naturally ready to be replaced based on necessity and existing capital plans. By contrast, other items (e.g. legal consultation) will almost certainly be deemed necessary during the transition year to ensure the legal fidelity and accuracy of the implementation process itself. Readers should therefore view this listing as a guide of potential costs, rather than a definitive list of immediate imperatives.

In considering any transition costs related to education, it should be noted that on January 2, 2017 the State of Maine’s Governor issued an Executive Order entitled “An Order Regarding Support for Regional Efforts to Achieve Efficiencies in Delivering Educational Services.” The order provides, in part, for funding to support “regionalization, consolidation and efficiency adjustment purposes” and the “develop(ment of) a competitive process to award these funds to School Administrative Units prior to the end of the 2016-17 Fiscal Year to assist with the upfront costs associated with efforts that promote economic efficiencies within and across schools and districts...”<sup>2</sup>

<sup>2</sup> [http://www.maine.gov/tools/whatsnew/index.php?topic=Gov\\_Executive\\_Orders&id=727378&v=article2011](http://www.maine.gov/tools/whatsnew/index.php?topic=Gov_Executive_Orders&id=727378&v=article2011)

	Pre-Merger / Year One Item	Deferrable Item	Cost Category*
<b>Supplies and Equipment</b>			
Common uniforms (e.g. police, fire)		•	1
Common weaponry (e.g. police)		•	1
<b>Services</b>			
Legal consultation	•		3
General implementation consultation	•		3
Consolidation of code / ordinance book	•		3
Master plan revision		•	3
Transition Task Force	•		2
Transferring titles	•		2
Drafting new personnel policies	•		3
Drafting new procedure manuals	•		3
Severance and / or buyouts	•		4
Vehicle signage		•	1
Stationery and business cards	•		3
Official forms	•		3
Identity / logo / graphics / seal / flag	•		3
Website redesign	•		3
Signage (buildings and streets)		•	3
Moving costs - physical (if applicable)		•	4
Moving costs - technology (if applicable)		•	4
Reconciliation of computers and software (if applicable)	•		2
Reconciliation of phone system (if applicable)	•		2

#### Cost Categories

- 1 - These are estimated to have **negligible** cost impact, given that they can be absorbed into current operations budgets and / or existing multi-year capital replacement schedules.
- 2 - These are estimated to have **negligible** cost impact. Although they would be a new cost created by merger, they are non-recurring and unlikely to require material expenditure.
- 3 - These are estimated to have **moderate** cost impact. They would be a new cost created by merger, but they are non-recurring.
- 4 - These are estimated to have **substantial** cost impact. However, whether these costs actually materialize will be subject to decisions made during the transition period and the combined governing body. For example, a decision to reach workforce goals through attrition rather than through severance and / or buyouts would result in a "0" cost for this category.

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## Blending of compensation and benefits

Over time, the consolidation of Lewiston and Auburn would result in a blending of the salaries and benefits that currently cover most municipal and school employees. As is the case in most instances of merger, compensation levels differ for certain common positions between Lewiston and Auburn. In some cases, Lewiston municipal / school employees have higher rates of compensation; in others, Auburn employees do. Post-merger, as a combined city operates singularly, it is reasonable to expect some blending of those differences.

In considering this process of harmonization, two key factors should be noted.

First, a “blending” does not necessarily mean that every term and condition of every employee contract or collective bargaining agreement would naturally be raised to the higher level of the current two cities or school departments. Salaries, benefits, work rules and conditions of employment are collectively bargained *together*, with the end goal of every such bargaining process being an agreement that satisfies all sides – management, labor and taxpayers. One bargaining unit may have higher salaries but a lower health insurance or paid time off benefit, while another bargaining unit may have a different permutation. For this reason, it should not be assumed (nor is it reasonable) that a consolidated Lewiston-Auburn would result in employees and bargaining units being raised to the “highest common denominator” for every element.

Second, it is reasonable to assume that any blending that occurs will do so over time, and as a function of formal collective bargaining processes between unions, employees and management of the consolidated city. This is because existing contracts and obligations of the two cities (including collective bargaining agreements) would be assigned to the newly consolidated city and become an obligation thereof. Put another way, existing labor contracts of either city are not obviated by merger, but rather are transferred to the merged city.

