

TO THE HOUSE TRANSPORTATION COMMITTEE
IN REGARD TO HOUSE BILL 527, PRINTER'S #554

HONORABLE CHAIRMAN,
MEMBERS OF THE HOUSE TRANSPORTATION COMMITTEE,
AND FELLOW CITIZENS:

I. DERRY TOWNSHIP BACKGROUND INFORMATION

Derry Township, Dauphin County, Pennsylvania, is located approximately nine miles east of Harrisburg. It includes the village of Hershey which attracts approximately 1.9 million tourists per year to its entertainment and resort facilities. The Township has a permanent population of 18,000 people and an operating budget of approximately three million dollars. In 1981 the Township increased its real estate millage rate by 3.14 mills, to a total of 5.59 mills, and enacted a \$40 occupation per capita tax to meet rising operating expenses and maintain local government services that our residents are accustomed to.

The Township is 26.7 square miles in geographical size and has a township road network of 91.16 miles of highway. These highways are primarily of the water-bound macadam type at full depth asphalt. The roads are primarily made up of two lanes of various width to a four-lane highway. In order for the Township to administer its highway maintenance program, the Township established a Road Maintenance Planning Cycle Formula.

$$\frac{91.16 \text{ Total No. of Road Miles}}{13 \text{ Years Maintenance Cycle}} = 7.0 \text{ No. of Miles for Annual Maintenance}$$

In order to achieve the 13-year maintenance cycle the Township has instituted a successful quality assurance program along with the employment of qualified individuals to administer the highway maintenance program. The Township's maintenance program consists of:

1. Adequate base course repairs primarily consisting of B.C.B.C.
2. Installation of the necessary drainage improvements, such as

U-drain, longitudinal and lateral storm drains, and necessary regrading to accommodate surface storm water flow.

3. Shoulder construction.
4. Binder courses and leveling courses.
5. ID-2A, 1½" wearing surface.
6. CP-2 surface treatment.

The maintenance cost data associated with the Township's established maintenance procedure, reflecting costs from 1975 through 1981, is detailed on Exhibit 1. Using this historical cost data and the previously listed maintenance procedure, the average maintenance cost per lineal mile to Derry Township is \$50,200 per lineal mile. The average reconstruction cost per lineal mile is \$225,850.

For the purpose of utilizing the Township's Road Maintenance Planning Cycle Formula, the average maintenance cost per mile times a yearly 5% inflation factor brings the average maintenance cost per lineal mile to Derry Township to \$52,710 for 1981.

The Township has three sources for funding the subject road maintenance program. They are as follows:

1. The Liquid Fuel Fund Tax
2. General Revenue Sharing, and
3. Derry Township's General Fund Budget.

The specific funding procedure used by Derry Township from 1975 to 1981 is attached as Exhibit 2.

In the event that the road turnback proposal is enacted, Derry Township could receive an additional 4.95 lineal miles of Class 6 highways from the Pennsylvania Department of Transportation. Utilizing the Township's established Road Maintenance Planning Cycle Formula, the financial impact would be as follows:

$$\frac{4.95 \text{ Total No. of Road Miles}}{13 \text{ Yrs. Maintenance Cycle}} = 0.38 \text{ Additional Miles for Annual Maintenance}$$

$$0.38 \text{ Miles} \times \$52,710 = \$20,030 \text{ Additional}$$

See Exhibit 3 for additional Planning Cycle Formula Information.

II. HOUSE BILL 527, STATEMENT OF PROBLEM AND CONCLUSIONS

Funding House Bill 527

House Bill 527, Printer's #554, provides for a funding method of \$2500 per lineal mile per year for each mile of Class 6 highway that is accepted by a municipality. In Derry Township HB527's funding method would provide \$12,375 per year (4.95 miles of Class 6 Highway times \$2500 per lineal mile) in the event that Derry accepted all available Class 6 roads located in the Township. Utilizing the Township's Road Maintenance Planning Cycle Formula, this would bring about an annual financial deficit to the Township of \$7,655. To illustrate:

$$\frac{4.95 \text{ Total No. of Road Miles}}{13 \text{ Yrs. Maintenance Cycle}} = 0.38 \text{ Additional Miles for Annual Maintenance}$$

$$0.38 \text{ Miles} \times \$52,710 = \$20,030 \text{ Additional}$$

$$\begin{array}{r} 4.95 \text{ Miles Class 6 Highway} \\ \times \$2500 \text{ per Lineal Mile} \\ \hline 1 \text{ Yr.} \end{array} = \frac{12,375}{\$7,655} - \text{Annual Deficit}$$

It is obvious to see that HB527's funding method would transfer the burden of additional necessary taxation from the Commonwealth of Pennsylvania to its local governments in order to adequately maintain the proposed road turnback program.

