

CITY OF NEWTON

IN BOARD OF ALDERMEN

LONG RANGE PLANNING COMMITTEE REPORT

WEDNESDAY, MARCH 2, 2005

Present: Ald. Vance (Chair), Baker, Sangiolo, Stewart, and Hess-Mahan. Absent: Ald. Johnson. Also present: Ald. Lennon and Linsky.

The meeting was called to order at 7:40 p.m. Present at the meeting were Chief Budget Officer Sandy Pooler and City Comptroller David Wilkinson. The first matter that was considered by the committee was a presentation by Ken Strachan, Vice President and General Manager of Municipal Benchmarking, LLC (“MB”), of his company’s Municipal Yardstick product. This is a product that MB developed several years ago as a tool for Massachusetts municipal governments to evaluate what they spend and how they spend it through detailed comparisons of many factors of revenues, expenditures, and program outcomes of the client municipal government with a group of 20 peer, or comparable, Massachusetts municipalities. Ken explained that the principal data areas covered by the Municipal Yardstick product are revenues, expenditures, staffing, salaries, and debt. The product focuses on providing three things:

1. Data
2. A context for analysis of the data, i.e., the data from the peer group of 20 comparable municipalities
3. Analysis

Ken pointed out that in the Municipal Yardstick the data for Newton, for example, are shown in comparison with the state median for all 351 cities and towns. In many data areas, Newton is above that state median. However, in Ken’s view, that rough comparison is not really very helpful in evaluating the performance of a particular municipality such as Newton. Of much greater value, in his view, is a comparison of Newton’s data with that from the peer group of the 20 cities and towns that are the most comparable with Newton.

The Municipal Yardstick product uses 15 variables to select the 20 peer communities. Those variables fall into three major categories:

1. Demographic factors, such as population
2. Socio-economic factors, such as income and housing prices
3. Geographic factors, such as square mileage of the municipality and its miles of roadways

Ken then showed the list of the 20 communities that, per the Municipal Yardstick’s analysis of the 15 variables, are the 20 communities that are most comparable to Newton.

The most comparable of the 20 is Lexington and the least comparable (of the 20 most comparable) is Canton. All 20 of Newton's peer communities are towns of various sizes. Ken noted that whereas the data for Newton show an average differential from the state median of 33%, the Newton data show an average differential from the data for the 20 comparable municipalities of just 11%. That is why the data for the 20 peer communities is so much more useful than the data for the state median. In response to a question from Alderman Baker as to why 20 comparable municipalities are used, Ken stated 20 communities provide a manageable amount of data with sufficient data points to be meaningful.

Ken pointed out that the Municipal Yardstick provides data on the gross dollar and other differences between Newton and the 20 peer municipalities but more importantly, provides such data on a per capita basis, and, in the case of school data, on a per pupil basis. In his view it is the per capita and per pupil data that provide the most meaningful comparisons. He noted that the Municipal Yardstick has basic data charts for all-important subjects and also includes backup detail charts for all the more general charts.

Ken then went through a demonstration of the various features of the Municipal Yardstick. He first showed Newton's debt level, as a percentage of its overall municipal budget, as compared with those for the peer group. He then showed a breakdown of Newton's budget expenditures for various categories, with comparisons to the peer group on a per capita basis. He noted that the value of the Municipal Yardstick is that it enables a community such as Newton to focus on areas where it shows the greatest differences from the peer group, to assess the reasons for those differences, and to appropriate ideas from other communities that appear to be doing better than Newton in certain areas.

Sandy Pooler pointed out that some of the 20 peer communities are within the jurisdiction of the Massachusetts Water Resources Authority and some are not, which could affect their comparability with respect to water and sewer matters. Ken acknowledged that there are differences between municipalities for three principal reasons:

1. Differences in accounting methods for certain financial matters
2. Structural differences, of which MWRA jurisdiction is an example
3. Community choices

Ken noted that in assessing municipalities' expenditures in various categories, it is important to look at outcomes to determine what results communities are getting in relation to the amount of money they are spending to achieve those outcomes.

Ken then discussed the question of how one deals with the tendency of communities to spend at levels near the median. He noted that in general communities want to provide at least as good services as their peers without spending more money than their peers to do so. He also pointed out that if a community does opt to spend more

for a particular service than its peers; it needs to determine whether it is getting additional value for the additional money.

Ken then demonstrated the features of the Municipal Yardstick pertaining to police and fire services. He noted that in these, as in other, areas the product focuses on expenditures, outcomes, salaries, and staffing. He pointed out that sometimes MB does not have all the data points it needs and that it must obtain such missing data from the client.

Alderman Hess-Mahan asked whether the Municipal Yardstick analysis takes into account the factors of statistical significance or statistical confidence level. The response from Ken indicated that the selection of the 20 peer communities rests on such statistical analysis. Sandy Pooler asked whether it would be possible to determine the effect on the results of including some additional communities such as Waltham. Ken responded that at the client's request MB will add a community or two to the analysis but that if it were asked to add a large number, or to substitute a large number for peer communities selected by the Municipal Yardstick program, it would not regard the analysis as a Municipal Yardstick analysis, which depends heavily on the use of the 20 peer communities selected by the Municipal Yardstick program.