This is consistent with the process established in State of Maine law regarding the creation of regional school units which can serve as a guide to consolidation. Title 20-A (Education), Part 2 (School Organization), Chapter 103-A (Regional School Units) reads as follows:

***1. Assumption of obligations, duties, liabilities and rights.*** *On the operational date established pursuant to section 1463, subsection 1, the regional school unit board of directors shall assume all of the obligations, duties, liabilities and rights of the participating school administrative units for all purposes under Title 26,*

*chapter 9-A. The regional school unit is considered a single employer. Notwithstanding any other provision of law, the responsibilities of the regional school unit include:*

*A. Continued recognition of all bargaining agents that represented any bargaining units of employees who were employed by a participating school administrative unit, pending completion of merger proceedings described in this section.*

*B. Assumption and continued observance of all collective agreements between such bargaining agents and a participating school administrative unit, which agreements continue in effect for the remainder of their unexpired terms unless the bargaining agent and regional school unit mutually agree otherwise; and*

*C. Collective bargaining for an initial or successor collective bargaining agreement in any bargaining unit in which a collective bargaining agreement is not in effect on the operational date and for any interim agreement that may be required to align expiration dates in a regional school unit-wide bargaining unit, as described in this section.*

The same section of law provides a framework for the structure of bargaining units post-consolidation, and delineates a process for integrating contracts going forward.

**2. Structure of bargaining units.** *As early as possible after reorganization, all bargaining units must be structured on a regional school unit-wide basis. Bargaining units that existed in the participating school administrative units shall merge in accordance with the procedures and criteria in this section. Merger into regional school unit-wide bargaining units is not subject to approval or disapproval of employees.*

*A. Merger into regional school unit-wide bargaining units must be completed according to the schedule contained in this section and, except as required by paragraph H, no later than the latest expiration date of any collective bargaining agreement that was in effect on the operational date established pursuant to section 1463, subsection 1 that covered any employees in the merged unit.*

...

*C. Any additional bargaining units in a regional school unit must be structured as follows:*

*(1) In the initial establishment of such units, units must be structured primarily on the basis of the existing pattern of organization, maintaining the grouping of employee classifications into bargaining units that existed prior to the creation of the regional school unit and avoiding conflicts among different bargaining agents to the extent possible; and*

*(2) In the event of a dispute regarding the classifications to be included within a regional school unit-wide bargaining unit, the current bargaining agent or agents or the regional school unit may petition the Maine Labor Relations Board to determine the appropriate unit in accordance with this section and Title 26, section 966, subsections 1 and 2.*

*D. When there is the same bargaining agent in all bargaining units that will be merged into a regional school unit-wide bargaining unit, the units must be merged as of the operational date established pursuant to section 1463, subsection 1, and the regional school unit shall recognize the bargaining agent as the representative of the merged unit.*

*E. When all bargaining units that will be merged into a regional school unit-wide bargaining unit are represented by separate local affiliates of the same state labor organization, the units must be merged as of the operational date established pursuant to section 1463, subsection 1. The identity of the single affiliate that will be designated the bargaining agent for the merged unit must be selected by the existing bargaining agents and the state labor organization. Upon completion of the merger and designation of the bargaining agent and notification by the state labor organization to the regional school unit, the regional school unit shall recognize the designated bargaining agent as the representative of employees in the merged unit. If necessary, the parties will then execute a written amendment to any collective bargaining agreement then in effect to change the name of the bargaining agent to reflect the merger.*

*Prior to the operational date of the regional school unit, the single affiliate that is designated as the bargaining agent for the merged unit shall take measures necessary to prepare to meet its obligations as the bargaining agent on and after the operational date pursuant to Title 26, chapter 9-A, including, but not limited to, the authority and duty to negotiate a successor collective bargaining agreement that will take effect on or after the operational date. Until the operational date of the regional school unit,*

*each existing bargaining agent retains all other authority, duties and obligations of the bargaining agent of the employees of the school administrative unit pursuant to Title 26, chapter 9-A.*

...

