A Review of Shared Service Options in Addison, NY

Facilities, Maintenance and Fueling

June 2010

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Center for Governmental Research

A Review of Shared Service Options in Addison, NY

Facilities, Maintenance and Fueling

June 2010

Prepared for:
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Village of Addison
Town of Addison

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EXECUTIVE SUMMARY

This report examines potential opportunities for inter-municipal collaboration among the Addison Central School District, Village of Addison and Town of Addison in the areas of administrative office space, vehicle maintenance and fueling. The current review of shared service opportunities builds on a strong foundation of collaboration already in place in Addison. Some essential municipal services are already fully consolidated, such as the Village and Town assessment and court functions. Similarly, the District's school resource officer (SRO) is provided through the Village Police Department, funded by a federal grant. A host of other examples occur on an episodic, as needed basis and demonstrate the partners' willingness to share expertise, apparatus and personnel to deliver essential services as efficiently as possible.

In addition to recommending the creation of a permanent shared service task force comprised of members of each entity to sustain the momentum built during this effort, CGR found the following in the areas of administrative facilities, fueling and vehicle maintenance.

Administrative Facilities

Two of the three partners to this study – the District and Village – have stated concerns regarding their current administrative facilities. For reasons ranging from ADA compliance to pending capital requirements, both are exploring their long-range facility options. Potential impacts of a shared administrative facility housing *at least* the District and Village (but potentially also the Town) include:

- ***Capital Cost Avoidance***
  One clear impact on the community involves the potential for capital cost avoidance. In particular, if the District and Village continue to operate out of their current respective facilities for the foreseeable future, both are likely to face capital maintenance/upgrade costs to keep their buildings in proper working order. The most pressing of those needs total more than

$1 million across the two facilities. Though it is unlikely those repairs would be made in a single year, repairs to the District's administrative facility would translate to a $600 one-time property tax increase on Town taxpayers; the Village's repairs translate to a one-time increase of $224 on its property owners. Thus, any consideration of reconfiguring the current deployment of public facilities in Addison, especially involving the School District and Village, should occur in the context of the pending capital needs of both.

- ***Fiscal Impact***
  A decision to reconfigure current public facilities in Addison could result in the return of certain properties and parcels to the tax rolls. For example, if the School District and Village opted to pursue a shared facility, it would enable the sale of the current District Annex and Village Hall, and their potential return to taxable status. Returning current public property to the rolls would produce a direct fiscal impact in the form of new property tax revenue, which would accrue to Steuben County, the Town, Village and School District. Returning the Village Hall to taxable status could produce a 20-year net present value tax impact of roughly $225,000 for the Village, Town, Schools and County, not counting the property sales price. The comparable figure for the School District administrative facility is $250,000 (again, not counting the sales price). Although the Town has not expressed similar interest in vacating its current property, the comparable figure for its administrative facility is nearly $50,000. Moreover, because the District already owns vacant property in the strategic center of the community, a new shared facility could be located in a way that does not remove additional properties from the tax rolls.

- ***Size Efficiencies***
  A shared administrative facility not only has the potential to offer residents and constituents service efficiency (*i.e.* a "one-stop shop"), but also realize certain size efficiencies. That is, a combined District-Village facility can be *smaller* in aggregate size than the current combined sizes of the District Annex and Village Hall. This possibility results from two combination efficiencies: currently unutilized (or under-utilized) space in the District and Village administrative facilities, and the ability to leverage space overlaps that share common functional deployments. Based on CGR's analysis of unused and overlapping spaces, the District and Village administrative facilities could reduce their aggregate space by roughly 40 percent without having a noticeable impact on the administrative functionality of either entity. This could produce energy savings of more than $3,500 per year.

- ***Other Operational Efficiencies***
  A combined facility could also present other opportunities to streamline and share certain costs and operational aspects. Perhaps most importantly, from the public's perspective, a shared facility would present a "one-stop shop" for the conducting of public business. Enabling residents to handle District and Village multi-municipal business at a single location would enhance customer convenience. Additional opportunities include the potential to eliminate at least one leased photocopier (saving approximately $1,000 per year) and cutting janitorial responsibilities by as much as half.

Fueling

All three partners to this study maintain their own separate gasoline and diesel fuel tanks. To what extent could a shared approach yield operational and/or financial improvements and avoid pending capital requirements and compliance issues? While CGR's analysis of commodity costs suggests little-to-no direct savings on the pooling of gasoline and diesel purchases among the group, there are potential benefits to a shared fueling storage and dispensing facility. They include:

- ***Capital Cost Avoidance/Mitigation***
  A host of communities across New York State have taken steps to implement shared fueling approaches in recent years, citing opportunities to avoid pending capital costs and reduce general maintenance obligations. The District, Town and Village indicate that their respective fueling facilities are not currently out of compliance with safety or environmental regulations. However, as fueling facilities age (even under normal usage), the potential liability they pose grows, both in environmental and financial terms. The District's fuel tanks are both 18 years old; in the Village, the gasoline tank is 12 years old, while the diesel tank is less than 10; and Town officials estimate that both of their tanks are in excess of 20 years old. With the exception of an awning and certain safety upgrades at the District's fueling facility, none of the entities indicate having made major investments to their respective fueling sites in the recent past. The potential cost implications of addressing compliance issues at multiple facilities are likely to be greater than at a single shared facility.

- ***Capital Cost Sharing***
  Not only would a shared fueling facility potentially mitigate financial liabilities associated with the long-term maintenance and capital repairs of multiple facilities, but any capital investments required at the shared facility could be proportionally shared by the partners.

- ***Insurance Savings Potential***
  There is also the potential for a single shared facility to generate some savings through insurance premiums. At present, the District, Town and Village are required to independently insure the properties on which their respective fueling facilities are located. Based on estimates provided by the District's insurance broker, the potential for savings under the current insurance policy structure is nominal. However, not all currently carry pollution liability on their fuel storage tanks. To the extent they chose to do so in the future, insuring a single site as opposed to multiple sites would have the potential to generate additional savings to the community.

Vehicle Maintenance

The District does virtually all of its maintenance work in-house, while the Village and Town are able to handle minor repairs in-house but outsource more complex issues. To what extent is a shared vehicle maintenance approach feasible? Specifically, could the better-equipped district accommodate Village and Town vehicle maintenance through a shared services arrangement?

Based on CGR's review of current processes and analysis of maintenance cost data, we conclude that it is unlikely that material costs could be noticeably reduced through a collaborative or shared initiative. The potential for significant cost savings to the Village and/or Town by in-sourcing more of their vehicle maintenance/repair responsibilities in partnership with the better-equipped District maintenance department is low.

Even under a shared approach, the Village and Town would be hard-pressed to reduce public works/highway personnel; the District's maintenance staff would potentially need to be increased to absorb the additional responsibility of a consolidated operation; and the labor costs associated with the Village and Town's outsources repairs are a fraction of an already reasonably small cost base.

Acknowledgements

CGR acknowledges the work of the steering committee in helping to scope this project and target its efforts. Members included the School District Superintendent, Director for Curriculum and Instruction and Business Administrator; the Village Mayor; and the Town Supervisor. CGR is particularly grateful to Donna Taylor, Secretary to the Director of Curriculum and Instruction, for shepherding data collection efforts and handling logistics for the project team's site visits.

CGR is also grateful to the officials, staff and department heads that made time to be interviewed by the project team: Robert Johnson and Kevin Rice in the School District; Ray Walch, Ursula Stone and James Mosher in the Village; and Eleanor Buckley, Jack Thompson and Daniel Parrillo in the Town.

Staff Team

Joseph Stefko, Ph.D. and John Fry served as primary staff for this engagement. Sarah Lobe, CGR Research Assistant, assisted with initial data collection and review.

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INTRODUCTION

This report examines potential opportunities for inter-municipal collaboration among the Addison Central School District, Village of Addison and Town of Addison in the areas of administrative office space, vehicle maintenance and fueling. The effort began in the fall of 2008 with initial conversations between the School District and Village. In order to strengthen the collaboration, an invitation was extended to the Town to join the partnership.

Officials from all three entities participated in a series of planning meetings prior to submitting a funding application to New York State's Local Government Efficiency (LGE) grant program. In the State's 2008-09 funding cycle, the Addison partnership was awarded a grant of $23,400 to conduct the study. Following a public Request-for-Proposal process in late 2009, CGR Inc. (Center for Governmental Research) was engaged to complete the review. A steering committee of representatives from the District, Village and Town provided project oversight.

The District, Village and Town established two primary objectives for this study:

1. To identify options for shared administrative office facilities, to increase operating efficiencies and improve public access and service delivery, and
2. To identify options for shared fueling and maintenance of fleet vehicles, to produce cost savings.

METHODOLOGY

CGR's approach was built around three primary phases:

1. *A baseline review of administrative facilities and fleet operations to determine "what exists" at present.* The review included site visits, interviews of key administrators and operations staff, and a review of critical data components for each entity, including the following: A comprehensive inventory of existing office space and its functional deployment; inventory of existing capital fleet apparatus and primary assignment; inventory of existing fueling facilities, capacities and usage; budgetary data regarding administrative office facility maintenance and capital costs; and staff allocations for the maintenance of administrative facilities and fleet vehicles.

2. *Identification of viable collaborative alternatives for administrative office space and fleet maintenance/fueling.* These options were to be developed and informed based upon data collected and analyzed in the baseline review, as well as CGR's experience with shared service arrangements and cost-sharing models from our work in other school districts and municipalities across NYS.

3. *Cost analysis of potential options and consideration of implementation issues.* For each option identified in phase 2, the project team analyzed the potential cost-benefit to the District, Village and/or Town of delivering the function in a shared way. Further, where applicable, the project team considered the process for implementing each of the options.

