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COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE

POINT PARK UNIVERSITY

BALLROOM OF LAWRENCE HALL

313 BOULEVARD OF THE ALLIES

PITTSBURGH, PA 15222

TUESDAY, MARCH 2, 2010

PUBLIC HEARING ON ADVANCEMENTS IN TRANSPORTATION TECHNOLOGY

BEFORE:

REPRESENTATIVE JOSEPH MARKOSEK, Majority Chairman

REPRESENTATIVE RICHARD GEIST, Minority Chairman

REPRESENTATIVE RONALD MILLER

REPRESENTATIVE MARK KELLER

REPRESENTATIVE DICK HESS

REPRESENTATIVE MICHAEL CARROLL

REPRESENTATIVE MARK LONGIETTI

REPRESENTATIVE TIMOTHY SOLOBAY

REPRESENTATIVE JOHN EVANS

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ALSO PRESENT:

DANIEL HEALY, Chief of Staff to Representative Bryan Lentz

STACIA RITTER, Executive Director of the Majority Staff

ERIC BUGAILE, Executive Director of the Minority Staff

Reported by Jean M. Bujdos, Court Reporter

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P R O C E E D I N G S

(1:10 o'clock p.m.)

CHAIRMAN MARKOSEK: Good afternoon. Thank you for attending the House Transportation Committee hearing this afternoon.

The first order of business and those of you who follow the committee know that we like to start off by saying the Pledge of Allegiance. I look around the room, I don't see the flag, so I'm going to ask Representative Tim Solobay who has a lapel pin flag on to lead us in the Pledge of Allegiance.

(Pledge of Allegiance recited.)

CHAIRMAN MARKOSEK: That's the first time I heard the Pledge of Allegiance with an editorial. Thank you for attending.

First, I'd like to introduce the members who are here. We're not going to take a formal roll today, but I'll introduce those that are here verbally and some may come in as we proceed. We'll introduce them when they get here.

First of all, to my far right, you've already met him, Representative Tim Solobay from Washington County. Also, Representative Mark Longietti from Mercer County, Representative Mike Carroll from Luzerne and Monroe County, Representative Paul Costa,

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my neighbor, from Allegheny County. Chairman Rick Geist from Blair County, Representative Ron Miller from York County, Representative Mark Keller from Perry County and Representative Dick Hess from Bedford County, and we have Dan Healy, who is here as a staff person for Representative Bryan Lentz from Delaware.

MR. HEALY: Correct.

CHAIRMAN MARKOSEK: The first person we have to testify, and I would ask everybody who will be testifying, as well as the members, to speak clearly into the mic for the -- not only so we can all be heard, but also so the stenographer, Jean, can hear us and make sure that everything is recorded properly.

First of all, we have Mr. Adam Tuton, who is the senior vice president of American Traffic Solutions. I'm sorry, one second, Adam. Before I do that, I did want to have Representative Geist make some remarks. No? Okay. So we'll get started with that as vice president, senior vice president of American Traffic Solutions. And the agenda for this meeting today is about technology, and how it can serve our needs and some of the problems with it and some of the ways we can better use technology in transportation areas.

So with that, Adam, you may proceed.

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MR. TUTON: Thank you, Chairman Markosek and members. Thank you again for having me in front of you. This is, I don't know, maybe my fifth time testifying under various municipalities for you all. We are also the folks that run your very successful intersection safety program in the Philadelphia area. So today I wanted to talk a little bit more about some of the other technologies that are offshoots of intersection safety, including intersection speed, mid-block speed enforcement, other types of traffic safety programs.

At the end of the day, traffic camera programs are really about making our roads safer and better places to live and drive. The carnage that you see in the images is all too real in cities, in towns all across Pennsylvania and all across the U.S. Speeding, as many of you know, is a major contributing factor into not only red light intersection collisions but 31 percent of all fatal crashes are related to speeding. These kill over a thousand people a month in the U.S. and if you could imagine having a plane crash every single day in the U.S., there would be a tremendous outpouring and a call to action to solve that problem, and the problem is solvable.

So in addition to just the pure public safety

issue, there's a huge economic cost to traffic collisions that we bear every day as taxpayers that is preventable, and the estimates are over 40 billion dollars, which in today's environment is an amount of money that we cannot afford to spend. So there are technologies and there are solutions to those problems. You've already started one in your program down in Philadelphia, which has saved many millions of dollars and has saved many lives in terms of reduced collisions, reduced injuries and lost productivity.

In terms of implementing programs, it is very important to understand that it is not just the technology that needs to be implemented, but it is an education and awareness program that wraps around this program to explain to the public, one, what the problems are in your communities in terms of traffic collisions and also, why the need for technological solutions are there. Some of the ways you do that is through PSRs and sponsorships and exposing the results of these programs more widely so that it is more understood by the public. So public education and awareness is a key component of any program.

I think it's important to also have stakeholders. I know that in your program, AAA has been a big supporter of your program in Philadelphia,

and having other stakeholders, such as trauma centers and hospitals that deal with the trauma of these collisions is important to get their support as well.

These are just some sample materials that have been done by various cities around the country and for example, the World Health Organization kind of puts a stark spin on the effects of traffic safety and collisions. So there have been a number of publicly implemented speed enforcement programs of many different types around the U.S.

One of them was in Illinois where the state police implemented a speed enforcement program in work zones and by comparison, you can see here on this graph, it shows the utilization of a photo enforced speed ban was much more effective at reducing average speeds on freeways than other methods that they had tried.

In a fairly extensive program in Arizona that we were involved in on a freeway segment of six miles long, the use of fixed-site speed cameras on the freeway reduced collisions by 54 percent and reduced injury and property damage crashes by 56 percent and did not increase the rear-end collisions, so very strong data done by the University of Arizona to monitor not only the before, but during and after of

the implementation.

This is a very interesting graph that shows the before condition, during the program, then they had a time when they took the cameras and they turned them off and you can see that there was a thousand percent rise in the number of violations when the cameras were turned off, and then when they returned the cameras to active, you can see that the violation rate went way down again to a normal and sustainable amount. So enforcement does work and consistent and well publicized, of course, is really the key.

In terms of public opinion, it is a misconception that the public does not support these programs. In fact, they do. They do in a very substantial way, whether it be for school zone enforcement, construction zone enforcement, arterial street or at major intersections, the use of photo enforcement for traffic safety is highly supported by public opinion polls. In fact, a poll that we just did nationally showed overall in the U.S., across the U.S., 80 percent support for intersection safety cameras and about 75 percent for speed enforcement and so it is highly supported by the voted public.

Here's some more results as well. Now, this chart is interesting, because it shows the communities

across the U.S. that use photo enforcement. Most of these are intersection safety cameras. As you can see, it's proliferated across 26 states and probably 400 cities in the U.S. and in Canada. Looking down to where speed enforcement of different types is used, it's a smaller number, but it's a growing number, and it's growing because of the success of the programs in deterring the number and severity of traffic collisions on the road.

So what flavors do fixed-site or other types of speed enforcement come in? Well, at your intersections, you can have intersection safety cameras capturing red lights, as well as the same cameras capturing speed violations for people who speed up through the yellow, for example, and would run into a car even faster. Those same cameras could be positioned at a mid-block site, maybe at a pedestrian crossing or at a high volume location where collisions occur or on freeways or highways of counties or states or, of course, in school zones. We implement these systems in all of these different locations across the U.S.

The systems use different types of detection technology, some use radar, some use sensors on the road, but in essence, you have a camera technology

coupled with some sort of detection and a computer that detects vehicles speeding over a certain preset threshold and then captures images of violations.

Here's a sample set of images that you have in your packet, of a typical violation image, the ability to zoom in and blow up the license plate to get the license plate numbers and then to use that information to process the transaction as a ticket.

This is a summary of the process. If you look at your printed material, it's actually printed better than it shows up here on the screen. But in essence, you take a picture of the violation, it goes into the database, is reviewed by a human being, who either types in the numbers or automatically scans the numbers. From there, it goes to the motor vehicle department to determine who the registered owner is. It gets a second review by an individual and then finally, a review by a police department official to validate that the violation is, in fact, chargeable. If all of those steps are positive, then the ticket gets issued in the mail and then a number of things can happen at that point. You can pay the ticket, dispute the ticket, like you could any other ticket, or it goes into some other process. So we handle all of those things in this process.

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Here's another view of it, it shows the entire process and then the final police review and citation generation.

So in summary, these programs are very similar to the program you've already implemented in Philadelphia, all the technologies exist to expand or include these solutions in a variety of public safety hazard areas and are available for the state right now. Thank you very much.

CHAIRMAN MARKOSEK: Thank you. Chairman Geist has a question.

CHAIRMAN GEIST: I have a couple questions. Thank you very much. I have a couple questions.

First of all, when you go through that process, is the vehicle ticketed or the driver?

MR. TUTON: The vehicle, the registered owner of the vehicle is ticketed.