*G. When there are unexpired collective bargaining agreements with different expiration dates in the merged bargaining units described in paragraphs D, E and F, all contracts must be honored to their expiration dates unless mutually agreed to otherwise by the public employer and the bargaining agent. Collective bargaining agreements must be bargained on an interim basis in any merged bargaining unit so that all collective bargaining agreements expire on the same date.*

As of the writing of this report, the current contract status for Lewiston and Auburn's respective collective bargaining units is as follows:

<b>Lewiston City</b>	<b>Expiration</b>
Police Supervisors	Mid-2018
Police	Mid-2018
AFSCME – Professional Technical	Mid-2017
AFSCME – Public Works	Mid-2017
MSEA	Mid-2017
Firefighters	Open Contract

<b>Lewiston Schools</b>	<b>Expiration</b>
Administrators	Mid-2019
Food Service Managers	Mid-2019
Education Technicians	Mid-2019
Food Service Workers	Mid-2019
Teachers	Mid-2018
MSEA	Mid-2017

<b>Auburn City</b>	<b>Expiration</b>
Firefighters	Mid-2019
Police Command	Mid-2017
Police	Mid-2017
Public Services Department	Mid-2017
MSEA Administrators	Open Contract
911 Telecommunicators	Open Contract

<b>Auburn Schools</b>	<b>Expiration</b>
Teachers	Mid-2019
Education Technicians	Mid-2018
Administrators	Mid-2018
Support Personnel	Mid-2018
Food Service	Mid-2017

## Leveling Up Analysis

In order to provide a frame of reference for the possible harmonization of employee compensation, a “leveling up” review was completed for the municipal and school workforces. As part of its options review for each workgroup, the CGR study team completed an informal positional compensation analysis in each department to ascertain the potential impact salary harmonization may have on a consolidated city.

Three points should be noted.

First, the compensation analysis considers salary differentials only. Salaries are, of course, the single largest component of the compensation package. While municipal and school employees in Lewiston and Auburn do participate in common retirement systems, in certain instances the pension tiers or benefit levels provided to employees differ. Similarly, while employees are generally offered common health benefit options through a common carrier, the employee / employer share of premium costs does differ between the two cities / schools (indeed, even between departments within the same city / school). As noted above, although salaries are the largest component of the compensation package, they are only one component, and formal collective bargaining involves broader negotiation and balancing of the full suite of wages, fringe benefits, work rules and terms / conditions of employment.

Second and related, it is not intended to be (and should not be viewed as) a precise or guaranteed adjustment. Rather, it is intended to offer an estimated range. The precise adjustments to salaries that would occur post-merger will be subject to formal collective bargaining (as noted in the sections of state law presented above), and thus are indeterminate at the current time.

Third, the estimates are based on existing staff levels (i.e. the impacts if current workforce complements were simply combined in full without restructuring, adjustment or reduction). Any restructuring or reductions that occur at- or post-merger would reduce these figures. The numbers are therefore conservative in nature. Further, they would be netted against any efficiency savings.

Estimated potential leveling up impact ranges are shown in the following table. It should be noted that these are conservative estimates in that they are based on existing staffing levels. Any staffing efficiencies that result in reductions in a merged city would reduce these costs commensurately.

<b>City</b>	<b>Range</b>
Administrator	\$20,000 - \$35,000
Clerk	\$25,000 - \$50,000
Tax Assessment	\$20,000 - \$35,000
Social Services / Gen Assistance	\$5,000 - \$20,000

Human Resources	\$15,000 - \$35,000
Finance	\$20,000 - \$30,000
Economic / Community Dev	\$5,000 - \$20,000
Planning / Permitting / Codes	\$35,000 - \$50,000
Information Technology	\$5,000 - \$20,000
Public Works	\$70,000 - \$140,000
Police	\$50,000 - \$90,000
Fire and EMS	\$200,000 - \$320,000
<b>Schools</b>	<b>Range</b>
Teachers	\$400,000 - \$550,000
Education Technicians	\$200,000 - \$250,000
<b>Total</b>	<b>\$1,070,000 - \$1,645,000</b>

## Summary of Tax and Non-Tax Impacts from Consolidation

If voters in Lewiston and Auburn voted affirmatively to consolidate, the resulting structure would impact property taxpayers. The impacts presented in this summary are based on the **average valued property** in each of the cities. The actual impact on individual properties would differ based on whether the property is above or below the average value in either jurisdiction.

