

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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Public Hearing on Highway Transfer

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Joint House/Senate Transportation Committee

Room 140, Majority Caucus
Main Capitol Building
Harrisburg, Pennsylvania

Wednesday, September 30, 1998 - 10:00 a.m.

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BEFORE:

Honorable J. Doyle Corman, Senate Chairperson
Honorable Richard Geist, House Chairperson
Honorable Russ Fairchild
Honorable Dick Hess
Honorable Dennis Leh
Honorable John A. Maher
Honorable Ronald Marsico
Honorable Samuel Smith
Honorable Jere Strittmatter
Honorable Peter Zug
Honorable Joseph Battisto
Honorable Susan Laughlin
Honorable David Levdansky
Honorable Joseph Markosek
Honorable Keith McCall
Honorable Anthony Melio
Honorable Dante Santoni
Honorable Larry Sather
Honorable Jane Earll
Hornorable J. Barry Stout

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ALSO PRESENT:

Theresa Jones
Majority Administrative Assistant

Patricia Rhoades

Robert M. Mustin, Executive Director
Senate Transportation Committee

Cheryl Hicks, Executive Director
Senate Transportation Democrats

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1 CHAIRPERSON CORMAN: We'll call to
2 order the Transportation Committee public
3 hearing to discuss the Highway Transfer
4 Program. We are required pursuant to Senate 75
5 Pennsylvania CS Section 9208 to hold this
6 hearing. Because the Highway Transfer Program
7 has been in effect since July 22nd, 1983, it's
8 important that we review the performance of the
9 effectiveness of the program.

10 There are many functionally local
11 highways which can't be transferred to
12 municipalities because of a number of reasons
13 including lack of funding. Approximately
14 \$16 million are set aside annually for funding
15 of the program.

16 Over two-thirds of the annual funding
17 is expended on the twenty-five hundred dollar
18 per mile maintenance allocation for these
19 highways previously transferred to
20 municipalities in prior years.

21 Committees will be preparing a joint
22 report to the Speaker of the House of
23 Representatives, the President Pro Tempore of
24 the Senate, and the House and Senate
25 appropriations committees.

1 Because of the conflict with another
2 hearing occurring simultaneously with this
3 hearing, the local government center from --
4 The Department of Community and Economic
5 Development is unable to be here to testify,
6 but they will be submitting written testimony
7 that will be distributed to all members of the
8 committee as soon as we receive it.
9 Representative Geist.

10 CHAIRPERSON GEIST: My remarks are
11 going to be very brief. I think that in the
12 history of the House this is the first time I
13 have ever been in a joint hearing based upon
14 House and Senate time that actually started on
15 time. I think that should be noted by the
16 house historian for the record.

17 The Turnback Program we've all worked
18 with -- I think Rick Peltz will probably
19 address this in his remarks; but if not, the
20 big area of concern that I have is being able
21 to use this program as an economic development
22 tool to be able to couple up with other state
23 programs other state funds and the language
24 that we have and the original bill that limits
25 us to the pod of funds that we have as far as

1 I'm concerned almost ridiculous considering
2 where we've taken the program since the days
3 this bill was written.

4 So, I'm sure that's all going to be
5 addressed in the remarks. And what I would
6 like to do now is just get on with it. Thank
7 you. I would like to indicate we're joined
8 this morning by Senator Earll, Senator Stout.

9 Representative Geist, do you want to
10 introduce the House members?

11 CHAIRPERSON GEIST: I'd love to. To
12 my right, Keith McCall, Russ Fairchild, Tony
13 Melio, Representative Maher, Joe Markosek.
14 Anybody else over there? Joe Battisto.

15 CHAIRPERSON CORMAN: All right. At
16 this time we'll call Deputy Secretary Richard
17 Peltz, local and area transportation, PennDOT.

18 MR. PELTZ: Thank you, Chairman
19 Corman and Chairman Geist, and I thank you
20 members of the Joint House and Senate
21 Transportation Committee. It's a delight to be
22 with you here today. I would like to introduce
23 to you two individuals that are joining me here
24 at the table today. To my right your left Jeff
25 Haste. He's the Bureau Director of Municipal

1 Services at the Department. And to my left,
2 your right, is Gene Smeltzer. Gene is the
3 Chief of the Turnback Division within the
4 Bureau of Municipal Services. And with that,
5 I'll get into my testimony.

6 As early as 1945, Pennsylvania's
7 General Assembly was discussing the
8 desirability of reducing its state-owned and
9 state-maintained highway system. State and
10 locals officials had come to realize that there
11 were many roads on the state system that could
12 best be described as local in nature; narrow
13 roads, fragmented, low traffic counts.

14 The first legislative attempt at
15 reducing the state's road mileage, enacted in
16 1945, established guidelines for review and
17 approval by the General Assembly of each
18 abandonment, vacation, and road transfer. In
19 short order this process proved to be rather
20 drawn out and often resulted in
21 misunderstanding and distrust between local
22 governments and the state.

23 In 1981 a more-workable roadway
24 reduction mechanism was established.
25 Initially, no funds were appropriated, and the

1 only payment that accompanied a turnback was an
2 increase in the municipality's liquid fuels
3 allocation.

4 Two years later in 1983, the
5 legislature established within the Motor
6 License Fund the State Highway Transfer
7 Restoration Restricted Account. The Department
8 annually receives 16.1 million to manage this
9 program which pays for restoring a road before
10 it's turn backed to local government and
11 provides an annual maintenance payment of
12 \$2,500 per mile made to the local jurisdiction.

13 Municipalities receive this payback
14 for turnback roads instead of a liquid fuels
15 allocation. This program it's a completely
16 voluntary program. That's so very important in
17 our Turnback Program.

18 The highway turnback occurs if it is
19 mutually beneficial between local government
20 and between the state. And from both the local
21 and state perspective, there are many reasons
22 why turnbacks are cited as important.

23 Certainly one reason why they provide
24 greater control of development in future land
25 use planning. We've all heard about the

1 concerns regarding suburban's sprawl. We've
2 heard about the twenty-first century commission
3 report. This ability to turn back roads to
4 local government gives them that much more
5 control as to how they want to utilize their
6 assets and their property.

7 As Chairman Geist indicated it also
8 expedites economic development. Now the locals
9 control the road. They have more say in how
10 development is going to occur including job
11 creation. It often offers better service to a
12 constituent or constituents.

13 The local governments oftentime can
14 get to that road sooner than we at PennDOT can.
15 Our priorities have to be, of course, the A, B,
16 and C roads; the higher-used roads.

17 We want to get to all the roads
18 certainly, but local governments can just
19 respond that much quicker to their road and
20 make sure that service is provided to their
21 constituents. And it also helps to defragment
22 the state road system.

23 There are often roads that we have
24 that are dead ends or they're spurs. And it
25 gets it off our system, and it provides even a

1 higher priority many times because the local
2 government sees it as an integral part of its
3 system.

4 The Turnback Program has frankly
5 worked very well over the last 15 years. It's
6 been an effective tool. It's benefitted the
7 Commonwealth and local governments. To date,
8 approximately 4,150 miles of state roads have
9 been turned over to over 900 -- a rough 978
10 municipalities.

11 PennDOT is currently paying
12 \$10,375,000 in maintenance payments annually to
13 local governments who own the roads. And I'll
14 show you a bar graph in a little bit. This
15 leaves the Department approximately 5.6 million
16 to continue its turnback effort.

17 Recognizing the funds that complete
18 additional turnbacks are diminishing and
19 further recognizing that it continues to be the
20 Department's intent to reduce its state system.
21 PennDOT has been investigating ways to improve
22 this important turnback tool.

23 In fact, I come before you today not
24 to seek more money for the Turnback Program,
25 but to propose a legislative remedy that is

1 absolutely necessary in my opinion to better
2 manage turnback funds.

3 I refer you to Tab A in the testimony
4 that I provided you, which is a copy of Title
5 75, Chapter 92. It's the legislative authority
6 for the Turnback Program. As can you see on
7 the second page, Part B of Section 9207 it
8 should be highlighted in yellow in all your
9 packages. The legislation reads as follows:
10 Quote, all restoration work shall be paid from
11 the State Highway Transfer Restoration
12 Restricted Account within the Motor License
13 Fund.

14 Our attorneys at PennDOT have
15 interpreted this provision to mean that only,
16 only turnback restricted funds may be used to
17 turn back a road to local government once an
18 agreement has been made between PennDOT and
19 that locality.

20 The law unfortunately prohibits the
21 Department from using other state highway
22 maintenance funds in our turnback initiative.
23 The language I provide you today in Tab B --
24 And also I would refer you to these charts is
25 the same language--this is the present language

1 here, the proposed language there--would afford
2 PennDOT the opportunity to use our standard
3 road maintenance dollars in connection with our
4 Turnback program. Dollars that would typically
5 be used to maintain these same roads.

