

Expense Control Task Force  
Open Letter to the Board of Selectmen  
Approved for Release

February 8, 2010

Mr. John Ciccariello  
Chairman  
Board of Selectmen  
Town of Natick  
Natick, MA 01760

Dear Mr. Ciccariello,

This letter is being presented to the Board of Selectmen at the February 8, 2010 meeting from the Expense Control Task Force (ECTF). This letter has been approved by all members of the ECTF for presentation to the Board of Selectmen by a member and then posted as a public document.

**Introduction**

In the spring of 2008, faced with limits on revenue generation from traditional sources, most importantly residential property taxes, and the realities of budgets constrained and dictated by collective bargaining contracts and state and federal mandates, a number of Massachusetts communities, including Natick, felt the need to look at both expenses and revenue differently. At the heart of each of these efforts was a recognition that the status quo of municipal and school budgeting was not going to work in a future of uncertain revenues and certain expense increases.

**Chartering the Expense Control Task Force**

In April 2008, the Board of Selectmen chartered the ECTF "**for the purpose of identifying and exploring ideas for expense control.**" Or said another way, identifying the short and long-term opportunities to achieve cost savings and cost reductions through improved efficiencies and effectiveness of the delivery of services to Natick residents. The Task Force was chartered with representation from a member of the Board of Selectmen, a voting member representing the School and Finance Committees and five citizens at large.

The ECTF developed its vision to:

- Solicit, develop, analyze, and prioritize expense control ideas
- Present both short and long term recommendations to the Board of Selectmen.
- Provide recommendations that, at a minimum, meet the dual tests of feasibility and legality.

We expected these recommendations, both individually and collectively, to:

- Enable more cost-efficient provision of services or
- Provide material expense reductions or
- Provide a material reduction in the growth of Natick's municipal and school expenses as measured by recent, historical annual expense growth.

The enablement of these recommendations would ultimately depend on the support of and enactment by the Town's elected and/or appointed budgeting authorities, including the Board of Selectmen, the Finance Committee, the School Committee, and Town Meeting.

### **Focus and Commitment of the Task Force**

The ECTF took the perspective of looking across General Government and School Department operating and capital budgets to analyze personnel costs, operating costs and future year capital expenditures in order to determine what options might exist for cost cutting, cost management and expense deferrals in order to manage costs over time. This analysis was undertaken with a desire and commitment to understand what are the:

- Core and ancillary services being delivered to the residents of Natick
- Ways to do existing work more effectively and efficiently
- Opportunities to provide the highest quality services to residents the most cost effectively

The ECTF didn't take its commitment to the Town lightly. Over the course of the past two years the ECTF met 26 times comprising over 80 hours of public meeting time, and countless additional hours of personal time. We interviewed 19 Department Heads or Directors across General Government and the Natick School Department, some more than once.

The ECTF believed that the long term structural changes in cost management across the Town's operating and capital budgets would result in the Town's long term financial health. We remained committed to investing the time and energy to investigate various options and ideas and to complete our analyses only after involving the departments that might be impacted by our analysis and recommendations. Thus our evaluation efforts were based on conducting these interviews, leveraging all available prior work and studies, and incorporating best practices and various benchmarking studies, including those from many close-by Massachusetts municipalities.

### **Initial Recommendations – October 2008**

In October, 2008 the ECTF presented its first four strategic recommendations to the Board of Selectmen, with most members of the School Committee in attendance. It was stated at that meeting that the ECTF considered it strategically imperative that Natick achieve structural change in how General Government and the School Department operate. We further stated that status quo was neither optimal nor sustainable. The ECTF put forward the initial four strategic recommendations describing the area of focus, summarizing the key objectives, and highlighting the supporting rationale and analysis, the expected performance outcomes and the data sources. Additionally, during that presentation a set of more tactical cost savings were presented with a strong recommendation that they be executed quickly and tracked to ensure implementation. *To this date no formal decisions have been made by the Board of Selectmen to accept or reject these recommendations or to return them to the ECTF for additional analysis.*

### **Interim Recommendations – April 2009**

In April 2009 a second presentation was made to the Board of Selectmen by an ECTF member highlighting the initial four recommendations, the tactical cost savings opportunities in brief, specific Collective Bargaining/Contract cost savings and potential cost savings in the areas of Workforce Optimization and Scheduling improvements for all departments. At this presentation the ECTF reiterated the position that for savings opportunities to be realized in 2009, 2010 and into 2011 it required action on the part of the Board of Selectmen quickly. The presentation was closed with a request to provide direction to the ECTF on what steps the Board of Selectmen intended to take.

