PENNSYLVANIA HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE HEARING

CONDITION OF PENNSYLVANIA'S BRIDGE PROBLEM

Ballroom, Lawrence Hall

Point Park State College

Pittsburgh, Pennsylvania

Tuesday, July 29, 2008

9:00 a.m. to 12:00 p.m.

Reported by:

S. Moore

APPEARANCES

MAJORITY MEMBERS:

Joseph Markosek, Chairman

Mark Longietti, Majority Member

Jennifer Mann, Majority Member

Dante Santoni, Jr., Majority Member

Tim Solobay, Majority Member

MINORITY MEMBERS:

Richard Geist, Chairman

Dick Hess, Minority Member

David Hickernell, Minority Member

Mark Keller, Minority Member

John Maher, Minority Member

- - -

I N D E X

- - -

P R O C E E D I N G S

- - -

MR. MARKOSEK: Okay. Good morning. Welcome to the Pennsylvania House Transportation Committee Hearing on Infrastructure and Bridges. Excuse me. I'm State Representative Joe Markosek, Chairman of the Committee and I'd like to recognize Representative Dante Santoni from Berks County today. Lead us in the Pledge of Allegiance to the flag.

(The Pledge of Allegiance was recited.)

MR. MARKOSEK: Thank you, Dante.

And good morning everybody. Some of our members are on their way. Chairman Geist is on his way and he asked us to get started here today, and just one or two other members I believe as well. And we welcome everybody here.

And really just very brief remarks from me. Yesterday there was an editorial in the Post Gazette entitled Bridge To Somewhere. And just read you the very last sentence -- actually two sentences here I think were the most pertinent. Don't tell us we don't need more funding relative to bridges. Yes, infrastructure is not sexy, but

it ought to be. And the whole point of the editorial was, you know, he's talking about infrastructure. It doesn't always get the headlines and all those kinds of things, but it's darn important. And I don't think we have more important folks here to talk about it today than the folks that we have to testify here.

The first people I'd like to welcome is, of course, Secretary Al Biehler, Secretary of Transportation, along with Secretary Rich Hogg. Gentlemen, good morning. Thank you for attending. And you may proceed when you are ready.

MR. BIEHLER: Mr. Chairman, thank you. And Members of the Committee, I appreciate the opportunity to address you. And I'm not sure we're going to make this sexy, but we'll try to make it informative.

As you -- as you outlined Rick Hogg and I will try to kind of set -- set the stage. I'm going to talk a little bit about our situation, but also I'm going to -- toward the end of my regards, I'm going to try to point towards some of the -- some of the issues that we wrestle with that will probably carry us into the next few

years, especially as we not only struggle -- continually struggle with the problems of infrastructure financing and so on in Pennsylvania, but also as we look toward the Federal Re-Authorization Bill which is up in September of 2009. So perhaps give you a little sense of thoughts here that might be helpful.

After Rick and I give our presentations we'll be treated to a little better description of what's going on in Southwestern Pennsylvania by three gentlemen who will describe Penn DOT's District's 10, 11 and 12 which include -- I forgot the number of counties, but probably 15 counties or so in that range or maybe ten counties. But Brian Allen who is the Assistant District Executive of District 10 will be addressing you, as well as Daniel Cessna of District 11, and finally Joe Szczur, Executive of District 12. So with that let me start by setting the stage and talking about what we're trying to do to attack the Pennsylvania bridge problem.

Let me roll back in time to 2004 to start off, and I can -- I know that some of you have dealt with the difficulty of transportation

funding programs. And I see Mark Keller, who has led that situation into Harrisburg NPO Area and has struggled with this in a different fashion.

And in 2000 -- late 2003, early 2004 every two years we update the Four-Year Transportation Improvement Program as well as the State 12-Year Program. And we're right at the end of that cycle where we are right now. So this is my third cycle as Secretary being involved in the process. It's not been fun each of the three times, I'll just tell you that. But in 2003 and 2004, as we were struggling with trying to add projects to the program, updating our lists and so on, we recognized that there was -- at that time there was a list of 26 projects that had a total price tag of five-billion dollars. I asked the neophytes kind of question, okay, where are we with the problems and when are we going to build them? I got lots of responses about where we were. About, well, we're just starting planning or doing environment, and in some cases in finalization. Actually people couldn't answer the question when are we going to building this thing. And as a result it became apparent that, frankly,

because of the projection of funds and our costs at the time there was no end in sight. That's pretty frightening, because if we kept on going in that direction we projected that we would have spent between five- and eight-hundred million dollars to continue the so-called soft cost, meaning designing right-of-way on that. And we couldn't deliver the construction. We said it's unconscionable.

So what we're doing in March of 2004 is working with the NPO's, and Harrisburg was just one of the 23. We said we've got to get some cases for the problems, either find a way to rescale them in design, to reevaluate them or basically -- and we did that. And we called a whole raft of legislatures whose districts were involved, and frankly pretty tough kind of news. I wished I could tell you things are getting better, but if anything it's more difficult. That's part of the dilemma we face. That kind of led in, as you all know, to the Governor informing the Transportation Funding and Reform Commission to try to look broadly at our problem, both public transportation as well as highway and bridge

funding.

And ironically right in the middle of that period -- unfortunately again Mark Keller knows a little bit about Perry County. You know, this was a bridge that was structurally deficient. This bridge in this graphic had a 15-ton weight limit. Unfortunately the truck driver who decided to ignore the weight restrictions took a 29-ton truck over that bridge and he found himself fishing. And thank goodness that nobody was killed or hurt on this thing. But it just points out that our infrastructure is weakened. We work hard to try to post it, but in this particular case this guy ignored it.

There was a much more tragic incident that happened unfortunately later in the year, same time period that we're defining the needs in the funding commission. And that was -- this one unfortunately this was down in District 12. This was close to home. This was a bridge over Interstate 70. And I guess Tim knows a little bit about this situation. This is actually a case where a box beam, one of the beams in this bridge failed and simply cracked in half. And we have

done all kinds of things to recover from this. Thank goodness again nobody was injured or killed here. But what -- this was a problem where there was deterioration on the inside of this closed structure that we couldn't predict, and now we have as a result a far different approach to the box beams. The bottom line is this is part of the difficult infrastructure challenge we face originally.

The commission ended up making a recommendation, without going through the details, you folks have seen some of this. This is a -- this was their recommendation in 2006 that to solve the transit and the highway bridge problem we needed 1.7-billion dollars additional annually. You folks all were part of the activity and we are very pleased that Act 44 passed last year that provided a growing set of dollars over time.

We're in the final throws of having the Federal Highway Administration review the Turnpike's application for aid and provide funding. If we are successful the funding pattern you see here, the highway bridge money in blue and the transit funding money will continue to be a

reality. If that Feds don't accept the I-80 tolling proposal, these numbers will drop down significantly. This is the pattern we're on and so forth.

In terms of our bridge funding, you've heard this over time. Here's a picture that is -- that covers a little over ten years. It starts in '97 and goes to 2007. You can see the kind of level of funding that we have put into construction and bridge work, whether it's preservation or rehabilitations. In the period that I have been involved and had the pleasure of being involved with Penn DOT, bridge funding has grown almost from 250,000,000. Now, this is -- I'm sorry -- this is -- these are total dollars. The construct dollars portion of it is around $250,000,000, excuse me, 2002, 2003. And ended up being about 700 of the total amount of money here in 2007. So almost triple. Despite that, strangely enough in that same period of 2003 to 2007, you can see the actual number of structurally deficient bridges actually grew despite the changes in the amount of money invested.

There is lots of reasons for that. The primary one is that our system is unusually old. The average age of bridges in the United States is 43 years of age. Incidentally, they are generally way back when designed to last about 50 years. Pennsylvania's bridge average, 51 years. And that means we have also quite a number of bridges that are in the 70-plus years of age. And as a result many are coming due for repairs and falling out of construction.

You know that governor -- despite the good work that everyone accomplished in the last year, the governor again pushed hard this year on the budget buys to propose additional money for infrastructure. He had proposed a 10-year, $22-hundred-million-dollar bond initiative that got lots of discussion again in the House and the Senate.

And during the discussion again, and unfortunately here we have -- here we have some additional tougher examples. Here's the Birmingham Bridge here in Pittsburgh, as a result of the -- of the -- of the deterioration of the debris in the rocker bearing that didn't allow the

bridge to expand and contract as well as it should, the rocker bearings actually tipped over on one section. The bridge dropped seven inches. Thank goodness for the good work of Dan Cessna and Carol Murterri and for the whole team. This bridge was out of service for three weeks and 22,000 vehicles were detoured in Pennsylvania, here in Pittsburgh. They were able to get a portion of it open and are still working on it as we speak.

In Philadelphia, an even more alarming situation with a -- or just as alarming in terms of the impact, we had a crack appear. We've been watching this crack for two or three years and it was slowly opening. And it was on the scheduled for this summer to get fixed. Well, this crack opened from three quarters of an inch in width to two inches virtually overnight back in February -- February, March. And March we discovered it, and had to shut down Interstate 95. 184,000 vehicles a day, 18,000 trucks had to be detoured. You can imagine the mess in Philadelphia. Again, for the good work of the folks in Penn DOT District 6, we had the bridge reopened in about -- about

two-and-a-half days with some temporary supports and so on. In fact, if you go there today, this pier isn't rebuilt. It just says, again, we've got a lot of bad bridges. Thanks to you folks this summer, this last budget cycle in July, in fact $350,000,000 was approved as a one-year boost to add to our bridge program. We would suspect that in calendar year 2008 we will be able to increase our construction lettings on bridges from about $700,000,000 to little over 800,000,000. In fiscal year '08/'09, as a result of this program, we expect to approach a billion dollars. It will allow us to campaign and tackle 411 bridges that's on the plate and on the to-do list of all of our districts combined. That's a large number of structures to get into letty in one year. And that's the good news. We hope that finally we're able to reverse this trend where we've had an increase from the last two years of structurally deficient bridges and finally get on the back side of this curve so we can make some progress.

Good news is 411 bridges, thanks to you folks, is what that additional funding will allow us to tackle. The tough news is that there is

still 5,600 yet to go. We can't rest on those numbers. We've got to keep ourselves focussed. This map referred to within our offices as the measles map tells you that we've got bridges all over Pennsylvania. 411 bridges are depicted in this slide, so there is not many counties that don't have at least some of the bridges in the first wave. We're hoping not only to do 411 bridges this fiscal year, we're hoping that in the next three calendar years, including the one we're at, to deliver 1145 bridges, if our funding remains strong. So we're going to sure try like the dickens to make a dent in our 6,000 backlog.

Bridges unfortunately are not only a Pennsylvania problem, but they really are a national problem. Yesterday I participated in a press conference in Philadelphia with the President of the American Association of State Highway and Transportation Officials, who's my counterpart from Missouri, Missouri Department of Transportation, Greg Peteron, myself and Governor Rendell released the report produced by ASHTO just yesterday which says that we think that our problem is difficult at 6,000 bridges. The nation

has something like 79,000 structurally deficient bridges. And so it's just like it's a problem that each one of our counties, it's a problem in each one of our states. The price tag is something in the neighborhood of 140-billion dollars to solve the bridge deficiency problem. That's not even dealing with bridges that are of an old design or too narrow or so-called functionally obsolete bridges. Nationally there's about 14 percent of the nation's bridges -- that's local bridges, state bridges and so on -- that are structurally deficient. And Pennsylvania, unfortunately we are the leader in terms of the numbers of structurally deficient. We have about 24 percent out of the states. So it's a tough picture. It's one that we've got to come to grips with.

Now, before I turn the floor over to Rick Hogg, let me just give you a quick glimpse of some thoughts that are more broad in scale and also not only in effect in Pennsylvania, but they are also leading onto a national issue. As this slide depicts, I think sort of the key three issues are somehow finding enough money to keep our

investments strong which will keep our economy in the United States and Pennsylvania in a competitive position, but somehow we also have to recognize the environmental issues that we have to deal with and to have a sustainable community, sustainable state, sustainable nation.

This is -- these are Pennsylvania's statistics on this graph. You all heard of the consumer price index and that's shown in this orange line. It's about three percent a year for a long series of years. There is something called the construction costs, and some of you have seen this. I know I shared this with the Chairman, but apparently a lot of you haven't seen these. Construction cost index which is related to our maintenance cost. It's pothole fixing, salt prices, it's maintenance-related issues, not repaving or rebuilding and repairing, replacing highways and bridges and so on. That's something called a bid price index, which is in the green line. And it's got some bumps and starts back in the late '90s and early 2000's. Look at what happened since 2003. I'm not sure I brought that with me as Secretary, but something bizarre is

going on here. And the answer is the bid price index is increased from 2003 to 2007 by 63 percent. What that means is our construction contract, our buying power has been reduced by that amount of money in that period of the time. As you can see, we've never experienced that in our history.