CHAIRMAN GEIST: Do you follow the same procedures all over on the 85 percentile, all roads have to be certified by PennDOT, no arbitrary speed limits can be set by municipalities?

MR. TUTON: Excuse me, I couldn't hear back here.

CHAIRMAN GEIST: In Pennsylvania, by law,

there's a process engineering-wise for setting speed limits. We've had municipalities who have not done that in the state of Pennsylvania and consequently, I believe that their laws are not violated, but you could use a system like this to ticket people in there. Would you have language that says that you have to have the 85 percentile rule to set the speed limits?

MR. TUTON: We would certainly take the direction of the committee and the legislature to set the regulations for this. We merely implement the programs that are governed by the legislation.

CHAIRMAN GEIST: How do you get around the fact that you don't have a police officer visually -- that you really aren't doing speed control but rather revenue raising?

MR. TUTON: Well --

CHAIRMAN GEIST: There's nothing like a marked unit to slow all traffic down. If you're only picking up one speed violator out of a group, then it's selective enforcement. How do you get around that?

MR. TUTON: Actually, this is a much fairer method of enforcement, because there's no selective enforcement. Any violator exceeding the

threshold, which may be ten, 15 miles per hour.

CHAIRMAN GEIST: So in the frame you showed with the Corvette, there were 30 cars going down there all at the same speed, they all would get a ticket?

MR. TUTON: Any vehicle traveling in excess of the threshold, for example, ten miles an hour.

CHAIRMAN GEIST: So if you're moving with traffic, you would get a ticket?

MR. TUTON: Well, no, let's say that you have a speed limit of 40 miles an hour --

CHAIRMAN GEIST: Yeah, and everybody goes 55. When you drive in Philadelphia, when you go up and down where we have, what is that, Roosevelt Boulevard, you can write a gazillion tickets, because everybody goes at what they feel is a safe, comfortable speed, they all flow with traffic.

MR. TUTON: I think the issue that you're talking about is what the threshold should be. We don't choose the threshold. Those are chosen by the police department and the people who are the sponsors of the program, so their job is to determine what is a safe speed and what the threshold should be to reduce the number and severity of collisions.

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CHAIRMAN GEIST: And how do you advertise this so it's not a clandestine way of raising revenue?

MR. TUTON: Typically, in every case in our systems, there's a warning sign well in advance and sometimes more than one warning sign well in advance of the specific --

CHAIRMAN GEIST: Is the sign flashing when it's in operation or is it just the sign is always there?

MR. TUTON: The signs are always there and the method of deployment is really up to what a legislature or the ordinance that governs the enforcement behavior is written to say.

CHAIRMAN GEIST: When we went through this in Pennsylvania about ten years ago, when we tried to do this kind of enforcement on the turnpike, we couldn't do it because Pennsylvania law says an officer has to see the person driving the vehicle, you have to have a visual identification.

MR. TUTON: Yes. Clearly the legislation would have to be adapted for these programs.

CHAIRMAN GEIST: All right. Thank you. Next time, don't show a Corvette.

CHAIRMAN MARKOSEK: Thank you. Representative Paul Costa.

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REPRESENTATIVE COSTA: Thank you, Mr. Chairman. Mr. Tuton, thank you. You actually addressed some of the questions.

I did read an article, I believe it was Florida, where the courts challenged the ability, was that your company that was challenged?

MR. TUTON: Courts in many states have been asked to address the legality of different states' and cities' usage of these programs.

REPRESENTATIVE COSTA: So the way we are addressing the Roosevelt Boulevard issue, we're okay. If we decided to go to change it to speeding, we'd have to change our laws; is that correct?

MR. TUTON: According to Senator Geist, yes, and I believe that the current legislation for intersection safety would have to either be modified itself or an additional bill would be raised to deal with other types of enforcement.

REPRESENTATIVE COSTA: And then on your charts, where you have the states, again, I saw Arizona, I don't know if it was your company, I saw Arizona, there was a municipality in Arizona had decided not to pursue this anymore. Your chart says this is from 2008. Do you have a more updated chart for the cities and municipalities?

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MR. TUTON: Sure. We'd be happy to get that for you.

REPRESENTATIVE COSTA: Thank you, Mr. Chairman.

CHAIRMAN MARKOSEK: Representative Ron Miller.

REPRESENTATIVE MILLER: Thank you, Mr. Chairman. My question goes to on the one slide, you show that the end result is payment, dispute, ignore, void or reprocess. Could you give any examples of when a ticket would be voided using a camera system?

MR. TUTON: One example would be if an officer had written a ticket for the very same violation.

REPRESENTATIVE MILLER: So what I was trying to get at is, do we find instances where the ticket is issued and we find that it's not properly done?

MR. TUTON: All sorts of exceptions occur in this type of program and there are many, many safeguards to afford the violator all due process rights.

REPRESENTATIVE MILLER: But if I understand what you said, the majority of the time, it's not the fault of the camera for picking up the

license plate, it has to do with somebody else issuing the ticket at the same offense?

MR. TUTON: Yes, or it could be voided by a judge that says that they found the individual not responsible for any number of reasons, and so there are all sorts of reasons, but it's not a very large percentage of the total events.

REPRESENTATIVE MILLER: That was the final question, so I appreciate that answer. Thank you, Mr. Chairman.

CHAIRMAN MARKOSEK: Thank you. Representative Mark Longietti.

REPRESENTATIVE LONGIETTI: Thank you, Mr. Chairman. Question, technology is such a mixed blessing, it can do wonderful things. You pointed out in your presentation some of the things that your company is doing in other states, always the concern on the potential privacy or big brother type issues. When I was in high school around 1984, the image of television cameras on the streets. This week, actually, this morning, I read an article in a magazine, here in Pennsylvania there was a school district that issued laptops to students to take home and those laptops had cameras in them for the purpose of if the laptop was ever stolen, they could locate

the laptop. Lo and behold, a student was using the laptop at home and he was eating Mike & Ike candy, and apparently, the principal was viewing him on the hidden camera in the laptop, notifying his parents that he thought his child was taking drugs. There's a lawsuit over that apparently pending.

If you could comment on privacy issues, because sometimes things are there for intended purposes and government expands what they use those technology devices for as is apparently the case in this student laptop.

MR. TUTON: Sure. Well, the good thing about the technology that we implement is that it's only used for the very narrow purpose of detecting and prosecuting traffic violations on public right-of-way. The cameras are not pointed anywhere but the roadway, towards the back of the vehicle, so there's no potential invasion of privacy with the data, especially the way it was structured for intersection safety prevents the release of that information, including the images, and so the spectrum of these becoming a tool to somehow invade our privacy has been protected by not only the legislation, but also the implementation.

REPRESENTATIVE LONGIETTI: Is there any

way to remotely move the camera around, or the high school where they have some security cameras outside, it was shown how they could move the camera and zoom in, that sort of thing, what's the ability?

MR. TUTON: We do not use pan, tilt, zoom, if that's the kind of connotation or context, no, we don't use that. This is for us and for the technology, in this specific narrow purpose, movement of the camera is not an advantageous effect. You want to have a very fixed so it's the same for every single violation.

REPRESENTATIVE LONGIETTI: Thank you, Mr. Chairman.

CHAIRMAN MARKOSEK: Thank you. Seeing no other questions. Thank you, Adam.

MR. TUTON: Thank you very much.

CHAIRMAN MARKOSEK: The next person to testify is Mr. Wayne Pettigrew. I should say the Honorable Wayne Pettigrew, former state representative from the great state of Oklahoma. Welcome. We have an affinity for others in our same situation. Wayne is from the National Marketing and Government Relations for InsureNet. There is life after legislature, I'm told.

MR. PETTIGREW: Thank you, members of the

committee. I appreciate being here as well. I also share that same affinity, I certainly appreciate the work that you do. I know a lot of you guys spend late nights and late hours and days that you'd like to be with your family and I will try to be as brief as I can here. I'm going to kind of go through some points, share some similarities with the previous presentation, but also some differences as well.

I'm going to talk a little bit about vehicle insurance verification and obviously, we have put together a group called the Pennsylvania Insurance Verification Consortium, it's a consortium of different companies that basically offer these types of systems. Our system is fairly new, I will point that out. There have been systems around for a number of years that have tried to match insurance data with the vehicle insurance records and the Bureau of Motor Vehicles. Those systems, by and large, have been single data -- what we call single database systems. We have put together a bridge through NLETS, which is the National Law Enforcement Telecommunications System, to match this data behind NLETS secure data site. The systems that were around before basically took the DMV data, took the insurance company data and either matched it over the Internet or matched it at

the Bureau of Motor Vehicles. There have been some changes to that, I'll skip through some of these slides and get to kind of the meat of the presentation.

In 2007, we became a strategic partner of NLETS. NLETS is your own secure data site, been around since 1961, never compromised. FBI and all that has been comprised, but NLETS has never been compromised. It is where law enforcement matches data. The main site is in Phoenix, Arizona. Many of you probably already know that.

