



Town of Plainfield

Road and Equipment Maintenance

Report of Examination

Period Covered:

January 1, 2015 – July 7, 2016

2016M-307



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

December 2016

Dear Town Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Town Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the Town of Plainfield, entitled Road and Equipment Maintenance. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Town of Plainfield (Town) is located in Otsego County and has a population of 915 residents. The Town provides services to its residents that include highway and road maintenance, street lighting and general government support. The Town's appropriations for the 2016 fiscal year were \$594,605, funded primarily with real property taxes, sales tax and State aid. The Town Board (Board), which is composed of the Town Supervisor (Supervisor) and four Board members, governs the Town. The Board is responsible for the general management and control of Town finances, including the oversight of department heads and department finances. The Supervisor is both the Chief Executive Officer and the Chief Financial Officer.

The Highway Superintendent (Superintendent) is primarily responsible for the maintenance and repair of Town highways and equipment and the removal of obstructions caused by brush and snow. The Town experienced turnover in the Superintendent position during our scope period. The current Superintendent took office in November 2015. The Town has 34.87 lane miles of roads, including 17 lane miles of unpaved sections. Each year, the Board and Superintendent sign an agreement (Agreement) for amounts to be spent for the repair and improvements of Town roads. The 2016 Highway Fund budget totaled \$408,500.

The Cornell Local Roads Program (CLRP) is the State's Local Technical Assistance Program (LTAP) center, which prepares guidance to help local governments manage their road maintenance. According to the CLRP, each municipality should focus its efforts on preventive maintenance to make roads last longer and, as a result, save money.

Objective

The objective of our audit was to determine whether Town officials properly maintained Town roads and highway equipment for the period January 1, 2015 through July 7, 2016. Our audit addressed the following related question:

- Did the Board and Superintendent take steps to improve road and equipment conditions?

Scope and Methodology

We examined road conditions, financial records and maintenance records for highway equipment for the period January 1, 2015 through July 7, 2016.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

We employed a criterion of “no observable defects” for road conditions during the visual inspections we conducted. This was necessary as anything less would be subjective and open to interpretation. Therefore, any defects we identified in current road conditions most likely represent the maximum required for repair. The actual degree of road work depends on the condition that the Board and Superintendent deem acceptable and the cost of the work necessary to maintain the roads in that condition.

**Comments of Local
Officials and Corrective
Action**

The results of our audit and recommendation have been discussed with Town officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Town officials agreed with our findings and indicated that they have taken corrective action.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendation in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Town Clerk’s office.

Road and Equipment Maintenance

The Board and the Superintendent (officials) are responsible for developing and establishing formal long-term plans to ensure that Town roads are safe and equipment is properly maintained and in good working condition. These plans bridge past and future repair and maintenance activities and provide a record for new Town officials. Officials should revisit these plans periodically, make any necessary adjustments and monitor each plan's results to determine how well its goals and objectives are being achieved.

Officials have taken steps to improve repairs and maintenance to roads and equipment. However, they need to develop more detailed long-term plans. The 2016 Agreement between the Board and the new Superintendent provides \$280,000 for road repairs and maintenance. We estimate that the Town would need to spend approximately \$1.1 million to have its roads free of observable defects. Also, neither the equipment maintenance files nor the inventory list included sufficient details to be able to determine the condition of each piece of highway equipment. By taking steps to develop and implement detailed long-term plans for roads and equipment, Town officials can better use the limited funding available in the most cost-effective and efficient way possible. This will result in more timely maintenance, cost savings and improved road and equipment condition.

Road Repairs and Maintenance

A formal long-term schedule (Plan) should be created based on the goal, methodology and inventory that identify when roads will be worked on and how this work will be funded. The Board is responsible for the oversight and funding of this Plan. A good Plan starts with the Superintendent and the Board determining a level of quality for road conditions they deem as acceptable for travel within their Town.¹ Once such a goal is set, officials should develop a methodology for achieving that goal and a road inventory that includes essential information, such as surface type, average daily traffic (ADT), road importance, history of work done on the road and each road's current condition.

