

COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE

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PUBLIC HEARING IN RE: TRANSPORTATION FUNDING:

ISSUES AFFECTING THE NORTHEAST REGION

(PENNDOT DISTRICT 4)

* * * * *

BEFORE: JOSEPH MARKOSEK, Chairman
Richard Geist, Mike Carroll, John Sabatina,
Michael Peifer, Eddie Pashinski, John
Evans, Ron Miller, Kenneth Smith, Eddie
Staback, Kevin Murphy, Stan Saylor,
Karen Boback, Sandy Major, Michael Sturla,
Phyllis Mundy,
Members

HEARING: Thursday, June 10, 2010
Commencing at 2:17 p.m.

LOCATION: Marywood University, Nazareth Hall
2300 Adams Avenue
The Latour Room
Scranton, PA 18522

Reporter: Shannon Graff

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WITNESSES: George Roberts, Scott Christie, Robert Fiume, Kenneth Smith, Barry Schoch, Marvin Meteer, Jim Scheiner, David Patti, Paul Berg, Gary Hoffman, Carl Shaffer, Stanley Rothman, Lonnie Polli, Bob Housel, Lawrence Malski, George Strunk, Burt Johnson, Nancy Snee

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P R O C E E D I N G S

CHAIRMAN:

Welcome here tonight. And the first order of business will be to have our host legislator, Representative Ken Smith, lead us in the Pledge of Allegiance as the flag flies in the background.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

Okay. Welcome everybody to the Joint Transportation and Policy Committee Hearing on Transportation Funding. And first of all I want to thank the folks here at the Marywood College --- Marywood University, excuse me, for their wonderful hospitality in allowing us to use this beautiful room. Some of us were here this morning and looked around campus. It's a beautiful place and I want to thank you very much for your hospitality here today.

I'd like to introduce the members who are here first. And it looks like, first of all, way down on the right there, on my right is Representative John Sabatina from Philadelphia County, Representative Eddie Pashinski from Luzerne, Representative Ken Smith, who you just met, Representative Eddie Staback from Lackawanna County, Representative Kevin Murphy

1 from --- is it Luzerne and Lackawanna?

2 MR. MURPHY:

3 Lackawanna.

4 CHAIRMAN:

5 Just Lackawanna. Representative Mike
6 Carroll from Luzerne, Co-Chairman Representative Rick
7 Geist from Altoona and Blair County, Chairman of the
8 Policy Committee, Republican Policy Committee Stan
9 Saylor from York County, Representative Ron Miller
10 from York County, Representative Karen Boback from
11 Luzerne County, Representative Sandy Major from
12 Endless Mountains, Pennsylvania, is that close enough?
13 Representative Mike Peifer from Pike County and
14 Representative John Evans from Erie County.

15 First I'd like to say that these hearings
16 are in conjunction with the Transportation Committee
17 and the Policy Committees, as I mentioned. With the
18 governor calling a special session on transportation
19 funding we decided to bring the Committees around to
20 all areas in Pennsylvania. This is the seven regions.
21 This is the fifth of those hearings here in the
22 northeast and those hearings are cosponsored by the
23 Transportation Committee and the Policy Committees of
24 the Republican and Democratic caucuses in the House,
25 which I think is unique in that we've locked arm and

1 arm in a bipartisan fashion to try to get the public
2 to understand that we are trying to solve our
3 transportation planning problems in a bipartisan
4 method.

5 First of all I'd like to introduce
6 Chairman Rick Geist, the Co-Chairman of the
7 Transportation Committee. Rick?

8 MR. GEIST:

9 Thank you very much, Joe. I think
10 everybody in this room knows this is almost
11 unprecedented having to bring the Committees together
12 this way. The subject is so large and has gone so
13 unattended over the years that the best way that we
14 can bring information out and bring in each numbers in
15 the House, and I hope the Senate, is through hearings
16 like this.

17 I want to thank everybody for coming.
18 It's gone great everywhere we've gone all over the
19 state. The Editorial Board says something. We got a
20 positive editorial from the Harrisburg Paper for the
21 first time in 12 years. But it's been a very good
22 experience for us. Next we'll be in Clarion and then
23 in Pittsburgh/Monroeville and to sum it up, I'm then
24 going to try to put together a package of bills in the
25 special session, and we hope we can get enough votes

1 for it in the House and Senate and have the governor
2 sign it.

3 This has been a long, long time coming.
4 It just didn't take one administration to get there.
5 It's been going on. I'd say for the last 20 plus
6 years we've been going downhill, and this has really
7 accelerated in the last five years. I'm just pleased
8 to be here and hold hands with Joe and try to get this
9 done with Stan and Mike Sterling and the Policy
10 Committees, and the ability to bring information out
11 to the members. Thank you very much.

12 CHAIRMAN:

13 Okay. Our policy chair of the Republican
14 caucus, Stan Saylor, is here. Stan, would you like to
15 come? Okay. And Representative Chairman Mike Sturla
16 from the Democratic Policy Committee is not here yet,
17 but is expected to be here. So with that we'll move
18 forward with our first battery of testifiers here.
19 And actually we have a Mr. Scott Christie, who's the
20 Deputy Secretary for the Highway's Administration, and
21 is able district executives from PennDOT District 4,
22 Mr. George Roberts is here, and it's my understanding
23 that, George, you will go first?

24 MR. ROBERTS:

25 Yes.

1 CHAIRMAN:

2 And then Deputy Secretary Christie. So,
3 George, you have 15 minutes and, by the way, we have a
4 very stringent time machine here that we try to keep
5 people on their toes. It's a green light and then of
6 course a yellow sum-up light, and then a flashing red
7 light, and if you ignore that everybody up here starts
8 waiving their hands and all that kind of stuff. So
9 we'll let you go. And you have 15 minutes.

10 MR. ROBERTS:

11 I have two presentations. Do I get 30
12 or ---?

13 CHAIRMAN:

14 Before you start, we have Representative
15 Paul Costa from Allegheny County.

16 MR. COSTA:

17 Good afternoon, Mr. Chairman.

18 CHAIRMAN:

19 Okay, George, you may begin.

20 MR. ROBERTS:

21 I'll just be real brief. Also introduce,
22 probably a good part of you have never heard of the
23 Bureau names of operations for PennDOT. And just to
24 let all the members know that ---. Is this on?

25 CHAIRMAN:

1 Move a little closer there.

2 MR. CHRISTIE:

3 Okay. And just to let all the members
4 know that George will be giving the statewide overview
5 and the regional overview of the transportation
6 situation. I will then be covering the impacts of
7 Marcellus Shale and the impacts of bombing (phonetic)
8 of the roads. So with that ---.

9 MR. ROBERTS:

10 Thank you, Scott. And we'd first like to
11 thank the Transportation Policy for allowing me to
12 speak today. The first slide we have today shows some
13 clips of ridges across the state, but it starts with a
14 position not supposed to be fixed due to our funding.

15 The next photo shows some roadways across
16 the state that are deteriorating and need, but cannot
17 be repaired as far as funding. This next slide is a
18 good slide that I like to show people because it shows
19 what our previous 20-year inflation histories are.
20 And what most people are familiar with is the red
21 line, the CPI line, the consumer price index. That
22 line is at about three percent per year. You can see
23 that there. The blue line, which is the percent
24 (phonetic) per cost index, it's a very similar slope,
25 about three percent per year. And then you look at

1 the green line, and the green line is a BPI, which is
2 PennDOT's bid price index. And what that includes is
3 asphalt, excavation, aggregates, reinforcing bars,
4 fabricated structural steel, cement, those types of
5 items. And you can see the slope on that. Between
6 2003 and 2008 we've actually realized about 60 percent
7 increase in inflation, which has really eroded our
8 buying power.

9 The next slide also shows a very similar
10 situation where we believe that we've lost about \$1.6
11 billion in buying power over that period of five
12 years. From the private sector side, 74 percent of
13 our motor licensed highway dollars go into the highway
14 and bridge contracts with the industry. So that helps
15 support our local and state economy. The following
16 slide shows the trend that we've had for capacity
17 adding projects, projects that we would either build
18 new highways or widen existing roadways, and you can
19 see how that trend has gone down, and it's really
20 because of how we've had to maintain our existing
21 assets and preserve what we have out there already.

22 The following slide is for Act 44
23 funding. In response to the General Assembly, they
24 adopted Act 44 in July of 2007, we were provided an
25 average of about \$950 million a year for highway,

1 bridges and public transportation. And the funding
2 was provided by Pennsylvania Turnpike Commission and
3 required approval from the federal government to toll
4 Interstate 80, as we all know.

5 If you look at the following slide, that
6 is the effect of not being able to receive approval
7 from the Federal Highway Administration for the
8 tolling of I-80. And you can see where the actual
9 projected amount of money will go from \$959 million
10 per year down to \$450 million per year, with \$200
11 million of that going towards roads and bridges and
12 the other \$250 million going toward other transit.
13 Over the past two decades we've focused on paving, and
14 we've seen a downward trend to our core roadway
15 segments throughout the Commonwealth on this slide.

16 And then the following slide shows how
17 we've been working on our bridge situation in
18 Pennsylvania. We've been able to turn the corner. We
19 were at a high at one time of over 6,000 structurally
20 deficient bridges throughout the entire state, and we
21 have now worked that number down to 5,646, so we've
22 made some very positive strides on the issue of our
23 structurally deficient bridges.

24 The next slide shows a map of the
25 unfunded projects that are a result of not receiving

1 the Act 44 revenues. So it's just a statewide map
2 that shows bridge and highway projects that we are not
3 able to do now due to the fact that the funding will
4 go down to \$500 million.

5 The next slide shows the impact on our
6 bridge program statewide. The lower green curve shows
7 how we projected our estimated bridge to be reduced if
8 we were to receive the full Act 44 funding. And this
9 curve shows that we have approximately 3,000 that
10 would be structurally deficient that would be
11 remaining in the year 2033, which would be about 12
12 percent of our structures, versus a national average
13 of 8.3 percent right now. In the upper curve it shows
14 what will happen without having this full Act 44
15 funding. And it shows that our actual structurally
16 deficient bridges will start to increase in the year
17 2018, and this curve's results projections are that we
18 would be anticipating we'll have approximately 4,900
19 structurally deficient bridges in the year 2033, which
20 puts us around 9.8 percent average of structurally
21 deficient, versus the current statewide national
22 average of 8.3.

23 So over time, without sufficient funds to
24 improve our bridges, Pennsylvania infrastructure will
25 continue to deteriorate. The scope of the unmet

1 transportation need in Pennsylvania was laid out in
2 detail by the Transportation Funding and Reform
3 Commission in November of 2006, and at that time the
4 bipartisan commission estimated that the annual
5 transportation funding shortfall was \$1.7 billion per
6 year.

7 In May of 2010 the Transportation
8 Advisory Committee released the funding study and
9 found that the needs and rose to \$3.5 billion. So
10 that's where we stand right now in our statewide
11 transportation infrastructure situation. And what I
12 would like to do now, Chairman, is move on to our
13 regional needs. I'll wait a second until we can get
14 the PowerPoint pulled up.

15 Okay. For a regional impact for District
16 4, engineers report includes, obviously, Lackawanna,
17 Luzerne, Pike, Susquehanna, Wayne and Wyoming
18 Counties. The first five we have here show similar to
19 our statewide slide, some of our existing conditions
20 on our bridges and roadways where you can see the
21 condition of deteriorated bridges and some excessive
22 cracking and running on our roadway systems.

23 On the following slide it shows the 471
24 structurally deficient bridges that I have in my
25 district right now, spread out and throughout the

1 district. On the interstate network, our PPN1
2 network, we have 28 structurally deficient bridges, 11
3 of which are programmed right now. On our National
4 Highway Nine interstate system, I have 16 structurally
5 deficient bridges, nine of them being programmed. On
6 the non-NHS, greater than 2,000 ADT network we have
7 127 structurally deficient bridges, and 37 of those
8 were programmed, and on our non-NHS, less than 2,000
9 ADT network, we have 303 structurally deficient
10 bridges, and only 55 being programmed at the time.

11 Now, if anybody adds those numbers up,
12 which I'm sure everybody did, we really have 474
13 structurally deficient bridges. We had one additional
14 bridge come on since we put this together, and then we
15 also had like people add the --- we had ten bridges
16 over the Delaware River. The Joint Bridge Commission
17 with New York, they were responsible to provide --- we
18 were responsible to provide two of their structural
19 deficient that don't normally show up on our list.
20 But again, we pay half the cost to repair those,
21 replace those, so I added those in to come up with a
22 total of 474.

23 We have a total number of posted bridges
24 of 100 in our district, in our six counties of our
25 district. Forty-two (42) of those are one truck only,

1 and 58 of those are weight posted. And of the 58
2 weight posted I don't have any that are under three
3 ton postings, but I do have six bridges that are
4 posted between three and ten tons. And obviously the
5 remainder of the 52 being somewhere between 10 and
6 less than 40.

7 The next slide depicts our structurally
8 deficient bridge program with and without the full Act
9 44 funding. And the projected goal, which is the
10 green line on this slide was based on a 40 percent
11 reduction in structurally deficient bridges over a
12 ten-year period. The red line shows where we would be
13 with the full Act 44 funding. We would go from 23.4
14 percent structurally deficient bridges, back in 2008,
15 down to 17.9 percent structurally deficient bridges in
16 the year 2014. The blue line, however, shows the
17 current funding levels that we would be receiving
18 without the full Act 44 funding, and that shows that
19 by year 2014 we would still have 20 percent
20 structurally deficient bridges versus the 17.9 I
21 mentioned earlier, with full funding. It doesn't
22 sound like a big difference of 2.1 percent, but in my
23 district that represents 40 structures that we would
24 not get to over that period of time.

25 The following slide shows the four

1 segment miles of roadways that we have in the
2 district, and it's 706 miles. This is based on IRI,
3 or the International Roughness Index, which measures
4 the roughness of the pavement in inches per mile.
5 Regarding our networks on our interstate network, I
6 have 368 segment miles, 25 of those are poor IRI,
7 which represent seven percent. On the NHS interstate
8 system I have 171 total segment miles, 12 miles of
9 which are poor IRI. On the non-NHS, non-interstate
10 greater than 2,000 system I have 1,087, 103 miles of
11 which are in the poor category. And the worst network
12 that we have are the non-NHS, less than 2,000 EDT,
13 which was 2,307 miles, of which 566 of those are poor
14 segment miles.

15 The next slide shows a little different
16 depiction of pavements. This is what we call how to
17 cycle. Generally the way we talk about cycles in
18 PennDOT would be before higher EDT roadways. We are
19 usually looking at an 8 to 12-year paving cycle with
20 regular paintings in between those paving cycles. On
21 the lower frequency roads we're on a 20-year paving
22 cycle. The chipping in between averaged our
23 maintenance. And so what it really shows is that we
24 have 1,033 out-of-cycle pavement miles, which is a
25 good indicator of, again, the situation that we're in

1 here in the district.

2 And the following slide shows the
3 projects that are unfunded now, due to Act 44, or the
4 lowered funding of Act 44, which represents 44
5 projects in my district and a total cost of \$218,000
6 million over a four-year period.

7 And the following slide kind of
8 summarizes everything where when you look at our
9 annual shortfall of recent highway --- bridge and
10 highway pavement needs, our estimated regional need is
11 \$290 million, and our current funding level is
12 \$163,000 million a year. So at this point in time our
13 shortfall is about \$135 million per year.