6 Let me, if I may, give you an
7 example. I came aboard PennDOT a couple years
8 ago we started looking at the Turnback Program
9 very closely, and we asked ourselves, how much
10 money is being placed into so-called M.F.C.,
11 Maintenance Functional Class D and E roads?
12 These are more local roads, if I may, on the
13 state system.

14 And there are sizable amounts of
15 roads, and I'll show you that in a few moments.
16 But, we found out that over \$260 million will
17 be expended -- that were expended last year on
18 M.F.C. Class D roads, and about eighty some
19 million was being spent on Class E roads,
20 M.F.C. Class E roads.

21 We thought to ourselves, gee, this
22 type of money being placed on these roads,
23 there must be some turnback candidates on those
24 D and E roads, huh?

25 If we use the 187 moneys, these are

1 county maintenance funds, and then augmented
2 those moneys with our turnback funds, it just
3 makes a lot of sense. Our turnback dollars
4 could go further. We'd get the advantage of
5 maintenance dollars. We'd work and make sure
6 we provide a quality road to those local
7 governments.

8 Then if the local government said
9 that, gee, that's not enough even with what
10 you're doing for maintenance funds, that's
11 where the turnback moneys came in. It made
12 sure that those local governments got a good
13 high-quality road.

14 Mike Ryan, the Deputy Secretary for
15 Highway Administration, and myself, we sent a
16 memo out in that regard asking our local county
17 offices of work in conjunction with the
18 Turnback Program, identify where the
19 maintaining roads, and let's take a look at
20 those as potential turnback candidates on D and
21 E roads.

22 Well, we identified one of the first
23 projects we worked on was in Peters Township,
24 Washington County, in Senator Stout's district.
25 Peters Township was all excited about this.

1 They signed an agreement with us. We were
2 incorporating our maintenance moneys and our
3 turnback moneys. The project worked great.
4 They got a very nice road.

5 Comptroller came back to us
6 afterwards and said, I'm sorry. You can't do
7 that. The law says that you can only use
8 turnback funds. So, where I would have seen a
9 savings in my turnback dollars because
10 maintenance dollars were there as well, I'd
11 ultimately put all the moneys out on this
12 turnback from the turnback fund.

13 So, here we are trying to coordinate,
14 but the law honestly doesn't allow us to
15 coordinate; just one example. So in
16 conclusion, by coordinating the Department and
17 maintenance activities and Turnback Program
18 funds, Penndot can provide a high-quality road
19 acceptable to locals for a turnback at a
20 reduced cost of the Turnback Program and, of
21 course, this, in turn, will afford the
22 Department the ability to turn back more roads
23 each year. I'm excited about the
24 opportunity. With the legislature's help, I
25 think we can turnback a lot of roads. We can

1 continue this program without asking for
2 additional Motor License Funds, and I welcome
3 the opportunity to discuss the Turnback program
4 with you.

5 Let me share, if I may, Mr. Chairman,
6 the other two boards momentarily. This first
7 board here, just so I get you a little rundown
8 on the Turnback program, it talks about
9 maintenance benefits which is grey and the
10 rehabilitation in black.

11 As you can see maintenance payments,
12 as we are turning back more roads, and, of
13 course, paying that twenty-five hundred dollar
14 annual fee, maintenance payments go up and,
15 accordingly, the rehabilitation funds that we
16 have to turn back more roads goes down.

17 And then over here talking about the
18 maintenance functional classes -- And I
19 apologize, this is probably not big enough for
20 everybody to see; but we have five classes. We
21 actually have a sixth class. It's an F Class,
22 and those are basically some alleyways on our
23 interstate systems. Alleyways are not the
24 right -- connector roads.

25 Our M.F.C. A Class is the interstate

1 roadway system; our B is other freeways,
2 four-lane expressways, other principal
3 arterials. C would be minor arterials. Then
4 we get into the D and the E, and these are our
5 connector roads and our local roads. And as
6 you can see down here, on a 40,000-mile system,
7 40,000 plus, 17,533 miles are D roads and
8 another 8,333 miles are E roads.

9 So it's a lot of roads that are
10 functionally, may I call them local, E roads
11 that we want to look -- Now, we want to make
12 sure that we give local governments a quality
13 road. At the same point in time we feel in
14 many respects that these roads are better
15 brought, better placed in the local system, and
16 there's much more to the turnback as I
17 indicated than just the twenty-five hundred
18 dollar payment, the economic development, the
19 better constituent service, the situation as it
20 relates to just more local control of the
21 roadways as well.

22 So, I thank you for the opportunity.
23 I'd be more than glad to accept any questions
24 that you may have.

25 CHAIRPERSON CORMAN: Thank you for

1 your presentation. I do have a couple of
2 questions. I have no problem with the request
3 that you're making of us today, though, you
4 have to understand point D. If we take one of
5 those local, or collection I believe it's
6 called, roads that you have and you would like
7 to have it turned back to some municipality,
8 can you not spend maintenance dollars on those
9 roads today?

10 MR. PELTZ: At this point in time if
11 we could --

12 CHAIRPERSON CORMAN: Forgetting
13 turnback?

14 MR. PELTZ: Right. We could spend --
15 Absolutely.

16 CHAIRPERSON CORMAN: What's wrong
17 with maintaining this road between point A and
18 point B today and tomorrow getting a turnback?

19 MR. PELTZ: We should --

20 CHAIRPERSON CORMAN: Then you would
21 have used both.

22 MR. PELTZ: Right. We can do that.
23 We're trying to do that. Oftentime when you've
24 maintained the roads, you go back and sometimes
25 the local government does not want to take

1 that, and I can understand that. There are
2 maintenance concerns. That's one of the
3 problems. If we're able to maintain the road
4 at the time discussed the Turnback program for
5 locals, we have a better chance of turning that
6 road back.

7 CHAIRPERSON CORMAN: Right. I would
8 think if one of the local township supervisors
9 or whatever, and you come to me and say here's
10 this road between A and B, we'd like to have it
11 if we have it (talking fast; inaudible word)
12 get an understanding and do the maintenance,
13 maybe it would (talking fast; inaudible word)
14 and do all the technical papers. Why does your
15 legal counsel have a problem with that?

16 MR. PELTZ: I don't think they do.
17 In fact, we would maintain the road and then
18 say the local government sees the maintained
19 road and they say, well, we'd like a paved
20 shoulder on top of the maintained road.

21 CHAIRPERSON CORMAN: So you would
22 like to have your agreement before you started.

23 MR. PELTZ: Absolutely. We have to
24 have the agreement before we start with a
25 turnback program.

1 CHAIRPERSON GEIST: I have a couple
2 questions. Before I do that I would like to
3 introduce Representative Smith, Representative
4 Leh, Representative Santoni, and the late
5 Representative Dick Hess. And I would also be
6 remiss if I didn't mention that we'd like to
7 see Representative Haste back in this room.

8 Question: One of the areas that we
9 have been pushing and the Department's been
10 talking about is, they're committed to
11 intermodalism and economic development.
12 Nowhere do I ever see a cross-pollination
13 between economic development, Congress people,
14 and the Turnback Program. And I think that for
15 the old, worn-out cities and the mill towns of
16 western Pennsylvania, this would be a great
17 program if it was used as a matching program
18 for other state and federal programs,
19 especially in the urban renewal business.

20 And if you come into a highway to
21 bring it back as part of the urban renewal
22 plan, it makes a heck a lot of sense, I know,
23 in western Pennsylvania.

24 I don't see any of that or I don't
25 see language that is necessary to make that

1 happen. And if you would like to comment on
2 that, I'd appreciate it.

3 MR. PELTZ: Coordination goes further
4 than just coordination within our own ranks.
5 Now, we need to work closely with DCD. We've
6 got a local center for local government
7 services certainly is well aware of the
8 Turnback Program.

9 Obviously, we all recognize how
10 important the transportation system, certainly
11 the highways, are to economic development. And
12 I think you raise a good point, and we need to
13 make sure that we're sitting down with DCD to
14 talk and address opportunities for economic
15 development and incorporating the turnback
16 program.

17 CHAIRPERSON GEIST: One other
18 question on the turnback. I know that there
19 aren't that many of them left, but with the
20 disputed bridges, especially in the rail
21 industry, Larry Joyce knows them all by name.
22 I don't. There still is that area of 10
23 percent local, 15 percent railroad, 50 percent
24 state. Is there any way that we can
25 incorporate language if we do change this into

1 the Turnback Program so that we can solve that
2 problem for some of the local governments?

