

North Elba-Lake Placid Highway Department Consolidation Case Study

Contents:

1. Municipal Characteristics (names, population, size, fiscal metrics)
2. Project Description and Impetus
3. Proposal(s) and Proposed Funding
4. Legal Foundation and Legal Checklist
5. Views on the Issue
6. Results (adopted, amended, rejected etc)
7. Implementation
8. Expectations vs. Implementation
9. Factors contributing to success or failure/Lessons Learned
10. The 10 Step Program
11. Technical Assistance
12. List of documents
13. Additional comments/suggestions/helpful hints
14. Contact Information

1. Municipal Characteristics

Indicators	Town of North Elba	Village of Lake Placid
2000 Population	8,661	2,638
Land Area (sq. mi.)	151,900	1.4
Assessed Value Fully Taxable	\$1,035,365,500	\$311,870,900
Full Valuation Taxable Real Property	\$1,035,365,500	\$337,194,200
Total Tax Levy	n/a	\$2,693,900
Total Debt Outstanding	\$2,802,700	\$25,021,400
Total State Aid Revenue	\$495,400	\$206,500
Total Revenue w/ State Aid	\$6,634,600	\$21,436,500
Debt Service	\$463,400	\$1,042,600
Total Expenditures w/ Debt Service	\$6,409,900	\$21,054,800
Expenditures:		
Transportation	\$1,945,000	\$1,493,700

* 2004 Financial Data for Towns/Villages - Office of the State Comptroller

The town of North Elba has a budget of \$7 million is responsible for highway maintenance of 25 miles of road outside of the village boundaries. The town also operates the collection site for all refuse as well as a recycling center. The town is also responsible for the operation of the North Elba Park District.

The village of Lake Placid has a budget of \$15 million and provides the town with electricity, sewer, water, and fire services. The village also operates a highway department responsible for 11.5 miles of road as well as maintaining about 12 miles of sidewalks.

2. Project Description & Impetus

The town of North Elba and the village of Lake Placid have enjoyed a close working relationship for a number of years. The town and village currently share the cost of fire protection, building department staff, assessor's office, and have developed a joint land use code overseen by a joint review board

The mayor developed a Shared Services Memorandum of Understanding following his election to office in 2006. In it he tried to develop the approach that "instead of dissolving the village, we would focus on treating all residents equally." The two-page agreement acknowledged the existence of the two municipalities but recognized that their actions affect "one community." The MOU outlined some of the potential areas on which to focus cooperative efforts and where costs might be equalized for town and village residents.

3. Proposal(s) and Proposed Funding

One area of focus noted in the MOU was the possible consolidation of the town and village highway departments. The MOU stated, "It is proposed that the Village and Town Boards will examine and seek opinions to determine if both Highway Departments should be unified. It is also proposed that the Village will examine the potential of creating a Department of Public Works with or without the merging of the two highway departments."

A plan for the change in leadership was not devised due to a time sensitive retirement of the village highway department head. Prior to the adoption of the MOU and the shared services analysis, the village board appointed the current town highway superintendent, Norm Howard, to head the village highway department on a part-time, interim basis.

4. Legal Foundation and Legal Checklist

The legal foundation for the potential consolidation of town and village highway functions came from a Memorandum of Understanding (MOU) developed by the village mayor and eventually approved by both boards in July of 2006. This MOU proposed only that the town and village boards would "examine and seek opinions" to determine if both highway departments should be unified. The MOU, however, did not include any specifics about how this process should proceed, including timelines, responsibilities of each board or the expectations that would have to be met to reach agreement on any consolidation. The mayor did not utilize assistance from his legal staff or outside agencies when developing the MOU, although attorneys from both boards reviewed the final document to make sure it was legal.

One of the issues that needed to be worked out was how Mr. Howard could simultaneously serve both municipalities since the village was an appointed position, while the town post was chosen by election every four years. The town supervisor questioned the legality of Mr. Harlow holding both positions and sought a legal position from the Office of the Attorney General. An opinion from that office, sent to the town on October 31, 2006, ruled that the two positions are incompatible because of possible conflicts of interest between the two jurisdictions over which he would authority.

"In preparing a proposed highway budget for approval by the town board, the town superintendent of highways will have divided loyalties," the opinion stated. "The budget he submits will effect the determination by the town of whether to exempt property in the village from the aforementioned highway expenditures. As an officer of the village, he has an interest in keeping village taxes reasonable out of concern for village residents. Also, should village residents be taxed for these components of the

town highway budget, this could reduce funds available for the village highway budget. We conclude that the positions of village superintendent of public works and town superintendent of highways are incompatible.”