In response to a question, Ken stated that the geography of a particular community affects fire and public works services more than police services. In response to another question, he stated that fire response times do not build in consideration of the factor of delay occasioned by the inability of fire departments to use certain state bridges that are in disrepair. He also noted that the data on salaries for police personnel do not include Quinn Bill spending.

Alderman Baker asked what the city could expect to do with data such as that for the police and fire services in reviewing the proposed budget for the city. Ken responded that such data could be helpful in collective bargaining negotiations. Dave Wilkinson noted the problem of comparing salary data for various communities because under the state's Schedule A there is no salary accrual for unresolved collective-bargaining matters but accounting is largely on a cash basis. Alderman Linsky noted that while that may be a problem in the short run, over time such salary matters should sort themselves out. Ken noted that while such problems with the data can exist in the short run, a trend analysis over time would take the timing problems of collective bargaining into account to produce a more nuanced and accurate analysis of what has happened over that longer time period.

Ken stated that he is not aware of any use to date of Municipal Yardstick data in any collective bargaining negotiations. He believes that that data has been most useful to date in correcting factual errors concerning municipal budgets and expenditures.

Ken then presented material on the Municipal Yardstick analysis of the education budget. He stated that MB has more data for education services for a long-term trend analysis than for the non-education city services. He said that MB is trying to improve

the nuanced nature of its teacher salary data. He noted that the key element of MB's outcomes analysis for education services is MCAS scores, for which the Municipal Yardstick provides a detailed breakdown and analysis.

At the conclusion of Ken's presentation, he stated that the Municipal Yardstick package includes 20 copies of the large book containing the complete data, charts, etc., two meetings by him with city personnel to discuss the use of the data, and the sheets of all the backup data. The current price of that package – which is based on 2003 data – is \$7,500. Ken stated that he expects that the 2004 data package will be available sometime in the fall and that if Newton were to purchase the 2003 data package now, MB would apply half that price to whatever is ultimately determined to be the price of the 2004 data package. Ken also stated that communities that buy an initial package and then renew for the following years receive a discount on the price for those following years.

Alderman Vance asked what nearby communities use the Municipal Yardstick product so that Newton could talk to them about their experience with the product. Ken responded that currently Arlington, Belmont, and Cambridge all use the product. He suggested that we might talk to Al Tosty, chair of Arlington's Finance Committee, and Angelo Ferenze, a Belmont selectman, about the product. Alderman Stewart asked whether MB is doing the municipal benchmarking in other states or whether it knows of others who are doing something similar in other states. Ken responded that he knows of no one who is doing outside of Massachusetts what MB is doing with Massachusetts municipalities, although he believes that there may be some private consultants who may be doing something similar with particular communities. Alderman Sangiolo asked whether MB makes its Municipal Yardstick available for purchase by individuals as well as by municipalities. Ken responded that at this time, MB is selling the product only to municipalities but he would not rule out selling it more widely at some future point if the demand were there.

The members of the committee expressed their appreciation to Ken for his presentation.

The committee next turned to a final review of the revised draft job description for the Clerk of the Board/City Clerk that had previously been circulated to the members of the committee. Alderman Vance reported that Alderman Johnson, who was not able to attend this evening's meeting, had advised him that she is fully satisfied with the revised draft. All other members of the committee concurred, and Alderman Vance turned the final job description over to President Baker for use in the upcoming search for a person to fill the positions. Alderman Baker reported that he intends to appoint Alderman Johnson to serve as chair of the search committee and that he will be appointing the other members of that committee shortly. He reported that Ed English will stay in the Clerk positions through the January 1, 2006 inauguration. Alderman Sangiolo indicated that she is still interested in the possibility of merging the offices of the City Clerk and the Elections Department, with the Clerk of the Board's office and functions being wholly separate from those of the City Clerk. She believes that merging Elections and the City Clerk's office could result in greater efficiencies and some cost savings. Alderman Baker

responded that he has discussed that suggestion with the Mayor's office and that it seems that it would be hard to do. Alderman Stewart observed that the Elections Department and the City Clerk are combined in many places such as Waltham.

Alderman Baker stated that he would not like to see any reorganization that would jeopardize the recent gains that have been made in upgrading the office of the Clerk of the Board. Alderman Sangiolo responded that she does not see much interaction with the City Clerk's office, that the staffs of the two offices do not interact, and that the functions of the Clerk of the Board and the City Clerk are separable. Alderman Stewart opined that the function of the City Clerk is principally records management and the person who would be competent to fulfill that function is not necessarily the kind of person who would be effective in managing the myriad of complex responsibilities of the Clerk of the Board. Alderman Vance suggested that we take a look at Waltham (and possibly other communities) to see how its model of combining Elections and City Clerk works and how Waltham handles the role of Newton's Clerk of the Board of Aldermen. Alderman Baker said that he would arrange for someone to look at those other models and report back to the committee on the results.

Alderman Stewart expressed concern with what he views as a problem in the excessive use of paper for multiple copies of extensive reports for aldermen on items that are so non-controversial that most aldermen never have occasion to read them. The hope was expressed that in the future the Clerk of the Board could work with the Assistant Committee Clerks to make some judgments about what reports to copy and distribute widely among aldermen and what reports can be copied and distributed more selectively. It was recognized, however, that some aldermen can get very touchy if they learn that something that was distributed to some aldermen was not distributed to them, even if they would never need to, or never would, read it.

The meeting was adjourned at 9:40 p.m.

Respectfully submitted,

Alderman Verne Vance, Chair