



**Town of Nantucket
Ad Hoc Fiscal Committee**

Minutes – Ad Hoc Fiscal Committee Meeting, held July 1st, 2009

Approved July 15th, 2009

A duly noticed meeting of the Ad Hoc Fiscal Committee was held in the conference room at #2 Fairgrounds Road on Wednesday, July 1st, 2009, commencing at 9:00 AM.

Present: Facilitator Dual Macintyre, Joe Aguiar, Rick Atherton, Jenny Garneau, C. Elizabeth Gibson, Greg Keltz, Neil Paterson, Dr. Robert Pellicone, Dr. Janet Schulte, Justin Strauss, John Tiffany, and Constance Voges.

Absent: None.

Also present: Kate Hamilton-Pardee, James Kelly, Malachy Rice, Linda Roberts, Marcus Silverstein, Steve Sortevik, Whiting Willauer and Craig Abernathy.

Call to Order:

Mr. Macintyre called the meeting to order at 9:00 AM.

Review and Approve Agenda:

The agenda provided by Mr. Macintyre was approved as presented.

Approval of Minutes; 17 June 2009:

Mr. Tiffany moved to approve the minutes of June 17th, 2009; seconded by Dr. Schulte. So voted unanimously.

Review and Comment on Draft Report:

Mr. Macintyre directed members to copies of a ***Draft Report on Criteria for Essential Services***. He stated that he created the report and hopes to prepare a draft report for each section of the Committee's work as it is completed. Mr. Macintyre added that each report will also include an appendix where meeting handouts, agendas and minutes can be found. Mr.

Macintyre then asked membership to provide any comments or suggestions. Mr. Atherton voiced his enthusiastic appreciation for Mr. Macintyre's efforts. These sentiments were echoed by the rest of the Committee. Mr. Macintyre pointed out that he is merely trying to make the process as efficient as possible; adding that he feels writing by committee is a tedious process. Mr. Tiffany agreed and commended Mr. Macintyre's efforts to consolidate the Committee's work while it is fresh in everyone's minds. Mr. Macintyre urged membership to carefully consider the document and provide comments, as he hopes for each report to remain open to changes until the time that a final report is completed.

Review Listing of Potential Efficiencies:

Mr. Macintyre stated that his request for membership to supply ideas about potential efficiencies received a great response. He noted that many items were repeatedly listed by members but he consolidated these items into one document. He asked membership to go over the list item by item and then prioritize the top five items for consideration. Mr. Macintyre reminded the Committee that their output should be available to help the town implement solutions and identify priorities.

Dr. Schulte commended Mr. Macintyre's work, noting that it is an outline of Total Quality Management procedures. She recommended that the Town use this information in conjunction with professional services in order to ensure the success of future management efforts.

Mr. Macintyre began discussion of the list with the topic **Management Best Practices**; pointing out the first item, "Create an environment for continuous improvement." Mr. Tiffany stated that "continuous improvement" is part of an overall management structure that is easy to discuss but difficult to implement and practice. He added that the hard part is getting started, noting that in his business experience these practices can become routine over time. Mr. Tiffany commented that he appreciates the fact that the Committee is discussing basic ideas and suggested that it is best not to get into details at this time.

Mr. Macintyre commented that he feels an important part of these discussions is the process of soliciting feedback from the receivers of services. He noted that this idea comes from the Committee's discussions of actions taken by officials in Long Beach, California. Mr. Macintyre stated that Ms. Voges may have found an opportunity for the Town to perform a similar survey by participating in a program commissioned by the New England States Government Finance Officers' Association.

Ms. Voges explained that a group of citizens and towns have come together to conduct a survey on municipal services and that parts of the survey can be tailored to a community's unique needs. Mr. Macintyre asked if essential services could be listed on the survey for the sake of obtaining feedback. Ms. Voges noted that the survey is partially funded through a grant from the Alfred P. Sloan Foundation with the goal of obtaining citizen's views on municipal services, some of which are essential services. She commented that she feels this knowledge is

critical to the ability of the Town to effectively manage tax dollars and added that the survey can be modified to suit the particular needs of a community. In reading through the areas to be surveyed, Ms. Voges pointed out that some areas to be surveyed may be considered to be essential services while others may not.

Mr. Aguiar asked if the survey will be conducted by mail; to which Ms. Voges replied that she believes this will be an on-line survey. Citing his primary concerns, Mr. Macintyre stated first that if the survey is part of an ongoing effort it may have stock questions and second that people with special interests may respond more frequently in an effort to “stuff the ballot box.” On a positive note, Mr. Macintyre noted that since other towns are participating in the survey it may be possible to establish benchmarks for evaluating services.