We're faced with some really good challenges. We have been tightening our belt. We've been asking ourselves how can we save money here so we can continue to invest in our transportation system? What can we do technologically to change our design? Rick Hogg is on a maniacal journey to try to design structures to have far greater lifespans. He'll talk about some of those kinds of things. We absolutely have to fight this situation. Part of it is facing the issue. I wish it was only a Pennsylvania problem, but it's a national problem.

I keep thinking that, oh, great, we've reached the end of the worst of it in 2007. Well, look at the numbers of the first quarter in 2008 on the right side of the slot. Here are some of our materials: Asphalt in the first quarter,

concrete, are in the 11, 12 percent range. Look at fabricated steel. It's a 71-percent increase in one quarter, fabricated structural steel. And excavation because it's so dependant on petroleum, again a huge percentage increase 147 percent. We are facing problems that we've not known about before and so we're in a different world. We know that petroleum prices also joined those ranks. I keep changing the slide daily. Fortunately the average dripped below four bucks in the last part of July, but it's still around four. You can see the pattern, all huge increases we know about. This had a impact. This slide shows our auto and truck traffic growth pattern which is pretty significant. If you see the top line, the green line, that's the combination of truck and auto traffic together. You see in the last few years there has been a slowing down of the road and actually in the last year, there's actually been a slight drop in total vehicle miles traveled in Pennsylvania. Incidentally that has had a -- had an impact on our revenue. Last year we had a budget projection of around two-billion dollars in our -- from gas taxes and our license fund. It

actually came in about 1.9 billion. We lost a hundred-billion dollars. And starting off this next year with our fingers crossed that it doesn't get worse.

There is other issues more broad. As I mentioned, I want to leave you with this these couple of thoughts. Obviously, you know, there's a real issue on greenhouse gas and the temperature change. And we certainly see it with -- with an awful lot of attention that says we've got to deal with this. Transportation in terms of greenhouse gas in terms of carbon dioxide, roughly a third of the greenhouse gas globally. So we're a part of the problem. We need to help address that as we go forward. We in Pennsylvania have just finished working with some partners in this case, the New Jersey Department of Transportation. They are producing something called a smart transportation guidebook. It's simply an approach that vehicles -- it recognizes that we're not going to have -- ever have enough money to do what we wish we could. Which means we've got to make sure that we really are tailoring our solutions to the various quarters, the various communities, that we

have got to make sure we size up those solutions accordingly. We think it's right that includes a series of elements including land use. And we've been pleased to work with municipal associations talking about how we can do better planning for our roads and help to add to the community visions of one. We need to recognize land use is a critical issue, because land use configuration has a whole lot to do with trip generation.

Let me close on -- on a national picture, and that is this: We are -- based on some statistics produced by the Urban Land Institute, 2007, you can see what China was doing. They were investing in their infrastructure to the tune of about nine percent equivalent of their gross domestic product. India was at about three-and-a-half percent in 2007. And we in the United States were under one percent. It just tells you we have a very mature and much larger system than some of those other locations. But what's happening is they are on a huge upswing in terms of investment. We believe that we've got to stabilize the decay of our infrastructure by coming to grips with this kind of competition

globally.

Some of you are aware that there was a National Transportation Policy Commission that ended up saying we really -- as we think about re-authorization, we really ought to talk about major reform in the programs along the lines of these ten principles. And much of what I mentioned, the things of global competitiveness, infrastructure, investment and environmental sustainability, you can find in these principles that they proposed to be thinking about on a national level. So as we work with our members of Congress and our delegation it's important to think along these lines. We think it really is important to think of it as a new beginning as we move forward.

Mr. Chairman, that concludes my presentation. We'd be happy, however you would like, to take questions from the Committee. We can do that or have the other core presentation quickly and then have the other questions. However you'd like.

MR. MARKOSEK: Thank you, Mr. Secretary. Very good. Chairman Geist has joined us here as

well as Representative Dick Hess, Bedford. We appreciate that.

Deputy Secretary Hogg, do you have anything formally to present or just help answer questions?

MR. HOGG: Actually, I have some presentation material. I'd be delighted to share it with you.

MR. MARKOSEK: Perhaps we could do that right now, and then we'll further open to questions. And then the other gentlemen.

MR. HOGG: I am delighted to be here --

MR. MARKOSEK: We found out yesterday you have to have the mike pretty close.

MR. HOGG: I'm delighted to be here. The Secretary tried to sort of describe the environment we're working with and some of the issues we're facing. I'm going to try to share with you how we're responding to that in what we refer to as an Accelerated Bridge Program.

I'd like to start out, though, by indicating how we stand as a state relative to the adjacent states to us. As you can see, there's a significant difference with Pennsylvania on bridges greater than 20 feet. What the Federal

criteria called bridge, and you do it by count, we have over 25 percent of our bridges are SD.

You ask how we get there? One, we have a lot more bridges. The Secretary mentioned that their average age is 50.8 years. And bridges may not always have been a priority because we have a healthy appetite for capacity building projects in Pennsylvania to meet the needs of our economy.

What I wanted to share with you here is this is taking known resources that we have and giving you some idea what it might look like five, ten, fifteen and twenty-five years out. The 350 million-dollar bond issue is factored into this. There is no bonding included in this chart beyond year one. So what that this shows is what we have today, 23.8 percent and 6,000 bridges. In five years, assuming that Act 44 remains and we get the transition of the tolling of I-80 done, this will give you the progress we would make with known resources. At 25 years we will have invested almost over 40-billion dollars in bridges, if the focus remains. But you have only driven down the SD bridges to 13.1 percent. I would remind you that on the first slide that I shared there that

the national average is 8.8 percent for SD bridges, so we have not even gotten it driven down to the national average.

When you want to talk with us about asset management with bridges, we tend to think of it in three buckets. The top one is safety. That's where we do these inspections and we do the management of our bridge management systems. The second one has to do with preservation and maintenance, where we're trying to take care of what we have. And then finally we think in terms of rehabilitation and replacement. I wanted to share that because all three of these factors are going to come into play as I continue with the presentation.

This is a deterioration curve. It's not a whole lot unlike any other infrastructure. Over time it will degrade. After it gets so old, the rate of deterioration rapidly increases. In stage one, we have about 19,000 of our bridges in stage one. They are still up there before the curve starts to take off. Stage two, we have 4500 of those 6,000 bridges in stage two. This is where they do meet SD criteria of four. And we have

1500 bridges that we have SD criteria three, two, one or zero. Zero being a failed bridge. One is a bridge that we've already closed. Two is one that's very seriously deteriorated and we will probably be closing it or taking action soon. In that yellow circle there's an excellent opportunity for us to keep good bridges good by preserving what we have. I think that's a very important part of the solution moving forward with our bridges. In this area here, we have structurally deficient bridges. We're now into rehab and replacement of the bridges that we let them get that far out on the curve.

So what are our key strategies in the our Accelerated Bridge Program? One, sustained funding is going to be key. We also developed a risk assessment tool about two years ago when we were thinking about the challenge that we're faced and the analysis that was being done with TF and RC. We had some indications that it would take 25 years, 17 years, whatever the funding level seemed to be. Our concern was do we have a window of opportunity to fix the bridges with the funding that we could anticipate? We developed a risk

assessment tool. We have every bridge in Pennsylvania ranked from one to 25,000. When we did the TIP update this year, we asked each district to go in and do their TIP projects for bridges, their emphasis on bridges, by using this risk assessment tool.

The next point that's -- that we need to share is that we will not fix the problem in Pennsylvania without fixing big bridges. We call a big bridge something that's over 500 feet. Project Delivery, we will do two different ways. One is what we're calling rapid delivery, where we can get them prepared to let and get them out on the street for contractors to bid on them. And then the conventional design bid build is the second component. And then finally we have got to keep good bridges good by focusing on bridge preservation. For the last two years, we've been at a hundred-million dollars. We think we need to stay at a hundred-million dollars just for preservation. They are separate. We're not effecting the SD rating, but we're trying to keep good bridges good and keeping them from becoming SD.

The challenges with I-95. When we get the opportunity to talk about the bridge challenge in Pennsylvania, we want to talk specifically about I-95. I-95 has 290 bridges. 37 of them are SD. If we fix the problem on I-95 and we have no SD bridges, we could drop the overall percentage of the SD in Pennsylvania by two percent. It represents almost ten percent of the SD deck area in Pennsylvania. So I-95 has got a very serious set of unique challenges. What comes with trying to work on I-95 is a challenge of keeping it in service, which is our top bullet there. We've got to find a way to keep it in service, and then as we find a way to do repairs on I-95, there is a perception that we need to fix an awful lot of the wrongs people felt occurred when it was built, and it's going to get very expensive. I'm not talking millions. I'm talking billions on I-95. It's that huge of a problem.

Delivery methods, moving forward, expanded design bill. You're going to get to hear from Joseph Szczur this morning, who is leading the state in applying the design bill out our Uniontown office, District 12. We think this is a

key part of us being successful. The flood response that we had in June of '06, where we were able to do 26 bridges in a pretty timely fashion, we are trying to apply what we did there to this situation trying to deal with the bridge challenge. We will be looking at grouping contracts by region and/or by type. The largest group that I'm aware of right now is some of the districts are considering up to ten where we would put ten bridges out in one contract. We're going to continue to try to streamline design. And we will apply the smart transportation principle that the Secretary shared earlier.

We talked about our bridges being 50.8 years of age. In a lot of ways those bridges are beyond the life that they were designed for. We have started a dialog within the agency that says we want to build 100-year bridges. We can't flip our inventory over every 50 years. We've got to find a way to get the bridges lasting longer. When I talk about that, though, I'm not simply talking about cost. What I'm talking about is what makes the most sense. What can we do to make our bridges last longer? We know if we don't put

joints on a bridge we protect the substructure and it lasts longer. We're actually about the business where we can be getting joints off the bridge and making continuous designs. We're actually looking at improving the re-steel that we're doing, not that we have a problem with information that we have but we're looking at a MFMX steel which is a special steel that's available. We're also developing specs, which Representative Santoni knows, related to stainless as providing that as an option. We're using high performance concretes. We're also using high performance steel.

And we also need to emphasis the bridges need to be cared for. One of the problems that we have with bridges is they are so durable that people think that you can ignore them. I'm talking about on our side of the equation. You get up some day and your bridge is about 25 years old and you look at it and say what happened to my bridge? Well, you didn't take care of it. We're trying to figure out the leadership and expectation for timely maintenance on our bridges. Implementation accelerated bridge. We've actually

reorganized the bureau design to put a team together to lead this effort, so it's getting a lot of focus in central office. When we developed the TIPs this year, we have put a tremendous emphasis on making sure bridges were adequately addressed. It's causing discomfort in places. It's not a popular thing to do, but this is a must have moving forward as we focus on these bridges. I've said to the Secretary repeatedly that the bridges will take care of themselves. We might not like what happens, but the bridges will take care of themselves. We'll be closing them. We're going to be posting them. We're going to be restricting them. We'll be causing inconveniences to our society unless we find a way to meet this extraordinary challenge that we have in front of us. We have met with ACEC and talked to them about how to move this forward. That's the Consulting Engineers Counsel. We've listened to what they've shared with us. We've met with the Associative Pennsylvania Contractors, listened to their input. We have had joint meetings with both of those organizations trying to make sure that everyone understood what we were trying to do and

we understood what kind of problems we were creating for them. And finally we've had individual meetings with all the resource agencies. And I must tell you that I'm really encouraged with the outcome of those meetings. I think that we found the support that we'd hoped we would have and we found ways to talk about issues that may put a threat on our Accelerated Bridge Program.

In Summary, as the Secretary indicated, we're trying to deliver 411 bridges in the fiscal year '08/'08. I would tell you that the number is now 410. We've got one on the way. I'm trying to get the East to see if they cannot get more than that ready. They're reluctant to give me any commitments in that area.

Over three years, we're looking at 1145 to rebuild Pennsylvania. If we were to have sustained funding the midterm results would be SD bridges reduced from 23.8 percent. That 15.9 percent is wrong. It should be 16.5. It's an error in the slides. That will make it aligned with my third slide. We will spend 14.5 percent on bridges. We hope to continue, as I indicated

earlier, the investment at $100,000,000 a year in preservation to make sure that we do not have leaking expansions, make sure that we do not have scour that could cause a threat to the integrity of the bridge. With that, I hope I've given you some insight in to how we're trying to deal with the bridge problems.

MR. MARKOSEK: Okay. Thank you. Thank you very much.

Gentlemen, I have one brief question for either you or the Secretary. The Federal folks of -- at least in the House approved a bill. I'm not sure whether the President will sign it or not, but Representative Altmire, who is from around this area, has mentioned that if it would pass it would be about 97,000,000 more -- million more dollars for Pennsylvania in that Federal Bridge Bill. Any plans -- anything factored in that? Any chance that that would -- some of that money could be used for highways maybe? Have you given that any thought?