14 And the next slide we have talks a little
15 bit about the transit agencies here in our district.
16 We have three transit agencies, the County of
17 Lackawanna Transit System has about two million riders
18 and receives about \$6.3 million in operating
19 assistance from the state every year. The Blair
20 County Transportation Authority has 1.8 million riders
21 roughly and they receive about \$4.9 million in
22 operating assistance from the Department. And the
23 third one is the Hazleton Public Transit System, which
24 has about 240,000 riders, and they receive about \$1.6
25 million in funding from us.

1 And the last slide I have is just for
2 those in the audience if they're interested, if they'd
3 like to have any more information on our funding
4 crisis, there's a website that you can go to;
5 www.fundpatransportationnow.com (sic). And with that,
6 that concludes my presentation.

7 CHAIRMAN:

8 Okay, thank you, George. I think if it's
9 okay with everybody, that you'll just stay there.
10 We'll have Deputy Christie proceed through his
11 presentation, and all of you can just stay there for
12 combined questions. I think that will make things
13 flow a little bit here, if that's okay? Okay.
14 Secretary Christie, Deputy Secretary, you may make
15 your statement.

16 MR. CHRISTIE:

17 Thanks very much. One of the other
18 current events that's going on, obviously, is the
19 Marcellus Shale operations that are going up in the
20 northern area of the state, and also in the
21 south/southwestern part of the state. And what I
22 wanted to do is give everybody an update on the
23 impacts of that, those operations on the highways.

24 As you know, PennDOT owns and maintains
25 approximately 45,000 bridges and 40,000 miles of

1 roads, with the secondary roads comprise of over half
2 of that mileage. The major routes in Pennsylvania are
3 designed to accommodate the high volume of heavy
4 trucks. However Marcellus Shale drilling is having a
5 significant impact on the Commonwealth's roadway
6 system, especially the secondary roads. Most of the
7 drilling is taking place in rural areas with access
8 via low-volume secondary roads. And most of the
9 roadways do not have sufficient strength to withstand
10 the large amount of trucks and other vehicles that are
11 part of the that Marcellus Shale drilling.

12 Gas metal drilling requires transporting
13 significantly overweight and oversized equipment and
14 materials, including hundreds of water-filled tanker
15 trucks for hydraulic fracturing, called cracking. I
16 believe you've heard from them. Also stone trucks for
17 site development, and pipe trucks for drilling and
18 pipeline construction.

19 The damage caused by this additional
20 truck traffic rapidly deteriorates from minor surface
21 damage to completely undermining the roadway base.
22 And additionally, we have found a sudden increase in
23 heavy truck traffic has caused deterioration of
24 several weaker bridge structures resulting in
25 postings.

1 PennDOT's intent right now is to have no
2 deterioration existing road and bridge conditions
3 because of any truck traffic, and to recover all costs
4 associated with damage being caused. To protect the
5 roadways from heavy vehicle damage, more secondary
6 roads are being posted right now. Currently we have
7 7,956 miles of roadway that are posted and have
8 associated access maintenance agreements for those
9 7,956 miles. 6,245 miles of those 7,900 are Marcellus
10 Shale drilling companies --- with nine Marcellus Shale
11 drilling companies and 1,711 miles are with Marcellus
12 Shale companies. So if you're keeping track of that
13 7,956, that would be the breakdown.

14 An additional 1,940 miles are planned to
15 be posted right now, which could lead to future
16 maintenance agreements for those roads as well.
17 Please note that whenever there is an excess
18 maintenance agreement there is an associated bond with
19 this and I'll cover the bond in a few moments.

20 For the current 1,711 miles of roadway
21 that have an excess maintenance agreement with
22 Marcellus Shale companies, it is estimated that 50
23 percent require minor repairs, 20 percent require
24 major base repair and actually 10 percent now require
25 full reconstruction. The total road and repair

1 estimate in the current 1,711 miles on the road is
2 \$125 million, and assuming the same proportion of road
3 repairs for the plan to be posted roadways, that would
4 mean an additional \$140 million will be required for
5 road weather repairs.

6 Posting and bonding does offer protection
7 to PennDOT's secondary roads, but the main traffic
8 routes are still vulnerable to the increased steady
9 truck traffic. It was reported that traffic on US 16
10 Bradford County near Burlington saw a six-fold
11 increase in truck traffic over a three-year period.

12 With this increase in truck volume the
13 roadway is prematurely deteriorating, and the life
14 cycle of the pavement is being shortened. Posting
15 main traffic routes is not a desired option, as these
16 roadways serve as major traffic arteries across the
17 Commonwealth, but repair and cost recovery for these
18 repairs must also be addressed.

19 PennDOT is working with the shale
20 industry to develop local work plans and focus on
21 current road repair needs, as well as preemptive work
22 to repair the roadways for future use and winter
23 conditions and plowing. The winter months are a
24 vulnerable time for pre-thaw cycles, and the limited
25 availability of materials to complete repairs makes

1 this even more dire.

2 The industry has been warned that if the
3 roadway improvements are not in place by the winter
4 they will not be able to haul on a posted roadway from
5 November 1st to April 30th, or until improvements are
6 put in place. In addition, they were informed that
7 PennDOT laws will not permit the deterioration of
8 roads below current conditions, and will disallow
9 hauling if a road is damaged.

10 Safety issues such as improper traffic
11 control in a work zone, loose gravel and pavement,
12 shoulder drop offs and dust are also monitored as part
13 of the regular review of our roadway conditions. If a
14 safety issue is noted it is the industry's
15 responsibility to address the problem promptly, and if
16 the issue is not addressed, the Department will revoke
17 their permit.

18 In conjunction with the roadway
19 deterioration, PennDOT is also concerned with the
20 condition of the bridges and safety issues along the
21 same routes. In an effort to avoid potential bridge
22 failure, PennDOT's staff is completing additional
23 visual inspections of bridge structures to note any
24 major deterioration.

25 Additional staffing has already been

1 reallocated to work for the shale industry and
2 complete roadway postings, pre-bonding surveys, and
3 ongoing roadway condition surveys. Even more staffing
4 is needed to effectively handle the required
5 permitting and enhanced tracking, and reporting needed
6 to match the Marcellus Shale industry growth, while
7 also ensuring roadway safety and service.

8 The Marcellus Shale industry is bringing
9 substantial economic benefit to their Commonwealth,
10 however this benefit is not without a cost to our
11 roadways and as stated previously, PennDOT's intent is
12 to have no deterioration existing road and bridge
13 conditions because of this truck traffic and to
14 recover all associated costs. To address these
15 impacts, staff has been assigned and requested to
16 handle the additional task. Information technology
17 systems right now are being updated and developed to
18 accommodate the tracking, the data collection and the
19 data sharing that's required.

20 To recover the costs associated with the
21 needed upgrades, a cost recovery analysis is being
22 completed to identify the items and the fees that can
23 be charged to the industry. The increased permit
24 fees, revisions to the excess maintenance agreement,
25 increased bond amounts and industry credits are all

1 being reviewed. It's imperative that PennDOT recoup
2 our costs because transportation needs are already
3 under-funded and we cannot absorb these additional
4 funding burdens.

5 In addition, this situation also
6 highlights that both state and local governments need
7 additional resources to address the problems that have
8 accompanied the arrival of the drilling companies.
9 Governor Rendell has proposed a severance tax to
10 ensure the industry pays its fair share and helps
11 support the programs and services of the Commonwealth
12 the counties and municipalities must be provided to
13 accommodate their presence.

14 Under the governor's plan, Pennsylvania
15 will take in approximately \$1.8 billion over the next
16 five years, with \$180 million of that total being
17 shared directly with local governments and areas where
18 drilling activity is taking place. Local governments
19 could then use those funds to repair roads and other
20 infrastructure and bolster local law enforcement
21 efforts or rely programs to help those in need.
22 And that concludes our remarks on the Marcellus Shale.

23 CHAIRMAN:

24 Okay, thank you very much.

25 MR. CHRISTIE:

1 I do have a little bit on mining as well.
2 Do you want me to cover that part first or ---?

3 CHAIRMAN:

4 Yes, you might as well keep going there.

5 MR. CHRISTIE:

6 Let me start by saying repairs for
7 beaming in PennDOT's policy is to guard against
8 abnormal deterioration of roads and bridges that are
9 caused by the heavy truck traffic associated with the
10 Marcellus Shale activity. We do intend to recover the
11 costs associated with repairs, as well as costs to
12 manage or monitor the heavy truck traffic. And we are
13 presently posting the roads right now to protect
14 against the damage.

15 But let me begin by stating that a posted
16 roadway is basically any state of locally owned
17 highway that has a weight restriction. And the first
18 step is to enact --- the first step you have to take
19 is to enact a weight restriction. You must first
20 complete an engineering traffic study to examine the
21 roadway conditions, and that would include the
22 pavement structure as well, to determine if the
23 roadway, in fact, should be posted.

24 Once you can determine that the railing
25 should be posted and it needs a weight restriction,

1 and the weight restriction is justified, then we erect
2 signs to inform the drivers what the specific weight
3 restrictions for that roadway would be.

4 If a hauler wants, then, to utilize that
5 posted roadway, they must apply for a heavy hauling
6 permit. To obtain that permit they must then enter
7 into an excess maintenance agreement. This agreement
8 testifies that any damage occurring on the road must
9 be repaired immediately by that company and also
10 requires that the company obtain a bond. We then
11 continually monitor conditions of the roadway to
12 ensure that the repairs are timely and properly
13 completed.

14 Now the bond is required to ensure that
15 if a company does cause damage and does not complete
16 the proper repairs, PennDOT has the ability to utilize
17 that bond security to then go out and make the repairs
18 ourselves. Depending on the type of hauling permit,
19 basically one of three types of bond permits is
20 selective. Type I permit authorizes the use of a
21 particular posted highway, or a portion of a posted
22 highway, by an over posted weight vehicle. Basically
23 that means one truck and one travel route for that
24 permit.

25 The type II permit authorizes the use of

1 particular posted highway or portions of the highway
2 by any number of over posted weight vehicles being
3 driven to or from a common destination. In other
4 words, multiple trucks get permitted but there's only
5 one travel route.

6 And for both type I and type II permits
7 the bond security amount right now is \$6,000 a mile
8 for unpaved roads, and \$12,500 a mile for paved routes
9 and \$50,000 a mile for roads that are going to be
10 maintained at a lower condition.

11 And now, most bonded permits related to
12 Marcellus Shale, everybody should know, are basically
13 the type II permits. There is a type III permit that
14 authorizes the use of a number of specified posted
15 highways, or portions thereof, within a specific
16 county by an over posted weight vehicle. That would
17 mean one truck and multiple travel routes for those
18 type of permits.

19 Bond security for this now is \$10,000 per
20 the county or municipality wide. As part of the
21 excess maintenance agreement involving process, an on-
22 site inspection is completed to document the existing
23 conditions of the roadway and an excess maintenance
24 agreement ensures that the user completes any
25 maintenance in excess of the normal routine

1 maintenance that needs to be done. If the user does
2 not complete the excess road work, then first their
3 heavy hauling permit will be revoked, and the bonding
4 of the roadway then provides two general benefits.

5 First is an incentive to the user to
6 maintain their maintenance agreement because evoking
7 access to the bond has an impact on the driller's
8 operations, and they will now have difficulty finding
9 an agency bond in the future. Difficulty of paying
10 user bonding is a significant deterrent to the driller
11 because, in fact, we would go back and look at our
12 records, PennDOT records indicate that only one bond
13 has ever been utilized in the past.

14 Second, it is a financial security to the
15 owner that if the user does default on the maintenance
16 agreement, there is funding to repair the road. I
17 will say that historically, \$12,500 a mile of paved
18 roadways was sufficient for typical repairs of the
19 type of heavy hauling seen by the Commonwealth.
20 However, with today's heavy hauling seen within the
21 Marcellus Shale industry, this security is really now
22 when we estimate to cover 10 to 20 percent of the
23 actual repair costs that we're seeing.

24 To assure that a bond requirement is
25 still serving a purpose of being an incentive to the

1 user to fulfill their maintenance agreement and is a
2 financial security to the owner, PennDOT is now
3 studying the appropriate bond security amounts.
4 Increasing the bonding amount does offer increased
5 protection to ensure road repairs are completed.
6 However, please note that a bonding increase will not
7 offer a direct benefit to recoup the costs expended
8 for the additional staff and resources that PennDOT or
9 any other locals are incurring as a result of the
10 Marcellus Shale industry activities. And also
11 increasing the bond amount without a tiered approach,
12 ---. We need to understand this, if we don't do it
13 with a tiered approach this will impact all
14 industries, not just Marcellus Shale, and it will
15 introduce increased costs with all heavy haulers,
16 including those operating small businesses.

17 So PennDOT will continue to study the
18 appropriate measures to protect the roads and bridges
19 and examine the ways to recover our costs. And at
20 this point in time, thanks very much, and I'll be
21 happy to answer any questions.

22 CHAIRMAN:

23 Okay. Thank you, Deputy Secretary.
24 Chairman Geist?

25 MR. GEIST:

1 Yes, can we go back to the TE (phonetic)
2 for a second, please? George, one of the things
3 that's popped up with a lot of our members is the fact
4 that detours and bridges under a weight limit, and the
5 length of those detours, accessibility, exceptions for
6 milk trucks and things like that in rural
7 Pennsylvania. And I note and it was likely gone over,
8 but you have how many bridges under weight? Was it
9 ten tons or less?

10 MR. ROBERTS:

11 It was 58.

12 MR. GEIST:

13 And what will usually milk trucks weigh
14 in at?

15 MR. ROBERTS:

16 I believe they would be legal loads,
17 80,000 pounds.

18 MR. GEIST:

19 I know there's quite a lot of concern
20 about that. And how many bridges do you have closed
21 right now?

22 MR. ROBERTS:

23 I have none closed, I believe. That's
24 correct, none closed at this point in time.

25 MR. GEIST:

1 Any close?

2 MR. ROBERTS:

3 Let me correct that. I had one closed up
4 in Wyoming County, I apologize. But that is the only
5 one that is closed right now. Probably the closest
6 one I have to that would be one over at Delaware
7 River, which is the going bridge division bridge.
8 That's posted at seven tons right now.

9 MR. GEIST:

10 All right. Thank you very much.

11 CHAIRMAN:

12 Okay. Representative Mike Carroll.

13 MR. CARROLL:

14 Thank you, Mr. Chairman. Thank you,
15 George, for your testimony. I'd like to have George
16 to the microphone if I could, Mr. Deputy Secretary.
17 For me, George is more important. I'd first like to
18 thank George and the entire PennDOT team. I've been
19 to all four of the four meetings prior to this one,
20 and I've sat and listened to the testimony from all
21 corners of the state. Finally I get home and I get to
22 hear about my home region.

23 And my first order of business is to
24 complement George and his team and for the top of the
25 line responses I get. He's always outstanding and

1 thorough. You're efficient and I appreciate the fine
2 work that PennDOT does here in 4-0 as well, and
3 throughout the state.

4 I have testified at other hearings and
5 asked questions about the capacity, George. And a lot
6 of the testimony that we receive is talking about
7 maintenance and repair of the existing network. And I
8 believe that we have the need for capacity in a few
9 areas of the state, and I think 4-0 is one of the
10 regions. And I'd like to get your thoughts on the
11 need for a little bit of capacity division (phonetic),
12 beyond just maintenance and existing network. Do you
13 believe, like I do, that we have the capacity need?

14 MR. ROBERTS:

15 We have a few areas that we have a
16 capacity need, I would say, Representative. We are
17 looking at the airport access road, the Bedford
18 (phonetic) road, as well as the South Valley parkway.
19 We have really, because of the funding situation, have
20 to put a majority of our funding towards asset
21 management, or preservation, so at this time we're
22 moving our capacity adding portion of our funding to
23 about ten percent, which for my district represents
24 about \$24 million over a four-year period.

