

1 COMMONWEALTH OF PENNSYLVANIA
2 SENATE LOCAL GOVERNMENT COMMITTEE & SENATE URBAN AFFAIRS
3 AND HOUSING COMMITTEE HEARING

4 IN RE: MULTI-MUNICIPAL PLANNING AND SHARED SERVICES

5 GREENSBURG GARDEN AND CIVIC CENTER
6 GREENSBURG, PENNSYLVANIA

7 THURSDAY, APRIL 10, 2008, 9:35 A.M.

8
9 BEFORE:

10 HONORABLE BOB REGOLA, CHAIRMAN
11 HONORABLE JOHN PIPPY
12 HONORABLE JOHN EICHELBERGER
13 HONORABLE BOB ROBBINS

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1 While we all know that forced consolidation is a
2 nonstarter, we can and should be talking about ways to save
3 taxpayer dollars through working together and sharing
4 services where possible. It's my hope that today's hearing
5 will provide members with some best practices in this area
6 as well as to learn what the state is doing and how the
7 state can better encourage multi-municipal planning and
8 shared services.

9 Chairman Pippy, would you like to open with a
10 statement?

11 SENATOR PIPPY: Thank you, Chairman Regola.

12 Good morning, ladies and gentlemen. It's truly
13 a pleasure to be here, and I want to commend Senator Regola
14 for the work he's done, not only as a local elected
15 official, but also as Chairman of the Committee.

16 Very briefly, we've seen studies -- if you're
17 from western Pennsylvania, particularly you've seen studies
18 since the mid '90's about the need to make government more
19 efficient, to find ways to have functional cooperations;
20 and in some cases, even talking about consolidation of the
21 structures themselves.

22 A recent report just came out chaired by Dr.
23 Normberg, Chancellor of University of Pittsburgh, that
24 talks about potentially Allegheny County and the City of
25 Pittsburgh. I think the key here is we need to start,

1 instead of doing reports, start looking at the data and
2 start coming up with the plan, that critical pathway we
3 need to start addressing so that we can move forward. And
4 so I believe this hearing is a key step to that. It's
5 going to require a lot of review, a lot of open and public
6 discussion to make sure that both the positives and
7 potential negatives are not only mentioned, but addressed.

8 And in the end, hopefully we will have a working
9 product that can be used as a template for different levels
10 of municipalities, different urban areas and different
11 regions. So I want to thank the Chairman, and I appreciate
12 my colleagues for being here today.

13 CHAIRMAN REGOLA: Thank you, Chairman Pippy.
14 Senator Eichelberger, comments, statement?

15 SENATOR EICHELBERGER: Just glad to be here
16 today, and I'm very interested in the testimony. We have a
17 good group of folks coming.

18 CHAIRMAN REGOLA: Thank you, Senator.

19 SENATOR EICHELBERGER: Yeah, thanks for having
20 me here.

21 CHAIRMAN REGOLA: You're welcome.

22 Senator Robbins?

23 SENATOR ROBBINS: No.

24 If not, I'd like to call our first witness, Dr.

25 George Dougherty from the University of Pittsburgh Graduate

1 School of Public and International Affairs. Dr. Dougherty
2 has done extensive work in the field of distressed
3 municipalities and is working for pittsburghtoday.com to
4 help foster a dialogue about issues facing this region.

5 Dr. Dougherty?

6 DR. DOUGHERTY: Thank you very much. First, I
7 want to thank you for the opportunity to come and testify
8 this morning. And I hope my experiences -- I've only lived
9 in Pennsylvania for the last four years, having lived in
10 Georgia for 17 years and then in New Orleans for the first
11 18 years of my life.

12 But one interesting aspect of having moved here
13 is that, as a public administration professor, I really had
14 the chance to delve deeply into local government in western
15 Pennsylvania. And I hope my experiences will be helpful
16 and informing for your search for information.

17 My testimony today draws from two sources; one
18 is a recent analysis that I've done on ten county areas
19 surrounding Pittsburgh and Allegheny County using
20 information from the Department of Community and Economic
21 Development from their annual survey of local government
22 finances. And I'm also going to draw from my experiences
23 working with DCED's Early Intervention Program.

24 And so with that said, I would like to turn
25 attention to the analysis of the DCED data. First of all,

1 just as a qualifier, the data itself, the data set that I
2 use was limited in a number of important ways; one is the
3 way it's collected tends to ignore the fund structure that
4 local governments use, and so sewer and water data is
5 thrown in with general fund information; and also the
6 quality of the data sometimes varies, just in the sense
7 that some communities use audited statements to provide
8 information to the state, and in other cases, they don't;
9 and finally, it doesn't always show short-term strategies
10 that municipalities may use.

11 But -- and this is a major but -- the fact is
12 that it's the best data we have on local government
13 finance, and because it's been collected for a long period
14 of time, it allows us to look at long-term trends in
15 municipal revenues and expenditures throughout the
16 Commonwealth.

17 I looked at a number of different measures, and
18 all these, I think, will play a large part in determining
19 the need for and the ability of communities to cooperate.
20 The first is looking at annual deficits. Annual deficits
21 will happen from time to time in the best run and most
22 financially secure municipalities, but the standard used by
23 public finance experts is that it's considered a warning
24 sign if a community runs two or more deficits in a
25 five-year period.

1 I looked at -- I began by looking at a six-year
2 period because the data was available, and in that time, we
3 found that 63.4 percent of municipalities in the ten-county
4 area ran two or more deficits. Adjusting my numbers a
5 little bit and looking only from 2001 to 2005, that
6 five-year period, in that case, we found that 77.5 percent
7 of municipalities in the ten-county area ran two or more
8 deficits.

9 And so in this case, what we find is a
10 substantial warning sign for almost three-quarters or more
11 than three-quarters of the communities. If we look at how
12 many ran three or more deficits in a five-year period of
13 time, we found that 44.3 ran three or more, which would be
14 a substantial warning sign again.

15 On annual deficits, again, like I said, they
16 happen even in the best-run communities, and so it even
17 better measures a look at structural deficits in which we
18 measure the growth and revenues over a period of time
19 versus the growth in expenditures. And so we look at a
20 five-year period of time, and what we would hope would be
21 that there would be a close disparity.

22 However, what we found in the analysis is that
23 almost half, about 48.9 percent of the municipalities,
24 experienced structural deficits between 2000 and 2006. If
25 I look at the five-year period of time instead, that's

1 closer to 41 percent ran structural deficits. And so to
2 kind of summarize the analysis that I've done -- and,
3 again, this is one set of analyses that was run on this
4 data, and expect a series of these over the coming months.

5 But this shows substantial fiscal, strong
6 warning signs of substantial and ongoing fiscal distress in
7 southwestern Pennsylvania. Now, drawing on my experiences
8 with the Early Intervention Program, just to date, I've had
9 the opportunity to be involved with ten municipalities in
10 two counties, and in many cases, these are the communities
11 that are struggling the most.

12 And so I've been a part of the team that's been
13 able to go and look at both their finances as well as their
14 management practices, and so the comments that you have
15 before you in my recommendations and my thoughts are
16 largely based on not individual problems that I've seen in
17 one place or another, but consistent concerns that have
18 come up through the Early Intervention Program.

19 First of all, to be perfectly honest, I'm not a
20 real big fan of tax increases. I've moved from a place
21 where my property taxes were \$7 hundred a year to a place
22 where my property taxes are now \$7 hundred a month.
23 However, I will say that I certainly get a lot more for my
24 taxes in Pennsylvania than what I got in the State of
25 Georgia.

1 But the reality is is that revenues do, in fact,
2 need to keep pace with expenditures even in cases when
3 municipalities are doing everything in their power or much
4 of what's in their power to hold down expenditures. And
5 just as the price of milk and the price of bread and
6 everything else that we buy goes up with inflationary
7 pressures, it's not unreasonable to expect that we would
8 see small increases in taxes over time.

9 Most of the problems that I've seen in the Early
10 Intervention Program or at least the most consistent
11 problems that I've seen are largely on the revenue side.
12 Probably the biggest single problem that I've experienced
13 is municipalities that have over time hit the maximum
14 millage rate for either third-class cities or for boroughs.

15 Most of the time, this is based on the fact that
16 counties are required, or given the primary responsibility
17 for re-assessments. Municipalities have the hard caps
18 instituted by the Legislature. And so even communities
19 that slowly and reasonably raise taxes to keep up with
20 expenditures over time eventually get to the 25 mills for
21 third-class cities and the 30 mills for boroughs.

22 In many cases, they are able to go to a judge
23 and ask for an extra millage increase, but once they get to
24 the 30 mills for third-class cities and the 35 mills for
25 boroughs, inflation keeps biting away at what they can

1 collect; and eventually, in a matter of years, they're
2 again collecting less than they had just four, five years
3 ago.

4 So one recommendation that I would make or one
5 suggestion that I would make is that -- or two
6 actually -- one is that a regular system of re-assessments
7 be instituted and that it be mandated. The discussion
8 about property taxes is pretty one-sided in the sense that
9 there are really two variables that go into it; one is the
10 property assessment, and of course, the other is the
11 millage rate.

12 And we would expect that municipalities wanting
13 to remain competitive would reduce the millage rate
14 appropriately with regular re-assessments, and it is the
15 standard in most states throughout the United States. If
16 that's not possible, I think another alternative would be to
17 either remove, or at the very least, index the maximum caps
18 on municipalities so they're indexed to inflation.

19 So at the very least, they're able to maintain
20 their largest, the value of their largest single revenue
21 source, which is the property tax. My second issue that
22 I've seen, and this is primarily in third-class cities, is
23 that in some cases when new taxes have been instituted or
24 when cities and municipalities have chosen to repeal taxes,
25 particularly I guess the business privilege tax, they're

1 not allowed to put that tax back on in the future.

2 And so in some ways this limits their
3 flexibility to respond to changes in the market, in their
4 local market in terms of how they can raise revenues. And
5 then finally, current legislation that's being considered
6 that allows for provision of fees on large corporate taxes
7 and for organizations, I think, is beneficial particularly
8 to, again, the third-class cities, which have traditionally
9 been county seats and have a large concentration of tax
10 exempts.

11 In some cases, more than 50 percent of the
12 available land is tax exempt. I do want to say though that
13 I think those fees do need to be tied to the cost of
14 services, and although I also realize that politically it
15 makes more sense to have a set fee; but, again, I ask that
16 that be indexed to inflation because this is -- we'll see
17 this, I think, with the local services tax -- we've already
18 seen it with the per capita and the residence tax -- where
19 many communities choose not to collect the per capita and
20 the residence because it actually costs more to collect
21 than they actually receive in revenues.

22 And, again, this is just because of inflationary
23 pressures. On the expenditure side, there's really only
24 been one consistent concern, and that has been Act 111 for
25 police and fire services, particularly with the issue with

1 the justification of arbitration awards. Now, again, I'll
2 say police and fire, they need to have the protection of a
3 safe work environment and reasonable wages.

4 However, the arbitration process as it works now
5 oftentimes does not necessarily consider municipalities'
6 ability to pay for increases or for arbitration awards.
7 And in a number of cases that I've seen, they do -- when
8 that issue does come up, it often considers restricted
9 funds or funds outside of the general fund that really
10 aren't available for increases in police and fire services.

11 And so I would urge the Legislature to begin to
12 place limits or at least improve standards on what needs to
13 be considered in arbitration awards and limit that
14 primarily to regular unrestricted funds.

15 Finally, on the issue of multi-municipal and
16 service sharing, I presented that information primarily as
17 a backdrop to make the argument that I honestly and truly
18 believe that multi-municipal arrangements and shared
19 services will be an excellent way for communities that look
20 to provide services in the future.

21 First, for larger communities, shared services,
22 particularly if those larger communities provide the
23 services for others, they will realize a more stable
24 revenue stream for providing those services. For the
25 communities that receive those services, in many cases,

1 they'll receive a better service for less cost.

2 A recent Local Government Academy study, which
3 you'll hear more about this afternoon, identified a
4 preference among local government administrators in
5 selectively cooperating with other communities in cases
6 where it makes sense for both communities.

7 In terms of police services, I would suggest
8 providing financial services so that full-time paid 24/7
9 departments, so that the state would provide incentives for
10 those departments to be able to reach out to no service or
11 part-time service communities and to incentivize that so
12 that they might work together.

13 In terms of fire, we face the crisis not just
14 with the cost of providing full-time services, but also
15 reduction in the roles of volunteer fire departments. And
16 in many communities, we have competing volunteer fire
17 departments as well as paid fire departments.

18 And so I think the state can provide incentives
19 for joint training between volunteer departments as well as
20 joint training between paid and volunteer department in
21 greater coordination among them.

22 There's some research that provides evidence
23 that joint training and just more active services are more
24 likely to bring people in to the volunteer fire fighter
25 ranks; and then finally, I think efforts to strengthen

1 councils of government and provide, again providing
2 incentives for coordination and cooperation in public works
3 and code enforcement, in particular in southwestern
4 Pennsylvania, but also recreation and other areas. Thank
5 you very much.

6 CHAIRMAN REGOLA: Thank you, Doctor.

7 Are there any questions?

8 Senator Eichelberger?

9 SENATOR EICHELBERGER: Doctor, I really enjoyed
10 that testimony. It was very interesting. Are there other
11 states that have, that index the caps for local government?

12 DR. DOUGHERTY: You know, I've not, my
13 experience -- I've not had substantial enough experience in
14 other states. In fact, when I got here, I was a wee bit
15 surprised to find so many local governments, or the tax
16 structures with a focus on caps.

17 And so in many states, particularly in terms of
18 property tax, what they will do is limit the amount of
19 growth in property revenues, but they won't necessarily
20 limit millage rates. And that's been a trend. I guess
21 initially those caps were instituted in the late 1970's,
22 and since then, reform has limited to, say, a 3-and-a-half
23 percent growth in a given year.

24 So that seems like a good way to make sure there
25 aren't any tax grabs or substantial increases without

1 justification, but it also allows you to track at least
2 with inflation.

3 SENATOR EICHELBERGER: In my Senate district,
4 two of my counties, one county's assessment was 1957, which
5 is the second oldest in the state; and the other one is
6 1958, which is the second oldest in the state. So we have
7 municipalities and counties that are up against millage
8 caps, and that creates a big problem.

9 You may not be quite as suited to answer this
10 question, but I was with some township and borough
11 officials last evening and we were talking about
12 consolidation, and you touched on this. As I understand
13 it, in Pennsylvania, the only way that municipalities can
14 consolidate is through a referendum on a ballot and both
15 municipalities must consent to that and be willing to do
16 it.

17 I'm aware of some situations where one
18 municipality would like to consolidate, usually a small
19 borough that has no resources, into a larger township that
20 surrounds them. Are you aware of how will other states
21 handle this so that there's other mechanisms for one
22 municipality maybe to surrender their autonomous role and
23 be absorbed into another municipality?

24 DR. DOUGHERTY: Yes, sir. When I was -- I was
25 at the (inaudible) Institute at University of Georgia when

1 they passed House Bill 489, which is essentially state
2 legislation that required municipalities that didn't
3 provide a basic level of service that was identified by the
4 State Legislature to negotiate with either the county or
5 surrounding municipalities to provide that service.

6 If they did not -- if they fell below that
7 mandatory service provision level, say, like, 24/7
8 police -- or to give you an example, if you did not provide
9 24/7 police services, then you would be required to either
10 negotiate that with either the county or surrounding
11 municipality or hold a local referendum to hold up and
12 continue to provide police services at that level.

13 And so in that case, what they did was it was
14 the State Legislature who took control and said basic level
15 of municipal services is 24/7 police services, such and
16 such in terms of fire, code, public works and so forth.
17 And they instituted, I guess, I think it was a three-year
18 negotiation process in which all municipalities were
19 required to negotiate on that level.

