

A BEST PRACTICES REVIEW

*Local Cooperation to Maintain
Roads and Streets*

May 1999

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State Auditor - Janice Mueller

Editor of Publications - Jeanne Thieme

Audit Prepared by

Don Bezruki, Director and Contact Person
Kellie Monroe
James (Joe) Chrisman

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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

SUITE 402
131 WEST WILSON STREET
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410

May 11, 1999

Senator Gary R. George and
Representative Carol Kelso, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Kelso:

We have completed a best practices review of local government operations, as directed by s. 13.94(8), Wis. Stats. The use of cooperative agreements for the repair and maintenance of roads and streets was selected as the topic of our review with the assistance of the Local Government Advisory Council, which consists of representatives of counties, cities, villages, and towns.

State statutes permit local governments to enter into cooperative agreements for many types of government activities. Because expenditures for road and street construction and repair account for nearly 16 percent of all local government spending, and 51.5 percent of town government spending, cooperative efforts in this area have the potential for substantial savings and improved service delivery for residents.

Our survey of all town chairs and county highway commissioners indicates that several general types of intergovernmental cooperative agreements are currently in use in Wisconsin. For example, several local governments have jointly purchased equipment such as brush chippers and shoulder reshaping machines for mutual use. Other local governments have developed innovative means of sharing the expense of repairing and maintaining border roads or have worked together to purchase supplies and equipment in quantity in order to reduce unit prices.

We appreciate the courtesy and cooperation extended to us by the University of Wisconsin-Extension's Transportation Information Center, the Local Roads and Streets Council, and local government officials.

Respectfully submitted,

Janice Mueller
State Auditor

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SUMMARY

Provisions contained in s. 13.94(8), Wis. Stats., direct the State Auditor to conduct periodic reviews of local government operations, commonly referred to as “best practices” reviews, to identify successful approaches to delivering public services. With the assistance of a five-member advisory council, the formation of cooperative agreements for repair and maintenance of local roads was selected as the subject of this review.

As of April 1997, the State of Wisconsin contained 111,500 miles of roads and streets. Local governments are responsible for 87.1 percent of this total, including 77,522 miles of city, village, and town roads (69.5 percent), and 19,621 miles of county trunk highways (17.6 percent).

Maintaining local roads and streets accounts for a significant percentage of total local government expenditures. In 1997, local governments reported spending over \$1.0 billion, or 15.8 percent of their total expenditures, on road construction, maintenance, and repair. As the size of the government unit decreases, the percentage of total expenditures devoted to road construction and maintenance increases. For example, Wisconsin towns devoted 51.5 percent of their total calendar year 1997 expenditures to road construction and maintenance.

Road and street maintenance activities vary throughout the year. Typical activities include snowplowing, cutting brush, mowing medians, repairing potholes and cracks, and resurfacing or reconstructing roads to maintain roadbed quality.

Section 66.30, Wis. Stats., gives local governments broad authority to contract with one another or with federally recognized Indian tribes to furnish services or perform any power or duty required or authorized by law, including forming agreements for the repair and maintenance of local roads and streets. To encourage further cooperation and collaboration among and between municipalities, the Legislature has also stated that this section of statutes is to be liberally interpreted in favor of cooperative action.

In order to assess the extent to which cooperative agreements are being formed between and among Wisconsin communities, we surveyed all 1,266 town chairs and the 72 county highway commissioners in December 1998. The survey response rate for these groups was 42.7 percent and 65.3 percent, respectively. The town level of government was chosen as the focus of our analysis because road-related expenditures account for such a significant portion of town budgets, and the mileage of roads that town governments must maintain is substantial.

Based on the information obtained from our survey, we conducted follow-up interviews with representatives from 45 municipalities throughout the state.

Through these interviews, we found that three types of cooperative agreements have been formed: joint ownership agreements, group purchasing agreements, and unique resource-sharing agreements. We identified 12 agreements under which local governments had jointly purchased and shared ownership of specialized equipment such as shoulder reshaping equipment and brush chippers. We found that, in general, equipment that is jointly owned is not likely to be needed on an emergency basis and would be difficult for a single town or village to justify purchasing alone because of infrequent use. Some communities assess the interest of their neighbors in forming joint ownership agreements by conducting equipment surveys, which summarize both the types of equipment available in the area and plans for future purchases. Initial purchase costs and maintenance costs are most commonly divided on the basis of usage, with details specified in stand-alone written agreements or the minutes of municipal board meetings. Flexibility and tolerance among local governments, as well as the use of written agreements, were identified as important factors in the success of joint ownership agreements.

Agreements to make group purchases of materials or supplies involve items such as culverts or road salt, which a group can buy in bulk at discounted prices. However, group purchase agreements also allow local governments to lower costs by reducing the administrative costs of researching and writing bids. For example, a county that plans to purchase four new trucks might notify local towns of its plans, so that any similar trucks could then be included in the county's bid, and the smaller units of government could benefit both from a reduced administrative time commitment and potential cost savings. Communication is an important factor in the formation of successful group purchasing agreements, because joining together for purchases requires more advance notice and coordination than purchasing for one unit of government.

Examples of resource-sharing agreements include renting equipment from another municipality, paying a per mile fee for road maintenance, trading in kind for services rendered, and jointly working to repair a roadway. Among these types of agreements, we found many instances in which municipalities rented equipment to other neighboring towns or counties in exchange for an hourly service fee. We also found an instance in which municipalities exchange snowplowing services in the winter season for road grading services in the summer season. Many variations of these resource-sharing agreements are possible, and each agreement is tailored to address the unique circumstances involved.

Local governments identified three factors as perceived barriers to the formation of cooperative agreements: maintenance responsibility questions, liability and insurance concerns, and union contract prohibitions. Many local officials stated that they had concerns related to responsibility for maintenance or repair to jointly owned machinery, particularly in the event of misuse or abuse of the equipment. However, municipalities that had agreed to share equipment ownership did not report significant difficulties related to maintenance.

Local government representatives also expressed concern over which party in a cooperative agreement would be financially and legally liable for any damage or injury that resulted while equipment or personnel were involved in road maintenance and repair work. To assess the validity of such concern, we interviewed representatives from insurance carriers that provide coverage to Wisconsin municipalities. These representatives indicated that by working closely with the agents involved, local governments could adequately address important liability and insurance concerns within the context of the agreement.

Finally, many local government officials believe that union contract language could hinder cooperative efforts. However, representatives of the American Federation of State, County, and Municipal Employees (AFSCME) believe the perception of possible union-related barriers to cooperation is overstated. Because only 8 of the 1,266 towns in Wisconsin are represented by AFSCME, it appears that concerns related to union work rules—rather than the union rules themselves—may be the actual barrier to the formation of cooperative agreements.

INTRODUCTION

As directed by s. 13.94(8), Wis. Stats., the State Auditor conducts periodic reviews of local government operations to identify practices that may save money or provide more effective delivery of government services. A five-member advisory council, representing counties, cities, villages, and towns, assists with the selection of topics for these “best practices” reviews. In contrast to performance evaluations, which identify problems or weaknesses in government operations, best practices reviews seek to build upon successful local efforts by identifying cost-effective approaches to providing government services. The formation of cooperative agreements for repair and maintenance of local roads is the subject of this review. The advisory council’s members are listed in Appendix I.

In conducting our review, we examined:

- the types and extent of current municipal cooperation related to road repair and maintenance;
- the conditions municipal officials cited as possible barriers to the formation and success of cooperative agreements; and
- the processes necessary to form and maintain a cooperative agreement.