Moving further down the list of **Management Best Practices**, discussion focused on reward programs for performance. Mr. Atherton commented that he feels reward systems are much easier to implement in the private sector than in the public sector, but added that this is not an impossible task. Mr. Tiffany cited personal experience, stating that in a previous management position everyone told him that a labor union would not go along with a reward program but in the end the union agreed. Ms. Garneau pointed out that these actions are taken not only to save money but also to build a culture that is focused on performance. Dr. Schulte asserted that the first thing any organization should do is define its customer and then get people to give their best efforts while they are on the job. She added that in examining personnel issues she believes all positions must be scrutinized, not just the union positions.

Asking that his suggestion not be misconstrued as condescension, Mr. Macintyre recommended that a **Management By Objectives** (MBO) plan be established for each department. He commented that he is not aware whether or not this type of plan has been implemented by the Town and spoke of the importance of establishing daily, weekly, and monthly objectives. Mr. Macintyre also advised that he feels it is important to appraise personnel regularly and provide incentives for good performance. He then noted the importance of focusing on citizens as recipients of services. Mr. Tiffany asserted his belief that the focus should not be on citizens or employees but instead all stakeholders.

Highlighting efforts by Nantucket Public Schools (NPS) in the area of incentives, Dr. Pellicone pointed out that NPS administration already has performance for pay conditions in their contracts. Ms. Garneau added that teachers also receive incentives for good performance. Mr. Macintyre asked if any studies have looked at the distribution of ratings on these assessments. He spoke of the tendency to overrate or highly appraise a friend or colleague. Mr. Tiffany stated that this tendency illustrates the need for objectives to be quantitative and time bound. Dr. Pellicone answered that NPS evaluations must be evidence based.

Mr. Tiffany voiced his belief that a good MBO plan means that management is talking to people every day about their performance. Mr. Aguiar spoke of the difficulty of providing incentives and noted the importance of all personnel having a high level of understanding of the

criteria by which they will be evaluated. Ms. Garneau suggested that these criteria are best developed in collaboration between the employee and supervisor. Mr. Tiffany stated that it is often difficult to establish these criteria as employees fear that the criteria will be used against them. He highlighted the importance of bottom-up communication in these instances and proposed that special attention be given to building a relationship of trust between supervisors and employees. Mr. Aguiar placed the onus on management, stating that management needs to provide concrete methods for improvement and then evaluate improvement. Mr. Tiffany agreed, pointing out the need for management to provide the tools for employees to do a better job.

Ms. Gibson pointed out that many of the items being discussed have been explored at the administrative level. She explained that the Town's labor force is now about eighty-five percent union labor and as such many of the items proposed by the Committee have to undergo impact bargaining. Ms. Gibson added that in the past year she has been required to shift her focus from these items to the task of containing wage increases. She concluded by stating that she would like to focus on these items but she currently doesn't have the time or resources. Mr. Macintyre commented that he will make a note to himself that there are many obstacles to be overcome before moving forward.

Mr. Tiffany again referred to past management experience, speaking to the importance of simply starting an initiative on performance measurement. He stated that it is important to find a simple method for managing performance and then build upon the concept as time progresses. Mr. Rice stated that the Town has started small in implementing these kinds of initiatives, noting that Ms. Gibson utilized bottom-up communication in the FY 2010 Budget development process. He added that MBO goes hand in hand with program budgeting and that Town Administration has asked each department to identify the services it provides and how much time it spends providing each service. He urged patience with these programs and explained that it will take at least three years to begin demonstrate proficiency in the program budgeting area.

Mr. Macintyre continued down the list to the heading ***Right Size Organizations*** which listed the following items:

- ❖ Full-time staff for “valleys”, contract or cross-trained people for “peaks”
- ❖ Manage seasonal workload
- ❖ Manage vacations, time-off
- ❖ Overtime only as a last resort
- ❖ Implement early outs and buy outs

He noted that some of these items will involve added expenses and time. Ms. Gibson agreed, stating that Massachusetts General Law has to be observed as well as unions and retirement boards must be consulted. She added that buy outs may be helpful but in some cases they may

not. Mr. Aguiar pointed out that buy outs have been successful in Rhode Island and Ohio but in these cases the impetus was provided by state funding.

Mr. Aguiar stated that an additional consideration in this area should be the act of employing people who have a demonstrated ability to do the job for which they are hired. He explained that when employees don't have the necessary skills to perform well the image and performance of the organization is harmed. Ms. Gibson agreed but pointed out that the difficulty of finding people on Nantucket has led Town Administration to adopt "grow your own people" options. Mr. Macintyre asserted that investing in a person in this location makes sense. Mr. Tiffany stated that this addresses how the Town should hire at the entry level, hiring now with the hope that employees will progress to a much higher level. Ms. Garneau pointed out that a few years back NPS began administrative intern programs. Ms. Gibson added that the Town also has a public administration program with Suffolk University.