Funding House Bill 527, Conclusion

The funding method for HB527 should be amended to increase the annual allotment to municipalities accepting Class 6 roads, from \$2500 per lineal mile per year to \$4000 per lineal mile per year. Additionally, no liquid fuel funds as provided for under the act of June 1, 1956, should be used in whole or in part for this allocation.

Restoration of Roads, House Bill 527

HB527, as currently written, does not address the problem of restoration of Class 6 roads prior to the turnback to municipalities. In the case of Derry Township, without the prior road restoration, this could bring about a capital outlay ranging from \$260,914 to \$1,117,957. To illustrate:

4.95 Miles Class 6 Highway X
\$52,710 Average Maintenance Cost per Mile = \$ 260,914

4.95 Miles Class 6 Highway X
\$225,850 Average Reconstruction Cost per Mile = \$1,117,957

Not having a mandatory requirement of road restoration prior to turnback could and will result in local government financial chaos.

Restoration of Roads, House Bill 527, Conclusion

*HB527 should be amended to include a mandatory restoration of roads before turnback, if requested by the accepting municipalities. In addition, Section 214 of the State Highway Law of 1945, P.L. 242, requires road restoration prior to turnback. This law should be referenced and enforced by HB527.

Binding Arbitration, House Bill 527

HB527 currently provides for binding arbitration in the event that the local municipality and the Department of Transportation cannot agree on the conditions and number of roads and miles of road the local municipality is being offered for acceptance. The binding arbitration section is the most regressive section of the proposed law and is a legislative cop-out.

Has binding arbitration been successful in promoting collective bargaining in Act 111, the Police and Firemen's Collective Bargaining Law?

No; in fact, it discourages the collective bargaining process and relies too often on the decision of an

impartial arbitrator, well-meaning but, in many cases, totally unaware of the results of his own findings. Has collective bargaining been successful in settling grievances under Act 195, the Public Employees'

Bargaining Law?

No; in fact, it often brings about financial chaos and decisions that are totally unacceptable to both parties.

Binding arbitration will absolutely discourage any attempt at good faith negotiations between PennDOT and local government municipalities. * Further, the arbitrator's selection process, as provided for in HB527, very clearly favors the Department of Transportation. * Simply stated, the Department of Transportation would have the highest number of possible arbitration hearings, and in the event that a particular impartial arbitrator's findings were unfavorable to the Department, most likely that particular arbitrator would not be selected in the future by the Department as an impartial arbitrator in the joint selection process with the various state associations. Furthermore, the odds for that particular arbitrator to be appointed as an impartial arbitrator by the American Arbitration Board, as required in HB527, would be slight. This provides the Department with a clear-cut advantage in omitting arbitrators that are unfavorable to their cause.

Arbitration, House Bill 527, Conclusion

HB527 should be amended by deleting the binding arbitration requirement for the acceptance of the turnback of roads. The turnback of roads should be on a voluntary basis and should be negotiated for and between the Department and local governments. Further, the Road Transfer Board should act as a mediator

between local government and PennDOT and should be responsible for developing the road turnback agreement and the road restoration agreement prior to turnback. In the event that the binding arbitration requirement is not stricken from the subject bill, the selection process for determining the impartial arbitrator should be revised to include a suggested list of arbitrators from the American Arbitration Board, with each side striking from that suggested list of arbitrators until the remaining arbitrator is selected as the impartial arbitrator. Furthermore, the affected municipality should have the right to select their own arbitrators, in lieu of selection and representation by their respective state association.