3 MR. PELTZ: That I don't know fully
4 the answer. We'd have to look at that, and I
5 know typically --

6 CHAIRPERSON GEIST: To give them the
7 local bridge, let them just have the bridge.

8 MR. PELTZ: Yeah. Typically in the
9 Turnback Program, we haven't included terms
10 about bridges in the turnback simply because
11 they are a maintenance concern, major
12 maintenance concern. We don't want to saddle
13 the local governments with that.

14 Consequently, we have held on to most
15 of the bridges, although we have turned back
16 some bridges. And if we do, we want to make
17 sure that we're working very closely with that
18 municipality and that they understand the
19 concern that half the battle on this is the
20 integrity of the Department to make sure that
21 they give a good turnback project back to local
22 governments.

23 I know that in the past, early on
24 that wasn't always the case. We're trying to
25 fix those when we identify a situation. It's

1 so key. It's a voluntary effort and we want
2 the local governments to feel good about the
3 Turnback Program. I believe it can be a
4 win-win for both sides.

5 CHAIRPERSON GEIST: Thank you.

6 CHAIRPERSON CORMAN: Senator Stout
7 and Senator Earll, do either of you have any
8 questions?

9 SENATOR STOUT: Yes. Thank you, Mr.
10 Chairman, Representative Geist. I'm right back
11 where I started, like 28 years ago right in
12 this room. How about that?

13 Thank you, Rick, for coming before
14 this joint committee this morning and not
15 seeking new moneys to address this problem.

16 One of the things I'm concerned about
17 in the Turnback Program, I'm sure we're going
18 to hear later on, twenty-five hundred dollars
19 per mile is annually appropriated to the
20 municipality who takes over that road is not
21 adequate today to address that local
22 municipality's responsibility.

23 So aren't we -- The more miles we add
24 to this system and the need of twenty-five
25 hundred is not adequate, we're going to have to

1 increase that in the future. That is what
2 we've been saying for 15 years. How are we
3 going to deal with this?

4 MR. PELTZ: That's an excellent
5 concern. We've discussed that internally on
6 many occasions, the twenty-five hundred dollar
7 fee. I've talked with some of our best
8 maintenance managers out there. I've asked
9 them, can you maintain a road at twenty-five
10 hundred if the road's in good shape? They're
11 telling me that, yes, they can, although
12 twenty-five hundred is a small amount of
13 moneys.

14 I guess how I'd answer that at this
15 point in time is that, we have a demand. We've
16 surveyed our folks out there in the field, our
17 municipal services folks who work very closely
18 with the municipal governments. The demand we
19 have just this year is about 270 miles of
20 turnback that people are desirable of accepting
21 a road from the State of Pennsylvania.

22 And I guess I'd also answer it saying
23 that there are other reasons for a turnback; as
24 I mentioned, economic development, local
25 control, better constituent service. So what

1 we're asking for is, let's hold that twenty
2 five hundred.

3 We're not seeing a situation where
4 the demand is lessening. We're seeing as much
5 a demand now at the twenty-five hundred as we
6 have seen in the past or close to it. So let's
7 hold with the twenty-five hundred. If the
8 demand starts reducing itself, then maybe we
9 need to take a look at increasing the
10 maintenance fee.

11 SENATOR STOUT: Now, when your
12 Department gathers information concerning the
13 road Turnback program, are you ascertaining
14 whether the local municipalities are converting
15 some of this \$2,500 off of the state road they
16 took over to other municipal roads within the
17 township? I had that complaint.

18 When PennDOT maintained the road, it
19 was a good road. Later on it got turned back
20 to municipalities; and eight years, ten years
21 down the road that road is deteriorated as far
22 as maintenance.

23 The average traveling motorist
24 doesn't really care who maintains the road as
25 long as the road is well maintained in the

1 wintertime, potholes are repaired. Unless you
2 have a sign that says this is maintained by
3 such and such a township or county or state,
4 the average person doesn't know. They're
5 interested in getting a good roadway to travel.

6 So, how do you prevent those moneys
7 being diverted off the former state roads to
8 other municipal roads.

9 MR. PELTZ: You're absolutely right.
10 And I think that's one of the gaps we've
11 identified within the Department. Once we turn
12 back the road, we do not maintain data on that
13 road. It's off the state system, so we're not
14 truly sure where the moneys are going.

15 We provide that twenty-five hundred
16 dollar maintenance payment on a yearly basis.
17 That local government can use that twenty-five
18 hundred for anything that's transportation
19 related. We audit the use of municipal or
20 liquid fuel funds, as well as the turnback
21 moneys to insure that they are used for
22 transportation purposes. But, that's pretty
23 much as far as it goes. We do not watch over
24 the local governments to say you must use this
25 money for this road.

1 But you're absolutely right. Our
2 constituents don't care if the other road is
3 PennDOT or locally maintained. They just want
4 to have a good quality road. Unfortunately, we
5 don't have the data to find out what exactly is
6 occurring on each specific road.

7 SENATOR STOUT: In the legislation
8 that you've recommended to this committee, do
9 you think that that should be a part of this
10 new language requiring the data and running the
11 direction of those funds?

12 MR. PELTZ: What I would like to do
13 there, I'd like to try to make it a voluntary
14 situation. I just don't want to put more
15 controls on local government, asking them for
16 more data. Hopefully, we could put a program
17 together. And again, we've identified as a gap
18 within PennDOT, and hopefully we can do
19 something to work with local governments based
20 upon trust without forcing the issue. That
21 would be my preference at this point in time.

22 SENATOR STOUT: When you give a
23 portion of the road you turn back, you're not
24 transferring that bridge. You retain the
25 ownership of the bridge.

1 MR. PELTZ: Typically, we retain the
2 ownership of the bridge, yes.

3 SENATOR STOUT: Thank you, Mr.
4 Chairman.

5 CHAIRPERSON GEIST: I'm going to
6 start on my right with Representative McCall.

7 REPRESENTATIVE MCCALL: Two
8 questions, and maybe one in the form of a
9 comment on Senator Stout's -- and maybe just a
10 littlt bit of follow-through.

11 In anticipation of today's hearing I
12 wrote every one of my municipalities, both
13 boroughs and townships. And both, number one,
14 has said that before they would even anticipate
15 or talk about turnback, the road would have to
16 be brought up to specifications. That's just
17 common sense.

18 The second part of it was they did
19 want more of an economic incentive; that the
20 \$2,500 would not suffice with them to take back
21 a road. Especially where I live in the
22 northeast, we could have a bad winter and that
23 money's gone in the blink of an eye.

24 So, just for your information, as
25 follow-up to the Senator, my constituents, or

1 at least my local government leaders say that
2 they do, in fact, need more of an economic
3 incentive for them to participate in the
4 program. And at this point in time none of
5 them are interested in turnback because of
6 that. So, that's something that all of us, I
7 guess as persons who control the purse strings
8 should be mindful of at best.

9 The second question concerns federal
10 dollars, and I note that all of your testimony
11 surrounds state dollars. And I'm just
12 wondering if we've ever considered using some
13 of those federal dollars, or flex dollars, for
14 this program, and can we use federal dollars
15 for this program?

16 MR. PELTZ: My specialist here is
17 telling me that the language here in the
18 Turnback Program prohibits us from using
19 federal dollars, but we'll check, make
20 absolutely certain of that. That's an
21 interesting possibility.

22 MR. SMELTZER: The original language
23 says that it must come from the restoration
24 fund.

25 MR. PELTZ: So, if we were to change

1 that language, we might have a possibility.

2 Now, the concern internally in the

3 Department --

4 Again, when I come to you today and
5 I'm asking for no moneys, the moneys are
6 finite. And the question within the Department
7 is where is the highest and best use for these
8 funds. We have responsibilities to all of you
9 and to the taxpayers of the State of
10 Pennsylvania to make sure we're repairing as
11 many roads as we can, and obviously, we're
12 going to look at the higher ADT roads. We
13 don't want to forget about the D and Es. The D
14 and Es are very important as well.

15 Talk to Mike Ryan, Deputy Secretary
16 of Highway Administration. Talking about
17 additional moneys for the Turnback Program, the
18 feeling right now is, we can do a lot with the
19 coordination. Let us have the flexibility.
20 Let us show you that we can manage those funds
21 as best possible. And if we can do it based on
22 economic business-related decisions, taking
23 more moneys, let's say from the maintenance
24 program and putting them in the Turnback
25 Program, because coordination works, then we'll

1 do that.

2 We're asking for the flexibility from
3 you to give us that opportunity. And you have
4 ultimately the wherewithal to check out us and
5 make sure we're doing the job we're telling you
6 we're going to do. You have the right to hold
7 a hearing anytime you want to, and we'll report
8 to you and let you know what we're doing in
9 that regard, coordination or anything else.