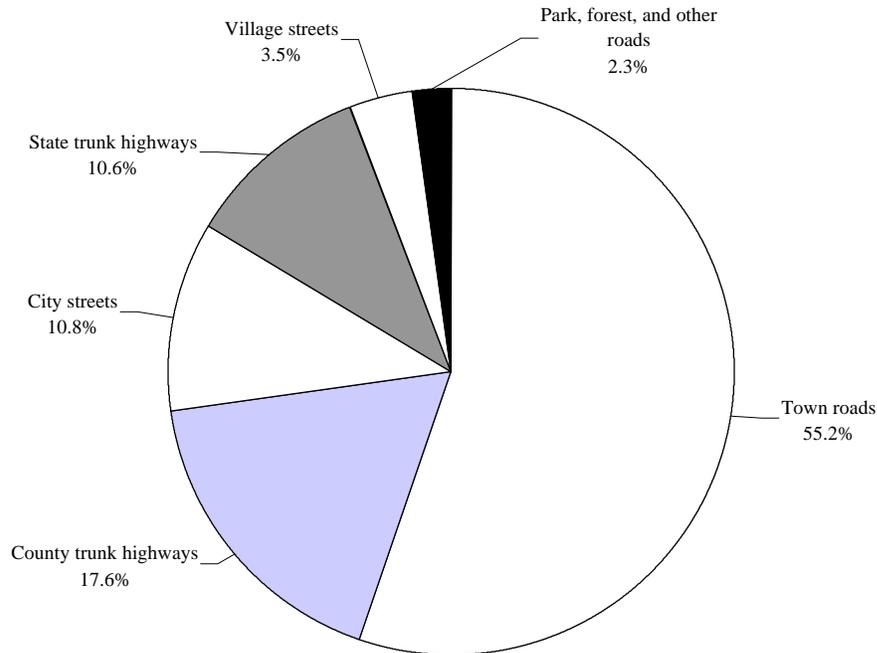
Responsibility for Wisconsin’s Roads and Streets

Cities, villages, and towns maintain 69.5 percent of Wisconsin’s total road mileage.

The State of Wisconsin contains 111,500 miles of roads and streets, most of which are the responsibility of local governments. As shown in Figure 1, state trunk highways represent only 10.6 percent of the total road mileage in the state. Most of the remaining 99,687 miles of roads and streets are maintained by local governments. City, village, and town roads and streets account for 77,522 miles, or 69.5 percent of the total road miles. Cities, villages, and towns maintain their roads and streets directly, using their own employees, or contract with other units of government or with private service providers. County trunk highways, which represent 17.6 percent of total road miles, are maintained by county highway departments. The park, forest, and other roads that account for 2.3 percent of total road mileage are maintained by federal, state, and local governments.

Figure 1

Road and Street Miles in Wisconsin
(as of April 1997)



Road and street construction and maintenance costs account for a significant percentage of total local government expenditures. In calendar year 1997, local governments reported spending just over \$1.0 billion, or 15.8 percent of their total expenditures, on road and street construction and maintenance. Costs for both construction and maintenance have been included in our analysis because local governments may not distinguish between these two activities in their expenditure reporting.

Road construction and maintenance accounted for 51.5 percent of towns' expenditures in 1997.

As the size of the unit of government decreases, the percentage of local government expenditures devoted to road and street construction and maintenance increases. As shown in Table 1, towns in Wisconsin devote 51.5 percent of their total expenditures to road construction and maintenance. Therefore, savings achieved in this area can be particularly significant.

Table 1

Local Government Expenditures Devoted to Road Construction and Maintenance
 CY 1997
 (in millions)

<u>Unit of Government</u>	<u>Expenditures for Road Construction and Maintenance</u>	<u>Total Operating and Capital Expenditures</u>	<u>Percentage of Total Devoted to Roads</u>
Counties	\$ 262.6	\$ 3,049.6	8.6%
Cities	414.5	2,534.7	16.4
Villages	105.8	471.7	22.4
Towns	<u>253.0</u>	<u>490.8</u>	51.5
All Local Governments	\$1,035.9	\$6,546.8	15.8%

Maintenance of roads and streets includes:

- plowing snow and spreading road salt or salt/sand mixtures on roads;
- cutting brush, mowing medians and shoulders, grading shoulders, cleaning ditches and culverts, repairing potholes and cracks, and replacing signs and guardrails; and
- resurfacing and reconstructing roads to repair or maintain the quality of the roadbed itself.

Although all municipalities must perform the same types of functions to maintain roadways, they do so by varying means. Some units of government—more commonly towns that do not own equipment or have full-time road department employees—contract with private service providers or with their county highway departments for all road maintenance functions. However, some towns perform all road maintenance using their own crews and equipment and contract only for specialized work.

Local Government Cooperation in Wisconsin

Wisconsin statutes encourage cooperation among local governments.

In recognition that local governments may be able to reduce costs or improve service delivery by working together, s. 66.30, Wis. Stats., allows any municipality to contract with another municipality or with federally recognized Indian tribes in order to furnish services or perform any power or duty required or authorized by law. This section also provides that the law is to be interpreted liberally in favor of cooperative action by municipalities.

To determine the extent to which local governments were forming cooperative agreements and learn more about the nature of these agreements, we surveyed all town board chairs and county highway commissioners. Towns were chosen as the main focus of our analysis because road-related expenditures account for such a large portion of their budgets, and town roads represent 55.2 percent of the total road mileage in the state. County highway commissioners were surveyed because towns most often work cooperatively with or contract with counties for road construction and maintenance.

We surveyed all 1,266 town chairs and received a total of 541 responses, for a response rate of 42.7 percent. Forty-seven of the 72 county highway commissioners returned our survey, for a response rate of 65.3 percent. A copy of the survey instrument is included as Appendix II. Based on the information obtained from our survey, we also conducted follow-up interviews with representatives of 45 municipalities located throughout the state. In addition, we interviewed insurance company representatives, public employe union representatives, members of the Local Roads and Streets Council, staff of the University of Wisconsin-Extension's Transportation Information Center, and staff in the Department of Transportation.

Our survey results indicate that a significant degree of cooperation already occurs among Wisconsin municipalities. Of the 541 towns returning surveys, 410, or 75.8 percent, participate in one or more cooperative agreements. The types of agreements range from very informal arrangements for assistance during emergency situations to formalized joint ownership of machinery. The most common type of cooperative agreement is an arrangement in which one municipality provides a service, such as plowing snow on a shared border road, to another unit of government in exchange for reciprocal service or direct payment. Of the 541 respondents, 289, or 53.4 percent, had this type of agreement with at least one other local unit of government. Other types of agreements involve renting equipment, jointly purchasing materials or supplies in bulk, and providing assistance in the event of an emergency.

While respondents described many unique types of agreements, these agreements can be grouped into three general categories:

- joint ownership agreements, under which local governments jointly purchase and share ownership of equipment that would be difficult for a single town or village to justify purchasing individually because of high cost and limited use;
- group purchasing agreements, under which local governments either buy goods in bulk or combine their bidding efforts to achieve unit discounts on materials and equipment; and
- resource exchange and sharing agreements, under which local governments rent equipment from one another or purchase services through the use of a per mile maintenance fee; trade equipment or personnel use on an in-kind basis; or share resources to accomplish projects of mutual benefit, such as jointly repairing a stretch of roadway.

The agreements identified in our survey not only show many degrees of formality, they also occur among many different units of government, rather than being exclusively between towns or counties. We found examples of:

- a town and a village jointly owning a piece of equipment;
- three cities, two of which are in the same county, jointly owning several pieces of equipment;
- towns and counties purchasing equipment and supplies in bulk to reduce unit costs;
- a town and a utility owned by the town cooperating on road repairs and maintenance and jointly owning equipment; and
- several counties and towns having snowplowing arrangements for border roads.

Many cooperative agreements have been in place for several years.

While some cooperative agreements mentioned by respondents have been in place for only one to two years, a number are older. For example, many communities' border road plowing agreements have been in effect for 20 years or more. Several of the more formalized and complex arrangements, such as joint ownership of equipment, have existed for five or more years, suggesting that they have continued to benefit the municipalities involved.

JOINT EQUIPMENT OWNERSHIP

While joint ownership agreements are not the most common cooperative agreements among local governments, the potential savings associated with them are great. In general, these agreements involve joint purchases of non-emergency equipment that would be difficult for a single municipality to justify purchasing alone, typically because of its cost and infrequent use. We interviewed officials from 21 cities, villages, towns, and counties that are participating in 12 joint purchase and use agreements. Although individual arrangements varied, local units of government often found similar means of addressing their concerns, including variations in equipment usage, maintenance costs, and insurance coverage.

Equipment Suitable for Joint Ownership

Which types of equipment are best suited to joint purchase and ownership?