MR. BIEHLER: The money is obviously slated for bridge work. What you're talking about the bridge bill that's being proposed, we plan on

spending it in Upper Saint Clair as well as Monroeville. Did I say that right, Representative? Anyways, we don't know what's going to happen. It's got to go through the Senate first, Mr. Chairman. Ironically, I happened to be down in Washington meeting with some of our congressional national delegation the day that bill was being brought up. Obviously Chairman Oberstar, the champion of that bill, we are all very anxious to have additional resources to be put on bridges. There is a couple of little tweaks that we will be offering for consideration by our delegation to continue the flexibility of those funds and a couple of other mechanical things that we think we want to do. In terms of the ultimate funding, we would certainly then simply want to add it to our attack on our bridges, if you will. And, again, if it allows us to peel off the next set of critical bridges it's welcome news. That's kind of where -- where we are.

MR. MARKOSEK: Representative Santoni.

MR. SANTONI: Thank you, Mr. Chairman.

Sort of a follow up to that. Because I

was -- and Secretary Biehler mentioned it earlier in his presentation. On the news today they are saying that people are using -- trying to talk people into using -- driving less, and it appears to be working. From May of last year to May of this year people drove 9-billion less miles. While it's good news because of the high price of gas, apparently it's bad news because the Federal dollars are a lot less. And you talked about it. I'm just wondering how significant that is and what can be done?

MR. BIEHLER: Yeah. And the Federal definitely -- I forgot. I heard it yesterday, but it's in the billions. Where our reduction in revenue is a 100,000,000. We get roughly five percent, a little less, four or five percent of the federal allocation. So probably if you look that up you'll get some decent numbers. That's in the bill.

On the Federal side, I was in Washington last week specifically because there was discussion about looking at other ways of financing the infrastructure. I would ask to be part of a short-sleever session of some of the

members of the delegation, in fact with Oberstar himself, as well as Congressman Mica and some others. They were talking about mileage-based user fees. So, you know, instead of considering charging on a per-gallon basis as one of the primary mechanisms, instead of charging on the basis of how many miles you drive your vehicle. We know now with hybrid vehicles and others, it's a very different circumstance in terms of the performance of the vehicle and the result of driving itself. So that's what I was there for. I know that yesterday you talked about MP3's, tolling and on all of those, all of those techniques are being obviously not only in Pennsylvania, but again on a national level, to seek out different ways of finding user fees that make sense.

MR. SANTONI: Sort of reminds me of the argument about smoking. We tell people not to smoke. And some of the programs the taxes provide, sort of stuck. Thank you, Mr. Chairman.

MR. MARKOSEK: Representative Mark Longietti.

MR. LONGIETTI: Thank you, Mr. Chairman.

Thank you, Mr. Secretary and Deputy Secretary for your testimonies this morning. Just kind of trying to join together our two days of hearings here. Maybe too much of a broad question, but as you know we heard about, I believe threes yesterday. What is your view? I mean, how -- clearly as we see these numbers, the needs are very great. As Representative Santoni has pointed out, the revenue that we're receiving from traditional methods is perhaps declining. How do you see MP3's fitting into this mix given the needs and revenue?

MR. BIEHLER: I think my sense on these mechanisms is we ought to look at the whole broad range of options -- whether P3, tolling or gas tanks even -- as a temporary issue, whether it's BMT-based taxing, I think it has to be fair game. It's a tough struggle to figure out what makes more sense. We have got to try to make some projections of our needs. There is a tough discussion about trying to say, how much. You know, what's our goal in terms of addressing these kinds of issues?

In Pennsylvania, five years ago about

roughly 30 percent of our whole Transportation Infrastructure Investment Program was going to improve capacity to increase capacity in our system. Today we're heading toward nine or ten percent. Simply because our world has just been turned upside down with inflation and these other issues. It's pretty scarey.

So part of the question I think that belongs in the same discretion with the different types of revenue sources is what is our ability to fight inflation? Will they make sense? Can we find, you know, you know, you know, in the early '80s, Pennsylvania instituted an oil company franchise tax. We didn't see the benefits of that until 2004 or 2005-and-a-half. In terms of increasing inflation, we need to think about those things, I think, and whether it's the MP3 option or tolling or whether it's a vehicle-based mileage-based fee or others, I think we ought to be willing to look at all of those and see what they produce and see how they address inflation. See what they mean in terms of voters. We're in a territory where a lot of folks agree there is a problem, but it's really tough to pull the lever

on the booth. But I think we have got to face the problem.

MR. LONGIETTI: Perhaps the P3's can increase the stated capacity. I didn't realize how fewer percentage of dollars we're spending on issues.

Another question, the governor recently, as you indicated in your testimony, has been talking about the Federal Government's role and recently talked about perhaps the Federal Government should be looking at a capital budget. I think he put a price tag potentially of a hundred-forty-billion-dollars in the capital budget just on infrastructure needs throughout the country. I would be interested to hear some of your comments on what do you see is the Federal role in this? And assuming the Federal Government steps up to the plate and does something like that, what types of projects should they be helping with?

MR. BIEHLER: My personal opinion is there is a critical network of transportation that's critical to the nation. I think the Federal Government has a certain responsibility to be more

critical in the far-reaching elements, sort of the, like, blood flow. You know, arteries and veins and so on. I think the state has a responsibility for the smaller system and the Feds certainly, I think, has a reason to be very interested in a national network, whether it's an interstate system, whether it's inner city passenger rail service, whether it's freight rail and so on. I think personally that there's a -- that there's a clear justification to have a national agenda, because we've got to somehow continue to make ourselves economically competitive globally. It makes -- Pennsylvania ought to care a heck of a lot about the functioning of the L.A.-Long Beach Port, as an example. Simply because so many tons of goods come through that port and have bollicks (ph) on the hand-off systems of their rail and highway systems. And there is a huge -- there is a huge air-quality issue produced in that location. We ought to care about it because it's a national major port. So likewise the folks in California ought to care about the Port of Philadelphia, the Port of New Jersey, areas that feed us. So I

think there is a reason to have a national agenda in the state system.

MR. LONGIETTI: Last question will be a more specific question. You mentioned that Pennsylvania Transportation Funding and Reform Commission Report, November 2006, and the 1.7-million dollar annual fee for infrastructure. And it's been a while since I looked at that report. I can't recall, does it break down, for example, what the needs are on Interstate 80? And if it does, do you recall what the amount of those -- those needs of 1.7 a year?

MR. BIEHLER: Funding Commissioner Report looked at all the roads and bridges as well as the public transportation systems needs and aggregated those needs into highways, bridges and public transit. So we didn't per se list Interstate 80. Let me ask Rick Hogg to talk a little bit about it. One of the requirements of Act 44, as you recall, was a requirement that Pennsylvania Department of Transportation enter into a lease agreement with the Turnpike Commission. Rick spent a tremendous amount of energy understanding the physical needs of Interstate 80, helped to

create the final terms and conditions of that lease, as did I. Rick was intimately involved in that understanding in great detail, the physical detail of Interstate 80. First of all, so you understand at least from a smoothness standpoint, Interstate 80 is one of our poster childs.

MR. HOGG: What I'd like to do is -- I have that number. I can get it to you. We have done the Interstate Report, and we specifically can talk about what the unique needs are on I-80. What I understand the question is, is what the backlog is. And before I quote that, I just as soon as confirm it and I'll get it to you.

MR. LONGIETTI: That's fine. I appreciate it.

Thank you very much, Mr. Chairman.

MR. MARKOSEK: Representative John Maher.

MR. MAHER: Thank you, Mr. Chairman.

Your slide with the long-range needs today, five years from now, ten years from now. I understand that that contemplated funding under Act 44 inclusive of tolling of the I-80; isn't that correct?

MR. HOGG: Yes.

MR. MAHER: Now, it looks to me that if we add up that long-range needs from that slide and the amounts that the 2006 reports said were necessary annually for mass transit that that leaves no money left for highways compared to that 2006 bogy of 1.8 a year.

MR. BIEHLER: Say that again, please.

MR. MAHER: I think the study mentioned that the bridges, highways and transit. I think the transit number -- which I completely disagreed with -- I think the transit number is about 800,000,000 a year.

MR. BIEHLER: 76. You're right.

MR. MAHER: 76. And it looks like this is about a billion-two a year in terms of the long-range needs slide you presented today for the bridges. So I take that billion-two and the seven-hundred-and-sixty for the transit, you're already passed the total that was predicted two years ago in that kind of study at zero margin.

MR. BIEHLER: The billion-two is all sources of dollars. Our program -- as we devoted more and more moneys to bridges in the last five or six years -- included not only construction

money, all the design, right-of-way and utility and all that work from the whole statewide program. And that amounted to a little over a billion dollars.

MR. MAHER: You're saying the 2006 study was incremental dollars which long-range needs includes the existing --

MR. BIEHLER: Yes, sir.

MR. MAHER: And I noticed that it wasn't the object of your visit today, but since we're talking about Act 44 and transit has come up a couple of times already, can you update me, has the funding that was provided for the Port Authority for the fiscal year which ended June 30th under Act 44 was that actually disbursed to the Port Authority?

MR. BIEHLER: Yes. I forgot what the number was, 180-million. Yes. Absolutely dispursed.

MR. MAHER: And it was disbursed despite the fact that the county didn't deliver a single dollar this year to the Port Authority?

MR. BIEHLER: The county has recently crafted a letter that has set aside dollars to

manage that, in fact they've also then set aside another account to match that going forward.

MR. MAHER: How far in arrears? Do you happen to know how far in arrears they are?

MR. BIEHLER: 27.4 million dollars to pick a number.

MR. MAHER: Sounds like a pretty good bet. Okay. Thank you.

MR. BIEHLER: I'm very conscious of that. We're trying to solve that issue. They are right in the middle of a very difficult union negotiations.

MR. MAHER: I understand that it's a variety of complications. To your understanding the Port Authority received nothing from the county, but it did receive its full allotment from the state.

MR. BIEHLER: I think the county is going to borrow that to match that for the time being.

MR. MAHER: Going back to the bridges. You're testimony is that when you are talking about I-95 and the conditions there, you're speaking about billions and not millions, and of course a billion is a thousand millions. So that

gets to be a big number pretty quickly. We also just talked about you're looking at the whole broad range of options and how to fund. Has anybody taken a look at what level of tolling of I-95 would be necessary to accomplish this billions of dollars? If the tolling on I-95 would surely be invested on I-95? Does anybody have that kind of study?

MR. BIEHLER: We had undertaken an examination of tolling of a lot of different routes, including Interstate 80, during the discussions of the Act 44. I can get that information for you. I-95 was one of them, absolutely. And it wasn't -- we weren't thinking at the time of having that full regularly repairing I-95, but I would put that into the category of absolutely is legitimate to take at look at.

MR. MAHER: If you have the ability to just -- even based upon the analysis you've done before of how tolling might occur on I-95 and your projections of what the costs to reinvest simply in I-95 would be. I would be interested in seeing that. I do share the concerns of folks on the

I-80 corridor of the notion that they are going to pay tolls for transit in Pittsburgh. I get their point. But I certainly also understand that as a user of the Turnpike with some frequency that folks along that corridor suspect that they are paying something for the opportunity -- for the opportunity to have a road in that condition. So I'm kind of curious if we start thinking in those terms, if an analysis has been done. To the extent that it has, I would thank you very much for sharing it. To the extent it hasn't, I encourage you to start thinking about it.

MR. BIEHLER: I'd be happy to. I understand.

MR. MAHER: Thank you.

MR. MARKOSEK: I would ask the gentlemen if they would -- materials have been requested -- send them to the Chairman. We'll distribute them throughout the Committee.

Representative Tim Solobay, Washington County.

MR. SOLOBAY: Thank you, Mr. Chairman.

Just following up on what representative Maher just talked about. Very similar to the I-95

corridor up in Erie area. There is probably no doubt that the majority, if not a very large percentage of that traffic utilizing those things, are passing traffic through the state, with no real impact to the Commonwealth was far as revenue generated or any kind of assistance to the state. And so we're left holding the bag on the construction and reconstruction on that. Is that a fair statement or is the reimbursement we get from the Federal Government have they been equal to the maintenance costs at this time to handle that?

MR. BIEHLER: I don't know the answer to that. I don't know quite the makeup and percentage of thru traffic versus as an origin or destination in Pennsylvania. I can tell you that Pennsylvania in terms of the federal level is a so-called donee state. A state that gets more back in revenue than we contribute. So there are some states who want to take us to task for that matter. We get, I think the number is now -- we get about 16 cents -- about $1.16 back for every dollar that we contribute. It used to be about a buck-twenty or so. Anyways, sure it's lots of

ways to look at the world. And on the other hand, there is a whole lot of Pennsylvanians who use the roads in other states. So, you know, what is the right way to share?

MR. SOLOBAY: I guess looking at our unique geographic location being the Keystone State and everybody crossing it, I had a proposal that had not been acted on looking at gateway tolling. Now, I've been told that may be an unconstitutional type proposal where on gateways around on the interstates surrounding the boarders of the Commonwealth as an assistance or help in this type of a thing. Something I know you looked at, explored other tolling opportunities. I don't know if that was a consideration.