What InsureNet has basically done is come up with a bridge of insured data and a way to match that behind the AAA encryption in NLETS' secure data site. The other thing that's different about our system is our system is not a single database system. Our system is an interstate and intrastate system. Thereby, we would have data not just on the vehicles from Pennsylvania, but also vehicles from all 50 states. We actually have Canadian data as well, Mexico data as well and other entities as well.

Our entire point basically is to be an instantaneous system, but also a totally accurate system. I'm going to get into some of the previous systems as well, but one of the biggest problems, and

I think Representative pointed this out this morning in his radio piece, has been on accuracy. The systems that have come around before have always had a disclaimer to them that said basically that the data was only as good as the insurance company's information that they had. Our data when we get that data does not have that disclaimer, mainly because our data is exactly what the insurance company says it is at that moment. We get the daily data downloaded through the NLETS system every night at 2:02 a.m., and all that data then would be available at the roadside as well.

I'll kind of skip through some of these slides and get back to the main point. Our main point basically is, we would be the system that would set up and monitor and cite for failure to provide proof of insurance similar to the cameras that they have as well, if you choose to utilize that method, but the other thing on our system is, it is not a moving violation. We don't care if Mickey Mouse is driving the vehicle. The vehicle is actually illegally on the roadway. Our system also only has a scanning system for the back of the vehicle, all data is dropped within 60 seconds, we actually only need that data for about 1.2 seconds. All that is dropped unless there

is a cite. If there's a cite, then of course, we retain the data and then we proceed to the next process to citing the vehicle.

But some of the things that are different on our system, like I said, is that we do not care who's driving the vehicle. I know that has been an issue in some states verifying whether or not the person driving the vehicle was actually the owner of the vehicle. The owner of the vehicle is in violation if that vehicle is in the public right-of-way if it does not have insurance on it.

In your state, actually, it's also probably in violation of its registration, so there could be an additional fine for that.

Public frustration with owners of uninsured vehicles is at an all-time high. Now we expect that one out of five vehicles on the roadway does not carry insurance, you'll see here the quote from the Delaware commissioner of insurance, they think it's a bigger issue there even than taxes. The technology elements of this would allow us to capture approximately 80 to 85 percent of the vehicles on the roadway.

Currently, with trooper stoppage, you're at three to five percent, so there is a revenue piece to this as well, Representative, as well as enforcement.

Communications miracle, we'll talk about that briefly, these systems obviously use cellular communications. The release of UHF channels has helped us in that regard as well. Probably the biggest thing changed in 2007 and that was with the advent of the NRVC, non-resident violator compact, that changed, 46 states banded together and said we will not renew license or registration in our home state if they have a pending ticket on the NRVC, which is from another state. I think that is actually now up to 48 states and the other two states are going to be part of what we call the DMC, which is, I also work with that as well.

These are the states. I think actually the only two that are here in gray, which is Michigan and Wisconsin, that have not joined either of the affiliated groups for non-resident violator violations.

This system alone is the only one basically that can match those types of data. We have our strategic partners basically that match those VINs, again, it's all matched behind the current site in NLETS, which has the highest encryption rate allowable, possible, I guess. We use only law enforcement officers to issue the citations. The

data, basically once it falls into a site bin, then an actual certified law enforcement officer goes to that site bin, pulls up the citation, checks it again for verification that that vehicle does not have insurance on it and then personally signs off on that citation. So in essence, what you have is a police multiplier, you have an officer that is basically using visual data to show that a vehicle is uninsured and issuing a citation from that certified law enforcement officer.

And this may be one of the biggest parts, state database systems have been around for a number of years, probably ten or 15 years, Bureau of Motor Vehicles and DMVs basically have all tried to match this data. The problem most of them have had is that they were single state database systems, therefore, you were only after Pennsylvania motorists. About a year ago, there was a Supreme Court ruling in the state of Virginia that said those systems, those single state database systems, were problematic in that they were violation of the protection laws, because you were only targeting in-state vehicles, you're not equally targeting all vehicles on the roadway. Therefore, you go after the guy from Pennsylvania, but you let the guy from Maryland go or you let the guy from Oklahoma go or the guy from New

York go and you were not enforcing that law on all vehicles. So since then, many of those systems have gone to what we call use as information only, they've not gone to enforcement. Our system, since it has all state data, has not had that issue.

Our system also -- I appreciate the question on invasiveness and privacy, our system has been designed to be specifically non-invasive. Again, we don't care who's driving the vehicle, we only take a scan of the back of the vehicle, we drop all data in 60 seconds if that vehicle is not to be cited. We don't retain any data, except on the cited vehicle, for the use of the citation. We have, actually, our system has gotten support from privacy advocates, whereas, some of the single state database systems have used the web-enabled model to try to go over the Internet to find the insured data and have had issues with regard to that.

Probably the biggest thing was our selection as the national standard of NLETS, that basically tied us to 35,000 law enforcement officers, 1.2 million law officers nationwide. Again, it's a system that you're already using, a system that's been in force since 1961, handles now, this says 90 million transactions, I think that is very close to a hundred million

transactions. Again, the big part there is AAA encryption has never been compromised.

There's more data on NLETS that many of you probably are already very familiar with NLETS. You have a state switch here that ties you to NLETS. Again, it's in Phoenix, Arizona, that's the source of your data that you're currently using. Partnerships of the group basically, Pennsylvania Insurance Consortium, Federal Signal, Adesta and IIS, those are the groups that basically come together. You all put out an RFP in April, we responded to that, we are currently visiting with your department on those issues.

What this basically is, we talked about this, this is an enforcement mechanism of current law, it is a police multiplier, it is an interstate insurance data system, not just single state only. It is a complete opportunity for technology enhancements of motor vehicles.

One thing that we probably don't stress enough is that after one year, actuarially, we expect insurers could, if they choose to, on the actuarial estimates, lower uninsured motorist rates by approximately $104 per policy, because we think that will go down.

And of course, there is a revenue piece, as I mentioned earlier, Representative. What it is not, it is not a tracking system. All data is dropped within 60 seconds. We do not use names and addresses. Names and addresses are in existence already behind NLETS secure site. We match up insurance data behind that secure site with the data that is already there. We do not use any names or addresses. Again, it is not made to increase the obligation of insurers. Most of them report this exact data right now. There is a substantial increase for premium income, that could come through once the system is implemented and we do expect that there will be additional people that will insure the vehicles when the system is completed. I'll be happy to answer any questions.

CHAIRMAN MARKOSEK: Okay. Thank you very much. I had a question, Mr. Pettigrew, relative to the technical side of this and getting a program like this set up, say, for a state like Pennsylvania. Perhaps you can help us out with your experience with some other states.

Our Department of Transportation, the actual hardware and software that you would have to run this program, how does it match up with what we may or may not already have or is there upgrades that we would

have to do internally here to make this work? You know, kind of the behind the scenes stuff that the public might not see, but --

MR. PETTIGREW: That's a very good question and I apologize that I didn't address, but we actually provide all the infrastructure when we set up the system. We expect a $27 million outlay to do the system. That's our projection. Actually, as I mentioned earlier, we met with your purchasing department, but we incur those direct costs to set up the system and your Department of Transportation selects any sites where there would be any type of a monitoring device, that sort of thing.

CHAIRMAN MARKOSEK: Once that would be installed, who would own that or who would control that equipment, does that then belong to the commonwealth or does that belong to you?

MR. PETTIGREW: At the end of the contract term, I believe you actually do own it. Our contract term depends on what your state decides on. I think the one we're discussing is the three-year contract.

CHAIRMAN MARKOSEK: I think you might have mentioned it, I'm sorry if I didn't catch it, was there at least one state that had this and no longer

has it or were there some states -- are you aware of any states that have been through this?

MR. PETTIGREW: Actually, NLETS forces lie in all 50 states, U.S. territories. This system only became available at the beginning of 2008, so it's only been marketed since that time, our strategic partnership with them began January 1, 2008. Prior to that, we had single database systems, so this is an entirely new system with interstate data. Previous to this, there has not been the availability of that.

Now, we are currently in the implementation process in three states, Oklahoma is one of them, Nevada is one, and I don't know if we could actually consider your state one of those as well, but we do have a contract also with West Virginia.

CHAIRMAN MARKOSEK: Okay. Walk me through just briefly how this would work. You know, I have a vehicle and I pay my insurance premium to an insurance company and let's say that, you know, that my premium is due and I forget to pay it, for whatever reason. I'm uncovered by insurance and I'm driving along, how does your company know that I do or don't have insurance?

MR. PETTIGREW: I'll use myself as an example. Let's say my premium is due March 1st, today

is March 2nd, I haven't paid my premium. If I'm driving by a site as of 2:00 last night, that site is now going to know through the NLETS database that my insurance is unpaid today. Most states there is no grace period for vehicle liability on insurance. So therefore, today, if I'm driving past that site, it's going to show me as an uninsured vehicle.

