

**Town of Esperance Contract
with Schoharie County
for Highway Services**

*This report was prepared in partial
fulfillment of contract requirements for:*

*“Cost Effectiveness of
Consolidating Government Highway Services”
A New York State Department of
Transportation Research Contract*

Michael Hattery

Cooperative Highway Services Case Study Report: Number 4

**Town of Esperance Contract
with Schoharie County
for Highway Services**

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Town of Esperance Contract with Schoharie County¹

Overview

In 1991 the Town of Esperance (population 2,101) in Schoharie County eliminated its highway department. The town began contracting for all town road maintenance with the Schoharie County Department of Public Works. The town has 10 miles of road and was facing fiscal pressure at the time the change was made. The fiscal pressure was in the form of deteriorating roads and equipment that were not being improved or upgraded because of the tax implications. The contract with the county is based on reimbursement for labor, materials and equipment. The town still has a part-time elected highway superintendent who does work orders and acts as a liaison between the town board and the county Department of Public Works. The town has looked into contracting with other towns and the private sector but has never bid the contract for highway services.

Importance

This case is interesting for several reasons. The elimination or consolidation of local highway departments is often contemplated but seldom achieved. This is the only example of the elimination of a town highway department we have encountered. This case provides useful guidance on the pro's and con's of eliminating a department and the process involved. Enough years have elapsed since the department's elimination to provide an evaluation of how cost and service quality have changed.

History

In 1990 Duncan Bellinger took office as a newly elected supervisor in the Town of Esperance, Schoharie County. He was concerned about the apparent deterioration of town roads in recent years and began investigating options for increasing investment for road improvement. At the time the highway department had two full time employees and an annual budget of about \$120,000. After an initial board discussion Bellinger ruled out the option of increasing taxes to address the problem. He began looking at ways to cut operating costs to free up money for major road repair, rebuilding and repaving. In all of this exploratory work Bellinger was

¹ This is one of six case study reports prepared under contract with the New York State Department of Transportation (NYSDOT). The cases were selected for their potential in identifying cost savings, key factors and barriers related to opportunities for intergovernmental cooperation in highway services. A list of all project reports is at the end of this document. A draft of this report was reviewed for general content and accuracy by an involved local government official. The report is intended to be useful for: relevant NYSDOT staff, local government officials and those who staff and advise local highway departments.

assisted by the newly elected highway superintendent, Jerry Laushe, who was willing to consider and help explore the available options for saving money. The two officials were able to identify a number of cost saving measures on existing materials purchases.

Early in the process Bellinger contacted the New York State Department of State to find out what his legal options were for sharing use of equipment and contracting out work or consolidating the highway department. This led to a variety of follow-up contacts to gather information. Next he explored the cost saving potential of additional equipment sharing with the county Department of Public Works. This option did not seem to yield enough opportunity to make headway on investment needs. As a next step he began to explore the cost of contracting out major service areas with adjacent towns and the County Department of Public Works.

By the end of 1990 Bellinger began discussions with Henry Bray, County Public Works Commissioner, about contracting out all major highway services to the County Public Works Department. Discussions continued to evaluate the potential cost savings and the needed details of a contract agreement between the town and county. Once an approach was developed that was satisfactory to both parties and ensured adequate cost savings, Bellinger, a fellow county board member, asked that the county board's highway committee consider a proposal that could provide a model for other towns in the county. Bray presented the concept to the county board's highway committee for review later in March of 1991. The proposal was summarized in a written report (this report is included in the Appendix). The report noted that it financially addressed the considerations of the Town of Esperance, but "the policies recommended would apply to a request by any town in the county." Thus, the county commissioner was creating a general framework for considering requests from other towns. The commissioner developed a five year projection of costs for services and a proposed contractual arrangement with the Town of Esperance later in the spring of 1991.

While it is often referred to as one agreement, there are actually two agreements, one for snow and ice control and one for highway maintenance. The highway committee, approved the snow and ice control agreement in May of 1991. The board took the summer to consider the highway maintenance proposal and the full board finally approved the proposed highway maintenance agreement with modifications in October of 1992.