MR. BIEHLER: I think a lot -- there's going to be a lot of discussion on parallel tolling as we see this thing go to the next authorization. As you know tolling is specifically restricted. In the case of Interstate 80, the Turnpike Commission is applying for the last of three slots under this particular category. If the Federal Government approves Pennsylvania, no other states can apply for that

category. There has been discussion about having -- there is a contingent of folks on the Federal side who say we really ought to open this up. If states wanted toll roads, let them do it. There is another contingency that says, oh, no. That's terrible. We ought to do something else. So that debate will no doubt go back and forth, but it will surely rise as part of the economic.

MR. SOLOBAY: With all the recent development and the amount of money necessary to fund infrastructure, I think expanding that building and say only three or four slots is a little bit -- I mean given the problem. I guess and some of us may end up giving it later on during the county presentation. But the bridges that are smaller spans, shorter spans, I'm talking maybe 8-foot, 8- or 10- or 12-foot spans. I'm not sure what percentage that is that the state's responsibility. But the new method of construction, maybe not all that new, but the culvert style design concept versus putting a bridge on here. And sometimes a small bridge can be a million-dollars worth of expense, but yet you do it as a culvert earth style matter as long as

the opening is still sufficient to handle the water flow expected through there. It's a bridge over a stream. Would that not be a newer style consideration as far as costs, maybe two for one, as opposed to the traditional bridge construction?

MR. HOGG: Your point, I think it's an excellent point. We expect those considerations to be made as we're moving forward and we're trying to deal with less zero structures. What are the options that make most sense? Because we've got to make those kinds of decisions in order to meet the demand we're facing.

MR. MARKOSEK: Thank you. Representative Mark Keller.

MR. KELLER: Thank you, Mr. Chairman. Thank you, Secretary, for your testimony this morning.

Excuse me. This kind of follows up with -- with the information requesting. Deputy Secretary, you said you'd get the information on I-80 on repairs. I was wondering had you done one? I think you alluded to that earlier on I-95.

MR. HOGG: We're in the process right now of creating an offset management plan specifically

for I-95 because of how large the issue is, the demands that we face, the significance of that corridor. We're going to be very much challenged with meeting the immediate needs of keeping it in service, and then also trying to find the resources as we try to do the improvements that the folks need and we feel are necessary. So we have a team of people currently working on a specific asset management plan for I-95.

MR. KELLER: So you're in the process. You don't have the actual numbers yet; is that what you are telling me?

MR. HOGG: We have it, I would say, in pieces. We're about the business of looking at it globally. We had several construction projects. When you talk about I-95, you might hear a discussion that says, well, we're going to do this particular interchange area and there may well be 17 construction contracts. And we'll have those done between now and 2017. That's the large estimate. I've asked our folks to look at the whole corridor realistically so we understand in totality what all the demands are on that corridor.

MR. KELLER: And in your generality in numbers, would you say that -- that of all the interstates I-95 is probably the worse as far as structural repairs needed?

MR. HOGG: I don't know that I would say it's the worse. I think the configuration presents unique challenges in that an awful lot of it is elevated. It's up on piers and bridges, and so the fact that it's configured that way provides unique challenges and it's extremely expensive to try to repair.

MR. KELLER: It's probably the worst.

MR. HOGG: It's in the top of my list on concerns.

MR. KELLER: All right. Thank you, Mr. Chairman.

MR. MARKOSEK: Thank you. Seeing no other questions, gentlemen, thank you very much. You're certainly welcome to stay if you'd like. Might just bring the other folks up who are next on the list.

MR. BIEHLER: We'll hang out and see how all these guys do.

MR. MARKOSEK: Look over their shoulders.

Brian Allen, who is the Assistant District Executive from District 10; Dan Cessna, Executive Assistant from District 11, and Joseph Szczur, District Executive, District 12. Gentlemen, good morning.

MR. ALLEN: Good morning.

MR. MARKOSEK: It looks like Brian, I guess, is going to start on the presentation. Start when you're ready.

Do the members have the slides in their packets as well?

MR. ALLEN: Good morning. Again, my name is Brian Allen. I'm the Assistant District Executive for District 10. Our office is located in Indiana. And we serve five county regions of Armstrong, Butler, Clarion, Indiana, Jefferson Counties. We're also part of three planning regions which is pretty unique for us. It's made up of Southwestern Pennsylvania Commission, Northwest Commission and North Central Commission. We manage 1,629 state bridges with a total deck area of 5.7 million square feet, which is 5.1 percent of the overall state deck area and ranks us as the smallest district in regards to that

area.

This graph shows us a breakdown for district's bridges by the year of construction starting in the early 1900's. It emphasizes the spikes in the 1930's and 1960's and indicates that almost half of our district's bridges are over 50 years old.

This graph is a breakdown of bridges with a structurally deficient deck area by the counties within the districts. The numbers shown on the bar refer to the number of structurally deficient bridges. You could see how the counties measure up. I guess the statewide and the national average is shown by the horizontal lines on the graph which depicts all the counties on the statewide average of structurally deficient bridges. Our total number of SD bridges is 568, which is 22.7 percent by deck area and 34.8 percent by number. With Indiana having the largest number of bridges with SD designation.

This graph was developed in 2004 to project a statewide goal to reach 10 percent of SD structures by 2024. At the left end of the graph you can see the district had a spike in July 2007,

which was largely due to the reassessment of non-composite case of box beams, which was similar to the I-87 -- I mean I-70 structure collapse of 2006 and reinforced concrete bridges. Since July 2007 the tread line has started to go down. Some of the reasons for this decline has been a completion of some of our larger bridge structures in developing district-wide bridge preservation contracts that address scour, leaking damns and leaking repairs. The dash line on the graph shows the tread line based on current revised draft TIP. Also District 10's portion of the 411 list are the 19 structures. That reduces our overall deck area by 47,000 square feet, which is almost a percent.

Our first strategy to reduce the number of structurally deficient bridges is looking at maintenance and preservation to the keep our good bridges good. We have programed 5.2 million dollars for preservation to meet our portion of $100,000,000, the statewide goal per year expected if the funds come available. This work will include such things as overlays, damn repairs, deck repairs, beam repairs. Also as part of our programming we've also included bridges not only

preserve, but also remove SD designations from structures. The range where they are just about ready to go. They just went into SD. So do preservation which will get them back off the list.

Another strategy to improve bridges is to utilize replacement/rehabilitation of bridges. In the past years the district has completed one bridge replacement or rehabilitation per county per year. These are typically the smaller structures on lower volume four-digit state routes. They are not a high priority for contract work. Starting in 2009, the program will be expanded from one to two bridges per county per year. To complete this work each county has a bridge crew dedicated to performing bridge activities. And additionally Indiana and Butler Counties have also added an additional bridge crew. By doing this with the department force rather than letting contracts over the years, we have shown significant cost savings. In the past three years, we have completed 14 projects worth 2.8 million dollars. We estimate that that same work done by contract would be 4.7 million

dollars. We have realized a savings of almost two million dollars.

Moving on to big bridges. In the early 1990's the district started to program several larger structures identified as needed replacement. We recognized the need to progress these larger structures and programmed money on the TIP at the expense of doing small and median projects. In June of 2008 the last of seven that were started in the 1990's was let. That is Wayne Street Bridge. The parentheses show the year they are expected to be completed. As you can see most of them have been completed at this point. Eleven of our remaining 19 big bridges, SD bridges currently under design construction. Of the remaining eight, five are SD because of fatigue issues that have been retrofitted, so now they are stable, and at this time we have no immediate plan to take that designation off. The other three will be evaluated if updates are necessary. By the way, the total number of construction of those bridges is 88.

This next chart shows the district goals and projections for this year and the following

three years to assist in reducing deficient bridges. A draft TIP has been realigned with the governor's permission to reduce the number of SD bridges by 1145 over the next three years, and we've programmed a 100 percent of SD bridges except for the bridge preservation. Most of these structures will be smaller and midsize since our bigger bridges have already been addressed. To meet these goals the district utilized Act 44 funds to jump start the primary 25 bridges through open and work orders. We also utilized Act 44 funds for bridge preservation, rehabilitation on projects, approximately 14 bridges, plus scoured contracts that included 69 bridges. Additionally we also look to have projects ready in advance.

Now, in order to reduce the number of SD bridges, we must ultimately deliver the projects. The projects listed on the slides, this slide has been let since the beginning of 2008. In addition to these 23 SD bridges let so far this calendar year, we have an additional seven structures to be let by the end of 2008. In order to meet our goals, we're exploring new options for delivery. We have reallocated design staff from the highway

section to bridge section. We are starting to utilize more design-build contracts to expedite the matter. The first design-build project is part of an accelerated brick program starting in April. Again, we have targeted up to 28 additional projects for the design-build. The District is starting to group projects under design by location or structure types. There are currently two projects under design, one of four structures, the other with five. We have identified 11 group projects on the draft that will count six groups.

And lastly to close with District 10's report, our performance is measured to be sure that we're getting our commitments. On site is a sample of statewide perform measures put into place to meet our goals and ultimately reduce the number of SD bridges. Thank you, Mr. Chairman.

MR. MARKOSEK: Okay. Thank you.

Dan, you're next.

MR. CESSNA: Thank you, and good morning. I'm guess I'll start off here with a good example of bridge rehabilitation, the example in the City of Pittsburgh featured as the 31st Street Bridge.

Now, we'll go into the story of -- very similar as Brian shared -- the distribution of bridges by age.

As you can see over the years it was a big spike in the '30s, a lot of bridges built in the '50s, '60s, and '70s, and then scaled down unfortunately over the last 20 to 30 years. That describes our story. In fact our inventory is extremely old. We have 1790 bridges in the state which accounts for 14,000 or 14,813,000 square feet of deck area. That's the second largest inventory in the state by deck area. Again, many large structures in the urban region here. Distributed by age. About 31 percent of the bridges in Allegheny, 32 in Beaver, 35 percent in Lawrence are structurally deficiency for a district average of about 33 percent. This is when you count the bridges by count. That is a total of 604 in the district. Now, looking at deck area. This is a trend that we want to show since the year 2000. Over the past eight years the District has improved the condition of bridges when you look at deck area only. 33 percent of our bridges, by deck area, were structurally

deficient in the year 2000. A very large investment over the past eight years. That has gotten that number down to 23 percent, and improvement of ten percent. Similarly, looking back at 2006, we did a projection to attempt to reach the national average of 10 percent with existing funds. The best the district could do is about 18 percent. With looking at investing all of our Act 44 money, projecting bond funding and reallocating highway funds and bridges, there is a potential to reduce that number to about 5.3 percent, but not for 17 years from now to about 2025.

Now, our strategy for dealing with this situation, similarly I want to hit on some bridge preservation. Around the region we're spending about 25 million in our three counties annually on bridge preservation. That's keeping our good bridges good. We have 65 bridges recently completed or under construction. The bulk of those are on the interstate system on Interstate 79, 376, the Parkway East and the Parkway North. Additionally over the next couple of years we have two more phases of the Parkway East to complete.

We will spend about 40,000,000 on bridges. 579, the crosstown expressway and Downtown Pittsburgh and Neville Island bridge and ramp that we'll be continuing. To get the most efficiency with bridge preservation especially on our large expressways, we've combined the highway projects to take care of the efficiencies for traffic control. And, again, that's our biggest obstacle is that in repairing some of the bridges, especially in the urban areas, is dealing with the traffic and being able to close for periods of time.

Again, I'll talk about our big program. It's a significant component of the program. The upcoming TIP we expanded from about 53 bridges originally to about 120 with the additional funds. Rehabilitation of several of the large bridges in the area that's programmed over the next several years, and then preservation of some other major bridges to keep them in good condition. However the four bridges that we showed here, Liberty, Birmingham Bridge, West End, these are all candidates for other major preservation and rehabilitation that is currently unfunded. This

includes a look at about $100,000,000 worth of the candidate projects that we continue to have right here in the very large bridges in the region.

Our challenge is again about money. Four to 25 percent of our bridges are structurally deficient. 465 of those were on the two smallest networks. 339 structural maintenance priorities within the area, that's identified as needs for repair that we're working to schedule. 39 posted bridges. We need to let about 30 bridges in our district annually to keep our good bridges good, and maintaining a staff to do this. Similarly the other districts mentioned keeping staff members. We have about 33 folks, and we're currently expanding that with additional folks in our district that are dedicated to delivering the bridge projects. And keeping up with inspection work is a big tough challenge for us. How we're doing that. Looking at each of the individual networks, as I noted, a number of the bridges are on the smallest networks. It's a big challenge.

Again, we're working to get our interstates. The numbers of structurally deficient bridges on our interstates has reduced

dramatically over the past five years and it's projected to be as low as four at the end of 2010 for the projects that we have funded in the program right now.

