



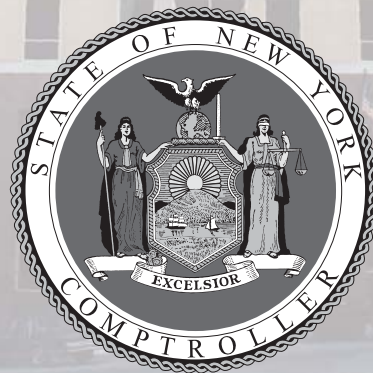
Harpursville Central School District Joint Transportation Facility

Report of Examination

Period Covered:

January 1, 2009 — April 15, 2010

2010M-109



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

November 2010

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' 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 district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Harpursville Central School District, entitled Joint Transportation Facility. 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 General Municipal Law.

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

Respectfully submitted,

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

Introduction

Background

The Harpursville Central School District (District) is located in five towns in Broome County and three towns in Chenango County. The District is governed by the Board of Education (Board) which comprises seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible, along with other administrative staff, for the day-to-day management of the District under the direction of the Board.

There are two schools in operation within the District. The District has approximately 1,100 students and 230 employees. The District's budgeted expenditures for the 2009-10 fiscal year were approximately \$15.8 million, funded primarily with State aid, real property taxes and grants.

The District's existing transportation facility was built in 1941. A building addition, completed in 1989, houses office space, a cold storage area, and a maintenance garage. The building has not had any additions or improvements since 1993, when the school made improvements to the water well. The District's existing facility encompasses 14,568 square feet.

In January 2009, the District unsuccessfully applied for a grant from the New York State Department of State (DOS) for a feasibility study for building a joint transportation facility. The grant, applied for by the District in conjunction with the Town of Colesville (Town) and the Town of Colesville Fire Department (Department), related to a general efficiency planning grant project. DOS denied the grant because it wanted the District, Town, and Department to share management duties. Our report for building a joint transportation facility does not include the Department because of distance constraints for the Department's area of protection.

Objective

The objective of our audit was to determine the costs and benefits of the District and the Town of Colesville jointly building a new transportation facility.¹ Our audit addressed the following related question:

- Can the District and Town save money by jointly constructing and using a single transportation facility?

¹ A new transportation facility would include both a garage and a fuel facility.

**Scope and
Methodology**

Our audit examined whether significant cost savings opportunities existed if the District built a new transportation facility jointly with the Town for the period January 1, 2009 through April 15, 2010. We examined transportation facility cost data to determine the amount and cost of utilities and maintenance required to run the District's and Town's older separate facilities and identified potential savings that could be achieved by jointly building a new transportation facility.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report.

**Comments of District
Officials and Corrective
Action**

The results of our audit and recommendation has been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our recommendation and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, Section 2116-a (3)(c) of the Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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. The Board should make the CAP available for public review in the District Clerk's office.

Joint Transportation Facility

Two or more local governments may join together to provide any municipal facility which each government has the power to provide separately. Further, local governments may contract indebtedness either jointly or separately to facilitate financing of such joint projects. An associated benefit of inter-municipal cooperation is that it can help local governments deliver services with increased effectiveness and efficiency. At times, these benefits arise from eliminating service duplication and/or sharing costs that the participants may not have the ability to fund on their own. With capital projects such as highway and transportation facilities, the construction and use of a joint facility enables cost sharing and cost avoidance.

Significant opportunities exist for the District and the Town to save money by building and operating a joint transportation facility. Due to the age and condition of the District's existing transportation facility and the Town's highway building, both local governments would benefit by replacing their buildings with a joint facility. We found that the District and Town could save local taxpayers between \$2.8 million and \$4.2 million if they jointly built one new facility. Further, a joint facility could save local taxpayers more than \$13,000 in annual heating and electricity costs.

