7/6/2017

Finance and Warrant Committee

Dave Roberts, Cecilia Emery Butler, Liz O’Donnell, Jon Heffernan, Kevin Preston, Marty Lindemann, and Sue Carney present. Susan Fay and Kevin Hughes not present.

Mr. Heffernan opened by calling attention to the need for reorganization of the committee. The first necessary change is to select a new Chairperson for the Finance and Warrant community.

Ms. O’Donnell moved that Kevin Preston be named Chairperson of the Finance and Warrant Committee. Mr. Roberts seconded. Mr. Heffernan opened to the floor for any further nominations. There were none. It was voted 5-1-1, Ms. Emery Butler against, Mr. Preston abstaining. Mr. Hughes and Ms. Fay not present.

Mr. Preston thanked the committee for their selection. He offered his thanks to Mr. Heffernan for his tenure as Chairperson and the air of mutual respect he brought to the committee.

Mr. Heffernan moved Liz O’Donnell be named vice Chairperson of the Finance and Warrant committee. Ms. Carney seconded. It was voted 6-0-1, Ms. O’Donnell abstaining, Mr. Hughes and Ms. Fay not present.

Mr. Preston solicited any year-end & reserve fund transfer requests. There were none forthcoming, and the committee moved to the next agenda item.

Mr. Heffernan explained that he had gathered e-mails from committee members in order to highlight the objectives and priorities of the committee going forward. Mr. Preston handed out a paper containing the results of Mr. Heffernan’s data collection. He suggested the committee divide the discussion into two major segments, Benchmarking and Solutions. First they would discuss their approach to selecting the towns they would compare themselves to and what metrics they would compare. Afterwards they would focus on creating solutions to problems that come up.

Prior to the start of the meeting, Ms. Terkelsen had generated a list of potential towns to compare Dedham to for benchmarking. Ms. Carney asked Ms. Terkelsen why Norwood was not on the recommended towns list for benchmarking. Ms. Terkelsen explained that she took a wide range of characteristics and statistics to present to them the list of comparable towns. Mr. Kern explained that the population of Norwood is outside of the comparable population range they selected. Ms. Terkelsen explained that there are no set rules for benchmarking, just a best effort to create meaningful comparisons. She noted that the data collection necessary for benchmarking can be extremely time consuming due to town differences. Selecting enough towns to compare ourselves to is necessary, but selecting too many towns is likely to muddy the waters.

Mr. Lindemann asked if they would take town income into account for this benchmarking. Ms. Terkelsen explained that they can select whatever data they wish to help close in on the issue they hope to compare.

Ms. O’Donnell asked about a town on the suggested list, Milton. She pointed out that Milton has a tiny commercial base relative to Dedham. Ms. Terkelsen agreed that there are many things to take into account, even in towns of comparable size.

Mr. Kern said that he and the selectman hope to communicate to the town in general how they compare with similar towns. He explained that not everyone in the town agrees with comparing against nearby towns, many of which have greater income than Dedham. This familiarity with these other towns can lead to people bringing in unwarranted assumptions.

Mr. Preston asked Mr. Kern how the various Dedham department heads felt about benchmarking, who they felt they were comparable to. Mr. Kern Explained that there are some departments who know exactly who to compare themselves to. However, there are some, like Parks & Rec, who may not be as in-the-know about spending in other nearby towns. Ms. Terkelsen noted that they can come up with performance & usage indicators for each department and area. However, such things can be more difficult to quantify for departments like the Town Clerk’s office or the Veteran’s Affairs office.

Mr. Roberts agreed with Ms. Terkelsen. However, he feels that they may be capable of collecting the necessary data to make healthy comparisons between towns.

Ms. Terkelsen said that there are many towns who participate through GFOA. Dedham works through a Budget Award Program. These programs led to the collection of quite a bit of possible data points for benchmarking that are widely available.

Mr. Lindemann asked if the town of Dedham had adopted Benchmarking practices for budgeting ever in the past. Ms. Baker answered that they have done some statistic collection in the past but nothing on the scale that is being recommended by the current Finance committee.

Mr. Preston raised concerns that if they do not move quickly with this initiative, they may wind up busy with the Fall Warrant and not have the time to complete any budgeting before the budget cycle.

Mr. Kern suggested that the committee select 12 communities to compare themselves against. They can then solicit suggestions from the Department heads on what data they should start collecting.

Ms. Terkelsen pointed out that they need to decide as soon as possible what performance indicators they hope to select so that the work of data collection can begin. She cautioned that they may not be able to have the benchmarking data available in time for the fall budget review process.

Mr. Preston suggested that in order to streamline the process, the town management make selections on the comparable towns and what data they hope to select. Mr. Kern raised concerns that this data collection is extremely time consuming and that he does not want to spend department time collecting data for the Finance Committee only for them to discard it outright.

Ms. Terkelsen explained that we do have quite a bit of data we can gather right now. However, taking that data and making it comparable across the selected towns will be extraordinarily time-consuming. Several of the comparable towns are in the GFOA program, which means they have more readily-available statistics.

Mr. Heffernan suggested that the committee may be capable of collecting some of the publicly available data for their research to help accelerate the process. He cautioned that committee that once October comes, nobody will have any time to spend on benchmarking until after the fall warrant is dealt with.

Ms. Terkelsen explained that she is not trying to discourage benchmarking but to properly set expectations for the complexity of the process.

Mr. Kern suggested that the schools may not consider the comparison towns as good selections given the different needs of schools when compared to municipal government. He also explained that asking the department heads provide the statistics on the metrics they select will be time-consuming.

Ms. Terkelsen raised concerns that outliers in town comparisons could take too much of the discussion focus away from meaningful comparison.