## Longer-Term and Non-Tax Considerations

Although the following analysis looks explicitly at the financial impact of consolidation, it is important for the Commission and community to consider other potential long-term considerations beyond the direct and immediate fiscal effects. A municipal consolidation could potentially offer additional budget flexibility; staffing / operational efficiencies; joint facility planning; capital cost avoidance; expansion of improvement districts beyond the current municipal boundaries; improved credit ratings that can reduce capital borrowing costs; and more. In sum, the financial impacts of consolidation are critical to evaluating its appropriateness, but these long-term factors also bear consideration, notwithstanding the inability to project their impact at the current time.

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# Calculating the Fiscal Impact

Calculating the fiscal impact of consolidation is an iterative process based on current spending levels and tax levels, and certain assumptions about future costs. Here are the steps we took:

- 1. Laying Out Current State.** Calculate the “current state” in both cities, based on the FYE 2016 budget, property tax levies and assessed valuations.
- 2. Adjusting Property Valuations.** Adjust current valuations to be equalized against state valuation levels. Presently Lewiston’s tax rate is considerably higher than Auburn’s, but this compensates for Lewiston’s properties being assessed at a level below market value (and below comparable Auburn values). Incorporating the equalized state valuation ensures that we are able to compare property tax levels and assessments in Lewiston and Auburn on an “apples to apples” basis.
- 3. Separating Pre-Existing Debt Service.** Separate the proportion of property taxes that get allocated to current debt, since in the event of merger Lewiston’s pre-existing debt service would remain in the former Lewiston, and Auburn’s would remain in the former Auburn.
- 4. Summarizing Current State but Excluding Current Debt.** Restate the current state excluding debt service.
- 5. Applying Projected Cost Impacts.** Apply projected cost impacts using two models:
  - Citizen Workgroup Recommended Model: This model incorporates the collective recommendations made by the four workgroups presented earlier in this report.
  - Max Savings Model: This model incorporates the most financially-beneficial alternative developed by CGR during the review process.

As noted earlier in this report, the workgroups did not always endorse the most financially-beneficial alternative because the participants focused on reviewing both financial and service impacts. In several instances the recommendation was one that did not generate the maximum savings. In some cases, the recommendation resulted in modest cost increases. Clearly, the workgroup process was not focused exclusively on saving money, but

rather balancing savings with the perceived service needs of the merged community.

## Step 1: The Current State

At present, the average residential property owner in Lewiston pays \$4,036 in municipal and school taxes, and the average residential property in Auburn pays \$3,292. These figures are derived from two basic numbers: First, the 2016 property tax levy (i.e. the amount of money the governing bodies decide to generate through property taxes to fund their respective budgets), and second, the 2016 taxable assessed valuation (i.e. the assessed value of all taxable properties within each municipality). Dividing the levy into the assessed valuation determines a tax rate. In Lewiston, the 2016 tax rate was \$27.37 per \$1,000 of assessed value; in Auburn, it was \$21.44 per \$1,000 of assessed value. That rate is then applied to individual properties to determine the property tax bill for each.

<b>Table 1: Current State</b>	Lewiston	Auburn
Property Tax Levy		
Municipal (including overlay)	\$30,388,232	\$23,789,979
School	\$19,107,966	\$16,444,036
County	\$2,372,745	\$2,142,268
<b>Total</b>	<b>\$51,868,943</b>	<b>\$42,376,283</b>
Taxable Assessed Value (unadjusted)	\$1,895,408,000	\$1,976,187,978
Municipal Rate (including overlay)	\$16.03	\$12.04
School Rate	\$10.08	\$8.32
County Rate	\$1.25	\$1.08
<b>Total</b>	<b>\$27.37</b>	<b>\$21.44</b>
Median Home Value	\$147,500	\$153,500
Average Property Tax Bill	\$4,036	\$3,292

## Step 2: Adjust to Equalized State Valuation

As noted, a truly direct comparison of budgeted tax rates requires additional adjustment. This is because Lewiston and Auburn actually assess at different levels of market value. For property taxes to be a truly equitable form of allocating costs, all properties within a particular jurisdiction must be valued at a common level. Within Lewiston, all properties are valued commonly; such is the case in Auburn. However,

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allocating property taxes across jurisdictions that have different levels of assessment requires an “equalization” process. In Maine, as in other states where assessments are determined by local jurisdictions, the state modified local assessments in a way that standardizes the different levels and enables fairer and more equitable allocations of property tax liability.<sup>3</sup>

When we adjust to the equalized state valuation, the true taxable assessed value of Lewiston increases (because it is currently assessed below market level), while the value of Auburn remains roughly the same (because it is currently assessed close to market value).