CGR initiated the study with an analysis of baseline information regarding administrative office facilities, fueling and vehicle maintenance in the District, Village and Town. Baseline information was compiled from a number of different sources, including the following:

- The project team met with the steering committee on November 20, 2009 to initiate the analysis, confirm project objectives and gather initial perspective on the issues and opportunities impacting the study. The steering committee consisted of the following representatives:
    - School District
        - Joseph DioGuardi, Dir for Curriculum & Instruction
        - Steve Perry, Business Administrator
        - Betsy Stiker, Superintendent
        - Donna Taylor, Secretary
    - Village
        - Ray Walch, Mayor
    - Town
        - Eleanor Buckley, Supervisor (through 2009)
- The project team spent a full day conducting site visits and interviewing department heads and key stakeholders on December 1, 2009. The list of primary interviewees included the following:
    - Addison Central Schools
        - Robert Johnson, Director of Transportation
        - Kevin Rice, Director of Facilities
    - Village of Addison
        - James Mosher, Superintendent of Public Works

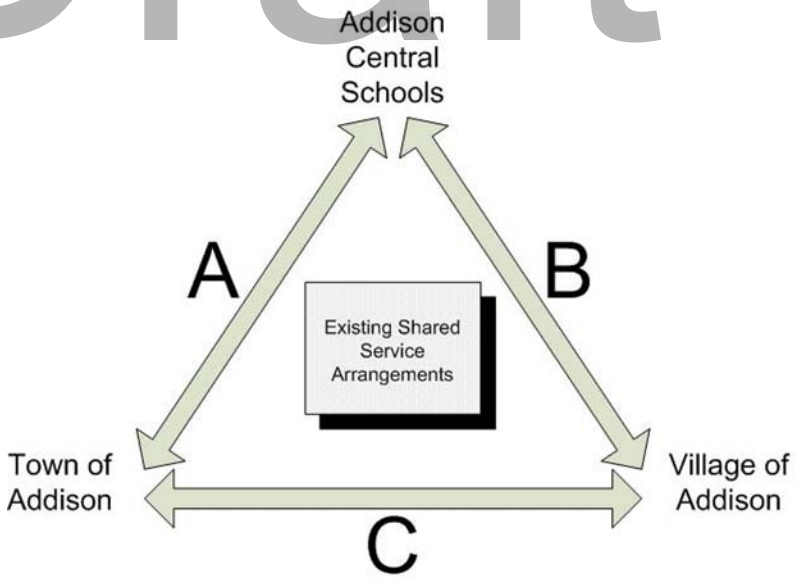
- Ursula Stone, Clerk
- Ray Walch, Mayor

o Town of Addison
- Eleanor Buckley, Supervisor (through 2009)
- Daniel Parrillo, Superintendent of Highways
- Jack Thompson, Supervisor (effective 2010)

As part of these interviews, the project team conducted site visits at the District administrative offices and transportation facility; the Village administrative offices and public works facility; and the Town administrative offices and highway facility.

EXISTING SHARED SERVICES

The current review of shared service opportunities builds on a strong foundation of collaboration already in place in Addison. Some essential municipal services are already fully consolidated, such as the Village and Town assessment and court functions. Similarly, the District's school resource officer (SRO) is provided through the Village Police Department, funded by a federal grant. A host of other examples occur on an episodic, as needed basis and demonstrate the partners' willingness to share expertise, apparatus and personnel to deliver essential services as efficiently as possible.



"Category A" examples include the following:

- The District's vehicle maintenance operation, which has access to specialized equipment, performs tire repairs as needed; and

- The District's grounds department shares its lawn mower sharpener as needed.

"Category B" examples include the following:

- The District's vehicle maintenance operation performs tire repairs as needed;
- The District's grounds staff assists in clearing snow from sidewalks;
- The District's grounds department shares its lawn mower sharpener as needed;
- When the District acquired a new gas generator, it gave its existing generator to the Village for use by the fire department;
- The District added water and lighting to the park, but labor and materials costs were shared with the Village;
- The District's grounds maintenance shop is occasionally used by the Village;
- The Village public works department loans its backhoe as needed;
- Village public works crews assist in the cleaning of drains at District facilities, as needed; and
- Village public works staff assists in the sanding of parking lots in winter, and the patching, plowing, sweeping and sanding of District roads as needed.

"Category C" examples include the following:

- The Town highway department loans its front-end loader, roller and grader as needed to assist Village road repairs;
- The Village public works department loans its backhoe and single-axle truck as needed;
- Town highway crews used the department's ten-wheeler to haul salt to the Village's storage facility in 2009, after the Village procured it from a local vendor; and
- Village public works staff assisted with the install of a new floor in the Town's highway facility in 2009; and

BASELINE REVIEW

Administrative Facilities: *What Exists?*

The Village, School District and Town each operate out of their own administrative facility. The buildings are located along a one-mile stretch of Route 417 that runs through the center of the community. The buildings collectively contain approximately 30,000 gross square feet of space, although not all of that space is currently in use. All general administrative responsibilities are handled out of each entity's respective facility, although each has additional buildings to fulfill its operational/service responsibilities:

- The School District has a high school/middle school facility, two elementary schools and a transportation facility;
- The Village has a public works garage, fire department garage, sewer treatment plant and community center; and
- The Town has a separate highway garage.

This section provides additional detail on the *administrative* facility holdings of each entity, along with their approximate sizes and functional deployments (*i.e.* space allocations by primary use).

Village

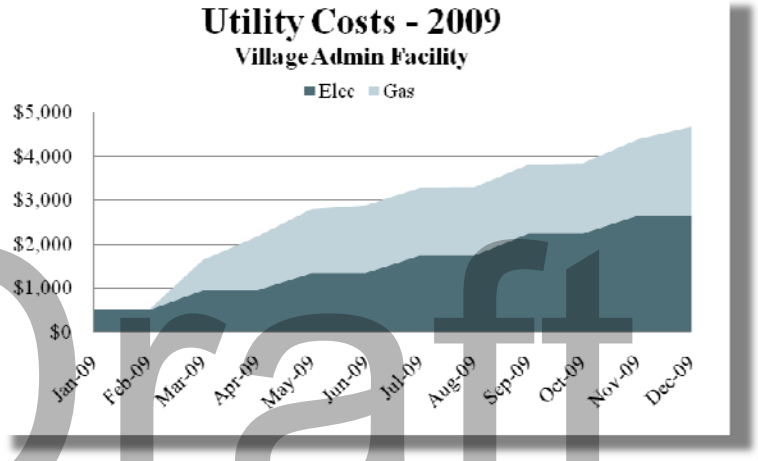
The Village of Addison maintains one administrative facility – its Village Hall, located at 35 Tuscarora Street. The building, which is more than a hundred years old, was formerly a four-classroom grammar school. It has housed the Village offices since the early 1980s.

The building's 6,600 square feet span two floors. The first floor is split, with approximately half of the space allocated to general municipal functions (*e.g.* clerk, mayor and village board room) and the other half for the Village Police Department. Space on the second floor is used for two primary purposes: storage (including general supplies, clerk records and police records), and general meeting space. The meeting space is used regularly by a community group.

The facility's space is functionally deployed in the following primary ways:

Village Hall	
Functional Allocation of Space	
General Office & Public Interface	880 sq ft
Public Meeting (incl. Village Board)	360 sq ft
Storage & Records	1,120 sq ft
Police-Specific Functions	160 sq ft
Community Space	900 sq ft
Lobby/Open	1,105 sq ft
Total (n/i bathrooms, hallways, etc.)	**4,525 sq ft**

Village records show total utility costs for the facility as $6,392 during calendar year 2009. That total includes $2,651 in electricity and $2,028 in natural gas.



The Village also maintains a copier lease, which costs approximately $900 on an annualized basis. General maintenance/janitorial responsibilities are provided by the Village, rather than an outside vendor.

According to Village officials, the facility's most significant issue is that it cannot be brought into full compliance with the requirements of the Americans with Disabilities Act (ADA). There exist a number of limitations to making the building fully handicapped-accessible, a critical challenge given that the facility houses a series of public transactions, including payment of water and sewer bills, property taxes and Village board meetings. In particular, there is no elevator to the building's second floor, which includes the Village's records storage area. Nor can an elevator be installed without major modification to the facility, perhaps even necessitating a change to the building's overall footprint. Although the first floor is accessible via a permanent wheelchair ramp, other portions of the building are not fully compliant with ADA requirements.

ADA compliance has potential fiscal implications as well. Village officials note compliance is a condition of funding the Village has received through the United States Department of Agriculture's Rural Development grant program. In recent years, the Village has received two

grants totaling $400,000 for its wastewater treatment plant. Continued noncompliance could potentially jeopardize its continued eligibility for those funds.

Beyond ADA compliance, officials point to two other challenges with the older Village Hall. First, despite the installation of double-paned thermal windows and a new furnace, the building is still not energy efficient and costs a considerable amount of money to heat during the winter. In addition, the building's exterior – particularly the brick and roof – is likely to require capital repair in the coming years.

School District

The Addison Central School District maintains one administrative facility. Referred to as the "Annex Building," the property is located at 7787 State Route 417. The building is not geographically central within the District's 180 square mile coverage area, but rather is located along its far northwest border. Originally constructed in 1975 as a manufacturing facility, the facility was acquired by the District in 1999; the Business Office took occupancy in July 2000. In the spring and summer of 2008, other administrative functions were shifted from the District's high school into the Annex, in preparation for capital construction at the high school. Among the functions consolidated at the Annex in 2008 were curriculum/instruction and the District Superintendent's office.

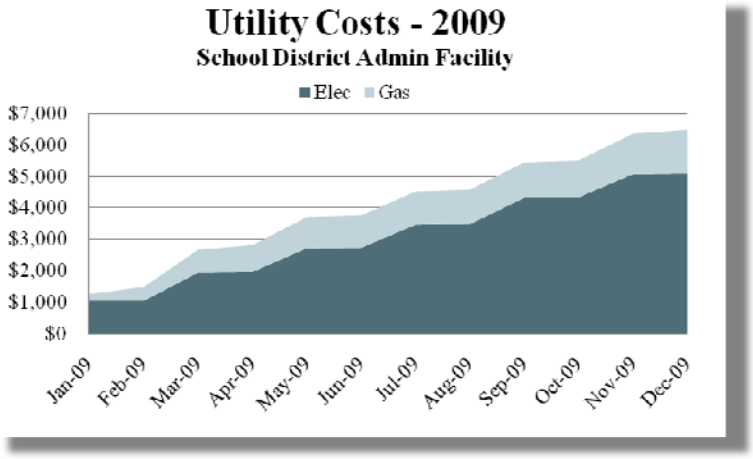
The building contains 16,900 gross square feet of space spanning two floors. The upstairs is largely unused because of code compliance issues. Facilities staff estimate that 10,000 square feet is functionally deployed, distributed in the following primary ways:

District Administration Building (Annex)
Functional Allocation of Space

General Office	1,578 sq ft
Other Office	324 sq ft
Conference	160 sq ft
Break Room	100 sq ft
Other (Storage, Records, Loading Dock)*	7,838 sq ft
Total (n/i bathrooms, hallways, etc.)	**10,000 sq ft**

* Note: Estimated as difference between GSF and other functional categories

District records show total utility costs for the facility as being $6,490 during calendar year 2009, including $5,111 in electricity and $1,379 in natural gas:



The District also maintains two copier leases at the facility – one for its business office and another for the Superintendent's office. On a combined basis, their base cost is approximately $8,500 per annum. General maintenance/janitorial responsibilities at the facility are provided by District staff, rather than an outside vendor.

