

Good Time to Start Public Works?

By Lee Burnett

Creating a new Public Works Department might seem extravagant in this era of tight budgets, but a number of small towns in Maine are making big investments in trucks and equipment. They say it gives them control of costs while improving services.

Last year, Readfield (population 2,360 in Kennebec County) approved funding for a Public Works Department that also provides some services to neighboring towns of Manchester and Wayne and the RSU 38 school district. In 2008, Washington (population 1,345 in Knox County) formed its Public Works Department. At least five other towns – all with populations under 2,500 – have formed Public Works Departments in the past two decades, including Windsor in Kennebec County; Long Island, Frye Island and Sebago in Cumberland County; and Veazie and Dixmont in Penobscot County.

On the other hand, Public Works proposals were considered and abandoned in New Portland in Somerset County and the mid-coast town of St. George.

The start-up investment in a Public Works Department can range upward of \$1 million, which includes acquiring trucks and equipment, building a garage and a covered salt and sand storage area, and sometimes the purchase of land. What does all the money buy? Generally, it can buy a higher level of service, quicker response to complaints, less vulnerability to the vagaries of the free market and the ability to juggle resources (in the event of a major storm cleanup).

All of this may translate into a better bang for the buck – although

not necessarily outright cost savings. As Steve Beveridge, Rockport Public Works director, tells people: “You do not create a public works department to save money.”

You also do not create a Public Works Department to make your life easier. Just ask Stefan Pakulski, town manager in Readfield, who won a 2009 leadership award from the Maine Town and City Management Association for spearheading the creation of a regional Public Works agency. “There was a great deal of controversy,” explained Pakulski. “The town had not had one in decades – maybe 40 years ago – so there was great reluctance on the part of the town and a lot of pressure from private-sector contractors.”

Winning over voters is just the beginning of the challenges.

“There’s a lot of hard work; it’s not a simple thing to do,” said Pakulski. “The political part was difficult, but the operation is also difficult, particularly when you’re creating something from scratch and have to start providing services immediately. You have to make sure you have the right people, make sure they’re trained and all the procedures are clearly defined, and safety compliance.”

Pakulski says the new department has been worth the effort. The first-

year budget of \$604,000 was about \$100,000 less than Readfield had spent contracting for services, he said. The town also received an additional \$30,000 in payments from neighboring towns. And, he said, the service is better. Crews are doing many more miles of roadside mowing, more roadside ditching, culvert cleaning, brush cutting and pothole patching. “We’re getting a better bang for our bucks. We’re more cost-effective,” said Pakulski.

HOW COMMON?

The prevalence of Public Works departments is not well documented. An unscientific survey conducted by the Maine Local Roads Center in 1989 found that 57 percent of communities supported a Public Works crew, while 38 percent contracted out snowplowing and five percent used a combination. When apprised of the survey recently, Peter Coughlin, the current director of the Local Roads Center, expressed surprise at the high percentage of Public Works crews. He thinks the actual percentage is probably lower.

While saving money is the most often cited reason for starting a Public Works Department, there are others, such as improving service and hav-

COLLABORATION CORNER

This feature article kicks off what will become a regular feature in the *Maine Townsman*, highlighting ways that municipalities work together to become more efficient and better serve citizens.

Lee Burnett is a freelance writer from Sanford, leeburnett_maine@hotmail.com

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ing greater control of contingencies. Contracting for services would be fairly straightforward if work could be planned ahead and scheduled efficiently. But potholes, washouts, snowstorms, downed trees and damaged signs happen when they happen. No contract can anticipate all contingencies.

Getting a contractor to fix a pothole – which, by law, is supposed to be fixed within 24 hours – illustrates the challenge, said Mark Doyon, Town Manager in Manchester. Not only does it mean pulling a contractor away from a bigger job, which usually takes more than a few days, but it often involves lining up other small repairs so a truck load of asphalt doesn't go to waste, he said.

"It's not the best way to respond to the situation," he said. Having a Public Works Department also makes it easier to deal major contingencies, like ice storms: Small towns without Public Works departments typically rely on firefighters on overtime wages to clear downed trees following big storms, an unanticipated cost that can exceed \$10,000. That same chore can be taken care of by a redeployed Public Works

crew with little budget impact, said Steve Beveridge, Public Works director for Rockport.