If I've paid that premium to my insurance agent today, by the time -- normally there's a three-day lag time and when it drops into the site bin, and then the officer reviews it, by the time the officer reviews it, it shows that you have insurance, you would not be cited and the default on the system is a non-site, so if we cannot find out whether or not your insurance is current and we show that that doesn't match with anybody or we think that your other insurance is current, you can set a default on a similar system we've talked about, maybe 30 days or something like that, then it would not cite.

There's also a site, and this is very important, let's say you have 200 site selections across the state, someone drives across your state, you don't want to issue them 17 tickets. Normally until one ticket has been adjudicated, you would not cite that vehicle again. You could set that as a

default as well.

CHAIRMAN MARKOSEK: So you get the insurance data from the insurance companies?

MR. PETTIGREW: We ask for, in your state, we actually are asking for a bill that would require them to do that. Fifteen states currently get daily data, almost all states get some form of data, Texas, for example, gets it every Friday. This varies by state. More states are moving to the daily data. If the state does not get it as frequently, we have to hold those citations until that time frame, because we do not want to send out any type of citation if there's any doubt as to the accuracy of the data. If the data is not accurate within a 30-day time frame, we will hold the citation for 30 days.

CHAIRMAN MARKOSEK: So we would have to basically change current law to require that insurance companies turn that data over, make it at least available?

MR. PETTIGREW: Either through statute, or I believe your insurance commissioner can do it by ruling. We've obviously provided you this information. Most states have chosen the statutory route, many states though have gone the insurance commissioner role.

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CHAIRMAN MARKOSEK: Thank you. Representative Mike Carroll.

REPRESENTATIVE CARROLL: Thank you, Mr. Chairman.

Really, that was my line of questioning, that last round. The requirement for the insurance companies to provide the cancellation data, but secondarily, the requirement for the insurance companies to provide new insurance data, because if an insured drops one company today and picks up a different company, if we only know about the cancellation and not the add, we can essentially come to the false conclusion that they don't have insurance.

MR. PETTIGREW: Exactly. And actually, I think your current statute requires them to show when they cancelled, but not when they picked up new, so that is an issue that in the legislation I gave to the chairman just a few moments ago, that is something that would need to be addressed.

REPRESENTATIVE CARROLL: Do other states require the insurance companies to provide both the cancellations and the new policies?

MR. PETTIGREW: We're a little different in that regard, and I'm glad you asked the question,

because most states require that the insurance company parse the data by jurisdiction. We don't care, because our site is matching it behind NLETS, which has all state data. We actually ask that the data come unparsed, not by state, not by region. We will find it basically because we have a secure bridge through a unique code where we match up the VIN for that actual vehicle to the person that owns that vehicle.

Again, that's a privacy piece that we've accepted so that we don't use names and addresses.

REPRESENTATIVE CARROLL: Well, what requirements do you have of the insurance company to provide the data?

MR. PETTIGREW: Normally your statute. Again, most states have addressed that.

REPRESENTATIVE CARROLL: Thank you.

CHAIRMAN MARKOSEK: Representative Mark Keller.

REPRESENTATIVE KELLER: Thank you, Mr. Chairman.

The question I have deals with how is it determined where the cameras sit and what highways to catch the vehicles going by, you know, is there anything that we can point to that says this is where

we need to put them and is there a cost incurred for that or is that part of the package deal?

MR. PETTIGREW: Good question as well, Representative, and yes, we normally work with the Department of Transportation for selecting those sites. You know your state a lot better than we do, we obviously have to have coverage, so we can't leave an entire section, say, Oklahoma, the panhandle, we couldn't leave that uncovered, even though there's not very many people out there, we have to have some sort of a monitoring device there as well. But at the same time, obviously the prevalence of the cameras need to be where the traffic is, so it would be more prevalent in populated areas than they would in unpopulated areas, but you have a major roadway and the rest of a large rural area, you would probably have to have some sort of recovery site selection for that area as well, but again, we don't choose those. We normally work with your state to choose those.

REPRESENTATIVE MILLER: What about the cost?

MR. PETTIGREW: Again, we provide all the equipment, all the direct costs, the whole thing. We actually have the citation group because we have formed in Pennsylvania a company, we would actually

locate those folks here. All of the citation folks, all that infrastructure would be a Pennsylvania company, probably in your district.

REPRESENTATIVE MILLER: We have a place for it. Thank you.

Thank you, Mr. Chairman.

CHAIRMAN MARKOSEK: They only have one traffic light in his county.

The chair would like to recognize Representative John Evans from Erie County, who got tired of the snow and decided to come here in Pittsburgh. Welcome, Representative.

Okay. I don't see any other questions, so Mr. Pettigrew, thank you. Thank you very much, very good.

Next on the agenda is Mr. Craig Shuey, our friend from the Pennsylvania Turnpike. If you could just make yourself comfortable there for a bit, we'll get to you next. Bill Capone from the turnpike is also here. Gentlemen, you may proceed when you're ready.

MR. SHUEY: Thank you, Mr. Chairman, Chairman Geist and members of the Transportation Committee. Pennsylvania Turnpike Commission appreciates the opportunity to speak to you today

about technology efforts the turnpike is undergoing at this time.

As the chairman introduced me, I'm the director of government affairs for Pennsylvania Turnpike Commission and I'm pleased to be here today to present our testimony.

Technology applications have the power to revolutionize transportation in the same way that the turnpike revolutionized highway transportation 70 years ago. I know you've heard a lot of testimony today about the issues and concerns that hinder expanded use of technology in transportation. Many of those issues have been addressed by other sectors of business, banking, health care and other places and I'm confident that we can address them in transportation as well.

For our part, the Turnpike Commission remains committed to seeking out and implementing innovative technology solutions for toll collections, traffic awareness and crash clearance, as well as those ideas which will result in faster and safer travel for our customers.

We're here today to present testimony on transportation technology with regard to E-Z Pass, where it's been implemented and how it's working and

future applications of technology the turnpike is undertaking.

With me today is Bill Capone, our director of communications and public relations, as well as Jeff White, our director of electronic toll collection systems; Rich DiPiero, our director of fare collection and Tom Cohick, our manager of E-Z Pass customer service operations.

With that, I'm going to turn the presentation over to Bill Capone.

MR. CAPONE: Thank you, Craig. Thank you, Chairman Geist, Chairman Markosek and members of the committee. What we'd like to do is take you through a little bit of a summary of our E-Z Pass program.

The turnpike implemented E-Z Pass back in December of 2000, and when we did, we implemented it on a regional basis, basically from Harrisburg to the New Jersey line. The reason for that at that time was that enabled us to reach the areas of the turnpike where more than 60 percent of our vehicles travel, 90 percent of which were pass-through vehicles. It helped us address some daily regional congestion issues that we have at most of our major toll plazas in southeastern Pennsylvania.

And then the commission proceeded the following year to expand the E-Z Pass system to the Ohio line at the north end extension. At that time, we were just offering it for passenger vehicles, and by the end of 2002, commercial vehicles were eligible to participate in our E-Z Pass program. Today E-Z Pass is available for all 545 miles of the turnpike system, including all of the western extensions. Currently, we have well over 800,000 E-Z Pass accounts with the Pennsylvania turnpike and well over 1 million E-Z Pass transponders currently in use.

The turnpike is part of what is called the E-Z Pass Interagency Group. That was a group that was formed back in 1990, originally three states, Pennsylvania, New York and New Jersey linking seven original agencies, one of which was the Pennsylvania turnpike. The New York state throughway were one of the original founders for the first -- developed E-Z Pass back in 1993. Again, this group's mission is to provide a simple, accurate, interoperable, electronic toll collection system that allows seamless travel throughout the region in the northeast.

The interagency group is made up of 24 individual agencies located in 14 states. These agencies operate on more than 50 roads, bridges or

tunnels. And today, between all these agencies, there are currently over 11 million active E-Z Pass accounts and over 19 million E-Z Pass transponders in use.

Again, E-Z Pass is now available from Maine to Virginia and also out west to Illinois. You may also know that the Ohio turnpike was the most recent agency to join the E-Z Pass program, we were offering E-Z Pass on the Ohio turnpike back in the fall of last year. And they closed sort of what was the missing link from the midwest to the east, which Illinois, Indiana had it, Ohio did not, and it obviously allowed them to connect with the Pennsylvania turnpike and the rest of the agencies in the east.

