

# Memorandum

To: Board of Selectmen

From: Carl L. Quiram, PE, Director of Public Works

Date: March 4, 2007

Re: Misrepresentation of Facts in Various Media

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Over the past several months there has been a lot of discussion about the cost-effectiveness of the work that DPW does. As I said in the workshop that we did last week, I have no problem assessing cost-effectiveness but I would like to do it in a manner that is also useful to our overall mission. If the data gathered can also be used by the department to aid our long-term planning it would seem to be a win-win for everyone. I wanted to take a few minutes to address a few specific items.

There has been a lot of focus on the in-house reclamation work that the department does as part of the overall road plan work. A couple of you were very surprised that we did not track our time on each project we did. For the public record I wanted to address that. By way of history, the original road plan that was adopted in 2002 anticipated that the major reclamation work would be contracted out. The DPW staff would concentrate on the maintenance portions of the plan (I would also point out that our primary responsibility needs to be maintenance). For the past couple of years, with the extreme rising cost of petroleum based products, we have seen construction costs rise at a staggering rate. To combat those increases and try to keep the road plan work on track, the DPW crew began to squeeze some smaller reclamation jobs into our normal summer work. We found that they worked out very well. The reason we never tracked our time is that we were focused on the road plan budget. MicroPAVER models all of our roads and plans the road budget on a cost per square foot basis. We never tracked our labor costs because we were not paying for our labor or equipment out of the road plan money. All we tracked were the road plan monies that were spent on each project. If you add labor and equipment, would DPW still be cheaper? Obviously, this is a legitimate question to ask. Last summer, as we were dealing with FEMA on the flood related projects, the staff at DPW began having the discussion about tracking our costs (including labor and equipment) on all of our projects. The thought being that we could easily provide the figures to FEMA or the state or anyone else that needed backup for reimbursement. When we began construction on the Henry Bridge Rd and Center Street project we decided to use it as a test case. Attached you will find our detail to

date on that project. I would also point out that the equipment costs in this analysis are based on the published FEMA rates. We are in the process of calculating our true hourly costs for our equipment. The caveat that I would attach to those figures is that due to the traffic in that project, the roundabout, the amount of closed drainage and the amount of granite that will not be a typical project. Whether done in-house or contracted it would be a very expensive project. What it does give me however, is a weekly average estimate for our equipment and labor. Going back through the past 3 years Selectmen's reports from DPW, I was able to establish the timeline for the in-house projects. Attached is a spreadsheet I prepared comparing some of our in-house projects and the projects we put out to bid. One thing to point out is that the contracted projects do go a little quicker. This is due to the fact that the contractors generally have more staff (ie. 2 pipe crews) dedicated to a job and they do not constantly have to pull equipment out to deal with other maintenance emergencies that come up. To give an order of magnitude estimate on our in-house jobs, I added in the weekly average cost for labor and equipment from the Henry Bridge Road project to the last 3 in-house jobs that we did. This is not an exact cost; however, it provides a rough estimate. I attached a spreadsheet with this analysis to this memo. It is our intention to continue to track labor and equipment on projects that we do in the future. As you can see, on our typical jobs, ***even if the labor were to double***, it is still far cheaper than the contracted work.

The reason that I spent the time reviewing our in-house reclamation work above is that it is important to the discussion of the excavator which has become a lightning rod of misquotes and misrepresentation in the media. I want to set the record straight on the purchase of the excavator. DPW has contended and demonstrated in the analysis above the need for us to be able to do work in-house more efficiently. We could not get the volume of work needed completed without the excavator (or any other proper tool) and a qualified operator to run it. We have rented the same excavator that we just purchased for the past 3 years. The rental of that machine has been a major factor in us being able to save over \$900,000 in cost to the Town in performing the work done in-house for the road plan. If this was private business, we would not even be having this discussion. I know that I am preaching to the choir because you folks ultimately approved the purchase. During the 2006 budget deliberations the \$100,000 needed to purchase the excavator was placed as a special article on the ballot. The Board of Selectmen at that time also reduced the road plan by the \$100,000 so that it would not impact taxes. That special article failed, however, the financial need for the excavator did not diminish. As a matter of fact, with the floods last year that machine was instrumental in our being able to respond to the crisis. When we began our 2007 budget (with the CIP committee) we included the buyout of the excavator in the budget. It was thoroughly discussed by that committee and approved. It was again discussed by the Board of Selectmen and approved and it was discussed by the Budget Committee and approved. It was included in all the published budget reports for the 2007 budget as line 10-49020-70595 for a new excavator. The notion that I somehow snuck the purchase of the excavator in by scraping together money from elsewhere in the budget is preposterous. I simply brought the purchase to the Board for approval early to try to