Mr. Keltz asked if there as been any improvement in the use of overtime at the Fire Department. Ms. Gibson answered that overtime has gone down and now it is at a good level especially when compared to other communities. Mr. Keltz asked if part of the overtime problem is structural and part is the lack of a central dispatch. Ms. Gibson answered that the implementation of central dispatch is underway. She cited this as a good example of an efficiency but noted that it will actually add employees. Ms. Voges added that Town Administration has looked at overtime costs in relation to the costs of hiring a new employee.

Mr. Macintyre directed discussion to the next heading: **Centralize Purchasing for All Departments**. Ms. Gibson stated that this item is also a recommendation of the Abrahams Group Organizational Study and that it has been implemented fully as of July 1st. Mr. Tiffany asked if there is any accountability for efficiency and cost savings. Ms. Gibson answered that the driving force behind the recommendation is internal controls. Ms. Voges added that there are some constraints on this type of purchasing due to the small size of the Town. She explained that one challenge is the way the law differentiates between the Town, School and enterprise funds. Dr. Schulte asked if centralized procurement has been implemented at NPS; to which Dr. Pellicone answered that it is being utilized but not in concert with the Town.

Moving on to **Consolidation and Outsourcing**, Mr. Macintyre spoke of the large amount of membership response in this area. Ms. Garneau noted that an item comparing the Chamber of Commerce and Visitor Services would not produce the desired result since the Chamber of Commerce is a non-municipal entity. Mr. Macintyre answered that the two entities perform similar services and if Visitor Services were eliminated its funding could be legislated for a new purpose. Mr. Keltz pointed out that this option might cause the community to lose services. He added that the Chamber of Commerce is funded by private industry while Visitor Services has no outside interest. Ms. Gibson stated that the Chamber of Commerce would have to be consulted before moving forward with discussions on this matter. Ms. Garneau asserted that the Committee is simply discussing options and not taking action. The Committee continued

discussion in this area considering landscaping, road grading, NPS food service, beach management, ambulance services and fleet maintenance.

Mr. Macintyre asked membership to consider the next heading: ***Sub-contract Functions to Non-Profits or Other Organizations***. Discussion began with the Historic District Commission (HDC) and the Nantucket Preservation Trust (NPT), with Ms. Gibson pointing out that while the NPT has no regulatory authority the HDC does. Mr. Macintyre then spoke of sub-contracting after school programs to the Boys and Girls Club and adult programs to the Atheneum, Nantucket Historical Association and Nantucket Island School of Design and the Arts. Discussion then moved to a suggestion sub-contracting NPS bus services to the Nantucket Regional Transit Authority. Ms. Gibson reminded membership that this item was studied extensively eight years ago but it did not prove to represent any cost savings.

Moving on to the heading ***Specific Efficiencies***, Mr. Macintyre asked the Committee to suspend discussion of individual items in detail due to the time. He asked that the list be amended to add an investigation into the cost effectiveness of hiring an attorney rather than contracting for legal services. Mr. Macintyre segued into a request for research for the next meeting by asking membership to take the list of potential efficiencies and prioritize the top five that each member believes will have the largest impact on the Town.

Mr. Macintyre then distributed a worksheet designed to test the criteria for essential services. He asked members to evaluate each service and rate it on the worksheet as either essential or nonessential.

Public Comment:

Kate Hamilton-Pardee, Visitor Services Director, spoke of her wish to explain the differences between the Chamber of Commerce and Visitor Services. She stated that she will be happy to provide any information the Committee may need.

Referring to Committee statements that their discussions view the Town from 10,000 feet, Mr. Kelly stated that perhaps he is looking at the same items from 50,000 feet, but he wonders who is looking at the readiness of the organization for change. He asked what processes are being identified and how will people be supported through the process of change. Mr. Kelly noted that there are strategies for organizations to implement and facilitate change. He suggested that the previous year's budget process be examined as an example how well communication worked. Ms. Gibson stated that she appreciated Mr. Kelly's comments on change, adding that she and Mr. Rice have worked extensively on this item. She noted that communication during the budget process yielded many comments demonstrating the uncertainty and fear of employees.

Mr. Willauer stated that some initiatives can be undertaken now that many require an investment but will save money in the future. He asked if the Committee plans to look at renewable energy as an expense reduction tool for the Town. Mr. Macintyre answered that the

Committee may look at renewable resources, but they are more likely to appear on a list of long term goals.

Mr. Sortevik praised the Ad Hoc Fiscal Committee web-page as a valuable resource in keeping abreast of Committee business.

Date of Next Meeting:

The date of the next meeting was scheduled for July 15th, 2009, at 9:00 AM in the conference room at #2 Fairgrounds Road.

Adjournment:

Mr. Macintyre asked for a motion to adjourn that was “so moved” by Mr. Aguiar. The meeting was adjourned at 10:30 AM.

COMMITTEE OBJECTIVES

1. *Develop criteria for essential services.*
2. *Recommend expense reductions or efficiencies in current operations.*
3. *Recommend actions to increase municipal revenue.*

Prepared by Craig Abernathy