The town board had unanimously approved the proposed agreements earlier. The Town of Esperance had a voter referendum regarding converting the position of Highway Superintendent from an elected to an appointed position. The referendum failed and the town board made it a part-time elected position with responsibility for: acting as a liaison with the town board, writing and negotiating work orders with the county and monitoring the timing and quality of work completed. Contractual arrangements began in the Winter of 1992. The contracts were written as two three year annually renewable agreements (copies of the current agreements are attached to this report). By renewing annually for three years, each party is given a two year adjustment period if the other party wants to end the agreement for whatever reason. A three year time frame was also used to avoid linking renewal of the contract with change in elected town and county board office holders.

Key Issues: Evidence, Analysis and Conclusions

Information about this case was collected in four areas: (1) mutual benefits and costs, (2) local government capacity needs and resources, (3) leadership, teamwork and cooperation, and (4) legal and institutional barriers. Important information in each of these areas is discussed in a separate section below.

Mutual Benefits and Costs

Local governments and other organizations cooperate in, contract for or consolidate service activities because they derive mutual benefits. These organizations will weigh the perceived costs or disincentives to change against perceived benefits in making a decision to cooperate, contract or consolidate. What were the anticipated benefits for the local governments participating in this contract? Have these benefits been realized? What were the presumed costs or disincentives? Have these been realized?

The initiative for this agreement came from the Town of Esperance, but there are service delivery concerns for the Village of Esperance (wholly contained in the town). The town provided winter snow and ice control services to the village which were paid for by village residents through the use of a townwide highway levy for snow removal. Prior to this time there was no agreement between the town and village for winter snow removal services. Benefits and costs will be discussed below for the town, village and county.

Town of Esperance

The town entered into the contract with the county Department of Public Works to reduce annual operating costs and increase investment in road repair and rebuilding. It was also expected that the quality of service would be as good or better than previously. Town officials also thought they could benefit from selling off the remaining inventory of highway equipment.

Projected Savings. Former Public Works Commissioner Bray developed detailed five year estimates of the potential costs for winter snow removal and road maintenance and improvement work (see Addendums #1 and #2 to the Commissioner's Report in the Appendix). Two scenarios of estimates were developed. The first scenario, Scenario One, included increased capital investment to improve road condition and decrease future operating costs (Addendum #1) and the second scenario, Scenario Two, excluded the increased capital investment and had higher estimates for annual operating costs (Addendum #2). Both options assumed a five percent annual growth rate in costs. The cost saving implications of these projections are summarized in Figure 1, below.

Figure 1
Projected Total Five Year Cost Comparisons
for the Town of Esperance

<i>Town Highway Options</i>	<i>5 Year Cost</i>
County contract Scenario One#	\$445,517*
County contract Scenario Two#	\$367,208*
Continue Town Highway Dept.	\$491,781**

* Source: Report on Consolidation of Highway Services with the Town of Esperance (see Appendix).

** Source: Calculations based on figures from New York State Comptroller's Local Government Database. Data compiled from Municipal Annual Financial Reports to the Comptroller.

Scenarios One and Two developed by Commissioner Bray did not include an estimate for Winter Road Maintenance in the Village of Esperance which is included in the Town figure. In later communication with the Mayor of the village, the commissioner indicated that this would add an additional \$5,000 to \$6,000 per year to the two scenarios. This additional amount increases both contract options by a maximum of \$30,000 over five years but does not change the overall ranking of options in terms of total costs.

Either county contract scenario implied a decrease in total annual costs over the five year period in comparison with a reasonable five year projection of costs for continuing to maintain a town highway department. A three year average of Town of Esperance Highway costs for the years leading up to the agreement (1989-91) is approximately \$89,000. Assuming the same five percent annual growth in costs, an additional five years at this level would cost \$491,781. Scenario One was projected to cost the town \$445,517 over five years and Scenario Two \$367,208 over five years. Because of the initial investment level, Scenario One projected annual costs to be only \$56,000 in year five of the plan.

While costs need to be developed at the detail level to improve the reliability of estimates it is important to note that the total cost package is of primary interest in this case. The town would not benefit from contracting out only a portion of the work if the town highway department had to be maintained in order to cover the remaining noncontracted portion. Given the cost projections it is understandable that the town chose to contract out to the county for highway services.