25 MR. CARROLL:

1 Which really is not much?

2 MR. ROBERTS:

3 That's not enough funding.

4 MR. CARROLL:

5 At the end of the day we're going to have
6 a serious discussion about transportation, we have to
7 talk about the capacity addition, as well. Secondly
8 I'd like to talk about timing. A lot of the folks
9 believe that we can wait. That we can wait a year,
10 that we can wait six months, that we can wait eight
11 months to solve this economy problem. Do you share
12 that same view that we can wait?

13 MR. ROBERTS:

14 No, I do not. The Act 44 was a major
15 shot in the arm for us. That really helped us turn
16 our bridge program around. And without receiving the
17 full funding as we might have talked about is a
18 significant impact, as well as when we've taken a
19 bigger analysis of our assistance system. We actually
20 need additional hours to run that, as I talked about.
21 So no, I do not believe we can wait.

22 MR. CARROLL:

23 And I share that same view. I really do
24 believe that the need is there and we actually have to
25 find a way to solve the problem. And I'll ask you to

1 just comment. You had one slide you talked about, the
2 44 unfunded projects. Can you highlight --- most of
3 the people in this room that are from northeast
4 Pennsylvania will be familiar with at least those
5 regions, and tell me about the projects. I don't want
6 you to name all 44, but can you mention a few of those
7 unfunded projects that you are not going to be able to
8 do because of the gap in funding?

9 MR. ROBERTS:

10 I certainly can. I have a whole list of
11 them here if anybody would like to look at them. But
12 it's 44 projects in total, \$218 million, like I had
13 mentioned. A couple of the critical ones would be US
14 11 bridge over Route 6, we have a number of
15 resurfacings, we have quite a few bridges on here. I
16 don't have the exact number, Representative, but I
17 would say mostly we're looking at bridges that we need
18 to take care of, as well as interstate projects. Do
19 you have any in particular you'd like to ask me that
20 are on this list or ---?

21 MR. CARROLL:

22 No. But the point is we have various
23 specific projects in our region that are not going to
24 get funding because of the gap in funding, and it
25 highlights the need to be able to solve those

1 problems. I'll end by thanking you again, and making
2 sure that you know that you have my commitment to find
3 a way to solve this problem, because I know the need
4 is there. I know that I can't be any different than
5 most of the legislators in the 4-0 that have your
6 phone number memorized, and because we have projects
7 that we have a need for, people call us, people have
8 particular concerns with roads and bridges, and we
9 have to find a way to solve that problem because we
10 just rely on the transportation network for every
11 facet of our daily lives, and without that
12 transportation network, we would be useless, so thank
13 you.

14 MR. ROBERTS:

15 You're welcome.

16 CHAIRMAN:

17 Commerce Secretary Sandy Major.

18 MS. MAJOR:

19 Thank you, Mr. Chairman. I'm the caucus
20 chairman of the Republican caucus. And to the
21 officials of PennDOT, officials that are here today,
22 I'm here to thank you for your comments, I sincerely
23 appreciate it. As the Chairman noted, I am from the
24 northern region of Susquehanna, and I am from Wayne
25 County, where the Marcellus Shale development is

1 moving very quickly. And the posting and the bonding
2 of the roads is indeed a concern to me. Certainly I
3 recognize the significant truck traffic that we are
4 incurring because of the Marcellus Shale, do recognize
5 what the heavy trucks are doing to our local highways.
6 But I also have a concern because we have a lot of
7 local --- we have a lot of local businesses, small
8 business who existed in my region and my counties for
9 many, many years. They are indeed the business people
10 who have been there for, like I said, many years, and
11 want some to be there after the Marcellus Shale has
12 long left our region.

13 And indeed the posting and the bonding is
14 directly impacting them and while you believe their
15 trucks, they should be mindful, too, of the weight
16 that their trucks are hauling and certainly deemed
17 within the legal limits, I'm wondering what provisions
18 are going to be made, because indeed, as we have any
19 number of businesses that exist, they are relying on
20 certain deliveries to those businesses. And I'm just
21 wondering how the Department --- what the Department's
22 going to put in place to recognize those local
23 deliveries, and how posting and bonding and especially
24 the four digit roads, which we identify and refer to
25 as secondary roads, how that is going to impact those

1 of the small business owners' income in rural
2 counties.

3 MR. CHRISTIE:

4 Sure. The current version of the
5 permitting requirements and posting requirements for
6 the roadways does allow exceptions for local
7 deliveries. So what would happen is that once in the
8 counties that you're talking about --- for District 4,
9 George would then look at the locals that would come
10 in to the district office and they would evaluate, is
11 this truly a local business and a local delivery. If
12 that's the case, George and staff would then be able
13 to issue an exception, or basically a permit, to allow
14 that company to travel on that road and to get an
15 exception to the permit or the posting that's in
16 place.

17 So that does exist. That is going on in
18 the other districts right now. I don't think George
19 really had a posted route for the district before, so
20 it's sort of new to the District 4 area. But going
21 forward, when he does have his road posted to protect
22 them, he will be able to issue exceptions to the local
23 companies and the local businessman.

24 MS. MAJOR:

25 Okay. And so we do know those local

1 companies, if they, in fact, own trucks as local
2 businesses that don't currently own trucks are paying
3 registration fees with regard to the size of the
4 trucks, the number of axles, that type of thing, so
5 would there be a cost to these numbers with regards to
6 these permit fees? Is this going to be an additional
7 cost or fee that they're going to have to incur in
8 addition to the cost they're already paying to the
9 Department to run on roads?

10 UNIDENTIFIED SPEAKER:

11 I'm not sure.

12 MR. ROBERTS:

13 That's one of the conundrums we have now,
14 how we're going to figure all that out. You know, if
15 it's a business and it's probably --- they're going
16 back and forth from their business, it should not be
17 any additional cost. That's the way it is now. Going
18 forward we're going to have to take a look at that,
19 and we are current. And we probably won't have the
20 answer to that exact question for probably one or two
21 years.

22 MS. MAJOR:

23 Okay. And I would certainly respectfully
24 ask you to be mindful that if you do study that, to be
25 mindful of the fact that once again these are the

1 businesses, they're local businesses, they're local
2 employers and the --- you know, we do --- with the
3 Delaware County, we are having some hardships,
4 especially in those rural areas, despite the Marcellus
5 Shale, but I'd just ask you to be mindful certainly of
6 any fees that the Department might apply to be mindful
7 of this. These are our jobs and our local economy.

8 One other question, too, Mr. Chairman, if
9 I might? I'm concerned again about the posting and
10 bonding of the roads. And indeed, what is the cost to
11 the Department? We have to purchase signs, that means
12 are there settings that have to be done to the roads
13 prior to your posting and bonding them, or what would
14 be the cost on those? I was just going to ask that.
15 Are there people that are hired, engineering firms,
16 are you hiring outside firms or in-house? Or what's
17 the Department intending to do with regard to actual
18 costs of posting and bonding?

19 MR. CHRISTIE:

20 I would say you're absolutely correct on
21 all of the above, but I would say that what we're
22 doing right now is because of the order or magnitude
23 of the actual work that's coming in, you're exactly
24 right, there's costs of signs, there's costs of the
25 work, there are for bringing in extra people to do

1 this, and we have to pay the salaries of those extra
2 people. That all comes from the Department's budget.

3 What we're doing is we have a system set
4 up to track every single dollar that we're spending in
5 those areas. And we're holding that in a special
6 report, and we're keeping tabs of that. And what
7 we'll try to do is as we propose any type of fees, or
8 permit fees, or anything along those lines to be
9 enacted, what we want to make sure is is that those
10 fees actually cover the costs that we're incurring
11 right now.

12 So right now we don't have the ability to
13 cover those costs, but we're tracking them very
14 religiously right now. Because our intent is to ---
15 whatever we do is to put in place a fee structure that
16 would, in fact, recover all of those costs.

17 MS. MAJOR:

18 Thank you very much. Thank you for your
19 answer. Thank you, Mr. Chairman.

20 CHAIRMAN:

21 Okay, thank you. The Chair would first
22 like to recognize Democratic Policy Chairman Mike
23 Sturla from Lancaster County, who has arrived, as well
24 as Representative Phyllis Mundy from Luzerne County
25 who has arrived. And also I'd like to recognize now,

1 Representative Kevin Murphy for questions.

2 MR. MURPHY:

3 Mr. Deputy Secretary, the questions I
4 have are with regards to the impacts of Marcellus
5 Shale on our roads and bridges, and the gas as well.
6 Drilling, as you indicated in your testimony, requires
7 transporting significantly overweight and oversized
8 equipment and materials, including hundreds of water
9 tanks, trucks and also stone.

10 I wanted to commend you for your
11 commitment on behalf of PennDOT to ensure that the gas
12 companies that are doing business here in
13 Pennsylvania, in extracting their natural resources,
14 are also held accountable for the damages that are
15 incurred to our roads and bridges. And with regards
16 to the bonding and the amounts that these gas
17 companies have to as part of their maintenance
18 agreement, I want to make sure that it's clear to
19 everyone in the room that was watching that these
20 bonds are a significant amount to cover the cost of
21 some of the damages that are incurred. So I've had
22 to, with tract that you're looking into trying to
23 increase them, to find a proper amount, to make sure
24 that they're accountable to the point where they have
25 a financial interest in ensuring that they maintain

1 the integrities of the roads.

2 But with these maintenance agreements,
3 could you explain maintenance agreements and how they
4 work for us?

5 MR. CHRISTIE:

6 Yes. A maintenance agreement, once you
7 apply for your permit to travel on a posted road,
8 before you can actually do that you have to enter into
9 an agreement with the Department. And basically we go
10 out and look at the current condition of the road, and
11 we basically say that's the current condition. If you
12 damage it beyond that current condition, you will be
13 notified to go out and do immediate repairs. And then
14 they're notified and they have to go out and make
15 those immediate repairs.

16 And right now there is some damage that
17 did occur over the winter. The problem was that there
18 were no asphalt plants open, so some damage --- the
19 damage that was incurred over the winter, they're in
20 the process of fixing right now. And they're out
21 there doing that and getting caught up with all that
22 damage that was incurred over the winter in various
23 posted roads.

24 MR. MURPHY:

25 Now, what are the penalties for a

1 Marcellus Shale gas company that doesn't address the
2 issues of road damage in a timely manner?

3 MR. ROBERTS:

4 The first step is, and we have done this
5 before, a permit, and we've done them here, you cannot
6 travel on roads anymore with any of the over-loaded
7 vehicles --- any of the overweight vehicles. And the
8 second step, if they don't do it, is we go back and
9 attach the bond and take the bond security, and we
10 would go in and fix the road ourselves.

11 MR. MURPHY:

12 But would the amounts of the buyer, they
13 also would be significant enough to cover the cost of
14 the maintenance required to repair a road if it starts
15 to begin ---.

16 MR. ROBERTS:

17 That's correct. That's one of the things
18 I'm looking at right now is the fact that it wouldn't
19 be enough. I will say, you know, I don't want it to
20 sound like the companies aren't willing to step up.
21 So far all --- we've talked to the companies, and in
22 some cases there've been a couple occasions where it
23 hasn't been as timely as it should have been.
24 However, in some cases we did pull permits to make
25 sure the work got done. But I will say by and large,

1 they're very receptive in working with the Department
2 and making sure that the repairs are being done. It's
3 just that right at this point in time some --- over
4 the winter some got behind, and they're now catching
5 up to get --- make sure those repairs are done right
6 now.

7 MR. MURPHY:

8 You also mentioned, Mr. Deputy Secretary,
9 that there are other factors, personnel issues, other
10 costs in addition to just the cost of repairing the
11 roads and bridges. Would you elaborate on some of
12 those additional costs that would be associated with
13 the Marcellus Shale?

14 MR. ROBERTS:

15 Right. The first factor we're going
16 through right now is that Marcellus Shale coming into
17 his counties in District 4, he has to first go out and
18 do engineering studies and do inspection of the roads
19 to actually analyze the roads to whether it should be
20 posted. That takes a great deal of effort. Then once
21 he does that, and once that's all done and the road
22 gets posted, he still has to continually go out and
23 inspect the roads to determine if any damage is being
24 caused so he can notify the companies and let them
25 know damage is being done.

1 Then even beyond that, once the company
2 comes in and says I'm going to repair it, that I'll be
3 out tomorrow to repair it, you actually have to have
4 people out to inspect that work as well. So it's
5 literally just a constant inspection process. I mean,
6 you can see, if we're up in the number of miles of
7 road that are in that situation by thousands we
8 literally have to have people going over those
9 thousands of miles of road literally every week around
10 all those districts to keep track of it. So it's a
11 lot of manpower that we have to redirect and take care
12 of that.

13 And like I said, we are tracking all of
14 these costs and all the --- including the personnel
15 costs, because our intent is to recover those costs.
16 And I would also say that we've indicated that to the
17 Marcellus Shale Coalition, and they don't see any
18 problem with doing that. They're on board with that
19 aspect of it. It's just we have to do it in an
20 appropriate way and make sure that it's an appropriate
21 structure to determine cost.

22 MR. MURPHY:

23 Do you have any idea about the additional
24 personnel that may be required to fulfill the
25 inspections and oversight?

1 MR. CHRISTIE:

2 Well, the answer would be yes. However,
3 the problem that we're looking at is that right now
4 we're dealing with a level of wells --- you know, one
5 of the things we're doing is we're tracking the amount
6 of work that's being done and we do have a number of
7 manpower to --- man hours we're using to do that. The
8 problem is going forward. We understand that next
9 year there might be a factor of three, four-fold
10 increase in the amount of activity.

11 So for me to say what it is right now
12 might not be realistic, or might be a little
13 misleading. We're actually trying to get the number
14 to date and also what we're projected we're going to
15 need to spend going forward.

16 MR. MURPHY:

17 Very good. And there's another portion
18 of your testimony that caught my eye, and once again,
19 do you intend to recover the costs associated with
20 needed upgrades and you're doing a cost recovery
21 analysis study, currently. Do you have any idea when
22 that analysis, that study, will be done?

23 MR. CHRISTIE:

24 We have actually a schedule for that.
25 It's projected to be done this summer. I would say at

1 the end of July, beginning of August is when we see
2 the entire analysis being done, what I call, with some
3 level of accuracy. We're getting all the information
4 in from the District offices right now, and like I
5 said, District 4 is starting out very aggressively
6 right now, so we're trying to --- you know, we're in a
7 different point in time for a lot of districts. The
8 southwestern part of the state has a lot of posted
9 roads already, and so they don't have to go out and do
10 a high level of engineering analysis.

11 District 3, the Williamsport and Scranton
12 areas, they actually have really just gotten more
13 aggressive with posting their roads. So those costs
14 are now coming in. So we've got to take all of those
15 areas, add them up and do an evaluation. So that's
16 the reason why we're projecting somewhere in July and
17 August to have it done.

18 MR. MURPHY:

19 Thank you, Deputy Secretary. And I would
20 just like to add a comment that I think that your
21 testimony emphasizes the need for a severance tax on
22 the Marcellus Shale extraction because there are
23 obvious costs associated with deteriorating the roads,
24 bridges, there are other environmental concerns as
25 well. And I just think your testimony emphasizes the

1 fact that we have to impose a severance tax on
2 Marcellus Shale.