The next slide is just a map showing all the E-Z Pass agencies in purple and the states that they're located in. I'll provide just a short overview of the Pennsylvania turnpike system. I mentioned we have 545 miles of roadway. We operate 459 toll lanes at 62 toll locations. All but one of those lanes is E-Z Pass capable. The one that is not is simply just an emergency lane that we use at the Pittsburgh interchange, it's not really an active travel lane. Looking at our system just on the ticket side, or the cash side of our business, there are a total of 135 entry lanes, 47 of which are dedicated

E-Z Pass lanes, meaning they're only for E-Z Pass customers only. The other 88 are operated what we call mixed mode, which allows either a cash customer or an E-Z Pass customer to use those lanes. On the exit side, 83 of our 200 exit lanes are dedicated E-Z Pass lanes and the remaining 117 are operated in cash only mode.

On our western extensions, and that would include both the Beaver Valley Expressway, the Greensburg bypass, the Mon-Fayette Expressway connector, there are 124 exit lanes, 52 of those lanes are dedicated E-Z Pass lanes and the remainder are operated in mixed mode lanes, meaning they accept E-Z Pass or cash. In all of these E-Z Pass lanes at exit, we operate a Violation Enforcement System, which is intended to capture the license plate of the vehicles that travel through E-Z Pass lanes without a valid E-Z Pass transponder, and we'll talk about that in a little bit, on some later slides.

In addition to these conventional E-Z Pass lanes that I mentioned, we also operate 14 express E-Z Pass lanes at four locations. Express E-Z Pass lanes simply are E-Z Pass lanes where vehicles can travel at the posted highway speed. As I mentioned, we had four of the first toll plazas back in 2004 at the Beaver

County, Butler County, Gateway Interchange and at the Ohio line, and most recently, M-19 on the southern end of the Mon-Fayette Expressway. We are getting ready to open our fifth express lane, which would be at M-52 in southern Allegheny County on the Mon-Fayette Expressway, probably sometime in the spring.

Just some numbers with regard to E-Z Pass transactions, in calendar year 2009, we had processed over 105 million E-Z Pass transactions, which represent 55 percent of all our transactions. So obviously the commission has moved to well over the majority of its transactions being done electronically as opposed to cash transactions. That also represents 61 percent of our toll revenue being done through E-Z Pass. Of all of those transactions, 68 percent of all our E-Z Pass transactions were from customers who have accounts with the Pennsylvania turnpike and 32 percent of customers who had been enrolled either previously or subsequently with other E-Z Pass agencies.

In total, we issued in 2009, 650,000 E-Z Pass violations. Again, these were people who traveled through E-Z Pass lanes without a valid E-Z Pass transponder. These resulted in 450,000 individual E-Z Pass violations that occurred in that calendar year.

Quickly, I'll just talk about the E-Z Pass

lane and how it's set up in the conventional lane and there are basically three main components which comprise the E-Z Pass system. The first of which is the transponder, which most of you are familiar with, that you place inside your vehicle on your windshield, and then there's the antenna that is mounted above the E-Z Pass lane just under the E-Z Pass sign that you see when you approach a toll plaza, and the third piece is the reader, which basically records that toll transaction in the lane and that includes recording the time, date, plaza and lane location of that E-Z Pass transaction.

With regard to violation enforcement, we deploy a Violations Enforcement System, or VES system, again, designed to ensure the collection of tolls from customers that exit through our dedicated E-Z Pass lanes. When a vehicle does exit a lane without a valid transponder, the image of the vehicle's license plate is captured and that ultimately will result in an issuance of a violation notice being generated. From these images, we work through the individual states' DOTs to identify the individual to which the vehicle is registered so that we can mail them an E-Z Pass violation.

Our program is that we mail two separate E-Z

Pass violations 30 days apart. If the individual fails to respond to the first or second violation notice, we then turn the matter over to one of two collection agencies that we use that are assigned to us through the Office of Attorney General. Essentially, the first collection agency would have up to six months to try to collect on that violation notice. If they're unsuccessful, it's then turned over to the second agency, who will work for up to 12 months to make that collection.

Again, in the conventional lane, we have two cameras, a front camera that takes an image of the front license plate of the vehicle and a rear camera that takes an image of the rear plate of the vehicle. The VES cameras in the conventional lane, as shown in the picture, which we see the picture to the left, the piece to the left is actually the camera, the piece below that is the light that illuminates the license plate in order to take the image. We try to position these cameras in the optimum location so that we can capture the license plate image regardless of where it may be located on the vehicle.

As compared to a conventional E-Z Pass lane, we now have express lanes. We also have a Violations Enforcement System. Obviously these are mounted on

the series of gantrys that span all the travel lanes, as you can see depicted in this rendering. Again, unlike the conventional lanes, these cameras in the express lanes are triggered by a series of loops that are embedded in the roadway. In the conventional lanes, the cameras are triggered by travel. So it's done differently in the express lanes for people who travel highway speeds trying to capture their license plate if they do not have a valid transponder.

Again, the cameras in both the conventional and Express E-Z Pass lanes are connected to what's called a VES controller, which is located at every toll plaza. These images are initially saved at that location and eventually forwarded to our Violations Processing Center, which is located in Harrisburg.

The next slide is sort of, is what our Violations Processing Center receives when we have a license plate image captured. We typically take four images of the vehicle as it's going through. Again, if it doesn't have a valid transponder. And then from this image, as I mentioned before, it goes to our Violations Processing Center, works with various state entities to look up by sending the license plate number and in return, receiving a name and an address of the registered vehicle.

I wanted to talk about, just touch on briefly, a couple of future applications. One of which is a non-toll application, and that is what's called E-Z Pass Plus. E-Z Pass Plus is a program that utilizes an E-Z Pass system as a payment mechanism for vehicles parking at both public and privately-owned parking facilities. Currently within the IAG, E-Z Pass Plus is offered at six airports in the states of New York and New Jersey and in two parking garages in Atlantic City. Pennsylvania Turnpike E-Z Pass customers can use their E-Z Pass transponders or accounts to pay to park at these facilities who currently offer E-Z Pass Plus. Of the 24 agencies, we should note that about half of the E-Z Pass agencies offer -- allow their customers to utilize their E-Z Pass transponder for parking purposes.

As far as the turnpike is concerned, we are currently in discussions with the Philadelphia Parking Authority, who would offer E-Z Pass Plus parking at the Philadelphia airport. We also have been contacted by some private parking facility operators who operate in and around the Philadelphia airport about installing E-Z Pass Plus to allow their customers to pay for parking through their E-Z Pass accounts.

One other application that we would like to

mention is the video tolling. Again, video tolling, as opposed to E-Z Pass, is a means of collecting tolls through the use of license plate images exclusively. And there's been obviously some discussion about using video tolling in combination with E-Z Pass as part of the future cash for all electronic systems.

The tolling zone is a video tolling to be configured much like the Express E-Z Pass lanes that we described and we anticipate video tolls being collected in one of two ways, one of which would be a pre-registered license plate account where an individual, much like with E-Z Pass, where they would set up in advance an account based on their license plate and it would be much like E-Z Pass, a pre-paid account on a credit card. And the other option would be the individual who does not register, we would capture their license plate image and, in essence, send them an invoice for the amount of the toll that was due.

The commission is currently working with the West Virginia Department of Highways on an initiative where we are considering converting our two southern-most toll plaza and the Mon-Fayette Expressway to an all electronic system utilizing video tolls with E-Z Pass. West Virginia Division of

Highways is completing their connection of the Mon-Fayette Expressway from Interstate 60 in Morgantown to connect to the Pennsylvania portion of the Mon-Fayette Expressway. As far as that goes, we would be constructing a toll facility south of the Pennsylvania border with plans of that being an all electronic system, so we either have E-Z Pass to pay or we pay through video tolling, either through a pre-registered account or through an invoice based on the license plate image. And obviously, a similar system is being planned for Interstate 80 should it be converted to a highway.

Next item, I'll give it back to Craig.

MR. SHUEY: Thanks, Bill. One of the -- obviously with most of the applications that were talked about today, there's a certain legislative component to any of these improvements, an E-Z Pass expansion, video tolling and that sort of thing are certainly no different. While we don't experience a great deal of loss for folks who don't pay, I think it's less than one percent, .4 percent of our total transactions, but we are interested in pursuing with the committee an understanding of legislation that would be similar to that, which is why for the parking authority, in terms of once you get to a certain

threshold of violations, we're working with the Department of Transportation to suspend registrations in a similar fashion. And certainly with video tolling, that becomes an even greater need based on the fact that we don't have an actual account with those folks. Since there won't be barriers to slow traffic and stop them, there's certainly a greater potential for violators in those circumstances.

Certainly I think it's time to take a look at the E-Z Pass statute itself. When we passed E-Z Pass in 2000, the technology was relatively new to most Pennsylvanians. There are certainly some restrictions and other things in there that we can use to make everybody's lives work a little better. In fact, a lot of times we get calls about looking at an E-Z Pass account and there are certain restrictions in there which we can't override in order to provide better customer service, so there's two things in there that we'd like to look at as well.