The equipment municipalities purchased for joint use was typically machinery used primarily during the summer months. Equipment that is likely to be needed on short notice or by more than one municipality on the same day, such as a snowplow, is not owned jointly by any of the local governments that responded to our survey.

Examples of equipment that has been jointly purchased and used include:

- brush chippers, which are owned jointly by the Village and the Town of Mazomanie in Dane County, the Town of Florence and the Florence Utility Commission in Florence County, the towns of Schleswig and Meeme in Manitowoc County, and the towns of Pleasant Valley and Washington in Eau Claire County;
- a power broom and a road packer, which are owned jointly by the towns of Mazomanie and Vermont in Dane County;
- a pavement roller, which is owned jointly by the towns of Wilton and Ridgeville in Monroe County;
- a pothole patching machine, which is owned jointly by Ashland and Douglas counties;

- a dirt shredder, a pavement grinder, and crack filling equipment, which are owned jointly by the cities of Fort Atkinson, Jefferson, and Whitewater; and
- a shoulder reshaping machine, which is owned jointly by the towns of Vienna and Windsor in Dane County.

Cities of Fort Atkinson, Jefferson, and Whitewater

In 1993, the cities of Fort Atkinson, Jefferson, and Whitewater jointly purchased a dirt shredder to grind topsoil at a cost of \$10,000. This cost was split evenly among the three units of government, and the machinery is stored by the last user in the construction season. Maintenance and use records are maintained in two log books that travel with the shredder, and maintenance is carried out by the city using the equipment at the time it is due. Significant repair costs, defined by the cities as over \$500, are divided among the users based on their percentage of total use in the past year. See Appendix III for the joint ownership agreement formed by the three cities.

Determining Other Municipality Interest

How can a municipality determine if others would be interested in a joint ownership agreement?

Informal communication among area officials most commonly led to joint purchase decisions. However, we identified two local governments—the Town of Vienna and Florence County—that conducted formal equipment inventory surveys to gauge interest in joint purchases. That approach allows local governments to assess and compare timetables for purchases, identify common needs, and arrange purchases together if mutually beneficial.

The Town of Vienna in Dane County surveyed all 34 towns in that county in January 1999 to determine their planned equipment purchases for the next five years. Town of Vienna officials report that 24 towns responded to the survey, and several are planning similar purchases:

- five plan to purchase basic plow trucks in 2001;
- six plan to purchase one-ton dump trucks in 2000; and
- six plan to purchase roadside mowers in 1999.

Town of Vienna officials indicate that the information gathered from the survey has already been of use in purchasing decisions. A neighboring town was able to share bid specifications and information about price ranges for a one-ton truck, as that town was in the process of completing its purchase when contacted by the Town of Vienna. See Appendix IV for the Town of Vienna's equipment survey.

Surveying other units of government could also be useful in determining the numbers and types of machinery in an area. This information may be vital in emergency situations and can help local governments be aware of the extent to which their equipment is compatible. For example, certain types of snowplows can be operated only by certain types of trucks.

Equipment survey information may also increase the rental of specialized equipment among local governments. The cost of most road repair machinery is significant and, as many local officials have indicated, machinery must be used or rented to others to justify its purchase. Therefore, determining which equipment is already present in an area can assist in future purchasing decisions.

Sharing Purchase and Maintenance Costs

How have municipalities shared purchase and maintenance costs?

Local governments report two means of sharing purchase costs fairly. Some municipalities made an initial estimate of anticipated use and apportioned purchase costs accordingly. Other communities have divided purchase costs evenly but maintained usage records so that compensatory payments that reflect actual use could be made. It seems a reasonable practice to estimate each party's proportion of total use when forming the agreement, and to use that information in determining the most appropriate method for allocating purchase costs.

The Town and Village of Sharon in Walworth County

The Town of Sharon and the Village of Sharon have jointly owned a brush chipper for approximately eight years. The two municipalities split the \$6,000 purchase cost of the first chipper equally and then contributed an hourly fee to an account used for maintenance, repairs, and replacement of the chipper when required. The two municipalities report that they have experienced few problems with the agreement, and they are currently using a second chipper, purchased at a cost of \$9,000, after the first was replaced. By using the joint account for payment of hourly fees, the two municipalities are paying shares of the total cost of repairs and replacement in proportion to their use. See Appendix V for the joint ownership agreement between the town and the village.

Towns report two basic methods of dividing the maintenance costs of jointly owned equipment. For example, the towns of Pleasant Valley and Washington share maintenance costs for the brush chipper they own jointly in the same proportion that they shared purchase costs: the Town of Pleasant Valley pays 30 percent of the maintenance costs, while the Town of Washington pays 70 percent. These percentages reflect each town's expected use of the equipment. Another method of dividing costs is to stipulate that routine maintenance costs will be borne by the party using the equipment at the time maintenance is due, while non-routine or significant costs will be shared by the parties according to a predetermined formula.

*The Towns of Pleasant Valley and Washington
in Eau Claire County*

In 1991, the towns of Pleasant Valley and Washington in Eau Claire County purchased a wood chipper at a cost of \$12,400. The towns entered into a formal written agreement which states that the purchase and maintenance costs will be split between Pleasant Valley and Washington on a 30 percent/70 percent basis, which reflects their expected use of the chipper. The machine is stored in the Town of Washington unless it is being used by the Town of Pleasant Valley. Town officials report that scheduling use of the chipper has been easily accomplished, and both towns are pleased with the arrangement. See Appendix VI for a copy of the written agreement.

Given that several of the agreements we examined have been in place for five or more years, any problems related to maintenance responsibilities and costs could be expected to have occurred already. None of the municipalities we spoke with reported facing significant problems with maintenance costs.

Equipment Storage

**Where is equipment
stored when not in use?**

Most of the local governments we spoke with indicated that equipment is stored by its last user for the season. Others indicated that the equipment is stored by its most frequent user.

Liability Considerations

How should liability concerns be addressed?

Many local government officials indicated that liability and insurance concerns are important in determining whether to enter into a joint ownership agreement. For example, they questioned how liability would be assigned among owners of a machine in the event of an accident, or how their employees would be insured while doing work for another community. However, none of the parties we interviewed indicated problems with insurance coverage or liability for use of the machinery.

We also spoke with three insurance industry representatives serving local governments in Wisconsin, who indicated that while liability and insurance issues should be of concern to local governments, most concerns can be adequately resolved by working closely with the agents and carriers involved. If the parties to joint purchase agreements share the same carrier, the administrative aspects of addressing insurance concerns may be few. Municipalities that do not share the same insurance carrier did not cite any problems with coverage.

Because each joint ownership agreement has unique aspects, insurance and liability concerns will vary considerably from agreement to agreement and cannot be fully anticipated for all agreements. To address specific circumstances, we suggest that municipalities consult their respective insurance carriers before concluding an agreement.

Documenting Agreements

What methods have local governments used to document agreements?

The local governments we contacted use one of two methods of documenting joint purchase arrangements: including the details of the agreement in the minutes of municipal board meetings, or writing formal, stand-alone contract documents.

Although we suggest that local governments develop agreements for the joint purchase and use of equipment, the form of the agreement need not be complex: some units of government have simply spelled out the terms of the agreement in board meeting minutes. The towns of Vienna and Windsor in Dane County documented their agreement for a shoulder reshaping machine in that manner. Others have drafted stand-alone documents signed by all parties to the agreement.

Regardless of the form an agreement takes, we suggest that a written record be developed, particularly in light of the possibility of changes in local government leadership over time. At a minimum, the agreement should include information on the following:

- how the equipment purchase price will be divided;
- how maintenance costs will be divided;
- how any significant differences in usage will be addressed;
- which unit or units of government will carry insurance coverage on the machinery; and
- where the equipment will be stored.

Local governments may also want to include sell-out and buy-in provisions for ending the agreement or broadening it to include other parties. See Appendix III for an example of the use of buy-in and sell-out provisions that allow other units of government to join existing joint ownership agreements by buying shares and allow existing owners to end their participation in an agreement. In addition, a “sunset” date provides all parties with an opportunity to evaluate the success of an agreement and to determine whether to continue it.

Maintaining Successful Agreements

What conditions help to develop and maintain a successful joint ownership agreement?

