

Comparing Costs for Town Public Works Department vs Contracted Services

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The Town of Freedom has run its own Public Works Department for plowing and sanding of Winter Roads for as long as anybody can remember. The town has hired citizens to use town-owned trucks to plow its roads going back to the 1940's and perhaps longer. Summer road work during those years was contracted out. In the last ten years the Select Board, with town approval, has transitioned to a year-round Public Works Department with two full-time employees that do Winter and Summer Road work. Paving is the only job that the town has never done itself and likely never will. The town also added health insurance and a retirement plan, not just for public works employees but for any other employee that meets the qualifications. Today we have three employees, including the town clerk, that participate in both. Most small towns have not taken this path, choosing to contract for all their winter plowing and all their summer road maintenance. As former selectmen, we believe that having our own public works department is the right approach. The following are examples of why we believe in having our own Public Works Department is the best way to go.

1. We believe that having our own Public Works Department gives us better control over the quality of work being done.
2. Whether the town does the work or if the town contracts the work out, it must be budgeted. With our own Public Works Department, if the money is not spent, it stays in the town's checkbook. If the town hires a private contractor and there is an open winter, the contract still must be paid by the town.
3. The town is not at the mercy of the contractor when he demands a higher contract or even more money if the winter causes more plowing than was anticipated by the contractor.
4. The town does not have to look for a new contractor when one quits.
5. If the town only has one bidder for winter plowing, the town has to go with it.
6. Unlike a private contractor, the town does not have to make a profit.
7. Fuel expenses are lower for a town because we are not subject to sales taxes.
8. Because of the MMA Risk Pool, insurance costs for town owned buildings, vehicles and equipment are much less than what a private contractor must pay.
9. In recent years, freeze-thaw events have made plowing and road cleanup even more challenging. By having our own Public Works Department, we can do the clean-up without hiring a contractor.
10. During the summer, we can do our own ditching, culvert replacement, grading, mulching, stump removal and work on keeping trees trimmed back.
11. Perhaps the best thing that we learned about and put into practice the last ten years was replacing the dirt base under most of our roads with 6" minus jagged ledge, depending upon the road condition, followed by smaller layers, again if needed, and then topping with 6" or more of $\frac{3}{4}$ " jagged ledge. All of this is graded and crowned. Finally, and very importantly, the final course of $\frac{3}{4}$ " jagged ledge is pounded into the subsurface by a vibratory roller. Jagged ledge, if pounded down, will lock into place. This prevents less heaving during freeze-thaw cycles and prevents the surface from being scraped off during winter plowing. Each year, or as is needed, a few inches of the surface should be scarified by the grader, graded again with the flat blade to maintain the crown, and then pounded down with a vibratory roller. The cost of this on an annualized basis is a fraction of the cost of paving. What we are learning is that it is not only less expensive to put down the crushed stone road base when compared

to paving costs, putting down this base before paving makes the paving last longer. The long-term expenses are even more significant. Paving is not forever. A well paved road can last ten years or so and then it has to be resurfaced. There is no doubt that the costs of paving are going to go up. Maine will never run out of ledge rock.

12. When we experience a weather event, the PW Department is able to handle it without having to contract for that work.
13. Having our own Public Works Department gives us the flexibility to put our crew onto a job even when it's outside of the general definition of roadwork. There are many examples of where the town did not have to go looking for an outside contractor when these jobs needed to be done.
14. Of course, having our own Public Works brings on more responsibilities; hiring, supervision, insurance, payroll taxes, etc. Some people believe that we shouldn't have a public works department and that we should get rid of all the equipment and contract out for everything. Obviously, some contracting such as paving jobs will always go to a contractor, but we know, given our experience of both contracting and doing the work ourselves, that having our public works department is the best solution. The two questions are and will always be: (1) Is the quality of the work done by the Public Works Department as good as the work done when contracting for everything that a town must do; and (2) Can the work be done at a comparable cost to the taxpayer? The answer to the first question is more subjective and harder to quantify. As former select board representatives of the town it is our opinion that the quality of work being done is better overall than it would be if we had to contract for everything our crew does in a year. In the end, it depends on the crew doing the work and supervision. The second question, can the work be done for a comparable cost to the taxpayer, is easier to substantiate.

In order to break out summer and winter expenses, we simply apply any monies spent from November 1st to April 30th as a winter road expense, with expenses during the other six months being applied to the summer roads expense line. The only exception would be salt and sand. Purchasing and putting it up is usually done during summer months in preparation for winter, so those costs are added to winter roads.

On the following spreadsheet we made a comparison of our **2024-2025 Winter Roads budget** that best represents the cost to the town to plow and sand roads. Then we compare those costs to the budgets from neighboring towns. All of the other towns on this spreadsheet contract out winter roads. To make a valid comparison we contacted all the surrounding towns and asked them what they budgeted for winter roads expenses, including buying and putting up salt and sand. We then divide each town's winter road costs by the number of miles of roads that each town plows to get a cost per mile.