Municipal attorneys had little input into MOU, none in the hiring of Mr. Harlow. The only legal opinion came from the NYS Office of the Attorney General at the request of the town supervisor after the hiring of the town highway chief by the village.

5. Views on the Issue

Arguments pro:

The Memorandum of Understanding between the village and town, which included examination of the potential of combining highway functions, cited improved services and correcting any financial inequities that exist between town and village residents as the primary reasons for possible consolidation.

On the surface, there seemed to be great potential in merging the two highway departments. Both departments had shared some staff and equipment in times of need through informal gentlemen’s agreements. Both departments are also housed next to each in the same building. With a desire by village officials to incorporate the functions of its water and sewer departments and its highway operations into a Department of Public Works, members of both the town and village boards thought the timing might be right to include the town highway department in these consolidation efforts.

The village mayor and his board saw the resignation of its part-time, appointed highway chief as an opportunity to take a step in the right direction in combining the two highway departments. “The idea was, since we wanted to combine the departments and since we had the village position open right now, why not hire (current town highway chief) Norm Harlow on an interim basis...in anticipation of the shared position,” the mayor said.

There were several arguments in favor of hiring town Highway Superintendent Norm Harlow to serve as village highway chief. Both town and village officials acknowledged that the village highway department needed better leadership, citing problems of longstanding waste and inefficiency. At the same time, both town and village officials remarked on Mr. Harlow’s complete competence in managing the town highway department, as well as other town departments including its airport and recycling facilities – and in running his own excavation business.

Village and some town officials concluded that hiring a strong leader to serve both positions would be a good first step in reaching the eventual goal of unifying highway functions. Details about how the unification would occur could come later, they concluded.

Arguments Con:

The town supervisor raised the greatest objections to hiring Mr. Harlow to serve in both positions. “There was no defined job description for how the joint post would work, or the scope of his responsibilities to each municipality,” the town supervisor said. “It was never discussed how the hiring could be a first step in consolidating the functions of the two departments. Some of the town board members wanted this and thought that this was a step in the right direction. But it was done without any talk between the two boards. There were lots of issues to be worked out. Town officials, including the supervisor, agreed that the post, when combined, should be an appointed position “because it

would allow for someone who really knows the ropes to serve as department head,” the supervisor noted.

The village, meanwhile, would not agree to merge the two positions if it were to be headed by an elected official. In the opinion of the village, the highway post was a department head overseeing a multimillion dollar budget and considerable staff and equipment. As such, the post should be filled in the same way any department head was chosen, appointed by the village board, and not subject to a “popularity contest” every two or four years.

The town supervisor maintained that some disgruntled village employees ironically supported keeping the town post an elected position just to make it impossible for Mr. Harlow to hold both positions. The village mayor disagreed somewhat with that assessment, although he noted that the election had become a sort of “popularity contest,” and that Mr. Harlow had not endeared himself to all village highway department employees. The village department, both town and village officials noted, had been run in less than an efficient way for several years. “Norm was someone who expected eight hours work for eight hours pay and he held everyone in the department accountable, which had not been done before,” the mayor said. He added that village highway department personnel, as a result, had “dug in” against the joint position.

Local News Media Positions

Both town and village officials stated that the local newspapers (Lake Placid News and Adirondack Daily Enterprise, each owned by the same company) sent a “mixed message” in their editorial opinions. They supported the concept of development of a joint Department of Public Works and the concept that the town highway post should remain an elected position. These two positions were incompatible from a legal standpoint, based on the opinion of the NYS Attorney General, and with the opinion of both town and village officials who agreed that any joint position must be appointed. The issue of appointed vs. elected was further complicated by the fact that village elections are held in March, while town elections are held in November.

Newspaper editorials in both papers, “Keep working toward a joint DPW (Lake Placid News, March 5, 2007),” and “Village and town shouldn’t regress on sharing a DPW (Adirondack Daily Enterprise, Feb. 1, 2007),” stated, “Duplication of services is a crippling fact of life for New York state. Too few editorial pages have recognized it. It’s something we think about all the time...We hope our two governments – the village and town boards – can think creatively as they have in the past and deliver results.”

The editorials contended that the issue of whether the joint position should be appointed or elected was not all that important, stating simply, “We think there’s got to be a way.”