3 MR. ROBERTS:

4 Yeah, I might add one thing. All of our
5 costs will not have included in there the costs of the
6 locals doing the same level work. So my estimates
7 for, maybe you can extrapolate them to local roads,
8 but they won't have included the level of locals that
9 will have to go through as well.

10 MR. MURPHY:

11 Thank you very much.

12 CHAIRMAN:

13 Okay, Representative --- you're welcome.
14 Representative Staback and Pashinski and Mike Sturla.

15 MR. STABACK:

16 Thank you, Mr. Chairman. First off, I
17 want to thank the Transportation Chairman for inviting
18 me and allowing me to be a part of it, since I'm not a
19 member of the Transportation Committee, to be a part
20 of today's activities. George, my questions are going
21 to be directed to you. In your testimony you alluded
22 to the fact that you had some 474 bridges that were in
23 poor condition in District 4, is that a right number?

24 MR. ROBERTS:

25 That's correct, 474 structurally

1 deficient.

2 MR. STABACK:

3 Okay. Of the 474, what portion of those
4 actually need to be replaced versus those that need to
5 do the repair?

6 MR. ROBERTS:

7 That's something I don't have right here
8 in my hands. I would have to get that to you,
9 Representative.

10 MR. STABACK:

11 Okay, okay. So the next question would
12 be academic then. There's no way you could estimate a
13 cost for me?

14 MR. ROBERTS:

15 That's correct.

16 MR. STABACK:

17 All right. Now, when you were discussing
18 the number of highway miles and those miles that
19 needed to be repaved, those highway miles that need
20 repaired, you were going quicker than I could keep up
21 with you. Could you tell me for clarification
22 purposes, how many miles are there right now that need
23 to be addressed?

24 MR. ROBERTS:

25 We have 706 poor site highway miles in

1 the District, 706 miles.

2 MR. STABACK:

3 That need to be addressed?

4 MR. ROBERTS:

5 That are in the poor category. We put
6 them into categories of excellent, good, fair, poor,
7 and these would be out of the 3,933 miles that we have
8 in our district, 706 of them are in the poor category,
9 the lowest category.

10 MR. STABACK:

11 Okay. That's the lowest category, that
12 means they need to be repaired?

13 MR. ROBERTS:

14 That's correct.

15 MR. STABACK:

16 Do you have an estimated cost of the
17 repairs that need to be made?

18 MR. ROBERTS:

19 I do not have that right here at my hands
20 but I can certainly get that for you.

21 MR. STABACK:

22 Okay. Final question, with the
23 replacement of the bridges or the repair of the
24 bridges and the highway miles that need to be fixed
25 up, were you dependent on the Act 44 dollars to do all

1 that?

2 MR. ROBERTS:

3 The Act 44 dollars were certainly helping
4 us address our bridge crisis, but when the report
5 commission identified --- the need in Pennsylvania is
6 much higher than that just to maintain or observe our
7 existing system. We need to think about additional
8 capacity.

9 MR. STABACK:

10 Okay. So if I'm hearing you right, the
11 rebuilding of the bridges and the repairs to the
12 bridges and the repairs to the road will be done,
13 irregardless of whether you received Act 44 money or
14 not? Is that what I understand?

15 MR. ROBERTS:

16 I'm not sure I understand the question.

17 MR. STABACK:

18 Okay. The new bridges that need to be
19 replaced, the 474, and the highway miles that have to
20 be repaired, were you dependent on Act 44 dollars to
21 do that work?

22 MR. ROBERTS:

23 Yes, we were. But what I was saying is
24 that even those funds weren't sufficient enough to
25 really get all our needs met.

1 MR. STABACK:

2 I misunderstood your testimony. Okay.
3 So without the Act 44 dollars coming in, would it be a
4 fair assumption that this kind of work is going to be
5 put on the backburner?

6 MR. ROBERTS:

7 Well, it will just take us longer to be
8 able to get to those bridges and those highways,
9 unless we have a higher funding, I guess.

10 MR. STABACK:

11 Would you be able to do any portion of
12 them on an annual basis?

13 MR. ROBERTS:

14 I'm able to do bridges and highways
15 still, but the reduced funding is less, obviously.
16 Like I had mentioned, a number of bridges and
17 highways, that we were not able to use the Act 44. So
18 we are able --- we still have a funding source.

19 MR. STABACK:

20 Okay.

21 MR. ROBERTS:

22 We're still able to correct bridges and
23 highways, but not at the rate we need to do it at.

24 MR. STABACK:

25 Okay. You mentioned my question that I

1 was concerned with. You're not totally dependent on
2 all of Act 44 dollars to do all of this, and without
3 that money, none of these projects can be done. That
4 is not the case?

5 MR. ROBERTS:

6 Well, again, with the reduced Act 44
7 dollars, that's where we lose the number of projects
8 that total \$218 million. You know, again, those will
9 just take that much longer to get to. Instead of
10 getting to them in two years it might take me five
11 years to get those.

12 MR. STABACK:

13 Okay, thank you.

14 CHAIRMAN:

15 Representative Ed Pashinski.

16 MR. PASHINSKI:

17 Thank you, Mr. Chairman. Thank you
18 gentlemen for your testimony. I was wondering if you
19 could comment on the cost. You indicated that your
20 cost is close to a 60 percent spike. And I'm
21 concerned about, was that the price at 2007, 2008,
22 before the financial collapse?

23 MR. ROBERTS:

24 No. Basically from 2003 through about
25 2008, and it leveled off in 2009, it was an 80 percent

1 increase.

2 MR. PASHINSKI:

3 Eighty (80)?

4 MR. ROBERTS:

5 Eighty (80) percent increase from 2003
6 through 2008, and just this past year it was a slight
7 decrease this past year.

8 MR. PASHINSKI:

9 That was the other question I was going
10 to ask you. Considering the incredible shortfall that
11 occurred, entire financial markets on the verge of
12 total collapse, I would assume jobs are less
13 proficient, and as a result, the prices would fall.
14 But you indicate it's just less? Slightly.

15 MR. ROBERTS:

16 Well, prices did fall slightly. I think
17 we've over this past year --- my recollection is about
18 seven to eight percent of average was the fall. The
19 reason I say that is because what happened is some
20 things went down, like the price of asphalt went down
21 and then slightly came back up. And we do obviously a
22 lot of asphalt projects and repaving projects across
23 the state.

24 So you have to take a look at it on an
25 aggregate from all of our bids, which we do, and on

1 average our bids we found are running about seven to
2 eight, about seven percent less than the previous
3 year. But when you take a look at it from 2003 we've
4 had an 80 percent increase. So that's still a huge
5 cut in our buying power.

6 MR. PASHINSKI:

7 Exactly. And I'm very concerned about
8 whether or not there's any kind of price gouging,
9 overpricing of materials. What constitutes that price
10 of cement and rebar, the materials that you use?

11 MR. ROBERTS:

12 I'm not sure. We have competitive
13 bidding and we have unit cost items that we track
14 pretty religiously for every bid, and we make
15 comparisons to every bid that we have for every bid,
16 every month, every week. So we really closely track
17 to find out whether or not any unit price is, if at
18 all, out of kilter.

19 MR. PASHINSKI:

20 Well, what do you attribute the 80
21 percent increase to in the materials?

22 MR. ROBERTS:

23 The 80 percent increase was basically
24 since 2003, is the huge cost of inflation. There was
25 a large increase in petroleum products. There was

1 worldwide there were --- India and China were actually
2 taking up a lot of raw materials for steel and
3 concrete. So, I mean, you have to --- we actually did
4 look at all of those issues since 2003. Simply the
5 worldwide market, in terms of building infrastructure
6 in other parts of the world was taking a lot of raw
7 materials, which created a shortage of a lot of the
8 raw materials for the materials we use to build roads
9 and bridges.

10 MR. PASHINSKI:

11 We conduct competitive bids and do we
12 have enough manufacturers of the materials in order to
13 make a quality product and provide some sense of
14 competitiveness?

15 MR. CHRISTIE:

16 Absolutely. Actually, we did see --- the
17 average number of bidders was up this year. It
18 actually went up to almost five to six bidders per
19 project this year. So which is for a lot of the
20 projects, the number of projects you put out with the
21 stimulus program was --- we would say that compared to
22 past years is very good.

23 MR. PASHINSKI:

24 Okay, thank you. One last question. The
25 survey that you have to take that develops the weight

1 restriction, how long does that take, and is that done
2 in-house?

3 MR. CHRISTIE:

4 Yes, I would probably say I know we're
5 doing it in-house. I would say George has indicated a
6 day or two. I would say it's definitely within a
7 week, but we can accelerate these and get them done
8 pretty quickly. It's just for all the ones we have a
9 lot of times you get all the details done and be done
10 within a week.

11 MR. ROBERTS:

12 Yeah, that's the engineering study. We
13 have to get the entire posting done, the signs and
14 everything made up and everything done. That could be
15 six to eight weeks.

16 MR. PASHINSKI:

17 Gentlemen, thank you very much.
18 Appreciate it. Thank you, Mr. Chairman.

19 CHAIRMAN:

20 Chairman Mike Sturla

21 MR. STURLA:

22 Thank you. Gentlemen, I asked this
23 question of your boss, Secretary Bueller (phonetic),
24 over testimony earlier and I'll follow up as it
25 relates to this intricate issue. Mr. Christie, in

1 your testimony you point out that PA has over 40,000
2 miles of roads, with secondary roads comprising over
3 half of that mileage. And when I asked Secretary
4 Bueller, I said in any other state those would be back
5 roads; correct? They would be owned by the township
6 or counties, and the answer was yes.

7 MR. CHRISTIE:

8 That's correct, yes.

9 MR. STURLA:

10 And recently I asked the person
11 testifying for township supervisors, I said what would
12 happen if we just gave you the roads and he said well,
13 gosh, you know, if they're in decent condition, you
14 know, we could probably work something out as long as
15 we're getting some share of the fuel tax. But he said
16 we can definitely maintain them better and more
17 accurately than the state can because we have a
18 township crew and we could go out and fix the potholes
19 the next day, and we wouldn't have to worry about, you
20 know, waiting for somebody and notifying someone and
21 doing some things.

22 Given the fact that you talked about the,
23 and particularly the Marcellus Shale area having
24 contracts with the Marcellus Shale drillers about
25 maintaining these roads and at least returning them in

1 as good or better condition than they got them in, is
2 this sort of the perfect time to turn them back over
3 to townships and counties and say, you know what, when
4 they hand that back it's not going back to us, it's
5 going back to you and we're going to reduce our
6 inventory by 20,000 miles when all this is done?

7 MR. CHRISTIE:

8 I guess you'd have to ask them that
9 question. I can give you an analysis on the costs of
10 maintaining those roads is it's very high. In other
11 words, I'd be a little surprised to say that someone
12 could do it more efficiently than we're doing them
13 right now.

14 MR. STURLA:

15 Okay. You just said the cost of the
16 roads is high. On a per vehicle basis I would agree
17 with you, which has been part of my other argument is
18 that when I look at the map that Mr. Roberts has, it
19 shows the 760 miles in poor roads. What I'm really
20 interested in is how many of those are secondary roads
21 and how many of those are major roads, because my
22 sense is that PennDOT has been very good, and I've
23 always contended we have the best back roads of any
24 state in the nation, because we have a 40,000-mile
25 inventory, you pave 20,000 miles of back roads you

1 have half your inventory paved. If you use the same
2 amount of money it took you to pave the 20,000 miles
3 and you've paved major roads, you get 5,000 miles of
4 the roads paved, and you haven't done very much in
5 your total inventory.

6 So my sense is there's always been a
7 tendency --- not that I'm blaming you because you all
8 have to provide a statistic at the end of the day and
9 say look, we've paved a certain amount of roads. It's
10 only been the tendency to do the low-hanging group,
11 which is the road that doesn't have any traffic.

12 MR. CHRISTIE:

13 Well, I guess I would word it this way,
14 you've been receptive, but the way it's worked out is
15 we have county maintenance crews, and we basically
16 have a separate budget. We have a maintenance budget
17 and we have the capital budget. The capital budget by
18 and large goes to the higher volume roads. The
19 advantage, what happens is from the county budget side
20 we use a lot of innovative ways; we'll be using coal,
21 recycling. And so we use a lot of innovative ways to
22 actually get asphalt back on those roads and keep the
23 number of miles we're actually treating up.

24 So because we have pretty aggressive
25 crews out there in all the counties doing that, it

1 doesn't look like we're getting out and paving a lot
2 of extra miles of secondary roads. But when you take
3 a look at the capital program versus the maintenance
4 program, we really haven't changed an emphasis over
5 the vast many of years approaching us.

6 MR. STURLA:

7 And I understand that. But I get back to
8 the issue of the pothole on the road that has 20,000
9 cars a day, gets hit by 20,000 cars that day, and the
10 pothole on the road that has 200 cars a day can stay
11 that way for a year and not as many cars hit it, but
12 we have a tendency to get out there and fill that
13 pothole on the one that gets 200 cars a day really
14 quickly, and the one that has 20,000 cars a day we've
15 got to send more trucks out, and we've got to put up
16 signals, and we've got to do all sorts of stuff. And
17 that one gets paved two weeks later.

18 MR. CHRISTIE:

19 I guess the potholes, I would say we get
20 to those right away, no matter where they are. But I
21 do understand the premises is that we have a limited
22 capital budget for the busier roads, so what's really
23 happening, I think really to get back to your point is
24 that we're actually falling further and further behind
25 on our cycles in our major repairs on the major roads.

1 And that's what the real issue is. That's what's
2 creating the potholes from coming. And that's where
3 the funding shortfall is, is that we do a pretty good
4 job of driving down the number of poor roads, but what
5 we've done is we've kept the roads smooth, but we've
6 fallen further behind on the overall reconstruction of
7 the major roads and we can't get to that money we've
8 got.

9 MR. STURLA:

10 And I guess that is that map that has 706
11 miles of poor roads ---. how many of those are major
12 roads and how many of those are secondary roads? Do
13 you have a breakdown anywhere?

14 MR. CHRISTIE:

15 Yes, we do. It's 566 of those 706 are
16 what you would call secondaries, low volume.

17 MR. STURLA:

18 Okay. All right.

19 MR. CHRISTIE:

20 In the poor category.

21 MR. STURLA:

22 Okay, all right. Thank you.

23 CHAIRMAN:

24 Representative Phyllis Mundy.

25 MS. MUNDY:

1 Thank you, Mr. Chairman. And I do
2 apologize for being late. I had a committee hearing
3 in Harrisburg this morning. So if my question is
4 redundant, I apologize to everyone, but I'm going to
5 ask it anyway. My concern, you know, I think PennDOT
6 has the wherewithal to deal with the four-digit route
7 numbers and the three-digit route numbers and the two-
8 digit route numbers, the interstate highways and the
9 roads that PennDOT is responsible for.

10 The roads that I'm really concerned about
11 are my local roads that my municipalities have
12 responsibility for. I'm really not clear on what
13 ability my municipalities have to restrict this heavy
14 Marcellus Shale truck traffic in their communities.
15 What is available to the municipality of Jackson
16 Township, for example, where some 2,400 acres,
17 practically the whole township, is under lease? Many
18 rural, local roads that they already are having
19 problems maintaining with their limited tax base. And
20 I really would appreciate some information. Is it
21 through local ordinances that they're able to restrict
22 truck traffic? Do they have to go through PennDOT to
23 do that?

24 MR. CHRISTIE:

25 No.

1 MS. MUNDY:

2 If there's school buses on those roads,
3 is that a special circumstance where they can restrict
4 truck traffic to certain times of the day? Issues
5 like that those are the things I'm looking for
6 information about.