The Superintendent assessed the conditions of the roads and developed an annual Agreement for 2016 that increased the amount of work planned for roads from the previous year. This Agreement included twice the repairs and maintenance in lane miles and an additional

¹ Formally adopting a goal for the Plan will provide transparency regarding plans for roads and a tool for communication between the elected Board and the Highway Department.

\$40,000 in permanent road repairs compared to the previous annual Agreement. In addition, the 2016 Agreement provided more detail of the general repairs to be completed, including cost and lane miles. The Superintendent's methodology is to employ a routine to reconstruct 2.5 miles of road and resurface 2.5 miles of road each year over a 10-year period. Moreover, the Board has been able to increase its level of oversight of the Highway Department as a result of increasing communication with the new Superintendent.

Board members told us that they now receive more information on road conditions and are better able to monitor repairs and maintenance. However, the Superintendent needs to formally document road inventory, ADT road importance and current condition of the roads and submit a formal assessment to the Board. While the Town has an annual Agreement for repairs and maintenance to roads, officials have not established a Plan to identify methodology, inventory and road conditions. Therefore, Town officials could not determine whether roadwork listed on the annual Agreement is sufficient to ensure that all roads would be brought to the level of quality they deemed acceptable over time.

The Superintendent told us he recognized the need to do significant repairs to the roads and that more repairs should have been done in the past. While the Superintendent has considered a long-term methodology for the condition of the roads, his focus is to repair the roads to an acceptable level and then determine how to move forward.

We surveyed the physical condition of all 34.87 lane miles of roads in the Town as of July 2016, using information provided by the CLRP.² In order for the Town to have its roads free of observable defects, we estimate that it will cost about \$1.1 million. This is composed of approximately \$970,000³ to address paving or major road defects and \$165,000⁴ for preventative and routine road maintenance, which would allow defects to be temporarily fixed and extend the life of a road.⁵

Although the 2016 Agreement includes planned roadwork, the need for repair and maintenance of the Town's roads will continue to grow if

² The CLRP provides a tool that estimates road repair costs based on 2014 statewide averages. This estimate is a starting point for Town officials to use. Accordingly, Town officials should create their own cost estimates. Our average cost range was +/-20 percent.

³ Major road defects include road repairs that use reconstruction, rehabilitation or an asphalt overlay techniques for repairing the road.

⁴ Preventative and routing maintenance involves filling cracks in the road, filling potholes or providing a thin layer over the road to protect it.

⁵ When preventative maintenance is not performed, the cost to repair or replace a road increases exponentially.

not adequately addressed. Maintaining a Plan will enable the Town to invest its limited funds in the most cost-effective and efficient manner and avoid relying on crisis management which costs more money in the long run. If Town officials decide that having their roads defect free is an unattainable or unnecessary goal, they should establish a level of service for their roads and adjust this figure accordingly.

Equipment

Equipment maintenance records provide officials with important information on the condition of existing equipment and help in planning for future replacement and expansion programs. The degree of detail recorded should depend on the needs of management and the cost of tracking the information. A maintenance record should minimally include the frequency and types of services performed to date and the cumulative cost of those services (in terms of materials, staff time and overhead, if so tracked). These records can reveal instances where routine maintenance was missed and show if maintenance costs are growing. They are also helpful for planning a repair and preventive maintenance schedule and for budgeting for those expenditures. This information is useful for developing an overall long-term equipment plan to acquire and replace equipment. Once established, estimated useful lives for major categories of capital assets should be periodically compared with a local government's actual experience and appropriate adjustments should be made to reflect this experience.

Although the Superintendent took steps to improve the condition of the highway equipment, officials could further improve their management of the equipment. We reviewed the maintenance files and inventory lists of each piece of Town highway equipment and found that the Superintendent maintains more complete records than his predecessor. In his first two months in office, he assessed the condition of the highway equipment, updated the existing maintenance records and spent more than \$30,000 repairing and maintaining equipment. Further, he purchased new equipment, updated the inventory list with its costs and condition and documented routine maintenance performed on each piece of equipment. Moreover, Board members told us the Superintendent gives them periodic reports on the condition of the equipment.