The equalized state valuation number for Lewiston is \$2.203 billion, and for Auburn \$1.960 billion. The combination of these two “apples to apples” numbers (or \$4.163 billion) would serve as the assumed new taxable value for the merged city.

### **Step 3: Separate out Pre-Existing Debt Service**

In the event Lewiston and Auburn were to merge, state law provides that the pre-existing debt obligation of the two cities not be combined. Rather, Lewiston’s pre-existing debt would remain in the former City of Lewiston, paid by taxpayers there; similarly, Auburn’s pre-existing debt would remain in the former City of Auburn, paid by taxpayers there. No pre-existing debt would be intermingled. Any debt assumed after the effective date of consolidation would be assumed by the new combined city, and would be shared by all taxable properties in the new city. But because pre-existing debt would be kept separate, the consolidated city would end up having a different tax rate based on whether a property is in the former Lewiston or former Auburn.

To account for this, our analysis identifies the portion of the 2016 tax rate in Lewiston and Auburn that is attributable to general debt service and separates it out. We then add that component back in at the end of the analysis, with the Lewiston share applying only to properties in the former Lewiston, and the Auburn share applying only to properties in the former Auburn.

In 2016, Lewiston paid \$13.212 million in municipal and school debt service; Auburn paid \$9.167 million. In the context of each city’s equalized state valuation, that results in a debt service tax rate of \$6.00 in Lewiston (i.e. \$3.76 municipal plus \$2.24 school), and a debt service tax rate of \$4.68 in Auburn (i.e. \$3.23 municipal and \$1.45 school).

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<sup>3</sup> For a complete discussion of the issue of state equalization, readers are encouraged to review the baseline document, available on the Charter Commission’s website at <http://newlacherter.ning.com/reference>.

So on an equalized valuation basis, Lewiston's debt service burden is approximately 28 percent higher. That difference would be reflected in a higher post-consolidation tax rate in the former Lewiston, but only until pre-consolidation debt is fully retired.

## Step 4: Combined Current State

With the debt service costs removed, we can now show what tax rates in a merged Lewiston and Auburn would look like before any changes attributable to consolidation are applied. The following table combines the 2016 property tax levies of the two municipalities (minus debt service); combines their state equalized assessed value; and derives a combined tax rate.

Table 2: Current Combined State	Combined
Property Tax Levy (excluding debt service)	
Municipal (including overlay)	\$39,577,116
School	\$27,773,805
County	\$4,515,013
<b>Total</b>	<b>\$71,865,934</b>
Taxable Assessed Value (state valuation)	\$4,163,100,000
Municipal Rate (including overlay)	\$9.51
School Rate	\$6.67
County Rate	\$1.08
<b>Total</b>	<b>\$17.26</b>

As shown in the table, combining Lewiston and Auburn *before* applying any impacts of consolidation would result in a base tax rate of \$17.26. To this figure we add back in the debt-related portion referenced above in **Step 3**.

In the former Lewiston, a debt rate of \$6.00 is applied, resulting in a total tax rate of \$23.26.

In the former Auburn, a debt rate of \$4.68 is applied, resulting in a total tax rate of \$21.94.

## Step 5: Direct Tax Impacts of Consolidation

In this step we apply the projected impacts that could be provided by consolidation. Two models are used:

- **Citizen Workgroup Recommended Model:** This model incorporates the collective recommendations made by the four workgroups presented earlier in this report.
- **Max Savings Model:** This model incorporates the most financially-beneficial alternative developed by CGR during the review process.

The following summarizes the differences, by service area, between the Citizen Workgroup Model and the Max Savings Model. Where there is no difference between the Citizen Workgroup Model and the Max Savings Model, "no difference" is noted. Where there are differences and specific models are referenced under the Max Savings column, they refer to an option detailed in the section of this report addressing that particular service.