The primary challenges facing the District with respect to its administrative facility are capital in nature. In its most recent building conditions survey[1], the facility was found to have a number of structural deficiencies needing to be addressed. Among the most pressing:

- Fire escapes were determined to be "unsatisfactory," and assigned an estimated reconstruction/replacement cost of $320,760;
- The existing roof system was recommended for a complete replacement, with an estimated cost of $256,608;
- Certain interior walls were found to be "unsatisfactory" due to mold, with an estimated remediation cost of $9,269;
- Interior door hardware was determined to be "unsatisfactory" and noncompliant with ADA requirements, and assigned an estimated replacement cost of $28,958;
- The absence of elevators/lifts rendered the building's second floor not properly accessible to individuals with disabilities;
- The fire alarm and smoke detection systems were both determined to be "unsatisfactory," with estimated replacement costs of $71,280 and $26,730, respectively; and

[1] Completed in January 2006 by Cannon Design.

- Its emergency/exit lighting system was deemed "unsatisfactory," with an estimated upgrade cost of $8,910.

Beyond these deficiencies, engineers cited visible mold in on the second floor and identified various structural components with limited "expected remaining useful life," including pavement (1 year), fire escapes (1), exterior walls/columns (3) and windows (3).

Town

The Town of Addison's administrative facility, located at 21 Main Street in the Village, houses all of its general municipal operations with the exception of public works. Records storage is maintained in a separate building near the Town highway barn, with appropriate temperature and humidity controls.

Acquired by the town six years ago, the facility was originally built as a hardware retailer and offers an at-grade entrance from the main sidewalk through a store-like windowed front. Office space is located at the rear of the building for the Town judge, clerk, assessor, bookkeeper and supervisor.

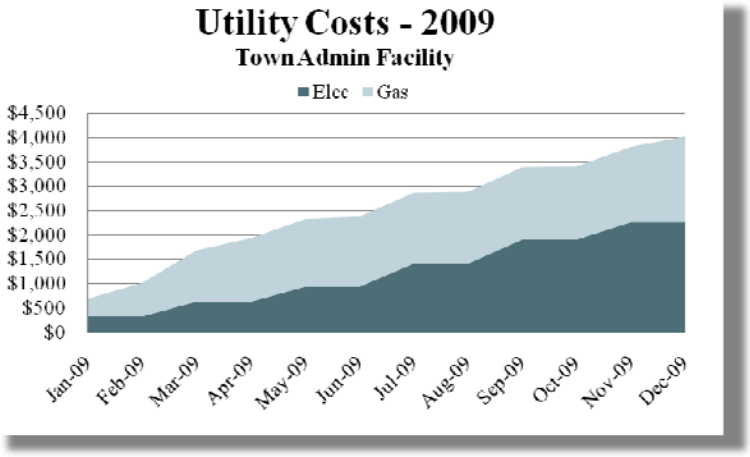
A two-level facility, the Town currently makes use only of the first floor. The previous owner had outfitted the basement level for carpentry training, and the Town has not had a need to retrofit it for general municipal purposes. If the Town opted to begin using the basement space for municipal purposes, it would need to resolve ADA accessibility issues and address the lack of plumbing and ventilation on the lower level.

The building contains approximately 6,000 gross square feet of space spanning two floors. Total square footage is roughly split between the first floor and the unused basement level. The first floor is deployed in the following ways:

Town Hall
Functional Allocation of Space

General Office	616 sq ft
Public Meeting (incl. Town Board)	1,170 sq ft
Open Space & Court Hearings	270 sq ft
Storage	66 sq ft
Total (n/i bathrooms, hallways, etc.)	**2,122 sq ft**

General facility expenses for Town Hall include janitorial ($144/month, or $1,728 annualized); security system ($222/year); telephone ($3,100/year) and utilities. Town records show total utility costs for the facility as being $4,036 during calendar year 2009, including $2,267 in electricity and 1,769 in natural gas:



The Town also maintains a Xerox copier lease. The current 60-month lease has a per-month minimum cost of $64.41, but monthly costs in 2009 ranged as high as $150 (in October). In total, Xerox costs for the Town were slightly below $1,000 in calendar year 2009.

The Town indicates no major structural or functional issues with its current space and layout, except to note that its records storage facility lacks adequate shelving space. Long-term, the Town views the underutilization of the basement as a potential opportunity, although the Town itself does not anticipate needing the additional space.

Vehicle Maintenance: *What Exists?*

Each entity has its own vehicle fleet. The Town and Village have major pieces of equipment to maintain roads and grounds, while the School District has a sizable fleet to carry out its student transportation responsibilities. As a result, each has vehicle maintenance responsibilities to keep its respective fleet in safe, running order. Generally speaking, the School District, Village and Town handle virtually all "minor" maintenance work in-house. Because of its large fleet size, the School District has specialized equipment and capabilities that allow it to do more intensive repairs on an in-house basis, while the Village and Town have to contract such work out to private vendors.

This section provides detail on how the District, Village and Town currently handle vehicle maintenance responsibilities.

Village

Vehicle maintenance in the Village is primarily the responsibility of the Department of Public Works. DPW, which has six full-time staff (including a superintendent, assistant superintendent/sewer plant operator, two water plant operators and two laborers), handles all minor maintenance and repair work. Minor maintenance tasks performed in-

house include oil changes, greasing, brake repairs and general vehicle upkeep.

The department has limited ability to do major mechanical repairs on the Village fleet, and typically contracts out for such work. Notably, one of the department's current employees is a former Chevy mechanic; all other DPW staff members are capable of performing general vehicle maintenance and repair as needed. In-house maintenance and repair work is generally completed at the Village's main public works facility, located at 70 Steuben Street.

The Village's fifteen-unit fleet includes the following pieces:

Village Vehicle Fleet

Public Works
- Ford Dump Truck (1996)
- GMC Street Sweep (1998)
- GMC Dump Truck (1998)
- Dodge Pickup (2001)
- Ford Dump Truck (2002)
- Ford Dump Truck (2006)
- Ford Super Duty Pickup (2010)

Fire
- Ford Pumper (1984)
- GMC Fire Truck (1986)
- Darlee Pumper (1991)
- Freightliner Fire Truck (1998)
- Chevrolet Silverado (2007)

Police
- Chevrolet Impala (2000)
- Jeep Grand Cherokee (2005)
- Ford Crown Victoria (2007)

School District

The Transportation Department has primary responsibility for maintenance of the School District's fleet. Given its role in transporting students across approximately 180 square miles, the School District's fleet is vastly larger than that of the Village and Town. Moreover, education and state Department of Transportation requirements place additional responsibilities upon the District, particularly in terms of proactive/preventative maintenance. This is a key distinguishing feature between the District's maintenance function and that of the Village and Town.

The Transportation Department is staffed by several full-time staff, including a director/supervisor of transportation, one head mechanic, three line mechanics and a clerk. Moreover, all mechanics have a bus driver's license, which enables them to backfill any gaps that develop in the bus

driver staff pool. At present, the department has seventeen regular bus drivers, four substitute drivers and eight bus attendants.

Nearly all of the District's fleet maintenance is performed in-house by its mechanic staff. Only on rare occasions are more complex repairs contracted out. In addition to handling the bus fleet, passenger vans and other District vehicles, the maintenance staff also handles repairs on the District's grounds equipment.

General repairs capable of being performed in-house include oil changes, tire mounting and balancing, suspension repairs, exhaust work, brake work, welding, body repairs, electrical work, engine repairs/diagnostics, starters/alternators and interior upholstery work. The District also employs a regular "routine maintenance" schedule for all vehicles in its fleet, as follows:

- Every 1,000 miles or 30 days, perform a lube and complete inspection on the lift in order to comply with state DOT requirements;
- Every 10,000 miles or 12 months, pull off wheels, measure and record brake/drum wear to comply with state DOT requirements, wash and repack bearings, check tire pressure, replace fuel filter (as needed), paint and rotate wheels/hubs, and spin balance front tires;
- Perform oil changes every 3,000 miles for all gas-powered vehicles, and 5,000 miles for diesel-powered vehicles; and
- Perform oil changes on tractors at 100 hours of usage.

In-house maintenance and repair work is completed at the District's primary transportation campus, located at 14 Cleveland Drive. The campus includes two buildings. The first, the Transportation Department's "main" facility, contains office space, fleet storage space, and ample maintenance and repair facilities (including four work bays, two of which have lifts). The building also has two types of specialized functionality: tire repair capability and a vehicle painting bay. The campus' second building serves primarily as a fleet storage facility, and also houses the District's buildings/grounds function.

The School District's fleet includes the following pieces, as well as six tractors:

School District Vehicle Fleet

Transportation
Ford Econoline Van (1998)
65-seat school bus (2001) x2

65-seat school bus (2002) x3
Chevy Passenger Van (2003)
65-seat school bus (2003)
30-seat school bus (2003) x2
65-seat school bus (2004) x3
65-seat school bus (2005)
18-seat school bus (2005) x3
30-seat school bus (2005)
47-seat school bus (2005)
Dodge Caravan (2006)
65-seat school bus (2006) x4
Dodge Caravan (2007)
Ford Econoline Van (2008)
65-seat school bus (2008) x3
65-seat school bus (2009) x2
65-seat school bus (2010) x3
41-seat school bus (2010)

Other

Chevy Service Van (1992)
Chevy Cargo Van (2003)
Chevy Impala (2003)
GMC Dump Truck (2007)
Ford F-350 Truck (2008)

Town

The Town's Highway Department has primary responsibility for vehicle maintenance. The department is staffed by three full-time employees (including a supervisor), supplemented by two seasonal laborers to assist with mowing and traffic control during road repair season.