Finally, some of our strategies for eliminating our maintenance priorities, as I mentioned we have 339. Tomorrow we let 100-percent maintenance funded contract. We're on demand repairs of maintenance priorities. We've used an on-demand contract for a number of years to assist with this, and we're trying a new approach, taking care of the bridges that we have just with general wanding and bridge maintenance. Our department forces concentrate on bridge repairs and we have four crews in three counties that do that 100 percent of the time.

Additionally because of Act 44 we have let a small group project and we've utilized our TIP as best possible, program necessary repairs. Just to continue on that, the strategies within the District that were utilized. Again, 30 structure deficient bridges per year is our goal. With the combination of existing federal funds, the Act 44 money and other highway money to

reduce the bridges. The high risk that is involved in the district, as again Mr. Hogg mentioned about the risk assessment report, was a vital tool in developing it and focusing on all components of the bridges in regard to deck, super, sub, and continuing to streamline the design process and reduce project delivery time within the district. We're also doing what we consider a limited review of the consultant to reduce the delivery time as well.

And finally just a few picture that indicate some of the strategies we're doing with that. Turn it over to --

MR. MARKOSEK: Okay. Thank you, Dan.

Joe.

MR. SZCZUR: Thank you, Mr. Chairman.

Folks, in this district we have the four counties that we are responsible for in the southwest corner of the state.

MR. MARKOSEK: Move closer to the mike.

MR. SZCZUR: Okay. How's that?

Good morning everybody. District 12 is responsible for the four counties on the southwest corner of the state, Washington, Westmoreland,

Greene, Fayette County. We have responsibility for 2360 structures. That puts us as the fourth highest in the state. What we would characterize as our district crisis, again, testified immensely after the collapse of the bridge on I-70 back in December of 2005. As a result of that the intensification and retooling inspection process. Plus the fact that we did our internal risk assessment and asked where else could we be at most risk? We were setting the stage for planning a program and elevating our program and increasing the amount of funding we had to bridges that we had previous, as opposed to what we had previously set up in the previous years. Down in District 12 a little bit over four years, when I came down our structurally deficient percentage was around 27 percent. Now as we stand here today, we currently have 719 structurally deficient bridges. To put that into perspective we have another 435 bridges on deck. They are right on the verge of becoming structurally deficient.

With regards to where we stand right now, we have some directly out of business. We began last March. This illustrates our family and our

portfolio in District 12. You can see that over the various colors of that bridges we have categorized in various categories, a red column, yellow column, which shows total amount of bridges we have in each of those categories. The amount of the bars colored in red are structures that are structurally deficient structures. Those in green illustrated roughly what we hope to be able to successfully deliver with regard to our present Transportation Improvement Plan that we have. You can see we have a long ways to go.

The next slide illustrates the same categories, but in a little different fashion. This is the deck area we have associated with the various types of structures. I'd like to draw your attention to the column on the right which are major bridges over 500-feet long. We presently have 34 bridges, 13 of those -- 14 of those are structurally deficient, rise to about 12 percent of our total structurally deficient deck area in the district. As well as to the other side of the chart, if we drew a line for bridges that are between 99-feet long, 100-feet long categories, which is also 12 percent of our

structurally deficient deck area. So we look at it and various categories in between. We presently stand at 33 percent of structurally deficient deck area in the district. Now, again, four years ago we were at 27 percent. Since then we have doubled the amount of bridge -- tripled the amount of bridges. And the investment from previous years actually gained six percent of structurally deficient deck area. And that's due to -- in large part to two factors. One is several major structures over the last four years, as well as -- this next chart which illustrates part of the answer to the question that we asked ourselves: Exactly why are we so much higher than the rest of the state with regard to the condition of our bridges? And what we realized is if you could see the decades of 1900 and 1950 that a lot of -- we had 100 percent of our bridges that were built during those time frames than on average the rest of the state. Which is illustrated in the yellow. As we sit here today, if you were to average out the average age of our bridges -- about 50 years old statewide -- we're actually -- the average age in our area is about 60-years old.

So that in tune puts us ten years ahead of the curve with regard to the structurally deficient percentage that exist. That also is near an average -- the average additional structure deck area that is added to the structurally deficient statewide increases. In our area in all four counties, we actually realize a year average of two-and-a-half percent. So, again, that's almost a one-and-a-half percent growth rate that we see.

So as we stand here today we have used the risk assessment and we superload the TIP after the first year after the Governor's Accelerated Bridge Program, we hope to realize out of our worst 200 bridges that we have that exist in the worst condition that if we're as successful as I know we would be between what we would be able to deliver through the Transportation Improvement Plan, plus complimenting that with what we're able to get to through the department forces, we hope to deliver, to replace about 150 to 170 bridges over the three- or four-year time period.

Next slide just emulates what District 10 and District 11 showed. The breakdown per county of the structurally deficient -- of the SD

bridges. The impact of our strategy ended up being with regard to the I-70 beam collapse. Right before that, as we were trying to get our arms around what programs to develop as far as a major bridge program, we were also putting our thoughts together about developing an expedited concepts and bill I-70. So from the incident we took and we learned what District 9 had done with the previous year, try and build the best value contract, put it to the test and improved on it. And we recovered from that collapse, replaced the bridge at North Main Street Bridge. The time on North Main Street -- that was the bridge where we demolished -- was similar to the one where the beam collapsed. We started construction on that in March of 2006 and we had a new bridge open to traffic before Labor Day. So we learned a lot about our capabilities and administering contracts. So as we recover from that and we run our risk assessment for bridges, down the path again of further expanding upon it.

Now, as we sit here today we have 34 of those bridges out bid and under our belts so to speak. We have been built or under certain phase

of construction. We think that is -- it has been immensely successful. We had a project last year which was an emergency project, Keystone Dam, SR1010, that in the fall of the year we had nowhere on the program as to that bridge. We had to react to an abutment falling in on a 100-year-old structure. We had a new roof replaced by the summer of that year, so we found a way fortunately to expand the process to figure out a way to deliver project in a much accelerated and expedited fashion.

So as we set ourselves up for the 2009 Transportation Improvement Plan, 75 percent of the bridges on the plan we anticipate to put out in fashion. Also as we set ourselves up for the delivery of projects 2009, we had to make some tough decisions. And that tough decision came in the fashion of actually diverted 50-million dollars of Federal, county dollars and all remaining Act 44 funds that remain a year ago, $40,000,000. So between two categories, millions of dollars worth of help to deliver projects.

The major projects, major transportation we have illustrated here in front of you. Monessen

Bridge actually to bid later this year. Freeport Bridge is on track to be bid in the early part of 2010. The Point Marion Bridge is actually under construction. And Masontown Bridge as well as the Memorial Bridge, I-9 Bridge and Trafford Bridge are all on the transportation plan. The County Line Bridge is in the upper right-hand corner. As a result of the inspection we did last year, we asked to invest a few million dollars of money to repair the substructure so we would not have to restrict I-19 North. The next chart illustrates the 13 or 14 structurally deficient bridges we have in the district. And real time dollars you can see that we had 354-million dollars today and replaces the bridge tomorrow. These bridges, again, comprised about 12 percent of our structures. So we had ways to replace these bridges. Our structures in that area would only reduce to 33 percent. So we have, again, Point Marion under construction. And illustrating in parentheses to the right the bridges that are in green. Other ones don't have a plan as we stand today.

So in summary we have targeted at least 40

bridges for rehabilitation or replacement problems per year at the cost of at least $100,000,000 investment of structures in all four counties on average per year over the next three or four years. We also are targeting 8 to 12 small bridge replacements, but it's actually 16 to 20 that the counties need to replace. We'll focus on the structures that -- actually ask ourselves the question: Does it have to be a structure in the first place? Some of them do. Some of them can be replaced with cross culverts and some of them possibly can be replaced with pipe systems based on hydraulics. Also invest six to eight-million dollars continually per year for preservation. We also have to maintain that flexibility to react instantly to an emergency when arising. And as we see in time our trends illustrated in red will show us trending down. Again, with the increase of structures which trends upwards of 2011 severally, the fact that at that time is when the TIP runs out and we do not want to anticipate any additional funding beyond that. Goes back to 20-some percent. That concludes our presentation. Thank you.

MR. MARKOSEK: Okay. Thank you. Boy, all three of you did a great job. Really pointed out how serious and how extensive and expensive our problems are with bridges just in three districts. Of course we have 11 districts, so I'm sure if we multiply what we saw from each one of you from that number it's easy to see what our problems are in Pennsylvania.

Any questions? Chairman Geist.

MR. GEIST: Just one quick question. How are we making out with all those professional slides?

MR. SZCZUR: With the professional slides?

MR. GEIST: Yeah, the hill slides.

MR. SZCZUR: When I first came down we had, as I got toward the area, unique characteristics in geology in our area. And the year after that Hurricane Ivan hit. As a result of the Federal help that we got through the Disaster League plus the contract help by the Secretary on some emergency funds, we've been able to make a big dent in the slides. So we had 40 slides on roadways that existed that were not addressed. So we were able to clean those up as well as from

Ivan. Now we're able to react on a case-by-case basis. We've been able to make great progress.

MR. MARKOSEK: Representative Maher.

MR. MAHER: Thank you, Mr. Chairman. And thanks to each of the three of you.

With the reprogramming from highway dollars to bridge dollars and, you know, a few years ago you reprogrammed from highway dollars to transit dollars, are we programming ourselves into a highway crisis just as over a number of years the state programed itself into a bridge crisis? It doesn't happen overnight. It's incremental and someone, I think it was Secretary Biehler, pointed out that there is some repairs that cost a shoe box if they are handled at a moment in time, but if left turn into very, very expensive projects. As I often use the example of a house. If there's a missing shingle, it may cost you a couple of bucks to replace the shingle. But if you neglect to the replace the shingle, then you ultimately have a leak in the roof and then you get all sorts of consequences that grow as time goes on and then tend to the maintenance that really could have been a missing shingle you now have a major

rehabilitation of the structure.

I'm wondering as much as we've reprogrammed away from highways year after year for one reason for another in all good causes -- and that's part of the challenge -- are we heading towards a highway and road maintenance crisis?

MR. SZCZUR: That's a very good question. I'm sure during our business time presentation the Secretary and the Deputy Secretary challenged us to do a good assessment on that. So as we invest -- take this time out in what has been traditional investment strategies, we were, I believe, trying to take a shot at seeing the impacts of that. So from a standpoint of our transportation improvement plans, we tried as much as we can, and we were successful, in trying to focus on maintenance. For instance, we still have the Veteran Program that we are incorporating into highway strategies as well as our standard practices for maintenance. Which, again, we have challenged ourselves and Deputy Hogg has challenged us to really intensify what it is we are doing from a maintenance practice standpoint. So as we see each standard today, all we can do is

project, and we think that we'll be able to continue to hold the line on our rightability indexes on all. But that has yet to be determined, particularly with regard to the fact of how much the prices have gone up over the last year. That eats away at our buying power with regard to the money that we have available. And, again, the challenge is on us to push ourselves and our organizations to further expand on preservation mechanisms. The President mentioned to Representative Solobay earlier, you know, we are getting a lot of cars which we reinvigorated that process several years ago. But it's a very necessary practice to help pull our roadway network together. Probably see some roadways that are traditionally getting that treatment, just purely out of need over the next several years, but we feel with regard to that we'll still be able to keep our thumb on the condition of our roadways.

MR. CESSNA: Not to repeat a lot of what Joe said, very similar strategy. I think with all of the highway money that we diverted in District 11, I think the bulk of the money was from

capacity projects so they weren't really necessarily maintaining existing roads. They were actually expanding them. But we, again, maintained our Veteran Program as well for highways. But the erosion of the dollars through inflation has definitely been impacting the numbers of miles that District 11 per year. But we've supplemented that with seal and dramatic increase in seal coats as well. But it continues to be a challenge. But, again, we are working to provide good maintenance.

MR. ALLEN: District 10, we are concerned with our highway program. We have had to divert a lot of the money towards the bridges, however knowing that we have looked at such things as seal coats and so forth. We have not been able to complete and maintain our Veteran Program, however we are looking at ways to increase the maintenance of our highways so we do not get in a situation of large repairs. So that's on our radar scan. Again, we're looking at ways to deal with the situation.

MR. SZCZUR: Just one more comment. You know, the existing blacktop that's out there. To

rehabilitate our road on I-70 is in the millions. District 1 to our north has had an extremely successful, implemented a extremely successful recycling program. We're looking at expanding on that, instituting those same programs in our neck of the woods. I know these other folks are looking at the same thing. Basically the I-70 work would be out of the way. Washington County, we're going to generate off of that project. We'll end up being able to do 40 miles of resurfacing on some of our secondary roadways in all four counties by next spring. So those are some of the techniques based on the success of our counterparts and has proven it's been very successful in implementing in our area.