Road Transfer Board, House Bill 527

HB527, as currently prepared, provides for the establishment of a Road Transfer Board consisting of eight members of four appointed by the governor, one appointed by the Pennsylvania League of Cities, one appointed by the State Association of Boroughs, one appointed by the State Association of Township Supervisors, and one by the State Association of Township Commissioners. In particular, the appointments to the Road Transfer Board are unfair to the Pennsylvania State Association of Township Supervisors and the Townships of the Second Class, of which the Association is comprised. Out of the approximate total of 12,000 miles of Class 6 highways that are due to be turned back to local governments, 11,000 of those miles are located in Townships of the Second Class. The remaining 1,000 miles are divided among Cities, Boroughs and Townships of the First Class. No one has a larger stake in the road turnback program than the Townships of the Second Class of the Commonwealth of Pennsylvania.

Road Transfer Board, House Bill 527, Conclusion

A separate Road Transfer Board should be established to deal with road transfers affecting Townships of the Second Class. This transfer board should consist of five members; three appointed by the governor, of whom at least one shall be a member of the electorate and not in any way directly or indirectly associated with any level of government, and who shall serve as Chairman of the Board; and two appointed by the Pennsylvania State Association of Township Supervisors. This board should have mediation power and coordinate negotiations between local government and PennDOT in regard to the road turnback process.

SUBMITTED BY: John H. Weigel, III
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TOWNSHIP OF DERRY

ROAD MAINTENANCE HISTORY

YEAR	CONTRACTED ID-2A		PUBLIC WORKS CP-2		CAPITAL BUDGET		FED. HIGHWAY ADMIN. FUND		TOTAL	
	Miles	Cost	Miles	Cost	Miles	Cost	Miles	Cost	Miles	Cost
1975	4.10	\$300,000	---	---	2.10	\$474,280	---	---	6.20	\$774,280
1976	4.77	\$218,162	0.80	\$ 25,972	---	---	---	---	5.57	\$244,134
1977	3.30	\$149,220	3.68	\$119,471	---	---	---	---	6.98	\$268,691
1978	2.88	\$173,278	2.60	\$ 84,409	---	---	3.93	\$191,888	9.41	\$449,575
1979	4.29	\$294,580	2.91	\$ 94,473	---	---	---	---	7.20	\$389,053
1980	1.91	\$128,674	0.84	\$ 27,270	---	---	---	---	2.75	\$155,944
1981	2.45	\$364,000	2.16	\$ 70,000	---	---	---	---	4.61	\$434,000

RECONSTRUCTION

ANNUAL AVERAGE RECONSTRUCTION COST PER MILE

6.1 MILES \$225,850

MAINTENANCE COST PER MILE \$ 50,200

TOWNSHIP OF DERRY
 REVIEW OF FUNDING
 FOR ROAD MAINTENANCE

YEAR	TOTAL EXPENDITURE	LIQUID FUELS ALLOCATION PLUS INTEREST	REVENUE SHARING EXPENDITURES	GENERAL FUND AND/OR
1975	\$774,280 *	\$116,907		\$183,093
1976	\$244,134	\$117,106		\$127,028
1977	\$268,691	\$107,570		\$161,121
1978	\$449,575 **	\$118,768		\$138,191
1979	\$389,053	\$125,062		\$263,991
1980	\$155,944	\$140,926		\$ 15,018
1981	\$434,000	\$125,202		\$308,798

* \$474,280 WAS FUNDED VIA A CAPITAL BUDGET.

** \$191,888 WAS FUNDED THROUGH THE FEDERAL HIGHWAY ADMINISTRATION FUND.

TOWNSHIP OF DERRY

ROAD MAINTENANCE PLANNING CYCLE FORMULA

$$\frac{91.16 \text{ TOTAL NO. OF ROAD MILES}}{13 \text{ YRS. MAINTENANCE CYCLE}} = 7.0 \text{ NO. OF MILES FOR ANNUAL MAINTENANCE}$$

$$\text{AVE. PER MILE MAINT. COST } \$50,200 \times 5\% \text{ INFLATION} = \$52,710$$

$$\text{NO. OF MILES FOR ANNUAL MAINT. (7.0) } \times \text{ COST PER MILE } \$52,710 \\ = \$368,970 \text{ TOTAL DOLLARS FOR BUDGET ALLOCATION}$$

ROAD TURN BACK PROGRAM

$$\frac{4.95 \text{ TOTAL NO. OF ROAD MILES}}{13 \text{ YRS. MAINTENANCE CYCLE}} = 0.38 \text{ ADDITIONAL MILES FOR ANNUAL MAINTENANCE}$$

$$0.38 \text{ MILES } \times \$52,710 = \$20,030 \text{ ADD. BUDGET COST}$$