We have never made a similar cost comparison for **Summer Roads Budgets**, and it should be done even though its more difficult to make a good comparison. For example, some towns will choose to take out a long-term loan to pave roads, which we did in 2013. Some towns will try to keep up with paving expenses by paving a certain number of miles of roads each year without having to borrow. Towns will also take money from their general fund to cover an expense during the year.

To arrive at a fair result for our town, other costs have to be added to the equation. If the town did not have trucks for plowing, we would not have trucks to perform summer road work. If we didn't have a town garage and equipment to do repair work, we wouldn't be able to do summer or winter road work. So in order to make a valid comparison, we added into the cost of winter roads, the proportionate costs of operating a town

garage, the cost of owning and maintaining town trucks, other equipment, all insurance costs, the cost of employee health insurance, worker's Comp, and the town's retirement plan, and payroll taxes. Our public works budget is broken down into five categories: Town Garage Expenses including "Lease to Purchase Agreements", Grounds and Building Maintenance Expenses, Vehicle and Equipment Maintenance, Summer Road Work including all labor expenses, Winter Roads including all labor Expenses.

To get a reasonable figure for winter roads, we took the whole winter roads line, excluded the whole summer roads line, and then added half of everything else, including the town garage line, insurances, vehicles costs, etc. Other expenses, such as FICA, Medicare, Worker's Comp, Health Insurance, a retirement plan, vehicle and building insurance are part of the General Government Budget. These expenses must be extrapolated out of General Government and added to Public Works.

Freedom Public Works Department

Since 2014, the town has changed from a part-time winter plow-truck crew run by the Select Board/Road Commissioners to a full-time Public Works Department run by a director under the supervision of the Select Board. In the last eleven years Freedom Public Works has been able to do the following

1. Since 2014 the town has had two full-time employees.
2. The town provides health insurance and a retirement plan.
3. Public Works employees built the 60' x 100' Salt & Sand building at a substantially lower cost than towns around us.
4. Public Works employees periodically cut trees back along town roads, remove stumps, rebuild ditches, mulches ditches to prevent erosion, replace metal culverts with plastic culverts, and, very significantly, builds up the road base with compacted crushed ledge
5. The town now owns five trucks, a loader, grader, excavator, a compactor truck, five trailers plus two box trailers used for storage.
6. With our own compacter the town now provides Solid Waste pick-up and disposal at a much lower cost than the towns around us.
7. Public Works employees maintain all equipment in-house.
8. Public Works employees renovated the town garage, rebuilt the back wall, and added two more bays.
9. Public Works employees built a Citizen sand shed.
10. We have added more tools and equipment each year to the garage including a mulcher, hydraulic hose press, sand blaster, welder, torches, steel inventory, and two 500-gallon fuel tanks.
11. Public Works connected to a well from the former cannery to wash equipment, provide a bathroom, a septic system and an eye wash station.
12. Public Works has a security system.
13. The town has owned the town garage since 1972 but did not have clear ownership to the land under the salt-sand pile. Neither did the town have a ROW from Rt 137 to the town garage. Most of the parking area in front of the town garage was privately owned. In 2014 the town owned only about a half-acre of ground. Since then, the town has increased the land around the town garage to more than 14 acres. Public Works has been filling the old foundation with extra road material to store equipment, provide space for crushed stone, gravel, metal scrap during the Spring Cleanup, and for other uses.
14. The Public Works Dept. is responsible for Spring Cleanup.
15. The Public Works Dept also provides maintenance services for the fire trucks.
16. Beyond just maintaining the town roads, Public Works employees built a safer playground in the Town Park.
17. Put a new roof on the snack shack in the town park.
18. Restored the footbridge and the spillway under the bridge when they were nearly destroyed by a severe rainstorm a few years ago.
19. Public Works Employees have done repairs to the town office, post office, and other town property as needed.