In general, local governments indicated that joint purchase and use agreements work satisfactorily and to the benefit of all parties if the following conditions are present:

- flexibility – parties must be willing to be somewhat flexible regarding when they will use the equipment, and the equipment chosen for joint purchase should be used for non-emergency purposes, such as mowing medians or chipping brush;
- tolerance – it is unlikely that both or all parties to an agreement will use a machine for exactly the same amount of time in a given season or year, making it important that local governments be willing to accept differences in usage or maintenance costs; and
- written agreements – although not all of the units of government we spoke with had written agreements for the joint ownership of equipment, many of them indicated that some form of written documentation was important.

GROUP PURCHASING ARRANGEMENTS

Like agreements to own and maintain equipment jointly, group purchasing agreements have the potential to reduce local governments' costs. Group purchasing arrangements, which do not result in shared ownership, most commonly are made to either reduce the unit costs of goods or to reduce the administrative costs associated with the bidding process. As was found with agreements for the joint purchase of equipment, both bulk purchase and group purchase agreements have the potential to reduce municipalities' costs.

Types of Group Purchases

What types of group purchasing arrangements exist?

Group purchasing arrangements include bulk purchases of materials such as road salt, fuel, and roadwork supplies, and group purchases of equipment and machinery that is owned individually by local governments. Both types of arrangements have the advantage of lowering costs, either by reducing the sale price or by reducing the amount of time local government staff must spend researching products, comparing prices, and writing bid specifications.

Bulk purchase arrangements - Bulk purchase arrangements are often used to lower the unit cost of materials and supplies. The most common bulk purchase arrangement currently in use involves the Wisconsin Department of Transportation's annual road salt contract, which is available to all local governments. In the 1998-99 winter season, a total of 159 counties, cities, villages, and towns participated in this contract, which provided salt at a price of \$24.85 to \$36.60 per ton, depending on the county to which the product was delivered. Table 2 shows the number of local governments purchasing road salt under this contract.

Table 2

Local Governments Purchasing Road Salt Under the State's Contract
1998-99 Winter Season

<u>Type of Government</u>	<u>Number of Governments Purchasing</u>
Counties	40
Cities	55
Villages	32
Towns	<u>32</u>
Total	159

In addition to those communities making direct purchases through the State's contract, many cities, towns, and villages purchase salt as needed from their counties. Counties typically add a 4.0 percent administrative fee to the price of goods and services purchased from them. Nevertheless, purchasing from the county can result in savings compared to purchasing directly from a private vendor. For example:

- The Town of Merton purchases its salt from Waukesha County, and town officials state that this results in savings of between \$1.00 and \$2.00 per ton compared to prices paid when the town bought directly from a private vendor. The town has purchased salt through the county for six years. It uses approximately 1,200 tons per year, resulting in savings of \$1,200 to \$2,400 per year.
- The Town of Burlington purchases its salt from Racine County, and the salt is delivered by the vendor directly to the town's salt storage facility. For the 1998-99 winter season, the town was able to purchase salt at a cost of \$30.15 per ton, a savings of about 50 cents per ton, according to town officials. Total savings to the town, which uses approximately 1,000 tons of salt per winter season, were about \$500 this year. The town has been purchasing salt under the county contract for four years and has not experienced any problems with salt availability.

Some local government officials are reluctant to rely on counties for salt in the event it could be unavailable when needed. They choose to purchase directly from a vendor, believing their access to salt will be more secure. However, local governments that purchase salt from their counties reported they did not experience shortages. We suggest that local governments compare the price and availability of salt purchased through the county or directly under the state contract, because buying salt as part of a larger government's bid could result in savings.

Towns, cities, and villages also purchased other types of materials and supplies, including culvert pipes, road signs, grader blades and cutting edges, gravel, and fuel, through county highway departments. Both municipal and county officials believe the counties' bulk purchasing power makes materials and supplies available at a lower cost. For example, Ashland County officials stated that bulk purchases of culvert pipes resulted in an almost 50 percent reduction in cost. Ashland County officials also state that towns have become more interested in planning future road work and remaining current on maintenance needs. Purchasing culvert pipes in planned quantities, rather than as needed, requires municipalities to plan maintenance work further into the future and to complete it more effectively.

Another example of county purchasing power involves five counties in northern Wisconsin—Barron, Polk, Rusk, Sawyer, and Washburn—that have purchased traffic paint together since 1996 under a bulk purchase agreement. County officials estimate the savings to be approximately \$1.00 per gallon. Rusk County officials stated that their use of approximately 35 drums of paint per year results in an annual savings of about \$1,925.

Group purchases of equipment – Group purchases of equipment and machinery that is owned by individual governments can be beneficial in two ways: the cost of equipment can be reduced, and the administrative costs associated with purchasing can be reduced. Smaller units of government do not tend to purchase machinery as often as county highway departments do, and for that reason they may not have as much experience in writing specifications or bid documents. Working with the county highway department to purchase equipment can save smaller units of government time that would otherwise be spent comparing equipment specifications and options, writing bid specifications, and negotiating with dealers.

For example, the towns of Scott and Sheboygan have, in several instances, used bid specifications written by the Sheboygan County Highway Department. Town of Scott officials stated that using road-building specifications written by the county, which are then modified to meet the town's requirements, saves both time and effort, because town

staff are not typically knowledgeable about engineering and road-building specifications. Using the county's requirements prevents them from "reinventing the wheel," town officials report.

The Town of Sheboygan and Sheboygan County

The Town of Sheboygan has purchased two pieces of equipment in cooperation with the Sheboygan County Highway Department. The first, a plow truck, was purchased for approximately \$64,000. Town officials report that the town saved \$4,500 on this purchase by "piggybacking" on the county's bid for the same trucks. The second piece of equipment, a roadside mower, was purchased for approximately \$29,500, a savings of \$2,500, according to town officials. Having the same equipment as the county is also beneficial, they believe, because the county maintains a supply of parts that can be accessed quickly when needed. Town officials plan to purchase cooperatively in the future when possible.

Using Group Purchasing Power

How can municipalities take advantage of group purchasing power?

Local government officials believe that improved communication among local governments and the county government is required for group purchasing activities to occur. For example, municipalities need to determine their own purchasing needs with enough advance notice to share their plans with others. An equipment survey can be useful in this regard. As noted, the Town of Vienna, in Dane County, surveyed all of the Dane County towns in January 1999 to determine their equipment purchase plans over the next five calendar years. The information collected as part of this survey was compiled and sent to all of the towns.

Because counties are larger units of government with more frequent purchases, we suggest that county highway departments notify towns, cities, and villages when large purchases are planned. Ample notice should be given, if possible, so that municipalities can include such purchases in their budgets for upcoming years.

The Town of Nashville and Langlade County

The Town of Nashville has taken advantage of the Langlade County Highway Department's greater knowledge of equipment and ability to research purchase options. The county has full-time staff whose responsibilities include determining the best equipment for purchase and obtaining the best possible price. The Town of Nashville has benefited from the county's knowledge and resources on several occasions. For example, the town contacted the county highway department to gather information about snowplows it was interested in purchasing. The county was in the process of placing an order for five plows at the time and allowed the town to purchase a plow on its bid. The result was a savings of \$2,000, with the final purchase price \$6,000. Town officials also stated that the town saved time and expense related to advertising for bids on its own and administering the bidding process.

One possible means of disseminating information regarding planned purchases would be the use of counties' World Wide Web sites as clearinghouses. While not every county currently has a Web site, those in existence could provide a means for municipalities to share information and purchasing plans in a timely manner.

OTHER RESOURCE-SHARING AGREEMENTS

Municipal officials identified at least four other ways in which local governments can cooperate to accomplish road repair tasks by exchanging money or assistance:

1. equipment can be rented to or from other local governments;
2. towns can pay per mile fees to their county governments for road maintenance activities;
3. communities can trade responsibility for snowplowing on border roads; and
4. communities can trade personnel and equipment on a project benefiting one community for similar in-kind work using the personnel and equipment of the other community.

Equipment Rental

Rental of equipment is common among local governments.