10 CHAIRPERSON GEIST: And you will do
11 the follow-up with federal dollars?

12 MR. PELTZ: Yes, we will. Thank you
13 for that comment.

14 CHAIRPERSON GEIST: Representative
15 Battisto.

16 REPRESENTATIVE BATTISTO: Thank you,
17 Mr. Chairman.

18 Rick, would it be possible -- It was
19 communicated, I think, that 25,000 miles of
20 roads are D and E roads.

21 MR. PELTZ: Yes.

22 REPRESENTATIVE BATTISTO: These seem
23 to be prime candidates for turnback. I know a
24 lot of my county up there, 680 miles of state
25 roads in my county. I know there are a lot of

1 D and E roads. I know exactly which ones they
2 are. I suppose they're dead-end roads that
3 I've been talking about for a long time.

4 Would it be possible to get some kind
5 of a per county color-coded kind of example of
6 the closeness in the county identifying those D
7 and E roads?

8 MR. PELTZ: Yes. We have those
9 already. We can get you aboard. In fact,
10 anybody that would like it, we can get you a
11 copy of that.

12 CHAIRPERSON CORMAN: Let's see that
13 everybody on the committee gets a copy.

14 MR. PELTZ: Absolutely. That shall
15 be done.

16 CHAIRPERSON CORMAN: Well, send it to
17 the Chairman. We'll distribute it.

18 MR. PELTZ: Very good.

19 REPRESENTATIVE BATTISTO: Thank you,
20 Mr. Chairman.

21 REPRESENTATIVE MAHER: Thank you.
22 You were mentioning Peters Township. It's near
23 and dear to my mind, because I represent Peters
24 Township, and I appreciate how complex it
25 became last year, and which should have been a

1 very straightforward turnback. And because of
2 this challenge that we're trying to resolve
3 today, I know that the Department of
4 Transportation jumps through extraordinary
5 hoops to make it happen.

6 Not so much the municipalities will
7 want to cross what PennDOT will do in terms of
8 segregating the turnback process from a
9 rehabilitation process as some have suggested,
10 but there unfortunately, there's a history,
11 maybe not a real history, but a perceived
12 history for folks who agree to take roads and
13 turn back and maybe they're not up to snuff.
14 And in order to bring those two concerns
15 together, to rehabilitate the roads with
16 conditions that the community finds
17 satisfactory so they can proceed and you can
18 proceed with the turnback provisions makes
19 sense to me to try to find some economic
20 incentive.

21 MR. PELTZ: You're absolutely
22 correct. We owe it to the public and to
23 localities that when we turn back a road, it's
24 got to be a wonderful piece of road, something
25 that they can be proud of, something that we

1 can be proud of. And to have this coordination
2 where we can utilize those maintenance dollars
3 and then add our turnback money would follow
4 those maintenance dollars would be just
5 extraordinary in terms of, again, raising that
6 bar and that impression that the Department is
7 going to deal with you appropriately.

8 CHAIRPERSON CORMAN: Tony.

9 REPRESENTATIVE MELIO: As a township
10 commissioner for 18 years, over 60,000 people,
11 we were strapped financially and we had enough
12 problems maintaining our own roads and paving
13 and doing the maintenance. We would have been
14 happy to turn more roads over to the state.

15 And, you know, traveling through New
16 Jersey, our neighbor, going down to the Jersey
17 Shores, I noticed there are a lot of county
18 roads, and these county roads are maintained
19 very nicely. Have you ever considered adding
20 the county roads? The county could probably
21 finance and have the money. Because, you're
22 not going to get -- And I know from Lower Bucks
23 County, you're not going to get any requests to
24 take over roads. You're going to get more
25 requests to take them back.

1 So, if you had a county-wide
2 system -- And I'm sure that they could have the
3 wherewithal to do that. You might have a hell
4 of a lot better system.

5 MR. PELTZ: We have turned back some
6 county roads, but as you indicated, yours is
7 more a county -- maybe a county or a local
8 maintenance organization on a county basis
9 rather than on a township-to-township basis.

10 REPRESENTATIVE MELIO: Yeah, I was
11 shocked to learn we had no county roads.

12 MR. PELTZ: Yes. New York and many
13 other states have county, local county
14 organizations that handle all local roads.
15 That is something that has gone back and forth,
16 we've heard that discussed. We would really
17 need to sit down with all the various
18 associations to see if there's a better way to
19 coordinate and utilize our resources without
20 any locality losing their identity.

21 From where I come from, the
22 northwestern portion of the State of
23 Pennsylvania, I see each township having
24 various pieces of equipment. Unfortunately,
25 that equipment can't be fully utilized all the

1 time. They just don't have the staff
2 resources.

3 But is there a way to bring all those
4 equipment, resources and people together where
5 you can do it on more of a regional basis?
6 That's certainly something that makes a lot of
7 sense, and hopefully over time we'll get that
8 far.

9 REPRESENTATIVE MELIO: In Bucks
10 County we had a superintendent of roads and
11 bridges, but we didn't have any roads.

12 CHAIRPERSON CORMAN: Anybody else?

13 SENATOR STOUT: Yes. I have one
14 additional question, Mr. Chairman. Since I
15 have Rick here, I've had municipalities who
16 have taken over state roads. About eight years
17 later they come back and say, Barry, we're
18 going to give it back to the state. Has this
19 ever happened, returned to the take back?

20 MR. PELTZ: Yes, there has been on a
21 couple of occasions. We don't relish it, but
22 there are and have been cases, and
23 Representative Smith has led the effort on a
24 couple where we have taken back the road.

25 REPRESENTATIVE HESS: I have a

1 municipality in Green County that took over a
2 former state road that involved a serious
3 slide, and the cost of repairing the slide,
4 they later on figured that PennDOT sold them a
5 pig in the poke, give them a bad deal because
6 the hillside after the slide down cost them six
7 to \$800,000 to repair the slide and they wanted
8 to give it back to the Department.

9 MR. PELTZ: As I have said, those are
10 examples of we've -- It's partnership. PennDOT
11 stresses partnership. You've heard us discuss
12 that on many occasions. Yes, the road has been
13 turned back, but we have an obligation as a
14 sister agency to local governments to come in
15 and try and help where we can.

16 And hopefully, before they say, well,
17 we want to turn this road back, hopefully we're
18 going to be in there. They will express their
19 concern, and we will come in and work with them
20 in any way we can.

21 PennDOT has an obligation. I'd like
22 to think that we're going to be going over the
23 work with any entities in that regard.

24 Regarding some of those turnbacks
25 that were turned back to the state, as I

1 mentioned, we made some mistakes. We turned
2 back roads with really not doing what we should
3 have done to that road. And hopefully, now we
4 are working where we're going to provide a
5 quality road to that entity. Any time we go
6 out and do a turnback it will be a quality road
7 or we won't turn it back. We have that
8 obligation to locals we serve as well.

9 SENATOR STOUT: Thank you, Mr.
10 Chairman.

11 MR. PELTZ: It seems to me the
12 history of turnback of turnbacks, however, has
13 been that PennDOT has resisted all the ways
14 about in doing that. I know I've gotten two
15 roads turned back to the state; one in Centre
16 County and one in Clinton County. I had to
17 stuff them into a fast-moving vehicle to make
18 sure that it was accomplished, if it was not
19 accomplished shaking hands with PennDOT clients
20 would do that. It's a difficult process.

21 CHAIRPERSON CORMAN: Joe.

22 REPRESENTATIVE MARKOSEK: Thank you,
23 Mr. Chairman. Good morning, Rick. We've
24 actually had a pretty good experience with
25 turnback in my district, but I would add to

1 what Representative McCall said about the
2 \$2,500 that's really, I think, outdated and
3 somewhat nostalgic, I think is a pretty good
4 description of it.

5 I go back in the days when gasoline
6 was 30 cents a gallon and all that. And even
7 though they've taken them back, I hear
8 grumblings about that's not enough. We've
9 actually had a situation recently in the last
10 couple of years where one of my municipalities
11 actually wanted to take back the road because
12 they were building a municipal facility on that
13 road and they thought they would have better
14 control over it.

15 And one of the sticky points -- They
16 eventually did some work with District 12 with
17 that and accomplished it, but one of the sticky
18 points was the \$2,500 a month. So, it was a
19 situation where you actually had them come
20 forward and said, we want to take the road
21 back.

22 MR. PELTZ: That's an excellent
23 point, and we've heard this. I guess I come
24 back to give us the opportunity. The demand we
25 still feel is out there, twenty-five hundred.

1 That's pretty amazing, but there are reasons
2 other than the twenty-five hundred. Give us
3 the opportunity to go back with the
4 coordination, see if the demand still exists.
5 If it's not, we'll come back to you and ask for
6 your help.

7 I want to try to work with our
8 highways folks, get this coordination in, show
9 them the value of the Turnback program. They
10 understand the value, but there's some that we
11 need to bring them along.