Lack of contractors or interest in bidding is also a factor. It's an obvious problem in small island communities like Long Island in Casco Bay and Frye Island, a summer colony on Sebago Lake. Both Dixmont in Penobscot County and New Portland in Somerset County said their relatively remote locations and small size make it difficult to get contractors to bid. Dixmont formed a Public Works Department because residents felt they were "at the tail end" of the priorities for out-of-town contractors, said Selectman Judy Dann.

"I think people felt if we have our own Public Works crew, they'd know who to call and say 'My road needs to be plowed,'" said Dann.

In St. George, the pending retirement of a long-time contractor prompted concern about finding a quality replacement. The town considered forming a Public Works Department but ultimately decided against it.

Readfield and its neighbors were driven to consider a department of their own due to a perception that lo-

cal contractors had them over a barrel. Recent history had shown that whenever a snow-plowing contract came up for rebidding, no one bid against the existing contractor.

When the towns tried to inject competition into the mix by consolidating all road work in a single contract, contractors refused to bid. Readfield also was hit by successive annual increases of eight percent.

"We had a situation of increasingly monopolistic contracts," said Pakulski. Opposition to change was understandable and expected from the contractors, he said. "They see it as a direct impact on their livelihood, which it is," said Pakulski. "But if it's in the interest of taxpayers, we need to be responsive to people in our communities."

Contractor opposition proved formidable. Many contractors had served as road commissioners themselves and spoke with authority about road issues. "I gave them all kinds of information, they just didn't want to listen," Pakulski said. "They're good guys, don't get me wrong, but they're not looking at long-term costs."

Local contractor Scott Lyon is a critic of Readfield's department. He



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said the full cost of running a Public Works Department is obscured by being under the wing of town government. Lyon said costs that should be directly attributed to the department "never go into the Public Works budget" and are instead carried as town expenses.

"As a businessman, I have to account for them," he said. Retirement benefits are low because the Readfield Public Works Department is young, Lyon said. "But what happens when they start to retire?"

Pakulski said opposition has eased with the passage of time, although Wayne has still not contracted for the level of services expected, said Town Manager Amy Bernard. "It's been a little harder sell here," she said.

At the same time, proponents pointed out there is a continuing need for contractors to take on road paving and construction projects. "Once the contractors found (that) out, the rhetoric relaxed quite a bit," said Doyon. Doyon described one project where the Readfield Public Works Department swept sand and removed brush from an area, one contractor ditched

the shoulder and a second contractor did the paving. "All three levels were integrated," he said.

COST IS THE BIG ISSUE

In considering a Public Works Department, how do you know whether your current road maintenance costs are within norms? An obvious place to start is to determine how much it costs to maintain a mile of road. The "cost per mile" figure makes it easy to compare costs with other communities, although comparisons can be misleading. To determine your cost per mile, add up total snow-plowing costs and total summer road maintenance costs, for such tasks as ditching, brush cutting, cleaning culverts, sign repairs and road patching. ("Cost per mile" calculations typically exclude road construction and road reconstruction costs.)

Dividing the total maintenance cost by the total number of miles of road in town produces a per-mile maintenance cost. For reference, the current reimbursement schedule used by the Maine Department of Transportation calls for spending \$5,500 per

mile for snow plowing and \$4,200 for summer maintenance. But Coughlin of the Maine Local Roads Center said straight cost-per-mile comparisons can be misleading. Terrain, road layout patterns and maintenance standards vary widely from town to town.

"Some towns maintain their roads very well, others are just barely holding them together and not spending a lot of money compared to what should be spending," he said. "It goes back to what level of maintenance you want."

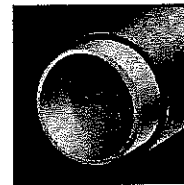
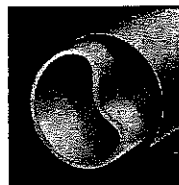
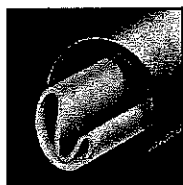
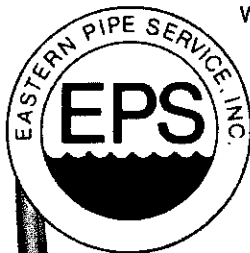
In other words, a low "cost per mile" might suggest you're getting good value for your dollar. It might also suggest a municipality is not keeping up with wear and tear and is allowing roads to deteriorate.