Of the 541 towns responding to our survey, 71, or 13.1 percent, rent equipment from another unit of local government. Similarly, 14 of the towns responding, or 2.6 percent, reported renting equipment to other municipalities. The types of equipment made available on a rental basis include road graders, brush chipping machines, pavement rollers, and one-ton trucks.

Typically, municipalities pay an hourly fee to rent equipment. Many local governments charge the standard rates for various machines established and published by the Wisconsin Department of Transportation. Often, the lending community requires that its staff operate the equipment when it is loaned outside the jurisdiction. This requirement is especially important for equipment that requires specialized training, such as a crane. In a few instances, town and county representatives reported that they are comfortable allowing personnel from the renting community to operate the equipment.

The rental of equipment between local units of government is quite common, and local officials indicated that occasionally renting seldom-needed equipment is more beneficial to their municipalities than ownership or entering into a joint purchase agreement with another municipality. The potential disadvantage is that equipment may not be

available at the time a municipality would like to rent it. For example, finding a community willing to rent a pavement roller during the road construction season might be difficult.

Per Mile Fees

All of the nine counties whose officials we interviewed provide some type of road maintenance or repair service to some or all of the cities, towns, and villages within their borders. These services include snowplowing, paving, asphalt grinding, and lane striping.

Per mile fees can help counties to even out seasonal workload.

Some county officials indicated that while winter snowplowing services are in high demand by the municipalities within their borders, some communities turn to the private sector to perform road construction and repair work during the summer months. Counties can experience staffing difficulties because of uneven workloads. Some municipal officials indicated that private sector contractors were employed for road construction because costs were lower or the municipalities had greater control over the scheduling of road construction projects.

To address the issue of uneven workload throughout the year, Outagamie County has established an agreement with some of its towns that will effectively guarantee the county a fixed amount of road repair and maintenance work from each town throughout the entire year. This agreement includes a set fee of \$1,000 per mile per year, which covers year-round road care such as winter plowing and warm-weather repairs. The agreement requires towns to plan ahead for future road repair and maintenance needs and to commit to a certain level of services provided by the county. In this type of agreement, the counties provide their services for a prescribed fee. See Appendix VII for a copy of the Outagamie County per mile agreement.

Trading Services

In addition to paying rental or per mile fees for services, local governments have also created agreements that are paid for through the exchange of similar services. We discovered two types of in-kind exchange agreements: maintenance of border roads, and trades of equipment or personnel for specific tasks.

Some towns have developed unique border road maintenance agreements.

Many of the town officials with whom we spoke indicated that they had established, either in written form or informally, agreements with other local units of government for plowing border roads. Typically, when plow routes are established, they are structured to minimize the number of times the plow must turn around and retrace its path. This backtracking can often occur along roads that form the borders between communities.

Local officials report that in developing plowing routes that maximize efficiency, they may find it efficient to plow a portion of a road that is not technically their responsibility. In these cases, towns have often traded responsibility for sections of road between their plow routes. Towns have also developed other ways to address the maintenance needs of border roads. For example, the Town of Skanawan and the Town of Birch, in Lincoln County, share a border road; Skanawan handles all the snow-plowing, while Birch does all the grading in the summer.

Aside from border road plowing, some communities report trading equipment and personnel from one project to another. For example, if one town needs an extra truck and driver for an 18-hour road construction project, it might exchange 18 hours of its own truck and driver's time on a later project for the needed services. Some municipal officials report that sharing of staff resources can be particularly important when one municipality has very few staff, making it unsafe for an employee to operate certain machines, such as brush chippers, without assistance. On some recent road work done in the Town of Rutland, staff and equipment from the Town of Oregon were used to haul gravel. The Town of Rutland plans to assist Oregon on a future project when needed. These in-kind trades of equipment and personnel were found to be quite effective by the parties involved and, in this case, were arranged informally between the road patrol employees of each town.

Joint Repair or Maintenance Agreements

Of the towns responding to our survey, 289 indicated they had formed an agreement with another local government to repair or maintain a roadway jointly. Typically, those agreements involve plowing border roads during the winter. A roadway that is to be repaired is often one of common interest as well. For example, paving a complete stretch of a gravel road that runs between a town and city would be preferable to leaving the portion in one of the jurisdictions unpaved.

In the examples of joint repair and maintenance we found, project costs were often divided by defining the component parts of the repair work and then choosing which community had the resources to best accomplish a given task. For example, an agreement could separate the costs for preparing a roadway for pavement from those for the paving process itself. In one agreement of this type, the costs of these two phases were approximately equal. One community used its equipment to complete the preparatory phase, while the other hired a contractor to pave the length of road. In this case, the two communities shared resources and the costs of the project evenly.

The Town of Scott and the City of Merrill in Lincoln County

In 1998, the Town of Scott and the City of Merrill in Lincoln County entered into an agreement that improved and paved a three-quarter mile length of gravel road that forms their border. Approximately one-half mile of the road lies in the town, while the other quarter-mile lies within the city. The Town of Scott did not own any of the equipment necessary to pave the road, while the city had the needed equipment. Representatives of the two communities determined that if the city did all the preparatory work on the entire length of roadway, and the town contracted for the pavement for the entire length, costs would be approximately equal between the two parties. To document the agreement, the city prepared a letter outlining the specifics of the agreement, which was ratified by the town board.

In another type of resource-sharing agreement, the Town of Lebanon in Dodge County has entered into an agreement that allows the county highway department to use a portion of the salt storage shed owned by the town. There is no exchange of funds, but the county benefits from having a satellite location in which to store salt, and the town has access to an additional supply of salt in an emergency.

Combining Existing Resources

Another kind of resource-sharing agreement is the combination of personnel resources from one community with capital resources of another. These types of agreements are less common than others we found. As illustrated by the following example of the Florence County towns of Florence and Commonwealth, there are innovative ways for communities to share not only physical resources, but also to capitalize on the personnel resources of another government.

In another instance, the Town of Delmar hired the grader operator from the Town of Edsen to operate a grader owned by Delmar during the summer season. Delmar and Edsen own identical graders, so this individual is familiar with both the operation and maintenance needs of the equipment. The Town of Delmar is thus able to complete its grading work without hiring a full-time employe for the summer season.

The Towns of Florence and Commonwealth in Florence County

In Florence County, the towns of Commonwealth and Florence formed a snowplowing agreement in 1994. The Town of Commonwealth furnishes a truck and sander for snowplowing in both communities. Commonwealth is responsible for all major repairs and carries adequate insurance coverage on the equipment. The Town of Florence supplies the labor, fuel, parts, and supplies for all light maintenance required on the equipment. The two communities split the wages of the driver evenly, based on a 40-hour work week. In this case, one town provides the equipment and the other provides the personnel to operate it. The maintenance costs have been divided into heavy and light categories, with one town taking primary responsibility for each type, and employee wages are split evenly. See Appendix VIII for a copy of the agreement.

Union Contract Prohibitions

Several local government officials speculated that union contract language could hinder cooperative efforts that involve sharing employees between two or more units of government. For example, questions arose about:

- differences in work hours and scheduled break times;
- using staff from a non-unionized municipality in a unionized municipality; and
- reductions in the amount of overtime available to employees as a result of cooperative efforts.

To determine the extent to which union contract provisions might make formation of cooperative agreements more difficult, we spoke with representatives of the American Federation of State, County, and Municipal Employees (AFSCME), which is the union most likely to represent local government road department employees.

AFSCME representatives do not believe union rules would hinder sharing of employees.

AFSCME representatives indicated that they believe the perception of possible union-related barriers to cooperation is overstated. For example, only 8 of the 1,266 towns in Wisconsin, or less than 1.0 percent, are organized under AFSCME. Wisconsin AFSCME representatives also estimated that only about 75 of the more than 1,500 contracts for

AFSCME-organized employees in Wisconsin include language that could, under strict interpretation, limit the abilities of local governments to work together cooperatively. In addition, representatives at the national AFSCME headquarters stated they do not believe union rules would typically present a barrier to the development and use of cooperative agreements between local governments.