Town Cost Comparisons on a per mile basis

2024

A	B	C	D	E	F	G	H	I	J	K	L	M
	Miles	2013	2014	2015	2016	2017	2018	2019	2020	2024	2025	2026
1												
2	Freedom	\$ 127,233	\$ 122,340	\$ 94,070	\$ 91,744	\$ 93,917	\$ 91,031	\$ 113,641	\$ 132,682	\$ 183,555		
3		\$ 4,894	\$ 4,705	\$ 3,618	\$ 3,529	\$ 3,612	\$ 3,501	\$ 4,371	\$ 5,103	\$ 7,060		
4												
5	Knox	\$ 134,330	\$ 131,400	\$ 153,000	\$ 132,334	\$ 146,426	\$ 146,561	\$ 160,000	\$ 235,000	\$ 272,082	\$ 282,082	
6		\$ 4,798	\$ 4,694	\$ 5,464	\$ 4,726	\$ 5,229	\$ 5,234	\$ 5,714	\$ 8,393	\$ 9,717	\$ 10,074	
7												
8	Albion	\$ 281,000	\$ 286,366		\$ 316,366	\$ 302,186	\$ 279,900	\$ 333,000	\$ 327,000	\$ 508,760	\$ 508,760	
9		\$ 5,109	\$ 5,206		\$ 5,752	\$ 5,494	\$ 5,089	\$ 6,054	\$ 5,945	\$ 9,200	\$ 9,200	
10												
11	Unity	\$ 190,000	\$ 209,857		\$ 212,000	\$ 197,757	\$ 196,094	\$ 193,920	\$ 203,420	\$ 340,000	\$ 360,000	
12		\$ 5,588	\$ 6,172		\$ 6,235	\$ 5,816	\$ 5,767	\$ 5,704	\$ 5,983	\$ 10,000	\$ 10,588	
13												
14	Thorndike	\$ 113,533	\$ 116,920		\$ 137,000	\$ 147,285	\$ 167,500	\$ 167,500	\$ 235,000	\$ 302,600		
15		\$ 3,784	\$ 3,897		\$ 4,566	\$ 4,909	\$ 5,583	\$ 5,583	\$ 7,833	\$ 10,087		
16												
17	* Troy	\$ 83,140	\$ 153,750	\$ 153,750	\$ 144,842	\$ 161,819		\$ 173,517	\$ 167,886	\$ 260,940	\$ 260,990	
18		\$ 2,309	\$ 4,271	\$ 4,271	\$ 4,023	\$ 4,495		\$ 4,820	\$ 4,663	\$ 7,248	\$ 7,250	
19												
20	Palermo	\$ 153,233	\$ 169,193	\$ 186,774	\$ 140,881					\$ 334,000		
21		\$ 3,346	\$ 3,678	\$ 4,060	\$ 3,063					\$ 7,261		
22												
23	* Montville	\$ 225,512	\$ 230,797	\$ 235,595	\$ 234,117	\$ 255,093	\$ 281,155		\$ 312,000	\$ 362,671	\$ 369,768	
24		\$ 4,027	\$ 4,121	\$ 4,207	\$ 4,181	\$ 4,555	\$ 5,020		\$ 5,571	\$ 6,476	\$ 6,603	
25												
26	Jackson											
27		19.5						\$ 103,225		\$ 151,584		
28								\$ 5,295		\$ 7,773		
29	Brooks											
30		27							\$ 152,982	\$ 288,744		
31									\$ 5,666	\$ 10,694		
32	Liberty								\$ 229,200	\$ 266,700		
33		34							\$ 6,741	\$ 7,844		

* Town owned sand and gravel pit

**2024 Freedom's Winter/Summer Roads Expenses
from Warrant and MMA Risk Mngt.**

Winter Roads Expenses	Budget	Actual
Winter Roads wages, fuel, salt, sand, maintenance, equip rental-2 employee	\$ 67,200	\$ 59,966
Winter Roads-Supplies & General Expenses	\$ 64,902	\$ 47,534
Winter Roads Town Garage Expenses	\$ 30,101	\$ 27,978
Six months -Grounds & Building Maintenance	\$ 3,500	\$ 401
Six months of of Vehicle Maintenance Expenses	\$ 18,050	\$ 20,452
13%-Town Payroll Expenses	\$ 8,736	\$ 7,796
Six months of Health Insurance	\$ 11,822	\$ 10,608
Six months of Worker's Comp	\$ 3,302	\$ 3,302
Six months of employee match on Retirement Plan	\$ 2,016	\$ 1,799
Six months of Town Garage Insurance-from MMA Risk Mngt.	\$ 340	\$ 340
Six months of Salt & Sand Building Insurance from MMA Risk Mngt.	\$ 265	\$ 265
Six months of Vehicle insurance-from Risk Mngt.	\$ 3,114	\$ 3,114
	\$ 213,348	\$ 183,555
Winter Expense ratio per mile for 26 miles of roads	\$ 8,199	\$ 7,060
Summer Roads Expenses	Budget	Actual
Summer Roads Wages	\$ 60,000	\$ 35,575
Summer Roads-Supplies & General Expenses	\$ 65,500	\$ 47,234
Summer Roads Town Garage Expenses	\$ 36,100	\$ 24,670
Six months-Grounds & Building Maintenance	\$ 3,500	\$ 401
Six months-Vehicle Repair & Maintenance	\$ 18,050	\$ 20,452
13%-Town Payroll Expenses	\$ 7,800	\$ 4,625
Six months of Health Insurance	\$ 11,822	\$ 10,608
Six months of Workers Comp	\$ 3,302	\$ 3,302
Six months of Employee Match	\$ 1,800	\$ 1,067
Six months of Town Garage Insurance from MMA	\$ 340	\$ 340
Six months of Salt & Sand Building Insurance from MMA	\$ 265	\$ 265
Six months of Vehicle Insurance from MMA	\$ 3,114	\$ 3,114
	\$ 211,593	\$ 151,653
* Summer Expense ratio per mile for 26 miles of roads	\$ 8,138	\$ 5,833
* Winter/Summer Roads Combined for 26 miles of roads	\$ 424,941	\$ 335,208
* Winter/Summer Expense Ratio per mile for 26 miles of roads	\$ 16,344	\$ 12,893