20 And I'm not sure how that would work in
21 Pennsylvania, particularly for the reason that Georgia had
22 large areas of unincorporated land in which counties
23 provided basic municipal services, and particularly in
24 southwest Pennsylvania, that's not the case.

25 SENATOR EICHELBERGER: Thank you.

1 CHAIRMAN REGOLA: Senator Pippy?

2 SENATOR PIPPY: Thank you, Mr. Chairman.

3 I appreciate your testimony today. When you
4 were looking at the deficits, was there a typical -- you
5 mentioned Act 111, but was it always the public service
6 costs or the safety costs, or were there other major
7 factors?

8 DR. DOUGHERTY: Well, actually at this point in
9 time, we haven't completed the analysis on the expenditures
10 and on the revenues, and in fact, the next set of issues is
11 that we're going to look at that in particular. The
12 biggest problem with identifying the public safety
13 expenditures in particular is the volunteer versus paid
14 fire.

15 Although, I can clearly identify who has which,
16 but I will again say, having looked at a number of
17 third-class cities, the cost of public -- I think -- don't
18 hold me to this number, but I think pretty close to 60
19 percent, maybe a little more than 60 percent of all
20 expenditures in the City of Butler two years ago were for
21 police and fire.

22 And because of that, they had not voluntarily
23 chosen, but in essence, their hand was forced. They were
24 also up against the 25 plus 5 mills max in terms of
25 property taxes. They cut back in public works. They cut

1 back in code enforcement. I think there probably were, had
2 been 17 people, and in a ten-year period of time, it was
3 down to 5 men working on those crews. So it was very
4 difficult to even do basic paving jobs during the summer
5 with five full-time employees. But in terms of the region
6 as a whole, I just haven't done the full analysis.

7 SENATOR PIPPY: And you mentioned you were
8 working on it. When would you expect those numbers to be
9 available or published?

10 DR. DOUGHERTY: Probably in the next six weeks.

11 SENATOR PIPPY: Oh, okay. And when you do that,
12 do you benchmark that against other similar demographic
13 areas across the --

14 DR. DOUGHERTY: Across the county, yeah. That's
15 a longer-term work in process. It turns out that each
16 state collects data differently. And so but we're
17 collecting that, and that's the intention to have, I think,
18 seven benchmark districts or regions in the end.

19 SENATOR PIPPY: Okay. The final question is, if
20 we were to, if we'd like to see that information, how do
21 you usually publish that?

22 DR. DOUGHERTY: Well, that's going to be
23 presented on pittsburghtoday.org --

24 SENATOR PIPPY: Okay.

25 DR. DOUGHERTY: -- is the website, and that

1 includes -- I'll make sure that the information is sent out
2 with the news releases.

3 SENATOR PIPPY: Thank you very much. I
4 appreciate it.

5 Senator Robbins?

6 SENATOR ROBBINS: Thank, Mr. Chairman.

7 And, Dr. Dougherty, I've got a couple areas I'd
8 like to have a little discussion. You mentioned about the
9 fire and police protection in the smaller boroughs, but the
10 truth in Pennsylvania, I have a borough with less than 3
11 hundred people that provides police protection; and I know
12 there's townships of over 30-plus thousand that don't have
13 it. Have you looked at any of those scenarios that are
14 unique to Pennsylvania?

15 DR. DOUGHERTY: Well, I think the -- and this is
16 mostly drawing off the expertise of the team members that
17 I've worked with on the early intervention. Yeah, I think
18 it is a combination of kind of the tradition in
19 Pennsylvania in particular and the choice in terms of local
20 volunteer fire house.

21 However, particularly in urban areas, that is
22 not the standard throughout the rest of the country. And
23 in fact, particularly as you move south and move west, they
24 have regional fire districts in which whole counties or
25 group of counties band together to provide professional

1 fire services.

2 And that is more the standard throughout the
3 United States. But, you know, again, there is the
4 tradition and choice in level of services particularly in
5 terms of volunteer fire in Pennsylvania.

6 SENATOR ROBBINS: And secondly, have you looked
7 at the council of governments, which were really a belief
8 started to provide these joint services that are reduced
9 great, but some of them have tended to grow an empire onto
10 themselves? Have you taken any look at those?

11 DR. DOUGHERTY: Well, and again, this is just
12 the, this is the beginning of the research in this area.
13 councils of government in Pennsylvania differ than some in
14 other areas of the country, where member municipalities are
15 not required to participate in all of the services
16 provided.

17 And so one of the issues that has come up
18 here -- and, again, I think the survey done by LGA kind of
19 alludes to that. Some of the information obtained from
20 that is that a lot of it has to do with giving up local
21 autonomy. And so many municipalities really relish the
22 idea of providing services locally.

23 And so, you know, councils of government, you
24 know, in some cases, they do become, or they have been able
25 to take a stronger role in providing services. But for the

1 most part, you know, I've seen many municipalities that
2 literally shop for their salt purchases every year. So
3 they'll go to, first of all, go to the state and see if
4 they can piggy-back on what the price would be there, and
5 then they look at a number of the different ones. And so
6 in a lot of ways, you know, they simply shop and don't
7 provide the full array of services that councils of
8 government could.

9 SENATOR ROBBINS: Have you taken a look -- and
10 this will be my last question now, but have you taken a
11 look at -- the mergers I have seen in Pennsylvania, really
12 the ones that are successful, coincide with the school
13 district's boundaries. Have you looked at that at all and
14 seen what's happened to ones where they tried to merge more
15 than one school district?

16 DR. DOUGHERTY: Yeah. I'll be honest with you
17 and admit, no, I haven't, and so I really couldn't provide
18 any information on that.

19 SENATOR ROBBINS: Thank you.

20 CHAIRMAN REGOLA: In order to keep on time, I'm
21 just going to ask one question. I have a few. What would
22 you consider a healthy reserve for municipalities, and what
23 percentage of municipals' budget should be set aside for
24 each year?

25 DR. DOUGHERTY: Okay. Just, I guess, to add a

1 little bit, first of all, it is important, particularly in
2 terms of capital as well as rainy day funds, for
3 municipalities to run a small surplus. You know, anything
4 in the range of 5, upwards of 10 percent, I guess, would be
5 a healthy reserve to handle, you know, the unforeseen
6 events. You know, every once in a while, you have two
7 police cars that are damaged and need to be replaced in one
8 year, in addition to the two that you replace on a regular
9 basis.

10 You know, you would have to be able to deal with
11 those shocks, but particularly for small municipalities, 5
12 or 10 percent reserve. Some have argued as high as 15
13 percent. And so once that's established, then if you have
14 that reserve on hand, on an annual basis -- the hard part
15 is getting to it.

16 You know, as we all know, with our own savings
17 accounts, the hard part is getting to the three or six
18 months or whatever reserves that they recommend, but once
19 you get there, it's relatively easy to maintain it and add
20 to it.

21 CHAIRMAN REGOLA: Thank you, Doctor. Thanks for
22 the testimony.

23 Next up is Tom Scott, counsel to 10,000 Friends
24 of Pennsylvania. 10,000 Friends has been working over the
25 past year on a proposal to encourage municipal sharing.

1 And although they are not fully prepared to unveil it
2 today, I look forward to continuing our conversation on
3 this important issue.

4 MR. SCOTT: Thank you, Senator.

5 CHAIRMAN REGOLA: You're welcome.

6 MR. SCOTT: Chairman Regola and Pippy and
7 members of the committees, I am Tom Scott, and I'm counsel
8 for 10,000 Friends of Pennsylvania. And we very much
9 appreciate the opportunity to speak with you this morning.

10 The quick background on 10,000 Friends of
11 Pennsylvania, the organization started in 1999, and the
12 goals of 10,000 Friends of Pennsylvania is to deal with
13 Pennsylvania's twin problems of declining communities and
14 disappearing open space.

15 And we very much believe that the two are
16 related because the people that used to be in the
17 communities are the same people that are essentially
18 inhabiting the disappearing open space.

19 10,000 Friends works to develop and promote land
20 use policies and actions that will support sustainable
21 communities and also ultimately provide a viable economic
22 growth within Pennsylvania. 10,000 Friends does support
23 growth in Pennsylvania. We support smart growth for
24 Pennsylvania.

25 We need to find that growth that is capable of

1 supporting the social and economic vitality of the
2 Commonwealth in its cities and towns, at the same time, to
3 protect environmental quality and preserve fiscal
4 resources. Now, I guess you could say 10,000 Friends cuts
5 eye teeth on Act 67 and 68 that were adopted by the General
6 Assembly in 2000 in conjunction with bipartisan leadership
7 within the General Assembly as well as Governor Ridge. And
8 those two acts did result in a fairly significant rewrite
9 of the Municipalities Planning Code.

10 One of the most significant provisions of which
11 was the provisions that greatly enhanced multi-municipal
12 planning and encourage multi-municipal planning across the
13 state. That was an opportunity for voluntary cooperation
14 among municipalities with some incentives in terms of
15 increased authority if you had a multi-municipal plan, and
16 I'm very pleased to see that it has worked.

17 Today, there are somewhere in the neighborhood
18 of 7 hundred municipalities that are participating in
19 approximately 2 hundred multi-municipal plans and also 1
20 hundred councils of state government that cover
21 approximately 50 percent of the total municipalities within
22 the Commonwealth.

23 One of the things that I couldn't help to notice
24 with the prior presenter was that in response to many
25 questions, it's clear that Pennsylvania's local government

1 structure differs from the local government structure of
2 many other states. It's not to say that it's bad; it's not
3 to say that it's wrong, but it is to say that it's
4 different.

5 And because it's different, I think it needs
6 some different techniques today as in the past. One very
7 common refrain, it's interesting, just driving up here
8 today, you can always tell when you get into a district
9 that has an open seat because there are a lot of people
10 running for office. And virtually every one of those
11 people will say, when I'm elected, I hope to run government
12 more like a business.

13 It's a very common refrain, but when you look at
14 Pennsylvania's local government structure, you see how
15 difficult that is. If you would take a business map of
16 Pennsylvania from a hundred years ago, I would hold it in
17 one hand and a business map of Pennsylvania today in the
18 other, they have no relationship to each other at all.

19 The corporations that were the powerhouses that
20 inhabited the cities and made the state run a hundred years
21 ago are largely gone and forgotten and replaced by new
22 businesses doing new things in new ways. If you take a
23 governmental map of Pennsylvania from a hundred years ago,
24 in fact, almost 2 hundred years ago, and hold it up to a
25 governmental map of Pennsylvania today, the two are

1 virtually identical.

2 We continue to have exactly the same
3 governmental structures in place now that we had 2 hundred
4 years ago, and 10,000 Friends believes that -- we're trying
5 to be political realists. That, over our constructure, is
6 not going to change that significantly. It's just not.

7 And if that's the only way you can solve the
8 problem, then problems aren't going to get solved. We do
9 believe, however, that great strides can be made if
10 services that those governments provide are consolidated
11 into larger blocks of service delivery.

12 And although it's not in the prepared testimony,
13 which I'm sure you'll read, some number of years ago, 10 or
14 15 now I guess, the General Assembly attacked the problem
15 of waste disposition within the Commonwealth and basically
16 required every county to come up with a waste disposal
17 plan, and municipalities had to either opt into it or
18 provide something on their own.

19 I would suggest that that has been a very
20 successful effort that a large, the significant problems of
21 waste disposal that created that response have largely been
22 managed by having that county level of government
23 responsible for, if not actually doing, at least ensuring
24 that it got done.

25 And I think that that provides, in some regard,

1 a model of where we should think about going from this
2 point forward with respect to shared services. As the
3 prior speaker indicated, Pennsylvania's municipalities are
4 facing critical financial issues.

5 An Economy League study that was recently
6 released indicated that the fiscal health of Pennsylvania
7 communities is declining, that there are approximately 13
8 hundred Pennsylvania municipalities that find themselves in
9 worse financial condition now than they were in 1970.

10 And when you look at those municipalities, many
11 of them have a lot in common. The third-class cities, in
12 many instances, are in very difficult straights. They are
13 in difficult straights because they are largely built out
14 and in difficult straights because their industrial base is
15 eroded. They're in difficult straights because it costs a
16 lot of money to live and work there because it costs a lot
17 to maintain the services that are provided in those
18 entities.

19 To some extent, it is the position of 10,000
20 Friends that unless we -- you know, just increasing taxes
21 and throwing money at the problem won't solve the problems
22 unless there's a better way to deliver the services that
23 that money will provide.

24 Right now, we have, as it says on the bottom of
25 the last page, we sort of got a wheelbarrow mentality in

1 terms of delivering services; lots of units delivering
2 little bits of service at a time, but what we really need
3 is the dump truck to deliver a lot of services to a lot of
4 people much more efficiently.

5 There's a study that came out a couple years ago
6 that talked about the boxes of government, and it said
7 Pennsylvania's a small box state in a large box economy.
8 And I think that that's an issue that needs to be seriously
9 considered by the General Assembly.

10 One of the things that's a reality is that those
11 municipalities all are creatures of the General Assembly,
12 and the General Assembly has ultimate authority with
13 respect to what they look like and also what their powers
14 are. A recent discussion with respect to earned income
15 tax, I think at least from my perspective an interesting
16 statistic, and that is only 16 percent of the people in
17 Pennsylvania live and work in the same municipality.

18 And my guess is -- and this is purely a
19 guess -- that most of those are probably concentrated in a
20 couple of very large urban centers. And if you took
21 Philadelphia and Pittsburgh out of the equation, that
22 number would probably be even far less. We simply don't
23 live and work in the same place anymore. We travel back
24 and forth across municipal boundary lines as if they don't
25 exist.

1 And unfortunately, a lot of the problems that
2 municipalities have to deal with also travel back and forth
3 across those municipalities, those municipal boundary lines
4 as if they don't exist. Criminals are completely
5 indiscriminate as to whether they're going to live in
6 Harrisburg and rob in Susquehanna Township or vice versa.

7 It just doesn't matter. But what does matter is
8 that the way our delivery of services is currently set up,
9 especially public services, public safety services, those
10 municipal boundary lines become barricades, so to speak.

11 One of the first things I ever did as a lawyer
12 was to get my client's speeding ticket dismissed because
13 the township cop arrested him in the next township out of
14 his jurisdiction. And when I asked him why did you do
15 that, he said because I wanted to see if he was going to
16 run the red light at the end of the township; but he
17 didn't, so I stopped him in the next township.

18 And that may be good business for lawyers, but
19 ultimately on a long-term basis, it's not good for the
20 Commonwealth because the communities that are facing fiscal
21 problems find it increasingly difficult to maintain their
22 infrastructure and provide basic services. Back in the
23 day, I grew up in Butler County before they turned our
24 neighborhood into Moraine State Park.

25 And to suggest that -- I haven't been in Butler

1 for a while, but the thought that there's only five people
2 in Butler that are available to maintain the streets
3 indicate that Butler is not going to be able to thrive in
4 that kind of economy. What happens is pretty
5 straightforward. Those that have the resources to flee the
6 third-class cities do, and what's left behind are the most
7 expensive problems with the least resources to take care of
8 those problems.

9 And there needs to be a mechanism whereby the
10 resource sharing of the general community can effectively
11 begin to move to address some of those problems. I know
12 that, I guess, really to get down to the heart of this
13 issue, at some level the question becomes what's going to
14 be mandated. I know everybody hates that word.

15 Everyone hates the word mandate; what's going to
16 be required; what's going to be imposed. Figure out a
17 different word if you can't use mandate, what's going to be
18 required versus what's going to be voluntary. And that's
19 going to be a key feature of this debate.