Actual Cost Savings. Figure 2 below shows actual total highway expenditures for the Town of Esperance for the three years preceding the elimination of the town highway department and the contract for county services (1989-91) and the first three years under the contract (1992-94). These figures indicate a marked decline in expenditures under the contract. The total for the first three years under the contract is approximately 60% of total costs for the three years preceding the start of the contract. This implies a 40% reduction from previous three years. Trends in the highway sub-category expenses raise questions about the adequacy of

expenditures. These figures indicate that expenditures for snow removal have grown significantly under the contract, although it is important to note that 1993 and 1994 had higher than usual snow removal demands in general. More troubling is the drop in road maintenance and improvement expenditures. Expenditures in these two categories for 1993 and 1994 would lead to a concern over the adequacy of road maintenance and investment. Without information about the trend in town road conditions it is difficult to assess if expenditures in this area have been adequate to maintain or improve overall road conditions. Revenue figures for 1993-94 indicate a temporary drop in state highway aid (Chips). This is usually linked to inadequate municipal capital spending.

Figure 2
Trends in Total Highway Expenditures and Key Sub-Categories
for the Town of Esperance, 1989-94*

	1989	1990	1991	1992	1993	1994
Total Expenditures	\$103,228	\$79,533	\$84,857	\$62,153	\$47,195	\$55,517
Administration	16,859	15,844	17,500	0	3,634	2,494
Machinery	15,673	6,968	5,652	0	0	0
Snow Removal	14,384	12,082	7,848	10,958	27,162	25,154
Road Maintenance	21,203	15,971	11,625	14,854	9,695	9,341
Road Improvements	17,220	10,887	2,128	27,845	0	12,863

*Source: New York State Comptroller's Local Government Database. Data compiled from Town of Esperance's Annual Financial Reports to the Comptroller. Because the table does not include debt service, personnel fringe benefits and special expenditure transactions, the sum of the expenditure sub-categories in this Figure 1 do not total to the amounts in "Total Expenditures."

These figures do not assume a constant level of highway project activity or road or pavement quality. A list of project activity contracted to the county by the town since the contract arrangement began is included in the Appendix. No pavement condition or management system existed for the town road network either before or after the contract. As a result no data based conclusions can be reached about changes in the overall condition of town roads since the contract has been in place.

Town officials were able to sell off the remaining highway equipment and return the proceeds to improve town finances. Most recently the former town highway property was sold and put back on the tax roles. These savings are not reflected in the cost figures above but would be reflected in increased reserve accounts, fund balance or a reduced tax levy.

Cost Per Mile of Road. Bray noted at the time of his report (see Appendix) that the Town of Esperance's costs per mile of road were the highest among town highway departments in the

county. Figure 3 ranks the towns in Schoharie County based on total highway expenditures reported to the state comptroller for 1994 and total road mileage figures reported to New York State Department of Transportation in 1994. These figures were adjusted for revenues from other governments to adjust for work done on other roads(e.g., snow removal on state or county highways, etc.). These figures imply a relative cost per mile improvement in comparison to other towns in the county since the Town of Esperance began contracting with the county Public Works Department. Assuming comparative figures, Esperance moved from having the highest costs per mile (in Bray's 1991 report) to the lower third of towns in the county on a cost per mile basis in 1994. These figures do not control for differences in village mileage maintained through townwide tax revenues, differences in the percent of paved or seasonally maintained roads in the town highway networks, or differences in the condition of the road mileage maintained by the towns.

The County Department of Public Works has compiled and maintained records of per mile costs for snow and ice removal and highway maintenance projects for the town and village during the contract period. These figures are included in tabular form in the Appendix.

Quality of Service. When the change in highway service delivery was under consideration, some residents questioned if the county department of public works would be as prompt with snow removal and wondered whether the same responsiveness could be expected without an elected town highway official and town highway department. Town officials have been satisfied with the responsiveness and quality of service provided by the county department of public works. Town officials consider the county's work to be of high quality. They feel the county public works department has all the needed equipment and personnel expertise. As an added benefit, the county contract has brought needed technical advice. On a number of occasions the town has received guidance and needed technical input on county project work. This expertise and experience comes with the county's service work and recommendations.

The one town criticism is that on several occasions the county has not been able to schedule town project work as quickly as town officials would prefer. On a related note, one town official suggested that changing the approval process at the county Department of Public Works may improve the response time for some kinds of emergency work. Currently emergency work costing less than \$1,000 can be arranged by the town highway superintendent without town board approval. The county work approval process remains the same under all conditions (except for winter snow and ice removal). This may hinder needed prompt action in some circumstances.