I understood at the outset of this hearing that David Ewing (phonetic) from, who represents the council of state's governments was going to testify, I think largely about an effort that the council of state government is undertaking to work on toll reciprocity between the IAG states and others to gain

a foothold in to making sure we get tolls from folks out of state. Again, with video tolling, that's going to be a much bigger issue than it is under the current E-Z Pass program and we'd certainly like to work with the committee on those issues. Quite frankly, I'm not sure how far the council of state governments has taken that issue. It's been a few years since I participated in their hearings and other meetings, so they may have some additional information provided to the committee at that point.

That concludes our formal presentation and we'd certainly be happy to entertain any questions you might have at this time.

CHAIRMAN MARKOSEK: Thank you. We did extend an invitation to the council of state government, they could not be here today.

Representative Dick Hess.

REPRESENTATIVE HESS: Thank you, Mr. Chairman. Just a few questions, Craig.

You had mentioned a four percent loss?

MR. SHUEY: .4 percent.

REPRESENTATIVE HESS: Were those mostly out of state who had transponders?

MR. CAPONE: Are you talking about E-Z Pass violators?

REPRESENTATIVE HESS: Yes.

MR. CAPONE: I don't know the answer to that question, what percentage, I don't know -- I don't know, I don't have that information, but I'd be happy to get that for you as far as whether the majority of the violators occur from individuals who are traveling from out of state, or in state, I don't have that information for you.

REPRESENTATIVE HESS: Once there is a violation and the notice is sent and there's no response to the violation as your notice is sent out, then it's turned over for collection and they are unable to collect that debt, then where do we go?

MR. CAPONE: Well, we don't like to advertise this fact, but we really have no other recourse. Basically, if they fail to respond to our two notices and they fail to respond to the efforts of both collection agencies, we have no other recourse to force them to make payment. Again, that gets back to Craig's comments about the need for us to --

REPRESENTATIVE HESS: And I think there would be the need there for --

MR. CAPONE: We've had some discussions with PennDOT with respect to their willingness to work with us and do something similar to what they do with

the parking, that is right, that would be to suspend the vehicle registration if they have an outstanding VES violation with the Pennsylvania turnpike.

REPRESENTATIVE HESS: Corresponding reciprocity with the other states, is that something on our books here?

MR. CAPONE: Well, that's an issue. I mean, as Craig said, there currently is no reciprocity with other states. For example, if we have a violator from Ohio and we're going to add on, right now, there's no issue that I'm aware of where another state DOT would be willing to do something similar to what PennDOT would do with us.

REPRESENTATIVE HESS: The question popped in my mind, are most of those who fail to respond to the notices and so forth, more collections, are these companies, are these individual cars, say like XYZ trucking company decides they're going to run these things and get away with it, that's high dollars, that's not the $4.10 that the car would pay going through a toll booth, that would be mostly --

MR. CAPONE: It's both. I mean, it's not just commercial vehicles that are currently E-Z Pass violators. Obviously it's people who pass through cars, and sometimes it's an inadvertent thing.

Sometimes we have people who are actually E-Z Pass customers where the tag is no longer valid or they have some problem with their account. A lot of times, the first thing we do when we capture an image of the license plate before we send out a violation notice, we check it against our database to see if they're a Pennsylvania Turnpike E-Z Pass customer or B, that they're a customer of another E-Z Pass agency, because a number of times, people fail to update their account information by putting their license plate on the account. So if you're an E-Z Pass customer in good standing, if, for some reason, you go through an E-Z Pass lane and it doesn't read your tag or take an image, if that license plate on that vehicle at that time is not on your account, we can't match it, so we assume you're violating when, in fact, you're still an E-Z Pass customer.

REPRESENTATIVE HESS: Thank you very much.

CHAIRMAN MARKOSEK: Representative John Evans.

REPRESENTATIVE EVANS: Thank you, Mr. Chairman, and I'm glad that we have the experts here today on the E-Z Pass technology. A couple of questions that I have on the issue.

I was a bit disappointed on the last page of your presentation citing the future needs, future uses of E-Z Pass. You neglected to mention any thought of off-peak tolling initiatives. Is that something that can be considered? I know that I had legislation several years ago that called for off-peak tolling on the turnpike to give people a break during some off-peak times. With the continuing increases in toll rates, this could be seen as an incentive for people to utilize the roadway during those off-peak hours and it would only make sense, I think, from a revenue standpoint that more revenue could be derived.

First of all, does the technology allow for that to be a consideration?

MR. CAPONE: Yes, I believe it does. I think I had a conversation with you a year or so ago about what plans, if any, the commission had for this, and there's been quite a bit of discussion about time of day and off peak or whatever you want to call it. At this point in time, I can't sit here and say that there's any specific plans to implement that into the future.

REPRESENTATIVE EVANS: I guess my question is: What is the reluctance of the Turnpike Commission to look into this? It almost seems as

though it's a no-brainer, I can't be -- you see other states doing this and in Pennsylvania, we're not taking advantage of the technology that we have in place with E-Z Pass right now to make that happen.

MR. CAPONE: I guess I could only say at this point, I guess whether the need to do this or the obvious thing, benefit of doing that, I mean, whether that is something that we think could benefit the commission or our customers or assist with traffic management. Obviously we monitor what everybody else is doing and transportation authorities to implementing the time of day system, both on the current roadway and on the new roadway that we're trying to build, but I really don't have a good answer for you at this point about why the commission isn't considering it at this time.

REPRESENTATIVE EVANS: Well, that is disappointing to hear. I must be frank with you. The understanding was that when the legislation was pulled back a few years ago, that you were going to be taking up this issue, but it appears as though, for some reason, it's not being addressed.

And, Mr. Chairman, I do believe it may be time to reintroduce some legislation to give this initiative some serious consideration, perhaps doing

this by legislation in the House as a start. Thank you very much. Thank you, Mr. Chairman.

CHAIRMAN MARKOSEK: Okay. Thank you. Anything that is introduced and comes to our committee, of course, we will consider.

Representative Mike Carroll.

REPRESENTATIVE CARROLL: Thank you, Mr. Chairman.

With respect to the video tolling, do other states, let's start with New York, New Jersey as examples, do they have the capacity within their states for their state-registered vehicles to suspend registrations currently, if they are violators and non-payers?

MR. CAPONE: I don't believe they have a statute similar to what we're talking about right now in those states, either, that's part of the CSG effort is to try to get multiple states moving in the direction of being able to collect video tolls using -- rather to be able to enforce on the vehicle registration, you know, a suspension if there is a failure to pay at a certain level. But I don't believe that Maryland or New Jersey have those laws in place at this time, either.

REPRESENTATIVE CARROLL: New York and New

Jersey. Is there a discussion occurring in those states with respect to the capture of these unpaid funds?

MR. CAPONE: I believe the discussions are beginning just now in terms of that. Few states have really undertaken the video tolling part to any great degree, they're still relying on either toll barriers or E-Z Pass transactions at this time.

REPRESENTATIVE CARROLL: Obviously the reason for the question is with the prospect of I-80, you want to make sure that we're going to penalize Pennsylvania drivers who are not paying, that we have the same sort of penalty for out-of-state drivers, particularly New York and New Jersey, for the areas of the state that I represent, and so I'm hopeful that the other states will follow suit if we head in that same direction.

MR. CAPONE: It certainly seems like video tolling is moving rather quickly, in terms of government movement anyway, and therefore, it's likely to be a strong discussion in those states as well.

REPRESENTATIVE CARROLL: Thank you.

CHAIRMAN MARKOSEK: Representative Mark Keller.

REPRESENTATIVE KELLER: Thank you,

Mr. Chairman.

In your testimony, you talked about 650,000 E-Z Pass violations, notices, resulting in 450,000 individual E-Z Pass violations, so you're telling me 200,000 of them were no good?

MR. CAPONE: No. What that represents is there were 450,000 violations that occurred, were incurred in 2009, so we sent the first notice, we sent 450,000 first violation notices. Some people pay on the first notice, some do not, so that requires a second notice. So the difference between the two numbers is the fact that the additional notices were sent, because of a second notice having to be mailed to that individual.

REPRESENTATIVE KELLER: Which amounts to 200,000 extra notices?

MR. CAPONE: Second notices.

REPRESENTATIVE KELLER: Right. Can you tell me how much revenue was either lost or generated from that?

MR. CAPONE: Yeah, I mean, rough numbers on average the value, the dollar value of our E-Z Pass violations most recently was about $390 million and we did not collect about 5 million of that.

REPRESENTATIVE KELLER: You didn't

collect about 5 million?

MR. CAPONE: Out of 390 million.

REPRESENTATIVE KELLER: Thank you, Mr. Chairman.

CHAIRMAN MARKOSEK: Okay. Thank you. Any other questions? Okay. Gentlemen, thank you. Appreciate that.

Thank you, gentlemen. Mr. Michael Pracht, who has been very patient, he had the best seat in the house up there to hear all the testimony, president and chief executive officer of U.S. Railcar, who is here to talk a little bit about railcar technology.