20 As the Senator indicated in the introduction,
21 10,000 Friends have been working for about a year with a
22 whole range of local municipal government organizations and
23 others in an effort to try and craft a municipal services
24 sharing legislation that everyone can sign on to. And we
25 haven't gotten there yet. I hope that we do.

1 It's very clear in those discussions that the
2 key sticking point is whether or not anyone will ever be
3 forced to do anything or whether everything will ultimately
4 always be voluntary. That's a decision that ultimately the
5 General Assembly's going to have to wrestle with and reach.

6 I suggest that while we make strides with
7 voluntary efforts, we may very well be at the limit of what
8 those voluntary efforts can do. And I think that the
9 Commonwealth and the state government needs to look at what
10 can be done to incentivize municipalities to get together
11 more than they currently are.

12 And there are really a couple of significant
13 roadblocks, and basically -- and I think the last testimony
14 that 60 percent of a municipal budget goes into fire and
15 police and public safety, that's about right in many, many
16 municipalities across the state.

17 Those surrounding municipalities that probably
18 ought to be helping out and carrying that burden, one of
19 the main reasons that they don't want to carry that burden
20 is because there's significant legacy costs built into that
21 burden.

22 You've got good pension costs; you've got good
23 healthcare costs; you've got police and fire contracts, and
24 if you don't have them on top of your municipality, you
25 darn sure don't want someone shoving them into your

1 municipality. On the other hand, I think that's a major
2 area where the General Assembly and the Commonwealth can
3 provide assistance.

4 If the Commonwealth can do something to address
5 those legacy costs and how they are going to be handled in
6 the future, then it becomes a lot more palatable to
7 regionalize those services, the delivery of those services,
8 and it will be a lot easier for somebody else to agree to
9 go along without being forced to go along. At some point,
10 if there's enough -- you know, it's the carrot and the
11 stick approach.

12 If the carrot's big enough, a lot of times there
13 will be voluntary response. I hope I'm not stealing
14 someone's thunder, but there's a survey that someone's
15 going to talk to you about a little bit later that
16 indicates that a lot of municipal officials would like to
17 see more cooperative efforts, but few think it will
18 actually happen.

19 Well, you know, if the local officials can't
20 make it happen and the General Assembly can't make it
21 happen, it's not going to happen. And the reality is,
22 among those two groups of people is the ability to actually
23 make it happen. We just simply have to find the right
24 political mix to solve that problem. We think that the
25 Commonwealth can do more to encourage regional cooperation,

1 in doing so, providing study and funding.

2 There's one other myth that I think has to be
3 dispelled, and that is the idea that simply by
4 regionalizing the delivery of services, it's going to be
5 make the services overall significantly cheaper. It
6 doesn't seem to work out that way. The fact is, it's
7 expensive to provide those services, but the problem is,
8 you need to spread those services and the cost of providing
9 those services across the heads of all of the people that
10 benefit from those services.

11 The State Planning Board has come out with a set
12 of recommendations that address several gaps in the state
13 law that hinder intergovernmental cooperation. We think
14 that there should be more incentives for merging and
15 consolidating levels of government, even though if you
16 looked at it historically, that has not happened very much.
17 Merger and consolidation, while many would say is a great
18 answer, but frankly in Pennsylvania, it probably is not
19 going to be the answer.

20 We're going to have to find ways to solve that
21 problem. We hope to be able to come back to you within a
22 reasonable period of time -- I hope it will be in the next
23 General Assembly -- with a fully-fledged proposal that will
24 deal with shared services.

25 It's also possible, at least one of the things

1 that we're working on right now, would be some form of a
2 pilot program because the reality is there's some
3 communities in the state that desperately want to do this;
4 and if you gave them the authority, they would do it in a
5 heart beat. There are many other communities in the state
6 that don't have a need for it and other communities that
7 probably don't want it at all.

8 The challenge, I think, is to find a way to
9 allow those communities that are prepared to move forward
10 now to move forward now, and in essence, sort of create a
11 little bit of a science fair project, I suppose, that if it
12 works there, it will work in other places and other people
13 will be quick to adopt that which works.

14 I think that that would be part of the answer to
15 get beyond the volunteerism versus the mandate equation of
16 it. If we create a mechanism that would allow those that
17 want to do it to do it, then we'll have a chance to see
18 whether it's going to work or not. I'd be happy to respond
19 to any questions that you have.

20 CHAIRMAN REGOLA: Any questions?

21 Senator Pippy?

22 SENATOR PIPPY: Just a brief one, and I
23 appreciate the testimony. And I'll hold most of my
24 questions until we actually get the recommendations, and I
25 thank you for the work you're doing. If I could summarize

1 your testimony on one thing, would it be that the problem
2 we have is the fee structure or the tax structure or the
3 governmental structure we have isn't consistent with the
4 new economy, the fact that people are leaving; so we need
5 to, we need to come up with a way which people who are
6 gaining services, regardless of municipal structure, also
7 should be held to pay the fair share for the cost of those
8 services, and that right now, we're structured in the wrong
9 way?

10 MR. SCOTT: I think that's --

11 SENATOR PIPPY: That's probably worse than
12 what --

13 MR. SCOTT: No, that's, I think, that is an
14 accurate summary of the situation as we see it. We have
15 this government structure that's built in, and the tax
16 component is certainly part of it as well. And obviously,
17 CCAP's on the agenda a little bit later, and I'm sure
18 they're going to address that.

19 The county level, from our perspective, there
20 could be great gains made by empowering counties to provide
21 more services or to provide more services at the county
22 level. The other number that came out of that was, like,
23 70 or 80 percent of the people live and work in the same
24 county. That level of -- that unit makes a lot of sense.

25 It's also the unit that has the least flexible

1 tax structure because it totally depends on property tax.
2 And to empower the county, one of the things that we view
3 as an incentive frankly to shared services is that if
4 you're going to get involved in shared services, then you
5 got some additional taxing authorities and more flexible
6 taxing authority.

7 For counties, frankly -- well, I'll let the
8 county speak for themselves. They'd like to have
9 flexibility of taxing authority no matter what. They think
10 that they need it. I'm not speaking against that. I'm
11 simply saying that one of the ways to incentivize them
12 delivering services that they may not now be doing is to
13 give them additional more flexible tax authority.

14 SENATOR PIPPY: Thank you.

15 CHAIRMAN REGOLA: Any other questions?

16 Thank you very much.

17 MR. SCOTT: Thank you.

18 CHAIRMAN REGOLA: Next we have Dick Hadley,
19 President of PSATS, which is Pennsylvania State Association
20 of Township Supervisors. I'd also like to mention for the
21 record that Elam Herr, Assistant Executive Director, is
22 here as well.

23 Good afternoon, Dick.

24 MR. HADLEY: Good morning.

25 Chairman Regola, Chairman Pippy and members of

1 both committees, good morning. My name is Dick Hadley.
2 I'm President of the Pennsylvania State Association of
3 Township Supervisors and a township supervisor for
4 Cranberry, Butler County. I also served as a township
5 manager of Reserve Township in Allegheny County.

6 Thank you for the opportunity to appear before
7 you today on behalf of the 1,455 townships in Pennsylvania
8 represented by our association and 5.4 million citizens in
9 which we serve. Since the passage of the Intergovernmental
10 Cooperation Act of 1972, municipalities have been able to
11 enter into agreements with one or more municipalities to
12 provide services, purchase its goods and perform many other
13 governmental functions on a volunteer basis.

14 Essentially, this Act states that anything that
15 a municipality is authorized to do individually may also be
16 done cooperatively. This Act has been used for providing
17 services from investments to building and code enforcement
18 to fire protection to recreation programs as well as other
19 areas.

20 The Act enables municipalities to work together
21 through the creation of councils of governments and other
22 formal entities as well as formal and informal agreements.
23 For example, the Northern York County Regional Police Group
24 was founded in 1973 to provide police services for those
25 municipalities in northern York County.

1 In Centre County, townships have engaged in
2 numerous types of shared municipal services over the years
3 through the Centre Region Council of Governments, including
4 fire protection, trash collection, swimming pools and
5 recreation programs and land use planning. Joint
6 purchasing contracts have become very common across this
7 state, whether through a formal agreement, such as the
8 Westmoreland Council of Governments, or through informal
9 arrangements.

10 Local governments participate in shared services
11 every single day. However, the extent of these services as
12 well as the benefits and savings to the taxpayers is often
13 not well known. In our area, we share equipment
14 informally, but we also enter into more formal agreements
15 to accomplish other tasks.

16 For example, we are currently sharing GIS
17 technology, which will result in significant municipal
18 savings and enhance services for the general public.
19 Another example is the joint stormwater management effort
20 with 19 municipalities in the North Hills Council of
21 Governments.

22 In this case, we are working with municipalities
23 in four different watersheds in upstream and downstream
24 communities to implement a program of best management
25 practices and projects that will reduce downstream flooding

1 and to develop a joint ordinance that will be compliant
2 with Act 167 at the same time. Intergovernmental
3 cooperation does not have to be highly visible to be
4 successful.

5 It does not require individuals sitting in a
6 think tank somewhere to brainstorm ways that local
7 government can make the best use of its resources.
8 Instead, it is the individual practitioners of local
9 government working together every day to make the best use
10 of local resources. Other examples of cooperation in our
11 area include garbage contracts, cable franchise agreements,
12 shared police services, such as accident investigations.

13 Our citizens often don't know about these
14 efforts, as they are not often publicized or seen.
15 Cranberry Township is currently participating in a highway
16 corridor planning effort that really affects three
17 different counties. Our township sits on the border of
18 Allegheny and Beaver counties, and it's part of the Route
19 19 corridor.

20 Marshall Township in Allegheny County is just
21 south of our township in the same corridor. There is an
22 intersection close to the border of our townships, and
23 Marshall Township has agreed to tie signalization into our
24 township's program so that traffic signals will be
25 synchronized along the corridor.

1 There's also a new development adjacent to this
2 shared intersection who will pay impact fees to both
3 Cranberry Township and Marshall Township due to our
4 agreement, which is working to make a development seamless
5 in the community as a whole. This type of cooperation just
6 makes sense.

7 Several years ago, Act 67 of 2000 authorized
8 municipalities to engage in cooperative land use efforts
9 through multi-municipal plans. This flexible alternative
10 allowed municipalities to plan together, yet retain their
11 own planning commission, zoning hearing board and zoning
12 ordinance.

13 Act 67 provided incentive to cooperate by
14 allowing those municipalities participating in a
15 multi-municipal plan to provide for all uses within that
16 area of the plan and not each individual municipality, as
17 would be required when a municipality adopts its own
18 comprehensive plan.

19 Due to Act 67, as you heard by the previous
20 speaker, nearly 7 hundred local governments, almost 30
21 percent, across the state are now involved in
22 multi-municipal planning. In rural Susquehanna County in
23 the northern part of the state, townships are working
24 together to plan for their future growth from New York and
25 New Jersey.

1 In more urban Bucks County, multi-municipal
2 planning is helping to make development more compatible
3 with neighboring communities while allowing each township
4 to preserve its own identity. While we agree that
5 increased use of shared municipal services is a good thing,
6 this does not mean that the epitome of shared services is
7 when every service is shared or merged.

8 In contrast, the benefits of voluntary
9 intergovernmental cooperation are that municipalities have
10 the flexibility to work together to pool resources and see
11 how they can serve their residents best by sharing services
12 and when services are best performed alone.

13 Municipalities should never be forced to share
14 services, and instead should retain the ability to decide
15 how to best serve their taxpayers. There are situations
16 where shared services do not work, and we need to retain
17 the freedom to decide what is best for our communities.

18 Efforts to form regional police services have at
19 times been met with great difficulty. In some situations,
20 forming a regional police service actually adds another
21 unit of government and can lead to a loss of control over
22 that service. In some cases, residents may be better
23 served by contracting for police services with existing
24 departments.

25 Other times, these efforts fail due to outside

1 influences. Several years ago, an effort to create a large
2 regional police force in Lancaster County failed, not
3 because of the participating municipalities, which were
4 strongly in favor of the regional force, but because the
5 police did not like the idea and convinced the public that
6 their level of service would decrease under a regional
7 service.

8 There are no legal obstacles that I'm aware of
9 today to keep local government from undertaking any
10 activity together. The Intergovernmental Cooperation Act,
11 Act 67 of 2000 as well as various municipal codes provide
12 the necessary authority and procedures for voluntary
13 intergovernmental cooperation.

14 At this time, we do not believe that any
15 statutory changes are needed to enable municipalities to
16 cooperate more together. The state has consistently
17 encouraged cooperative efforts to the Governor's Center for
18 Local Government Services' Shared Services Program, which
19 provides grants to cover up to 50 percent of the total cost
20 for two or more municipalities to work together to perform
21 any government function.

22 The circuit rider program, which has been
23 eliminated, provided funding for municipalities to share
24 personnel, such as a municipal manager or a bookkeeper, and
25 we believe it's worth reviving. The state should continue

1 to promote shared services by providing additional funding
2 to programs like the Shared Services Program and the Land
3 Use Planning and Technical Assistance Program, which
4 provides financial and technical assistance to those
5 municipalities interested in planning and zoning.

6 In closing, the Association encourages voluntary
7 cooperation among municipalities to provide the levels of
8 service demanded by their citizens while retaining their
9 local autonomy. Municipalities and their citizens should
10 not, however, be forced into any multi-jurisdictional
11 arrangement that is not practical for their particular
12 state of affairs.

13 Thank you for the opportunity to participate in
14 today's discussion on shared services. I'd be happy to
15 clarify anything that I've said or to answer any questions
16 you may have.

17 CHAIRMAN REGOLA: Thank you, Dick.

18 Senator Pippy?

19 SENATOR PIPPY: Thank you, Mr. Hadley. One
20 question, you stated that there is nothing that stops you
21 right now from joining into any agreement, whether it's a
22 contractual agreement, other than maybe some labor
23 contracts; but there is nothing that precludes, for
24 example, the hypothetical where Pittsburgh and Allegheny
25 County to start sharing their economic development services

1 or their public works.

2 So the comment that they need legislative action
3 quickly for them to start getting cost savings, based on
4 your testimony, is not true?

5 MR. HADLEY: No, that's not true. I believe
6 they could enter into those agreements at any time they
7 would like to.

8 SENATOR PIPPY: And I appreciate that. I want
9 to make sure because we were going to look into that, what
10 was stopping them now from doing that, and I do appreciate
11 your testimony. Thank you.

12 CHAIRMAN REGOLA: Senator Eichelberger?

13 SENATOR EICHELBERGER: Dick, did you hear me ask
14 the gentleman earlier about consolidation when one of the
15 parties isn't interested?

16 MR. HADLEY: Yes.

17 SENATOR EICHELBERGER: Do you have any ideas on
18 that, any thoughts?

19 MR. HADLEY: Well --

20 SENATOR EICHELBERGER: Particularly, we have
21 some small boroughs and so on. I really just
22 don't -- there's very few people left. I mean, people in a
23 borough with 90 people in it, 100-and-some people in it,
24 they don't provide really any services; and sometimes they
25 don't have any debt really, but the township's not

1 interested in just taking that territory over. What do you
2 think about that?

3 MR. HADLEY: Yeah, well the Association's
4 position is we think that any merger consolidation is fine;
5 it just needs to be voluntary. And the way the law reads
6 now, you have to have a referendum with both sides
7 accepting. I've seen the exact of that happen actually
8 involving my township and the Borough of Seven Fields,
9 where the township, you know, we voted on a referendum to
10 incorporate the borough, and the borough voted no.