MR. MAHER: I do want to applaud Mr. Cessna specifically with an example of that being Route 19 in the South Hills last year. Where fortuitously departments in your district and departments in your district, that means both actually got accomplished at the same time more or less. It was a terrific maintenance project, which I assume was using some of the recycled material at some point. I do also have

concerns -- and I'm not really asking you to respond to the concern -- but just to express for the benefits of the Committee about the compromise that's involved with starting off capacity issues. And I note over the years somebody once said to me there is no such thing as a bad project. In somebody's eyes they think it's a good project. And that's certainly realistic. But at some level we understand in Western Pennsylvania, and each of you understand that our appetite for economic development is huge. Our opportunity for economic development does not seem to be as huge, but it's a critical factor when we have towns that are growing, we have industrial sites that are growing, we have to be able to make sure to take care of the capacity improvements that are necessary to facilitate that growth before it becomes a cork in the bottle, and all the other offers made for an economic development basically come to a grinding halt. But I know you guys get ten pounds of sugar from only a five-pound bag. But some way or another.

MR. SZCZUR: Is there any happiness quotation?

MR. MAHER: Not necessarily in Pennsylvania, but anywhere else in the nation. And we're trying to sort through these different projects, whether it's transit or bridges or highways or maintenance capacity. I want to look at something. I'm not meaning to pick up on it, but the top structure in District 12 on bridge, in terms of costs of the Masontown Bridge. And Masontown is a fine town, and I know the bridge. I'm curious. Do you know what the ridership is on that bridge?

MR. SZCZUR: Average on Route 21 in that area is about 10,000 vehicles a day.

MR. MAHER: So if we have a 72-million-dollar construction project in today's dollars, if people were paying a toll of a dollar to cross that bridge, forgetting the cost of interest or anything else, how many years would it be before -- and I can guess the reason I'm putting a toll concept is maybe that a proxy for how much happiness people get from the improvement. If they are not happy enough to be willing to pay for it, it's not a lot of happiness. Some of these bridges might be a

little annoying to folks, but spend 72-million-dollars for a bridge that services 10,000 vehicles, it takes a lot of time before the happiness adds up to $72,000,000. Do you know anybody in the country whose tried to sort out? I don't know how you'd do it, that's why I'm asking you. No?

MR. SZCZUR: Well, I'm not aware of any. You made a good point. The Marion Bridge which is under construction right now, part of the history behind that bridge is it was a toll bridge used to be on that bridge and people actually paid a fee.

MR. MAHER: Yeah.

MR. SZCZUR: The challenge was -- that project is a good example, we could actually do that bridge and nothing else based on the money that is allocated to Fayette and Greene County. We're continually trying to put -- trying to strike a balance. We don't want to totally pull it away. There is a slew of intersections and areas of highway that are safety concerns that we also need to get to also. That's the challenge.

MR. MAHER: Absolutely. And you've got your work cut out for you. Appreciate it. Thank

you.

MR. MARKOSEK: Thank you.

Representative Mark Longietti.

MR. LONGIETTI: Thank you. Mr. Chairman. And thank you for your testimony.

And representative Maher pretty much asked my question which was the same question I had going through my mind. Ask you to elaborate. District 12, you mentioned about flexing $50,000,000 in Federal money and using all three million from Act 44 to address the bridge problem that's become more recognized. Where would -- you know, if this bridge problem hadn't become so significant at this time, where would have those dollars been spent?

MR. SZCZUR: Well, Dan had mentioned earlier that those federal dollars would have went to congestion relief problems, safety projects that a toll lane, Westmoreland County, particularly to that. The Act 44 projects -- initially when Act 44 was distributed, we were going to possibly split that 50/50 on roads. So that $40,000,000 is remaining on what we had originally intended to use on resurfacing many

miles of roadway in our district.

MR. LONGIETTI: Thank you, Mr. Chairman.

MR. MARKOSEK: Representative Tim Solobay.

MR. SOLOBAY: Thank you, Mr. Chairman.

I'd just like to say no matter how many dollars you can get, you can't get enough in District 12 to get what you need to keep that going. I guess where I want to go with this question is kind of something that is coming on the horizon and something that will effect all three districts. Often times we ask you guys to come up with solutions on problems that we can maybe do to help you with, a legislative thing, informational fair concept that needs to be set forth. There is a phenomena occurring in Western Pennsylvania that I didn't think it's going away in the near future. As a matter of fact I think it's going to create and enable a lot of economic development that Representative Maher was discussing that is coming down the pike. But along with that economic development and that excitement of what's happening is going to be, I think, highway headaches for not only the state roadways but also on the township and borough

roads. That's a full issue with the Marcello Shell gas exploration that's going on. We hear it constantly from a lot of our township officials that roadways have been set up for passenger vehicles, that maybe an occasional tanker or something like that, are now being inundated with these large rigs and tri-axle trucks hauling in stone and rock. The whole concept is making this happen. As great as that hopefully is going to be for the Commonwealth and for the landowners and gas prices and everything else related to it, there is that factor that's going to occur that is going to be detrimental to our roadways. Joey and I talk earlier before the meeting. It seems to be an informational piece, something that we need to do in conjunction with other agencies to make sure you're aware of what's coming down the road.

Is there something that you can relay on to us now that would be the best option or the best steps that need to be taken so everybody is aware of what's happening so that things can be done ahead of time instead of having to deal with the process afterwards when you have collapsed roads and everything else because of the overweight

vehicles that are now going to be working these country or rural state routes?

MR. SZCZUR: Representative, you know, you alluded to what we had talked about earlier. You know we have entire Western Pennsylvania. I'm sure you understand in your area in District 9 to the east, you know we have had that phenomenal boom. In fact, Deputy Hogg and I were able to spend some time in our neck of the woods and we were able to get off the major roadways. And almost every farm, field and path has a gas well. It's just amazing. But in Greene County in particular this past year we have seen an immense amount of drilling and pressure. In fact, there's a local bridge that collapsed. You might have seen that in the paper as a result of a 3-ton local bridge that a loaded tri-axle over 80,000-pounds of hauling aggregate to a road they were trying to get ready for this gas drilling. That is one of the by-products of somebody not paying attention to the bridge. Also the damage to the roadways is immense. What we found out earlier -- we touched on this in the business plan -- is that when we are communicating with the

Department of Protection, we need to figure out a way. It seems like from an initial standpoint, they did the applications from whoever the drillers are, gas companies, but we need to figure out a way to be out ahead of that. Because right now our district is the recipient of some of these drill -- heavy equipment going on roads that we don't have bonds or posted. And it would actually be nice to go out and actually post these roads. As they are causing damage to the roads, sometimes the roads and the companies are hard to deal with and sometimes they are not. And so this is a work in progress. So that would be one of the things that we're trying to do currently to figure out a way from a communication standpoint to be out ahead of where the gas drills are planned so we can go and do an assessment of the roads. Protect ourselves, protect our investment.

MR. MARKOSEK: Okay. Thank you.

Seeing no other questions, gentlemen, I want to thank you all for attending here this morning, taking time out. Mr. Secretary, Mr. Deputy Secretary as well, thank you. You're welcome to stay, but I know you're all busy, so I

appreciate it. We appreciate it a lot. Thank you very much.

Our next person is Mr. Jim Smith of Merrill Lynch. Jim is the Managing Director and Head of Transportation/Infrastructure. Jim was good enough to come in from New York City and has to go to Denver tonight.

MR. SMITH: That's right, Mr. Chairman. Thank you for asking me to attend.

This is a very important concept. It's addressing the needs across the country. Pennsylvania is no exception. We've heard from previous speakers how much infrastructure needs there are in the U.S., and specifically in Pennsylvania. It's a serious problem that's being addressed both at the state and the federal level. What I've attempted to do in terms of preparing my remarks for this Committee is to address the global problem, and then be specific on some ideas that have been implemented and are currently being developed for states that have similar problems to Pennsylvania. Specific to the bridge problem in Pennsylvania as well.

We are seeing infrastructure needs across

the world and in countries like India and other Asian countries, across Europe, South America, there is a rapidly growing concept that the funding of infrastructure, specifically transportation infrastructure, is being met more and more by the private sector. In the U.S. we've enjoyed a long history, not long relative to the time span that other countries have been trying to develop infrastructure.

For the past 50 years or more we've used a concept in the U.S. of funding transportation infrastructure through a variety of methods. The different methods that have been used, it's good to review them because there is no panacea. There is no one funding mechanism that will address all of these needs. That much we have seen in every state. And the purpose of addressing the different types of funding mechanisms is to realize that they need to be looked at together. The most common funding mechanism has been taxes. The taxes that go into your general fund budget include income taxes, sales taxes, fuel taxes, other types of taxes, that get reallocated on the budgetary basis -- both at the state level and

county level, city level -- whatever government entity is looking at the general found. All the different funding sources that go into the general funding will get allocated to a budgetary process. I'm sure everyone is familiar with that process.

The other type of funding mechanism is user fees. The most common that you're familiar with is the tolls, such as the Pennsylvania Turnpike. Across the country some states have a variety of toll roads, other states have no toll roads. So depending on which state there is a different approach to funding transportation infrastructure.

In Pennsylvania we also use oil franchise tax which is not collected at the pump, but at the distributor level. The registration fees have been used to fund a piece of Mon-Fayette Expressway Project. There is different types of user fees which have a closer match of the user and the payer transportation infrastructure.

In terms of the Federal Government, the Federal Government has provided some funding through the collection of the gas tax at the pump. It's taken back to Washington as addressed earlier by one of the speakers and then gets reallocated.

And most people look at that because the concept as mentioned earlier that some states are donee states and some states donor states. So the gas tax has met with some resistance, because a variety of problems adhering to the reallocation process. Some people think it is political. Some people think it's unfair. Obviously if you're a donor state you're going to think it's less fair than a donee state. This has caused probably the biggest opposition to raising the gas tax to a level sufficient to fund infrastructure. Comparative analysis has been done by the U.S. DOT and other transportation groups, and if the gas tax was to be raised at the Federal level, to fund transportation needs across the U.S., the estimate is that you'd need to get a gas tax alone of up to somewhere between three and four dollars, making the price of a gallon of gas in this country somewhere between seven and eight dollars a gallon. So obviously the political will is not there to raise the gas tax. That's collected by the Federal Government and reallocated by the Federal Trust Fund. The FTA governs the transit, and the transit funding is also not sufficient to

fund all the transit needs in the U.S. Most of the transit is funded similar to the way it's funded in Pennsylvania, although other states use a sales tax.

As Representative Markosek mentioned, I'm supposed to head out to Denver. They have a big focus on involving the private sector in funding needs. And what they've done is increased their sales tax, authorized by a voter referendum, to generate up to 4.3-billion dollars worth of funding. The other states, the entity was Dallas Area Rapid Transit. They've done a 700-million dollar borrowing. It's secured solely by sales tax. So sales tax is a common method of funding transit in the U.S. In Pennsylvania there was a model put in place many years ago that was secured by different basket of revenues and taxes. After deregulation occurred that was harmed by the decrease in revenues into that basket and impaired the ability to fund transit. There is a lot of discussions I'm sure you're aware of in terms of how to make up that deficiency. No one has come up with a long-term solution. But it is still a need in Pennsylvania. Those are kind of what I'll

call sources of funding for funding transportation infrastructure. There is others. Those are the main sources that we see in the U.S.

One that's not mentioned obviously is the private sector funding. The private sector funding is increasingly a part of the funding mechanism, but the investors, the people who lend money by buying bonds and people who lend money by putting their equity at risk, they have a different motivation than the taxpayers or users. The taxpayers and users derive a benefit from the transportation sector and obviously there has been some correlation between how much tax people pay and how much tolls people pay and what benefits they get back from the transportation infrastructure.

In the private sector they are looking for a return on their money. Either a equitable return or a fixed-rate return on a debt investment. Either way they have to see the value in terms of why they would invest money, and the reason would be that type of return. When we look at the other side of the equation from the sources of funds and uses of funds, where do these uses

occur? Obviously the roads, as you are familiar from driving the roads, bridges, transit, those are the main types of transit for infrastructure. The new roads don't exist Point A to Point B. Replace or rehab. The roads do have a dire need in working with all the engineering officials. There is an estimated life, and depends on what state. The southern state roads will last longer than the northern road due to treating the roads and the salt erosion, the roads don't last as long. So you have the different costs in terms of rehab, replacement lifespan of a road. The maintenance is another category of spending. Obviously from terms of borrowing, the borrowing makes most sense for new projects or replacement, projects. It doesn't make sense for the maintenance, although it has been done in some cases. It's not the best matching of the debt-life of the debt and the nature of the project.

The life of the project in terms of borrowing. That's really kind of what our specialty is. How do we raise the capital through borrowing the investment of equity? My

recommendation is the cost benefit analysis be performed. When you're looking at individual projects for purposes of borrowing, the pay-as-you-go refund. And all pay-as-you-go doesn't achieve near the term benefit.