	Citizen Workgroup Model	Max Savings Model
Administrator	Savings of \$319,400	No difference
Planning, Permitting, Code	Savings of \$18,600	Savings of \$245,000 (see Model 3)
Social and Gen Assistance	Savings of \$78,000	Savings of \$103,200 (see Model 3)
Econ / Cmty Development	Cost of \$23,300	Savings of \$197,200 (see Model 2)
Library	Savings of \$120,000	No difference
Finance and Operations	Cost of \$21,600	No difference
Accounting	No change	No change
Tax Collection	Savings of \$24,100	No difference

City Clerk	Savings of \$54,000	Savings of \$98,800 (see Model 3)
Assessing	Savings of \$66,100	Savings of \$122,000 (see Model 3)
Human Resources	Savings of \$80,200	Savings of \$111,300 (see Model 3)
Information Technology	No change	No change
Fire and EMS	Savings of \$349,000	Savings of \$750,000 (see Model 2 with assumed net reduction on personnel, insurance, EMS supplies, fuel, capital outlay and billing administration, netted against lost EMS revenue)
Police	Savings of \$770,000	Savings of \$1,000,000 (with assumed net reduction of up to 4 road patrol elements to align with service demand)
Public Works Admin	No change	Savings of \$120,000 (see Model 1)
Arborist	No change	Savings of \$49,240 (see Model 1)
Building Maintenance	No change	No change
Electrical	No change	No change
Engineering	No change	Savings of \$49,300 (see Model 1)
Recreation	Savings of \$62,400	No difference

Solid Waste and Recycling	No change	No change
Stormwater Operations	No change	No change
Streets and Highways	No change	Savings of \$73,200 (see Model 1)
Vehicle Maintenance	No change	No change
Utilities	No change	No change
Education	Savings of \$455,000	Savings of \$750,000 (with assumed net savings from bringing at least one out-of- district SPED classroom in- district)

## Direct Tax Impacts: Citizen Workgroup Recommended Model

**Table 3a: Direct Tax Impacts of Consolidation** Combined  
*As recommended by workgroups*

Starting Combined Property Tax Levy	
Municipal (including overlay)	\$39,577,116
School	\$27,773,805
County	\$4,515,013
<b>Total</b>	<b>\$71,865,934</b>
<i>Apply Net Recurring Restructuring Impacts</i>	
Administrator	(\$319,400)
Planning, Permitting and Codes	(\$18,600)
Social and General Assistance	(\$78,000)
Economic and Community Development	\$23,300
Library	(\$120,000)
Finance and Operations	\$21,600

Accounting	\$0
Tax Collection	(\$24,100)
City Clerk	(\$54,000)
Assessing	(\$66,100)
Human Resources	(\$80,200)
Information Technology	\$0
Fire and EMS	(\$349,000)
Police	(\$770,000)
Public Works	-
Administration	\$0
Arborist	\$0
Building Maintenance	\$0
Electrical	\$0
Engineering	\$0
Recreation	(\$62,400)
Solid Waste and Recycling	\$0
Stormwater Operations	\$0
Streets and Highways	\$0
Vehicle Maintenance	\$0
Utilities	\$0
Education	(\$455,000)
<b><i>Apply Recurring Efficiency Impact</i></b>	<b>(\$2,351,900)</b>
Revised Combined Property Tax Levy	\$69,514,034
Revised Combined Property Tax Rate	\$16.70
Full Differential Tax Rate (including debt svc)	
Former Lewiston	\$22.70
Former Auburn	\$21.37
Projected Savings on Median Value Home	
Former Lewiston	(\$125)
Former Auburn	(\$37)

## Direct Tax Impacts: Max Savings Model

**Table 3b: Direct Tax Impacts of Consolidation** Combined  
*With max-level potential savings*

Starting Combined Property Tax Levy	
Municipal (including overlay)	\$39,577,116
School	\$27,773,805
County	\$4,515,013
<b>Total</b>	<b>\$71,865,934</b>

*Apply Net **Recurring** Restructuring Impacts*

Administrator	(\$319,400)
Planning, Permitting and Codes	(\$245,000)
Social and General Assistance	(\$103,200)
Economic and Community Development	(\$197,200)
Library	(\$120,000)
Finance and Operations	\$21,600
Accounting	\$0
Tax Collection	(\$24,100)
City Clerk	(\$98,800)
Assessing	(\$122,000)
Human Resources	(\$111,300)
Information Technology	\$0
Fire and EMS	(\$750,000)
Police	(\$1,000,000)
Public Works	-
Administration	(\$120,000)
Arborist	(\$49,240)
Building Maintenance	\$0
Electrical	\$0
Engineering	(\$49,300)
Recreation	(\$62,400)
Solid Waste and Recycling	\$0
Stormwater Operations	\$0
Streets and Highways	(\$73,200)
Vehicle Maintenance	\$0
Utilities	\$0
Education	(\$750,000)