save 3 months worth of interest payments on a piece of equipment that I knew we would be buying in March. In fact, because we bought it when we did we actually saved over \$7,000. There is also a misperception that I can just make decisions in a vacuum and not get approval for what we do. For the record, I would point out that by our Town's Purchasing Policy (unless waived by the Board) any purchase over \$25,000 needs to be done by sealed bid awarded by the Board of Selectmen. I would also point out that the Board has seen the plans for work next summer and has approved that plan last week. The long-term list of projects is supplied to the Budget Committee and Selectmen each year in the budget process. There is a copy of the list given to the Board of Selectmen attached to this memo. The majority of the roads on the list are maintenance overlays and maintenance crack sealing roads. DPW will be reclaiming 3 roads, beside Henry Bridge Rd and Center Street, which are carry over projects from last year. Everything else on the list is contracted out.

There is a perception out there that somehow I benefit from all the items that we get in the budget. There have been several times that "You can't always get what you want" or that I "am never satisfied" have appeared in print or has been said at a meeting. I would point out that it is my job to identify the capital needs of the infrastructure in this community and I in no way profit from anything other than my salary. As a matter of fact, the more money that DPW gets in the budget, the more work the department and I have to do. My salary does not change either way. I am beginning to understand why so many public officials take the easy road and just do the bare minimum to get by instead of trying to do everything possible to save the taxpayers money.

There has been a statement made that the sewer rates were increased because of the road plan. This could not be further from the truth. As a matter of fact, the road plan has saved both the Town and the Sewer Commission a considerable amount of money by coordinating our efforts and working together to make necessary upgrades and repairs to the sewer system while road work is being done anyway. There are many reasons for the sewer rate increase and none of them are directly attributable to DPW. The Sewer Commission hired a consultant to do a rate study. The report recommended the rate increase to offset increasing contract rates from the City of Manchester, pay for Manchester capital upgrades that Goffstown owed a share of as well as a number of other factors.

I also want to point out that Pay As You Throw (PAYT) has not been brought forward or recommended by DPW in the past two years. As a matter of fact, we are quite satisfied with the success of the Single Stream Recycling program. We see no reason to further evaluate Pay As You Throw in Goffstown unless the Board of Selectmen sees the need to further improve our recycling rates. It is a proven fact that PAYT communities out perform us with recycling rate, however, we are very successful for communities that choose not to implement PAYT. It remains true that the more we could recycle the more money we would save, however, we certainly would never recommend abandoning automated collection because the savings in recycling pale in comparison to the savings from that method of collection.

There has recently been an attempt to raise controversy with the pick up and go home provision in the union contract. This provision in the union contract pre-dates me and even pre-dates automated collection. It goes back to the days when we had two trash trucks and 6 men collecting trash. It was an incentive to try to get them to work as hard as they could to get done. Today, we have one man and one truck picking up trash and one man and one truck picking up recycling. One of our drivers averages about 38 hours per week, the other averages 40-41 hours per week. They are extremely efficient, each picking up over 5,000 stops in a 4 day week. I do not understand the controversy with that item. Our trash and recycling program is the most efficient in the business (looking at both private and municipal).

Last week the Board spent a considerable amount of time discussing the cost effectiveness of the Vaccon truck. Many of the things that the Board thought we should be tracking is already being done. I have attached a spreadsheet of our analysis. Currently, we perform contracted maintenance cleaning of 1/3 of the sewer system each year for the Sewer Commission. We then bill them for that time. When the Vaccon was purchased, the Sewer Commission paid a share of the cost and they also pay a portion of our annual maintenance costs for the vehicle. Last year we cleaned 45,409 linear feet of sewer main. We tracked our hours and billed them for that work. We researched charges in other towns that have contractors perform that work. In drainage we also clean all of our 800 catch basins each year. We do this to be in compliance with our NPDES permit from EPA. We not only have to report how many we cleaned but also how much grit was removed. This all appears on our annual stormwater report that the Board of Selectmen sees. We have not kept track of the manhours we spend doing drain cleaning because it was not important information, however, we will begin tracking it this season. Again, you can see that if we assume that we expend the same amount of labor on drainage cleaning as sewer cleaning and compare that to a contracted rate paid by other communities we are over \$10,000 per year. This also provides a vehicle that we use regularly to deal with emergency blockages that occur regularly.