The department has the capability to do heavy vehicle and equipment repair in its garage, located at 2796 John Rial Road. Typically, anything beyond general maintenance and minor repairs is contracted out with one of several local/regional vendors in Addison, Rochester, Gang Mills or Dansville.

The Town's fleet includes the following pieces, as well as a grader, roller, tractor, stone crusher and "bush hog" mower:

Town Vehicle Fleet

John Deere FWD Loader (1993)
CAT Excavator (1996)
Ford Dump Truck (2000)
John Deere Steel Box Sander (2000)
John Deere Western Snow Plow (2000)
International Dump Truck (2001)
Tenco Plow/Wing (2001)
Tenco Plow/Wing (2006)
International Dump Truck (2006)
Chevy Silverado Pickup (2009)

Fueling: *What Exists?*

In order to fuel their respective vehicle fleets, the Town, Village and School District each have their own on-site gasoline and diesel tanks. Each owns a gasoline and diesel tank.[2] Griffith Energy is the fuel vendor, providing gasoline and diesel fuel to each tank. The gasoline and diesel used by each entity is procured via New York State contract, which affords some economy of scale benefit and alleviates the procedural and administrative responsibilities that would exist if they opted to conduct their own separate requests for bids.

In aggregate, the three entities consume approximately 970 gallons of gasoline, and 4,600 gallons of diesel fuel, in an average month. In the past year, they have combined to consume approximately $22,000 worth of gasoline and $125,000 in diesel fuel.

This section provides detail on the Village, District and Town fueling systems and facilities, as well as data on consumption and unit prices for both gasoline and diesel fuel.

Village

The Village has two fuel tanks on-site at its public works facility located at 70 Steuben Street. The first is a 1,000-gallon capacity gasoline tank, which the Village technically owns but Steuben County is responsible for keeping filled. The tank is used by the Village Department of Public Works, the fire department, police department and County sheriff. A key system is used to access the tank and record dispensed fuel, with each major vehicle having its own unique key and lawn mowers and smaller equipment sharing a single "miscellaneous" key. Because the County administers the tank out of its own computer system, it bills the Village for use monthly.

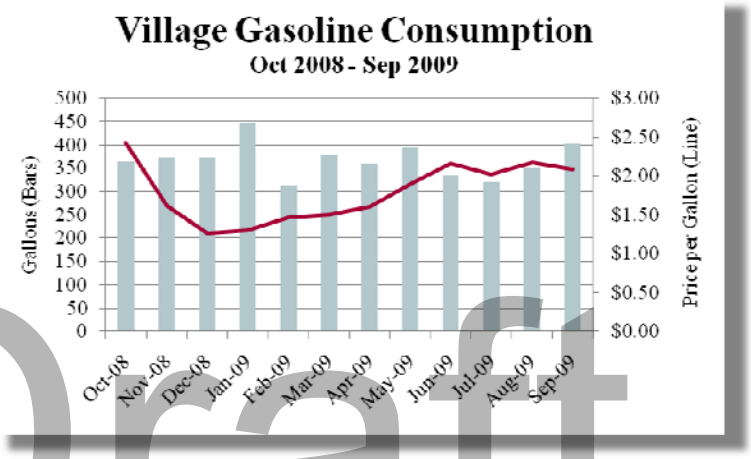
The second tank at 70 Steuben Street is a 500-gallon capacity diesel tank, which is used exclusively by the Village Department of Public Works and fire department. Unlike the gasoline tank, the Village is exclusively responsible for monitoring, tracking and filling the diesel tank.

Griffith Energy is the vendor for both gasoline and diesel (although as noted above, the County handles gasoline procurement for the tank at 70

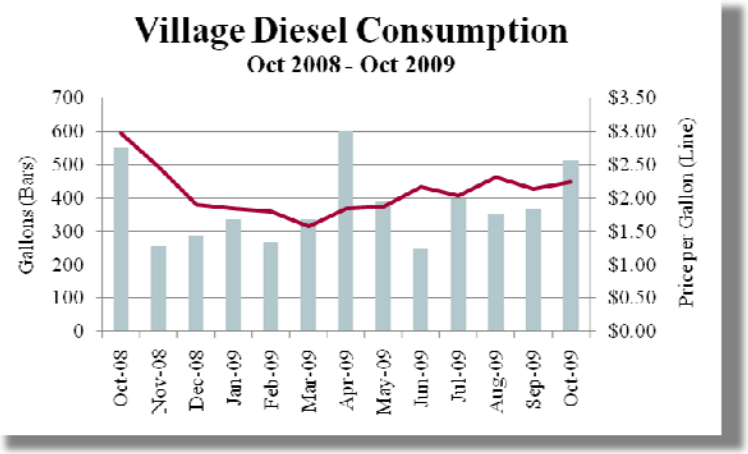
[2] While this report examines the process for fueling in the Town, Village and School District, as well as the capital equipment (*e.g.* tanks) used to fulfill that process, it was beyond the scope of this study to complete a full engineering assessment of the integrity of the fuel tanks themselves.

Steuben Street; the Village directly procures only diesel fuel from Griffith).

During the twelve-month period from October 2008 through September 2009, the Village was billed by Steuben County for usage of 4,410 gallons of gasoline, at a total cost of $7,854. The time-of-purchase unit prices, as billed, varied from a high of $2.43/gallon in October 2008 to a low of $1.26/gallon in December 2008. For the entire period, the average unit price was $1.78/gallon. The Village's average monthly consumption of gasoline during the period was 367.5 gallons.



The Village provided similar data on diesel usage for a thirteen-month period from October 2008 through October 2009. In that period, the Village was billed by Griffith for delivery of 4,905 gallons of diesel at a total cost of $10,383. Time-of-purchase unit prices ranged from a high of $2.98/gallon in October 2008 to a low of $1.57/gallon in March 2009. The average price over the thirteen month period was $2.12, and the Village's average monthly delivery totaled 377.4 gallons.

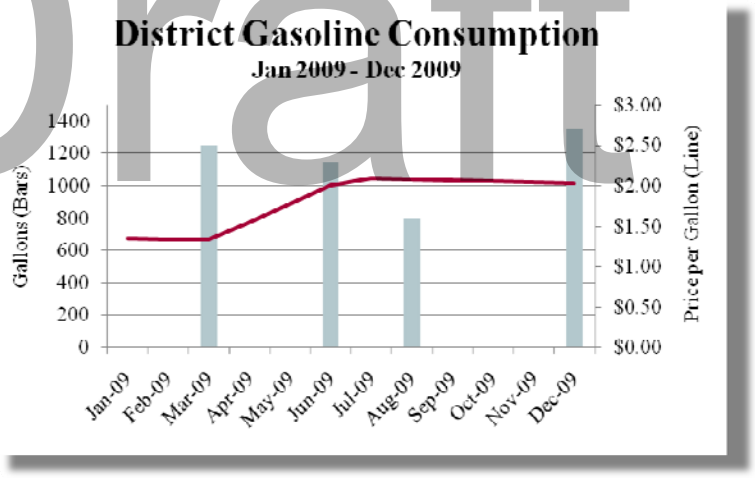


School District

The School District's Transportation Department maintains two fuel tanks, both located at its transportation facility at 14 Cleveland Drive. The first is a 2,000-gallon capacity gasoline tank, which is used to fuel all of the District's non-bus vehicles and tractors. The second is a 6,000-gallon capacity diesel tank, which fuels all of the buses in the District's fleet. As a general practice, buses are "topped off" with fuel every other day during the school year. Other vehicles (*i.e.* non-diesel) are fueled when they have a half-tank of gasoline remaining.

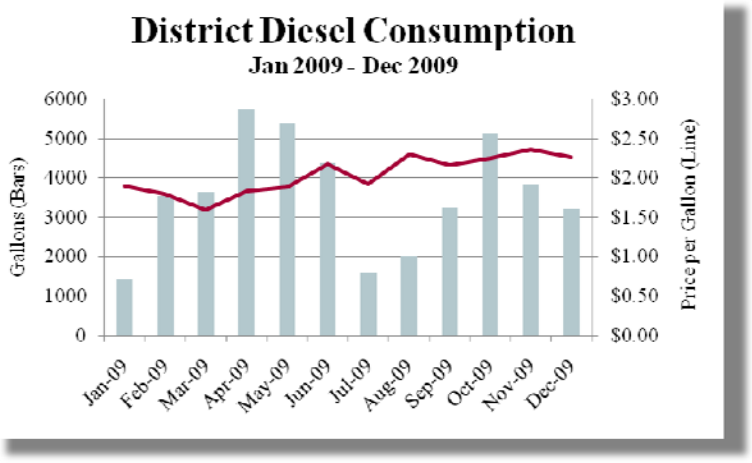
The District purchases its fuel from Griffith Energy off of a state Office of General Services contract bid. The vendor automatically delivers diesel to the District's tank every two weeks; by contrast, the gasoline tank only needs to be filled three to four times per year.

During the twelve-month period from January 2009 through December 2009, the District was billed for 4,550 gallons of gasoline at a total cost of $8,394. The time-of-purchase unit price as billed ranged from a high of $2.09/gallon in August, to a low of $1.33/gallon in March. The average time-of-purchase unit price during calendar year 2009 was $1.84/gallon.



The largest distinction between the District and both the Village and Town involves diesel consumption. Because its bus fleet relies exclusively on diesel fuel, the District uses significantly more diesel than either local government. According to records provided by the District, its total fleet logged 465,934 miles in the past twelve months, much of it relying on diesel power. From January 2009 through December 2009, the District consumed more than 43,000 gallons of diesel at a total cost of $87,663. Time-of-purchase unit prices as billed by the vendor ranged from a low of $1.59/gallon in March to a high of $2.37/gallon in November, and averaged $2.03/gallon over the period. The District's average monthly

consumption was approximately 3,600 gallons, although its rate of consumption declines dramatically in the non-school summer months.