MR. PRACHT: Good afternoon. Can you guys hear okay back there?

Good afternoon, Mr. Chairman, Chairman Geist, members of the committee. My name is Mike Pracht, I'm the CEO of U.S. Railcar. I'm here to talk to you about trends, specifically the kind of trends I'd like to see connect Pittsburgh and Harrisburg some time in the near future.

Any of you familiar with this particular train? I understand it's spent some time here in Pennsylvania, can I maybe just see a show of hands of those of you who may have ridden it. Good. Excellent. So you know the Colorado Railcar, for the

most part.

U.S. Railcar, my company, was formed last year by a group of investors in Ohio for the specific purpose of acquiring this train, specifically, the assets of the former Colorado Railcar. Those assets included the IP, the intellectual property, manufacturing drawings, the tooling, the fixtures and the jigs, essentially everything necessary to bring this product back to market and manufacturing. Along with the DMU, we also acquired the other assets of the company that include vintage coaches, dome cars and several single and bilevel passenger equipment. Twelve of these units were sold around the country. Existing customers include Trimet in Portland, Oregon; TriRail in Florida, Alaska Railroad and the FRA.

These are pictures of the cars that are out there in revenue service today. The Oregon one is a commuter car, there are four of them there. The Florida car is also a commuter car. There are six of them there running in two or three car train sets. The Alaska car is an intercity car. The difference primarily between intercity and commuter being fewer more comfortable spacious seats on the train, in addition to the inclusion of bistros, restaurants and rest rooms.

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U.S. Railcar Company is the only American-owned and operated passenger car manufacturer in the country today. Our market focus is on regional and intercity corridors ranging from 30 miles up to 300 miles. The product that we provide is an FRA-compliant DMU. It's the only FRA-compliant DMU in existence in compliance with FRA regulation 49 CFR Part 238, some of you may be familiar with that, it's a structural regulation. We're in the process of building a new manufacturing facility currently in Columbus, Ohio.

We have recently secured a major investor, and this was extremely important for us. As a start-up company, we had to convince potential customers that we would not go the way of Colorado Railcar and would have a significant investor, that is difficult, so we spent a good bit of time trying in the last six or eight months trying to secure such an investor and were able to do so with a Carl Icahn company called American Railcar Industries out of St. Louis.

ARI, or American Railcar Industries, is one of the three largest freight builders in the U.S. today. They are headquartered, as I said, in St. Louis, they have manufacturing and production facilities in a couple of different cities in Arkansas, Paragould and

Marmaduke specifically. They're publicly traded on the NASDAQ, they have annual sales or revenues of about $800 million. They are the successor to American Car and Foundry. Those railroad buffs in the room may remember that company, it was one of four passenger railcar manufacturers of yesteryear together with the Budd Company, Pullman Standard and St. Louis Car.

They will provide interim contract manufacturing capability for us in their Arkansas facilities while we're putting up a new facility in Ohio that will enable us to go into production and immediately build these railcars for any orders that we have out there. This is just a bird's eye view of the facility, it's roughly 600,000 square feet.

What is a DMU? Those of you that may not be familiar with DMUs, a diesel-multiple unit is a self-propelled railcar that carries its own engines on board, commercial engines, in this case, manufactured by Detroit Diesel. It does not require a locomotive. This particular DMU runs up to 90 miles per hour in its current configuration. It can be run on either single or multiple car configurations or train sets. It's significantly more efficient to operate and maintain than locomotive-hauled trains and it has

become the preferred passenger rail platform, DMUs that is, have become the preferred passenger rail platform replacing locomotive-hauled platforms in just about every industrialized country around the world.

The very first DMU was developed by the Budd Company back in 1947, that's the picture of it up at the top. It was extremely successful. It was developed at a time when the passenger rail market in the U.S. had begun to collapse. In that state of collapse, they actually produced and sold 400 of them here in the United States and they licensed hundreds and ultimately thousands more aboard as foreign companies began building the product.

The below picture is the modern-day version of that that we're attempting to bring back to market. DMU versus locomotives, they are roughly -- they will pollute roughly 72 percent less pollutants into the atmosphere, they're roughly 75 percent quieter than locomotives. DMUs requires less infrastructure, because the train set doesn't need a locomotive to pull it, so all of the cars that are attached to the train set carry passengers; therefore, things like stations, yards, facilities, storage tracks can all be shorter.

DMUs provide better return on investment

typically than locomotive-hauled train sets because they consume less fuel, require less operating and maintenance. Specific benefits are smaller, quieter engines that consume less fuel, they're more community and environmentally friendly, distribute power throughout the train, which provides better acceleration and deceleration, which contributes significantly to improve trip time.

Multiple unit configuration allows you to run one, two, three or four of these coupled together or individually so that you can eliminate the need in moving empty seats around during mid day and other off-peak periods or just seasonally or throughout the service. And these particular DMUs, because they use commercially available engines, are EPA Tier 3 compliant. There's no other motor power pulling passengers or freight, for that matter, in the country today that's any more than EPA Tier 1 compliant.

DMU markets that we're focused on primarily are secondary and feeder lines in the northeast. Existing commuter rail agencies seeking more flexible and efficient consist utilization and use new start regional corridors that have access to existing freight track where they can begin running passenger service without having to worry about

temporal-separation agreements or FRA waivers.

The next few slides are just some pictures of what the former company, Colorado Railcar, did extremely well and what we plan on continuing is bringing back very modern, very comfortable trains with lots of amenities depending upon the distance obviously being traveled. These are all just some pictures of the cars. The dome windows in this case is unique to Colorado Railcar, it was, in fact, patented, provides really a panoramic view of the corridor being traveled. Dining cars, to sort of replicate the dining cars, again, of yesteryear. Different types of seating, depending upon the time you're on the train, whether it's commuter or long distance. That's it.

I've had some discussions previously with Chairman Geist. I know there was some interest several years ago when Colorado Railcar was around about doing something, perhaps looking at a demonstration project or something equivalent in the Pittsburgh/Harrisburg corridor. That, as I've said at the beginning of my presentation, is what we're interested in talking about. So with that being said, I'd love to answer questions and see what we might be able to do to bring something forward in that

corridor.

CHAIRMAN MARKOSEK: Thank you, thank you very much. I do have one question, and perhaps it's naive, I know that the whole idea of DMU is that they're self-propelled cars, but can they also act as locomotives, can you hook a non self-propelled car to, say, one DMU car that would, instead of having just one car that has its own power, a two-car situation?

MR. PRACHT: Yes, the standard configuration is what we'd refer to as a married pair, it would be a two-car train, the engines of the power car would be one of the two cars, the second car would be a coach or a trailer car.

CHAIRMAN MARKOSEK: So the DMUs don't always just act as by themselves, the DMUs or even if you had four or five DMUs, I guess, in one so-called train, they could, each one could be self-propelled. Is that --

MR. PRACHT: They could either each be self-propelled. It has a lot to do with your speed. If you're operating up to 70 miles an hour, then probably you could get by with a five-car train set with two or three power cars, the other being trailer cars. If you were pushing 90 miles an hour, obviously you'd need more power on the cars. Some of the

applications with regard to your question would be, and we're looking at this in New England, where you might have a five-car train set running where all the cars were powered and running on a particular line to a Y, then you might have three split off and go one way and two split off and go another way.

CHAIRMAN MARKOSEK: Okay. But they're essentially not designed to be locomotives, correct?

MR. PRACHT: That's correct.

CHAIRMAN MARKOSEK: Representative Tim Solobay.

REPRESENTATIVE SOLOBAY: Thank you, Mr. Chairman.

I guess the question I have is, has there been any study work done on that experimental project running Pittsburgh to Harrisburg and have they looked at the issues? I know right now on the passenger traffic versus freight traffic, they're using the standard line that's there. No matter how nice the car is and anything else, there's still the issue of getting the train through there because of the freight traffic that takes priority.

I guess my question is: Are there plans to work around that to minimize the overall trip?

MR. PRACHT: I think the committee and,

perhaps, Mr. Geist can comment on this, I think you have looked into that in the past in conjunction with the freight operator that currently operates in the corridor. We're just the equipment provider, so we haven't gotten into a lot of the operating details.

CHAIRMAN GEIST: Thank you. The Norfolk Southern study that was committed and finished clearly shows the capacity to run five DMUs a day each way from Pittsburgh to Harrisburg, and that would be a huge boost for us, because there's 14 trains a day right now from Harrisburg to Philadelphia. It opens up the west to train traffic, it's affordable. The DMU is the way to go here. So what we've been trying to do now is to get their extra DMU and put it on as a demonstration project in Pennsylvania. The old 403(b) service, of course, paid for everything above the track and it was 403(b)s that really worked, so we know that through the work that we've done with Norfolk Southern and PennDOT and us, this thing could be a go, almost instantly, if we can get the vehicles. The problem is, an FRA-certified vehicle. There are 20,000 cars, seamless cars, running around Europe and none of those have an FRA certification. This is the only -- they have the only game in town when it comes to that all over America.