Figure 3
Schoharie County
Town Highway Expenditures Per Mile of Town Road
for Fiscal Year 1994

<i>Schoharie County Towns</i>	<i>Dollars Per Mile (adjusted)*</i>
1. BROOME	\$3,569
2. BLENHEIM	\$3,868
3. JEFFERSON	\$5,017
4. SUMMIT	\$3,813
5. ESPERANCE	\$5,150
6. WRIGHT	\$5,513
7. CONESVILLE	\$5,879
8. FULTON	\$6,220
9. MIDDLEBURGH	\$6,539
10. SEWARD	\$6,730
11. GILBOA	\$6,791
12. SCHOHARIE	\$7,771
13. COBLESKILL	\$8,164
14. CARLISLE	\$8,674
15. SHARON	\$9,692
16. RICHMONDVILLE	\$11,839.

* Source: Calculations based on expenditure figures from New York State Comptroller's Local Government Database. Data compiled from Municipal Annual Financial Reports to the Comptroller. Total expenditures were adjusted for payments from other governments (not state aid payments). Mileage figures taken from 1994 Annual Highway Mileage figures maintained by the New York State Department of Transportation based on mileage reports submitted by the municipalities.

Village of Esperance.

As noted above, the village became involved because of the decision by the town to enter into a contract with the county and eliminate the town highway department. Previously the town had provided winter snow removal in the village. Talk of change prompted concern by village officials. As a result of communications between village and town officials the two municipalities signed an agreement for continued town provision of winter snow and ice control. The town included this service for the village in their contract for services with the county. Village residents continued to pay for this service through the townwide levy for highway purposes related to snow removal. This contractual arrangement has worked well for village residents.

The total cost of snow and ice removal to village residents before and after the contract arrangement were not analyzed in detail. Village snow removal costs are included in the town's

snow removal costs presented in Figure 2 above. Villages snow removal costs are paid for through a townwide snow removal levy in the highway fund.

In general winter snow removal has been timely and the county public works staff have responded to the concerns and requests raised by village officials. For example, village officials questioned whether payment for winter maintenance through the townwide property tax levy resulted in a fair allocation of actual winter snow removal costs. The county public works departments responded by separating town and village expense records for snow removal. To date, these expense records indicate that the townwide levy does produce a fair payment allocation.

The village has no public works employees or highway equipment and contracts directly for all other street maintenance and improvement activities. The town's contract negotiations with the county opened up communications between the village and county public works department. As a result the village began contracting some street maintenance and paving with the county public works department.

Schoharie County

Commissioner Bray's report to the Schoharie County Highway Committee in 1991 did not indicate particular benefits to the county, as a unit of government, of entering into a contract to provide highway services to the Town of Esperance. His proposal and the subsequent agreements have assured that the county is reimbursed at something close to the full cost of services provided. While other benefits may have existed there is no "apparent" benefit to the county as an administrative organization beyond payment for services rendered. In taking this action the Public Works Department, with approval of the county board, assisted a group of town residents in potentially reducing the cost of highway services and solving a service delivery problem. This is a common and legitimate local government response. Many actions of counties, cities, towns and villages address a geographically specific public service problem and allocate service costs to the beneficiaries. While there has been no outside audit of this contract, the costing procedures should assure that the county is getting fair reimbursement for services rendered to Esperance.

The Public Works Department has been downsized in recent years. This has reduced the manpower available to accomplish county work. With reduced resources the department finds it harder during busy periods to accomplish all the work that needs to be done. If the manpower "pinch" continues the county may be in a position of choosing between county work needs and Town of Esperance contract work.

The equipment requirements were underestimated in the original winter maintenance proposal to contract for services with Esperance. The proposal indicated the need for one additional one ton truck for regular winter snow removal. Currently two larger trucks are used for regular snowplowing routes for the Town and Village of Esperance. However, the cost reimbursement approach ensures that the county recovers the cost of the actual equipment usage on town and village roads.