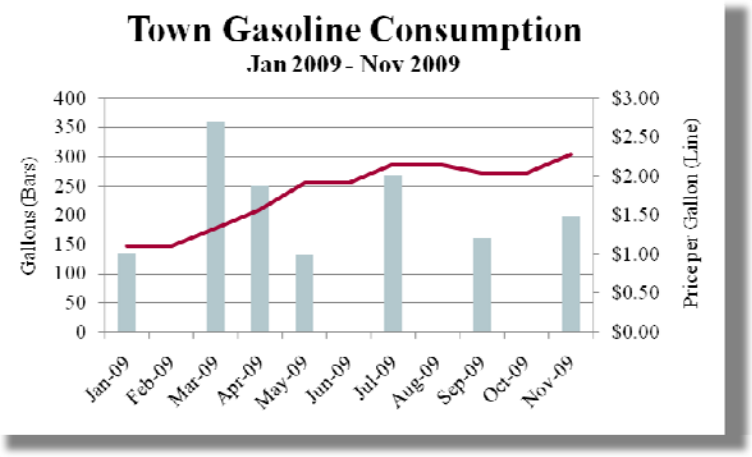


Town

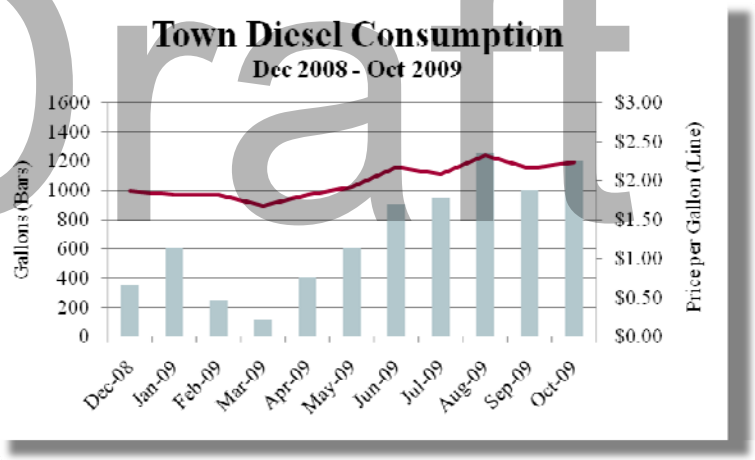
The Town has two fuel tanks located at its highway barn at 2796 John Rial Road. One is a 1,000-gallon capacity diesel tank, and the other is a 500-gallon gasoline tank. Both are above-ground units. Griffith Energy is the vendor for both gasoline and diesel.

During the eleven-month period[3] from January-November 2009, the Town was billed for delivery of 1,503 gallons of gasoline at a total cost of $2,633. The time-of-purchase unit price, as billed by Griffith Energy, ranged from a high of $2.28/gallon in November 2009 to a low of $1.10/gallon in January 2009. The average unit price over the entire period was $1.75/gallon. The Town's average monthly consumption of gasoline over the period was 136.7 gallons.

[3] The Town provided gasoline consumption/purchase data for the period January 2009 through November 2009, and diesel data for December 2008 through October 2008.



From December 2008 through October 2009, the Town was billed for delivery of 7,642 gallons of diesel fuel at a total cost of $16,008 (for a time-of-purchase average unit price of $2.09/gallon). The unit price ranged from a high of $2.32/gallon in August 2009 to a low of $1.68/gallon in March 2009. The Town's average monthly consumption of diesel over the period was 694.7 gallons.



SHARED SERVICE OPTIONS

Given the baseline information presented in the preceding sections, we now consider the potential for shared service opportunities among the District, Village and Town in the areas of administrative facilities, vehicle maintenance and fueling. The identification of potential options, and (where applicable) their evaluation from the financial, operational and implementation perspectives, is consistent with the primary objectives of this study as detailed in the "Program Work Plan" provided by the State of New York.

The intent is to identify collaborative options that have the potential to create efficiencies and/or streamline the delivery of services to residents (both from an operational and cost-savings perspective) through different configurations of assets and facilities.

In general, when examining any shared service opportunities, it is important to distinguish between efficiency and cost reduction – between taking actions that result in cost savings, and those that result in efficiencies. For example, some actions can create efficiencies by eliminating redundant, duplicative or overlapping functions, even though doing so may not result in meaningful direct cost reduction. Still, they may enhance convenience to residents, improve the entities' ability to perform additional tasks, or prevent functional conflicts. In attempting to identify potential opportunities, CGR's review proceeds through *both* lenses.

Before exploring the potential for opportunities in the areas of administrative facilities, vehicle maintenance and fueling, one general opportunity should be noted. The Town and Village of Addison, in collaboration with the Addison Central School District, should consider establishing a permanent shared service task force comprised of members of each entity – at a minimum, the Supervisor, Mayor and Superintendent, or appointees thereof – to sustain the momentum built during this effort. The task force should meet regularly on the progress of options identified during this process, as well as to catalyze other efforts to work in shared fashion to enhance the effectiveness and efficiency of services delivered to the Addison community. It should also review potential future acquisition of assets as they come up, to determine if collaborative use may be possible.

Shared Administrative Facility

Two of the three partners to this study – the District and Village – have stated concerns regarding their current administrative facilities. For reasons ranging from ADA compliance to pending capital requirements, both are exploring their long-range facility options. This shared services study affords the opportunity to consider a joint planning effort that has the potential to maximize efficiencies and benefit to the community from a shared administrative facility. In analyzing this option, we:

- Consider the potential for capital cost avoidance on current facilities;
- Evaluate the potential fiscal impact of selling the current administrative facilities and returning them to the tax rolls;

- Review the implementation issues involved, particularly the opportunity presented by newly acquired District properties;

- Identify potential size efficiencies that could be realized through common shared spaces and the elimination of unused space; and

- Document other potential efficiencies, including the impact on residents and operational efficiencies.

It is important to note that the formal process of designing, sizing and determining the capital costs of any new shared facility are outside the scope of CGR's analysis. Still, if the District and Village (with or without the Town) opted to pursue further the concept of a shared facility, this report can serve as a valuable starting point. However, each of the potential benefits identified herein – capital cost avoidance on current buildings, fiscal impact of returning exempt properties to the tax rolls, sizing efficiencies, operational efficiencies, one-stop shop access for residents, creation of efficiency opportunities for municipal workers, and improving working conditions for municipal employees – would need to be considered in the context of the estimated construction costs associated with a new facility.

Potential Capital Cost Avoidance

Two of the three partners to this study – the School District and Village – currently operate out of administrative facilities that face immediate or near-term capital needs. As noted in the "Baseline Review" section earlier in this report, the School District facility's needs range from alarm systems to elevator access; the Village headquarters' needs include handicap access upgrades, brick pointing and roof replacement. Both entities express a willingness to consider alternative facility arrangements for their administrative functions, including a shared location. By contrast, the Town of Addison does not express any pressing need to get out of its current facility or relocate elsewhere.

Whether a potential shared municipal facility housed two (*i.e.* the School District and Village) or all three (*i.e.* including the Town) entities, one clear impact on the community involves the potential for capital cost avoidance. In particular, if the District and Village continue to operate out of their current respective facilities for the foreseeable future, both are likely to face capital maintenance/upgrade costs to keep their buildings in proper working order. The most pressing of those costs, as detailed in previous analyses referenced earlier in this report, appear to be as follows:

District Administrative Building (Annex)
*Identified Capital Needs and Projected Costs**

Plumbing	$41,000
Exterior Brick	$22,000
Fire Escape	$321,000
Roof Replacement	$257,000
Interior Wall Mold Mitigation	$9,000
Elevator Access	$150,000**
Electrical (incl alarm systems)	$196,000
Telecommunications	$62,000
Mechanical	$62,000
Emergency Lighting	$9,000
Parking Lot Reconstruction	$53,000
Entryway Pavement	$5,000
Windows	$35,000
Carpeting	$5,000
Interior Doors for ADA Compliance	$29,000
Lighting	$50,000
TOTAL	**$1.3 million**

* Items cited as "critical" or "unsatisfactory" in 2006 Building Conditions Survey
** Need cited in Building Conditions Survey, but cost estimate provided by School District

Village Hall
*Identified Capital Needs**

ADA Compliance (esp. Elevator)	Unk.
Energy Efficiency Upgrades	Unk.
Exterior Brick Repair	Unk.
Roof Replacement	Unk.
TOTAL	**Unk.**

* Items identified by Village officials, including those cited in ADA-related correspondence from the USDA and 2002 ADA compliance survey; Precise cost estimates were unavailable

Although the capital needs associated with the Village Hall have not been cost out through the use of a comprehensive building conditions survey (as was used in the District), it is likely that they collectively exceed $100,000. This estimate is based on the projected cost of adding elevator access to the School District Annex (up to $150,000), as well as the need for a roof replacement. Based on this information, an estimate of $100,000 for all pending capital investments facing the Village is likely quite conservative.

Any consideration of reconfiguring the current deployment of public facilities in Addison, especially involving the School District and Village administrative buildings, should therefore occur in the context of the pending capital needs of both. In total, they face an estimated $1.4 million in capital maintenance.

While it is unlikely all of these capital investments would be made entirely in a single year, looking at them as one-time expenditures provides valuable perspective about their size relative to overall Village and District finances. For example, a cost of $100,000 represents approximately 18 percent of the current Village tax levy, or $224 in property taxes on a house assessed at $100,000.[4] By comparison, a cost of $1.3 million represents approximately 23 percent of the current District tax levy (just for properties contained within the Town of Addison[5]). A single expenditure of this level would increase property taxes by $600 on a house assessed at $100,000.[6]

Potential Fiscal Impact

A decision to reconfigure current public facilities in Addison could result in the return of certain properties and parcels to the tax rolls. For example, if the School District and Village opted to pursue a shared facility, it would enable the sale of the current District Annex and Village Hall, and their potential return to taxable status.