Mr. Preston explained that his goal is to have the department heads select the metrics they wish to be evaluated on.

Mr. Kern commented that he may be able to have this data available to the committee in December.

Ms. Carney asked why this request couldn’t be made right now. She hopes to have some data to look at by October. She also explained that she feels there is value comparing our data to nearby towns even if they have higher income.

Ms. Terkelsen explained that she has some experience selecting performance indicators. She noted that they do not always get data on the optimal performance indicators, but sometimes need to work with the data they have.

Mr. Roberts pointed out that benchmarking/performance indicators is probably something other towns have done, and they could profit from looking at other towns.

Mr. Kern agreed with Ms. Terkelsen’s point that sometimes you need to work with available data points rather than optimal data points. He re-iterated the complexity of comparing data between towns.

Ms. Terkelsen explained that they do publish certain key datapoints that can be compared to other towns right now. She suggested the committee peruse data available on the Dedham website as a starting point for comparisons.

Mr. Preston expressed that he does not wish to go through another budget cycle without access to more in-depth information on how our departments are performing.

Mr. Preston asked if it would cause problems to compare ourselves to every town we abut. Ms. Terkelsen re-iterated concerns that the list should be kept to a dozen or less. Mr. Preston explained that the public will be most interested in comparing to adjacent nearby towns, even if that means removing another town from the list.

Ms. O’Donnell warned the committee against exclusively comparing ourselves to other towns, but also setting goals for ourselves year-over-year within our own town.

Mr. Roberts suggested the committee submit comparison town suggestions to the chairperson that he could collate into a master list.

Mr. Preston asked how the committee felt about a December goal for collecting all of the benchmarking data.

Mr. Kern explained that he feels that deadline is definitely doable, with the possible exception of school benchmarking. Ms. Terkelsen agreed that December 1 would be a reasonable time to have all their data prepared and analyzed. She did note, however, that she feels this year is too soon to expect department heads to have complete benchmark data that they can have a healthy discussion on.

Mr. Preston asked the committee if this would be satisfactory to them.

Ms. O’Donnell asked if they could just get the information about what the metrics they hope the measure are before actually collecting the data on them.

Mr. Kern explained that this is a similar idea to his initial suggestion.

Mr. Heffernan suggested that he would rather have these selected metrics available ahead of time, before data collection is even done. Mr. Lindemann agreed. He also pointed out that at first, people tend to disagree on what metrics are valid and so they need to select those metrics as soon as possible. Ms. Terkelsen agreed as well.

Ms. Terkelsen also pointed out that the school departments will likely take a very different approach to this process.

Ms. Carney asked how many towns they were hoping to compare themselves against. She suggested 12 would be a good number. She agreed with Mr. Preston’s suggestion that Department heads or Ms. Terkelsen select the comparison towns.

Ms. O’Donnell noted that she feels the committee may not be the most qualified to select which towns to compare themselves with.

Mr. Lindemann re-iterated his hope that they can have the metric suggestions from the department heads. He emphasized finishing discussions on this project and getting it underway.

Ms. O’Donnell suggested that they complete the selection of benchmark towns before they begin the process of selecting comparison metrics for departments in order to avoid any possible bias in metric selection.

Ms. Carney agreed that selection of comparable towns outside of the influence of bias is important.

Mr. Preston suggest the committee give Ms. Terkelsen any input they had about which 12 towns they hoped to benchmark against and ask her to make an informed selection. Then, they would select dates to have benchmark metrics selected, then select a final date to have the data collection finished on.

Ms. Carney raised concerns that the towns we try to compare ourselves against municipally should not be the same people we compare ourselves against for our school departments. Mr. Preston suggested they undertake this benchmarking process only for municipal, non-school budgets. The committee agreed.

July 14th, August 1st, September 15th, December 15th were selected as the dates to suggest towns, select towns, select benchmarks, and collect data by, respectively.

Ms. Terkelsen asked if the committee had any expectations for what data they needed to collect from the school department. Mr. Roberts suggested the committee meet with the school department separately to discuss school benchmarking.

Mr. Lindemann asked where he could find the data from previous town years that they receive when reviewing the budget. Ms. Baker informed him that some are online, but others are located at town hall. He also asked about where the GFOA data could be found. Ms. Terkelsen explained that it is all on the GFOA site.

Mr. Preston confirmed that the committee members were all on the same page and pleased with the benchmarking plans.

Ms. Terkelsen suggested that the committee take a look at the website in order to get an idea of the type of data that is publicly available.

Mr. Preston suggested that they use the word Indicator rather than Measurement for this benchmarking process.

Mr. Lindemann asked how the committee could get a look at long-term trends for key data points within their budget. Typically they are only presented data over the course of 2-3 years. Ms. Terkelsen suggested they look at the DoS site to see some of this information in a graph format.

Ms. Terkelsen noted that there is also some historical data that is presented with the yearly budget packets.

Mr. Preston solicited any further question on benchmarking. There were none, and the committee moved to discussing minutes from fall 2016.

Mr. Heffernan motioned to approve the minutes from 5/16/2016 with the addition of the title clarifying it is the finance committee. Ms. Carney seconded. It was voted 7-0, Ms. Fay and Mr. Hughes not present.

Ms. Emery Butler raised a concern about multiple transfers happening at the end of that meeting but only one vote recorded. Mr. Preston requested the recordings be reviewed.

Mr. Heffernan motioned to approve the minutes from the 6/13/2016 finance committee meeting with a title added to clarify that it is the finance committee. It was voted 7-0, Ms. Fay and Mr. Hughes not present.

Ms. Carney moved to conclude the meeting. Mr. Lindemann seconded. It was voted 7-0. Meeting concluded.