In closing, I want to publicly state that the DPW staff remains committed to providing the best possible service to the community at the lowest possible cost. We receive calls weekly from other communities around New England that want to come up and see how we do things. EPA and NHDES regularly refer other towns to Goffstown to see how things should be done. We have become a benchmark by which other communities are measured and compared. We welcome any questions and evaluate any criticism with an open mind. Please feel free to contact the department with any questions or problems you have in the future.

## Project Name: Henry Bridge Road & Center Street Road Reclamation

### Summary of Labor Costs To Date

| Week Ending      | Amount              | Equip. \$           |
|------------------|---------------------|---------------------|
| 09/24/06         | \$ 1,669.84         | \$ 1,975.75         |
| 10/01/06         | \$ 6,693.40         | \$ 6,096.88         |
| 10/08/06         | \$ 8,396.64         | \$ 8,684.75         |
| 10/15/06         | \$ 7,583.10         | \$ 8,073.50         |
| 10/22/06         | \$ 5,932.11         | \$ 6,726.13         |
| 10/29/06         | \$ 6,695.13         | \$ 7,638.88         |
| 11/05/06         | \$ 7,005.37         | \$ 7,150.25         |
| 11/12/06         | \$ 4,832.52         | \$ 5,541.00         |
| Call Ins         | \$ 432.37           | \$ 228.00           |
| 11/19/06         | \$ 7,603.50         | \$ 8,229.75         |
| 11/26/2006       | \$ 3,051.86         | \$ 4,195.50         |
| 12/3/2006        | \$ 3,550.28         | \$ 3,257.88         |
| 12/10/2006       | \$ 2,037.30         | \$ 2,065.75         |
| 12/17/2006       | \$ 543.69           | \$ 503.75           |
| <b>Sub Total</b> | <b>\$ 66,027.12</b> | <b>\$ 70,367.75</b> |

### Grand Total to Date

| Category           | Sub Totals           |
|--------------------|----------------------|
| Materials          | \$ 51,934.01         |
| Labor              | \$ 66,027.12         |
| Contract Services  | \$ 90,902.52         |
| Equipment          | \$ 70,367.75         |
| <b>Grand Total</b> | <b>\$ 279,231.40</b> |

### Summary of Contract Services to Date

| Date             | Vendor             | Invoice #   | Amount              |
|------------------|--------------------|-------------|---------------------|
| 9/21/2006        | AHH Harris         | 590691      | \$ 1,970.10         |
| 9/29/2006        | Nations Rent       | 9319622-001 | \$ 997.50           |
| 11/6/2006        | Sunbelt Rentals    | 9319622-002 | \$ 1,002.46         |
| 11/21/2006       | Ray Gamache Ex.    | 541         | \$ 7,400.00         |
| 11/28/2006       | Gurall Gradall     | 466         | \$ 855.00           |
| 11/28/2006       | Goffstown Police   | AR2019      | \$ 5,400.00         |
| 11/29/2006       | Goffstown Police   | AR2022      | \$ 3,680.00         |
| 11/30/2006       | Continental Paving | 7771        | \$ 52,580.00        |
| 12/4/2006        | Sunbelt Rentals    | 9319622-003 | \$ 1,002.46         |
| 12/4/2006        | John Karanikas     | 06-1204     | \$ 800.00           |
| 12/13/2006       | Continental Paving | 7829        | \$ 14,820.00        |
| 12/13/2006       | Markings Inc.      | 20579       | \$ 395.00           |
| <b>Sub Total</b> |                    |             | <b>\$ 90,902.52</b> |

### Summary of Materials to Date

| Date             | Vendor              | Invoice # | Amount              |
|------------------|---------------------|-----------|---------------------|
| 10/9/2006        | Public Works Supply |           | \$ 3,584.00         |
| 10/11/2006       | Public Works Supply |           | \$ 20,155.11        |
| 10/27/2006       | Public Works Supply |           | \$ 7,480.00         |
| 10/31/2006       | Central Concrete    |           | \$ 13,584.60        |
| 11/2/2006        | Central Concrete    |           | \$ 5,587.50         |
| 12/5/2006        | Central Concrete    |           | \$ 1,542.80         |
| <b>Sub Total</b> |                     |           | <b>\$ 51,934.01</b> |