11 So it goes both ways. I think the best way to
12 encourage that is to get the cooperation started when there
13 is, for lack of a better word, not a cohesive treatment
14 between both municipalities, find ways that they can work
15 together, find ways they can share services. And I think
16 that trust and faith will build up between the communities
17 working together and things like that.

18 SENATOR EICHELBERGER: And sometimes, you know,
19 there's no services to share. That's part of the problem,
20 I think, with some of the small municipalities. But I'm
21 thinking maybe there's something the state could do to
22 incentivize some of this in some way.

23 Maybe if we could step in and do that, in the
24 long run, I think it will save people money and then still
25 make it voluntary to provide some kind of incentive where

1 people say, look, there's no real reason for us to do this;
2 we're not interested in doing it. Maybe if there's an
3 incentive there, they'll say, well, okay, it's worth it for
4 us now to look at.

5 MR. HADLEY: I agree with you, and I think,
6 quickly, I think sometimes the fear is that the
7 municipality will lose its identity and their name
8 recognition. I truly believe that they can come together
9 and work together and/or even create a new entity and still
10 maintain the original identity, similar to what the
11 neighborhoods do in the City of Pittsburgh, for example.

12 SENATOR EICHELBERGER: Thanks.

13 CHAIRMAN REGOLA: Senator Robbins?

14 SENATOR ROBBINS: Thank you, Mr. Chairman.

15 Sir, do you have any ideas of what incentives
16 the state could possibly offer that might enhance at least
17 the thought process of some of these consolidations and/or
18 cooperative agreements?

19 MR. HADLEY: Thank you for the question. I
20 think that a lot of what we've heard about financial
21 structures of communities -- and I would like to comment on
22 the first speaker, if I could, and get to answer your
23 question because when you talk about 60 percent of
24 municipalities in the state having a financial structure
25 that's, you know, failing, I think it's what I would call a

1 shock-and-awe type of approach to the situation.

2 And I'll use Cranberry as an example. In that
3 study, we had more structural deficits than the City of
4 Pittsburgh according to that study. That simply is not
5 true. So we have to be careful of what we're looking at
6 and how we portray things that are out there.

7 And I think that the kind of incentives that
8 have been talked about always come down to the money, to
9 financial incentives, but I think that the biggest thing
10 that any elected official is looking for is ways to save
11 costs and provide more efficient services. So I think if
12 we can look at saving costs and providing more efficient
13 services for incentives to combine resources to kick that
14 off, I think that that's the way to go.

15 SENATOR ROBBINS: The last thing, do you find
16 any hinders or any difficulties with the way the various
17 departments work with the local communities? Is there a
18 way that we could possibly enhance that communication and
19 maybe assist in this area? I'm going everywhere from
20 stormwater management to sewage to roads and other
21 services.

22 MR. HADLEY: Sure. And I think that the -- you
23 know, a couple of things that I talked about here, you
24 know, strengthening the Governor's Center for Local
25 Services to provide the technical expertise when needed at

1 the local level particularly for municipalities that are
2 working together.

3 The stormwater management plan that we're
4 working on is taking township engineers from a couple
5 townships that have engineers to work together to put a
6 plan in for virtually 19 municipalities to come to the
7 table with an agreement -- and while it's a slow process,
8 it's working -- to provide some incentive to pick up some
9 of those costs that would be, like, for engineering to do
10 those projects.

11 But the successful projects are the ones that
12 are bubbling up from the bottom, from the municipalities
13 out there saying, hey, we have a need to do this; we need
14 to work together for planning or so forth.

15 When we say we have to do a multi-municipal
16 comprehensive plan and somehow that's going to fix
17 everything, I think it bubbles up from the need
18 versus -- yeah, from bottom up versus the top down. And I
19 hope time I'm answering your question, but those are the
20 kinds of things that I think are important.

21 SENATOR ROBBINS: Has the Center for Local
22 Government provided some resources or assistance or in that
23 thought process in moving forward and assisting maybe the
24 smaller townships that don't have the engineering services
25 and other services?

1 MR. HADLEY: Yes, the Center does a great job.
2 I think my concern is I see that they're, they seem to be
3 getting -- they have less and less resources to work with
4 to provide that expertise and so forth.

5 And, you know, as people leave, they're not
6 being, you know, I guess, I don't think -- I'm not an
7 expert on that, but it doesn't seem their resources are
8 there as they used to be there or as strong as they used to
9 be.

10 SENATOR ROBBINS: Thank you, Mr. Chairman.

11 CHAIRMAN REGOLA: You're welcome.

12 Thank you, Dick. During your testimony, you
13 mentioned the circuit rider program. Do you know when it
14 was defunded, and secondly, how much was appropriated?

15 MR. HADLEY: No, sir, I don't know the answer to
16 either one of those questions, but obviously, you know, to
17 have that ability to come back would be a great asset.

18 CHAIRMAN REGOLA: That'd be wonderful. Thank
19 you very much.

20 MR. HADLEY: Thank you.

21 CHAIRMAN REGOLA: Prior to going on to the next
22 testifier, I'd like to just take a brief five-minute break
23 for the stenographer.

24 (A brief recess was taken.)

25 CHAIRMAN REGOLA: Next is Barb Ciampini. She's

1 the Planning Director for the City of Greensburg. I've
2 known Barb for probably at least 20 to 25 years. We've
3 worked together on multi-municipal planning and several
4 other issues.

5 At this time, I'll turn it over to you, Barb.

6 MS. CIAMPINI: Thank you. Good morning. My
7 name is Barb Ciampini. I'm pleased to come before you to
8 speak today about multi-municipal planning and shared
9 services. Senator Regola, Senator Pippy and members of the
10 Local Government Committee, Senate Urban Affairs and
11 Housing Committee, I thank you for the opportunity to
12 address you; and more importantly, I thank you for coming
13 to Greensburg.

14 By way of introduction, I'm a Penn State
15 graduate with a Bachelor of Science degree in Urban and
16 Regional Planning. I've been the Planning Director for the
17 City of Greensburg since 1985, and I'm a member of the
18 Pennsylvania Chapter of the American Planning Association.

19 During the last 23 years, I have been involved
20 in many planning processes for the city, and then as
21 Senator Regola stated, I was involved in the
22 multi-municipal planning process initiated by the Senator
23 when he was Chairman of the Hempfield Township Supervisors.

24 The planning area consists of four
25 municipalities and is located in Westmoreland County. The

1 City of Greensburg, encompassing four square miles, is the
2 urban center of the area, serving as the Westmoreland
3 County Seat and the arts and cultural district. South and
4 Southwest Greensburg are primarily residential boroughs
5 with footprints of less than one square mile each.

6 Hempfield Township surrounds all three
7 municipalities in their entirety and makes up the majority
8 of the planning area with approximately 82 square miles of
9 land in a mix of agricultural, residential, commercial and
10 industrial land uses. Twelve municipalities surround the
11 planning area and five other boroughs are located wholly
12 within the area covered by Hempfield Township, but were not
13 participants in our planning effort.

14 The City of Greensburg and the Boroughs of South
15 and Southwest Greensburg are densely populated and
16 primarily built out, while Hempfield Township is more rural
17 and suburban in character with large areas of remaining
18 open space. However, Hempfield Township has experienced
19 rapid growth over the last two decades.

20 All four municipalities share a common history,
21 demographic trends, economy, transportation and public
22 service infrastructure. But while each municipality has
23 its own identity, they collectively understand their
24 interdependence and the benefits of planning regionally.

25 As Senator Regola stated, the multi-municipal

1 plan that we were involved in encompassing those four
2 municipalities that we commonly call our community was the
3 recipient of the Governor's Award for Excellence. This
4 planning effort was funded through a combination of funds
5 provided by DCED, via the Land Use Planning and Technical
6 Assistance Program, the Local Government Academy and local
7 sources including participating municipalities and a
8 private donor.

9 The topic of this hearing, multi-municipal
10 planning and shared services, should include three areas of
11 importance: Partnership, people and politics.
12 Partnerships are important. In 2002, Senator Regola, then
13 Chairman of the Hempfield Township Supervisors, and the
14 other Hempfield Township Supervisors, initiated a series of
15 Saturday morning workshops with the assistance of the LGA,
16 the Smart Growth Partnership of Westmoreland County and
17 10,000 Friends of Pennsylvania.

18 The workshops were an avenue to invite all the
19 local governments around the Township of Hempfield to come
20 to learn about the local government planning process. From
21 those workshops, the City of Greensburg signed on as a
22 partner, initially the only partner, even though the City
23 had just recently adopted a comprehensive plan in 1999.

24 The City knew there were advantages working
25 together regionally. Ultimately, through discussion and

1 presentations to elected officials with the consulting team
2 already on board, Southwest Greensburg and then South
3 Greensburg Boroughs were encouraged to join in the planning
4 process. Once the local governments were signed on, a
5 steering committee was appointed consisting of
6 representatives from all four municipalities.

7 The question is: How can small local
8 governments with staff of three or less even begin to think
9 about a planning process that takes time away from their
10 daily activities related to operating the local government?
11 In our case, the City of Greensburg is the only local
12 government with a planning department, me, so we took on
13 the leadership role and helped to establish the
14 partnerships in order to create the multi-municipal aspect
15 of a multi-municipal plan.

16 There are many local governments in Pennsylvania
17 that don't have planning departments. The multi-municipal
18 planning process would be inundating for those localities
19 to take on. The City of Greensburg was more than pleased
20 to take on the leadership role, even though Hempfield
21 Township initiated the process.

22 Please note that this leadership role involved
23 coordination of the process, the fiscal responsibility and
24 the communications. The second area of importance, people;
25 the Project Steering Committee met monthly with the

1 consultant to review and refine information and shape the
2 plan. Public input meetings, key person interviews, focus
3 groups and public presentations to all four municipalities
4 encompassed the communications aspect of the planning
5 process.

6 The questions to ask here are: Who are the
7 steering committee members? What people do you ask to
8 serve? And more importantly, what can they do for you to
9 help the planning process? I have to admit that when I
10 recommended the City's steering committee members to Mayor
11 and Council that I had an agenda in mind. Greensburg's
12 representatives covered a variety of influences; public
13 transportation, higher education, professional planners,
14 local school district and a resident at large.

15 I also managed to influence one of the smaller
16 boroughs to appoint a person that resided in the borough
17 that was a hydraulic engineer and conservationist. You
18 need a loaded steering committee to make this process work.
19 These people worked to make the plan a reality, and they
20 worked hard.

21 The steering committee members that represented
22 the boroughs were then also responsible for keeping their
23 local officials up-to-date with the planning process.
24 Communication is a key element of a multi-municipal plan.
25 The right people can make the process work. Politics, I'd

1 like to say a few words about politics, if that's at all
2 possible.
3 Politics could mean the usual Democrat versus
4 Republican, but in the case of regional planning or any
5 planning for that matter, it has been my experience that
6 planning can occur and planning can be good; but without
7 the proper politics, you end up with a plan that sits on a
8 shelf.

9 The multi-municipal plan for Hempfield,
10 Greensburg, South Greensburg and Southwest Greensburg has
11 been an asset to all municipalities in a variety of arenas.
12 Our transportation issues are prioritized so I can speak
13 for all four municipalities at the SPC public
14 transportation meetings; the Greensburg Hempfield Library
15 is currently using our multi-municipal plan as their
16 stepping stone for a needs assessment study for their
17 facility; I have referenced this plan in numerous grant
18 applications for funding; Greensburg has implemented a
19 Gateway District, Historic and Architectural Review Board;
20 because of the plan, a Transportation Revitalization
21 Investment District study is ongoing in the City; Hempfield
22 used the plan to identify a site for their skate park;
23 Seton Hill University and the Greensburg Salem School
24 District formed a partnership to share the School
25 District's athletic field as the University's home field;

1 Excela Health, our local hospital, has utilized our plan
2 for their own strategic planning to provide better access
3 for healthcare for the community; discussions have occurred
4 about shared police and fire services; we offer to share
5 equipment and services with each other.

6 We even tried to implement a combined salt bid,
7 and Hempfield and Greensburg and even the two boroughs are
8 much better friends now than we were before the plan. This
9 is all good. In fact, it's terrific. I impressed myself
10 when I started to list the positive outcomes of our
11 multi-municipal plan as I compared what we have done with
12 our list of implementation strategies, but I still know
13 that we have a long way to go.

14 The questions are: How do you get all the
15 municipalities to give up some of their autonomy and come
16 together, if only for planning purposes, beyond the plan
17 itself? The Commonwealth needs to try harder to encourage
18 joint planning commissions and joint recreation commissions
19 in western Pennsylvania.

20 The Route 30 Corridor Study, another project
21 that Senator Regola has taken a great interest in, is
22 turning out to be a wonderful plan, a tool for education
23 and smart growth and how we can all do better, but what
24 next? How can Pennsylvania Local Government and the Urban
25 Affairs and Housing Committees help? By fostering urban

1 public discussions of these politics, as you're doing
2 today.

3 Hempfield Township initiated this
4 multi-municipal planning process because they thought they
5 would be better able to secure funding. Money does talk.
6 Local governments know that it is soon going to be
7 impossible to financially be able to provide the level of
8 services we all provide. Community planning leads to
9 better services on a regional level. The public expects
10 quality services, but what happens when we can't provide
11 them? A meaningful state review.

12 You could ask for all municipal recipients of
13 LUPTAP funding to send you the impacts of their
14 multi-municipal planning efforts and shared services
15 programs. Currently the only review I'm asked for is via
16 an annual e-mail request from the LGA. I assume they
17 collect the information for their use to ask for more money
18 to fund more of their quality programs.

19 The state could conduct reviews and then
20 determine the ability of local governments to acquire other
21 state funding, liquid fuels as an example. In conclusion,
22 to conclude, multi-municipal planning and shared services
23 are going to be in the forefront of the future of local
24 governments. The current state of our economy is going to
25 drive it. Thank you for the opportunity to speak on this

1 subject. If you have any questions, I'll gladly respond.

2 CHAIRMAN REGOLA: Senator Robbins?

3 SENATOR ROBBINS: No.

4 Senator Pippy?

5 SENATOR PIPPY: No, thank you. I appreciate the

6 testimony and commend you on your efforts.

7 CHAIRMAN REGOLA: Senator Eichelberger?

8 SENATOR EICHELBERGER: Barb, I do have one. In
9 your opinion, what would you feel is the biggest impediment
10 to sharing the services, and how would you propose to
11 overcome it?

12 MS. CIAMPINI: It occurs when there's change in
13 the electorate. When the people in the political seats
14 change, we have problems. So I'm sure -- how I would
15 propose to correct it is that somewhere there has to be
16 some sort of, I guess, legislation that would, you know,
17 foster the continuing of the planning process.

18 In our particular situation, the names change;
19 the supervisors are still there, the borough manager
20 is -- they're all there, but nothing's -- you know, it's
21 occurring, but it's not occurring the way it should. There
22 should be more encouragement, I guess, from the
23 Commonwealth to put forth some sort of incentive to make
24 that a continual thing, so that it doesn't end when someone
25 loses a seat.

1 SENATOR EICHELBERGER: That's where I was
2 leading. Do you have any recommendations on what type of
3 incentives?

4 MS. CIAMPINI: Well, I mentioned liquid fuels.
5 Every municipality receives liquid fuels to the best of my
6 knowledge. I mean, if there was a way that we would have
7 to report what those four municipalities were doing
8 annually, rest assured they'd all want to do something; if
9 it's shared services, if it's some joint planning venture,
10 recreation. Whatever it might be, there should be a
11 stepping stone for those things to occur and some sort of
12 an earmark at a level that each municipality would have to
13 continue to make the plan happen.

14 CHAIRMAN REGOLA: Any other questions?

15 (No response.)