7 MR. CHRISTIE:

8 Yes. I would say that locals, we do have
9 a bellpack (phonetic) programming, we do have an
10 outreach program in the local processes that follow.
11 What we would generally encourage them to do is follow
12 the same process that we're doing. And George would
13 be happy to have his person doing the posting and the
14 filing of roads meet with whoever locals they'd like
15 to meet with to get them up to speed on the process of
16 where you --- my answer to that would be they should
17 be following the same process we're following. We
18 would make that available to them.

19 MS. MUNDY:

20 So they have the authority ---

21 MR. CHRISTIE:

22 Yes.

23 MS. MUNDY:

24 --- to permit, to bond?

25 MR. CHRISTIE:

1 To basically do an engineering study to
2 post the road, then follow the same process and get a
3 maintenance agreement in place to have the gas
4 companies maintain the road in proper condition.

5 MS. MUNDY:

6 Okay. And then what I'm hearing with
7 regard to the negotiations around the Marcellus Shale
8 severance tax is that the companies are suggesting
9 that they would be on board with the tax if there was
10 preemption of local ordinances. And if that were to
11 occur, what would be the situation for local roads?

12 MR. CHRISTIE:

13 I mean, I'd have to take a look at all
14 the local ordinances. I'm going to say that I don't
15 believe --- I believe there's a way to separate
16 protection of the roads, because I don't believe
17 Marcellus Shale or gas companies, it's not in their
18 best interest to have damaged roads either. They
19 can't travel on them if they're damaged. So I believe
20 that there's ways to separate that out. But right now
21 I'd have to tell you, I'm not --- I'd have to examine
22 the local ordinances to understand what the difference
23 would be.

24 MS. MUNDY:

25 Well, I would ask that you do that. I

1 mean, I think there's several of us, or many of us,
2 who if that were a condition of the Marcellus Shale
3 severance would be very hard-pressed to support it.
4 But I am concerned about the ability of the
5 municipalities to zone and to permit their road use,
6 et cetera, not just because of the damage to the
7 roads, but also the safety issues surrounding school
8 bus traffic, you know, those trucks traveling on very
9 narrow roadways.

10 And I'll tell you, I've been to Dimmick
11 recently and the speed at which those trucks travel
12 was pretty unbelievable. We're crawling along in a
13 little Jeep at zero miles an hour practically in order
14 to not bump the car so much, and they're just zooming
15 down this local road at, must have been 35, 40 miles
16 an hour. So I'm very concerned about the safety. And
17 George Roberts and I had a conversation with Adrian
18 Marolli (phonetic) recently about the Route 118. And
19 that already is a very dangerous roadway. I've had
20 friends killed on that roadway. And that was long
21 before Marcellus Shale truck traffic was using it.

22 So the safety issues surrounding those
23 trucks and their use of the roads I think is another
24 issue that needs to be looked at. And maybe they just
25 need to not be able to use certain roads at certain

1 times of the day when there's school buses on the
2 roads or something like that. So I would be looking
3 to you to tell us what we need to do to make that
4 happen.

5 MR. CHRISTIE:

6 I appreciate that. As I mentioned in my
7 testimony, we are taking a very close look at the
8 safety issues as well. Not just the damage but also
9 the safety issues that are caused by the traffic and
10 some of the small damage that may occur, is occurring.

11 MS. MUNDY:

12 Thank you.

13 CHAIRMAN:

14 Okay. Seeing no more questions,
15 gentlemen, thank you for your testimony. Thanks very
16 much.

17 MR. CHRISTIE:

18 Thank you very much for having us.

19 CHAIRMAN:

20 Next we have the Pennsylvania Public
21 Transportation Association represented by Mr. Robert
22 Fiume, County of Lackawanna Transit System, COLTS, and
23 while, Bob, you're approaching, the Chair would like
24 to recognize Representative Karen Boback for a short
25 announcement.

1 MS. BOBACK:

2 Thank you, Mr. Chairman. As part of the
3 record I will be providing written testimony on the
4 behalf of Mr. Martin (phonetic). Thank you.

5 CHAIRMAN:

6 Okay, thank you. Mr. Fiume, you have
7 five minutes, sir. And would you like to introduce
8 the other gentleman who is with you?

9 MR. FIUME:

10 Sure. Good afternoon. My name is Bob
11 Fiume and I'm the executive director of COLTS, County
12 of Lackawanna Transit System.

13 CHAIRMAN:

14 Could you get close to the mic there?

15 MR. FIUME:

16 Thank you. To the left is John Tomcho,
17 who is the director of Lackawanna County Coordinated
18 Transit, which is a shared ride for the entire transit
19 service. To my right is Stan Strelish, the executive
20 director for Luzerne County Transportation Department.

21 As I said, I'm the director of COLTS
22 Transit System that serves Lackawanna County. Today I
23 am speaking on behalf of the three urban transit
24 systems and six shared-ride providers in our PennDOT
25 District 4. Together we carry more than four million

1 riders. We represent the typical public
2 transportation system that is in place in 67 counties
3 throughout the State of Pennsylvania. And today we
4 are here to discuss why we need the members of the
5 General Assembly to invest in a comprehensive
6 transportation plan. Inaction will result in a
7 failing transportation system that would have dire
8 economic and social consequences on the citizens of
9 Pennsylvania.

10 The County of Lackawanna Transit System,
11 COLTS, runs 29 fixed routes. We transported 1.9
12 million passengers in the year 2009 on our fixed-route
13 system plus another 10,000 in our ADA paratransit
14 system.

15 Luzerne County Transportation Authority,
16 LCTA, runs 16 fixed routes and transported 1.6 million
17 passengers last year plus 21,000 on the ADA
18 paratransit system. Hazleton Public Transit, HPT runs
19 eight fixed routes, has transported 237,000 passengers
20 last year, plus 10,000 in their paratransit service.

21 All of our systems have positive impact
22 on the economy of our region. We help revitalize the
23 business districts, we bring employers and employees
24 together, we purchase millions of dollars in products
25 and services from Pennsylvania businesses. Together

1 COLTS, LCTA and HPT employ more than 200 people. We
2 contribute to the growth and development of the
3 counties we serve by providing more than a ride. We
4 are part of the economic engine that drives our
5 counties and the Commonwealth.

6 The majority of our riders in our systems
7 are senior citizens, relying on public transit as
8 their sole means of transportation. Just a couple of
9 examples, Carbondale senior, Mary Barnhart, who
10 depends on COLTS to take her to the doctor would be
11 stranded without public transit. Beaver Meadows
12 resident Pat Rayno, a 70-year-old widow would have no
13 way of getting to the grocery store or pharmacy
14 without getting to public transit.

15 About 12 percent of the riders in our
16 systems use public transit to get to work. Riders
17 like West Wyoming resident Rita McCrea, who would be
18 unable to get to her job if it wasn't for LCTA. As
19 you can see, transportation provides essential service
20 to four million people throughout our fixed routes
21 that we share. There is simply not an alternative for
22 many of these people who do the things they need to do
23 to lead normal lives.

24 In short, cuts to the bust service would
25 be devastating to the citizens and the economy of our

1 region. Public transit in Pennsylvania has not seen
2 an increase in operating funds for the last three
3 years. Even as our agencies have had to account for
4 the rise in fuel, health care and pension cuts. The
5 promises of Act 44 have gone unfulfilled.

6 Although each transit system in the state
7 faces different budget issues, current levels of
8 service provided by all of our systems will be
9 unsustainable at the present levels. But this funding
10 issue is not simply an operating issue. The capital
11 needs of transit systems continue to go unfounded ---
12 unfunded, I'm sorry, with a minimum estimated
13 shortfall of at last \$484 million in the fiscal year
14 2011, which means for all planned projects such as the
15 replacement of diesel buses with hybrid, this could be
16 in jeopardy. Transit systems across the nation have
17 increasingly become good stewards of the environment
18 by using hybrid buses.

19 As you know, public transportation is one
20 of the solutions to our energy crisis. By taking
21 public transportation, people can help reduce our
22 country's dependence on foreign oil, reducing
23 congestion and mitigate traffic delays.

24 As of right now COLTS, LCTA an HPT are
25 becoming the part of the study by PennDOT who are

1 looking at the possibility of regionalizing its three
2 transit systems. The potential regionalization of
3 these agencies would provide us with opportunities to
4 expand and improve our quality of service.
5 Regionalization will also allow us to share our many
6 resources and save money. Everyone talks about making
7 a regional approach, however, without having the
8 funding this study and the possibility of this
9 regionalization is uncertain. It may never get off
10 the ground.

11 With adequate funding we would be able to
12 expand our services. Now is the time to ensure the
13 growth of public transportation to enhance the quality
14 of life, the saving of the environment and the
15 development of businesses all across the Commonwealth.
16 We must provide comprehensive transportation programs
17 that provide adequate, dedicated, predictable and
18 growing support. It is critical to the future of
19 Pennsylvania and essential to assure the mobility and
20 safety of our citizens. We cannot stress to you
21 enough the urgency of this problem. And on behalf of
22 the public transportation providers all across the
23 state, thank you for hosting these hearings. We, as
24 an industry, stand ready to actively support your
25 efforts to provide a transportation program worthy of

1 the citizens we serve. We appreciate your leadership
2 on this issue and are ready to assist you in finding a
3 comprehensive and reasonable solution to this crisis.
4 Thank you, Mr. Chairman.

5 CHAIRMAN:

6 Okay. Thank you very much.
7 Representative Mike Carroll.

8 MR. CARROLL:

9 Thank you, Mr. Chairman. And thank you
10 for your testimony. I'd like to congratulate the
11 three systems for their fine work. We skipped over it
12 real quickly, but I think it's important to note the
13 studies of regionalization with respect to the three
14 systems. I add my congratulations in an effort to
15 advance that. Our region, as you all know, has
16 suffered because of a lack of coordination and
17 cooperation and I am very hopeful that this effort
18 will prove to be a giant success and lead us in a
19 direction that we need to go in, that is towards
20 different services, not just between here these
21 counties but I can give you the case that two
22 different counties share in potentially sharing
23 services. So I congratulate you for that effort and I
24 hope it's successful and I look forward to it. So
25 thank you for what you're doing.

1 MR. FIUME:

2 Thank you. I couldn't agree more.

3 CHAIRMAN:

4 Thank you. And Mike Peifer.

5 MR. PEIFER:

6 Thank you, Chairman. Mr. Fiume, you
7 explained to us the average cost per trip or what a
8 person pays for this service. Do you have that
9 statistic with you?

10 MR. FIUME:

11 It's about \$4.22 for all our systems,
12 it's pretty close.

13 MR. PEIFER:

14 So the average trip, if someone pays on
15 your transportation system, is about \$4.22 on the
16 average?

17 MR. FIUME:

18 That's what the agency is paying.

19 MR. PEIFER:

20 When was the last time you increased that
21 rate? Is that increase of inflation, or do you have
22 to ---?

23 MR. FIUME:

24 That is not the rate we charge. That is
25 the rate it basically costs us to transport someone.

1 At COLTS we charge \$1.25 per trip.

2 MR. PEIFER:

3 Okay. That's one way?

4 MR. FIUME:

5 It's \$1.50.

6 MR. PEIFER:

7 Per trip?

8 MR. FIUME:

9 Right.

10 MR. PEIFER:

11 And when was the last time that you
12 actually had increased that rate?

13 MR. FIUME:

14 LCTA increased those three years ago.

15 MR. PEIFER:

16 Thank you, Mr. Fiume.

17 CHAIRMAN:

18 Representative Kevin Murphy.

19 MR. MURPHY:

20 Thank you, Mr. Chairman. Robert, thank
21 you for your testimony, and thank you for providing
22 the services that you provided within Lackawanna
23 County. And I want to address that to the three of
24 you, because it's a very important service that you
25 offer to many people that desperately need

1 transportation to survive.

2 The question that I have for you is if
3 you could elaborate on your current funding level,
4 what you anticipate happening if the funding for the
5 appropriations aren't met, what goals, and this will
6 be open to the three, but I'll ask Robert first
7 because one thing I don't want to see is our seniors
8 being vulnerable, Lackawanna County residents perhaps
9 have to find another mode of transportation to get to
10 the doctors, to get to the grocery store and whatnot.
11 So can you elaborate on that for me, please?

12 MR. FIUME:

13 Sure. We were just notified by PennDOT
14 of a 3.7 percent reduction in funding effective
15 immediately, and that's starting this month of June.
16 To keep our service at current levels and the funding
17 decreasing and obviously the cost going up could put
18 us down, in an operating sense, having to scale back
19 on our service and we don't want to do that because we
20 feel that there are areas in our county, in Lackawanna
21 County, that are not getting served the way they
22 should.

23 We're in the middle of a route analysis
24 that's going to help us see where we need more service
25 and have a more efficient, cost efficient service, and

1 that could be in jeopardy. Also on the capital end of
2 it there are two things that I have. First of all,
3 you need state capital money to match federal capital
4 money. So we're not only getting a shortfall of state
5 capital money, but for facilities, for buses, for
6 transit systems we're not where we need on capital,
7 we're not only getting a shortfall of state money,
8 that's in effect our federal money that we get for
9 these purchases also because we need the state money
10 to match federal money. So it's a double whammy.

11 So, you know, we're looking to replace
12 --- we have buses that are coming in to replace also,
13 so for the safety and reliability of our system and
14 for the safety of our passengers we need to start
15 replacing buses. So obviously we've got capital money
16 that's going to hurt us there.

17 MR. MURPHY:

18 Thank you very much. I appreciate you
19 pointing out that many times state appropriations are
20 matched with federal appropriations and if those
21 monies are reduced then there's a collateral problem
22 on the federal level, too, because you have an
23 additional reduction in the federal appropriations.
24 So that's important enough. And lastly, if I can just
25 ask you and the other gentleman could make comments as

1 well. But what does 3.7 percent of your appropriation
2 on a state level represent? Thank you.

3 MR. CHRISTIE:

4 Our policy represents approximately
5 \$240,000 a year. And for LCTA, that's almost \$200,000
6 a year.

7 MR. MURPHY:

8 Okay, thank you.

9 MR. STRELISH:

10 I'd just like to, just for informational
11 purposes we have been working on our budget at Luzerne
12 County Transportation Authority, and we're almost
13 finalized with it, anticipating the 3.7 percent
14 increase for state funding. We don't feel that we
15 will have to raise our fares this year, nor will we
16 have to cut service. However, the most important
17 point I think when we look at public transportation
18 systems throughout Pennsylvania is the stability of
19 the funding. When Act 44 was passed we were, at LCTA,
20 in contract negotiations. We were expecting a three
21 percent increase in our operational needs at that
22 point.

23 Of course, contract negotiations went
24 away and the three percent increase turned, again was
25 anticipated a three percent increase at the state

1 level and of course we have a funding source from our
2 county which is sufficient at this point to match the
3 state funding that's necessary. However, we have
4 never received an increase in our funding source.
5 It's very important to note this, that the state is
6 going to tell us something, please follow through with
7 it because we're anticipating those funds, and not
8 everyone can be efficiently responsible.

9 MR. MURPHY:

10 And I think we were anticipating it as
11 well, but the federal government has different plans
12 for us.

13 MR. STRELISH:

14 Well, I understand that, but maybe we
15 should have a plan in place just in case. I do think
16 that from day one, it was quite obvious that the
17 tolling of Interstate 80 wasn't going to happen. But
18 again, we're anticipating the monies coming in. But
19 again, we are okay with this year, however, next year
20 could be a different story. That would be very
21 important to address. Thank you.