6. Results (adopted, amended, rejected etc)

No proposal adopted. Hiring was done prior to the adoption of MOU and Shared Services analysis funded by SMSI initiative.

7. Implementation

Both boards signed the MOU in January of 2007. Prior to the adoption of the MOU, however, village officials saw an opportunity to jump start the consolidation process with the sudden retirement of the village’s highway superintendent. The village mayor and his board saw the resignation as an opportunity

to take a step in the right direction in combining the two highway departments. “The idea was, since we wanted to combine the departments and since we had the village position open right now, why not hire (current town highway chief) Norm Harlow on an interim basis...in anticipation of the shared position,” the mayor said. The village, according to its mayor, would hire the town highway chief immediately to run both departments and then use the shared services analysis to define how he might coordinate the consolidation of both departments.

Mr. Howard was appointed by the village board in October of 2006 to take over the reins of the village highway department on a part-time interim basis for \$6,000 for six months, to serve until they hired a replacement or developed a plan to consolidate both departments. At the same time, he would continue to serve as the elected highway superintendent for the town.

Town officials put a referendum on the November ballot seeking to change the town highway post from an elected to an appointed position. Debate on the referendum, however, did not focus on the fact that this change was a necessary step in consolidating the two highway departments. Instead the debate was shaped by issues surrounding the perceived increase in power of town officials at the expense of voters and personal issues involving Mr. Harlow.

That November, residents voted overwhelmingly against the referendum, deciding to keep the town post as an elected position and dooming, for the moment, any plans to combine the two departments. By the end of December, Mr. Harlow had resigned from the village post for unspecified reasons but retained his elected position with the town.

8. Expectations vs. Implementation

n/a

9. Factors contributing to success/failure/Lessons Learned

The decision of the village board to hire the town’s elected highway superintendent as a “baby step” toward consolidating the two highway departments, in advance of the shared services analysis and without input or knowledge of town officials was problematic at several levels. The mayor noted; “If you can take that first step, I thought let’s just do it.”

First, cooperation between two municipal governments should be predicated on trust and the approach for sharing services should be straightforward, inclusive, and open. In this case, there was no process developed for sharing highway functions prior to the hiring of Mr. Harlow to lead both the town and village highway departments. The decision to hire the town highway superintendent to the village position was made independently by the village mayor and village board, without input of town board members. How Mr. Harlow would coordinate the two positions, reconcile potential conflicts of interest between all of his superiors and what was expected of him in terms of consolidating functions was not made clear – or probably even considered - at the time of his hiring. “We have always been looking at doing this,” the town supervisor said. “But certain procedures have to take place to develop this kind of partnership. There just has not been enough clear, open and shared discussion of this issue...We need to make sure everybody gets on the same page. We need to work on a plan and get it completed and then bring it before the public for input by holding joint meetings, having joint discussions, and educating the public about the real benefits of sharing services and show how the positives outweigh the negatives.”

The mayor concurred – to a point. “Are you better off getting all your ducks in order and making a plan for something permanent that you can’t get out of, or is it better to take baby steps by having a single person run two departments until those departments could be combined?” he asked. He said he didn’t know the answer to that question but was more inclined to take small victories where he could and not try to wrap everything together in a massive plan that may or may not get public support. “I think you have to seize the moment.”

Second, the situation was made worse by failing to wait for the shared services analysis before hiring Mr. Harlow. Without a blueprint from which to base decisions or a real plan to enact, the decisions made by Mr. Harlow in bringing more accountability to the village highway department had to be viewed by wary village employees as a personal vendetta, rather than adherence to a specific plan for reform and consolidation. Having a specific consolidation plan in place that was fully explained to village employees might have reduced the acrimony Mr. Harlow faced when he began to institute changes.

Third, the debate over the town referendum calling for the town highway post to become an appointed position did not center on the need to make this move in order to consolidate the two highway departments. Without the focus on consolidation, debate over the measure drifted into what was described as a popularity contest. Like village employees, members of the public needed to be educated about how the referendum affected future consolidation efforts. There was a need to connect the dots for members of the public to fully understand the ramifications of their vote on the consolidation process.

Fourth, there needed to be some plan in place prior to hiring Mr. Harlow. The hiring was made even before the MOU was signed, and prior to the hiring of a consultant to conduct an analysis of how the departments could be combined, the expected benefits of this unification, and before a process developed to track how well the consolidation effort was working. As the town supervisor noted, the decision to hire Mr. Harlow was a decision based on timing rather than good planning.