16 Thank you very much, Barb.

17 The next person we have is Susan Hockenberry.
18 She's the Executive Director of Local Government Academy.

19 Good morning, Susan.

20 MS. HOCKENBERRY: Thank you, committee members,
21 for coming to Greensburg today and providing me the
22 opportunity to provide some testimony. My name's Susan
23 Hockenberry, and I'm the Executive Director of Local
24 Government Academy. LGA is an independent nonprofit
25 collaboration of business, government, civic and academic

1 leaders that promotes excellence in local government.

2 LGA serves all of southwestern Pennsylvania and
3 has been in business since 1983. It's funded in almost
4 equal thirds from state and county contracts and grants,
5 foundations and corporate donations and user fees; and
6 two-thirds of all LGA program participants are either
7 government officials or employees, but an additional
8 one-third come from the broader community.

9 LGA, in pursuit of a mission to promote
10 excellence in local government has four goals; first, to
11 promote a strong and responsive local government system to
12 develop local leaders, to educate public officials,
13 employees and citizens, and to build collaboration and
14 partnerships. And to accomplish these goals, we offer
15 three primary services; training, technical assistance and
16 interns.

17 Towards the goals to promote a strong and
18 responsive local government system and to build
19 collaborations and partnerships, LGA offers a
20 multi-municipal planning grant program. The grant program
21 places a priority on projects that demonstrate an urgent
22 environmental, economic or social need. Projects must be
23 multi-municipal, and the work product it emerges must be a
24 comprehensive plan or an implementing device of a comp
25 plan, such as an ordinance.

1 I've provided, in advance of this meeting today,
2 a listing of projects funded and their current status. And
3 the projects are at various stages of progress, and you may
4 review that list at your convenience. But my purpose of my
5 comments today is not to tell you about the LGA or the
6 multi-municipal planning grant program, but to comment on
7 how the Land Use Planning and Technical Assistance Program,
8 or LUPTAP, and how it can serve as a catalyst for
9 investment in local communities.

10 The LGA multi-municipal planning grant program
11 functions as a match to the LUPTAP funds. Teams of
12 municipalities may receive up to \$75 hundred per
13 municipality in support of their multi-municipal planning
14 effort from the LGA. And so for even the smallest of
15 teams -- that would be two municipalities -- the LGA grant
16 funds potentially \$15 thousand in planning activity.

17 As the number of communities participating
18 grows, this funding grows expeditiously. This often
19 substantially funds the municipality's local share for
20 their LUPTAP supported project. This speaks to the value
21 of the state's LUPTAP program.

22 Not only has the Commonwealth's LUPTAP support
23 contributed to a community development initiative at the
24 local level, it's also leveraged additional private
25 investment through this program. To date, the LGA's grant

1 program has provided almost \$5 hundred thousand in grants
2 to municipalities in southwestern Pennsylvania with funds
3 provided by foundation services.

4 Additionally, the Commonwealth's priority that
5 the LUPTAP program supports, in this case, multi-municipal
6 planning amendments to the MPC, has also stimulated support
7 from foundations and corporations for LGA to offer
8 additional training and facilitation services to
9 municipalities. So that investment by the state has
10 delivered quite a bit of benefit from corporate and
11 foundations here in southwestern Pennsylvania.

12 From LGA's point of view, this combination of
13 well-aligned funding program with improvements to the MPC
14 is the combination our Commonwealth needs to pursue on a
15 more robust nature. That pursuit could take many forms.
16 Obviously, greater funding to the LUPTAP program could
17 accelerate community development activities, but
18 additionally, funds specifically supportive of
19 multi-municipal planning within LUPTAP is needed.

20 Currently, multi-municipal projects must compete
21 with other important community development initiatives that
22 are not necessarily multi-municipal comprehensive plans,
23 but valuable to the communities nonetheless. The point
24 here is not to reduce the support to those efforts, as
25 LUPTAP has a broader mandate than just supporting

1 multi-municipal planning activity, but to further
2 incentivize multi-municipal planning.

3 Additionally, and within the lines of
4 incentives, priority for projects identified through a
5 multi-municipal comprehensive plan from other departments,
6 from other Commonwealth agencies and departments should
7 occur as well as greater resources being provided to the
8 Pennsylvania Department of Community and Economic
9 Development to evaluate and assess the viability of
10 potential projects and to ensure that intergovernmental and
11 community development objectives are being met, including
12 coordination, not only with other state agencies, but
13 planning done on the regional level by agencies such as the
14 Southwestern Pennsylvania Commission or the county planning
15 offices.

16 All of this activity has the potential to
17 stimulate more private investment in local government
18 because local governments will be more clearly pursuing
19 broad regional goals.

20 Beyond financial support, engaging political
21 leadership in a constructive dialogue about the needs of
22 communities and the effectiveness of the MPC, or
23 Municipalities Planning Code, at meeting those needs much
24 occur across the state, engaging not only government
25 officials; but planning professionals, community groups

1 focused on missions that promote economic vitality,
2 environmental quality and social equity as well.

3 Both technical issues related to zoning,
4 subdivisions, overlay districts and the like should be
5 addressed as well as qualitative matters, such as the
6 importance of local planning in providing effective
7 services all around to local communities. Reframing the
8 discussion about planning as an activity about control to
9 an activity about providing quality governance to the
10 constituents they serve is needed.

11 It's these attitudinal changes that I want to
12 switch to now in the hope that your committee and the
13 Legislature can provide the needed leadership. While LGA
14 does not have direct survey information about attitudes
15 about multi-municipal planning, it does have experience in
16 working with the communities engaged in multi-municipal
17 planning and somewhat of a bead on what makes a project a
18 success and what happens when those projects fail.

19 Additionally, LGA conducted a survey in 2006 of
20 attitudes about intergovernmental cooperation, which while
21 not scientific, does provide some insight. What we have
22 learned is that there is a gap between what is seen as
23 beneficial and what is seen as likely. I provided a
24 summary of those results in advance of my testimony today,
25 and I will not review those results in detail at this time

1 unless you have questions.

2 And the essence of that survey information is
3 not entirely negative. In fact, when asked, the majority
4 of respondents indicated that all services, when provided
5 intergovernmentally, provide some or substantial benefit
6 versus no benefit at all or a negative benefit. Likewise,
7 the majority of respondents indicated that their
8 municipality would be likely or very likely to offer
9 services intergovernmentally.

10 But there is still a gap between what is seen
11 beneficial and what is seen as likely. In closing, that
12 gap should be a bipartisan priority of the Commonwealth.
13 Your leadership on this as well as targeted funding,
14 cooperation with municipal associations, assistance from
15 the state's great academic institutions and professional
16 organizations serving local government will hopefully
17 motivate that change in attitudes. So thank you for this
18 opportunity to provide testimony.

19 CHAIRMAN REGOLA: Thank you, Susan.

20 Senator Robbins?

21 SENATOR ROBBINS: No.

22 CHAIRMAN REGOLA: Senator Pippy?

23 SENATOR PIPPY: No.

24 CHAIRMAN REGOLA: Senator Eichelberger?

25 I actually have none. Thank you so much.

1 MS. HOCKENBERRY: Thank you.

2 SENATOR PIPPY: Very brief comment though. The
3 lack of questions isn't because we're not interested as
4 much as you've given us a lot of great data, and I do
5 appreciate the survey data you gave us as well. So my
6 office will be contacting you in the future for a couple
7 more specifics. I do appreciate your comments.

8 MS. HOCKENBERRY: Thank you.

9 CHAIRMAN REGOLA: Same comments also. Thank
10 you.

11 MS. HOCKENBERRY: Thank you very much. I
12 appreciate the opportunity.

13 CHAIRMAN REGOLA: Next we have Brian Jensen,
14 Ph.D. Brian's with the Pennsylvania Economy League of
15 Southwest PA.

16 DR. JENSEN: Good morning. I have some visual
17 materials, so with your indulgence. Well, good morning,
18 and thank you for this opportunity to speak this morning
19 regarding shared services. My name is Brian Jensen. I'm
20 Senior Vice President with the Pennsylvania Economy League
21 of Southwestern Pennsylvania, where I manage the Local
22 Government Function and Structure Program.

23 The goal of that program is to make Pennsylvania
24 a local government, particularly that of southwestern
25 Pennsylvania, Allegheny County and the City of Pittsburgh

- 1 less costly, more efficient, more effective, better
- 2 focused, more coherently lead and more competitive
- 3 economically.

4 The Economy League has publicly promoted the
5 value of shared services for many years. From the early
6 1950's when our organization staffed the Metropolitan Study
7 Commission of Allegheny County that recommended a full
8 rationalization of functions and service delivery among the
9 various levels and units of local government in Allegheny
10 County to address post-war suburban sprawl to the
11 City/County Cooperative Services Program of the early
12 1990's that was intended to promote extensive functional
13 consolidation between Allegheny County and the City of
14 Pittsburgh, the Economy League has been actively involved
15 in trying to foster intergovernmental cooperation to
16 enhance effectiveness and cost efficiency.

17 Beyond such functional consolidation efforts, I
18 have been involved in a number of structural consolidation
19 proposals; working with such pairings as Wall and
20 Wilmerding, Cranberry Township and Seven Fields, Rochester,
21 East Rochester and Rochester Township, Franklin and East
22 Conemaugh, and Barnesboro and Spangler to develop
23 structural consolidation proposals.

24 Not for a lack of countless hours of discussions
25 at evening town hall meetings and behind-the-scenes

1 crunching numbers, the vast majority of such efforts have
2 come to naught. Only a small handful of the dozens of
3 municipal merger consolidation proposals that have gone to
4 referendum have been approved. Similarly, few proposed
5 service sharing arrangements are actually implemented.

6 Why such a relatively low rate of success
7 despite the best efforts of many? I believe the problem is
8 due largely to the lack of flexibility that Pennsylvania
9 law offers to local government to act in the best interest
10 of its constituents. For example, a key obstacle to
11 consolidation is that Pennsylvania law does not provide for
12 service districts, but differential tax rates within a
13 given municipality.

14 We have a law that allows a built out,
15 landlocked borough to consolidate with its surrounding
16 rural township, but the law requires that the tax rates be
17 uniform throughout the new municipality, even though the
18 rural area does not meet the higher level of services; such
19 as street lighting, greater police presence, and refuse and
20 recycling collection that the built-up area of the former
21 borough needs.

22 That same law allows a distressed former
23 industrial town to merge into its wealthier neighboring
24 municipality; but its legacy costs, the debt, unfunded
25 pension liability and deferred capital maintenance must be

1 borne by the entire community. What financially stable
2 municipality wants to take on the higher cost burdens of
3 its poorer neighbor? What rural farmer wants to pay higher
4 taxes to pay for street lighting that does not benefit his
5 farm?

6 Permitting municipalities to establish service
7 districts to provide an appropriate level of service paid
8 by a correspondingly appropriate tax rate would give local
9 governments a modicum of flexibility they need to address
10 changing and differentiated needs. Widely varying
11 municipal employee retirement packages also impede service
12 sharing and consolidation.

13 Numerous proposed joint police forces have been
14 thwarted by the complications that arise from trying to
15 resolve differing pension provisions. Pennsylvania's local
16 governments and special districts account for one in four
17 of the nation's public employee pension plans. Two-thirds
18 of our state's public pension plans have ten or fewer
19 members, and nearly half have five or fewer members.

20 Many of these plans are inadequately funded, and
21 that too stands in the way of merging services. As you can
22 see from the map, the incidence of underfunded pension
23 plans is distressingly widespread in Pennsylvania.
24 Consolidation of pension plans would make it easier to
25 rationalize local government.

1 Fewer, better funded, better outfitted and
2 better staffed police departments and healthier pension
3 plans would be a happy consequence of a unified municipal
4 pension system. The Commonwealth could also promote shared
5 services by removing barriers to counties performing
6 municipal functions.

7 Many municipalities are too small to provide
8 services efficiently, and the state may be too large and
9 remote to do the job effectively. The county, as a level
10 of government, offers the benefits of being large enough to
11 capture economies of scale, but small enough to be
12 responsive to the voters, yet counties are hindered from
13 doing very much by their statutory code and by their
14 limited array of taxes.

15 Granting counties greater flexibility in their
16 code and tax packages would allow them to be more useful
17 partners in the delivery of local services. While on the
18 subject of taxes, I want to mention briefly that dependence
19 on property taxes makes municipalities competitors for
20 business relocation and expansion.

21 The compulsion to enlarge their property tax
22 bases forces too many municipalities to sacrifice too much
23 in an effort to compete rather than partnering with
24 neighbors to expand the overall economic health of their
25 region. Clarification of the rules for tax base sharing

1 would help municipalities make more rational and
2 mutually-beneficial choices in the development of regional
3 economies.

4 One final element of greater flexibility that
5 the Commonwealth could impart to municipalities to improve
6 local government service delivery and finances is to allow
7 municipalities that can no longer function effectively or
8 efficiently to voluntarily go out of business. State law
9 makes it relatively easy to create a new municipality, but
10 once created, that municipality will exist in perpetuity
11 unless it can find a willing partner to merge into or
12 consolidate with.

13 We have boroughs and townships in this
14 Commonwealth with tiny populations that have long since
15 ceased to add governmental value, yet we force these hollow
16 shells, these empty husks, to linger like ghosts. The
17 Economy League thinks that voluntary disincorporation
18 should be a fundamental right of every municipality.

19 Thank you, again, Mr. Chairman, for the
20 opportunity to express the Pennsylvania Economy League of
21 Southwestern Pennsylvania's views on this issue. I would
22 be happy to try to address any question that you may have.

23 CHAIRMAN REGOLA: Senator Pippy?

24 SENATOR PIPPY: Thank you, Mr. Chairman.

25 Good morning, Dr. Jensen. We've heard a little

1 bit now here about these potential service districts. Is
2 there anything, for example, that would prohibit a township
3 from -- I'll take a hypothetical, Pittsburgh and Allegheny
4 County. They talk about the benefit of merging public
5 works.

6 You mentioned the pension issue of the sector.
7 What I've seen in some of my smaller towns is one township
8 contracts out that service from another, and solely -- but
9 they still have the individual taxing authority, but
10 there's a cost savings in trying to get them grants to help
11 do that.

12 What's stopping municipalities or counties, in
13 this case in cities, from voluntarily doing that now? I
14 was told by PSATS that there is nothing that stops them
15 from doing it, yet you said there were some laws here.
16 Again, there's seems to be a little disconnect.

17 DR. JENSEN: What I see is a problem when you
18 have unequal municipalities, when they're unequal in size
19 and the way that they've been built out unequal in their
20 financial capacity. Certainly, you can contract out a
21 service, but, again, the tax rate has to be uniform within
22 the municipality where the tax is levied.

23 If you have a situation where only a portion of
24 a municipality really needs a service, everybody in the
25 municipality pays the same level of costs for the service.

1 And that stands in the way of extending services to
2 portions of municipalities that need them or that also
3 stands in the way of consolidating municipalities because
4 you have to take any of those legacy costs that I talked
5 about before or expand the services and spread them out
6 over the entirety.

7 It seems to me to make more sense to charge
8 those who benefit from the services and charge less to
9 those who don't benefit from the services. So that's just
10 a, that's a problem with our law that we require this
11 uniformity within a municipality's tax base.

12 SENATOR PIPPY: So you're talking about our
13 Constitutional Uniformity Clause?

14 DR. JENSEN: Actually, I don't think it really
15 is a constitutional issue. We do have to have uniformity
16 among classes of taxpayers, but if you demonstrate that
17 you'd have a different level of service and a different
18 need, so far case law has shown that you can have
19 differential tax rates; for example, KOZs, where you don't
20 charge any taxes at all within a municipality.