### **Continuing Efforts in 2009**

Through the winter and spring of 2009, the ECTF continued to meet developing additional analysis on the Sassamon Trace Golf Course operating and capital budgets, and delving into the proposed irrigation plan with the adjacent property owner. The ECTF provided very specific feedback to the Recreation Department Head and the Deputy Town Administrator on areas of concern regarding cost management, operating expense controls, and the need for scenario planning to mitigate any potential shortfalls in the 2009 golf season revenues due to weather or economic deterioration. Additional

effort was put forth to analyze the irrigation proposals with an eye toward understanding any longer term impacts to the operating or capital commitments.

At the same time, the ECTF invested considerable time developing a set of recommendations in advance of the contract negotiation processes for both the General Government and the Natick School Department. These recommendations were incorporated into the ECTF Meeting Minutes posted on the Town's web site. The effort was to take a very objective look at all the various contract language that drove long-term operating costs to the town budget. The intent was to well-arm the various contract negotiation teams on potential areas for cost savings, benchmarked to a certain degree against private industry and other known leading practices.

In the summer and fall of 2009 the ECTF worked in conjunction with the Deputy Town Administrator to provide our perspective on the Emergency Medical Services Study. The ECTF met with the Deputy Town Administrator and the Fire Chief on two specific occasions following multiple meetings of the ECTF members. The Task Force provided substantive feedback and input to the study, greatly expanding the depth and breadth of analysis and underlying data. The ECTF believes some more work is required, but the Study must be completed in a timely manner. Our hope is that the study is not just completed but the study is thorough in its analysis to support the most beneficial recommendation for Natick, for the long term.

### **Town Leadership's Failure to Act**

Over the past two years the ECTF brought forward two sets of major recommendations- the initial four, the Contract recommendations as well as a set of tactical cost savings ideas. Yet virtually no action has been taken by the Board of Selectmen, the School Committee, the Town Administrator or the Superintendent.

In short, there appears to be a lack of will amongst both the elected and appointed leaders in this town to do the hard things, to make hard decisions and to face the possible anger from residents when services they are accustomed to receiving are threatened. Politics has become a major roadblock to implementing sustainable cost controls and slowing long-term budget growth. But the reality is that if Natick is truly serious about reducing the spread between expense and income growth, and matching revenues to costs, then it is strategically imperative that Natick achieve structural change, as the status quo is not sustainable.

### **Restructuring the ECTF for Future Effectiveness**

If the Board of Selectmen, in conjunction with the School Committee, Town Administrator and Superintendent of Schools are open to recommendations on how to re-charter the ECTF for future work, we offer the following examples of the types of change that can be made to the ECTF to improve the overall effectiveness and to drive action on recommendations:

- The School Committee and Natick School Department should also directly commit to the viability of the ECTF and therefore are included in the charging and governance of the ECTF. For the record, the School Committee has not had a participating ECTF member since April 2009 when its representative resigned to accept the School Committee Chairmanship.
- The School Committee must have a sitting member at all times.
- The Board of Selectmen and School Committee should commit to have the ECTF present regularly scheduled updates every 3 months at their respective meetings
- The Deputy Town Administrator and the Director of Fiscal and Management Services (NSD) should be ex-officio members.
- Recommendations, made to the Board of Selectmen and/or the School Committee, with appropriate level of completeness of quantitative and qualitative analysis, objectivity, anticipated benefits including financial measurements and so on, must be acted on within a specific, and limited period of time (e.g. 60 days).
- The Town Administrator should provide brief monthly updates on the implementation status of any recommendation that is acted on by the BoS
- The Superintendent of Schools should provide brief monthly updates on the implementation status of any recommendation that is acted on by the School Committee.

### **Resignation of Certain Members of the ECTF**

As has been previously covered in this letter, the ECTF has worked diligently over the past two years to put forth concrete and attainable recommendations for reductions in expenses. The ECTF as a whole perceives an unwillingness by the Board of Selectmen, the School Committee, the Town Administrator and the Superintendent of Schools to commit to an open and sincere effort to review and act one way or another on these recommendations to effect structural change.

As such, certain members of the ECTF, listed in the signature line below, are today compelled to submit resignations to the Board of Selectmen, effective immediately. We don't take this decision lightly and wish there had been a more positive outcome from our efforts over the past two years.

Respectfully,

Kristine Van Amsterdam, Chairperson, Board of Selectmen Representative

Tony Lista, Vice-Chair, Citizen at Large

Patrick Hayes, Clerk, Citizen at Large

Mari Barerra, Finance Committee Representative

Barbara Honthumb, Citizen at Large

Bill Idzal, Citizen at Large

Andres Rochwerger, Citizen at Large

Copy to:       School Committee  
                  Superintendent of Schools  
                  Town Administrator  
                  Finance Committee Chairperson