12 As they see the value of it, maybe
13 they will, on their own inclination, put moneys
14 in from their maintenance funds, and then maybe
15 we can work towards increasing that twenty-five
16 hundred. But I think the demand is such now,
17 and there are other reasons for a turnback that
18 the \$2,500 is sufficient.

19 I might throw one other piece in
20 there too, just on the state system. We
21 mentioned the D and E roads, but a little fact
22 to add here. On the state system, the amount
23 of dirt and gravel roads, we have over 670
24 miles of dirt and gravel roads. And one of the
25 places where we would like to start with the

1 Turnback program and dirt and gravel roads are
2 easier to maintain than obviously paved roads,
3 would be to try and turn back some of these
4 dirt and gravel roads as well.

5 CHAIRPERSON CORMAN: Representative
6 Smith.

7 REPRESENTATIVE SMITH: Thank you, Mr.
8 Chairman. I have a couple of questionments. I
9 think that's a cross between a question and
10 comment. But first, I wanted to commend the
11 Department. In my district, we do have one of
12 the roads that was turned back via Senator
13 Corman's mechanism from legislatively throwing
14 it back on PennDOT's lap. And I really -- I
15 agree, Senator, that PennDOT's complaints might
16 lead to have a return turnback road.

17 However, the Department has worked
18 with a few other roads that I'm aware of to
19 help work out through some proper arrangements
20 to fix some of those old problems.

21 What I perceive as the main problem
22 with the Turnback program is that, when it
23 first started the Department took somewhat of
24 an adversarial position. I don't mean that
25 negatively, because you folks certainly weren't

1 those folks at that time. Their goal is to get
2 the roads turned back. And they made the
3 cheapest deal they could possibly make with the
4 local government people, and unfortunately,
5 some of the local government people saw that
6 initial dollar amount, didn't really figure out
7 where they were going to be 10, 12, 15 years
8 down the road.

9 I think from my perception in our
10 area, at least in District 10, the Department
11 has come around to realizing that that isn't
12 the best way to go.

13 One of the holes I see in their
14 approach, though, is that, when they turn back
15 a road, that local township may not have the
16 roadmaster or the township supervisor there;
17 may not really have the knowledge and
18 understanding of working with a paved road that
19 has, you know, the qualities of the roads we
20 build today versus the old dirt and gravel
21 roads that they are accustomed.

22 I understand they clean the ditches
23 out, and I'm wondering if you have anything in
24 place to evaluate their ability, the township's
25 ability to maintain a paved road that would be

1 of the nature to be turned back today versus
2 what they're used to working on.

3 MR. PELTZ: Thank you for those
4 points, Representative Smith. In terms of
5 evaluating their ability, no, we don't have any
6 way to evaluate their ability; but, we've
7 recognized the need for training all the more
8 that worked with PSATS and other associations
9 that provide training.

10 We have the LTAP Program, and we've
11 identified additional training needs even
12 within the Department where we want to train
13 locals right alongside the people we're
14 training; provide that very, very needed
15 capability.

16 And I appreciate your comments, too,
17 on the roads. Again, I recognize and I've said
18 it a couple of times and reiterate. We made
19 some mistakes early on, and we turned back
20 roads kind of too quickly.

21 REPRESENTATIVE SMITH: I was going to
22 be nice, because I have another one coming.

23 MR. PELTZ: And we want to try and
24 resolve the problem if there is a problem
25 before the legislation is there to turn it back

1 to us. We also want to make sure the roads are
2 excellent quality when we turn them back to
3 local governments. We owe that to them.

4 REPRESENTATIVE SMITH: I see some
5 opportunities with the Department's agility
6 program to do some of those things. And it's
7 one of those, we're working on a couple of
8 local road turnback road problems. I think,
9 you know, what was mentioned earlier about an
10 accounting where that \$2,500 go, did they put
11 it back into that road?

12 I tend to agree with you, that you
13 don't want to saddle them with more paperwork;
14 and, in fact, some years they may not need to
15 put that money directly back on that particular
16 turnback road and put it into their overall
17 township highway budget, let's say.

18 So I'm not sure if we want to go that
19 route, but on the other hand, I know of
20 situations where townships didn't put a dollar
21 of that money into that road, and those are the
22 kind, Senator Stout, that ten years later came
23 back in some cases and said, this road's a
24 piece of, you know, dirt here. It's not any
25 good. They haven't been putting any money back

1 into it, and that's what we're talking about.
2 That's the flip side of the problem. I mean,
3 it's not all PennDOT's problem.

4 CHAIRPERSON CORMAN: And the
5 constituents still think it's a state road.

6 REPRESENTATIVE SMITH: Yeah, exactly.
7 And as Senator Stout also mentioned, people
8 don't care if it's a township road, a state
9 road, or a federal highway, they don't care.

10 MR. PELTZ: Absolutely.

11 CHAIRPERSON GEIST: They want a
12 decent ride.

13 I'd like to make one other comment
14 relative to how the Turnback program is
15 approached from the Department approaching a
16 municipality. One of the problems that I've
17 encountered, my most recent one, and I may be
18 talking to you more in detail about this, Rick,
19 but hopefully we'll work out a different level.

20 One of the problems is that some of
21 these candidates, and I guess it would be your
22 D and E roads, whatever the last ones down the
23 list, may not just serve that township per se.
24 They are more of a connector road, and then
25 that should be part of that evaluation in terms

1 of does that township recognize what they're
2 buying when they take that turnback road? It
3 may be a little bit of what Tony's talking
4 about in terms of county roads, and I don't
5 agree with giving them county roads per se.

6 But if some of these turnback roads
7 would meet the criteria that you folks
8 identified, from that township's perspective,
9 it's not really the township road that, you
10 know, that winds around the building here.
11 It's a road that this small community is using
12 as opposed to one of our more main arteries to
13 get from point A to point B, and not a township
14 road in the purest sense.

15 I don't know that they
16 recognize -- I think the Department needs to
17 look at that aspect of how this road is used at
18 a local level. Is it really used within the
19 township; whereas, a connector, and yet
20 township people in township A, B, C, here do
21 use it; but more of the traffic is from
22 townships X, Y, and Z.

23 MR. PELTZ: That's an excellent
24 comment, and I think we will -- hopefully, our
25 team out there in the field are looking at

1 that, making sure they're providing appropriate
2 advice. It's just not in the interest of
3 PennDOT getting rid of a road. In the interest
4 of all the traveling public, we'll make sure we
5 reinforce that. That's an excellent point.

6 CHAIRPERSON GEIST: I appreciate it,
7 and thank you for being here today.

8 MR. PELTZ: My pleasure.

9 CHAIRPERSON GEIST: Thank you very
10 much. Now, behind I heard the comment pig in a
11 poke. The House member who really knows hogs,
12 Representative Hess.

13 REPRESENTATIVE HESS: Sam said it
14 all.

15 CHAIRPERSON CORMAN: Any other House
16 members? Senator Laughlin.

17 REPRESENTATIVE LAUGHLIN: Good
18 morning. I just have one small question to ask
19 of you. In my district, District 11, (sic),
20 maintains the roads very well. But usually in
21 the rural areas like Economy Borough and some
22 parts in Aliquippa, I notice that they're
23 mostly chip and tar. Is that the kind of roads
24 you put in rural areas, or is there some other
25 materials you can use?

1 So many people complain to me about
2 that type of a road. And sometimes they can
3 get reimbursed for their cracked windshields
4 and sometimes they don't, as long as they turn
5 this complaint in at a reasonable time. So,
6 I'm sure that if more of those roads were made
7 a little different, that people would accept a
8 turnover.

9 MR. PELTZ: Thanks for those
10 comments. In fact, if you lay a tar and chip
11 road, it's a fine surface seal over time; but
12 if you put too much of the chips down it could
13 be problematical. We are trying to get away
14 from the tar and chipping and putting down a
15 standard asphalt surface.

16 REPRESENTATIVE LAUGHLIN: I certainly
17 hope so.

18 MR. PELTZ: And thanks to all the
19 legislature getting Act 3 gives us the
20 wherewithal and the funds to do a lot of that.

21 We're trying to get away from tar and
22 chip. It's still an effective way to seal a
23 road. I suspect it will still be used in
24 various roadways, especially a low ADTs, but
25 not as much, and hopefully not at all. But

1 we're not at that point.

2 I understand your concerns. If we're
3 going to turn back a road of local government,
4 I think they're going to ask for more than a
5 tar and chip, and we're going to have to
6 provide that.

7 REPRESENTATIVE LAUGHLIN: Thank you.

8 CHAIRPERSON CORMAN: Thank you very
9 much. Representative Sather, former member of
10 the State Transportation Commission and a
11 county commissioner.