In May 2008, the District, Town, and several other local governments met with the District's architectural firm to discuss building a new joint facility. District officials stated that even if they did not receive grant monies from the Local Government Efficiency Program (LGE),² they fully intend to pursue building a new facility. This meeting illustrated that sufficient cooperation exists between the District and the Town to pursue this project.

Existing Buildings

The District's and Town's existing transportation facilities do not meet their transportation and storage needs and contain various safety hazards. Both existing facilities require structural improvements and are not energy-efficient. Deficiencies are discussed in more detail below.

District – The District's existing transportation facility has a heated maintenance shop and parts room at the rear of the building. Due

² The Department of State administers the Local Government Efficiency Program, which provides grant funding and technical assistance to local governments to help them lower the cost of public services through consolidation and shared operations, thereby reducing property tax burdens.

to the building's size and 11 doors, the existing building requires a significant amount of fuel oil to maintain the desired indoor environment. The large number of doors also allows cold air to easily enter the building, which further decreases heating efficiency. The building's fan-driven heat exchangers also increase the District's electricity costs.

In September 2005, the District's architectural firm performed a survey of the transportation facility's condition using the building condition survey instrument (BCSI),³ developed by the State Department of Education. According to the survey's results, the building received an overall space adequacy rating of poor. Additionally, the Superintendent has student safety concerns regarding the location of the existing facility in the middle of the District's campus. This location creates a situation where students must cross the buses' main avenue of approach. The buses' main avenue of approach also sees heavy truck traffic resulting from food and fuel deliveries because the District's delivery dock lies next to the transportation facility.

Town – The Town's highway facility was built in 1952 and encompasses 5,300 square feet. According to Town officials, the facility has outgrown its level of operational usefulness because of size limitations. For example, because the rear third of the garage floor does not have any cement finishing, Town employees cannot use this space for activities such as truck washing or under truck maintenance. The dirt floor also causes difficulty in the cleanliness of the remainder of the facility.

The building's deteriorating status (insulation is falling from the ceiling, old garage doors have crooked tracks, single pane aluminum-framed windows have storm windows) prevents efficient heating. The roof has leaked for several years. The ceiling in the Superintendent's office leaks so badly that he must cover the computers with plastic in the winter to keep them from getting wet. The building floor does not have drainage; therefore, during the winter, all of the melting snow from the plow trucks falls off on the floor, leaving the water and silt from road plowing operations to accumulate with nowhere to drain. Many walls have cracks in the mortar and blocks. The Town cannot store extra parts or spare tires because the lack of drainage damages the parts and rusts the rims on the tires.

The District and Town are ready to replace their transportation buildings.

³ The State Department of Education provides school districts with a comprehensive six part inspection checklist. The checklist includes visual inspections of the interior, exterior, electrical, and heating, venting, and air conditioning, among other areas.

Existing Fuel Facilities

The District's and Town's existing fuel facilities also could benefit from a shared transportation facility that would better safeguard fuel inventories.

District – The District has two below-ground diesel fuel tanks to fuel District buses. The tanks, located behind the transportation building, include a 10,000 gallon capacity tank that the District use as its main fueling point and a 5,000 gallon capacity tank that serves as a reserve tank. The Transportation Director told us that the pumps run only when a switch is turned on inside the transportation building. She stated that she turns the pumps on in the morning and shuts them off in the evening after the final bus run. The existing setup does not have controls in place, such as access keys for each District vehicle or identification numbers for employees authorized to pump fuel, to ensure that fuel is pumped only for authorized District purposes.

Town – The Town has one 10,000 gallon, above-ground diesel tank used for fueling vehicles and equipment. The Town highway employees must manually shut the flow of fuel off and lock the valve box to ensure that theft does not occur.