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REPRESENTATIVE SOLOBAY: So based on that, I guess the folks that are taking the existing passenger service that goes that way and I've heard anywhere from five hours from Pittsburgh to Harrisburg to even eight hours because of freight traffic.

CHAIRMAN GEIST: There's a huge advantage to the DMU in the fact that a freight train is limited to so much speed on a curve. The DMUs, if you take a look at the horizontal and vertical profiles of the railroad between Pittsburgh and Philadelphia, if they can do -- the time can be cut drastically. These things perform very well. We're looking at acceleration, deceleration. It's a perfect fit for what we have.

MR. PRACHT: My understanding on timing, let me just add, is about three and a half hours with existing track; is that correct, Mr. Geist?

CHAIRMAN GEIST: (Nodding head.)

CHAIRMAN MARKOSEK: I'm sorry. Did you ask a question? Okay. Any other questions? Some of the members were interested to see a bistro car, you had mentioned that.

Representative Mike Carroll.

REPRESENTATIVE CARROLL: Not so much a question, but a comment. I'm hopeful that if we are

successful in not only dealing with the U.S. Congress and the president with respect to the span to the New Jersey line, that we could have a discussion similar to a discussion with respect to the Pittsburgh/Harrisburg line, so there's another project in the state that in my neighborhood is really awarded the volume of commuter traffic, because especially the Poconos. If you look at New Jersey, it's astronomical and I cannot handle the traffic that exists today in that corridor and somewhere along the way, we'll have to -- from the northeast part of the state to New Jersey, so I'm hopeful that we'll be successful in the future with respect to federal funds for that corridor as well.

CHAIRMAN MARKOSEK: Okay. Thank you very much, sir. Very good, very interesting.

Next, we have Mr. Mark Etzbach, regional sales director of Redflex Traffic Systems, Incorporated.

MR. ETZBACH: Mr. Chairman and members of the committee, thank you. I think what I'll be talking about today is very appropriate, kind of a segue from the rail discussion, because I'll be talking specifically about photo enforcements, the issues around rail safety at grade crossings.

Redflex Traffic Systems is the largest and

longest consistently operating photo enforcement company in the United States, with over 250 partner communities and over 1800 systems currently installed and in operation. Redflex has more than 20 years of experience providing state-of-the-art traffic safety solutions for government agencies. Our global portfolio of enforcement disciplines include, but are not limited to, red light cameras, speed cameras, bus and transit lane enforcement, rail crossing enforcement, toll enforcement and stop sign enforcement. In addition to these core disciplines, Redflex Solutions can integrate state-of-the-art automatic license plate technician with recognition technology to assist law enforcement in their search for vehicles of interest, such as Amber Alerts or felony warrants.

Redflex does more than support the largest red light and speed enforcement programs in the United States. We're always looking for ways to expand our technologies in an effort to improve additional public safety concerns. Today, as I mentioned previously, our attention will be focused on an area of automated enforcement that goes largely unnoticed and generally not discussed and that is automated rail enforcement. I will discuss this type of enforcement by way of one

of the few communities in the entire U.S. that utilizes photo rail enforcement.

Grand Prairie, Texas is a town of over 160,000 people in the Dallas metro area. It's been a rail town since the late 1800s. Grand Prairie has a Union Pacific Railroad corridor running four miles through the center of the city. There are 11 at-grade crossings in town, all with lights and gates. There are double main line tracks with trains traveling up to 60 miles per hour there. Four years prior to the implementation of photo enforcement, this corridor had the distinction of being one of the worst in the State of Texas and the entire U.P. system with five fatalities.

Since June of 2007 when the first cameras were installed, there have been zero fatalities. According to the sergeant that runs that program, Eric Hansen of the Grand Prairie Police Department, the utilization of photo enforcement at rail crossings has greatly increased the respect for these warning devices by the motoring public. We have seen the number of violations at rail crossings drop by more than 50 percent compared to when they were first installed.

What I want to show you briefly here is some of what that technology has done for Grand Prairie.

Respect for traffic around at-grade crossings is critical for railroads. The technology incorporates full motion video and high resolution still technology. Examples of what not to do at grade crossings.

In partnership with Union Pacific, we integrated technology that also captures sound in addition to the full motion videos, so they can actually hear the bells flashing. Again, these are the things which aren't generally reported in statistics. And then finally, a good example of a one-way street, the vehicle is actually traveling the wrong way on a one-way street and then the side traffic. So again, this is a tremendous safety concern at those grade crossings. We don't see as many of the reported heads, arms being knocked off in these statistics, but these are the things that not only put traffic in jeopardy, but also put rail workers in jeopardy who have to go back out and actually replace these type of accidents.

Pennsylvania is a big railroad state ranking at or near the top in a number of categories of the U.S. The Association of American Railroads compiled the following rankings for the calendar year in 2007, including Pennsylvania being the No. 1 state in terms

of rail, actually freight railroads with 58; No. 5 in total rail miles with over 5,000; No. 9 in rail tons originated by state; No. 10 in rail tons terminated by state and No. 8 in rail carloads terminated by state.

Pennsylvania is, and has been one of the largest states with regard to railroad employment which is also evident by the following: No. 8 in freight rail employment, freight rail wages, and No. 1 in both railroad retirement beneficiaries and No. 1 in rail retirement payments.

Pennsylvania is an ideal environment to expand this type of enforcement effort, which is rich in railroad history, over 5,000 miles of track, and over 4,200 public highway and rail crossings. There is also a legitimate public safety and tangible safety need for this type of enforcement. The FRA reports that there were 18 highway/rail incidents in 2008, six of which resulted in fatalities. Pennsylvania also ranked fifth in the U.S. in trespass fatalities with 24. I understand there have been some recent fatality issues here in western Pennsylvania as well. The need for enhancing enforcement of traffic laws at rail crossings is recognized by agencies such as the U.S. Department of Transportation and the Federal Railroad Administration, and photo enforcement currently is

already recognized formally by the FRA as an alternative safety measure in quiet zone requirements.

These unfortunate statistics don't capture the near misses, which we showed, the reckless driving, which we showed, and gate arms that are knocked off routinely, which we also showed, and tracked by the various railroad companies to target their safety needs. Many railroads have already begun employing in-locomotive video to capture these incidents, but consistent enforcement is what's required to reduce the risky driving behavior that could result in tragic loss of life or major property damage. While a vehicle-on-vehicle collision, for example, at an intersection all too often ends in tragedy, a vehicle-on-train collision has the potential of ending in catastrophe with major loss of life and property damage.

I want to briefly switch gears and talk a little bit about automatic license plate recognition, which is an offshoot of all our technologies. With over 1,800 systems currently installed in the U.S., Redflex supports a vast network of infrastructure that is growing every day that can be leveraged to provide law enforcement with additional crime fighting tools called automatic license plate recognition. This tool

uses enhanced optical character recognition technology to read license plates in real time, 24 hours a day, seven days a week. The systems can be integrated with any existing database, or a database can be created for vehicles of interest. As I mentioned previously, example databases include stolen vehicles, felony warrants, parking enforcement, Amber Alerts, or persons of interest in narcotics or gang investigations.

Identified vehicles of interest generate an alert sent in real time to a designated place, group or individual. Traditional use of ALPR systems for those of you who are not familiar, typically squad cars are equipped with this technology, they patrol parking lots looking for vehicles of interest, generally resulting in that vehicle being towed or impounded. By targeting vehicles that are moving in traffic, this approach to ALPR presents law enforcement with the potential for live contact with the vehicle operator, which is critical and an opportunity for an arrest. If law enforcement officers are unable to track every live alert, the data is stored for complete data mining. Using back office search tools, law enforcement officers may be able to identify a pattern for a vehicle of interest

or identify a vehicle from a partial plate read. This technology works in parallel with our enforcement systems so that there are never shut downs or interruptions in that enforcement.

Both of the tools discussed today can add tremendous value to the people of Pennsylvania by improving road safety at grade crossings, improving overall public safety by targeting criminals of interest, and enabling the law enforcement community to take advantage of innovative tools that will make their already difficult jobs a little safer and easier. Thank you.

CHAIRMAN MARKOSEK: Thank you very much. Questions? We don't seem to have any questions.

Thank you very much. We appreciate that very much and that is the last formal testifier here today. Do the members have anything to say to the committee, to ask about? We have a meeting tomorrow morning at 9:30. It is here at Point Park, but not here in this room, it's actually across the street. It's the auditorium building across the street on the second floor.

With that, the meeting is adjourned. Thank you.

(Meeting adjourned at 2:56 o'clock p.m.)

TRANSCRIPT OF PROCEEDINGS

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

I hereby certify that the foregoing transcript is a true record of the testimony of the witnesses.

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Jean M. Bujdos

Court Reporter