

## MUNICIPAL ENTERPRISES

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What do the Hingham Municipal Light Plant and the South Shore Country Club have in common with some Massachusetts hospitals, airports, cable television stations and cemeteries? They're "municipal enterprises." Here's how Hingham is involved.

The light plant is essentially a local businesses operation heavily regulated by the state Department of Telecommunications and Energy, which supervises 39 other municipal light departments. The elected Hingham Light Board members oversee the town's local distribution network and buy electricity in bulk, then sell the product to its customers.

The results? Hingham residents pay less for their power than do residents of other towns who pay NStar and other huge utilities.

In addition, Hingham residents, if they so choose, can influence rates, service and the type of power purchased. They can do this by their election of Light Board members, and by attending Light Board meetings, which are open to the public.

A second type of municipal business has a single purpose, and is governed by board members specifically appointed to run a municipal enterprise. For example, the Country Club Management Committee was originally established by town meeting vote in 1989. Its members are appointed by the Board of Selectmen and are responsible to the town for the country club's operation.

Revenues from these municipal businesses are reserved in separate enterprise funds and are not kept in the town's general fund. This process allows the governing board—the Light Board or the Country Club Management Committee—to decide how to spend money their enterprise has earned, rather than asking town meeting to appropriate money from the general fund. These boards also have the ability to manage the enterprise as a business, rather than as a political entity, and they have more freedom to recruit and pay staff.

However, the Light Board and Country Club Committee are subject to Massachusetts laws governing municipal finance. They must follow public procurement rules, properly execute contracts (if they have that authority) and ensure that funds are available to secure their contract obligations. Although enterprise funds are held in separate accounts, government accounting rules still apply. Boards cannot discriminate in the services provided; that's why the South Shore Country Club golf course is open to the public. Statutes covering the official acts of board members concerning conflict of interest, ethics, open meetings and public records also apply.

It's often difficult to determine if a municipal enterprise is successful. Profit is not the motive, but taxpayers should expect the enterprise will break even. Municipalities choose to operate these businesses, unlike town services such as public health and safety, education, recreation etc. If a town can't run an enterprise without at least breaking even, the taxpayers (rather than the customers) are subsidizing the enterprise. There may be valid reasons for subsidizing a municipal enterprise, but the voters should understand that this is happening and closely scrutinize these operations for potential efficiencies and cost reductions.

For information about the Hingham League of Women Voters please visit our website at [www.hingham.ma.lwvnet.org](http://www.hingham.ma.lwvnet.org). For membership information please contact Christine Dieterich at [coed@verizon.net](mailto:coed@verizon.net).