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March 20, 2015

Mary Ann Sumner, Supervisor  
Members of the Board  
Town of Dryden  
93 East Main Street  
Dryden, NY 13053

Report Number: P4-14-1

Dear Ms. Sumner and Members of the Board:

A top priority of the Office of the State Comptroller is to help town officials manage their resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support town 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 town assets.

In accordance with these goals, we conducted an audit of nine towns throughout New York State. The objective of our audit was to determine whether towns properly managed the condition of their roads. We included the Town of Dryden (Town) in this audit. Within the scope of this audit, we examined the Town's road maintenance plan and work performed on the Town's roads for the period January 1, 2013 through March 1, 2014. We extended our scope back to 2005 in order to determine if their road maintenance Plan was implemented. Following is a report of our audit of the Town. 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 report of examination letter contains our audit results specific to the Town. We discussed the findings and recommendations with Town officials and considered their comments, which appear in Appendix A, in preparing this report. Except as indicated in Appendix A, Town officials generally agreed with our findings and indicated they will take corrective action. Appendix B contains our comments on issues raised in the Town's response. At the completion of our audit, we prepared a global report that summarizes the significant issues we identified at all nine towns audited.

### **Background and Methodology**

The Town is located in Tompkins County, has a population of 14,435 and covers 94 square miles. The Town is governed by a five-member Board. The Town's Highway Superintendent is a separately elected official. The current Highway Superintendent took office in January 2014. The former Highway Superintendent held that position for 13 years.

The Highway Superintendent is primarily responsible for the maintenance and repair of Town highways and bridges and the removal of obstructions caused by brush and snow. The Highway Superintendent generally has the power to hire, subject to appropriations established by the Board, and direct Highway Department employees for those purposes. The Town has 118.9 miles of roads, including about two miles of unpaved sections. Each year, the Board and Highway Superintendent sign an agreement (Agreement) for amounts to be spent for the repair and improvements of Town roads. The Town budgeted \$1.36 million in its highway fund in 2014 of which \$950,000 is for road maintenance.

To complete our objective, we interviewed Town officials, reviewed the Town's road maintenance plan (Plan) for adequacy and reviewed invoices and job cost sheets to verify that the Plan was implemented. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS).

### **Audit Results**

No one can determine if the Town properly managed its roads because the former Highway Superintendent did not ensure that road maintenance goals, methodologies and inventories were fully documented and included important details about road histories and conditions. Therefore, in order to maintain the Town's inventory of roads at a level of quality he deemed acceptable, the Highway Superintendent established an informal methodology to surface-treat roads every five years and pave them every 20 years. While we project it will cost about \$2.3 million to provide repairs to the Town roads in order to get them free of observable defects, the Town's 2014 adopted budget includes \$950,000 for road repair and maintenance, less than half the need we identified through our survey. If the Highway Superintendent, in conjunction with the Town Board, chooses to defer the necessary road maintenance, this financial liability will continue to grow. Establishing clear goals and expectations, supported by the multiyear projection of maintenance and repair needs, would have better assisted the Highway Superintendent and Board in spending the available funding in the most efficient way possible.

Road Maintenance Plan – 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 Highway Superintendent and the Town Board determining a level of quality road conditions they deem as acceptable for travel within their Town.<sup>1</sup> 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,<sup>2</sup> history of work done on the road and each road's current condition.

The former Highway Superintendent had his own expectations for the quality of the road surfaces in the Town. He employed a routine of applying surface treatments every five years for the roads to last 20 years, regardless of ADT or road importance, before needing to be reconstructed. The

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<sup>1</sup> Formally adopting a goal for the Plan will provide taxpayers transparency about the plans for roads, as well as a tool for communication between the elected Board and the Highway Department.

<sup>2</sup> The importance of a road is generally determined by the location of emergency services or other facilities, or locations with crucial transportation needs (e.g., commercial districts, schools).

Board was aware of the former Highway Superintendent's approach to managing the Town's road infrastructure, but did not officially adopt such plans and ensure that the taxpayers were properly informed.

The Town's inventory of roads showed each road's surface type as well as the type of work (surface treatment or reconstruction) and years that road work had been performed. Although the Plan inventory was a complete list of Town roads, the recent road work information was inaccurate for 24 of the 191 sections of Town roads. Further, the inventory did not include ADT, importance or current condition of the roads. In addition, the current Highway Superintendent developed only an annual schedule of repairs, included in the Agreement (which specifies amounts to be spent), instead of a long-term schedule forecasting repairs for the entire inventory.

The former Highway Superintendent told us his inventory did not include ADT or importance because he believed his visual inspection of road condition each year was a better indication of what work needed to be performed than these factors. In addition, he did not create a long-term schedule because of difficulties in estimating projected costs due to material cost fluctuations. While a visual inspection is useful in assessing the current conditions, additional consideration of ADT and importance will provide additional insights to underlying risks that may not be revealed with just a visual inspection.