New Joint Facility vs. New Separate Facilities

By building a new joint facility instead of building separate facilities, the District and Town could save taxpayers between \$2.8 million and \$4.2 million. Overall, the District's and Town's building facilities have about 19,900 of combined square footage. The District and the Town spent a combined total of \$39,103 on utilities in the 2009 calendar year for their respective buildings. Taking into account preferences of District and Town officials, we estimated that a new joint facility would require roughly only half the existing buildings' square footage to meet their needs. The drastic drop in square footage comes from the District's plan to no longer store its buses inside,⁴ as commonly found at many other districts. The Superintendent and the Transportation Director agreed that this would aid in lowering the construction and utilities costs.

After their May 2008 meeting, District officials determined that they would need between 12 and 15 acres for their buses, and Town officials stated that they would need at least five acres, for a total joint facility site of about 17 to 20 acres. We reviewed and discussed the size and space adequacy for the existing District and Town buildings with the District's architect. We also evaluated two recently built structures from similar local governments – one constructed of brick and the other of steel. According to the District's architect, the use of brick allows for better insulation and typically provides a more durable interior and exterior surface. Steel building construction

⁴ At present, District buses are stored inside due to parking configuration and space limitations at the existing facility.

allows for a more inexpensive option for local governments looking to build large structures.

The lack of effectively insulating a steel building, coupled with green features the District wished to incorporate, such as day lighting, solar panels, and water harvesting, would rule out the possibility of constructing a steel building. However, Town officials advised that, if the District and Town were to build separate facilities, the Town would build a steel structure because of cost constraints.

Below is a summary of the costs to the taxpayers if each local government built its own structure based upon the size of its existing facility:

Separate Facilities			
Brick Structure		Steel Structure	
Harpursville CSD	\$5.3 Million	Harpursville CSD	\$3.2 Million
Town of Colesville	\$3.2 Million	Town of Colesville	\$2.5 Million
Total Cost to Taxpayers	\$8.5 Million	Total Cost to Taxpayers	\$5.7 Million

The table below illustrates the potential cost to the taxpayers if the District and the Town built a joint facility, along with the potential savings for building a joint facility:

Joint Facility*		Potential Joint Facility Savings
Brick Structure	\$4.3 Million	\$4.2 Million
Steel Structure	\$2.9 Million	\$2.8 Million
<p>* We determined that a fueling facility, along with other specialized equipment, such as two overhead lifts, would add \$450,000 to the cost of the structure based on our correspondence with the District's architect.</p> <p>In addition, the joint facility costs less than the District's individual facility because the costs of the District's facility are based on its existing facility's size. If the District built a joint facility with the Town, it would store its buses outside, which would reduce the square footage requirements, and, therefore, reduce the cost.</p>		

In addition, by sharing the costs of maintenance and major repairs, such as a new paved parking lot, roof repairs and replacement, and major heating, venting, and air conditioning (HVAC) repairs, the two local governments could further reduce costs to taxpayers. We reviewed the HVAC and electrical uses of a similar steel structure recently built by another town to determine these costs for a newer, more efficient building. We compared these costs to the District's and Town's current costs for their existing facilities and determined that if the District and Town shared a facility, they could save around \$13,000 a year in heating and electrical expenses.

If the two local governments combined their storage and maintenance facilities, taxpayers could expect an increase in services from the employees' shared expertise, as well as the opportunity to share certain tools and equipment. The new facility also would allow ample secure storage to maintain each entity's parts inventory. The Town's existing building does not have any storage space. With a new facility, the Town would have the ability to secure its consumable parts inventory and maintain a critical repair parts inventory. Maintaining these inventories in a secure, on-site location would improve efficiency.

Tearing down the District's existing transportation facility also would decrease bus traffic through the middle of the school campus. The Superintendent said that she expects to create a loop for parents picking up their children, so that they do not have to turn around in the middle of the campus. She also plans on creating a central drop off point for tractor trailer deliveries at the new location. This would end the tractor trailer traffic on the campus during the school day. Since the buses would remain at the off-campus facility, fuel trucks would no longer have to travel through the campus. The Superintendent also said that building security would be enhanced because she plans on gating off the campus when school is not in session, which should minimize instances of vandalism.