12 REPRESENTATIVE SATHER: Thank you,
13 Mr. Chairman, for the recognition. I have
14 learned from the Chairman of the House
15 Transportation Committee to be brief, extremely
16 so, and there are some who understand why I
17 made that comment.

18 Let me first just begin by saying, I
19 support the Turnback Program. We need to be
20 very aggressive on the Turnback Program when it
21 is necessary. When you look at the road system
22 in the Commonwealth of Pennsylvania, the number
23 of miles of roads that the Commonwealth has to
24 maintain, I think it is just not one that we
25 can reasonably expect that PennDOT with its

1 resources can tend to in a fashion that all of
2 our constituents would expect.

3 And there are municipalities out
4 there who are interested, but they're concerned
5 about the condition that it's going to be
6 returned to them, whether it has a substandard
7 base and, of course, the training issues and
8 resolving one of the manufacturers.

9 But, my comments to the Chairman of
10 the respective committees, the Senate and
11 House, that I do some work for this program and
12 the twenty-five hundred dollar number may be
13 reasonable.

14 I understand that we're running out
15 of funds because you have been successful in
16 this program. So, let's continue to be
17 successful and do what's necessary. Thank you.

18 CHAIRPERSON CORMAN: I have one final
19 question I wish I didn't have to ask. I'm
20 going to raise it anyway. I'm hoping to get
21 rid of you.

22 MR. PELTZ: I can't blame you.

23 CHAIRPERSON CORMAN: Whenever there
24 is a Turnback program, and you turn the highway
25 back to the local government--the highway has

1 been there for a hundred years--must the local
2 government then keep it open to the public or
3 can they put a cul-de-sac in, or do whatever
4 they want?

5 MR. PELTZ: I believe they must keep
6 it open to the public. We would want to check
7 into that, but Gene's indicating, and he has it
8 day to day, it's their road. But Gene's
9 indicating --

10 CHAIRPERSON CORMAN: Letting them
11 take whatever the appropriate legal
12 mechanism --

13 MR. PELTZ: Right, to make the
14 change. So, yes, we can get you a specific
15 answer to make sure that we've got the
16 appropriate information.

17 CHAIRPERSON CORMAN: Thank you.

18 REPRESENTATIVE MELIO: I have one
19 more question.

20 CHAIRPERSON CORMAN: No. It's too
21 late. Go ahead.

22 REPRESENTATIVE MELIO: On the same
23 vein, if the township takes over a road and
24 bans truck traffic and that's the only road the
25 trucks can travel on, does that mean that they

1 have the right to ban those trucks?

2 MR. PELTZ: I need to check with our
3 legal counsel on that one. My suspicion is
4 that would be pretty difficult. They'd have to
5 take a lot of -- It would be legally
6 difficult, I'd suspect, but I'd need to check
7 that with our counsel. We'll get back to you
8 on that one as well.

9 CHAIRPERSON CORMAN: Thank you very
10 much.

11 MR. PELTZ: My pleasure.

12 CHAIRPERSON CORMAN: At this time I'd
13 like to call Elam Herr, Executive Director of
14 The Pennsylvania State Association of Township
15 Supervisors, who is on at 10:35 to 10:50. It
16 is now 10:50. Thank you for your comments.
17 Proceed.

18 MR. HERR: Good morning, Senator
19 Corman, Representative Geist, members of the
20 House and Senate Transportation Committee. My
21 name is Elam Herr, and I am Director of
22 Legislation for the Pennsylvania State
23 Association of Township Supervisors.

24 The Association represents the
25 Commonwealth's 1,457 townships of the second

1 class, which are home to more than 4.6 million
2 residents.

3 Today townships represent more
4 citizens than any other type of municipality.
5 And thanks in part to the Turnback of Roads
6 Program, townships also maintain more road
7 miles than any other class of municipality.
8 With more than 52,000 miles of roads under
9 township jurisdiction, townships also maintain
10 more miles of roads than the Commonwealth
11 itself.

12 It's always a pleasure to begin
13 testimony on a positive note, and I'm happy to
14 report that the turnback of roads program
15 established by Act 81 of 1981 certainly stands
16 today as a successful partnership between the
17 Commonwealth and local governments.

18 Since 1983, 4,150 miles of state
19 roads that are functionally local have been
20 voluntarily accepted back by municipalities.
21 Of that number, 92 percent or 3,813 miles have
22 come back to townships of the second class.

23 Why is the Turnback Program so
24 successful? First of all, participation in the
25 Turnback Program has from the start been

1 voluntary for municipalities. The law does not
2 force any municipality to accept the state
3 turnback road or any bridge that may be located
4 on it, no matter how much the Department may
5 want to return the road to the local
6 jurisdiction.

7 Second, the program includes funding
8 to restore the roads to a level acceptable to
9 the local officials and then to maintain them
10 afterwards. And finally, the program allows
11 for a certain degree of flexibility and
12 discretion; thus, enabling the Department of
13 Transportation and the municipality to jointly
14 decide what work needs to be done to the road
15 and who will perform the restoration work.

16 Voluntary participation, adequate
17 funding, and flexibility; these are the three
18 key elements to successful state and local
19 ventures. It is interesting to note that in
20 1977, a study conducted by the State Highway
21 System Task Force Subcommittee found that over
22 80 percent of the state's townships were
23 willing to take back functionally local state
24 roads if adequate financial remuneration was
25 made, and if the roads were upgraded before the

1 transfer.

2 Since 95 percent of the turnback
3 candidates were found in townships of second
4 class, their opinion was certainly important in
5 the debate.

6 The study also notes that in 1977
7 townships were spending an average of \$2,628
8 per mile on the roads, and would, therefore,
9 require 32 million per annual maintenance of
10 the turnback roads. From this, the twenty-five
11 hundred dollar per mile maintenance payment was
12 derived.

13 Based on the Department of Community
14 and Economic Developments statistic per
15 townships, roads, and street maintenance
16 budgets, townships are now spending nearly
17 5,000 per each mile of township road, twice the
18 annual maintenance payment. That figure was
19 based on old data. Yesterday we received an
20 updated copy of the financial statistics from
21 the Department of Community and Economic
22 Development.

23 Based on 1996, the figure equates out
24 to about \$5,576.92. As a matter of fact, on
25 the figures that were sent to us from the

1 Department, townships of the second class on
2 streets and highway maintenance for the year
3 '96 spent \$289,604,564.00. Totally for the
4 Commonwealth for all municipalities, it comes
5 out to \$775,753,377.00. So you can see the
6 amount of money that is spent on highway
7 maintenance.

8 For your information at this time,
9 last year the amount of money allocated through
10 the liquid fuels from the Department was \$239
11 million. So you can see a substantial amount
12 of money is coming from municipalities general
13 fund.

14 It was also noted in the 1977 study
15 that the turnback of roads should have saved
16 PennDot at least an equal amount of money;
17 thus, justifying the state's payment to local
18 governments for its maintenance.

19 The report further noted that the
20 road transfer program entails a reduction in
21 road administration responsibilities by
22 PennDOT. This should eventually lead to a
23 decrease in the size of the bureaucracy. The
24 state has saved money on the road maintenance
25 by reducing its road mileage.

1 Since 1983, the funding for the
2 Turnback Program has come from a new funding
3 source separate from the liquid fuel's fund
4 allocation. Three mills of the oil franchise
5 tax is now dedicated solely to this program.

6 Originally, there were about 12,000
7 state roads that PennDOT wanted to turn back
8 from municipalities. On the positive side,
9 nearly one-third of these roads have been
10 successfully transferred to townships. On the
11 downside, however, there are still two-thirds
12 of these roads left.

13 If anything, the turnback of roads
14 program has become a victim of its own success.
15 I believe it's a fair statement to say that
16 there are more municipalities interested in
17 taking roads back than there is funding for
18 both restoring and maintaining these roads.

19 Consequently, there are more turnback
20 road candidates than there is money available
21 to turn them back and permanently maintain
22 them. At some point in the very near future,
23 the Turnback program will reach a critical
24 threshold when the funds available to continue
25 the maintenance payments on roads that have

1 an increase in the annual maintenance payments
2 under the turnback of roads program of \$4,000
3 per mile for roads with blacktop surfaces,
4 which costs more to maintain than dirt or
5 gravel road surfaces. This four thousand
6 dollar figure is closer to the true cost to
7 maintain these roads, which is approximately
8 \$5,000 per month.

9 The studies of the 1970's noted that
10 local government highway expenditures are
11 growing faster than their share of the motor
12 license taxes. That trend has only continued
13 into the '90's. As the local government
14 experienced the most growth, townships, in
15 particular, are finding a higher percentage of
16 their local tax revenues devoted to local road
17 construction and maintenance.