Local Government Capacity Issues

Local governments need to *have* or be able to *access* the capacity to identify, evaluate and take action on potential, desirable highway service changes. Adequate management and governance capacity is required to evaluate possible changes in service delivery, select an alternative and then *revise* or *adjust* policy and service delivery arrangements. A deficit of management capacity can limit and frustrate the ability of decisionmakers to evaluate benefits, costs and other technical issues. Inadequate governance capacity² may lead to indecision, deferral or neglect of important opportunities for service cooperation, contracting or consolidation. Once a new service arrangement is in place local capacity is required to manage and maintain the activity.

What advice, information and analysis was utilized in making decisions to move forward with this opportunity for service cooperation, contracting or consolidation? How did the process of decisionmaking and policy action unfold in relation to advice, information and analysis? What kinds of decisionmaking help was desired but not available?

Cost Information for Decisionmaking. The county Department of Public Works (DPW) developed excellent service cost information to aid both town and county officials in decisionmaking. The actual cost of service changes experienced by the Town of Esperance bear out at least the projected direction of change in costs estimated by county staff. The approach developed by the county could be used to evaluate similar service changes for other towns in the county.

Contract Costing Approach. The costing arrangement used in the contract is clear and straightforward. It permits easy evaluation of the charges for different resources and the cost of particular categories of highway service rendered by the county to the town. This may seem like stating the obvious, however many local contracts lack the straight forward “cost for services rendered” nature of this agreement. Other contracts often contain cost arrangements which do not clearly link actual costs for services provided. They may lack this clarity because the contract is contingent on other arrangements outside the contract which are being adjusted for in the arrangement or the contracting parties may often lack the ability to adequately track costs and link them to projects completed or services provided.

The county DPW appears to maintain excellent cost accounting records without a fully computerized accounting system. This is an important element of local management capacity that is all too often missing. This system has permitted the DPW to bill on a full cost of service basis and analyze and summarize contract costs for both local (town and village) review purposes and in county budgeting. The county charges a 10% fee or surcharge for engineering and administration on the total of project materials, labor and equipment costs for each billed

² Governance capacity is the ability or extent to which a local government can effectively determine what it should do (what the local community wants it to do) and set organizational processes in motion to accomplish, adjust, and evaluate organizational goals and activities. This would be demonstrated in the ability to make and implement policy, effectively managing the local legislative agenda, and maintaining a planning process for future capital investment. Management and governance capacity are distinct and yet have clear linkages. The smaller the government the more management and governance are intertwined.

activity or project to the Town of Esperance. This recovery of administrative or overhead costs is essential to assure that the county is receiving close to full cost for services rendered. On several occasions since 1992 DPW staff have checked expense records to determine if the 10% fee adequately covers administrative overhead costs. Again this shows good practice in the allocation of resources. It was not clear if the DPW included consideration of their own overhead costs like building maintenance and computer equipment etc. in determining a fair overhead rate. Of course these kinds of departmental overhead costs should be included, along with a fair share of departmental support staff and administrative costs.

The town and county DPW have developed a sound method of coordinating work to be accomplished. This procedure was adopted by resolution. Town officials decide on proposed work projects and tasks. County staff then make recommendations regarding the work and develop project cost estimates. The town then generates a signed work order for any work that the town wants done. Upon completion of a signed work order from the town the county can proceed to schedule the work. An example work order is included in the Appendix. In this approach the town remains the decisionmaker regarding road maintenance, improvement and policy. The county DPW provides technical advice and contract services. This distinction is important because the town continues to own the roads and controls the revenue raising authority to pay for road work. The county DPW would not want to be in a position of having the contractual responsibility of overall road maintenance without the authority to raise adequate revenues.

Access to Technical Capacity. This contract has given town officials and residents the benefit of access to technical and engineering expertise of county staff. Project work done for the town automatically has this technical oversight and input. This is an important component or benefit to the town of contracting with a larger highway department for road services. Town officials noted the benefit of this technical expertise in their evaluation of the contract.

Staff Work by Local Elected Officials. Making major changes in service delivery arrangements in small communities takes a lot of work. Most often this work is done by a committed local, part-time elected official. In general this means going far beyond reasonable expectations of an individual's role in these positions. Generally people do take on this kind of task out of a deeper sense of giving to or improving their local community. This kind of commitment appears to be true in this case. Former town supervisor, Duncan Bellinger took on the improvement of local roads as an objective when he took office. In some ways this became a full-time part-time position in trying to bring about effective change. Thought needs to be given to how local government and state and regional support activities can make it easier and less time consuming for committed citizens to access the information and resources they need to bring about this kind of productive change.