While the Superintendent has updated equipment maintenance records, he could make further improvements by documenting the frequency and types of all services performed to date and the cumulative cost of those services for each piece of equipment. For example, highway personnel made significant repairs to a grader and a plow truck, but those repairs and the associated costs were not documented in the maintenance files. Additionally, while the Superintendent updated the inventory list with the current condition of each piece of new equipment, he did not update the condition status of older, existing

equipment. While Town officials have discussed a five-year cycle for new equipment, they have not developed a formal long-term plan for the acquisition and replacement of equipment. We commend the Superintendent for making improvements to his records.

The Superintendent recognized the deficiencies with equipment when he took office. He discussed equipment replacement with the Board but has not had time to update the condition of each piece of equipment.

The Town owns 10 pieces of major highway equipment.⁶ Each is over its useful life by an average of approximately seven years.

Figure 1: Age of Major Highway Equipment

Type	Quantity	Average Age (Years)	Useful Life ^a (Years)	Difference (Years)
Dump Truck	1	16	8	8
Dump Truck	1	25	8	17
Dump Truck	1	13	8	5
Dump Truck	1	7	8	(1)
Grader	1	42	8	34
Roller	1	15	8	7
Back Hoe	1	10	8	2
Steam Washer	1	1	10	(9)
Tractor	1	10	8	2
Loader	1	8	8	0
Average	N/A	14.7	8.2	6.5

^a Useful life is provided by the New York State Office of General Services and is used by the State for depreciation purposes. It is intended as a guide. Municipalities should develop their own estimated useful life criteria based on their individual experience.

While useful life may not be an indication of how long a particular piece of equipment will last, local officials can consider this information when developing a long-term plan. With proper maintenance records and an updated inventory list, Town officials will be able to ensure that they are receiving the value and effectiveness of each piece of equipment. In addition, Town officials will be able to make informed decisions about repair and preventative maintenance schedules and costs to replace versus costs to repair.

While we commend the Superintendent for making significant improvements in planning for road maintenance and repairs and equipment management, we encourage continued improvement in this important planning to better prepare Town officials for efficiently replacing equipment and maintaining roads.

⁶ Major highway equipment involves significant investment of resources and is used to execute tasks such as repairing and constructing highways, transporting large quantities of materials and removing snow and ice.

Recommendation

Town officials should:

1. Complete the initial long-term plans developed to include more comprehensive details
 - For the repairs and maintenance of all Town roads and
 - For Town equipment.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.

Town of Plainfield

129 County Highway 18A ~ West Winfield, NY 13491
Phone 315-855-7873 ~ Fax 315-855-7818

RESPONSE FROM LOCAL OFFICIALS

We agree with the audit.

The Town has a plan to complete re-construction of 2.5 miles of Town roads and 2.5 miles of re-surfacing per year, as funding allows.

At the rate of 2.5 miles of re-construction per year, in ten years all roads will be completed.

The Town has implemented a 5 year rollover for the replacement of equipment. Maintenance records have been modified per examiner suggestion to include amount of time working on each piece of equipment.

The Town Board wishes this audit to show no reflection of mal-administration on the current Highway Superintendent and his employees.

Todd Lewis

Plainfield Town Supervisor

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Town officials to gain an understanding of the Highway Department's operations and its plans for repairs and maintenance of roads and equipment and whether the Superintendent is reporting to the Board.
- We reviewed the Highway Department's annual Agreement for the 2015 and 2016 fiscal years, along with invoices and Board minutes, and compared the work planned for both years.
- We obtained an inventory list of highway equipment and reviewed Board minutes, vouchers and invoices during the scope period to determine whether the inventory list was complete, including the new equipment purchased, and to assess the condition of the Department's equipment.
- We reviewed the details documented in the maintenance file for each piece of equipment to determine whether equipment was being properly maintained, whether details regarding the type of service done to the equipment was documented and to assess the condition of each piece of equipment.
- We surveyed the physical condition of all 34.87 lane miles of roads within the Town in July 2016 using information provided by the CLRP. This information included various types of techniques that could be used to bring the roads to a defect-free condition. We chose the technique (i.e., rehabilitation, overlays and surface treatment) that would fix all the noted defects. We then calculated an estimated financial liability by applying the average cost of methodologies within each technique (i.e., cold mix asphalt and chip seal) used statewide to the number of miles that we deemed needed work.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX C

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