Returning current public property to the rolls would produce a direct fiscal impact in the form of new property tax revenue, which would accrue to Steuben County, the Town, Village and School District. In order to assess the potential fiscal impact to the community from selling and returning to the tax rolls one or more of the current administrative facilities, CGR examined the 20-year tax impact on a property-by-property basis.[7] Although the Town has not expressed an interest in relocating its administrative facility at this time, a fiscal summary is presented for the

[4] Analysis based on FYE May 31, 2010 Village budgeted tax rate of $12.24 per thousand assessed value, with a levy of $546,082 spread on a taxable base of $44,590,964. A one-time expenditure of $100,000 would raise the tax rate by 18 percent, to $14.48 per thousand.

[5] According to figures provided by the Office of the State Comptroller, the Town of Addison represents approximately 33.8 percent of the total taxable assessed valuation in the Addison Central School District. As such, this analysis assumes 33.8 percent of the capital costs would be borne by taxpayers in the Town of Addison.

[6] Analysis based on 2009 overlapping tax rate data provided by the Office of the State Comptroller. Based on those data, the portion of the District levy borne by properties in the Town of Addison is $1,487,222, spread on a taxable base of $73,244,858 (for a derived rate of $20.30 per thousand). A one-time expenditure of $439,400 (*i.e.* 33.8 percent of the total capital need of $1.3 million) would raise the tax rate by 29 percent, to $26.30 per thousand.

[7] Analysis based on the following property tax rates, assumed static: County ($9.09 per thousand), School District ($20.30), Town inside Village ($3.75), Town outside Village ($7.48) and Village ($12.03). All rates drawn from State Office of Real Property Services except the Village 2009-10 rate, which was drawn from the final adopted budget.

Town Hall property in the interest of offering a more comprehensive picture.

In lieu of completing a full property appraisal to determine possible sale price, CGR relied upon data contained in the Steuben County Real Property Information System. Current total assessed value of each property is used as a proxy for sale price, as follows:

- Village Hall, $334,900
- School District Annex, $345,238
- Town Hall, $69,900

Projected tax revenue streams resulting from each property are presented below. Tax revenues are presented on a gross basis, as well as a net present value (NPV) basis, using a 3 percent discount rate, by level of government (*i.e.* county, school district, town and village).

Fiscal Impact Projection, Village Hall Property

	Village	Town	Schools	County	TOTAL
Sale Price	$334,900	-	-	-	$334,900
Gross Tax Stream (20 yr)	$80,577	$25,118	$135,969	$60,885	$302,549
NPV Tax Stream (20 yr)	$59,939	$18,684	$101,144	$45,291	$225,058

Fiscal Impact Projection, School District Annex Property

	Village	Town	Schools	County	TOTAL
Sale Price	-	-	$345,238	-	$345,238
Gross Tax Stream (20 yr)	$83,064	$51,648	$140,167	$62,764	$337,643
NPV Tax Stream (20 yr)	$61,789	$38,419	$104,266	$46,689	$251,164

Fiscal Impact Projection, Town Hall Property

	Village	Town	Schools	County	TOTAL
Sale Price	-	$69,900	-	-	$69,900
Gross Tax Stream (20 yr)	$16,818	$5,243	$28,379	$12,708	$63,148
NPV Tax Stream (20 yr)	$12,510	$3,900	$21,111	$9,453	$46,974

Implementation Options

Recent property acquisitions completed by the School District represent a unique opportunity to consider relocating current administrative facilities into a shared building. Most importantly, locating a shared facility on already municipally-owned (or in this case, District-owned) property would avoid the need to remove additional property/properties from the tax rolls, helping to mitigate any fiscal impact on the District, Town, Village and County.

On December 16, 2009, voters in the District approved the purchase of three properties, located at 61-63 Main Street, 11 Wombaugh Street and 14 Colwell Street, all adjacent to Addison Junior-Senior High School. According to information supplied by the District to voters, "acquisition of property adjacent to the land locked high school has long been a priority of the district for several reasons:

- Acquiring the property adjacent to the high school is an important part of the District's long-range planning for safety and security issues which includes visibility of students, traffic congestion for student walkers, and continued expansion of safe drop off and pick up zones for parents and buses;

- The high school site is small and land locked and consideration must always be made for future needs of the district; and

- Educational programming has undergone significant changes and will continue to do so – the district must be prepared to address these changes with facilities that support continued advances in 21st century education and technology."

Total cost to the district for the three properties was $120,100, paid entirely out of the District's existing capital reserve fund. Individually, the properties cost $16,000 (for the vacant lot at 61-63 Main Street), $55,600 (for the property and structure at 11 Wombaugh Street) and $48,500 (for the property and structure at 14 Colwell Street).

The property at 61-63 is particularly interesting to consider for a possible shared administrative facility. Unlike the properties on Wombaugh and Colwell Streets, the Main Street parcel is currently vacant (*i.e.* contains no structures). The parcel is approximately 0.11 acre, and covers nearly 4,800 square feet of land. Although the Main Street property is smaller in footprint size than either the current Village Hall or School District Annex, it would appear large enough to support a combined administrative facility (especially considering the extent to which both the current Village and District administrative facilities have unused space). Also, the Main Street parcel is closer to the geographic center of the Village than the current location on Tuscarora. This is an important consideration, given the co-location of the Village Police Department at Village Hall.

Potential Size Efficiencies

A shared administrative facility not only has the potential to offer residents and constituents service efficiency (*i.e.* a "one-stop shop"), but also realize certain size efficiencies. That is, a combined District-Village facility can be *smaller* in aggregate size than the current combined sizes of

the District Annex and Village Hall. This possibility results from two combination efficiencies:

- First, both the District and Village Administrative facilities have at least a portion of their space that is currently not utilized (or *under*utilized);

- Second, both the District and Village administrative facilities have a reasonably significant portion of spaces that share common functional deployment (*i.e.* both have a general board meeting area, both have restrooms, both have areas for the public to transact business, etc.).

The District Annex and Village Hall together comprise approximately 21,000 square feet of total space. As noted previously, not all of that space is currently in active use by the two entities. For example, the Village Hall's second floor is largely unused, with the exception of some records storage and partial usage by a community group. Similarly, the School District Annex's second floor is entirely unused. Based on space usage data supplied by the Village and District, CGR conservatively estimates that, between the two administrative facilities, more than 7,000 square feet of space is entirely unused for administrative functions. That total represents approximately one-third of the aggregate square footage of the two combined facilities. In other words, at minimum, a shared facility could be sized roughly one-third smaller than the current combined square footage of the Annex and Village Hall *without* having a noticeable impact on the administrative functionality of either entity.

Related, a combined facility would create the potential to capitalize on size reduction opportunities through shared common spaces. For example, the two facilities currently contain a combined 520 square feet of space devoted to conference/board meetings. Retaining the larger conference space allocation of the two entities (*i.e.* 360 square feet in the Village) could enable a 160-square foot reduction.

Storage and records provide another potential space reduction opportunity. The Village reports using approximately 1,120 square feet for general and records storage; the District uses approximately 7,800 (although this figure also includes the loading dock area). Assuming a combined storage area generates the ability to reduce space needs by even ten percent, this could enable an overall space reduction of roughly 800 square feet.

In these areas alone, a shared facility could be designed in a way that enables a total size reduction of 8,000 square feet or more, or nearly forty percent of the current combined aggregate space contained in the District Annex and Village Hall. Such a reduction would likely create utility and general maintenance savings to both entities. Specifically regarding

potential utility savings, CGR analyzed the impact of a space reduction of this extent using average per square foot electricity and gas costs of the District and Village over the past year. Using these estimates, electricity savings could total more than $2,000 per annum; gas savings could exceed $1,600 per annum.

Other Potential Efficiencies

Aside from the sizing efficiencies referenced above, a combined facility would present other opportunities to streamline and share certain costs and operational aspects. Perhaps most importantly, from the public's perspective, a shared facility would present a "one-stop shop" for the conducting of public business. Enabling residents to handle District and Village (as well as Town, if it also partnered) business at a single location would enhance customer convenience.[8]

Other efficiency opportunities could include certain consolidation functions and equipment. For example:

- The District and Village currently maintain separate copier leases. The District's two copiers are leased at an approximate annual total cost of $8,500; the Village's copier lease runs $900. Operating out of a shared facility could potentially relieve the need for the Village to lease a separate copier.

- The District and Village currently handle janitorial services at their administrative facilities using their own staff. Operating out of a shared facility has the potential to relieve maintenance staffing needs over time.

Shared Fueling

All three partners to this study maintain their own separate gasoline and diesel fuel tanks. To what extent could a shared approach yield operational and/or financial improvements and avoid pending capital requirements and compliance issues?

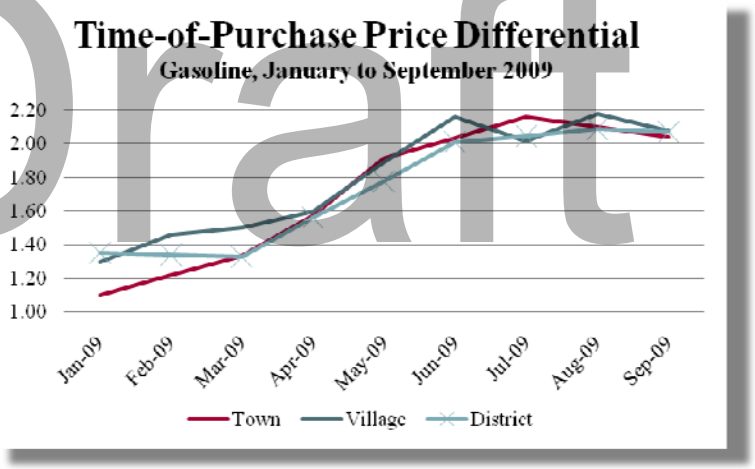
Economy of Scale Potential

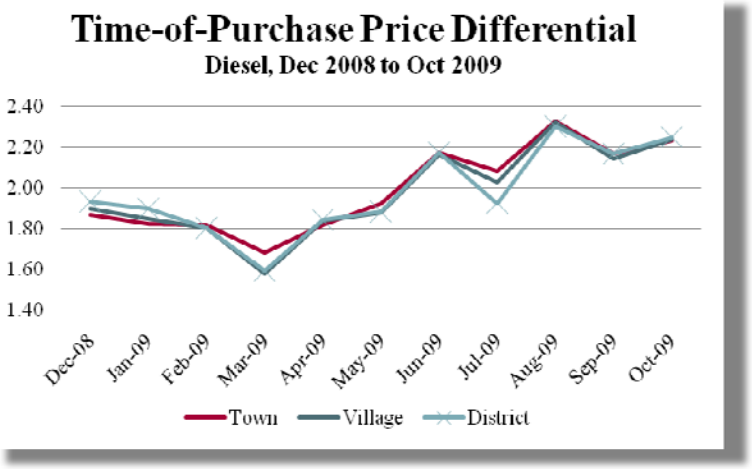
Based on CGR's review of procurement and contract data for the District, Town and Village, it does not appear likely that consolidating gasoline and

[8] Even if the Town did not partner in a shared District/Village facility, it is noteworthy that a shared facility at the 61-63 Main Street location would be roughly one block from the Town Hall. This has the potential to offer residents even more "one-stop" access to municipal services within a one-block area of the Village downtown.

diesel procurement into a single bid package would yield significant economy of scale benefits for the community. At present, all three entities procure gasoline and diesel through the same vendor, and off of the same state OGS contract. And as noted earlier, the use of a state contract enables each entity to secure a competitive commodity price without having to manage a separate bidding process that would otherwise require additional staff time and resources.