Capacity of the County DPW for Additional Contracts With Municipalities. If this contract has been beneficial for the Town of Esperance other towns in Schoharie County may want to look into similar arrangements. Current DPW leadership believes that additional, similar contracts with the county DPW would require additional capacity within the DPW. This is particularly true given the reductions to DPW highway staff in recent years. To be cost effective, the department would have to consider new staffing and equipment needs that would

be required by additional contracts. Additional contract work would have to be coordinated efficiently with changes in departmental equipment and personnel resources. For example, it may not be cost effective to take on a new contract for a single town. If current staff is at a full workload capacity, then an additional town contract may require the DPW to add new staff and purchase new equipment which would not be fully utilized, leading to equipment and personnel expense that would exceed the cost for service revenues from the single contract. It may be possible to add additional town contracts only if two or more communities expressed interest in contracting with the county for service. The ability of the existing administrative team to manage additional contracts and personnel and to continue to address county needs also should be considered.

Cost Per Mile of Road. Evaluating the costs per mile of road maintained in Esperance has been a key criterion used in justifying the original change in service provision and in evaluating the performance of the contract.

Leadership, Teamwork, and Cooperation

Leadership is required to initiate concern over existing conditions, generate interest in beneficial change, engage others in service cooperation, contracting or consolidation, and pursue the opportunity through to a service delivery solution. The nature of the team relationship between governing board members and relevant operating personnel within each involved unit of government is important when considering changes in service delivery. The earlier and more active the involvement of operating personnel in service delivery considerations the higher the potential for the identification of successful service delivery changes involving other governments. Good cooperative working relationships between individuals from involved local governments will enhance the opportunity for cost of savings and service improvement.

As noted earlier, the former Town Supervisor Duncan Bellinger provided the energy and commitment needed to make change. He perceived a problem in highway investment and highway service delivery and worked to find a means of making improvements. Many such elected leaders are stymied by ignoring local highway personnel or finding them uncooperative. In contrast, the newly elected highway superintendent was a willing partner in exploring ideas, evaluating costs and considering different arrangements for highway services. In general fellow town board members were willing to consider new options as well.

Another key working relationship in this case was between the town supervisor and the county public works commissioner. The commissioner put substantial time and effort in working with the town supervisor evaluating options and developing cost estimates for a service contract. The town supervisor and commissioner worked together in presenting the idea to the highway committee of the county legislature. Even though the contract was eventually approved by the county legislature, there appears to have been resistance to the idea among some board members on the highway committee.

Legal and Institutional Barriers

Some observers believe that a variety of legal requirements and regulatory and institutional barriers exist which can hinder local government organizations from making changes needed to

cooperate, contract or consolidate when mutual benefits exist which outweigh costs and other disincentives. There were no apparent legal barriers in developing this contract for services between the town and county or in eliminating the town highway department.

Staff from the county DPW provided essential cost analysis capacity in projecting potential contract costs and in maintaining accurate cost records for contracted services. The former town supervisor who provided leadership for making this change in service delivery did extensive work to explore options and information to find a means of improving local service delivery. The county DPW and the initiating town supervisor provided needed analytical and management capacity that are often missing when smaller local governments pursue opportunities for intergovernmental cooperation.

Implications for Other Governments

Over a third of the towns in New York have a smaller town-wide population than Esperance. On average we would expect towns in this rough size range to have more road mileage to maintain than Esperance (see Town of Esperance Information Profile at the end of this report). The average centerline road mileage for all towns is just over 60 miles compared to Esperance's ten miles of road. However, even towns with substantially more miles of road may find it cost beneficial to contract for highway services with another department, since many towns have a high percentage of their roads that are seasonally maintained. As the profile figures indicate many towns have a high percentage of unpaved roads. Many smaller towns have experienced increased turnover in the elected highway superintendent's position. In other communities there is increased difficulty finding individuals wanting to run for highway superintendent. Many of these circumstances call into question current arrangements for highway management and suggest the potential for looking to contract arrangements with another department to provide highway services.

Available capacity by another local highway agency is also a necessary requirement for a town or village seeking to draw from this example. An existing town or county highway department needs to have available capacity (personnel and equipment) to accommodate additional work or be able to efficiently add the needed resources to do additional contracting.