*Apply **Recurring** Efficiency Impact* (\$4,173,540)

Revised Combined Property Tax Levy	\$67,692,394
Revised Combined Property Tax Rate	\$16.26
Full Differential Tax Rate (including debt svc)	
Former Lewiston	\$22.26
Former Auburn	\$20.94
Projected Savings on Median Value Home	
Former Lewiston	(\$190)
Former Auburn	(\$105)

## Summary of Fiscal Impacts

Recommendations made by the workgroups could generate \$2.3 million in direct net savings (i.e. a 2.5 percent reduction off current tax levies) and would translate into annual recurring property tax savings for the median property in both Lewiston (\$125/yr) and Auburn (\$37/yr). At the max-level savings values, CGR estimates that total savings could rise to nearly \$4.2 million (i.e. a 4.4 percent reduction off current tax levies), generating tax savings amounts for the median Lewiston property of \$190 and the median Auburn property of \$105.

Reflexively, residents and officials often look at the potential impacts of consolidation on a “snapshot” point-in-time basis. But it is important to note that the impacts shown above are, in each case, **recurring** and would be expected to continue forward. Thus, we can translate the above savings into multi-year terms.

**Table 4: Ten-Year Tax Impacts**

Aggregate Savings, Scenario 1 (based on workgroup recommendations)	\$23,469,000
Savings on median property in Lewiston	\$1,250
Savings on median property in Auburn	\$370
Aggregate Savings, Scenario 2 (higher-level potential savings)	\$41,735,430
Savings on median property in Lewiston	\$1,900
Savings on median property in Auburn	\$1,050

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## Review of Revenue Impacts

Based on a review of current revenue streams in both cities, CGR finds that there is no reason to expect material changes in the event of consolidation. Major revenue elements such as property tax and state revenue sharing will continue to be available, as will the state subsidy for a combined school department. Where certain revenues are subject to eligibility criteria, both cities currently receive them. For example, both are enterprise communities and therefore receive federal Community Development Block Grants. A combined city would therefore remain eligible. Such is the case with federal Title I education funds. Though not all school buildings are Title I buildings within the two departments, both are Title I *districts* and would therefore remain eligible if combined.

## Additional Fiscal Impacts

As noted earlier, there are likely to be fiscal impacts in addition to those direct effects identified above. While real and potentially material, they are indeterminate at the present time. For example:

- **Capital Equipment:** While we would not expect significant adjustments in the current capital equipment portfolio of a combined Lewiston-Auburn, acting as a single merged community may offer the opportunity to “stagger” capital equipment purchases across fiscal years. For example, where separate Departments of Public Works may each have to purchase a truck in the same year under the current structure, a single community may be able to space those purchases over multiple fiscal years, operating as a larger overall fleet.

Based on a review of city budgets, CGR estimates that Lewiston and Auburn (cities only) currently spend between ½ and 1 percent of their annual appropriations on *operating* capital outlay items (i.e. not bonded items). In total, this amounts to \$0.4 to \$0.8 million. If consolidation were to enable even a 5 percent reduction (or staggering) of those costs, it would result in an impact of as much as \$50,000. A similar opportunity would exist in a combined school department. Applying the same percentages as in the cities, a 5 percent reduction would result in savings or deferral of \$75,000.

- **Purchasing:** The cities and school departments of Lewiston and Auburn utilize many common supplies and pieces of equipment. However, under the current structure the two communities largely procure those items independently of one another. Blending the two into a single procurement framework may offer economy of scale benefits that drive down unit costs.

Based on a review of city budgets, CGR estimates that Lewiston and Auburn (cities only) currently spend between 3 and 6 percent of their annual appropriations on supplies and materials (i.e. items that are not personnel, capital outlay, contractual or fixed charge-related). In total, this amounts to \$3.2 to \$4.9 million. Bulking larger purchases for a combined city may offer an opportunity to drive down unit costs. At even a 5 percent reduction, this would result in savings of nearly \$250,000. A similar opportunity would exist within a combined school department. Applying the same percentages as in the cities, a 5 percent reduction would result in savings of approximately \$500,000.