18 The Commonwealth and municipalities
19 are partners in maintaining the state's road
20 network. And as I pointed out earlier,
21 townships maintain more miles of roads than the
22 Commonwealth or any other type of municipality.
23 Yet, when it comes to funding, municipalities
24 are not treated as the full partner that they
25 should be.

1 Over the last 30 years, the
2 Commonwealth clearly established a 20 percent
3 funding level for municipalities from the
4 state's highway user fees, the liquid fuel's
5 taxes. Yet when liquid fuel's taxes have been
6 increased in more recent years, municipalities'
7 portion of these user fees increases has been
8 less and less, to the point where the total
9 municipal funding allocation is closer to 15
10 percent.

11 The last two liquid fuel tax
12 increases yielded only a 12 percent share for
13 local government, far short of their 20 percent
14 share. And there has been no increase at all
15 in the level funding dedicated to the turnback
16 of road program.

17 Why bring this up in a discussion
18 about the Turnback program? A 1982 article in
19 the Harrisburg Patriot-News noted that the
20 financial incentive is the key to the success
21 of the Turnback program. Certainly, for the
22 turnback payment to serve as a true financial
23 incentive, it must be at a level that is worthy
24 of a township's while.

25 But continued funding for all local

1 roads is also important in this equation. As
2 local governments find it increasingly
3 difficult to meet their financial commitment to
4 the roads they already maintain at existing
5 funding levels, they will be less willing to
6 take on more roads that will eat even more into
7 their local budgets.

8 Let's face it. The maintenance
9 payment does not cover all the maintenance
10 costs for these roads. At twenty-five hundred
11 dollars per mile, the township must pay at
12 least half the cost to continue to maintain
13 turnback roads from their general fund.

14 And I would venture to say that
15 despite the much smaller portion of state user
16 fees that municipalities receive, local roads
17 are some of the best maintained roads in the
18 Commonwealth.

19 This is because of the dedication of
20 local officials across the Commonwealth to the
21 road maintenance and construction
22 responsibility. It is also because local
23 officials have to answer directly to their
24 citizens if they do not keep up with their road
25 responsibilities.

1 There's certainly truth to the saying
2 that local governments are where the rubber
3 meets the road.

4 And also under the heading of
5 adequate funding is the need to fairly resolve
6 the issue of funding and liability for traffic
7 lights and signage, including their
8 installation and maintenance.

9 Along with this we must address the
10 issue of how to handle funding for signals and
11 signage on state roads, local roads, and at
12 intersections of state and local roads.

13 The Turnback of Roads Program is a
14 partnership between the state and the
15 municipalities. But it also represents a
16 promise, a promise that says that in return for
17 taking over responsibilities of a state road,
18 the municipality will receive adequate funding
19 separate from the liquid fuels formula to
20 maintain that road without the need to increase
21 taxes.

22 Therefore, it is incumbent upon the
23 legislature to make sure that this promise is
24 kept to local governments. To that end, we
25 urge the Senate and House Transportation

1 Committees to look at the funding levels under
2 the Turnback program and increase the funding
3 to a sufficient level to continue the program
4 successfully and provide adequate annual
5 maintenance funding.

6 At the same time we believe the
7 committees should look at a bigger picture as
8 well, and suggest ways in which to provide
9 steady and reliable highway user fee-based
10 funding to local governments so they can
11 continue to maintain their portion of the
12 Commonwealth's highway system.

13 We also believe that a periodic
14 review of the Turnback program like this one is
15 very helpful and necessary. By examining the
16 program from time to time, the committees can
17 keep on top of where we stand with the funding
18 levels and whether we have reached the
19 program's funding capacity.

20 Thank you for this opportunity to
21 share thoughts of the Association with you on
22 the Turnback program, and I'll be glad to
23 answer any of the questions you may have.

24 CHAIRPERSON CORMAN: Thank you very
25 much, Mr. Herr. You've heard a couple of

1 questions to ask of PennDOT that maybe you can
2 shed some light on: One, if formally a state
3 highway is turned back to the township, can
4 they then waive restrictions on truck traffic?
5 Do you have an idea for that answer?

6 MR. HERR: Our interpretation would
7 be yes, it would be a local road. They would
8 still have to follow the vehicle code, the
9 section that says you have to have engineering
10 traffic studies done to see what the carrying
11 weight of that road would be. If it's below
12 the threshold, then they wouldn't have to go
13 through the process of posting that road.

14 CHAIRPERSON CORMAN: I would think
15 that if the road was a type of road with the
16 proper base, and everything else was supporting
17 heavy truck traffic, you might end up in court
18 if you tried to restrict a highway (talking
19 fast; inaudible words) -- you use you lose.

20 MR. HERR: No.

21 CHAIRPERSON CORMAN: How about the
22 question they asked, if you take back roads,
23 can you change the use of that road by putting
24 in a cul-de-sac or close the road totally? Do
25 you have that?

1 MR. HERR: I would have to check into
2 it further, but again, I would think that the
3 municipality potentially could have the
4 authority to change the usage of it.
5 Circumstances might change once you take the
6 road back that for some reason have changed.

7 Potentially, I would assume that they
8 could also vacate the road if they would go
9 through the proper procedures established in
10 the vehicle code and the municipal codes. I
11 would also assume if you vacated the roads,
12 then you'd also lose the funding from the
13 Commonwealth.

14 CHAIRPERSON CORMAN: Representative
15 Hess.

16 REPRESENTATIVE HESS: Thank you,
17 Chairman Corman. I have no questions at this
18 time.

19 REPRESENTATIVE STOUT: Thank you, Mr.
20 Chairman. One of the questions you mentioned
21 that in recent years you had not received your
22 traditional 20 percent allocation in any new
23 revenues for the Department of Transportation,
24 both in '91 and '97. And I know in '97 in Act
25 3, I think the increase per local

1 municipalities averaged about 12 percent.

2 I know when we were negotiating our
3 very lengthy process with very sufficient
4 support on both sides of the aisle, both
5 chambers we had discussions. And how many
6 folks do you bring to the table? In many cases
7 some of the people were allocating for
8 increased local fuel moneys for townships and
9 municipalities, and are sometimes most critical
10 people against it. The measures to provide
11 that funding, you can't have it both ways.

12 There are times you have to take a
13 position of strong support in order to have the
14 funds to go down to the local level. And this
15 plan today, Mr. Peltz comes before us and
16 advises us we don't need additional money
17 because their 16.1 is adequate, and you're
18 advising us that now for the paved roads we may
19 need \$4,000 a mile instead of the twenty-five
20 hundred.

21 How do we get additional money now to
22 fund this? And how much is the total increase
23 going to be required in the out years to fund
24 the local municipalities?

25 MR. HERR: Well, at the present time

1 based on the figures that PennDOT gave us as
2 late as August 26, there's 16.1 million in the
3 pot; presently 11 million of that money is
4 being used for the annual payment which means
5 we have approximately five million more that
6 can be used both to upgrade the roads and then
7 go for the annual allocation.

8 Once we hit that magic number of 16.1
9 million, we're not going to have any more roads
10 turned back. So the only possible way is to
11 increase the funding mechanism for under the
12 franchise tax at three mills, or give PennDOT
13 some way to use other funds so they can use
14 that three mills for their annual payment.

15 SENATOR STOUT: I would like to see
16 the township association pass a resolution
17 supporting the increased funding, and if it
18 calls for an increase in all franchise tax or
19 something to fund that, that'd be more. And
20 not just to say, yes, we need the money. The
21 Commonwealth seeks support for the revenue
22 arrangements necessary to fund that.

23 MR. HERR: We have, and at the last
24 discussion '97, we met with Secretary Mowery on
25 getting an increase in the franchise fee for

1 turnback, in which case, due to the
2 negotiations he was having with the Legislature
3 and the limitations that the Legislature was
4 thinking on the amount of money that you would
5 put into the tax turnback was one of the first
6 things to go by the wayside for any additional
7 increases.

8 We would support an increase and do
9 support an increase into the liquid fuels
10 program be it most likely the franchise fee for
11 the Turnback Program.

12 REPRESENTATIVE STOUT: I think in
13 your testimony you gave under the traditional
14 liquid fuels money that's allocated half by
15 population and half by number of miles of
16 locally maintained roads. What is that average
17 amount per mile?

18 MR. HERR: PennDOT just recently has
19 given the municipalities an estimate for the
20 1999 allocation of \$1,805 per mile, and I think
21 it's around \$10 per person. And that's an
22 approximation at this time so the
23 municipalities can start doing the budgets.
24 They won't have an actual figure for a little
25 while yet.