Administratively this case is interesting because the town has kept the position of elected highway superintendent but made it a part-time position. Handling this elected position seems to be an administrative or political difficulty for many towns considering cooperation or consolidation of highway services. Recent changes in state law have made it easier for a town to eliminate the position of highway superintendent once they have committed to contracting out highway services.

Implications for Legislative and Regulatory Change

As noted above the county highway department and unusual commitment by a local elected official contributed the needed local capacity to develop the needed information and structure a proposal for change. These resources are unusual in many ways. Work needs to be done and resources committed to improve local record keeping and cost analysis capacity and to enhance

available capacity to provide needed information and assist local officials in structuring and developing proposals for service delivery change.

Summary of Key Findings

1. **Costing Services:** There is a general need for improved cost analysis practices and tools for use by local governments. Assistance in this area would prove beneficial for local governments in assessing opportunities for cooperation and in developing costing approaches to guide contractual relationships. It is also important to help municipalities in effectively separating operating and capital investment expenditures.

This case demonstrates the kind of change that can be achieved when local recordkeeping and cost analysis capability exists. Such capacity was an aid in initial decisionmaking and in maintaining adequate records for a clear ongoing contractual relationship that can be adjusted overtime.

2. **Clear Cost Savings.** This contractual arrangement between the Town of Esperance and the Schoharie County Department of Public Works has led to cost savings for town residents. The arrangement has also resulted in quality, responsive service and enhanced technical guidance for road projects and improvements. Expenditure figures raise the concern if the Town of Esperance is investing adequately in its road system.
3. **Mechanisms for Monitoring and Maintaining Agreements.** Even well structured agreements require fine tuning and adjustment over time. Agreements should include mechanisms (a process for mutual agreement on annual statements of planned work, regular meetings, etc.) for board members and or operating personnel to communicate and accommodate need for adjustment and change. Annual renewal of the three year agreement and clear paper and administrative documentation by the county for the work order process have helped the continuity of this agreement. The county DPW staff have been careful to maintain communications and a responsive attitude with town officials. The three year annually renewable agreement provides a two year cushion for either party if one decides to end the arrangement.
4. **Local Initiative and Change.** This case demonstrates that committed local elected leadership working with cooperating highway personnel can produce major changes in the way highway services are provided to reduce costs and maintain or improve service quality. Capacity assistance is needed to facilitate other elected leaders willing to address the need for service delivery change in their community.

Case Study Documents

Below is a list of all legal, budget and organizational documents collected for the case study. Documents marked with an asterisk in the list below are appended to this report.

**Report on Consolidation of Highway Services With the Town of Esperance to Schoharie County Board of Supervisors Highway Committee. by Henry Bray, Commissioner of Public Works, March 24, 1991*

Town of Esperance Budget Documents 1991 through 1996

Proceedings of the Schoharie County Legislature, 1994, 1993, 1989

Transfer of Equipment Agreement, October 1991, Estimates of Truck Value (to transfer equipment from the Town of Esperance to Schoharie County in exchange for a credit against snow removal costs)

**Snow and Ice Control Agreements between the Town of Esperance and Schoharie County*

**Highway Maintenance Agreements between the Town of Esperance and Schoharie County*

**Schedule of Charges to Town of Esperance for Winter and Summer Maintenance for years 1991 to 1996 (county DPW records)*

Example project cost detail for Town of Esperance (County DPW records)

List of Roads for the Town of Esperance

**Town of Esperance Road Maintenance Summary (summary of all work completed under contract for Town of Esperance by the county DPW)*

**Work Order Form for Esperance*

Letter from David Hallock, Clerk of the County Board, to Duncan Bellinger, Supervisor - Town of Esperance, regarding questions raised over contracts between the county and its towns.

**Draft Resolution outlining work order procedure between Town of Esperance and Schoharie County.*

Letter from Lawrence Rockwell, Mayor of Esperance to Henry Bray, County Commissioner of Public Works regarding changes in highway services (1991).

Response letter from Bray to Rockwell regarding above inquiry (1991).