21 SENATOR PIPPY: Okay. Thank you.

22 DR. JENSEN: You're welcome.

23 CHAIRMAN REGOLA: Senator Robbins?

24 SENATOR ROBBINS: Nothing.

25 CHAIRMAN REGOLA: Senator Eichelberger?

1 SENATOR EICHELBERGER: Yeah. You're aware that
2 we have a bill somewhere in the Legislature about
3 consolidating police pension funds?

4 DR. JENSEN: Yes.

5 SENATOR EICHELBERGER: So you would, just
6 generally the concept of that you're supporting?

7 DR. JENSEN: Yeah, I like the concept of that
8 bill, and I believe that is Senator Orié's bill. I don't
9 remember the number of the bill right off the top of my
10 head. I think the concept is good. I think it still needs
11 some tweaking. I know that a number of municipal
12 associations are a little uncomfortable with it. I think
13 it's a matter of details. But the concept, I think, is
14 sound.

15 SENATOR EICHELBERGER: And also we're being
16 asked to lengthen the KOZ times. You know, you had touched
17 on how this makes things competitive between municipalities
18 and so on. Would you like to expand on that a little bit?

19 DR. JENSEN: You know, I guess my feeling is
20 that municipalities need lots and lots and lots of tools,
21 and they need the flexibility to use those tools
22 appropriately. KOZs is another tool. I don't have a
23 particular opinion about whether the length of KOZs should
24 be expanded or not.

25 My message would be giving municipalities the

1 flexibility to do the job that they're mandated by the
2 state to do and that their constituents expect from them.
3 Does that answer your question?

4 SENATOR EICHELBERGER: Yeah.

5 DR. JENSEN: I can't talk really about KOZs.
6 I'm not well versed in that area.

7 SENATOR EICHELBERGER: That's fine, but I wasn't
8 sure where you were headed with some of your comments with
9 that. I guess you weren't -- you weren't specifically
10 addressing that in your comments, but it led into that?

11 DR. JENSEN: Right.

12 SENATOR EICHELBERGER: That's fine. Thank you.

13 CHAIRMAN REGOLA: With regards to distressed
14 municipalities, would you take a moment to talk about some
15 of your success stories, if there are any?

16 DR. JENSEN: Yeah. Well, sadly, there aren't
17 many success stories, and this is another problem. It's
18 not the focus of this hearing today, but our Act 47 Program
19 in Pennsylvania has really not provided, I think, the
20 necessary set of tools to ensure that municipalities that
21 are undergoing financial stress really can come out of
22 programs.

23 We have municipalities -- I was the Planning
24 Coordinator for the City of Duquesne, which went into
25 financial distress back in 1992; it's still in

1 distress, and the City of Farrell, who has been in the
2 program since its inception in 1987. Those places are,
3 they are really market failures. Their tax bases are gone,
4 and they're not places that are easily redeveloped.

5 The tools that Act 47 plan coordinators though
6 are given are not particularly strong, and it really sort
7 of ties the hands of anybody to really make a significant
8 difference.

9 So I guess the long and short of it is that
10 we've got a lot of municipalities that are both either
11 officially in that program or headed towards it, and
12 because we have a number of these restrictions in state law
13 or at least we don't permit municipalities to do certain
14 things, it just ties their hands to being able to do the
15 right thing and come out of distress.

16 CHAIRMAN REGOLA: If I understand your testimony
17 correct with regards to shared services or if we're going
18 across municipality lines, for example, a corridor, if
19 we're going to share a proposed new development, wherever
20 that impact is, where four municipalities will implement an
21 impact fee, is that where you see the structure should be
22 different with regards to that particular corridor or that
23 particular development?

24 DR. JENSEN: Impact fees may be expanding the
25 ability of municipalities to levee impact fees and create a

1 greater flexibility on the circumstances in which they can
2 use those as part of the solution. My testimony, at least
3 that portion of it, was specifically about tax rates and
4 this problem with requiring that if you're going to
5 consolidate municipalities, you have to have that single
6 uniform tax rate throughout that municipality because we
7 know if you were to take a small -- I will use
8 Burgettstown out in Washington County as an example of
9 this.

10 Burgettstown built up a municipality, a high
11 level of service needs and significant legacy costs
12 surrounded by its township. There was discussion a few
13 years to consolidate those two. Well, you know, it makes
14 sense sort of in an intellectual kind of way, but when it
15 comes right down to it, the township's taxes will have to
16 go up in order to help defray those costs that now, of the
17 borough that now are spread out throughout the entire
18 township.

19 And that seems like a fundamental mismatch
20 because the folks out in the outlying parts of the
21 township, you know, they weren't responsible for those
22 costs. They may not even enjoy the value of the services
23 that are provided, so don't go down on the hook; go ahead
24 and consolidate because you can gain a lot of efficiencies
25 and create better economies, but don't put them on the hook

1 for those higher costs. Keep those costs within the area
2 that gets the service.

3 CHAIRMAN REGOLA: Thank you, Doctor.

4 DR. JENSEN: Thank you very much.

5 CHAIRMAN REGOLA: You're welcome.

6 Next testifier is Joy Wilhelm, AICP. She's a
7 Southwest Section Chair for the Pennsylvania Chapter of
8 American Planning Association.

9 Good morning, Joy.

10 MS. WILHELM: Good morning. Thank you. My name
11 is Joy Wilhelm. I am the Southwest Section Chair of the
12 Pennsylvania Chapter of the American Planning Association.
13 I am employed by Mackin Engineering Company in Pittsburgh,
14 where I serve as Manager of Planning Services.

15 On behalf of the Pennsylvania Chapter of the
16 American Planning Association, I thank you for the
17 opportunity to speak today. We represent more than 28
18 hundred individual and organizational members, including
19 both professional and citizen planners across the
20 Commonwealth.

21 Regarding multi-municipal planning, we believe
22 that municipalities receive benefits through, many benefits
23 through a multi-municipal planning effort, not the least of
24 which is the opportunity to address issues that span
25 municipal boundaries and enhanced communication between

1 local governing bodies and service providers.

2 Multi-municipal planning can encourage
3 sustainable economic development through a consistent and
4 comprehensive strategy. Through a partnership approach,
5 communities have a method by which to direct conservation
6 and stormwater management efforts, which is especially
7 important for natural areas such as watersheds that span
8 political boundaries.

9 Multi-municipal planning is a cost-effective
10 method for municipalities to take inventory of their
11 community and plan for the future. Not only can costs of
12 the planning activities be shared, but also multi-municipal
13 planning can provide the basis for other service-sharing
14 relationships, such as joint purchasing, code enforcement
15 and solid waste bidding.

16 Finally, multi-municipal comprehensive plans
17 fulfill the goals outlined by the Keystone Principles
18 primarily to plan regionally and implement locally.
19 Multi-municipal planning allows for a regional approach to
20 development with the opportunity for local implementation.
21 Regarding shared services, the responsibility to provide
22 community services is legislated through the City, Borough
23 or Township Code.

24 The Pennsylvania Intergovernmental Cooperation
25 Law establishes the opportunity for municipalities to work

1 together to save money and improve the delivery of goods
2 and services if they so choose. The Pennsylvania Chapter
3 of the American Planning Association supports locally
4 initiated efforts to enter into formal shared service
5 agreements as well as informal methods of working together.

6 Such concepts range from a handshake agreement
7 to share road equipment to the creation of a
8 multi-municipal authority to develop a shared water and
9 sewer program. Now, as a planning consultant, I work with
10 many communities across western Pennsylvania and have
11 witnessed both successes and failures. It is my opinion
12 that the benefits far outweigh the costs of this program.

13 It is my belief that success is typically
14 founded in some underlying commonality that is shared among
15 the planning partners or where there is already an
16 established partnership of some kind. I'm here today
17 actually to present to you four successes that I personally
18 worked with.

19 The first is a Jefferson Morgan Partnership in
20 Greene County. This cooperative effort was strengthened by
21 the fact that the four municipalities were already members
22 of a council of governments. Two boroughs and two
23 townships were facing new residential growth and demands
24 for public water and sewage extensions.

25 The four communities participated in and

1 successfully adopted a multi-municipal plan and are in the
2 process of enacting a multi-municipal zoning ordinance.
3 The zoning ordinance will be administered and enforced
4 through the partnership effort thereby realizing true cost
5 savings for all municipalities involved.

6 The second example is the Townships of Franklin,
7 Jefferson, Menallen, and Perry in Fayette County. Although
8 these communities had minimal interaction prior to the
9 planning effort, they shared similar characteristics. The
10 planning effort involved the township supervisors at each
11 meeting and challenged them to think regionally to direct
12 future growth to locations with existing infrastructure in
13 order to reduce development pressures for townships that
14 desired to remain rural.

15 Outcomes included the development of a zoning
16 ordinance for the township receiving growth and the
17 initiation of a shared purchasing program for solid waste
18 disposal. The Northwestern Butler County Planning Group;
19 this planning effort between three townships and two
20 boroughs has established a formal partnership between
21 Slippery Rock Township, Slippery Rock Borough, Brady
22 Township, West Liberty Borough and Worth Township.

23 The planning process also engaged elected
24 officials of each municipality and has led to three of the
25 communities expressing interest in amending their land use

1 regulations to ensure consistent development to align with
2 economic and preservation goals.

3 And finally, the City of Monongahela and Borough
4 of New Eagle Joint Comprehensive Plan in Washington County;
5 the City of Monongahela and Borough of New Eagle are older
6 communities located along the Monongahela River in
7 Washington County. These communities are typical river
8 valley towns that have experienced economic stagnation and
9 population losses corresponding to the decline of the steel
10 industry.

11 Faced with similar issues, these communities
12 completed a Joint Comprehensive Plan and an Early
13 Intervention Program, which has led to a formal partnership
14 to develop a multi-municipal zoning ordinance and a
15 subdivision and land development ordinance. Other
16 potential outcomes include a joint bid for refuse hauling,
17 recycling, a shared code enforcement program, shared public
18 works and an ongoing commitment to a regional police force.

19 So in conclusion, I would like to state that the
20 Pennsylvania Chapter of the American Planning Association
21 recognizes the importance of community planning and the
22 legislation and funding programs that make this possible.
23 We hope that this body will continue to support the
24 established legal principles and judicial support for
25 multi-municipal plans and the projects that implement those

1 plans.

2 Additionally, I would like to reiterate the
3 support for community-initiated shared service programs, be
4 it formal or informal agreements. And it's not in your
5 testimony, but I would like to note that all four of those
6 projects were funded through LUPTAP and three received
7 funding from LGA programs. So those programs are key,
8 critical and they do help foster communications. And with
9 that, I'll take any questions you may have.

10 CHAIRMAN REGOLA: Thank you, Joy.

11 Senator Pippy?

12 SENATOR PIPPY: Thank you, Mr. Chairman.

13 Good morning, Joy. In all these agreements or
14 multi-municipal planning scenarios that you described, have
15 any of them come up with some type of revenue sharing? For
16 example, if you want to maintain a business corridor, but
17 85 percent of that corridor is in one municipality, are
18 they sharing revenues as well? You smiled.

19 MS. WILHELM: No, they're not. We have not
20 reached that point in any projects that I'm aware of where
21 they're actually sharing revenues.

22 SENATOR PIPPY: Now, is there something that
23 stops them with coming up with that type of agreement? As
24 mentioned earlier, there may be statutes that would
25 prohibit and are somewhat restrictive. It's just political

1 right now, or is there a barrier?

2 MS. WILHELM: I think there has to be a huge
3 incentive to do that. Additionally, right now, there's not
4 the technical support to work with municipalities, I think,
5 as much as they need. There's some level there, but your
6 staff, your programs, they are lacking some resources and
7 people to work with the communities probably to promote
8 that as much as it could be.

9 SENATOR PIPPY: Okay. Thank you.

10 CHAIRMAN REGOLA: Senator Robbins?

11 SENATOR ROBBINS: No, thank you. Senator Pippy
12 keeps asking my questions. So thank you.

13 CHAIRMAN REGOLA: We'll let you go first next
14 time.

15 SENATOR ROBBINS: No, no. That's fine.

16 CHAIRMAN REGOLA: Thank you, Joy. Quick
17 question, what is the general time frame that you have seen
18 for initiating and finalizing a multi-municipal plan from
19 start to finish? When the boroughs finally decide they're
20 going to move forward or the townships or whatever, in
21 those four successes, what's the time line roughly?

22 MS. WILHELM: Anything less than a year, you're
23 not going to achieve an opportunity to really engage the
24 community and the elected officials. And I would like to
25 point out that I think it's critical that your LUPTAP

1 funding is tied to a very good public involvement program.

2 In my opinion, you need at least a year to
3 gather the data, involve the citizenry and engage the
4 public officials. Involvement of the public officials has
5 been the key to any success that we've achieved. So you're
6 looking at a year; sometimes it's a year and a half.

7 CHAIRMAN REGOLA: That's not bad at all. And I
8 just want to thank you for the practices that we both
9 share. Thank you very much.

10 MS. WILHELM: Thank you.

11 CHAIRMAN REGOLA: Next we have Dr. Jake Haulk,
12 President of the Allegheny Institute for Public Policy.

13 Good morning.

14 DR. HAULK: Good morning. Thank you,
15 Mr. Chairman, and members of the Committee for the
16 opportunity to address the issue of multi-municipal shared
17 services and planning. I'll be brief in my remarks for two
18 reasons; number one, I'm coming down with a cold and I
19 don't know how long my voice will hold out; and number two,
20 I don't have a lot to say, but I hope you'll listen to me
21 anyway.

22 I'll be brief, as I said, and focus on one very
23 important existing program that suggests ways to beef up
24 the scope and size of that program. And here I speak of
25 the Shared Municipal Services Program operating out of the

1 Department of Community and Economic Development,
2 specifically the Governor's Center for Local Government
3 Services.

4 The program was created in 1970 with the purpose
5 of promoting cooperation between municipalities and to
6 foster increased efficiency and effectiveness in the
7 delivery of services at the local level. This program
8 offers grants to any group of two or more municipalities or
9 bodies such as a council of government to underwrite
10 projects that will permit municipalities to carry out
11 functions in a joint manner with the aim of lowering costs,
12 improving effectiveness or making greater use of
13 technology, et cetera.

14 Examples might be insurance pooling, shared
15 public works operations, shared recreational activities and
16 a whole list of other things that municipalities commonly
17 do. Grants usually make up to 50 percent of project costs
18 with a required match from participating municipalities.

19 In fiscal 2006-7, the program provided 68 grants
20 affecting 19 cities, 187 boroughs, 283 townships and 60
21 counties with grants totaling \$2.4 million. Again, for
22 fiscal 2007-8, 2.4 million has been authorized for this
23 program. The application process is fairly straightforward
24 with typical requirements of description needs, objectives,
25 local commitment and estimated savings.

1 Some modifications to this program might be a
2 good place to start with some legislative rewrites. I
3 apologize in advance to the extent other speakers might
4 have already covered some of this ground. Rather than
5 simply providing -- and I'm thinking like an economist
6 here, so bear with me just a few minutes.

7 Rather than simply providing matching grants
8 averaging \$35 thousand, the program should have a system
9 that rewards successful joint, shared service projects. In
10 other words, rather than having people get together, come
11 up with a project they can agree on and then go through the
12 process of filing for a grant, why not say, look, if you do
13 this and do it successfully, we're going to reward you
14 financially for doing that?

15 And a measure of success would be primarily
16 through cost savings, which you could use as a criteria. I
17 would say something like this: For every dollar of savings
18 the municipalities can achieve documented, verified, the
19 state will match with a \$2 grant to their municipalities,
20 with the proviso that every dollar of the state grant be
21 used to lower local tax rates and for no other purpose.