The Maine Local Roads Center takes no position on contracting versus municipal Public Works departments but it does publish an extensive list of steps to consider – such as close itemization of costs, clear job descriptions, qualifications of applicants and lines of authority for employees – before any municipality creates a highway department. Additional information can be found under the Legal Issues

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A number of factors can skew the cost comparison of starting a Public Works Department. Owning buildable land or landing a grant can both change the cost equation. Readfield and its neighbors had the good fortune of landing a \$100,000 regionalization grant from the Maine Municipal Bond Bank. The money enabled the communities to buy a tractor and mowing attachments so they could do their own roadside mowing. The savings were dramatic, according to Doyon, in Manchester. The town's first-year bill came to \$800, less than a quarter of the \$3,500 the town had been spending.

"When I saw that, I said I want every road in town mowed – all 35 miles – not just the major roads," Doyon said. Changed perceptions can also be a factor.

Washington started a Public Works Department to save money but people were pleasantly surprised at an "obvious" higher level of service, said Selectman Wes Daniels. Daniels said he

used to get frequent complaints about inadequate snow plowing. "I don't get those phone calls anymore," he said. Even one-time opponents of starting a Public Works Department "have come to us and said they are very happy," he said.

Public Works Departments come in many sizes. Rockport, a tourist town of 3,209 with 64 miles of road, budgets \$1.1 million and employs seven people. "Our level of service requires it," said Beveridge, the Public Works director. On the other hand, Dixmont, with 1,065 residents scattered along 44 miles of rural roads, budgets \$232,000 and employs one full-time employee, four part-timers (including the road commissioner) and a few others on an as-needed basis. Dixmont keeps its costs low because of the "unique circumstances" of having skilled people willing to work part-time, and by allowing employees to bring town trucks home with them at the end of the day, said Dann, the first selectman. The town owns four trucks and a salt/sand storage shed, but no garage.

Readfield and its neighbors are still working on their regionalization project. While Readfield's needs are

entirely met with the new Public Works departments, both Manchester and Wayne still rely on private contractors for most of their needs. Pakulski said the keys are patience and building trust with neighboring communities. He said Readfield could have hired a Public Works director unilaterally but Readfield purposely included Wayne and Manchester in developing a job description, vetting candidates and making a hiring recommendation.

DECIDING NOT TO CHANGE

New Portland gave serious thought to starting its own department after hearing from Dixmont and other municipalities but backed off after citizen opposition to the upfront investment, said Selectwoman Lorie Agren.

"It went nowhere fast," she said. "People thought it was a lot of money and, with the economy the way it is, everything is a lot of money." Agren said the issue is dead for now, but the added, "we are going to look at it again."

The town currently pays \$190,000 to have 46 miles of road plowed. Agren said plowing contractor Gilbert Taylor provides a high level of service at a

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reasonable price, given the high cost of fuel. "It's an alright deal," she said. "I'd love to see it less."

St. George began thinking about starting a Public Works Department a few years ago because officials weren't sure they could find an adequate replacement for the town's long-time contractor, who was getting out of the business. There was continuing interest even after the town contracted with James Kalloch of Rockland for snow plowing and road maintenance.

The town eventually put together an ad hoc committee that prepared a 20-page report analyzing the issue. The committee estimated it would cost the town \$758,000 per year if it provided road maintenance with an in-house Public Works Department, which was about \$100,000 more than that town was currently paying for contracted services.

Selectman Chairman William Reinhardt, who also led the ad hoc committee, said a Public Works Department could be started for less money with used-equipment or donated land but people were concerned that, once established, a department might grow

beyond original intentions.

Beveridge, in Rockport, warned Reinhardt about "service creep." The Rockport department's responsibilities grew to include cemetery maintenance and pumping out homeowners' flooded cellars.

HALFWAY APPROACH?

There is an alternative for communities trying to get better bang for the buck but that are reluctant to create a Public Works Department. Investing in a licensed sand-salt storage area is less expensive than starting a full-fledged Public Works Department and it can stimulate competition among contractors. Knowing they do not have to make an upfront investment in a salt-storage area may entice new contractors to bid.

But even convincing voters to invest in a salt-storage site is a tough sell in the current economy. Belgrade voters at Town Meeting in March defeated a measure to raise \$350,000 for a salt-storage shed.