22 CHAIRMAN:

23 Thank you very much. Representative
24 Kenneth Smith?

25 MR. SMITH:

1 Gentlemen, thank you very much for being
2 here today and taking your time. I want to tackle
3 what Mike Carroll has said earlier about
4 regionalization. That's a breath of fresh air, and I
5 wanted to applaud all of you for your leadership in
6 that. I think particularly here in this area in the
7 northeast when we hear regionalization and
8 consolidation, people have a tendency to panic. But
9 at the end of the day we lessen the duplication of
10 services and broaden our horizons. And I think you
11 save a great deal of dollars and improve services at
12 the same time. And whether you have the answer to
13 this, feel free. You spoke of saving dollars with the
14 regionalization and consolidation. Do you have solid
15 dollar numbers on that process? Are you to that point
16 yet or not?

17 MR. FIUME:

18 We're not at that point yet. PennDOT is
19 just beginning the study. That is one of the first
20 things that they will determine in order to make sure
21 it's feasible to do. This would be sharing of
22 services between the agencies that consolidate,
23 sharing the resources and, you know, having the extra
24 buses to transfer here and there if needed, if one
25 breaks down. But you can imagine if you're sharing

1 resources there. For example, Stan may not have a
2 marketing person, and you only need one, a standing in
3 operations person, we don't. So there are definitely
4 a possibility of cost savings there.

5 MR. SMITH:

6 Thank you, gentlemen.

7 MR. STRELISH:

8 I'd just like to add, because I don't
9 think people heard any of our employees, I don't think
10 there will be a layoff. We will be shuttling our
11 employees to different positions. For example, at
12 LCTA they don't have any human resources person, and
13 of course we can add that in. The federal government
14 is telling us now that we need an equal employment
15 opportunity person to do daily work. So again, we can
16 shuffle the staff around. That way we won't have to
17 lay anyone off, and I think the staff that we have,
18 Bob and I, and Renee, are looking at it closely and
19 the employees that we have are definitely capable of
20 moving into different positions within this
21 regionalization, hopefully when this regionalization
22 plan becomes a reality.

23 MR. SMITH:

24 Thank you.

25 CHAIRMAN:

1 Okay. Thank you very much, gentlemen.
2 Thank you very much. Thank you. Okay, our friends
3 from the American Concrete Paving Association are
4 next. Raymond Seipp, vice president of marketing,
5 promotions and government affairs for Buzzi-Unicem,
6 USA. Mr. Kenneth Smith, manager of engineering, no
7 relation, I don't think. And also Mr. John Becker is
8 here. I saw John. If you'd like to come forward.
9 John's a regular at our hearings. Five minutes,
10 gentlemen. You may proceed when you're ready.

11 MR. SMITH:

12 Members of the House Transportation and
13 Policy Committees, good afternoon. My name is Kenneth
14 Smith, and I am the manager of engineering, formerly
15 responsible for environmental affairs at the Buzzi-
16 Unicem cement manufacturing plant located in
17 Stockertown, Pennsylvania. With me today ---.

18 OFF RECORD DISCUSSION

19 MR. SMITH:

20 Is that better? With me today is Mr. Ray
21 Seipp, who is our vice president of marketing,
22 promotion and governmental affairs. My company is
23 also represented on the Board of Directors of the
24 Pennsylvania chapter of the American Concrete Pavement
25 Association.

1 The Pennsylvania cement industry produces
2 Portland cement, a commodity whose primary component,
3 limestone, is plentiful and readily mined in our
4 state. Cement, which when mixed with sand, rocks and
5 water, makes concrete. One could say that cement is
6 to concrete what flour is to cake, the primary
7 ingredient.

8 Each year Pennsylvania's eight cement
9 plants manufacture over eight million tons of cement.
10 That's enough cement to build a four-lane road from
11 Scranton to San Francisco. Pennsylvania is the third
12 largest producer of cement in the United States with
13 over four million tons typically exported out of the
14 state annually.

15 The processes that are used to
16 manufacture cement have improved greatly in recent
17 years. The cement industry in the United States
18 consumes almost one-third less energy per ton of
19 cement than it did 35 years ago. Today the cement
20 industry accounts for only 1.5 percent of man-made
21 carbon dioxide greenhouse gas emissions. This impact
22 is reduced even further when you consider that 92
23 percent of the volume of concrete is comprised of
24 materials with a very low carbon footprint. However,
25 we won't rest there and we will continue to further

1 reduce our impact on the environment with new
2 technologies and innovative manufacturing processes.
3 The cement industry is committed to achieving an
4 additional reduction in energy consumption of ten
5 percent by the year 2020.

6 Hercules Cement Company, doing business
7 as Buzzi-Unicem, USA, has been manufacturing cement in
8 Stockertown since 1918. Our company provides good and
9 high paying union jobs and non-union jobs for almost
10 200 people at this plant and at our corporate office
11 in Bethlehem. Unfortunately, the downturn in the
12 economy has resulted in less use of concrete for both
13 public and private sector work. Concrete product
14 manufactures and contractors have been forced to
15 reduce their work forces. Over the past three years
16 approximately 20 percent of the people that my company
17 previously employed directly or under direct contract
18 with us have lost their jobs.

19 Because of this economic downturn we have
20 also put on hold two capital improvement projects
21 totaling \$40 million to modernize our Stockertown
22 plant. These projects, when completed, will allow us
23 to improve operating efficiencies by constructing a
24 new cement grinding mill, and to improve environmental
25 features by allowing us, for example, to take

1 advantage of alternative fuel burning by consuming
2 over a half a million scrap tires annually that would
3 otherwise wind up in landfills.

4 The members of the concrete paving and
5 cement industries, as members of the Transportation
6 Construction Industries, and the Keystone Coalition,
7 support a \$4.8 billion annual transportation
8 infrastructure program to address unmet infrastructure
9 needs. The industry supports traditional and
10 innovative methods to solve this funding crisis.

11 This level of investment will increase
12 the demand for construction materials such as cement,
13 and will allow us and other companies to more rapidly
14 invest in clear and more efficient equipment and
15 technologies, and will put people back to work and it
16 will restore the economic health of the Commonwealth.
17 Thank you for giving me the opportunity to testify. I
18 would be happy to answer any questions.

19 CHAIRMAN:

20 Okay, thank you. Representative Eddie
21 Pashinski

22 MR. PASHINSKI:

23 Thank you, John, and thank you, Mr.
24 Chairman. I believe you will hear when I ask the
25 secretary relative to cost, and that there was an 80

1 percent spike in the cost of road production and
2 repair and resurfacing. But how has the formula for
3 making cement changed since 1918?

4 MR. SMITH:

5 The formula is pretty basic. The problem
6 that we have now is the cost of fuel for our trucks,
7 cost of fuels to burn our kilns. We burn petroleum
8 coke in our kilns. We use electricity to grind our
9 cement, grind our raw materials, grind our limestone.
10 Those prices have skyrocketed. Up until recently
11 we've been able to make a profit making this material.
12 And last year was pretty tough and this year was
13 equally as tough. The prices are actually coming down
14 for our products.

15 MR. PASHINSKI:

16 That's where I was going with the last
17 time we talked. And in no way am I trying to suggest
18 that prices are over-inflated, but that 80 percent
19 spike, the fuel costs haven't risen 80 percent, have
20 they?

21 MR. SMITH:

22 I'd have to look. Since 1918 they have,
23 but they've ---.

24 MR. PASHINSKI:

25 I'm talking about over the last, you

1 know, five years, ten years or so.

2 UNIDENTIFIED SPEAKER:

3 One of the things the US Department of
4 Labor has a producer price index where they track
5 price per units and you see some various construction
6 commodities. And what they have reported is that
7 since the year 2002 we have seen an average less than
8 a five percent increase per year for the cost of
9 concrete and concrete products. That's a little bit
10 more than consumer price index, but the main reason
11 for the increase in the concrete and cement costs is
12 really related to the energy necessary to manufacture
13 cement. So it is a little higher than the consumer
14 price index, but when you look at how the price of
15 concrete materials compare with the CPI, it parallels
16 that graph very closely.

17 MR. PASHINSKI:

18 Is there much of a difference in the
19 price relative to volume of purchase? In other words,
20 a yard of cement, there was a time you could get it
21 for \$50, there was a time you could get it for \$90.
22 What is a yard of cement today?

23 MR. SMITH:

24 Well, there's no question that it's a
25 supply and demand situation. We're capable of making

1 a million tons of product. It will probably only
2 make, I'd say, 100,000 this year. All the cement
3 manufacturers in Pennsylvania are hunting for volume,
4 I guess, and prices have eroded. Yes, sir.

5 MR. PASHINSKI:

6 Has the international demand also
7 diminished?

8 MR. SMITH:

9 Yes, sir, it has. Everything slowed
10 down. Our company is an international company. One
11 of our bright spots in 2008 was Eastern Europe. It
12 had nothing to do with us, but Eastern Europe. Well,
13 Eastern Europe slowed down, too. We didn't have any
14 bright spots.

15 MR. PASHINSKI:

16 Of those, I believe your testimony said
17 eight companies are in Pennsylvania?

18 MR. SMITH:

19 Yes, sir.

20 MR. PASHINSKI:

21 And we're very pleased to have you, and I
22 mean that sincerely. Are they Pennsylvania owned or
23 are they foreign owned?

24 MR. SMITH:

25 Over 65 percent of the cement industries

1 are owned by international companies. There are no
2 Pennsylvania owners to my knowledge. Okay, Armstrong
3 Cement.

4 MR. PASHINSKI:

5 Could you possibly give me an explanation
6 why, especially when the demand is so great, why
7 Pennsylvania wouldn't have its own companies?

8 MR. SMITH:

9 I'm sorry, what was the question?

10 MR. PASHINSKI:

11 My question is, why wouldn't Pennsylvania
12 companies own and make cement rather than --- I'm
13 assuming they sold out to foreign companies?

14 MR. SMITH:

15 Yes, sir. There's been a lot of
16 acquisition over the last 30 years. Quite frankly
17 foreign companies were looking into the US. It was a
18 stable dollar, good investments. Locally owned firms,
19 it's a very capital intensive business, but they sold
20 ---. I mean, everything stayed the same, I guess.

21 MR. PASHINSKI:

22 I understand that. Thank you very much.

23 CHAIRMAN:

24 Thank you. Chairman Mike Sturla.

25 MR. STURLA:

1 Thank you. One quick question. As I
2 understand it, the cement industry is pretty energy
3 intensive. Does the Marcellus Shale prospect of low
4 costs for gas, does that provide any hope on the
5 horizon that, you know, if you put your cement
6 manufacturing kiln on top of a gas well, there's no
7 transportation costs and you light the sucker up and
8 start making cement pretty cheap?

9 MR. SMITH:

10 Well, we haven't investigated that. We'd
11 have to look at the cost of BTU and whatnot. I know
12 some parts of the country, hen gas was cheap years
13 ago, decades ago, they did fire with gas. Some people
14 used oil when oil was cheap. We used to run with
15 coal. Coal costs went through the roof so now we're
16 using petroleum coke. We'll probably investigate
17 that. There's no thoughts or plans for that right
18 now.

19 MR. STURLA:

20 All right. One of the things we talked
21 about at one of our Marcellus Shale hearings was that
22 it seemed to make sense to attract industries here to
23 Pennsylvania that used a lot of energy because they
24 could not get it here cheaper than they could any
25 place else because a lot of the transportation costs

1 --- and if most of your particularly heavy material is
2 being sold in the northeast and one of the high
3 concentrations of population, and you don't have to
4 transport the energy to there either. It seemed like
5 a pretty good day so we can put some things together.

6 UNIDENTIFIED SPEAKER:

7 Yeah. I guess the primary reason you
8 locate a cement plant close to the raw material,
9 limestone, generally in 90 percent of the cases you're
10 mining right there next door to the land. Hopefully
11 you have reserves for a good many years.

12 CHAIRMAN:

13 Okay, gentlemen, thank you. Thank you
14 very much. I appreciate it. Okay. Next,
15 Pennsylvania Highway Information Association, PHIA,
16 Mr. Barry Schoch. And with him is Jason Wagner,
17 director of policy and human relations from the
18 Associated Pennsylvania Constructors, APC. And with
19 the PBC, Mr. Dave Patti. Gentlemen, five minutes, and
20 you may proceed when you're ready.

21 MR. SCHOCH:

22 Good afternoon. Thank you for having us.
23 Again my name is Barry Schoch, president of PHIA, and
24 there's Jason Wagner, director of PHIA. What I'd like
25 to do today is talk to you about a little bit

1 different than what you've been hearing. You've heard
2 certainly throughout these hearings about the needs
3 for investment about the number of projects that have
4 been deferred.

5 I'd like to talk to you about our
6 perspective of the need for action immediately. We
7 urge you and your colleagues to take action
8 immediately on this pressing issue. And I've brought
9 three graphics which are part of your handout, and
10 I'll refer to those.

11 First of all I'm going to talk a little
12 bit and look backwards in history about how we got to
13 this problem. And the graphic we provided discussed
14 the red, yellow, orange colors. It describes the
15 history of underinvestment. I'm certain that when the
16 tax report came out there were a lot of eyebrows
17 raised as to how we could have a \$3.5 billion
18 shortfall when we have a \$4 billion program. And how
19 we got that was underinvestment for the last 20 years.
20 The graphic we provided you shows the history of the
21 gas tax in Pennsylvania and the federal government
22 from the 1950s to current levels.

23 And it shows the gas tax, but the state
24 level and federal level have not been kept up with
25 inflation. And the gap, if you will, of \$3.5 billion

1 is the tax we identified has been building for the
2 last 20 years, actually the last 30 years, since the
3 1980s.

4 Historically the system that we're
5 talking about rebuilding today was built in the 1960s
6 and 1970s. Motorists were asked to pay about a third
7 of the price of a gallon of gas. Having kept that
8 current, we could pay about a 9.5 cents per gallon of
9 gas in taxes, except today we charge about 20 percent
10 in the per gallon in taxes. So the \$3.5 billion
11 problem, a hole we need to fill, has been building for
12 the last 30 years.

13 So having had a little bit of a look at
14 the history of how we got there, I want to talk about
15 going forward and the consequences of taking no action
16 and not taking immediate action. And we talked a lot
17 about inflation today, for good reason. There's been
18 high inflation and even using a three percent
19 inflation, looking forward to the next ten years,
20 means that one dollar today will by you 74 cents worth
21 of construction in ten years.

22 But there are two other things beyond
23 inflation that are going to erode the Motor License
24 Fund. It's the ability to fund transportation looking
25 forward. One is something I heard Representative

1 Sturla brought up, which was Pennsylvania State
2 Police.

3 The second graphic I'd like you to look
4 at is a chart that shows the history of the
5 Pennsylvania State Police as a part of the Motor
6 License Fund, the costs that make up the Motor License
7 Fund of the Pennsylvania State Police. No one objects
8 to the need for the state police patrol, how the
9 effect on transportation finance cannot be ignored.

10 If you look historically from 1990 it was
11 a little less than \$200 million. In 2000 the cost of
12 Pennsylvania State Police out of the Motor License
13 Fund was \$317 million. In 2010 that has grown to \$535
14 million. We look forward to the next ten years at the
15 same rate of growth, it will grow to \$903 million.
16 That is a \$400 million --- or \$370 million reduction
17 of buying power from the Motor License Fund, meaning
18 the fund that you're allocating for transportation
19 will be reduced effectively by \$370 million in the
20 next ten years for the Motor License Fund uses
21 transportation by Pennsylvania State Police costs.