Because the District, Town and Village procure gasoline and diesel via state contract, the time-of-purchase unit price differential among them is minimal, reflecting slight differences in dates of purchase and delivery. The following graphs reflect the time-of-purchase unit price differentials among the three entities, both for gasoline (January through September, 2009) and diesel (December 2008 through October 2009). On an annualized (*i.e.* twelve-month) basis, the differentials total approximately $400 for gasoline, and $1,150 for diesel. In other words, if both commodities had been procured in aggregate for the lowest monthly price realized by any member of the group, total savings to the three entities would have been more than $1,500.





Fueling Facility Considerations

Whereas the potential for immediate commodity cost savings through consolidated fuel purchasing may be limited, there may well be greater *capital cost* benefit over the long term in considering a shared fueling facility among the three entities. A host of communities across New York State have taken steps to implement shared fueling approaches in recent years, citing opportunities to avoid pending capital costs and reduce general maintenance obligations.

At present in Addison there are three separate fuel pumping stations, with a combined six tanks (*i.e.* the District, Town and Village stations each have both a gasoline tank *and* a diesel tank). The situation is not unlike those that existed in other New York State communities which, in recent years, opted for a more consolidated approach to fueling:

- For example, in 2009 the Town and Village of Mount Morris (Livingston County) established a shared gasoline facility at the Town's highway barn at a cost of $66,000. The effort, funded in part by a State shared service grant, has been cited as reducing maintenance costs (by reducing the total number of pumps from four to two), and avoiding pending capital requirements that the separate facilities would have faced in the coming years.

- Another example, recently profiled by the Office of the State Comptroller[9], occurred in Indian River (Lewis County), where the Indian River School District leveraged a State shared service grant to establish a consolidated fueling depot in conjunction with the Town of Philadelphia, the Town of Pamelia and the Village of Evans Mills.

- Yet another example has been in place for several years in Lake Placid (Essex County), where the Town of North Elba, Village of Lake Placid and Lake Placid Central School District share a common fuel facility and dispensing system.

The District, Town and Village indicate that their respective fueling facilities are not currently out of compliance with safety or environmental regulations. However, as fueling facilities age (even under normal usage), the potential liability they pose grows, both in environmental and financial terms. The District's fuel tanks are both 18 years old; in the Village, the gasoline tank is 12 years old, while the diesel tank is less than 10; and Town officials estimate that both of their tanks are in excess of 20 years

[9] See **http://bit.ly/9SBYm0** and **http://bit.ly/dmW7kE.**

old. With the exception of an awning and certain safety upgrades at the District's fueling facility, none of the entities indicate having made major investments to their respective fueling sites in the recent past.

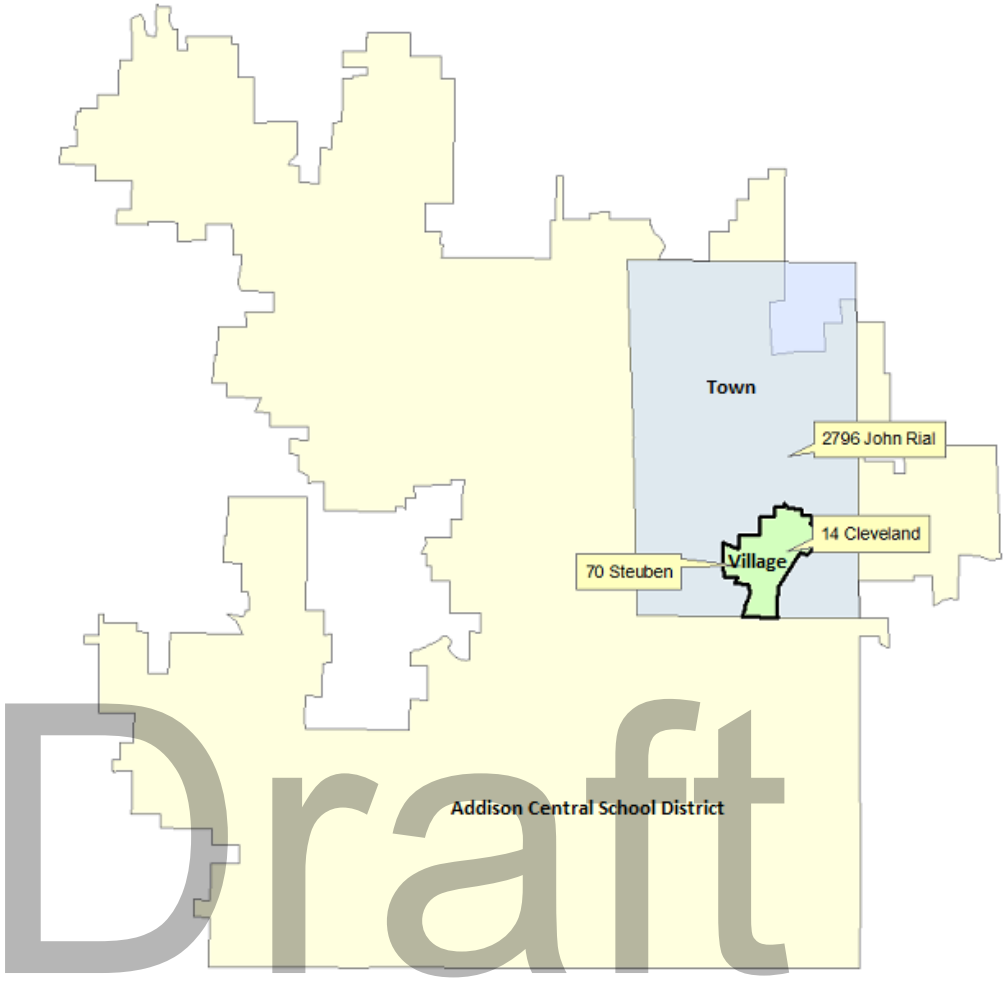
The potential cost implications of addressing compliance issues at *multiple* facilities are likely to be greater than at a *single* shared facility. In the interest of mitigating future capital upgrade and compliance costs at multiple facilities, the District, Town and Village might wish to consider consolidating their fueling stations into a single facility.

Moreover, the District's current fueling facility (located on its transportation campus at 14 Cleveland Drive) could be a logical site for locating a shared fueling facility. First, that location already has the greatest tank capacity in the community. Its 2,000 gallon gasoline tank is twice as large as the Village's and four times as large as the Town's, and its 6,000 gallon diesel tank is twelve times larger than the Village's and six times larger than the Town's.

Second, the location of the District's transportation campus is reasonably central to the community, and proximate to both the Village and Town's public works operations. It is 1.2-miles from the Village's tanks (located at 70 Steuben St) and 3.5-miles from the Town's tanks (located at 2796 John Rial Road). Using the District's transportation campus as a shared fueling facility would appear to have little logistical impact on the Village, given its central location within the Village boundaries. It could have slightly more impact on the Town, by shifting its fueling facility from the Town center into the southern third of the Town. For a further illustration, refer to the map on the following page.

Not only would a shared fueling facility potentially mitigate financial liabilities associated with the long-term maintenance and capital repairs of multiple facilities, but any capital investments required at the shared facility could be proportionally shared by the partners.

There is also the potential for a single shared facility to generate some savings through insurance premiums. At present, the District, Town and Village are required to independently insure the properties on which their respective fueling facilities are located. Based on estimates provided by the District's insurance broker, the potential for savings under the current insurance policy structure is nominal. However, the District does not currently carry pollution liability on its fuel storage tanks. To the extent the District, Town or Village chose to do so in the future, insuring a single site as opposed to multiple sites would have the potential to generate additional savings to the community.



Sample Inter-municipal Agreement

The legal basis for any shared fueling facility would be an inter-municipal agreement among the partnering entities. A contract entered into by the Webster Central School District, Village of Webster and Northeast Joint Fire District (in Monroe County) in April, 2005 provides a solid framework on which to build a similar shared arrangement in Addison. In the case of Webster, the shared facility was located at the existing site of the School District's maintenance garage. As the largest volume fuel consumer of the group, the School District assumed responsibility for operating and maintaining the facility for mutual enjoyment of all parties, including billing the Village and Fire District for their consumption. Capital costs related to upgrades or testing required at the shared facility were to be borne equally by the three partners. However, general maintenance costs are divided proportionately among the partners based on their respective share of the total number of vehicles fueled at the facility.

For reference purposes, a sample of the inter-municipal agreement used in Webster is presented below.

INTERMUNICIPAL AGREEMENT
Joint Fueling Facility

The AGREEMENT made this 15th day of April, 2005 by and between the following parties:

The WEBSTER CENTRAL SCHOOL DISTRICT (hereinafter "SCHOOL"), a municipal corporation with offices at 119 South Avenue, Webster, New York 14580; and the VILLAGE OF WEBSTER (hereinafter "VILLAGE"), a municipal corporation with offices at 28 West Main Street, Webster, New York 14580; and the NORTHEAST JOINT FIRE DISTRICT (hereinafter "FIRE DISTRICT"), a fire district with offices at 35 South Avenue, Webster, New York 14580.