Farmingdale is considering developing a site as long-term option, according to Road Commissioner Roger

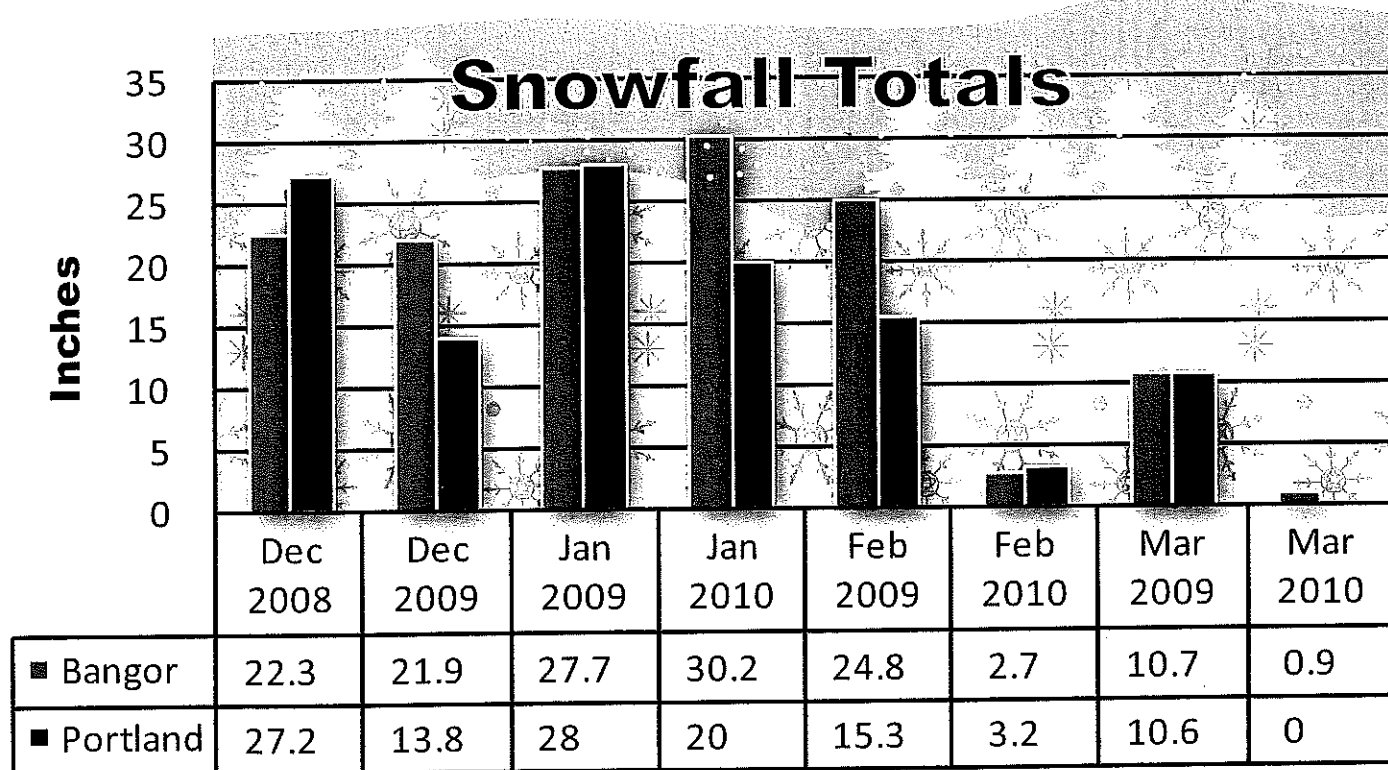
Mallar. Currently, the town relies on an unlicensed storage site, grandfathered from compliance with state environmental laws and leased exclusively to a single private contractor.

"It makes it very difficult to get competitive bids," said Mallar, a former commissioner of the Maine Department of Transportation. Developing a licensed site open to all approved contractors would give the town "all kinds of flexibility," he said.

The town could obtain sand and salt less expensively through joint purchase arrangements with neighboring communities and could attract bids from smaller contractors and that don't already have a site. "It puts us in a much stronger position," Mallar said. The town is yet not ready to assume the costs of developing a licensed site, which include land acquisition, laying a three-inch layer of asphalt and building some kind of shelter.

"It's something we'd like for the long term but it's quite a bit of upfront investment," he said. "This is a tough time to get towns to spend money. Everyone is very careful and understandably so." **[ME]**

Snowfall totals were down last winter, particularly in February and March. That helped many municipalities save on plowing and Public Works Department spending.



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