“County panel considers proposal to Esperance Highway Dept.” 4/12/91 -- Newspaper article on County Highway Committee’s response to Town Supervisor Duncan Bellinger’s original request to consider service contract with the Town of Esperance

“Esperance Residents question planned contract with county: County board agrees to provide highway dept. services.” 5/27/91 Newspaper article on citizen’s response to proposed contract with county at a public forum

Persons Interviewed

Duncan Bellinger, former Supervisor Town of Esperance (responsible for initiating the change in service delivery)

Henry Bray, former Commissioner of Public Works, Schoharie County (when agreement was signed, now with NYSDOT in Albany, resident of the Town of Esperance)

Brian Deffer, Highway Superintendent, Town of Esperance
Janet Snyder, Clerk/Treasurer, Village of Esperance
Wayne Palmatier, Commissioner of Public Works, Schoharie County
Virgil Pangburn, Public Works Supervisor, Schoharie County
Charmayne Van Wormer, Clerk, Town of Esperance
Earl Van Wormer, Supervisor, Town of Esperance
Sylvia Williams, Deputy Mayor, Village of Esperance

Town of Experance Information Profile

Village of Esperance Information Profile

Other Project Reports

Overview of the Case Study Project

This report is part of a larger research project funded by the New York State Department of Transportation (NYSDOT). The Department sought proposals on the “Cost-Effectiveness of Consolidating Government Highway Services.” The issue of jurisdictional realignment, combining units of government, was not to be the focus of the study. NYSDOT was interested in identifying both service functions that are appropriate for consolidation and methods of achieving this consolidation. The Department wanted to identify the institutional and political barriers that adversely affect decisions based on economic factors and to suggest methods for dealing with such barriers (including recommendations for change in state laws and regulations).

To achieve these goals a case study design was proposed by the investigator and selected by NYSDOT. A Project Advisory Group (PAG) was recruited to give advice on the selection of case studies. PAG members included a town highway superintendent, a county highway superintendent, a NYSDOT regional maintenance engineer, a staff member from a metropolitan planning organization, staff from the Cornell Local Roads Program, and a staff member from the New York State Legislative Commission on Rural Resources.

A mail survey with telephone follow-up was conducted in the fall of 1995 to identify cases of intergovernmental cooperation in the provision and production of highway services. A list of ten examples were selected for possible case study analysis and refined through consultation with the Project Advisory Group and the NYSDOT Consultant Manager. Six case studies were conducted and the final reports are included in the list of reports below.

A review of current reports and findings on existing statutory and regulatory barriers to service delivery cooperation was also conducted as a part of this project. The results of this review were combined with relevant findings from the case studies in a report on barriers and recommendations for change. See the summary report or executive summary listed below for a review of the projects overall findings and recommendations.

List of Project Reports

Case Study Report: Suggested Cases of Highway Cooperation and Consolidation for Further Study. Michael Hattery and David Kay. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. November 9, 1995.

Appendix to Case Study Report: Data Base of Cases Identified through the Interview Process. Michael Hattery and David Kay. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. November 9, 1995.

Case Design Report: Research Design for Cases of Highway Cooperation and Consolidation. Michael Hattery. Local Government Program, Department of Agricultural,

Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. May 15, 1996.

Contract for Street Maintenance and Repair between the Town and Village of Bergen, Genesee County. Cooperative Highway Services Case Study Report Number 1. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Chautauqua County Bridge Program. Cooperative Highway Services Case Study Report Number 2. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Cayuga County Vehicle Maintenance Pool Service to the City of Auburn. Cooperative Highway Services Case Study Report Number 3. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Town of Esperance Contract with Schoharie County. Cooperative Highway Services Case Study Report Number 4. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Jefferson County Contracts With Towns for Major Improvements. Cooperative Highway Services Case Study Report Number 5. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Fostering Exchange with Local Governments: New York State Department of Transportation Region 7 Office of the Regional Maintenance Engineer. Cooperative Highway Services Case Study Report Number 6. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Recommendations for Legislative and Regulatory Change to Promote Highway Service Cooperation and Consolidation. Duane Wilcox, Michael Hattery, and Kevin Crawford. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Summary Report of Case Study Findings and Recommendations for Legislative and Regulatory Change. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Project Executive Summary. Michael Hattery. Local Government Program, Department of Agricultural, Resource, and Managerial Economics, College of Agriculture and Life Sciences, Cornell University. December, 1996.

Appendix