(1) Please note that equipment costs are based on FEMA allowances and are not actual cost to Town

| PROJECT | SQ YD | TIME (wks) | TOTAL COST | COST/YD |
|---------|-------|------------|------------|---------|
|---------|-------|------------|------------|---------|

**Contracted Out Projects**

|                        |        |    |              |          |
|------------------------|--------|----|--------------|----------|
| First Ave Neighborhood | 22,376 |    | \$ 877,511   | \$ 39.22 |
| Mountain Base Road     | 11,394 |    | \$ 426,033   | \$ 37.39 |
| Tirrell Hill Road      | 9,111  |    | \$ 391,894   | \$ 43.01 |
| High Street            | 18,286 | 10 | \$ 1,044,180 | \$ 57.10 |
| Tirrell Hill Rd Ph II  | 17,162 | 7  | \$ 708,674   | \$ 41.29 |
| Black Brook Road       | 26,880 | 13 | \$ 1,282,433 | \$ 47.71 |

Avg Cost \$ 44.29

**In-house Projects**

|                      |       |  |           |         |
|----------------------|-------|--|-----------|---------|
| Raymond & Lucille Dr | 3934  |  | \$ 13,361 | \$ 3.40 |
| Plimpton Road        | 1,040 |  | \$ 7,632  | \$ 7.34 |
| Orchard Hill         | 4,815 |  | \$ 14,737 | \$ 3.06 |
| Eagles Nest          | 3,056 |  | \$ 19,049 | \$ 6.23 |

|                           |        |            |            |          |                                                |
|---------------------------|--------|------------|------------|----------|------------------------------------------------|
| Gold Finch                | 7056   | 4          | \$ 66,101  | \$ 9.37  | incl. labor & equip. est. from Henry Bridge Rd |
| Snow Rd                   | 1,120  | 2          | \$ 26,500  | \$ 23.66 | incl. labor & equip. est. from Henry Bridge Rd |
| Helen Cir & Stephen Dr    | 22,124 | 18         | \$ 445,931 | \$ 20.16 | incl. labor & equip. est. from Henry Bridge Rd |
| Henry Bridge & Center     | 9,344  | 13 to date | \$ 279,231 | \$ 29.88 | incl. Labor to date (& FEMA equip est.)        |
| DPW Total for last 4 Jobs |        |            | \$ 817,763 |          |                                                |

Contracted Cost Estimate for last 4 jobs \$ 1,755,746.04

Savings for past 3 years \$ 937,982.64

2007 Road Plan List

**Overlay Paving (Maintenance)**

| From                         | To                          |
|------------------------------|-----------------------------|
| Janice Drive                 | Thomas                      |
| Davignon & Roosevelt         |                             |
| Pinard Street Mill & Overlay |                             |
| Elm Street shimming          |                             |
| Lindsey Way                  | old turnaround Monarch      |
| Amoskeag Dr                  |                             |
| Monarch Dr                   |                             |
| Miles Ave                    |                             |
| Tipping Rock & Worthley Hill | Both sides of Mountain Base |
| Walnut Hill                  |                             |
| Summit Road Shim             |                             |

**Sidewalks**

|               |            |             |
|---------------|------------|-------------|
| Center Street | Juniper Dr | Grange Hall |
|---------------|------------|-------------|

**Crack Sealing (Maintenance)**

| From                       | To                     |
|----------------------------|------------------------|
| Parker Road                |                        |
| Depot Street               |                        |
| Factory Street             |                        |
| Transfer Station & DPW Lot |                        |
| Mast Road                  |                        |
| Center Street              | Tibbetts Hill          |
| Tibbetts Hill Road         | Orchard                |
| Wallace Road               | High School            |
| Kennedy Hill Road          | Addison                |
| Walnut Hill Road           |                        |
| Stacy Lane                 |                        |
| Crestwood Ln               |                        |
| Ridgewood Ln               |                        |
| Ryan Rd                    |                        |
| Benjamin                   |                        |
| Acorn Rd                   |                        |
| Rockland Street            |                        |
| Greer Road                 |                        |
| New Road                   |                        |
| Jason Drive                |                        |
| Diamond Lane               |                        |
| Emerald Circle             |                        |
| Silver Lane                |                        |
| Mooseclub Road             |                        |
| Circle Lane                |                        |
| Portage Road               |                        |
| Paige Hill                 | Locust Hill            |
| Hillcrest                  |                        |
| Heather Hill               |                        |
| Honeysuckle                |                        |
| Bayberry                   |                        |
| Jasmin Lane                |                        |
| Cinnamon Drive             |                        |
| Ginger Drive               |                        |
| Pinardville Heights        |                        |
| Main Street                |                        |
| East Dunbarton Rd          | new section by Pollard |
| East Dunbarton Rd          | Montelona Rd           |
| Gorham Pond Road           | Town Line              |