Also there is a couple of things that I mentioned previously. I'll mention again. One of the cost construction test. We focus on the cost of the construction index. Because when the cost of a project increases over the life of implementing that project and you're paying for that project on a pay-as-you-go basis, does the increased cost by stretching that project out over a longer period of time, does it end up costing you more than if you accelerated the funding into a much shorter time period and borrowed for that funding?

Obviously, there is an interest rate component when you borrow money. When you look at taking a project that might be funded on a pay-as-you-go basis from federal highway money, if that is 10, 12, 15 years, and you are able to borrow against the reimbursements from the Federal Government into a two- or three-year period,

couple things happen. One, you eliminate the escalation of those costs in the future because the cost of construction index is increasing at a faster rate than the rate of borrowing the interest rate on the bonds, then obviously you saved money. The other thing is economic development. This is a hard item to measure. Why it goes back to it being critical as to which projects you borrow for. If you borrow for a project that is a good economic development measured by the return that it provides the Commonwealth, and you're able to achieve in some cases a third of the return until the project is finished and you've waited to complete that project for 10, 12 years because you're doing it on a pay-as-you-go basis, then you're not receiving that rate of return from the economic development impact for the same period. If you are able to be shorter, then you're receiving the economic development. Economic development in a much shorter time frame for all of those years. You would have no economic development return. You're receiving the cast and change from paying for the interest on borrowing.

MR. MARKOSEK: Hold on. Okay. Thank you.

MR. SMITH: Just on one contrast between what's going on in the U.S. and what's going on globally is the countries outside of the U.S. are further along in terms of involving the private sector and bringing projects to the market, such as the Pennsylvania Turnpike revitalization concept. We are -- we don't make a policy position on whether privatization or public-private partnership is a good public policy. Those are issues that you decide. We don't really get involved on whether that's good public policy. But when a government decides that this is a project that is good public policy, what our role is in these projects is to implement that public policy through the most cost effective and optimal funding solution. So what we see in other countries is the private sector being much more involved in terms of leasing the right to operate and maintain these toll roads in exchange for the collection of the tolls. That concept is further development for other countries.

In the United States there has only been a couple of projects done that that concept has been

successful. It's the Chicago Skyway and the Indiana Toll Road. There was a project in Texas, State Highway 121, where the Texas Department of Transportation had completed about 50 percent of the road that went to North Dallas to DFW Airport. And the concept was a hybrid, where they offered to the private sector the right to operate and maintain and collect tolls on the piece that had been finished, but in exchange they had a responsibility of building the other 50 percent of the road and completing it. So it was a 27-mile stretch of road at the end in exchange for upfront payment. They conducted bids. The bids were successful in terms of giving the Texas Department of Transportation an upfront payment that they felt was adequate and cost effective. And the requirement was the bonding of the -- or the completion of the rest of the road. What happened at the end of the day was the legislature decided that the private sector would not be the leasee. They turned it over to the local tolling agency in North Texas, North Texas TollWay Authority. And they ended up being responsible for an upfront payment for a similar amount to Texas Tollway.

And they also had the responsibility for completing the road. So it went from the concept of being a privately developed road back to the public sector.

The analysis that was done was that in order for the tolling agency to provide a similar or slightly better payment to Texas Tollway that they had to use the revenues from all of the existing roads as security for that borrowing. There's a trade-off between how much value you're able to extract and versus how much capacity you have to give up for future borrowing. So that analysis will be ongoing as to what happened in Texas and the Texas legislature. Something similar to what you were doing in terms of analyzing what role the private sector should have in funding transportation going forward.

When we look at bridges, specifically there are certain bridges in Pennsylvania that are toll. As far as I know the bridges that toll are really the ones that span the Delaware River, Walton Bridge, Ben Franklin Bridge, Betsy Ross, and I know there are some others. And that within the states I'm not aware of any toll bridges, but when

you look at bridges and you say you are getting from a specific point on one side of the river or a span to a point on another side, where a collection of traffic and management of congestion is, you can derive a benefit of more than just a collection of tolls. So when we look at bridges across the country, in terms of which bridges are toll, there is a clear matching of the tolls with the users. There becomes less of a political discussion about whether or not the beneficiary of that project is being paid, is being compensated or paid for by someone other than the user. But once again these are policy objectives that, you know, when we look at the funding mechanism is we're here to implement the most cost-effective strategy.

By contrast the program that was mentioned earlier by Secretary Wheeler in Missouri is could be the attempt going forward for a lot of the projects in the U.S, and a lot of states are very interested in what Missouri is doing. When I spoke to Representative Markosek, there is an interest in what Missouri is doing right now and is in the process of completing. Missouri had,

like, 800 bridges that were in a state of disrepair and needed quite a bit of funding. Some were in the neighborhood of ballpark estimate of a billion dollars to repair these bridges. The State of Missouri has no tolls on any of their roads and they are opposed to putting tolls on roads, so the funding mechanism that was offered up by the Secretary of the Department of Transportation, which most people have spent a lot of attention nationally because it's thought to be a good funding mechanism, solved the problem in Missouri. The problem is that someone has to pay for it. Whether it's today or tomorrow, any type of funding of transportation structure needs to be paid for at some point in time. There is pay-as-you-go, which is paying today or borrowing and paying over a longer period of time. Someone has to pay and that's why the part of the cost benefit analysis is so important to determine the benefit you're getting today versus the cost of borrowing is critical to that decision.

In Missouri the analysis was that if they could get a single contract with a consortium that would not only repair the bridges and fix their

bridge problem, but also enter into a long-term maintenance contract, then they would have taken care of a long-term problem not just a short-term problem. One of the biggest things in the rate indices focus on, any time there is borrowing for transportation infrastructure is not just what is the cost in paying it forward and can you afford to borrow, but either the addition of people to build new roads and new bridges, those bridges are going to wear out at some point in time and maintenance constitutes an increase.

That's one of the biggest discussions that we do in the rating agencies is can you afford not only the cost of borrowing of a capital project, but can you afford the maintenance over the longer period of time? And whether it be states in the north or south, that concept is always involved in the rating agency discussion.

So in Missouri the concept that was offered up was to go out for bid and ask consortium to bid on a contract that was very detailed in terms of specifications of rehabing and replacing some of the bridges, about 800 of them in Missouri. The period of time during which that construction was

estimated to occur was during five years.

So during the five-year period the contract would repair all the 800 bridges. There would be no payments by the state during the first five years. So the state was basically -- what some people thought was a free ride, but like I said there is no free ride. The cost of the carrying or the cost of capitalized interest was being borne by the private sector. So if the state was to go out and borrow the money and in theory they weren't getting the benefit of the completion of those projects until the end of five years, then it would be the state who bore the cost of that borrowing. What the state did was reversed that and turned it over to the private sector, so the private sector will need to go out and borrow all of the money and take the risk, and that the state will begin making payments at the end of five years. The state is making what's called availability payment.

The concept is really not the newest concept in the U.S., but it's taking hold in a lot of other states for bridges or similar projects which are being built under this concept. Where

instead of the state going through the normal procurement process and bidding out the contracts and paying for immediately on pay-as-you-go basis through the capital budget, what the states are doing, they are using availability payment structures. They are turning the whole financing responsibility and the design responsibility over to the private sector. So the state only begins making payments once the projects are available. What that does is it takes away the construction risks to some degree. It depends on the negotiations and specifications of the contract.

To the extent that the private sector is signed up to complete a project like Missouri, they have to complete the project of all 800 bridges to the specification by the DOT before they'll be receiving any payments. In addition, after the five-year period they will be responsible for maintaining those bridges for the next 25 years. So you take the first five years of construction plus the 25 years maintenance, it's really a 30-year contract to rehab and replace some of those bridges and then maintain them for the next 25 years. That leaves the State

from that responsibility. That's where we got that public policy objectives. Some people argue it's the state's responsibility. The state would maintain that responsibility or we take that responsibility. Some people argue that the private sector produced more efficiently through one contract, because you'll end up having the component as a scale. There's -- there is a problem when the projects are so small and the administrative details of bidding out the 800 projects versus one project. Thinking was that you were solving a problem. You're solving 800 problems simultaneously.

And in this case what we have is local contractors who will provide most of the -- the bid already occurred and there is a contractor in Saint Louis and contractor in Kansas City that teamed up with Zachary, which is a huge national construction company. So it was a consortium. It wasn't one company. What they ended up doing was making sure that you are using a lot of the employment already in the state. So you're not displacing -- that's always a big concern when you are talking about the bigger projects whether or

not there is enough labor, whether or not there is enough material, what they call metal on the ground. These are engineering construction concepts that I'm not that familiar with that. But in working through some of the objectives, some of the public policy objectives in terms of funding, sometimes there is a fear if you get too big of a project, you'll dry up the labor market, available -- construction equipment that's available and it's going to draw from out-of-state sources and you're not going to be able to source from an in-state source.

When we look at these concepts in Missouri, they are still going to use the local construction companies. It's wrapped by a larger construction company that has the financial wherewithal. The lenders are taking the risk that this construction project will be completed on budget on time, and that when the project's completed the state will begin making payments on this contract. And that's the nature of the availability payment structure.

Like I said, this project is being rolled out to a whole lot of states, and will be rolled

out to many more states as kind of a template as to what may be one way of -- one alternative. Some states are going to take a look at what Missouri's done and modify it and maybe change it to fit their own public policy, which is fine. The concept is it has to work for both the public policy objectives and it has to work for the markets. Like I said the investors don't have the same incentive objectives as the users or the taxpayers. They are going to make their investment decisions based on whether they can get an adequate return for the investment they are gambling on.

Other than Missouri, there is a couple of other projects which are of note. I-595 in Florida, which is a road that runs east-west south of Fort Lauderdale Airport. That's not a project we're involved in. And the concept there is to -- it's State of Florida DOT. It's turning over, like Missouri turning over the construction, the design, the completion of the project, the financing to the private sector. And once the project's completed, the State of Florida DOT will then begin making payment but not until then.

This concept really in general is really an ability to transfer the cost of carry and some of the construction risks to the private sector. Like I said the analysis needs to be performed as to whether or not the benefit is sufficient to pay for that cost. Capitol Beltway is probably one of the largest projects that's being completed. Was a 1.8 million-dollar project where some people believe it's the most congested point on the east coast and that's around Washington D.C, Northern Virginia area. That's going to be expanding the lanes on the Capitol Belt.

A couple of projects that I won't go into detail on Pennsylvania Turnpike. You're familiar with that project. But another is Alligator Alley, also in Florida, which connects the east coast and the west coast, the southern part of Florida. That's also known as a concession project. The biggest problem is in the whole public partnership arena is facing in terms of public opposition is in some ways misunderstanding of the private sector's involvement in these projects.

There is no sale of a road as is often

reported by the media. So the media when they describe some of these private public partnerships, they provide a description that might lead some people to believe that the state is selling its road. And then people contact their representatives and, you know, who are opposed to such a foreign investor coming in and buying a state's asset, when in reality the concept that was developed in Chicago and Indiana was really a lease. At the end of the lease the state receives control of the road back. During the lease they have the ability to, if the terms of the lease are not complied to, well, they end the lease. And most importantly the road, the land underneath was never transfer of title. The state retains the ownership of that. But because of this either misunderstanding or lack of understanding of the concession model, the availability payment model, it seems to have caught on in many states. The states that are pursuing this include Florida, as I mentioned several projects. Georgia is looking very closely at this. South Carolina, Virginia. These are states that have legislation on their books

authorizing these types of transactions and these types of funding and there are many other states that are looking at doing similar projects.

In transit, which I want to get into detail in terms of bridges, but the transit concept is also being looked at very closely. There is a project in San Francisco for what people are calling the Oakland Airport Connector Project, be administered by BART. That project was also availability payment structure where the connection between the BART System and the airport was to be connected through a people-mover. BART was going to hand that over, the responsibility of the design, the construction, the financing to the private sector. And then the concept was that they would not begin making payments on that project until it was completed. There were some ridership parts that the project had to be successful and a certain amount of ridership. So the private sector was taking some risk that the ridership would be sufficient to pay for the project, which is a very novel concept in the area of transit. The problem with transit in the U.S. is that there is a real deterrent to raising the

fairs because you'll lose the ridership. And it's not very elastic.

Houston Metro is underway with a 200-million-dollar project. Very similar concept. CTA in Chicago is looking very closely. They have a bunch -- they have several discussions going on with the private sector, even away from the construction of new projects, even to smart car technology, how the private sector would fund that whole concept? As I mentioned Denver RTV is hosting a forum tomorrow to specifically discuss private partnerships and how the private sector might help them fund their project.

I'll open it up for questions. Then certainly I might -- my presentation on funding transportation infrastructure and public private partnerships as it relates to other states, and we'll look at capital projects similar to the bridge problems.