APPENDIX I

BEST PRACTICES LOCAL GOVERNMENT ADVISORY COUNCIL

Betty Balian, Town Board Chair
Town of Lebanon (Dodge County)

Daniel Elsass, Governmental Affairs Unit
Univeristy of Wisconsin-Extension
(Originally Appointed as City Administrator, City of Baraboo)

Anne Spray Kinney, Executive Director
Milwaukee Metropolitan Sewage District
(Originally Appointed as Director of Administration, City of Milwaukee)

John Krizek, County Administrator
St. Croix County

Vacant
County Representative

APPENDIX II

SURVEY OF TOWN AND COUNTY OFFICIALS

Name of Local Unit of Government

Name, Title, and Telephone Number of Person(s) Completing Survey

1. Does your unit of government have any cooperative agreements (formal or informal) related to road repair and/or maintenance with other local units of government, such as towns, villages, cities, or counties? For example, have you purchased a piece of road repair equipment jointly with another unit of government? Please check all that apply:

- A. We have jointly purchased equipment for use in road repair or maintenance with another local unit of government.
- B. We have bulk purchasing agreements with other units of government (for example, two units of government purchasing road salt together in order to receive a quantity discount).
- C. We have agreements with other units of government for emergency assistance with road repairs or maintenance.
- D. We lease road repair or maintenance equipment from another unit of government rather than purchasing that piece of equipment for our own use.
- E. We lease equipment to another local unit of government.
- F. We have agreements with others in which services are provided by another local unit of government (such as snow plowing or pavement resurfacing).
- G. Other (please explain).

- H. We do not have any cooperative agreements with other local units of government.

2. What has been your experience with this arrangement(s)? Has it been successful, in your opinion? Why or why not?

3. Have you tried cooperative agreements which are no longer in effect? Yes No

If yes, please check the reason(s) the agreement is no longer in effect:

- No longer have a need for the service or equipment related to the agreement.
- Encountered problems related to insurance and liability concerns.
- Other reason. Please describe.

4. What do you perceive to be barriers or hindrances to developing and maintaining cooperative agreements (for example, legal or liability concerns, logistics of storing equipment in a location convenient to both units of government, etc.)?

5. Who may we contact for more information?

Based on responses to this survey, we will be contacting some local government officials to ask for more detailed information. Interviews should take no more than 30 minutes. Please identify a contact person with whom we may discuss these issues should we need additional information about your local government's experiences.

Name of person(s) to contact: _____

Telephone number: _____

Best time to call: _____

APPENDIX III

EXAMPLE OF A JOINT OWNERSHIP AGREEMENT

COALITION AGREEMENT

Whereas the municipal governments of Fort Atkinson, Jefferson, and Whitewater all in the State of Wisconsin, are desirous of jointly purchasing equipment to provide better service to their respective communities; and

Whereas the objective is to reduce duplication of equipment in each community, which can be scheduled for use, thus reducing costs;

Therefore, the following Coalition Agreement is adopted with the following conditions and provisions:

A. EQUIPMENT PURCHASE AND STORAGE

1. Equipment purchases may be between any or all coalition members with costs shared equally by each participating member.
2. Specifications for equipment purchase shall be agreed upon by each coalition member participating in the purchase.
3. Each municipality on a rotating basis will be charged with the responsibility of procuring the equipment and providing storage.
4. Approval of the purchase is necessary by each participating member.

B. OPERATION, MAINTENANCE, AND REPAIR OF COALITION EQUIPMENT

1. Members using coalition equipment shall operate and maintain equipment as described in the operation and maintenance manual provided for each particular piece of equipment.
2. An operation, maintenance, and repair log book shall be kept with the equipment.
 - a) This log book shall include entries for all preventative maintenance and repair work completed.
 - b) The hour meter reading shall be recorded each time a member uses the equipment. If no hour meter is provided, the coalition member shall record the hours of use in the operation log on a daily basis.
 - c) Special operation procedures identified by coalition members should be noted in the operation section of the log book.
3. The coalition member using equipment is responsible to clean, maintain, and repair equipment before returning the equipment to the designated coalition member responsible for the storage of equipment.

C. INSURANCE

1. Insurance for each piece of equipment shall be provided by the designated purchasing coalition member.
2. Each coalition member shall list all participating coalition members as co-users with their respective insurance companies.

D. COSTS AND CHARGES

1. Equipment purchases:
 - a. Equipment purchases shall be divided evenly by the number of coalition members participating in the purchase. The purchasing municipality shall invoice the other participating coalition members for their equal share of the purchase. This invoice shall be paid within thirty days of issuance. A copy of the original invoice shall be sent to each participating member to verify the total cost of the equipment.
2. Maintenance:
 - a. All preventative and operation maintenance costs will be borne by the coalition member using the equipment. This will include any consumables such as grinder blades, chipper teeth, gas, oil, etc.
3. Repair:
 - a. Repairs under \$500 including labor will be borne by the coalition member using the equipment at the time.
 - b. Repairs over \$500 including labor will be paid by coalition members who participate in the purchase of the particular piece of equipment, based on number of hours of use.

i.e.: Fort Atkinson and Whitewater jointly purchased a crack filler for \$10,000. Fort is using machine and it requires \$800 of repairs (including labor), and Fort's city mechanic does the work. Fort had used the machine for 40 hours and Whitewater 120 hours. The repair bill would be divided by the total number of hours of use to determine the repair cost per hour ($\$800 / 160 \text{ hrs} = \5.00 per hour of use. This figure would then be multiplied by the number of hours each member used the equipment. Whitewater: $120 \text{ hours} \times \$5.00 = \$600$. Fort: $40 \text{ hours} \times \$5.00 = \$200$. Fort would send a bill to Whitewater for \$600.
 - c. Billing for repairs over \$500 shall be done at a minimum of semi-annually.
4. Replacement:
 - a. Replacement of coalition-owned equipment will be done on a prorated basis in the same manner that repair charges are calculated as noted in Section D(3)(b) of this agreement. The prorated amount will be calculated on the entire replacement cost of the equipment.
5. Insurance:
 - a. The cost of insurance shall be paid by the coalition member who was designated the purchaser of the equipment.

E. BUY IN AND SELL OUT PROVISIONS

1. Buy In:

A coalition member who did not participate in the initial purchase of a piece of equipment shall be allowed to buy in to coalition-owned equipment. The coalition members owning the equipment shall set the value of the equipment. If an appraisal of the equipment value needs to be done, the coalition member wanting to buy in shall pay the costs of the appraisal. The appraisal shall be done by an independent person agreed upon by the other coalition members. The coalition member buying in shall pay each other member their equal share to divide up ownership equally.

2. Sell Out:

If a coalition member wants to sell out their share of any equipment, the other owning coalition members must agree to allow the member to sell out. The sell out can be to coalition members only. If the sell out is approved by the other owning coalition members, the value shall be agreed upon by the participating members. Should the members not agree to the value of the equipment, an appraisal of the equipment value shall be done with the coalition member wanting the sell out paying the cost of the appraisal. The appraisal shall be done by an independent person agreed upon by the other coalition members.

F. EFFECTIVE DATE

This agreement shall become effective upon signature by the proper authorized official of all participating municipalities.

G. TERM OF AGREEMENT

This agreement shall remain in force and effect until cancelled by the filing with the city clerk of a cancellation notice signed by the city manager/administrator, council president, city clerk, or any coalition member. Upon cancellation, the equipment subject to this agreement shall be disposed of as follows:

1. By agreement of the parties.
2. If the parties are unable to agree as to how the equipment is to be disposed of, any disputed item shall be appraised and sold at fair market value to the highest bidder, which can be a coalition member.

BE IT RESOLVED by the City of Fort Atkinson, City of Jefferson, and the City of Whitewater, Counties of Jefferson and Walworth, State of Wisconsin:

1. That this Coalition Agreement is hereby approved and the rights and duties therefore are hereby assumed and accepted, subject to the terms and conditions herein set forth.
2. The proper officials are hereby authorized and directed to do and perform the necessary acts to fulfill the obligations of the Agreement.