The District could potentially obtain funding for a joint transportation facility. These funding options include a combination of New York State Education aid and LGE grants. The District plans to apply for such aid. We encourage District and Town officials to explore any financial resource options to help offset the costs of a new joint transportation facility. A similar facility built by another district in 2009 received State aid for 89 percent of its capital costs. The District's building aid rating⁵ for the 2008-09 fiscal year was 83 percent, which could offset and further reduce the liability for local taxpayers if District and Town officials built a joint transportation facility.

Recommendation

1. The District Board and Town Board should further pursue constructing a joint transportation facility.

⁵ The State Education Department provides building aid to eligible school districts. Building aid is available for expenses incurred in construction of new buildings, additions, alterations or modernization of district-owned buildings, for purchase of existing structures for school purposes, and for lease and installment purchase payments under certain circumstances. A building aid rating of 83 percent indicates that the District would receive State aid for 83 percent of its capital costs; taxpayers would be responsible for funding the 17 percent balance.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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



HARPURVILLE
EST. 1932
CENTRAL SCHOOL

October 25, 2010

██████████
Office of the State Comptroller
State Office Building Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

Dear ██████████

On Thursday, October 14, 2010 I met with ██████████ and ██████████ to review the draft findings of your examination entitled Joint Transportation Facility.

I had no questions regarding the methodology or findings.

I appreciate the input from the State Comptroller and look forward to being able to share the final report with my Board of Education.

Sincerely,

Kathleen M. Wood
Superintendent

Kathleen M. Wood

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APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to determine the feasibility of the Harpursville Central School District and the Town of Colesville sharing a transportation facility. After we verified that both parties shared interest in exploring such a cooperative undertaking, we assessed the needs of both existing transportation facilities. We then identified the requirements of a new shared facility and compared costs to operate a facility with the current costs to operate the two separate facilities. To accomplish this, we performed the following procedures:

- We went to the existing District transportation facility and the Town highway facility and took rough measurements of the various rooms.
- We discussed with various District and Town employees their space requirements compared to their existing setup.
- We contacted another Town that recently constructed a facility to determine if it appeared similar to the potential joint facility that the District and Town might construct.
- We made inquiries of District and Town officials and contacted the District's architectural firm. The District's architect provided us with building cost estimates and other information regarding the construction costs associated with a joint facility. He also provided us with estimates of per square foot costs that the District and Town could expect to pay for a new facility based upon a recent project at another district that just recently built a new transportation facility. We calculated the cost per square foot for the size of a joint facility that we estimated the District and Town might require. We also included site work and specialized equipment needed by the District based on the architect's estimates.
- We contacted officials at both a newly built town highway facility and a newly built district transportation facility to gain an understanding of the factors that should be considered when building a new facility. We reviewed construction cost estimates for various components of the project, as well as specialty equipment installed in the facility, such as vehicle lifts.
- We used total square footage of the potential joint and separate facilities and calculated the costs of overhead per square foot based on a similar town's newly constructed facility's cost per square foot. This allowed us to determine if the two local governments could reduce overhead costs from redundant work space.
- To estimate the potential joint facility size, we doubled the size of the Town's break room to include more space for the workers, doubled the District's office size due to record storage requirements, and left the Town office the same size. We left garage space for the Town as it remains, doubled the District's bay size and doubled the parts storage to meet District and Town space requirements.

- We obtained the electric, heating oil, and propane expenses for the local governments' existing facilities. We analyzed the total spent by the District and the Town for heat, hot water, and electric.
- We visited the Town's highway garage twice after the normal business hours and when the facility appeared closed. We examined the fuel pump control box to ensure that the employees locked the box and shut off the fuel control valve to determine physical security.
- We obtained the total cost for heat and electricity at another similar town's highway facility after determining that it had similar requirements to the potential new joint District and Town facility. We calculated the total heating and electricity costs by the square feet of that facility to estimate the heating and electric costs for the potential new joint facility.

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

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