Fifth, both sides needed to develop an environment where cooperation could thrive. Part of the problem might have been generational/experiential differences between a young, enthusiastic village mayor holding office for the first time and a supervisor who had served more than 30 years in local politics. The mayor views the town supervisor as someone who hates change and “a master of slowing things down,” while the town supervisor considers the actions of the mayor as rash and not well thought-out.

Both officials acknowledged that this basic difference in approach had increased tensions between the two boards just as they begin the formal process of analyzing potential areas for consolidation. “The timing wasn’t right, the process had broken down and there needs to be a meeting of the minds and respect for all opinions,” the town supervisor noted. “Perhaps we have just been taking different paths to get to the same place.”

10. The 10 Step Program

The process outlined in the Ten Step Program was completely ignored. The village board and mayor, as well as most of the town board approved of hiring someone to run both departments with the intention of developing a plan later. Mr. Harlow might have been more successful had he been given a plan with which to work, as well as specific consolidation goals, objectives, and outcome expectations. Both boards might have been more successful in making the changes necessary to forward consolidation if

they had taken the time and effort to develop a process for building support within the community and within the two highway departments. Both sides need to have equal input in the process, so each side feels ownership. The boards not only need to develop priorities, goals and strategies, but to develop a method to track how those goals are being realized through their process.

11. Technical Assistance

No outside agencies provided technical assistance at the time of the issue. However, the town of North Elba and the village of Lake Placid have since contracted with the Center for Governmental Research of Rochester to conduct an analysis of town and village functions and services and make recommendations for sharing services and consolidation of functions. A Memorandum of Understanding, signed by both boards in July of 2006, outlined areas deemed appropriate for potential consolidation and for correcting longstanding financial inequities between town and village residents. This included the potential consolidation of highway and water/sewer services into a joint Department of Public Works. Funding for the study comes from the Shared Municipal Services Incentives (SMSI) grant program.

The village of Lake Placid has also been receiving technical assistance from the Rockefeller College of Public Affairs and Policy's Local Government Assistance Project (LGAP). LGAP works with municipalities to foster sound financial management practices and introduce a longer-term fiscal policy perspective. LGAP collaborates with municipalities to develop financial data and to develop multi-year estimates with assumptions that reflect the municipality's operating environment.

Technical assistance might have helped both the town and the village to develop a more specific MOU as the foundation for sharing services and all sides would have benefited by going through the shared services analysis prior to hiring Mr. Harlow, including Mr. Harlow, himself.

12. List of documents

1. Memorandum of Understanding between the Village Board of Lake Placid and the Town Board of the Town of North Elba. July, 2006
2. Solicitation for Professional Services (for Shared Services Analysis)
3. Legal Opinion from Office of the Attorney General, Oct. 31, 2006, concerning legality of elected town highway superintendent serving as appointed village highway chief.
4. Newspaper articles:
 - Highway chief resigns from Lake Placid – Adirondack Daily Enterprise, Jan. 23, 2007
 - Harlow resigns as village highway super – Lake Placid News, Jan. 23, 2007 (same article)
 - Village and town shouldn't regress on sharing DPW – editorial, Adirondack Daily Enterprise, Feb.1, 2007
 - Keep working toward a joint DPW – editorial, Lake Placid News, March 5, 2007
 - Communication Lapse on hiring – editorial, Adirondack Daily Enterprise, March 13, 2007
 - North Elba and Lake Placid boards hire CGR to conduct shared services analysis – Adirondack Daily Enterprise, March 14, 2007.

13. Additional comments/suggestions/helpful hints

Inter-municipal cooperation and sharing services must be viewed as a process that is independent of any of the players involved. Here, the players overruled any process. The person (Mr. Harlow) was considered more important than a plan for consolidation.

Short-term solutions made for the sake of convenience don't necessarily work in the long term.

All sides need to be patient about consolidating services because there are no short cuts.

14. Contact Information

Municipal Contact:

Shirley Seney, Supervisor

Town of North Elba

2693 Main St., Lake Placid, NY 12946

Phone: 518-523-2141

Fax: 518-523-9569

super@northelba.org

Jamie Rogers, Mayor

Village of Lake Placid

2693 Main St., Lake Placid, NY 12946

Ph: 518-523-2584

Fax: 518-523-1321

mayor@lpvillage.org

Academic Institution Contact:

Jim Murphy

Economic Development Specialist

Technical Assistance Center, SUNY Plattsburgh