CITY OF FORT ATKINSON

City Manager

Date

City Clerk

Date

CITY OF JEFFERSON

City Manager

Date

City Clerk

Date

CITY OF WHITEWATER

City Manager

Date

City Clerk

Date

APPENDIX IV

EXAMPLE OF AN EQUIPMENT SURVEY

TOWN OF VIENNA

*Office of the Clerk (608) 846-3800
5270 Norway Grove Road; DeForest, WI 53532*

January 28, 1999

Local Government Officials
Dane County Townships
Dane County, Wisconsin

Re: Equipment needs and planned purchases

Dear Fellow Town Officials:

The Township of Vienna has recently undertaken an extensive assessment of its equipment conditions and anticipated purchase needs for the next five years. Vienna began this process at its Annual Budget Meeting in November by appointing a joint committee of elected officials and residents to review Vienna's equipment needs. The committee felt it may be beneficial to them and perhaps to other similar communities to share knowledge and perhaps consider group purchasing of equipment when possible.

I have been asked, as the Clerk/Office Manager of the Town of Vienna, to assist our committee in gathering as much knowledge as possible concerning the desire for sharing these important items with other Dane County Towns. The Dane County Town's Association previously compiled and shared a listing of the types and amounts of equipment owned and operated by County Towns. This listing was useful for us, but we felt it might also be useful to expand from what is now available in that regard. Our equipment assessment and review committee has been asked to prepare a five-year needs and purchase list for the upgrade and replacement of equipment for the Town of Vienna. The hope is certainly to aid long-term capital expenditure budgeting most effectively. With this communication I will also enclose a questionnaire that we would appreciate your response to.

We feel it may be useful to place all responses in an organized format for periodic review, and that our being aware of which municipalities intend to purchase similar equipment in a given year might help secure better bid specifications and value received. I have also included some questions concerning your thoughts about sharing labor on some projects which may be larger than we would normally do with out present employees. Some suggestions may be something like sharing patrolmen for road shoulder regrading - as more than one person is needed to do a safe and effective job . . . etc.

Vienna would sincerely appreciate your completing and returning the questionnaire. After we have organized the questionnaire survey answers, we will mail copies to each municipality which expresses an interest. Perhaps a follow-up phone call or meeting may also be warranted, depending on the amount of interest in cooperative sharing in this manner. Thank you for your time and attention.

Sincerely,

Robert Pulvermacher
Vienna Town Clerk/ Office Manager

cc: Dane County Township Officials

Township Equipment & Personnel Survey

Yes No

- ÿ ÿ 1) Does your Town reshape or grade its own road shoulders with your employees?
- ÿ ÿ 2) Does your Town use its own employees to make major base repairs or make large road patch repairs?
- ÿ ÿ 3) Does your Town hire or employ part-time help on a regular basis?
- ÿ ÿ 4) Would your Town benefit from seeking part-time labor from a countywide trained and experienced labor pool?
- ÿ ÿ 5) Would part-time employees you hire also be interested in part-time employment for other municipalities?
- ÿ ÿ 6) Would your Town be interested in sharing labor for larger projects by exchanging skilled and trained employee hours with another municipality?

*Please check the equipment you may purchase or replace
in each of the next five years*

Equipment Item	Year 1 1999	Year 2 2000	Year 3 2001	Year 4 2002	Year 5 2003
<i>Large plow truck, plows, etc.</i>					
<i>Basic plow truck, plows, etc.</i>					
<i>Pickup truck ½ ton, ¾ ton</i>					
<i>One-ton dump truck</i>					
<i>Salt and sand spreader</i>					
<i>Road side mower</i>					
<i>Shoulder reshape machine</i>					
<i>Back hoe tractor</i>					
<i>Tractor loader</i>					
<i>Road grader</i>					
<i>End loader</i>					
<i>Office computer & equipment</i>					
<i>Other (specify)</i>					

APPENDIX V

EXAMPLE OF A JOINT OWNERSHIP AGREEMENT

AGREEMENT

Agreement made of the 1st day of August, 1997, by and between the VILLAGE OF SHARON and the TOWN OF SHARON for a period of one (1) year.

The Village of Sharon and the Town of Sharon hereby agree to purchase a WOODS Model #9128 Chipper, Serial #541762 . All monies in the current replacement account with the exception of \$500 to start a new chipper replacement account will be used toward the purchase \$10,900.00. In addition, the remaining balance will be paid for by the Village of Sharon \$5,019.00 with the stipulation that (1/2) of the remaining balance of the chipper purchase will be paid back to the Village when funds are budgeted and made available \$2,509.00 , not to exceed Dec 31, 1998.

EACH shall contribute \$18.30 per hour, for each hour of use on the hour meter of the chipper, to a special maintenance and replacement fund to be deposited in the Sharon State Bank in a Savings account # 10789. This special fund shall be managed by the Village of Sharon and an annual audited report provided to each municipalities' Board of Supervisors on Dec 31st of each year.

EACH municipality shall be responsible for maintaining a record of hours used and it shall agree with the audited amount deposited in the maintenance and replacement fund. If \$18.30 per hour is either excessive or deficient, the rate may be adjusted at a later date, but not before the fund has reached enough to replace the machine.

THE machine will be housed in the Sharon Township garage. Fuel tank is to be filled before returning machine to the garage. Oil is to be changed by the Sharon Township Employee on a regular basis. The cost of oil filters and any repairs on the machine are to be taken from the maintenance and replacement fund, with the receipts for same to be given to the Sharon Village Clerk .

INSURANCE costs related to the chipper shall be shared or maintained equally through revenue generated by the maintenance and replacement fund for the term of this agreement.

THIS agreement shall remain in effect for one (1) year from the date of this signed agreement. This agreement may be renewed every year unless either municipality wishes to terminate.

TERMINATION OF THIS AGREEMENT: If both municipalities mutually agree to terminate at the end of the period stated above, a written notice shall be given ninety (90) days prior to the effective date of termination. If termination is desired, a third party mutually agreed upon shall appraise the remaining assets for the value remaining and determine division through sale or purchase of those assets.

EXECUTED at Sharon, Wisconsin on the date first above written.

VILLAGE OF SHARON

President

Clerk

TOWN OF SHARON

Chairman

APPENDIX VI

EXAMPLE OF A JOINT OWNERSHIP AGREEMENT

This is an agreement between the Town of Washington and the Town of Pleasant Valley, both of Eau Claire County, Wisconsin. The towns agree to jointly purchase, own, and maintain a Model 290 Woodchuck chipper, a machine which converts trees and brush into wood chips. The details of the agreement are as follows:

1. **PURCHASE:** The purchase price of the machine is approximately \$12,400.00. The Town of Washington will pay 70 percent of the purchase price and the Town of Pleasant Valley will pay 30 percent. Payments will be made directly to the vendor. The machine will always be owned in the above proportions, unless a sale or transfer occurs pursuant to Paragraph 8.
2. **USE:** The personnel of either town may use the machine at any time it is not in use by personnel of the other town. Each town agrees to schedule its use of the machine to minimize conflicts. The machine may be used only by employees of the respective towns while they are being paid by the town to perform town governmental or proprietary functions. Each town board shall appoint a responsible official or employee who will be responsible for carrying out this agreement and for making arrangements with the other town concerning use of the machine.
3. **MAINTENANCE:** All maintenance on the machine will be performed by or arranged by the Town of Washington. The Town of Pleasant Valley shall reimburse the Town of Washington its prorated share of maintenance expense.
4. **ALLOCATION OF MAINTENANCE EXPENSE:** The appropriate responsible persons for each town will maintain records of the use of the machine, allocated accordingly to use registered on the engine hour meter on the machine. Those records will be used to allocate the proportions of use by the Town of Washington and the Town of Pleasant Valley.
5. **STORAGE:** The machine shall be stored in an enclosed facility owned and maintained by the Town of Washington when not in use by the Town of Pleasant Valley.
6. **THIRD PARTY USE:** It is not a violation of this agreement for a municipality, not a party to this agreement, to use the machine provided at least the following conditions are met:
 - A. Said use is authorized by resolution of the town board of each party to this agreement.
 - B. Said use shall be supervised by a knowledgeable and responsible employee of the using municipality in conformance with the provisions of Paragraph 2 above.
 - C. The using municipality shall execute a full release, hold harmless agreement, and indemnification of the parties hereto for any and all claims or damages which arise from use of the machine by that municipality.
 - D. The using municipality shall pay rent equal to that charged by Eau Claire County for use of an equivalent unit. Any rent so received shall be divided by the Town of Washington between the Town of Washington and the Town of Pleasant Valley according to the proportions of ownership.
7. **RELEASE AND HOLD HARMLESS:** Each of the parties hereto releases the other and holds the other harmless for any claims or demands arising out of personal injury, damage to property, loss of use, or other cost or expense arising from the use, unavailability, misuse, maintenance, lack of maintenance, or damage to the machine. Each party hereby indemnifies the other for any and all expenses, costs, claims, or demands, from whatever source and for whatever reason, arising when the machine is under its dominion and control.