MR. MARKOSEK: Okay. Thank you, Jim. Boy, a lot of information there. A lot of good information. I just had a real quick question about the general markets. You know, you work on Wall Street and can you give us, you know, your

prediction, if you will, analysis where the markets are going here? I mean, are we going to -- this is an impossible question to answer, but I'm just curious. The interest rates, et cetera, can you just talk a little bit about that?

MR. SMITH: Yeah. I think right now the interest rate market, you know, interest rates are relative to fairly low, however the credit markets are very difficult. So even though the interest rates are very low, the access to capital is still met with some difficulty. When you look at projects for public-private partnerships whether the private sector will invest their money, what they are looking at is a more stringent debt-to-equity ratio than would have been available at the time the Chicago Skyway Project was done. When we look at the Chicago Skyway Project in particular, it's a very short span of roads, seven or eight miles, and the price it fetched was 1.85-billion dollars. When you look at the amount of equity that was supplied, it was a relatively small amount of equity relative to the amount of debt that the project supported.

Similar concept with the Indiana Toll Road. When you look at today's market, the credit side of the equation has caused the debt market to not be able to lend as much. And that's the real impairment of being able to go out and leverage the revenues from the project and extract a greater purchase price, if you will, for an upfront payment.

So it's not that the interest rates are high or low. It's the leverage that the credit markets are willing to offer. When we look at the whole problem with the credit markets that might have been average sub prime mortgage markets, the CEOs and CMOs and different types of debt instruments that were -- are now in a state of uncertainty in terms of their value. The concept is liquidity. And liquidity is what keeps markets moving. So right now there is a lack of liquidity. There is a lack of available money for less than high-grade pay dirt. When we talk about these projects, these projects usually achieve the low end of the investment rate scale. So you're talking about a triple B rating, be a double A rating at the low end of the scale. And then the leverage in theory would have been supported by

subordinate debt which might have been non-investable.

What's happened is the willingness of lenders to lend at good interest rates, low interest rates for lower than investment rate paper is brought up. What we don't have right now is we don't have the access to capital. We don't have the liquidity in the markets that will support highly leveraged transactions that could get funding at a high enough level to make the cost benefit analysis worth while. Looks like going forward, if you want to look at the markets optimistically, the markets are resilient and this will work itself out as most markets do. You'll go through a series of breakdowns, which every company has looked at it, and you will get to some level where the assets have been written down to the level that is commensurate with their value and so people believe that that debt might be below their value. The assets that are securing these debt instruments haven't gone away.

If you want to look at it optimistically, the market should turn around and that value should be able to provide the additional liquidity

that's necessary to keep the markets moving. The liquidity that's available in the markets is supplied by the investors willingness to invest. It's pretty obvious. It seems pretty simple. But if there is not confidence that the investors will get a return on their money, then they're going to keep their money safe. They're going to keep it in money market instruments. They'll keep it in very safe relatively liquid investments, and that will create a little bit of a deterrent for investors to invest in these types of projects which would give infrastructure better leverage and be able to finance more.

One thing of note that the infrastructure funds. Infrastructure funds, there is an estimate the infrastructure funds that have been funded by the various financial institutions where private equity investors put in their equity to be invested in such projects for somewhere between four- and six-hundred billion. When you look at that as equity and you add to it a normalized debt component, you're talking about a huge amount of funding that's available. The concept is that they need to have a certain return in order to be

able to risk their equity. So the markets are going to be -- are going to be enhanced by the greater access to capital and greater liquidity. And if the market is resilient, rebounds, and that is what we should have going forward. And you should have access to this capital.

MR. MARKOSEK: Okay. Thank you. Seeing no other questions, Jim, thanks. Appreciate it. Safe journey.

MR. SMITH: Thanks.

MR. MARKOSEK: Okay. Doug Hill has been very patient. Doug, welcome. Doug is with the County Commissioners Association of Pennsylvania; is that correct?

MR. HILL: Thank you, Mr. Chairman.

MR. MARKOSEK: Thank you.

MR. HILL: And the hours is late. You have my testimony. I'm not going to read that. I would like to just highlight a couple of things and maybe respond to a few comments that were made by others.

As you know, I'm Doug Hill, Executive Director of the County Commissioners Association, Representative also to the Counties of the

Commonwealth. And I'm also here today informally, I suppose, on behalf of the other municipal groups who have been working with the partnership on transportation issues over the years, and most particularly the Association of Township Supervisors.

Mr. Chairman you started out this morning citing the Post Gazette talking about this not being a sexy issue. I'm going to be singing the same song. It's not sexy either. If you remember, if you heard my voice, you know it's true. Our song, though, just has two notes. One is to talk about the specific needs at the local level, and the second is to talk about the need for us to be at the table when these discussions are taking place.

The Transportation Funding Informed Commission identified about one-and-a-half-billion dollars annually in local need for infrastructure that's currently being funded at the county level by about 32 million dollars from a half-cent gas tax, about seven-million dollars over franchise tax, and about $5,000,000 under Act 44. At the municipal level it's about $280,000,000 in fuels

and franchise taxes. And I think about another 39,000,000 or so. The remainder, to the extent we are able to fund, it's coming from the property tax. When you had the discussion today, talked about funding the source of transit, there is no mention of property tax. It is a vital component and certainly is a significant portion, about 75 percent, of what we spend in the local level on local transportation and infrastructure is from property tax.

So our issue is to try to find other sources of funding that meet our needs and to come from sources. Perhaps the sources are driven more, a little bit more by those who use the infrastructure. At the county level we have more than 4,000 bridges. About a third of those, again, identified as structurally deficient. If we were to undertake a true capital project for all of our bridges and if you had a $2,000,000 cost to replace each one, and do all the math, what you would find is even on a 75-year replacement schedule we should be spending about $112,000,000 a year on capital costs alone. In fact, we are spending about 75,000,000 a year on

maintenance cost and about 30- to $40,000,000 on capital costs. So we are very much beyond.

Like the Commonwealth, we have an average age of our bridges in the realm of about 48 years. And many of you, in particular in the central part of the state, if you toured your county you would find some cast-iron bridges, stone-arch bridges that are out there, structurally deficient and certainly functionally obsolescent. We share that critical need.

We have not been bashful about stepping up to the plate either to take some of the political heat to find a solution. Our association of township supervisors and others have called for increases in gas tax or increases in equity and other increases in funding. Of course this has been done in public, done in front of the cameras, and we'll be happy to share the stage with anyone to do the same because we think the need is justified and we think the public doesn't understand it. The polling we've seen over the years says the public understands or at least has an understanding in additional access between gas taxes, license fees and the maintenance and

development of our infrastructure, and we know you have an understanding of many of those dollar amounts at the local level.

The second note of our song is to keep us at the table. The transportation commission charge didn't even include discussion of local infrastructure. We had to fight to get included in the report. We had to fight for the inclusion in what ultimately become Act 44. We tried to get involved in the discussion this year on the $50,000,000 bond issue for bridge repair. That is just state bridges at this point. The Secretary understands our issues, understands the relationship with the local infrastructure, yet when all of the media reports are made on state -- state needs, we continue to talk about 6,000 structurally deficient bridges, those are all the state bridges. If you take the measles map, if you take the measles map and you add our structurally deficient bridges, you add about 15 percent more dots from the counties. Probably 15, 20 percent from the municipal level. So the need is very real there and the need to keep us at the table is equally important. And so that's --

that's really the short version of my message today.

A couple of things. I did include for you a chart that some of you have seen before on bridge counts by county. That's divided between bridges over 20 feet, which are Penn DOT, and those under 20 feet, which are based on the surveys of the counties. We also included the structurally deficient counts, so that gives you some additional statistical background.

The other point of interest collum that we include there is bridges of 1,000. Bridges of 1,000 population. Because one of the things you will find is there is no correlation between the size of the county and the number of bridges for which the county is responsible. By way of example, Philadelphia is around .28 bridges; Allegheny is .41; Mercer is over two; Greene County is well over two. We think there is political and topographic and other historic reasons for that disparity, but the bottom line is it's not something that matches county resources and certainly not something that matches county demographics.

There are a couple of other things that I wanted to respond to that were raised today in no particular order. One was relative to the Marcello Shell. And it's a little bit less of a county issue, although you've heard about an actual bridge collapsing or the potential because of weight restrictions. One of the issues the townships want brought up is that their bonding department has a limit put in place -- I think back in the 1980's -- $12,000 per mile. Certainly insufficient to replace a road that was damaged by the excess weight on one of it's roads. That's something you probably need to address.

Talked a bit about economic issues department issues. I think that gets to the point that I was trying to raise about the unrelatedness of the system. You could have the best arterial highway system in the nation, but if you don't have collectors in the local roads to get the materials to our manufacturing industries, to get goods to market, to get our citizens to work and school, the system simply isn't complete. And we're responsible for that major part of the system. There are a number of things that we

shared with the state. We share the significant problem of our dollar buyingness. You heard the secretary's comments about asphalt and steel, add to that the recent Supreme Court Decision that says most of our maintenance problems now are failing under weight requirements, add that to these, to our maintenance and reconstruction costs.

There are a number of things that we consider to be promising solutions. You heard in the Penn DOT presentation about designing a hundred-year bridge. There are ways it can be done. A couple of you commented about alternate bridge replacement technology and the shorter spans. We also worked with Penn DOT on a lower design standard, if you will, for less heavily travelled bridges, low lying bridges and that helps reduce our costs.

There are a couple of other things that we think need to be taken into account as well. The approval time line for the bridge construction is problematic. There are elements that we can't even submit the next part of an application until the prior part is approved. We think if we could

develop a system to develop currency on the application process turnaround, and certainly save something against the inflation we're seeing in materials costs.

There are a few things that we're pleased to see relative to the intention being given into the infrastructure issue. You talked earlier about the Federal bridge building. I think that's a positive improvement, although at this point we are -- like you, we aren't certain how the money is going to be allocated to the states or once we get to the state level, if there is going to be any sub-state allocations. I think I was also pleased to see that Congress rather than taking up the call for gas tax holidays instead had some discussions whether they should increase the gas tax by 10-cents a gallon. Admittedly that was just to try to keep the Highway Trust Fund current, get it out of 300-billion dollar deficit. The new bridging will be grappled. The study is helpful to debate.

I think also helpful to debate, again, is the governor being elected Chair of the National Governor's Association and helping him to advance

as a part of his chairmanship the Federal Infrastructure Program that he developed with Governor Schwarzenegger and Mayor Bloomberg. He just recently just two weeks ago gave a presentation to the National Association of Counties at a conference in Kansas City and talked about the infrastructure project. He talked about the fact that we simply can't raise the needed funds at the local level and it's increasing difficult to do it at the state level, and hence there is a need for Federal coordination.

Last thing I want to mention is you were talking about alternatives, and I think maybe we were a little bit mistaken back in 2000. We actually -- you had some discussion about toll bridges. We actually in 2000 asked the county to remove the provisions that had allowed us to toll, place tolls on bridges. We also removed obsolete items that allowed us to go onto adjoining lands and take stone to make bridge repairs. I say that just in gest. I think it does point to the need for more comprehensive discussion, that includes how we contribute at the local level and the necessary part that we play in the transportation

scheme.

So that is my song for today. You've heard that before. And I do -- I know from conversations with each of you that you very much do understand our issues. I would encourage you to keep that discussion going with your peers in the Pennsylvania General Assembly and with the Administration with our Members of Congress. I'll be happy to answer questions.

MR. MARKOSEK: Thank you very much.

Any questions from the members? Representative Longietti.

MR. LONGIETTI: Just to comment. Do you have any ideas on how to move Mercer County, which is the fourth highest number on the county in the category?

MR. HILL: We think that juxtaposition is particularly interesting. And for those of you on the Committee that don't know, Mercer County's Bridge Account is actually gone up over the years. A few enterprising townships have done title searches and transferred a couple of bridges over to the county.

MR. GEIST: We'll give them to Ohio.

MR. HILL: And we aren't getting along quite as well with our sister organizations. I joke with the townships about the county bridge turnback program. But quite seriously I think that is something where there should be some consideration. And there are bridges where it's a municipal road leading up to the bridge and it's a county bridge. And we have many issues, snow plow issues, maintenance issues and all the rest. We have county crews they're on state's listing and visa versa. And so there should be some consideration for that. That's a capital issue first and foremost, and then probably a jurisdictional issue second. It is something that should be looked at.

MR. MARKOSEK: Okay. Thank you. I appreciate it. Sorry you had to wait so long. Thank you very much.

Last before we adjourn here I want to inform the Members we are planning a meeting in Hershey on August 18th and 19th, and also in Philly on September 9th. At least tentative at this point. I want to thank Point State Park for hosting this today and all of their

accommodations. There being nothing else, meeting is adjourned.

(At 11:47 a.m., the meeting was adjourned.)

- - - -

C E R T I F I C A T I O N

I, Sally A. Moore, Court Reporter, hereby certify pursuant to Pa.R.C.P. No. 4017 (d) that the foregoing hearing is a true record of the testimony of the proceedings.

_____

Sally A. Moore
Court Reporter