**Reclamation (New Reconstruction)**

| From              | To              |
|-------------------|-----------------|
| Center Street     | Tirrell Hill Rd |
| Henry Bridge Road | Center Street   |
| Mountain Road     | Knollcrest      |
| Hillsdale         | Mountain Rd     |
| Hunters Ct        | Mountain Rd     |
| Hampton Ct        | Mountain Rd     |
| Snook Road        | Gorham Pond Rd  |
| Tenney Rd         | Snook Rd        |
| Willow Ct         | Tenney Rd       |

**Overlay Paving (Maintenance)**

| From          | To        |
|---------------|-----------|
| Ginger Drive  |           |
| Sage Ct       |           |
| Wallace Rd    | Norman    |
| Alene Drive   | Town Line |
| Horizon Drive |           |
| Katherine St  |           |
| Marion St     |           |
| McElroy St    |           |
| Pershing St   |           |
| Ridge St      |           |
| Lorraine St   |           |

**Crack Sealing (Maintenance)**

| From                           | To              |
|--------------------------------|-----------------|
| Barnard Lane Parking Lot       |                 |
| Parks & Recreation Parking Lot |                 |
| Town Hall Parking Lot          |                 |
| Police Department Parking      |                 |
| Fire Department Parking Lots   |                 |
| Tyler Drive                    |                 |
| Worthley Hill Road             | Wallace         |
| Goffstown Back Road            | top of the hill |
| Clancy                         |                 |
| Joffre                         |                 |
| Van Buren Circle               |                 |
| Orchard Hill                   |                 |
| Libby Street                   |                 |
| Haig Street                    |                 |
| McQuigan Street                |                 |
| Alpine                         |                 |
| Regina                         |                 |
| Friendship                     |                 |
| Harvey                         |                 |
| Gold Finch                     |                 |
| Evergreen                      |                 |
| Ashlar Drive                   |                 |
| Ashlar Circle                  |                 |
| Bailey Ct                      |                 |
| Knollcrest Dr                  |                 |
| Locker Rd                      |                 |
| Back Mountain Rd               |                 |
| Moreau Street                  |                 |
| Juniper Drive                  |                 |
| Raymond Road                   |                 |
| Lucille Drive                  |                 |
| Plimpton Road                  |                 |
| Orchard Hill                   |                 |
| Eagles Nest                    |                 |
| Parker Station Road            |                 |
| Saunders Road                  |                 |
| Montelona Road                 |                 |

### Annual Routine Maintenance Work for Vaccon

|                         |               |
|-------------------------|---------------|
| Capital Cost            | \$ 168,000.00 |
| Annualized Capital Cost | \$ 16,800.00  |
| 2006 Maintenance Cost   | \$ 9,842.36   |

#### Sewer (Billed to and paid by Sewer Commission)

|                               | Length (LF) | Labor       | Equip Cap   | Ann. Maint. | \$/LF   | Annual Cost  |
|-------------------------------|-------------|-------------|-------------|-------------|---------|--------------|
| Main Cleaning (1/3 of system) | 45,409      | \$ 6,065.06 | \$ 4,200.00 | \$ 2,460.59 | \$ 0.28 | \$ 12,725.65 |
| Contracted Cleaning Cost      | 45,409      |             |             |             | \$ 0.40 | \$ 18,000.00 |

| Drainage                 | # Basins | Labor       | Equip Cap   | Ann. Maint. | \$/Basin | Annual Cost  |
|--------------------------|----------|-------------|-------------|-------------|----------|--------------|
| Annual CB Cleaning       | 800      | \$ 6,065.06 | \$12,600.00 | \$ 7,381.77 | \$ 32.56 | \$ 26,046.83 |
| Contracted Cleaning Cost | 800      |             |             |             | \$ 39.00 | \$ 31,200.00 |

|                                                          |                     |
|----------------------------------------------------------|---------------------|
| <b>Estimated Annual Savings for In-house vs. Private</b> | <b>\$ 10,427.52</b> |
|----------------------------------------------------------|---------------------|