Without a formally established, comprehensive Plan – which should not be constrained by the annual agreed-upon costs for road maintenance, per the Agreement, but instead reflect the full life cycle and costs of the road inventory – neither the Board nor taxpayers can be assured that Town money is being spent in the most responsible manner. For example, a comprehensive Plan would show the Board and taxpayers the total annual cost to repair Town roads every five years, regardless of a given road's ADT. A proper inventory and associated records help support the continuance of a properly developed Plan. This becomes especially important when there is turnover in the Highway Superintendent position. Moreover, a long-term Plan enables the Board to plan for proper funding of future improvements. While prices for highway maintenance and construction materials have fluctuated, a long-term plan could include assumptions of future increases or a range of possible prices.

Monitoring and Implementation – Monitoring the Plan consists of periodically assessing the condition of the roads to determine if changes are needed to the schedule and then reviewing the annual Agreement between the Highway Superintendent and the Board to ensure it agrees with the road work listed on the schedule. Finally, implementation of the Plan involves both the Highway Superintendent and the Board ensuring that the work was done to the roads as planned and that any discrepancies are fully explained.

The former Highway Superintendent told us he annually assessed the condition of the roads for defects and created the Agreement for the current year based on this assessment, in line with his established practices and methodology. However, because his assessments were not documented, he did not provide us with any evidence to this effect. Without a documented long-term plan, the Board could not ensure the annual Agreement was in the best interests of the Town's road inventory and taxpayers.

We were not able to determine if road work done was consistent with the former Highway Superintendent's stated approach because he did not maintain complete records. Our comparison

of the available information in the Town's entire road inventory to the former Highway Superintendent's stated approach for all 191 sections of road disclosed 13 sections of road were apparently not maintained in the past five years. Conversely, 36 sections of road seemed to have had multiple instances of maintenance within the past five years. However, the former Highway Superintendent's records lacked sufficient detail to discern the number of miles of any given section of road that was worked on, so we were not able to substantiate our findings. In addition, we were unable to determine if any of the roads actually lasted 20 years before reconstruction, because the former Highway Superintendent's records did not consistently indicate when the road was last reconstructed.

We surveyed the physical condition of a sample of 74 miles of roads within the Town<sup>3</sup> in May 2014 using information provided by the Cornell Local Roads Program.<sup>4</sup> 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, surface treatment) that would fix all the noted defects. We then calculated an estimated financial liability by applying the average cost<sup>5</sup> of methodologies within each technique (i.e., cold mix asphalt, chip seal) that our towns used to the number of miles that we deemed needed work. We determined the Town would need to spend approximately \$2.3 million<sup>6</sup> to repair all Town roads. This estimated financial liability<sup>7</sup> represents the funds necessary in order to have the roads free of observable defects. Of this liability, approximately \$1.3 million includes paving which would make the roads brand new, while the other \$1 million includes preventive and routine maintenance which would allow defects to be temporarily fixed and extend the life of the road. The Highway Superintendent and Board may determine that a level of quality less than defect-free is acceptable. In that case, the amount of work required may be less. 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 liability figure accordingly. The adopted budget for the 2014 fiscal year provides funding of \$950,000. The need for repair and improvement of the Town's roads will continue to grow if not adequately addressed. Maintaining proper records and a long-term Plan will enable the Town to invest its limited funds in the most cost-effective manner.

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<sup>3</sup> We selected our sample of roads within the Town in order to assess them at the same time while eliminating effects of major snowstorms or flooding that could have impacted their recent condition. Our sample comprised 74 of the 119 miles within the Town including all of the roads not worked on in the last five years, 67 percent of the roads worked on in 2010, 45 percent of the roads worked on in 2011, 40 percent of the roads worked on in 2012 and 70 percent of the roads worked on in 2013.

<sup>4</sup> The Cornell Local Roads Program (CLRP) is a Local Technical Assistance Program Center sponsored by the Federal Highway Administration and the New York State Department of Transportation providing training and technical assistance to local highway and public works officials in New York State.

<sup>5</sup> The average cost range is +/- 20 percent.

<sup>6</sup> This projection was obtained by extrapolating our findings from the survey of 74 miles to all 118 miles. We separated the roads by when they were last worked on. For 2005-2009, we did not extrapolate because we surveyed all the roads worked on in those years. For 2010-2013, we calculated a dollar per mile of road repair based on the miles we surveyed and then applied this dollar per mile to the remaining miles within that same year.

<sup>7</sup> This liability figure uses CLRP pricing which is derived from statewide average of costs for materials, labor and equipment. To derive the Town's actual liability, Town officials should adjust this figure based on their actual costs.

## Recommendations

1. The Highway Superintendent should maintain a more comprehensive and accurate road inventory that includes ADT, road importance, previous maintenance work by section and current condition of the roads.
2. The Board should adopt a formal long-term Plan that includes a goal for the quality of Town roads and a methodology for achieving that goal.
3. The Highway Superintendent should develop a long-term schedule based on the goal, methodology and inventory that shows when each road will be worked on and how this work will be funded.
4. The Highway Superintendent and the Board should ensure that the annual Agreement is in compliance with the long-range Plan and that any deviations from the Plan should be explained.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days. 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 the CAP available for public review.