22 That's another reason for a eagerly
23 capital event, or a shifting, or a call for action to
24 replace those funds for transportation. The third
25 thing I'd like to draw your attention to is what we

1 call the layer cake, which is the layers of funding
2 that exist today with the gap shown from the
3 Transportation Advisory Committee report. That gap is
4 what's shown in the yellow or orange color.

5 There's a third factor that's going to
6 erode transportation finance, Cap A (phonetic)
7 standards. The federal government has passed
8 legislation, energy legislation, that requires the
9 average fleet miles per gallon to increase by 40
10 percent by 2016. What that means is, from an energy
11 perspective, and no one argues this, it's good for the
12 environment, this is good for our job creation and
13 energy and it's good for reducing our reliance on
14 foreign fuels.

15 However, when we achieve those Cap A
16 standards as a nation, we will consume less gasoline
17 for every mile that's traveled, and that's a good
18 thing. However, from the perspective of the
19 transportation finance, it means that for every
20 vehicle mile traveled, we will collect less gasoline
21 taxes at the pump for transportation uses. If you
22 calculate the effect of the Cap A standards on Motor
23 License Fund, in ten years it will reduce the Motor
24 License Fund revenues by \$470 million, and that
25 includes an assumption of a one percent per year

1 growth in vehicle miles traveled.

2 So again, you have a policy, a national
3 energy policy, that's going to affect your
4 transportation finances. So on behalf of PHIA today,
5 you would understand that the results of these
6 hearings you're taking back to your colleagues and
7 that action is taken now for the needs that exist,
8 that are being unmet and in the planned erosion of the
9 current finance sources going forward. We thank you
10 for the opportunity to present today and we would
11 welcome any questions that you have.

12 CHAIRMAN:

13 Okay. Thank you, Barry. Now we urge our
14 members to take a look at these graphs. They're very
15 visual and I think portray the problem in a kind of
16 snapshot version of where we are and why we're really
17 here today. Chairman Geist?

18 MR. GEIST:

19 Thank you very much, Chairman. One
20 question that I have that you didn't address, we're
21 really concerned at the state level with the non-
22 removal of safety mood. And you don't have a slide
23 made up that shows lack of federal funds and
24 projections in another three-month, nine-month
25 extension we have no clue what we're getting.

1 UNIDENTIFIED SPEAKER:

2 It's a real problem. And unfortunately
3 my five-minute ticker was going off so I had to abide
4 by the rules and not cover that topic. However,
5 you're right, the federal fee (phonetic) authorization
6 has been basically deferred several times and our
7 understanding from visiting Washington, DC is it's not
8 promising relative to the reauthorization looking
9 forward. The Obama administration is opposed to a gas
10 tax. There are a number of strong voices of contest
11 from the Committee opposed to other methods of
12 finance. And as a result, there's gridlock down there
13 relative to coming up with a reauthorization.

14 So states like Pennsylvania are faced
15 with an unknown. What's going to happen with a six-
16 year reauthorization when the federal government seems
17 quite happy to do one-year reauthorizations on current
18 funding levels? I think that for Pennsylvania to rely
19 on the federal government right now would be very
20 risky. As we all well know, we try to rely on them
21 for approval on Interstate 80, which was not approved.

22 They also have not been working on reauthorization
23 and they have been the ones who pass the Cap A
24 standards which are planned erosion of our
25 transportation finances. So again, with good reason

1 for passing Cap A standards, but no enforced action on
2 reauthorization on funding support to offset that
3 cost.

4 I am not optimistic that we'll get a
5 reauthorization to occur. The best window we possibly
6 have might be this year after the elections or early
7 next spring, but that window is very small and there's
8 not a lot of optimism in DC that something will
9 actually occur.

10 MR. GEIST:

11 Okay.

12 CHAIRMAN:

13 Representative Mike Carroll.

14 MR. CARROLL:

15 Thank you, Mr. Chairman. I share your
16 view completely, that we have to do something with the
17 state police funding out of all the ---. We need gas,
18 we have to find a way to base that \$500 million
19 obligation from the Motor License Fund over to the
20 general fund, despite the challenges we have with the
21 general fund. It's a good policy, it's smart for our
22 transportation. I'm looking at something that we have
23 to embrace as maybe a new idea in the comprehensive
24 package to solve the problems. So thank you for
25 bringing up that issue. Thank you.

1 UNIDENTIFIED SPEAKER

2 Thanks for your comments. Again, we also
3 wanted to take it to look forward, not just the \$500
4 million, but if it's not unaddressed, what would
5 happen to PennDOT's budget. So I appreciate your
6 interest in it and comments.

7 CHAIRMAN:

8 Representative Ken Smith.

9 MR. SMITH:

10 Thank you, gentlemen. Thank you,
11 gentlemen. If I could piggyback on what
12 Representative Carroll is saying, what is the driving
13 cost for the state police?

14 UNIDENTIFIED SPEAKER:

15 As to the combination of growth and
16 number of troopers and the cost of both the labor and
17 the equipment, the staff, so it's been a combination
18 of both. There has been a substantial increase in the
19 number of troopers over the last ten years. I'm not
20 an expert on the Pennsylvania State Police but I know
21 the best part perhaps ---. But it wasn't an increase
22 in number and the operator's cost of the PA State
23 Police.

24 MR. SMITH:

25 Thank you.

1 CHAIRMAN:

2 Okay, thank you. Gentlemen, thank you
3 very much, appreciate it. Next we need to double back
4 here, Mr. Marvin Meteer, who's the Board member with
5 the PSATS, Association of Township Supervisors. And I
6 see Mr. Herr is with him as well. Gentlemen, thank
7 you and five minutes, please. You may proceed when
8 you're ready. Thank you.

9 MR. METEER:

10 Good afternoon, Chairman Markosek and
11 members of the House Transportation Committee and the
12 House of Democratic and Republic Policy Committees.
13 My name is Marvin Meteer. I'm a township supervisor
14 for Wyalusing Township in Bradford County and an
15 executive board member for the Pennsylvania State
16 Association of Township Supervisors. Along with me
17 today is Elam Herr, assistant executive director for
18 our Association. And we thank you for this
19 opportunity to be here before you.

20 My presentation is going to be actually a
21 summary of the complete testimony that has already
22 been given to you. And I'd ask you to also be
23 provided the state monitored perspective at the May
24 17th hearing we'll be happy to bring copies of that
25 testimony there also.

1 The association believes that local
2 roads, state highways and mass transit comprise a
3 single transportation network for the Commonwealth's
4 traveling public. Pennsylvania has more than 117,000
5 total road miles, and two-thirds of these are owned
6 and maintained by local government, including those in
7 District 4.

8 Local government also maintains more than
9 6,400 local bridges over 20 feet, and thousands more
10 bridges that are less than 20 feet. These local roads
11 and bridges are a vital link in our transportation
12 network and provide children with safe transportation
13 to school, workers with reliable access to jobs,
14 patients with transportation to doctors and farmers
15 with the means to move food to consumers across the
16 state and country. As such, the Association believes
17 that local government is an essential partner to the
18 state in maintaining our transportation system.

19 In 2008, the municipalities in District 4
20 spent \$82.7 million on local roads and bridges, yet
21 they only received \$20.4 million in liquid fuels
22 funds. District 4 has 345 local bridges, of which 46
23 percent are currently posted with a weight limit. Of
24 all local bridges in District 4, 15 percent, that's 51
25 bridges, that are posted at ten tons or less, and

1 another seven percent, 25 bridges, are currently
2 closed.

3 Local officials have been squeezing as
4 much as possible out of the transportation dollars for
5 years. However, the increasing price of the expensive
6 mandates and decreasing income are driving our
7 transportation systems to a financial crisis. Local
8 roads are vital to not only District 4, but to the
9 entire Commonwealth transportation network, and these
10 local needs are just as important and are from state.

11 To give you a few examples of
12 transportation needs in District 4, and of course
13 there are some additional examples included in your
14 printed version that you have received. Fell Township
15 in Lackawanna County has tried since 2000 to replace a
16 one-lane, 106-year-old bridge that services the north
17 end of Carbondale Industrial Park. It needs \$180,000
18 in repairs. A concrete plant located at the park
19 plans to expand by at least 25 jobs this year. The
20 township has about half of the needed funds to
21 undertake this badly needed project.

22 Butler Township in Luzerne County has two
23 important roadways in need of resurfacing. The first
24 is a five-mile section of St. Johns Road which serves
25 as a major east-west connector road between State

1 Route 93 and State Road 309. The section is a two-
2 mile section of the old Turnpike route that is a major
3 connector with Sugarloaf Township, Conyngaham Borough
4 and Butler Township in Wilkes-Barre, the county seat
5 and major retail and entertainment area.

6 And finally, in our District 4, in
7 Wyalusing Township we had to remove a box culvert in
8 the village of Camptown a few years ago because DEP
9 determined that it was too small to handle the amount
10 of water associated with the unusually heavy storms.
11 DEP required that we perform an engineering study of
12 the two sites, which we did, with no additional
13 funding. The culvert was eventually replaced by
14 appropriate footbridge build by Eagle Scouts, and the
15 township replaced the stone arch with a 60-inch
16 diameter pipe to allow access for school buses and
17 mail. Now our township is faced with additional
18 maintenance costs due to the development of the
19 Marcellus Shale. While we are pleased with the
20 response of the gas companies to any damage they
21 caused, we do have additional costs. For example, I
22 go out every day to check on the roads where the gas
23 companies are working. While I choose not to be paid
24 for my time or receive mileage, it would considerably
25 increase our payroll if we had to hire an inspector to

1 perform these daily inspections. In addition, it has
2 become increasingly difficult to mow roadsides to
3 maintain our road name signs.

4 The Association believes that local
5 roads, state highways and mass transit comprise a
6 single transportation system and the Commonwealth must
7 maintain the predicable and reliable funding method
8 for this system. PSATS has records supporting the gas
9 tax, realigning the cap on the oil franchise tax,
10 tying Pennsylvania's registration fee structure to the
11 consumer price index, and the use of public private
12 partnerships, any solution should include at least a
13 20 percent local share of restricted account and
14 linking any tax or increases to the consumer price
15 index.

16 In closing, we feel it is time for action
17 to be taken now. And PSATS is in support of the
18 actions as long as local government receives adamant
19 funding for its roads and bridges. Thank you for this
20 opportunity to testify before all of you today, and we
21 would be happy to answer any questions that you might
22 have.

23 CHAIRMAN:

24 Okay, thank you. And I said publicly
25 that any solution that we have to our transportation

1 funding problems has to include a significant help for
2 local governments, as well as a major portion of our
3 infrastructure out there belongs to the local
4 governments, not all of them, but a lot of them. And
5 you've struggled along just like everybody else. And
6 if there is going to be a solution, you need to be
7 part of it and you've been willing to step forward
8 with some of the more unpopular issues in support, and
9 you are elected officials also, so that's what I think
10 is so telling about your statement here today.
11 Chairman Geist?

12 MR. GEIST:

13 Your township, by the way, is really one
14 of the most beautiful spots in Pennsylvania, and I
15 would chase it all over. In your township have you
16 ever done an inventory on structures under 20 feet
17 ---? In your township have you ever done an inventory
18 of structures under 20 feet that you own?

19 MR. METEER:

20 We have, yeah, the same testimony.

21 CHAIRMAN:

22 With no evidence of real problems
23 statewide for municipalities. Do you know how many
24 there are, do you know that a lot of them are in real
25 bad shape?

1 MR. METEER:

2 Uh-huh (yes).

3 MR. GEIST:

4 What do they look like in your township?

5 MR. METEER:

6 You said the structures under 20 feet; is
7 that what you're interested in?

8 MR. GEIST:

9 Yes.

10 MR. METEER:

11 Those structures are ones that probably
12 need the most attention. They've been there for, I
13 guess as they have in most townships, for a very long
14 time and suffered a lot of deterioration.

15 CHAIRMAN:

16 Thank you. Representative Phyllis Mundy.

17 MS. MUNDY:

18 Thank you, Mr. Chairman. Hello. Thank
19 you gentlemen for your testimony. I don't know if you
20 were here earlier when I addressed PennDOT about the
21 township local roads issue. My question to you really
22 has to do with your ability to maintain traffic on the
23 roads, local roads in a safe way. For example, school
24 bus traffic. It sounds as though you already have
25 drilling, Marcellus Shale drilling, in your township.

1 Do you as a local elected official feel that you have
2 the ability to safely direct truck traffic, the heavy
3 Marcellus Shale truck traffic and as well as local
4 ordinance ability to maintain your local roads?

5 MR. METEER:

6 In our particular township we have one
7 gas company that's operating there. And I would have
8 to say the key to achieving what you're talking about
9 is having a good relationship with that kind of stuff,
10 and I think we have some relationship with that gas
11 company. Any time we have a problem or an issue or we
12 have a question, I can contact them. I get an
13 immediate response, and I would have to say at this
14 point we don't have any of those particular kinds of
15 problems. We have discussed with them issues dealing
16 with school buses and school bus routes, truck
17 traffic, maintenance issues on the roads, and they've
18 been absolutely on all of those issues.

19 MS. MUNDY:

20 Okay. Well, that's nice and I think ---
21 that's nice. You have a good driller apparently who
22 is being cooperative. But can I ask you, if you
23 didn't have a good driller and you weren't able to
24 maintain good relationship, what would you as local
25 township officials do to maintain safety and

1 maintenance of your roadways?

2 MR. METEER:

3 I guess we would have to evaluate that
4 situation, whatever it was, and we take those
5 appropriate steps relative to road issues and road
6 maintenance issues. We have a road maintenance
7 agreement that if we can --- many of the townships in
8 our area ---. We have also done --- there was an
9 issue that was brought up earlier here today. We've
10 also done an engineering study on the roads so that if
11 it becomes necessary we can go ahead and proceed with
12 the posting and bonding of our roads. But we chose to
13 begin with the maintenance agreement, which is working
14 well.

15 MS. MUNDY:

16 So I'm taking it for what you're saying
17 that you believe that you have the ability, through
18 law, regulation, ordinance, you have the ability to
19 deal with your local township situation?

20 MR. METEER:

21 I believe so. I think if a road ever
22 becomes a situation where we don't think it's safe, or
23 where individuals that are traveling that road to
24 their homes with the gas traffic or school buses, we
25 do have the ability to close that road.

1 MR. MUNDY:

2 Thank you very much. I appreciate your
3 testimony.

4 CHAIRMAN:

5 Okay. Representative Sturla?

6 MR. STURLA:

7 One quick question, I'd like to follow up
8 with a question that I had asked PennDOT. You know,
9 given the fact that you're out every day trying to
10 work with these drillers anyway, in terms of their
11 truck traffic, you know, I suggested to PennDOT that
12 this might be the perfect time for them to say, once
13 these companies get done running their heavy trucks on
14 this and they restore the road and things are in as
15 good a condition as they're going to be, that that
16 would be the time to give you back some of these local
17 roads, and as long as we had an appropriate chair
18 coming to you in terms of gas tax, I mean, is it an
19 appropriate time or do you not want those roads under
20 any circumstance or, you know, what's ---? Just give
21 me your opinion on it.

22 MR. METEER:

23 Well, I guess there's two words that you
24 used, ones the perfect time, one's the appropriate
25 time. I guess probably I would have to say I don't

1 know that there is a perfect time. But let me just go
2 back to --- turn back the program as to the past, and
3 that was a volunteering turn back program. And all of
4 those cases PennDOT approached us and said, we have a
5 road here that we really don't want to maintain any
6 longer and we would like to turn this back.