1 SENATOR STOUT: Well, one of the
2 problems I think has traditionally been that a
3 lot of our local constituents live in townships
4 that do not seem to realize how much money has
5 come into their township from local tolls money
6 or from the Turnback program. Many times it's
7 the local road tax paid for all their road
8 maintenance, and that's really not true. A
9 high percentage of that money comes from the
10 state. A lot of people aren't really aware
11 that money comes back from the state to local
12 municipalities. Thank you, Mr. Chairman.

13 MR. HERR: You're probably very
14 correct, but in our budget process we must have
15 two funds there. One is the liquid fuels fund
16 and one is the general fund, minimum.

17 CHAIRPERSON CORMAN: Thank you very
18 much. Any members of this committee have any
19 more questions? Representative Smith.

20 REPRESENTATIVE SMITH: Thank you, Mr.
21 Chairman. I just wanted to clarify some of
22 that that he was talking about, the liquid
23 fuels funding relative to the cost. The
24 statistics that you gave us here earlier, are
25 you saying it is roughly close to 5,000 a mile

1 on average to maintain a local road?

2 MR. HERR: Yes.

3 REPRESENTATIVE SMITH: Beginning,
4 that's the DC --

5 MR. HERR: DCED statistics that we
6 received yesterday comes out to \$5,576.00.

7 REPRESENTATIVE SMITH: And that the
8 liquid fuels based on that 1990 projective
9 formula does that come close to being \$2,500,
10 similar to the -- Just by chance, is that now
11 about similar to what the Turnback Program
12 reimbursement is?

13 MR. HERR: The \$2,500 is very similar
14 to the allocation back in the end of the '70's,
15 beginning of the '80's.

16 REPRESENTATIVE SMITH: What I mean
17 is, is the liquid fuels reimbursement for roads
18 that historically have been township's roads is
19 now going to average up close to \$2,500
20 depending on the population factor. Is that
21 what you were guessing at? And I'm not holding
22 you to a number. I'm just saying that's kind
23 of where you think things are?

24 MR. HERR: Right. On the average,
25 there's \$1,800 per mile, and then you've got to

1 figure out the \$10 per capita, and that
2 fluctuates. So, yes, we made a guesstimate of
3 about twenty-five hundred.

4 REPRESENTATIVE SMITH: As an
5 association, have you ever evaluated where that
6 twenty-five hundred dollar turnback money has
7 gone? Do you know, like, what most of your
8 member townships do? Do they put it back on
9 that turnback road, or do they put it into
10 their general, like, although they keep a
11 separate fund --

12 MR. HERR: Liquid fuels fund.

13 REPRESENTATIVE SMITH: But do they
14 put it in their highways and put it on highway
15 A or highway B regardless if it came from
16 highway C, of the turnback?

17 MR. HERR: Several years ago the
18 Department allowed the commingling of turnback
19 funds and liquid fuels funds. Under the
20 program, the first year that you get the road
21 back, you receive no reimbursement from the
22 Commonwealth. One year thereafter you receive
23 the twenty-five hundred.

24 The Department realized that if the
25 road is in good condition when it is turned

1 back, the probability and possibility of
2 needing that money for that road is slim, while
3 it could be used on other roads; in which case,
4 liquid fuels and general fund moneys when it's
5 needed can be used on the turnback.

6 We have in the past tried to figure
7 out through surveys of how they're using the
8 money. It's very difficult. Once they take a
9 turnback road back, they look at it the same as
10 any other road. And if this is the year it
11 needs major maintenance, reconstruction,
12 whatever, they pull the amount of money in,
13 whether it's turnback money, liquid fuels
14 money, or general fund money.

15 So it is very difficult to see how
16 that money is being used. It is being used on
17 the roads because we must comply with state
18 requirements.

19 REPRESENTATIVE SMITH: I don't think
20 anybody's questioning whether it's being used
21 on the roads. The question goes back to what
22 my comment was earlier to Rick Peltz was that,
23 in some of these cases the township
24 supervisors -- And maybe the township
25 supervisor (talking fast; inaudible word) 10,

1 11 years ago who took the turnback road or a
2 cluster of them, and then we have another court
3 dealing today, and that road hasn't received --
4 Everybody's (talking fast; inaudible word) at
5 all other than the snowplow, you know, the
6 winter season, and then they say, we took this
7 road back, and we can't maintain it with this
8 \$2,500. In fact, the \$2,500 per mile is
9 probably more than they were getting in liquid
10 fuels money for their other roads. And that
11 was the point I was really making.

12 MR. HERR: Right. And that very well
13 could be happening. We have heard in both
14 cases of roads, they need the money on their
15 traditional roads, they pull it off with a
16 turnback to help there and then vice versa.

17 On a macadam road, the rule of thumb
18 basically is, that would last you about seven
19 years, in which case then you're going to have
20 to do major maintenance on that type of road,
21 so, you know, there could be that period of
22 time between your one and your seven, the road
23 isn't used that heavily that you'd see very
24 little maintenance on that road; in which case,
25 the \$2,500 is being used on other roads.

1 Sooner or later, though, you're going
2 to have to do work on that road, and then
3 they're going to be pulling off. Because, if
4 you're going to resurface, the \$2,500 per mile
5 is not going to do it.

6 REPRESENTATIVE SMITH: That is not
7 even close.

8 MR. HERR: And that's where you have
9 to pull from other sources. So, in most cases
10 I would say our members, as well as the other
11 municipalities, put that into their road
12 formula of proper maintenance and the time
13 period, and potentially you will see some
14 degradation on the road; but hopefully it's not
15 to the extent that it's in an incapacitated
16 condition.

17 REPRESENTATIVE SMITH: Thank you, Mr.
18 Chairman.

19 CHAIRPERSON CORMAN: Thank you.
20 Thank you, Elam. At this time I have one more
21 gentleman to make some comments. He is a
22 private citizen. His name is Mr. Larry Joyce.
23 He is from Enola. Do you want to go to the
24 podium with the microphone.

25 MR. JOYCE: Thank you.

1 CHAIRPERSON CORMAN: Thank you very
2 much.

3 MR. JOYCE: My name is Larry Joyce.
4 I live at 1616 Holtz Road in Enola. Actually,
5 the geographical area is Hampden Township. I
6 will probably be on the other side of the fence
7 as a property owner. I believe that PennDOT
8 should assume the cost of all highways,
9 including local roads.

10 The reason for that is that, there's
11 the idea that those who benefit from the use of
12 it should pay for it. The best vehicle you
13 have for that, although probably not perfect,
14 is the motor license fund and liquid fuel
15 taxes.

16 This means that the people who are
17 using roads will have the opportunity to pay
18 for them, rather than the property owner, which
19 is the way that happens if there is any
20 shortfall between what the money is given for
21 the cost of the Turnback program and what they
22 receive from PennDOT.

23 Beyond that, the publication by the
24 Federal Highway Administration called Highway
25 Statistics shows that 20 percent of the money

1 received from highway imposts and other sources
2 comes from property taxes and general fund
3 appropriations, which is actually coming out of
4 the taxpayer's pocket rather than the liquid
5 fuel taxes which represents a contribution by
6 those who use the roads.

7 So I would hope that you would take
8 that under consideration when you talk about
9 turning back highways. The alternative, of
10 course, is going to cost more money; but you
11 have the opportunity to raise taxes to meet
12 whatever the additional cost of having PennDOT
13 assume the costs of all roads, including local
14 roads. Thank you.

15 CHAIRPERSON CORMAN: Thank you very
16 much for your comments. That's certainly a
17 different idea. That's an idea that I've
18 always worked against. I believe the more
19 local you can make government the better it's
20 going to work.

21 I think the local township supervisor
22 is probably in a better position to make
23 decisions on maintenance of the roads within
24 the jurisdiction than us, assuming that at the
25 state level. I think they can probably do it

1 more efficiently and more effectively as well.

2 MR. JOYCE: I'm not suggesting that
3 you remove the responsibility. I'm for the
4 actual maintaining of the roads. I am
5 suggesting that those costs be assumed by
6 PennDOT, somewhat the reverse of what you're
7 actually suggesting.

8 CHAIRPERSON CORMAN: Right. Then you
9 also have that if somebody from out of town is
10 doing all the pay, then everybody wants streets
11 paved in gold, so to speak. But if you, as a
12 local homeowner, through your local
13 municipality are also contributing toward the
14 maintenance of the road, you might be satisfied
15 very easily, but less than gold on the highway.

16 MR. JOYCE: Right.

17 CHAIRPERSON CORMAN: Thank you very
18 much for coming and for your comments. Thank
19 everyone for coming today. This will conclude
20 our hearing on this subject.

21 (At or about 11:45 the hearing
22 concluded)

23 * * * * *

24


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C E R T I F I C A T E

1
2 I, Amy Patterson, Reporter, Notary
3 Public, duly commissioned and qualified in and
4 for the County of York, Commonwealth of
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18 Amy J. Patterson - Reporter
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