8. SALE AND TRANSFER:

- A. Neither party may transfer its interest in the machine to any person or entity except the other party.
- B. Either party may abandon its interest in the machine to the other party, in which case the party receiving the interest in the machine shall pay the amount determined pursuant to Paragraph D below.
- C. Either party may purchase the interest of the other party by serving the other party written notice of its intent to purchase, at least 30 days prior to the effective date of said purchase.
- D. If a purchase or abandonment, as provided in Paragraphs B and C above, occurs, the value of the machine at the date of transfer shall be determined by appraisal of a reputable construction equipment dealer which has a place of business within 100 miles of the City of Eau Claire. If either party objects to the amount of the appraisal so determined, the objecting party shall secure an appraisal by a similar equipment dealer, and both appraisers shall then designate a third similarly qualified equipment dealer who shall make a third appraisal. The sale price shall be the transferor's proportion of the purchase price of the machine multiplied by (arithmetic mean) of the appraised values.
- E. The parties may at any time agree to sell the machine to a third party, in which case the proceeds shall be divided according to the proportions of ownership. This contract is executed pursuant to authority granted by the boards of the respective parties.

Dated this 19th day of April, 1991.

Town of Pleasant Valley

BY _____
Gary P. Ryder, Chairman

BY _____
Dale Welke, Clerk

Town of Washington

BY _____
Mark C. Olsen, Chairman

BY _____
Helen Leipnitz, Clerk

APPENDIX VII – EXAMPLE OF A PER MILE MAINTENANCE AGREEMENT

MAINTENANCE AGREEMENT

Whereas, the Township/Village of Grand Chute, a township/village located in Outagamie County, is desirous of utilizing services of the Outagamie County highway department for certain maintenance work during the calendar year of 1999; and

Whereas, the Outagamie County highway department, by its Director of Public Works Alvin J. Geurts, P.E, is desirous of contracting to provide such maintenance service;

Now, therefore it is agreed by and between the above named local unit of government and the Director of Public Works of Outagamie County as follows:

1. This agreement shall be for a period of one year commencing the 1st day of January, 1999.
2. Outagamie County agrees to provide maintenance for 97.55 miles of highway/roadway located within said government territory.
3. Maintenance work shall include all snow removal and similar work needed during the calendar year.
4. The above named local unit of government will pay for all maintenance work in accordance with the wage rates, material costs, and machinery rental rates.
5. In exchange for the highway department performing the requisite maintenance work, the local unit of government agrees that it will utilize total highway maintenance services during the calendar year term of this contract in a minimum total amount of \$97,550, the said minimum being determined as \$1,000 for each mile of road set forth in paragraph two above. Such minimum expenditure shall include the costs of snow removal.
6. Other available services, costs of which may be applied against the minimum spending requirements, include:

GENERAL MAINTENANCE ACTIVITIES

Surface Maintenance
Shoulder Maintenance
Vegetation Maintenance and Control
Maintenance of Safety Appurtenances
Guard and security fencing, bridge railings, and attenuators
Maintenance of Drainage Facilities
Culverts, ditches, and catch basins
Litter Pickup
Traffic Control
Marking and Signing

WINTER MAINTENANCE ACTIVITIES

Plowing Snow
Spreading Salt
Snow Fence

MISCELLANEOUS ACTIVITIES

- Seal Coating
- Grading
- Paving
- Bridge Inspections and Repairs
- Equipment Repairs

7. In the event that a local unit of government anticipates a major project in the calendar year next succeeding this Agreement, such local unit of government may carry over an unused minimum spending requirement to be used in that major project. Such carry over may not be further than the next calendar year.
8. In addition to the wage rates, material costs, and equipment rental rates, it is agreed that the cost for salt shall be \$31.50 per ton.
9. Both parties agree not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability, sexual orientation as defined in s. 51.01(5) Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
10. The Township/Village of Grand Chute agrees at all times during the term of this agreement to indemnify, save harmless, and defend Outagamie County, its Board, Officers, Employees, and Representatives may sustain, incur or be required to pay by reason Outagamie County occupying, furnishing services, or goods required to be provided under this Agreement, provided, however, that the provisions of this section shall not apply to liabilities, losses, charges, costs, or expenses caused solely by or resulting from the acts or omissions of Outagamie County, its Agencies, Boards, Officers, Employees, or Representatives.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals this

_____ day of _____

TOWN/VILLAGE_____

CHAIRPERSON_____

CLERK_____

OUTAGAMIE COUNTY HIGHWAY DEPARTMENT

By: _____
ALVIN J GEURTS P.E
Director of Public Works

APPENDIX VIII

EXAMPLE OF AN EXCHANGE AGREEMENT

**AGREEMENT BETWEEN THE TOWN OF COMMONWEALTH
AND THE TOWN OF FLORENCE
FOR SNOWPLOWING FOR THE 1994-1995 SNOWPLOWING SEASON**

WITNESSETH, This Agreement made between the Town of Commonwealth, Florence County, Wisconsin, hereinafter referred to as Party of the First Part, and the Town of Florence, Florence County, Wisconsin, hereinafter referred to as Party of the Second Part.

In consideration of the following rights and covenants, Party of the First Part and Party of the Second Part do agree as follows:

- A) That during the 1994-95 snowplowing season, which the parties agree shall run from November 1, 1994 through April 1, 1995, the Party of the First Part will furnish a truck for snow removal, which will include the plow, underbody, and sander for snowplowing in the Town of Commonwealth and in the Town of Florence.

Further, it shall be the responsibility of the Party of the First Part to make all major repairs to the truck, plow, underbody, and sander. By major repairs, the Party of the First Part and Party of the Second Part envision major repairs to consist of items such as broken axles, faulty or broken transmissions, or substantial engine failure. Further, the Party of the First Part will be obligated to carry adequate and sufficient insurance on the complete unit, consisting of the truck, plow, underbody, and sander.

- B) The Party of the Second Part will supply the labor, parts, and supplies for all light maintenance required on the above truck as well as supplying all of the fuel for the truck. Light maintenance is envisioned by Party of the First Part and Party of the Second Part to consist of such things as oil changes, oil filters, air filters, etc.

- C) Party of the Second Part will also supply the driver for the truck for the purposes of snowplowing, and, based on a forty (40) hour week, will split the wages for said driver with Party of the First Part on a 50/50 or equal basis (i.e., should the driver work a 40-hour work week, Party of the First Part would be required to pay for 20 hours of work and Party of the Second Part would be required to pay 20 hours of wages).

- D) In the event that snowplowing requirements, during any given week during the term of this contract, not cover the twenty (20) hours, Party of the First Part may use the balance of the driver's time for labor for the purpose of brushing, road repairs, etc. These particular hours may be accumulated or "banked" and may be used by Party of the First Part after the 1994-1995 snowplowing season has ended.

- E) The Party of the Second Part further agrees to put up or set aside two hundred (200) yards of sand for the use in sanding Party of the First Part's roads; however, the cost of the two hundred (200) yards of sand will be borne by, and be the responsibility of, the Party of the First Part.

- F) It is further agreed that the Party of the Second Part will supply a road grader and operator to "wing back" snow banks for Party of the First Part.

- G) It is further agreed that Party of the Second Part will submit billing statements to the Party of the First Part for the driver's wages once per month. Any adjustment required, such as hours not used or extra hours not paid for, will be made in the spring of 1995 after snowplowing requirements have ceased.

WITNESS our hands and seals this ___ day of _____, 1994.

GARY STEBER - Chairman
Town of Commonwealth, Florence County, Wisconsin and Party of the First Part

RAY STEBER - Chairman
Town of Florence, Florence County, Wisconsin and Party of the Second Part