22 As I say, the proof of the savings would have to
23 be very strict and we would require documentation. I would
24 suggest that the state reward program continue for five
25 years, maybe in a phase-out mode over the five-year period,

1 as long as the savings continue to be maintained.

2 And you can design the program in such a way
3 that the reward would be on a sliding scale, so that the
4 poor, hard and pressed communities might get more for each
5 dollar saved; and the wealthier ones, not so much. For
6 example, Mon Valley communities might get \$3 instead of 2,
7 but that would be up to the writers of the legislation to
8 see what's fair.

9 To accomplish this, the state would have to set
10 up a fund that could be drawn down as needed. Perhaps some
11 of the gaming funds could be set aside to create an initial
12 \$50 million fund. If more funding becomes necessary, that
13 would be a clear indication that the program is working
14 successfully.

15 After all, if we could use \$80 million a year to
16 build a new convention center in Philadelphia and a new
17 hockey arena in Pittsburgh, we ought to be able to set
18 aside a similar amount of money to encourage efficiency and
19 lower costs of municipal services and provide taxpayers
20 with some much needed relief.

21 Such an incentive program would give taxpayers
22 their own incentive to press their elected officials to
23 work with other communities to come up with multi-municipal
24 plans for shared service delivery. If a resident and the
25 taxpayer in Community A knows that he could get some tax

1 breaks if his community joins with another, there might be
2 some pressure put on elected officials to get together and
3 see what they could come up with and not have to wait on
4 filing for grants to proceed with the program.

5 I believe a five-year time frame should be long
6 enough to have, create within community officials and
7 residents a belief that this new way of providing services
8 is the way to go. And maybe the program would have some
9 sanctions for backsliders, but I think it's worth a shot to
10 see what you could get out of it. Another area you might
11 want to explore is something termed Municipal Service
12 Districts.

13 And these could be similar to school districts,
14 but they would be voluntary rather than compulsory. Under
15 this plan, municipalities could come together in a formal
16 alliance in some geographical area to share the delivery of
17 a list of contractually agreed upon services with each
18 agreeing on how much of the fair share of their cost would
19 be.

20 Perhaps over time, the idea of a full merger
21 with alliance partners might become more attractive once
22 they work together for extended periods of time on a wide
23 range of services. Here again, the state ought to provide
24 substantial incentives for the creation of a services
25 district.

1 I would favor referendum in any case prior to
2 creation of such a district, but well after the benefits
3 and disadvantages have received a thorough public airing.
4 And that is where a state incentive in the form of tax
5 reducing allocations could tip the balance in favor of the
6 creation of these. Obviously, a lot of thinking and
7 analysis of these recommendations would be necessary to
8 guide writing of legislation.

9 However, I believe it's time for something far
10 more dramatic than what the state has been doing will be
11 needed to create momentum and direction of more shared
12 services, which I think is a good thing, by the way,
13 despite some of our objections to other aspects of merging
14 forced mergers and so on.

15 But anything you can do that gets better
16 effective and more efficient delivery of services at lower
17 cost to taxpayers is a good thing, makes Pennsylvania more
18 competitive, which is something we desperately need. Thank
19 you very much.

20 CHAIRMAN REGOLA: Thank you, Doctor.

21 Senator Robbins?

22 SENATOR ROBBINS: No, I don't want to take
23 Senator Pippy's questions.

24 CHAIRMAN REGOLA: Senator Eichelberger?

25 SENATOR EICHELBERGER: I just wanted to say,

1 it's nice to see you today, and I appreciate your work and
2 your study on this. And I agree. We've got to do much
3 more in Pennsylvania.

4 DR. HAULK: Well, I'm thinking of something
5 that -- how do you get people to do stuff that they may be
6 reluctant to do is you got to dangle the carrot in front of
7 them, and maybe it's time we think along those lines. The
8 grant thing is okay, but \$2.4 million, very honestly, is a
9 drop in the bucket if we really want to change the behavior
10 of people in the state.

11 SENATOR EICHELBERGER: Well said.

12 CHAIRMAN REGOLA: Thank you.

13 Senator Pippy?

14 SENATOR PIPPY: Thank you, Mr. Chairman.

15 On behalf of Senator Robbins and myself, we're
16 very interested in the concept of a municipal services
17 district. I think in many ways -- there was mention even
18 earlier with the Economy League as well.

19 That may be a way where we could take that first
20 step, and if you can -- there's nothing, from what I
21 learned today, there really isn't anything that prohibits
22 municipalities from coming into some type of contractual
23 agreement, but we may need more incentive.

24 And the service district could be the first step
25 at the idea that, you know, our boundaries that were

1 established hundreds of years ago may not reflect the way
2 we truly are in Pennsylvania today.

3 DR. HAULK: I think that point is right on. And
4 I agree with the previous speaker, Dr. Jensen, that one of
5 the big problems are the pension, different pension plans.
6 In many cases, there are fairly small police or fire
7 departments that need to be addressed, and I'm sure once
8 you can get past that hurdle and get that obstacle out of
9 the way -- other unions are going to have their concerns,
10 but I think you can work around those more quickly than you
11 can with the police because they are, as you know,
12 protected by the Act 111.

13 SENATOR PIPPY: Yes. And one great thing about
14 this hearing that Senator Regola had asked is that we'd be
15 looking at, as an Urban Affairs Committee, talking to the
16 unions about it. And that may be a situation where
17 we -- the legacy costs will be dealt with one way with new
18 legislation looking to future benefits, and I think we're
19 looking at that at the state level as well.

20 We will have a lot of difficulty if we try to
21 merge tiny pension plans together for a whole bunch of
22 reasons, but eventually they will run themselves out and --

23 DR. HAULK: Well, the best way to
24 supplement -- and I repeat this everywhere I go. The best
25 way to solve the pension problem is to get as many people

1 out of that program as you can as quickly as you can, which
2 means quit hiring them and downsizing.

3 Honor the pension obligations that you have,
4 where but where you can contract out services to the
5 private sector or with some other agency and get those
6 people off your payroll, the quicker you can start dealing
7 with your pension legacy cost problem.

8 SENATOR PIPPY: Thank you.

9 CHAIRMAN REGOLA: Thank you, Doctor. I don't
10 have any questions since my colleagues stole mine, but I do
11 like your thinking outside of the box. Thank you.

12 DR. HAULK: My pleasure.

13 CHAIRMAN REGOLA: The last person to testify
14 today, but not least, is Frank Reddig for the Governor's
15 Center for Local Government Services.

16 Fred, I'd like to not only thank you for
17 pinch-hitting for the Deputy Secretary, but for
18 re-arranging your schedule to be here.

19 MR. REDDIG: Thank you. I'm Fred Reddig,
20 Executive Director of the Governor's Center for Local
21 Government Services in the Department of Community and
22 Economic Development. And what I plan to do this morning
23 is provide you with a discussion of local government reform
24 efforts of DCED and as they relate to work that the State
25 Planning Board has been involved with over the last several

1 years.

2 The State Planning Board was re-established by
3 Governor Rendell in 2004. The board is a 25-member panel
4 of appointed citizens, legislators and state agency heads.

5 The Governor charged the Board with developing
6 consensus recommendations in three areas: Transportation
7 and infrastructure, specifically policy conflicts among
8 development, municipal and conservation interests and the
9 needs of open space and infrastructure issues; second,
10 economic development, specifically looking for options for
11 improved governance measures that will enable Pennsylvania
12 to compete more effectively for economic growth while
13 improving the quality of life in Pennsylvania's diverse
14 communities; and three, governance, specifically looking at
15 policies such as criteria for state investments, incentives
16 for more multi-municipal planning and implementation,
17 attracting private investment, tax and revenue sharing that
18 will achieve smart growth goals for revitalization of
19 cities and towns and sound economic development in rural
20 communities.

21 The goal of these recommendations is to, one,
22 achieve, help achieve more cost-effective, service-oriented
23 governments at the state, county and local levels; two, to
24 plan and implement regionally and locally for efficient
25 well-designed infrastructure; and three, to achieve

1 sustainable economic development in the state based on
2 regional and local assets.

3 In developing its recommendations, the Board
4 focused on -- and I'd like to emphasize -- voluntary
5 options and incentives to achieve these goals, not on
6 mandates. Let me talk for a moment about governance and
7 review the work of the Planning Board for improving local
8 governance and provide an update on their work as well as
9 DCED's efforts in this regard with an emphasis on
10 consistency of planning implementation and right-sizing the
11 provision of services.

12 Since the release of its report in May of 2006,
13 the State Planning Board has been working to craft
14 legislative options that implement their recommendations.
15 Board work has centered on, one, the Pennsylvania
16 Municipalities Planning Code; the Board with the leadership
17 of one its members, Representative David Steil, was
18 instrumental in crafting House Bill 1525, which amend the
19 Municipalities Planning Code to encourage coordination and
20 consistency of local planning, particularly for
21 infrastructure investments.

22 The bill would broaden the MPC's definition of
23 infrastructure, make water and sewer and stormwater
24 interrelated parts of the comprehensive plan and expand
25 comprehensive planning authorizations for economic

1 development, infrastructure, conservation and open space.

2 Most significantly, the amendment would provide
3 for a process that recognizes a comprehensive plan as a
4 valid guide and requiring the governing body to certify
5 that a proposed land use ordinance or amendment is
6 generally consistent with the comprehensive plan as part of
7 the adoption process.

8 This bill was reported out of the House Local
9 Government Committee in November and is currently in the
10 House Appropriations Committee, and we would hope that you
11 would see this in the Senate in the not too distant future.

12 Secondly, let me talk for a few moments about governance
13 and shared service arrangements.

14 The Board continues to work with various
15 stakeholder groups, including the local government
16 associations, to prepare draft legislation that will
17 provide more voluntary options for local governments to
18 cooperate in fire, police, public works and other services
19 and to remove some of the statutory impediments to such
20 consolidations.

21 At this point, ideas under discussion would
22 authorize creation of county study commissions to analyze
23 existing local government services and their costs, sources
24 of revenue and effectiveness and to propose arrangements
25 for sharing or consolidation of services to both county and

1 local governments.

2 Sharing or service consolidations, what we call
3 functional consolidation, would be tailored to local needs
4 in services like police, fire, EMS, public works, codes,
5 transportation, water and sewer, stormwater, recreation as
6 well as in broader issues such as insurance, pensions and
7 healthcare.

8 And, thirdly, the Board likewise continues work
9 in the development of legislation that would provide
10 further voluntary options for municipalities in dealing
11 with boundary change issues.

12 The Board's work is focusing on removing certain
13 impediments to boundary change, to the boundary change
14 process as well as exploring new options for boundary
15 change, such as those contained in the recently released
16 study of the Citizens Advisory Committee on the Efficiency
17 and Effectiveness of City-County Government that looked at
18 Pittsburgh and Allegheny County service consolidations as
19 well as structural consolidation.

20 Let me talk for a moment about right-sizing the
21 provision of services, and I'll begin by defining what we
22 mean in terms of right-sizing municipal services.

23 We believe that it involves three approaches to
24 service delivery; one, use a municipal, multi-municipal or
25 regional structures that are appropriate for the character

1 and fiscal resources of the community; two, encouraging
2 cooperation with other jurisdictions to provide services
3 and facilities that can be best delivered on a
4 multi-municipal basis and supporting regional agencies
5 where the need exists; and three, providing local
6 governments the option to contract with or turn
7 responsibility for certain services over the county
8 government.

9 The State Planning Board recognizes that in
10 different parts of the Commonwealth, different approaches
11 are needed. Indeed, one size does not fit all in our
12 Commonwealth. The report recommends different options for
13 right-sizing of municipal services and providing local
14 officials with different approaches to meet the needs of
15 their municipalities. Providing local governments to the
16 flexibility to adapt these arrangements to their unique
17 circumstances is an important consideration of the Board's
18 work.

19 Recommendations contained in the Planning
20 Board's report that would address legislative actions
21 include the creation of a Regional Police Services Act to
22 provide a clearer and consistent process for creating
23 regional police agencies and the funding of initial
24 start-up costs for regional police agencies; amending the
25 Pennsylvania Intergovernmental Cooperation Law to allow

1 additional cooperative ventures to enable municipal
2 authorities to be brought into cooperative agreements with
3 local governments; to reconcile conflicts among the
4 governing codes, the various municipal codes, of
5 cooperating municipalities to clarify what provisions apply
6 to new intergovernmental ventures; and to amend the county
7 code to provide clear legal authority for all the counties
8 to take on traditional local services in partnership with
9 boroughs, cities and townships to permit those
10 municipalities to purchase particular services from
11 counties to authorize those municipalities to establish
12 special service districts with taxing authority to provide
13 municipal services in designated areas agreed to by the
14 local governments.

15 Let me provide a few examples with respect to
16 police and fire services. In the 21st Century, small
17 police departments are simply not efficient in providing a
18 full range of police services. Increased responsibilities,
19 reporting and training requirements, insurance and employee
20 benefit costs have all greatly increased the cost to
21 provide police service.

22 Crime issues transcend municipal boundaries. In
23 addition, police pension obligations are becoming
24 unsustainable for many municipalities. In one small
25 borough, the required minimal municipal obligation to the

1 police pension plan jumped from under \$255 in 2005 to over
2 \$40 thousand in 2006 due to the early disability retirement
3 of one police officer.

4 A key impediment to the creation of regional
5 police agencies is the difficulty in working through the
6 various differences that exist in the municipal codes and
7 other statutes; for instance, the provisions of civil
8 service, which are applicable under the Borough Code, but
9 not applicable under the Township Code.

10 There are currently 1,041 traditional municipal
11 police departments in the Commonwealth that serve a single
12 entity. There are also 167 municipalities providing
13 contractual service and 33 regional departments.

14 Feasibility studies by DCED have consistently
15 shown that, in most instances, municipalities are able to
16 achieve a higher level of police service at the same, or
17 oftentimes at a reduced cost, by cooperating in a regional
18 police arrangement than in maintaining the status quo.

19 Clearly, with the numbers I've indicated, there
20 are considerable opportunities for further cooperative
21 ventures in the provision of police service. Fire
22 services, the duplication of equipment and decline of
23 volunteer fire fighters has put enormous strain and
24 unsustainable demands on municipal budgets.

25 First through, third-class cities operate paid

1 fire departments, while other municipalities depend on
2 volunteer fire companies. Statewide, there are 23
3 fully-paid departments, 71 paid and volunteer departments
4 and 2,289 volunteer departments in the Commonwealth.

5 The decline in volunteers from 3 hundred
6 thousand in 1976 to just 72 thousand 30 years later in 2005
7 has left many companies short of trained manpower. As a
8 result, our companies are turning to municipal governments
9 and the General Assembly for greater public funding.

10 If government cannot absorb the additional
11 costs, the residents and property owners of the
12 municipality will be left with inadequate fire protection
13 and higher insurance costs adversely impacting public
14 safety. In addition, the current structure of fire
15 services and the constraints of that structure on the
16 financing of capital costs for equipment and facilities has
17 dramatically escalated in recent years.

18 For example, in one small borough in 1995, they
19 were paying approximately \$75 hundred a year in debt
20 service for fire equipment and a fire house. They are now
21 paying \$35 thousand per year due to the purchase of a new
22 aerial apparatus, despite the fact that an identical piece
23 of equipment is owned by at least three adjacent
24 municipalities located less than five miles away.

25 That same borough also incurred an additional

1 \$10 thousand per year out of cost to debt service to pay
2 for fire house renovations, even though new fire houses
3 have been built in at least two adjacent communities less
4 than five miles away.