We thank the officials and staff of the Town of Dryden for the courtesies and cooperation extended to our auditors during this audit.

Sincerely,

Gabriel F. Deyo  
Deputy Comptroller

## **APPENDIX A**

### **RESPONSE FROM TOWN OFFICIALS**

The Town officials' response to this audit can be found on the following pages.



Office of the Supervisor

93 East Main Street  
Dryden, NY 13053

607-844-8888  
supervisor@dryden.ny.us

[www.dryden.ny.us](http://www.dryden.ny.us)

July 30, 2014

Gabriel F Deyo, Deputy Comptroller  
Division of Local Government and School Accountability  
110 State Street  
Albany, NY 12226

Response to Report number P4-14-1

Dear Mr. Deyo,

The Comptroller's Office audit of town road management has been an interesting project and it was a pleasure working with OSC staff. In responding to the report, I'm torn between agreeing that a written plan, detailed records, more money and oversight would be helpful in achieving a goal of maintaining town roads "free from defects" and pointing out that within our limited budget, we've done a remarkable job maintaining town roads.

See  
Note 1  
Page 10

The audit report states that "the town's 2014 adopted budget includes \$950,000 for road repair and maintenance." In fact, the DB Fund adopted budget for road repair and maintenance is \$1,359,302. Actual expenditures have not been below \$1 million since 2007.

See  
Note 2  
Page 10

I cannot comment on the survey of the road conditions. The data provided by the OSC staff is difficult to interpret and I am not familiar with the Cornell Local Roads Program matrix. Based on my casual observation and comments from residents, I estimate that our roads, although certainly not perfect, are quite respectable.

The report estimates that \$2.3 million is needed to achieve a goal of roads free from defects. That amount includes \$1.3 million for paving to achieve a like-new condition and \$1 million for preventive and routine maintenance to sustain the defect-free condition presumably over an unspecified number of years. The estimate doesn't include the daunting amount of staff time necessary for the Town Board to develop a formal long-

term plan, negotiate with the Highway Superintendent and oversee compliance with the plan.

We're fortunate to have ready access to the Cornell Local Roads Program as well as assessments provided by Delta Engineering. We understand that cracks admit moisture which hastens deterioration of the road. And that maintenance early in a road's life greatly extends the road's useful life. Furthermore, the cost of maintaining a road pales in comparison to the cost to drivers of poorly maintained roads.

With that in mind, I look forward to the challenge of developing a written corrective action plan and the seemingly insurmountable challenge of implementing it.

Sincerely,

Mary Ann Sumner

cc: Rick Young  
Jason Leifer  
Joseph Solomon  
Linda Lavine  
Greg Sloan



Phone 607-844-8888

Town of Dryden  
Highway & DPW  
61 East Main Street  
Dryden, New York 13053  
e-mail [TownHighway@dryden.ny.us](mailto:TownHighway@dryden.ny.us)



Fax 607-844-5188

July 17, 2014



Office of the State Comptroller  
Division of Local Government & School Accountability  
RE: Report #P4-14-1

Dear



Upon review of the Office of the State Comptroller's recent report #P4-14-1, I believe that sufficient evidence has been provided to support our need for additional funding in order to properly maintain the Town of Dryden's highway system. I understand that in these times of financial duress, it is difficult for the Town Board to maintain a balance between the needs and wants of all Town departments. Given the current budget, we are unable to sufficiently maintain our highways in accordance with the Cornell Local Roads Program - the standard by which all highways are assessed. With that in mind, we are prepared to work with the Town Board to devise a mutually beneficial budget plan that allows the Highway Department to meet the criteria set forth by the Office of the State Comptroller's report # P4-14-1.

If there are any questions that I can answer, or any assistance that I can provide, please do not hesitate to contact me at any time.

Sincerely,

Richard Young, Jr.  
Highway Superintendent

## **APPENDIX B**

### **OSC COMMENTS ON THE TOWN'S RESPONSE**

#### Note 1

We do not mandate that the Town's level of road quality should be defect-free, but present the potential cost if Town officials were to adopt that goal. If having defect-free roads is an unattainable or unnecessary goal, the Board and Highway Superintendent should establish a desired level of service and adjust the liability (costs) accordingly.

#### Note 2

Our calculation of the \$950,000 was based on the Transportation section of the 2014 adopted budget for the DB (highway) fund. We included contractual and equipment account codes as well as a portion of the personal services account code based on the Highway Superintendent's estimation of how much is usually spent repairing roads. We excluded employee benefits and the rest of the personal services account code because these items would be paid to the employees regardless of the amount of work they perform on the roads. We also modified the final report to clarify that the Town budgeted \$1.36 million in its highway fund.