WITNESSETH

WHEREAS, the PARTIES currently and independently maintain gasoline and/or diesel fuel storage and pumping facilities for their respective vehicles; and

WHEREAS, the PARTIES are authorized to enter into a cooperative agreement pursuant to Article 5(G) of the General Municipal Law of the State of New York to develop, operate and maintain cooperative fuel storage and pumping facilities; and

WHEREAS, the PARTIES have reached agreement as to the terms, conditions, expectations and representations related to the operations of the fuel storage and pumping facilities; and

WHEREAS, the respective governing board of each PARTY has determined it to be in the best interest of the PARTIES to enter into this AGREEMENT; and

WHEREAS, the governing board of each PARTY, by official action, has authorized the execution of the AGREEMENT and participation of its jurisdiction in the operations of the fuel storage and pumping facilities;

NOW THEREFORE, in consideration of the promises and covenants contained herein, it is mutually agreed by and between the parties hereto as follows:

ARTICLE I
Location

1.1 The location of the fuel covered by this AGREEMENT shall be the current SCHOOL maintenance garages located on Sanford Street.

ARTICLE II
Operation and Maintenance

2.1 The SCHOOL shall operate and maintain the owned facility consistent with the reasonable use and enjoyment of the facility by PARTIES. Operation and Maintenance standards are included as Schedule A. In no event shall the SCHOOL be liable to the VILLAGE or FIRE DISTRICT for damages due to interruptions in fuel or facility availability.

2.2 The SCHOOL shall maintain records adequate to monitor fuel usage of each PARTY and use those records to provide monthly or periodic bills to the VILLAGE and the FIRE DISTRICT. The bills shall be separated by department or other grouping and mailed to appropriate addresses, as grouped and designated by the VILLAGE and the FIRE DISTRICT.

2.3 The SCHOOL shall bill the VILLAGE and the FIRE DISTRICT for fuel consumption therefore on a monthly basis, and the VILLAGE and the FIRE DISTRICT shall pay the SCHOOL for the amount invoiced within forty-five (45) days from the receipt of the invoice.

2.4 The SCHOOL shall maintain cost and purchase records adequate to establish the purchase price of the fuel. This cost shall be the direct purchase price only of the fuel and shall include no increases for the SCHOOL'S overhead nor any other mark-up by the SCHOOL. The per-gallon cost times the actual number of gallons dispensed during a billing period shall be termed the base bill.

2.5 Premium costs for underground storage tank insurance shall be equally shared by each PARTY.

2.6 The cost of any facility upgrade, replacement and/or testing required by law, or to be in compliance with applicable regulations, or to comply with a directive of any governmental body or administrative unit having jurisdiction over the facilities shall be equally shared by each PARTY.

2.7 Maintenance costs shall be proportionally shared by each PARTY calculated based on the number of vehicles fueled.

2.8 While the PARTIES shall share costs as described above, the SCHOOL shall be responsible for the actual operation and effectuating all maintenance, facility upgrades, testing and replacements necessary at the owned facility. The facility shall be operated in compliance with all necessary permits and authorizations of any governmental body or administrative unit having jurisdiction over the facilities. In the event of any environmental liability whatsoever arising from the ownership or maintenance of the facility, the PARTIES shall share equally all costs associated with such damage or liability, including without limitation all costs or remediation, correction or elimination of potential or actual environmental damages or liabilities, and any legal fees or related expenses associated with bringing the SCHOOL'S property into compliance with all environmental laws, codes and regulations.

ARTICLE III
Cooperation

3.1 The PARTIES agree that each entity will cooperate with the other and comply with reasonable operation rules and regulations developed by the SCHOOL for such fuel facility for their mutual benefit. Each will act reasonably and in good faith in accomplishing the intent and purposes of this AGREEMENT.

3.2 The SCHOOL may agree to allow other municipal or not-for-profit users to access the fuel facility, upon terms and conditions which require such user to equitably share all costs, which may include such other user becoming contractual participants or parties to this AGREEMENT.

ARTICLE IV
Term

4.1 The initial term of this AGREEMENT shall be for five (5) years from the date this AGREEMENT executed. The AGREEMENT shall continue for additional five (5) year periods thereafter unless a notice of non-renewal is served by either PARTY upon the other at least six (6) months prior to any termination date.

4.2 *Either* PARTY may withdraw from this AGREEMENT, by giving six (6) months advance notice to the other PARTY, in writing, during the term of this AGREEMENT. In the event of a termination by such PARTY, the PARTY'S contractual rights and obligations under this AGREEMENT shall terminate, with the exception of any liability or responsibility incurred as provided in Section 5.1 hereof, provided, however, that the basis for any such claim shall have occurred during the term of the AGREEMENT.

ARTICLE V
Indemnity and Insurance

5.1 The PARTIES agree that each will perform its duties and/or exercise its rights under this AGREEMENT in such a manner as not to create an unreasonable risk of liability or damage to the other. Except as provided in Section 2.8 above, in the event that any of the PARTIES performs or acts under this AGREEMENT in negligent or intentional manner, causing uninsured damage or liability to either PARTY to this AGREEMENT, the party causing the damage or liability shall hold harmless, defend at its expense, indemnify, and make whole the other PARTY from such damage or liability.

5.2 Each PARTY agrees to maintain, at minimum, commercial liability coverage, including contractual liability coverage, naming the other PARTIES as an additional insured, in a minimum amount of $2,000,000 from appropriate insurance companies or such other amount as the PARTIES may agree to from time to time.

5.3 Each PARTY agrees to obtain automobile liability coverage for owned, non-owned, and hired vehicles, naming the other PARTIES as additional insured in the minimum amount of $2,000,000 at its sole expense or such other amount as the PARTIES may agree to from time to time.

5.4 The PARTIES agree to provide evidence of insurance coverage in the form of a certificate of insurance which shall state that coverage afforded under the policies will not be cancelled, altered, or non-renewed until at least thirty (30) days' prior written notice has been given to the other PARTY.

ARTICLE VI
Miscellaneous

6.1 Every provision of this AGREEMENT is intended to be severable. If any provision is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be deemed modified or rescinded to the extent necessary to comply with law and all other provisions shall continue in full force and effect.

6.2 This AGREEMENT contains the complete agreement between the parties and may not be modified except in writing signed by both parties. Upon its effective date, this AGREEMENT supersedes any prior agreements or understandings, written or oral, pertaining to this matter.

IN WITNESS WHEREOF, the PARTIES have caused this AGREEMENT to be executed by their respective duty authorized officers on the day and year first above written.

WEBSTER CENTRAL SCHOOL DISTRICT, Board of Education President

VILLAGE OF WEBSTER, Mayor

NORTH EAST FIRE DISTRICT, Commissioner

Shared Vehicle Maintenance

All three partners to this study separately perform some vehicle maintenance for their respective fleets. The District does virtually all of its maintenance work in-house, while the Village and Town are able to handle minor repairs in-house but outsource more complex issues. To what extent is a shared vehicle maintenance approach feasible? Specifically, could the better-equipped district accommodate Village and Town vehicle maintenance through a shared services arrangement?

Among the partners to this study, clearly the District has the greatest capacity for performing vehicle maintenance – from the manpower, equipment and expertise perspectives. This is not surprising, given that the District (as an educational transportation provider) has a dramatically larger fleet than the Town and Village combined, and is required to adhere to more stringent maintenance guidelines. The District therefore has its own dedicated maintenance staff which, while cross-trained to perform other functions as needed, is primarily charged with ensuring the safety and operability of the District's vehicle fleet.

As their vehicle fleets are significantly smaller, the Town and Village perform basic maintenance functions out of their Highway and Public Works Departments, respectively. Both entities have sufficient skill sets among existing personnel to handle general, minor vehicle repairs and maintenance. However, both regularly are required to outsource larger repairs to private vendors.

Over the past two years, the Village outsourced vehicle maintenance and repairs sixteen (16) times, for a total of $6,573. That yields an average of $410 per instance, and less than $3,300 per year. The Town outsourced vehicle repairs ten (10) times over the same two-year period, for a total of $23,405 (an average of $2,340 per repair and approximately $11,700 per year). In total, then, any steps to "in-source" in shared fashion a greater

proportion of currently outsourced Village and Town vehicle repairs would impact a combined cost base of roughly $15,000 per year.[10]

Of course, this average annual cost includes both materials *and* labor. It is unlikely that material costs could be noticeably reduced through a collaborative or shared initiative. As a result, the potential for significant cost savings to the Village and/or Town by in-sourcing more of their vehicle maintenance/repair responsibilities in partnership with the better-equipped District maintenance department, is low. Even if the District were to hire additional personnel to accommodate Village and Town fleet repairs within its maintenance department, the cost would almost certainly exceed the current average annual outsourced expenditure of the Village and Town.

A shared vehicle maintenance approach would also present challenges from an operations standpoint. As detailed earlier in this report, the District's mechanic staff includes one head mechanic and three line mechanics. Given the regular maintenance schedule the District is required to adhere to for all of its vehicles (as compared to the more episodic, "as needed" maintenance required by the Town and Village fleets), there appears to be little "slack" manpower available to easily absorb the additional maintenance responsibilities of the Village and Town without increasing District mechanic staff. This could also compromise the turnaround time associated with Village and Town maintenance which, which would be more impactful given the smaller size of their respective fleets.

With these parameters, and based on CGR's review, it appears unlikely that a consolidated approach to vehicle maintenance would reduce overall costs among the partners, let alone reduce them significantly. Even under a shared approach, the Village and Town would be hard-pressed to reduce public works/highway personnel; the District's maintenance staff would potentially need to be increased to absorb the additional responsibility of a consolidated operation; and the labor costs associated with the Village and Town's outsources repairs are a fraction of an already reasonably small cost base.

The "juice" may therefore not be worth the "squeeze" to change the parties' current approach to vehicle maintenance. The current ad hoc approach to sharing specialized equipment for basic maintenance tasks like tire repairs and lawn mower sharpening appears to be working well.

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[10] In all likelihood, the normal vehicle maintenance cost base would be considerably lower than this total. The average figure is inflated due to an expenditure of $10,500 reported by the Town in 2008.

Further consolidating the function is not likely to yield substantial, if any, savings.