5 I'd like to close by talking a bit about another
6 initiative that fits within the right-sizing mode, and that
7 is the Earned Income Tax Collection Reform legislation that
8 I believe you are all probably familiar with. The Earned
9 Income Tax Collection Reform measure is a bipartisan
10 initiative that is moving forward currently in the Senate
11 in Senate Bill 1063.

12 In 2004, DCED released a report that highlighted
13 the complexity, fragmentation and inefficiency of the
14 Commonwealth's Earned Income Tax collection system. The
15 report estimated that municipalities collectively lost over
16 \$1 hundred million operating under the current system.

17 An independent review and update of that number,
18 based on 2004 data by the Pennsylvania Economy League,
19 identified the revenue loss at \$237 million, and that's
20 under existing tax rates. To recapture the loss revenue,
21 DCED recommended state or countywide collection reducing
22 the number of tax collectors from 560 to 66.

23 Recommendations also included uniform
24 withholding as well as strengthening administrative
25 auditing and enforcement provisions to provide greater

1 accountability. With the involvement of a stakeholder
2 group; including local governments, tax collectors,
3 business community, certified public accountants and
4 legislative staff, legislation was developed that
5 ultimately was embodied in House Bill 1427 in the last
6 legislative session.

7 The Senate and House Finance Committees held
8 hearings on the bill, and it was reported out of the Senate
9 Finance Committee under then-Chairman Jane Earll late in
10 2006. In the current session, companion bills have been
11 introduced in the House, House Bill 1505 by Representative
12 David Levdansky; and in the Senate, Senate Bill 1063, again
13 sponsored by Senator Jane Earll.

14 The Senate Policy Committee held a hearing
15 September 13, 2007, and the Senate Finance Committee
16 favorably reported the bill out of Committee in December.
17 On April 1st, the Senate Appropriations Committee favorably
18 reported the bill out of Committee, and a floor vote is
19 expected before summer recess.

20 This legislation will provide administrative
21 relief to businesses and withholding of the tax, a simpler
22 system for taxpayers to understand and work with as well as
23 additional revenue to local governments and school
24 districts at existing tax rates. This legislation
25 represents one key step in the government reform area.

1 Promoting government reform and best practices
2 are essential to the work of both the State Planning Board
3 and at the Department. Intergovernmental cooperation is a
4 theme woven into all of the work of the Governor's Center
5 for Local Government Services.

6 Our Shared Municipal Services Program, which has
7 been discussed earlier, focuses on incentivizing
8 sustainable intergovernmental activities in all local
9 government service areas and typically funds 50 to 60
10 projects a year that impact, on average, over 7 hundred
11 municipalities annually. Our Land Use Planning and
12 Technical Assistance Program recognizes that planning
13 issues transcend municipal boundaries.

14 This program incentivizes multi-municipal
15 planning activities, and, again, you heard testimony on
16 this program earlier. We currently have over 6 hundred
17 municipalities that have been involved in multi-municipal
18 planning efforts.

19 The Department's Early Intervention and
20 Distressed Municipalities programs incorporate right-sizing
21 recommendations as part of the strategies to deal with
22 providing fiscal stability to those municipalities.

23 In conclusion, DCED will continue to focus on
24 promoting the local government reforms as recommended by
25 the State Planning Board report and work with the

1 Legislature to amend current laws relating to governance
2 issues as we collectively work with local governments with
3 the tools that enable them to deliver high quality,
4 efficient services that result in vibrant and healthy
5 communities. Thank you very much, and I'd be glad to
6 answer any questions you may have.

7 CHAIRMAN REGOLA: Thank you, Fred.

8 Senator Robbins?

9 SENATOR ROBBINS: Thank you, Mr. Chairman.

10 Fred, the townships testified on the need for
11 increased funding for their shared services program in the
12 Land Use Planning and Technical Assistance Program. Have
13 their request for these programs exceeded available funds?

14 MR. REDDIG: They have. We consistently have,
15 are oversubscribed in those programs.

16 SENATOR ROBBINS: What kind of dollar figure are
17 we spending now, and where would you think that it would
18 need to be to be a little more adequate?

19 MR. REDDIG: The Shared Municipal Services
20 Program has had an appropriation for the last several years
21 of \$2.4 million. It has incrementally gone up. Going back
22 to early 1990's, we had a funding level that was in the
23 range of about \$9 hundred thousand, and it has gone up over
24 the last ten years to a 2.4 million level.

25 The Land Use Planning and Technical Assistance

1 Program has a current appropriation of approximately \$4.3
2 million. This program did increase by \$1 million in the
3 current fiscal year.

4 We typically have requests that are probably in
5 the range of a million or so dollars in excess of available
6 funds under the Shared Municipal Services Program. The
7 Land Use Program, this year, we're going to be closer to
8 the demand given the fact that we did have an \$8 million
9 increase in the appropriation for this fiscal year.

10 SENATOR ROBBINS: If you would, I'm going
11 to -- and, Mr. Chairman, if it's all right -- get a little
12 outside the box.

13 MR. REDDIG: Sure.

14 SENATOR ROBBINS: As you know, being the sponsor
15 of the Center for Local Government and be very concerned
16 about your ability to provide easier access to local
17 government services and information, I'm going to put these
18 together and try to get one question you can generally
19 answer.

20 I would like to know what the current complement
21 of the center is, and what's the capacity you're authorized
22 for; and over the past five years, have you lost staff or
23 where are we in the position of the Center providing
24 services as they should?

25 MR. REDDIG: The complement level has been

1 stable over the last five years. It is approximately 38
2 individuals, most of whom are based in Harrisburg; however,
3 we do have regional offices in Erie, Pittsburgh,
4 Philadelphia, Scranton and Lewisburg that provide service
5 in the respective regions.

6 Although the complement has been stable, we
7 have, as have many agencies in state government,
8 experienced a loss of staff due to retirements that have
9 occurred, and that has been a difficult issue to go through
10 the replacement process. That creates a down time because
11 you're not able to immediately have a body in place after
12 that individual does retire.

13 We did lose, last summer prior to July 1st, we
14 lost six individuals within the Center, and it has taken a
15 while to replenish those people. We've most recently lost
16 two other additional staff people, which we're going
17 through the process of replacing right now.

18 So although the complement number itself has
19 been stable, we have had that turnover due to retirements,
20 and that has resulted in some gap, if you will, in terms of
21 service continuity. Other staff have certainly risen to
22 the occasion, and we've tried to meet all of the demand,
23 but it certainly has placed an added stress on existing
24 staff.

25 SENATOR ROBBINS: Another aspect that I'd like

1 to bring out, you are given the mission of providing
2 training, and you've really been doing this through the
3 local government organizations. I know this year, again,
4 that money, I believe, has been cut from the budget
5 proposal.

6 Could you just describe the importance of the
7 township supervisors, local government, the county
8 commissioners, other organizations; the importance of them
9 being able to provide that training and you not having to
10 recreate the same entities?

11 MR. REDDIG: Certainly. The Center -- and let
12 me answer that, if I can, Senator, by very quickly
13 describing the services that the Center does provide. We
14 provide -- and I'd like to describe it on a continuum of
15 service, where we provide information through publications
16 and extensive resources on our website; secondly, we
17 provide training, which I'll talk a little bit further
18 about in a moment; third, we provide direct technical
19 assistance upon the request of municipal government; and
20 then fourth, we provide financial assistance through the
21 various programs that I just talked about.

22 Going back to training, you know, we will try to
23 work with a municipality at any stage of that continuum.
24 The training stage is one where we work very closely with
25 our local government partners in building the capacity of

1 local officials.

2 And then several years ago, in trying to look at
3 an effective delivery mechanism for training whenever the
4 contract was rebid, we put a very strong focus on a
5 partnership approach to training. And as an outgrowth of
6 that process and the implementation of a new training
7 contract, the Pennsylvania Local Government Training
8 Partnership was formed.

9 That training partnership under the auspices of
10 the Department involves the six major local government
11 associations. The Township Supervisor's Association is the
12 lead entity and who we have the primary contract with.
13 However, there is an involvement from the Pennsylvania
14 League of Cities and Municipalities, the Pennsylvania
15 Township Commissioner's Association, the County
16 Commissioner's Association, the Pennsylvania Borough's
17 Association and the Municipal Authority's Association.

18 And all six of those entities collectively
19 involve the Pennsylvania Local Government Training
20 Partnership. We typically train, or conduct in the range
21 of around 6 hundred training programs a year on all aspects
22 of local government operation from administration, finance,
23 public safety, public works, codes, planning, economic
24 community development.

25 We typically train, in the last two years, we

1 have trained between 10 and 11 thousand individuals through
2 that program, so there is a -- we place a very high
3 priority on training needs and working with local
4 governments through that training program to build their
5 capacity to provide them with the tools that they need.

6 SENATOR ROBBINS: Would you say that is an
7 example of outstanding shared services between state and
8 the local municipal government organizations?

9 MR. REDDIG: Absolutely I would. I think that's
10 a great partnership that we have affected.

11 SENATOR ROBBINS: Thank you. One other area, I
12 believe you're going to be handling the Open Records law
13 for the Department. Are you going to need to put on more
14 staff? Has there been discussion on that?

15 MR. REDDIG: I can address that to a degree,
16 Senator. Some of that is still in the development process.
17 That responsibility is going to be in DCED. It's going to
18 be -- there's actually a separate office that is going to
19 be created within the Department, primarily because there
20 is a need for a certain level of objectivity with the
21 administration of the Open Records Act.

22 And there is an effort underway right now to
23 recruit individuals for that office, an Executive Director
24 and several staff people that will have a background in
25 record, open records related issues.

1 From the Center's perspective, as things are
2 wrapping up for the January implementation, we are already
3 in the development stages of a training program that will
4 be unveiled for local officials later this year, late
5 summer, early fall time period, that we will be going
6 around the state and providing training.

7 SENATOR ROBBINS: Thank you very much.

8 MR. REDDIG: Certainly.

9 CHAIRMAN REGOLA: Senator Eichelberger?

10 SENATOR EICHELBERGER: Three very brief
11 questions for you. One is, it was touched on earlier that
12 there could potentially be an index of millage as opposed
13 to setting a cap limit. Have you heard that before and
14 have any ideas on that?

15 MR. REDDIG: Yeah. I apologize, Senator. I was
16 not here when that testimony occurred.

17 SENATOR EICHELBERGER: You weren't here? Okay.
18 I'm sorry. Well, it was discussed instead of having a hard
19 cap on millage limits for municipalities and counties, like
20 25 mills, 30 mills --

21 MR. REDDIG: Correct.

22 SENATOR EICHELBERGER: -- that there could be an
23 index because of outdated assessments and we could adjust
24 that based on inflation and keep people within certain
25 perimeters, but allow a little growth there because things

1 haven't changed, which really, in most cases, isn't through
2 any action or inaction of theirs; it's another government
3 entity's. You haven't heard of that before?

4 MR. REDDIG: Actually, I have not heard of that
5 concept. You know, I would state that the assessment
6 system upon which those caps are based and rely upon has a
7 great difficulty across the Commonwealth, like there are
8 any number of lawsuits that have occurred in counties
9 across the Commonwealth relative to assessment practices
10 and the assessment system.

11 That's been a perennial issue to deal with. The
12 cap issues do place a limitation on local governments with
13 respect to the real estate tax, which is one of their
14 primary sources of revenue, and it does add to the stress
15 that, the fiscal stress that a number of municipalities do
16 face.

17 SENATOR EICHELBERGER: Okay. Fire service, is
18 there any official effort to look at some trends that we're
19 losing volunteers and moving them into at least a -- and I
20 forget what term they use, but kind of a combined
21 department of some paid, some volunteer departments? Is
22 your state department working on that?

23 MR. REDDIG: The effort that our Department is
24 involved with oftentimes involves looking at the merger or
25 consolidation of volunteer departments, and we will

1 undertake feasibility studies to look at ways that
2 volunteer departments can, in fact, come together.

3 I would like to give you one example that was,
4 has been funded under our Shared Services Program, and
5 that's a department in York County. Springettsbury
6 Township and Spring Garden Township over the last year have
7 merged their paid departments into one fully-paid
8 department.

9 They are two townships on the suburbs of York
10 City, and that has been a very successful merger that has
11 occurred involving two paid departments. We've had a
12 number of successes across the Commonwealth where volunteer
13 departments have voluntarily agreed to come together, and
14 we have helped to guide them through that process.

15 The State Fire Commissioners Office,
16 Commissioner Mann and his staff, have been involved in the
17 report that was completed by the legislative Budget and
18 Finance Committee a few years ago addressing the decline in
19 volunteer fire fighters, and I believe his office has been
20 engaged in some of the issues that you're addressing.

21 SENATOR EICHELBERGER: Okay. I'll ask the
22 Commissioner. And last, your testimony here on boundary
23 change doesn't really have any specifics in it other than
24 it refers to the Pittsburgh/Allegheny County situation,
25 which I'm really not well versed on. But did you have any

1 ideas about incentives that the state could provide to help
2 with consolidation?

3 MR. REDDIG: One of the issues that we face with
4 boundary change is the need to really establish what I will
5 refer to as a level playing field. In order for a boundary
6 change to really be successful, you have to have
7 municipalities that are basically equivalent in terms of
8 what their assets are, what their fiscal positions are.

9 In other words, you're not going to have a
10 successful boundary change if you have a strong
11 municipality from a fiscal standpoint and a weak
12 municipality from a fiscal standpoint. So the incentives
13 that are necessary to really affect boundary change, a
14 successful boundary change, need to bring that weaker
15 municipality, bring its infrastructure and its fiscal
16 condition up to the same level as the municipality that
17 they would be joining with, either through merger or
18 through consolidation.

19 Oftentimes, those costs can be extremely costly.
20 You know, we've talked -- I think you've heard testimony
21 earlier relative to legacy cost issues, pensions and the
22 unfunded liability issue there. Those are issues that need
23 to be resolved if you're going to have a successful
24 boundary change.

25 Likewise, the condition of infrastructure, if

1 one municipality has a road network that is in need of
2 significant improvement or other infrastructure that is in
3 need of significant improvement, the municipality they plan
4 to merge or consolidate with doesn't want to be saddled
5 with the liabilities that that other municipality has.

6 So the incentives, again, I think that are
7 necessary need to be able to fund the cost to bring the
8 weaker municipality up to a level consistent with the
9 stronger municipality.

10 SENATOR EICHELBERGER: Thank you.

11 CHAIRMAN REGOLA: Thank you, Fred. I'd like to
12 make one comment. On Tuesday, the Senate adopted my
13 resolution designating next week as Local Government Week
14 in Pennsylvania. In conjunction, the Center will host its
15 annual award ceremony for local governments. I want to
16 commend you on promoting best practices.

17 And during your testimony, you mentioned the EIT
18 consolidation issue. As you know, I as well as others, I
19 believe all others that sat on this panel today have strong
20 concerns about this proposal. I remain hopeful that the
21 Administration will reach out to us to make this
22 legislation more flexible for our municipalities which we
23 represent. I really have no questions other than that.

24 MR. REDDIG: Okay. Very good. Thank you very
25 much for the opportunity to appear before you this morning.

1 CHAIRMAN REGOLA: Thank you very much. Before I
2 adjourn this hearing, I would like to enter into the record
3 the testimony of the County Commissioner's Association of
4 Pennsylvania. Again, I would like to thank everyone for
5 traveling to Greensburg today to talk about how to better
6 encourage multi-municipal planning and shared services.
7 I plan to keep this conversation going.
8 Finally, I would like to thank all the local government
9 officials that are in the audience today. Please note that
10 copies of the testimony will be placed on our committees'
11 websites. At this time, this hearing is adjourned. Thank
12 you.

13 (The hearing was concluded at 12:25 p.m.)

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