7 The township had the option of saying
8 well, let's talk about it, or no, we don't want it.
9 In some cases we took turn back roads from our
10 township and in some cases there were roads that we
11 did not feel we had the ability to maintain because of
12 the way the road was structured and the work that
13 PennDOT would have done if it were necessary to put
14 the road into pretty good condition. But the ongoing
15 maintenance of the road was kind of serious. I think
16 in answer to your question about the appropriate time,
17 I think, you know, those kind of --- after that
18 situation, could happen any time.

19 MR. STURLA:

20 Thank you.

21 CHAIRMAN:

22 Okay, gentlemen, thank you very much.
23 Okay, next Mr. Jim Scheiner, then David Patti after
24 that, if that's okay. We're out of batting order
25 here. Jim, thank you, and five minutes, sir. And you

1 may proceed when you're ready.

2 MR. SCHEINER:

3 Thank you. CHAIRMAN, Sturla, Geist and
4 other distinguished Counsel members, I'm Jim Scheiner,
5 of the Pennsylvania Chamber Policy Committee. On
6 behalf of the Chamber and our thousands of employers
7 we thank your Committee for holding these hearings.
8 The Chamber's Transportation Policy recognizes as you
9 do that, good roads, strong bridges and dependable
10 transit promotes jobs.

11 As you've heard from prior testimony, the
12 current level of spending is inadequate to maintain
13 transportation facilities, let alone do improvements.
14 Others are providing information on specific
15 transportation needs, with my Revenue Department
16 experience, I was the only engineer in America
17 collecting taxes for a while. I would like to use my
18 five minutes to briefly address several transportation
19 funding options.

20 The first option is to draw up franchise
21 packs. Almost 30 years ago the House under leader
22 Zerbis, Mandarino, Brian and Hayes created the oil
23 franchise tax. This visionary in tax was based not on
24 the buying of gas and diesel sold, but rather on its
25 value. The tax was designed to keep Hazleton highway

1 construction and maintenance costs in order to
2 insulate the tax and oil price mains, the wholesale
3 price was originally set with a 90 cent minimum and a
4 \$1.25 maximum price out. This price collar was never
5 intended to stand in perpetuity.

6 Three decades later it's time to update
7 the oil company franchise tax by raising the obsolete
8 price power. Of each 20 cent increase in the price
9 dollar would yield about \$200 million each year. With
10 collection at the wholesale level, the cost of the
11 motorist of the 20 cent price collar increase would be
12 in the neighborhood of three cents per gallon.

13 Pennsylvania's franchise and fuel taxes
14 have not put an undue burden on our motorists. In the
15 June 7th, 2010 AAA Fuel Gauge Report, it shows that
16 the average cost of regular gas in Pennsylvania is
17 lower than it is in 22 other states. It's equal to
18 the fuel costs in Delaware.

19 The second option is vehicle
20 registration. At \$36 per year Pennsylvania has one of
21 the lowest car and light truck registration fees in
22 America. One near-term option would be to maintain
23 this fee but extend the registration cycle to two
24 years. A two-year fee at \$72 would save motorists
25 time and money and it would result in a one-time

1 revenue augmentation of about \$200 million. While
2 increasing the vehicle registration fee is justified,
3 that action could be the burden to future post-
4 recession year.

5 A third option is dedicated to interstate
6 tolling. With the enactment of Act 44 and subsequent
7 events, the I-80 tolling issues are well known.
8 Currently PennDOT's doing its best to maintain the
9 interstate system in the face of its best truck
10 volumes and loads. In order to modernize the
11 interstates, to strengthen bridges, add new truck
12 lanes and improve all weather service, a dedicated
13 toll could be imposed per federal direction.

14 For example, Act 44 could be amended to
15 establish an I-80 toll rate at a lower proportion of
16 the Turnpike toll rate. Tolling on it would enable
17 I-80 to serve as the northeast short-way and energy
18 highway for decades to come. Another example, I-95
19 could be modernized in a similar fashion.

20 The fourth option is sales and use-tax
21 enforcement. Per state law, the Revenue Department is
22 currently conducting a tax amnesty. When the program
23 ends in June the Department will redouble efforts to
24 collect taxes that are legally due. Approximation in
25 such states as New York, North Carolina and Colorado,

1 they are stepping up sales of use-tax enforcement.
2 Ultimately sales of use-tax enforcement could yield
3 hundreds of millions of dollars to benefit transit and
4 other general fund priorities.

5 As a benefit to this enforcement to
6 realize, transit funding support could be made less
7 dependent on Turnpike total revenue. Allowing our
8 roads system to fall into disrepair, and enforcing
9 transit service and raise fares is the wrong choice
10 for Pennsylvania. Reasonable revenue raising options
11 such as those outlined above are the right choice to
12 grow our economy. Pennsylvania Chamber appreciates
13 your Committee's diligence in search for the right
14 course. Thank you.

15 CHAIRMAN:

16 Okay. Thank you, Jim. Very good
17 testimony. I think you've spelled out a lot of things
18 we've been thinking about up here. You actually added
19 a couple twists, so that's one thing about these
20 hearings. We learn something new every day. Chairman
21 Geist?

22 MR. GEIST:

23 We just want to thank you. We're blessed
24 today to start with three former deputy secretaries of
25 PennDOT, as you know Mike Bryan and Gary Hoffman and

1 yourself. And you went on to be secretary of revenue,
2 and I think that adds an awful lot to the hearings to
3 have that kind of brainpower and experience compacted
4 to try to help us out.

5 MR. SCHEINER:

6 Chairman Geist, thank you. It was an
7 honor to serve, from my point of view. Thank you very
8 much.

9 CHAIRMAN:

10 Representative Mike Carroll.

11 MR. CARROLL:

12 Thank you, Mr. Chairman. I'm happy to
13 hear that the Chamber raises an idea of the bill I had
14 at the special session, and that is a two-year
15 registration. I actually had that bill introduced and
16 I'm hopeful that it will get a little bit more money
17 upfront with no additional costs to motorists if they
18 choose to pay twice their registration fees. I'm
19 pleased to have the Chamber's support. It's funny,
20 this is the second time in a month I've had the
21 opportunity now on a few occasions to get some
22 discussion started on the motor fuel tax to say that
23 I've embraced the Chamber's position on this summed
24 up, and willing to consider a gas tax increase
25 consistent with the terms set up by the Pennsylvania

1 Chamber. So I am thankful for your testimony.

2 MR. SCHEINER:

3 Well, thank you, Representative. I will
4 forward to the Committee the Chamber's transportation
5 policy that was unanimously approved and they are
6 consistent with your thoughts on this matter.

7 CHAIRMAN:

8 Okay. Maybe just one quick follow up on
9 that, Jim, relative to the local chambers. I know a
10 lot of them are independent, and don't always go along
11 with ---. But what is your --- what can you tell us
12 about the local chambers relative to that same policy
13 and certain effort to get them onboard?

14 MR. SCHEINER:

15 CHAIRMAN, that's really an excellent
16 question, and I think I'd like to get back to you with
17 more specifics. We've shared our policy with local
18 chambers across Pennsylvania but we haven't gotten
19 nearly the feedback that you're asking for, and if I
20 could get back to the Committee, it's an excellent
21 question. We'll try to research it.

22 CHAIRMAN:

23 Okay. I have one or two specifically
24 that I'd like to talk to you about. But I thank you
25 very much, Jim. I appreciate it.

1 MR. SCHEINER:

2 Okay, thank you. Any guidance to us will
3 always be welcome. Thank you.

4 CHAIRMAN:

5 Thanks. Okay, Mr. David Patti, who is
6 the president and CEO of Pennsylvania's Business
7 Council. Dave, good to see you again.

8 MR. PATTI:

9 Same, thank you very much.

10 CHAIRMAN:

11 Five minutes for that.

12 MR. PATTI:

13 I'd like to say thank you to all of the
14 Chairs, certainly to Chairmen Markosek and Geist for
15 their longstanding support and their commitment to
16 tackling these tough issues, but also to Chairman
17 Sturla and Stan Saylor for bearing the weight in
18 Policy Committees today, and for bipartisan attempt to
19 do something we don't often see and we need more, so
20 thank you.

21 Obviously infrastructure is more than
22 roads and bridges and transit. It includes our power
23 system, our communication systems, our storm and
24 water. And all of that needs attention, all needs
25 attention soon. But today we are going to make it

1 transportation.

2 The roads are probably the most visible
3 component of infrastructure. Commuters certainly
4 travel across the 45,000 miles of road and need to use
5 those safely and efficiently. But it's also very
6 important to all of us at the business community that
7 this is the arteries for which our goods flow. We get
8 raw materials in and products out. And of course well
9 maintained roads need to be accompanied by well
10 maintained, safe bridges. The condition of our
11 bridges is shocking. We had some 6,000 structurally
12 deficient. I'm glad to hear today that that's down a
13 few, but we still need to have those in repair, and we
14 need to think about that from an economics point of
15 view.

16 Due to poor conditions, many bridges have
17 weight restrictions, which force truck drivers to take
18 alternate, much longer routes. One of our competitive
19 advantages in Pennsylvania is our proximity to markets
20 and customers, but logistics are a major cost of
21 manufacturing, wholesale and retail. Delays, closed
22 lanes, weight restrictions and detours are a cost to
23 Pennsylvania's business community.

24 Well maintained systems can increase
25 maintenance expenses and decrease the use of vehicles,

1 the whole life of vehicles. Delays can increase fuel
2 consumption and reduce driver and vehicle
3 productivity. More time sitting is less time moving
4 product. Poorly maintained systems cause safety
5 hazards that normally increase cost.

6 From a cost benefit perspective the use
7 of public funds to build and maintain infrastructure
8 even if that necessitates tax, fee or toll increases
9 can be less expensive than the cost of well-maintained
10 systems.

11 Of course, as well, we have our mass
12 transit systems to think about. We have the potential
13 to take some of the pressure off our roads and bridges
14 if they're well maintained. The commerce of our
15 cities depends on bringing workers of all classes to
16 their place of employment. The Pennsylvanians who
17 work in service occupations on third shift, those are
18 the ones who work in the main industries. A lot of
19 business service industries certainly require the uses
20 of the services of mass transit, and we need to think
21 of that in our funding as well.

22 Finally I'd like to denote of course for
23 freight rail, while most of that maintenance comes
24 from the railroads themselves, freight costs and
25 investment in intermobile is critical to the state's

1 capacity to have a competitive business environment.

2 To that end and to help move the debate
3 along in financing, I'd like to quickly draw your
4 attention to ten things that we have in our written
5 testimony. I will not give very wordy testimony, but
6 summarize.

7 First, of course, let's do more with what
8 we have. PennDOT is doing a lot to reduce their
9 costs. They're looking at design build more
10 frequently, and that's great. We need to keep
11 working. You've already heard about the Motor License
12 Fund being diverted to state police. Some \$500
13 million, compared at 13 percent of the Motor License
14 Fund more over the local governments. Yes, that would
15 exacerbate the problem. The general fund doesn't
16 commit, but certainly something we need to think about
17 with transportation.

18 I would be remised if I didn't bring up
19 prevailing wage. And the application for prevailing
20 wage to transportation infrastructure construction,
21 what that does particularly for local governments
22 since in recent years we even said prevailing wage
23 must go to things it previously did not extend to like
24 resurfacing the roads. It's estimated that increases
25 to cost can waiver from 5 to 30 percent on a project

1 since about 60 percent of the project cost is labor,
2 is real money.

3 And let me say that we support
4 legislation that Representative Geist and others have
5 mentioned, public/private partnerships in the future,
6 certainly, if we had a capacity, private/public
7 partnerships are the way to go.

8 But we need to think about what we do now
9 with the maintenance. I've heard several people
10 testify about the gas tax. There are two components.

11 If the liquid fuels tax were increased with
12 inflation, instead of 12 cents it would be 26 cents.
13 Coincidentally it's the same number if we charged by
14 emission standards a component based on the oil
15 franchise tax. That would be 26 cents. If every four
16 cents gets us \$250 million, that's probably your best
17 course. The penalty will go down over time and
18 certainly other things that perhaps of all roads ---.
19 There are other options, registration fees and
20 licensing fees, but we would certainly urge you to
21 understand the balance that the delay will hurt as we
22 race towards ---. We will get back to you on these
23 subjects.

24 CHAIRMAN:

25 Okay, David, thank you. It's hard to

1 disagree with a lot of that. Representative Mike
2 Sturla.

3 MR. STURLA:

4 Thank you. You've talked about wanting
5 to make sure that, you know, you could get goods and
6 services. And the one thing that's very frustrating
7 is, you know, sitting on a roadway and not being able
8 to move your goods. And I can't remember the last
9 time I was on the Schuylkill Expressway where I didn't
10 come to a complete stop, and if I did, if everyone was
11 making \$10 an hour that was sitting there, I watched
12 millions of dollars go up in fumes while we sat there.
13 And this gets to this issue of which roads do we work
14 on because there are many times as I drive throughout
15 the state that I find myself, in some cases, on a
16 four-lane highway, but in a lot of cases, a two-lane
17 highway and I'll drive for an hour and I'll pass 12
18 cars and smooth as a baby's behind, and I just hope
19 cruising along at 70 miles an hour, 65 ---.

20 MR. PATTI:

21 I understand.

22 MR. STURLA:

23 And then I get to the Schuylkill
24 Expressway, or I-95, that carries 180,000 a day and I
25 come to a standstill. And I can't figure out why

1 we're concentrating on a place where no one drives any
2 amount over a place where everyone drives. Would your
3 association support a change in the funding formula
4 that would more heavily weigh vehicle miles instead of
5 lane miles?

6 MR. PATTI:

7 I am not an expert on the funding quota,
8 so I don't want to pretend that I don't have that done
9 now. But I think we need to use cost benefit and risk
10 benefit analysis for the reconstruction policy. So
11 certainly a cost benefit and a risk benefit would
12 suggest that where there is volume, and therefore
13 congestion issues, and also safety issues, that's the
14 risk and the cost you are emitting. So I think yes,
15 we need to do that. I already said that. That's why
16 I'm here. We certainly understand this is a political
17 process, and that a highway in Lancaster County that
18 is --- 222 can also get locked dead sometimes. But,
19 you know, certainly in everyone's district I
20 understand that they have their local traffic issue,
21 their local problems. And that's okay. I mean, they
22 probably are most important when you're stuck. But I
23 do think that you're right in what we need to look at.
24 And, in fact, there's some outstanding work done in
25 the early '80s as I was working in Harrisburg, from

1 Carnegie Mellon, that justifies a billion dollar
2 bridge program. And it was a cost benefit that looked
3 at these delays from banned bridges. And I think that
4 kind of science is something we've done before and it
5 should be done again.

6 MR. STURLA:

7 Thank you.

8 CHAIRMAN:

9 Okay, David, thank you very much. The
10 Pennsylvania Motor Truck Association, Mr. Paul Berg,
11 Director of Operations. Paul, welcome. Thank you.
12 Five minutes, sir.

13 MR. BERG:

14 I had work at King of Prussia and
15 yesterday it took me from King of Prussia Street to
16 Delaware County an hour and 25 minutes of my time, so
17 thank you for your testimony. Chairman Markosek and
18 Chairman Geist, on behalf of my colleagues at Con-way
19 Freight and PMTA, thank you for taking the opportunity
20 to share your views on improving Pennsylvania's
21 transportation system.

22 Con-way Freight is a less-than truckload
23 motor carrier with more than 25 years of service in
24 Pennsylvania. We have 14 service centers in the state
25 and provide jobs for 1,036 Pennsylvanians. We have

1 455 tractors and 1,400 trailers in Pennsylvania and
2 service more than 6,500 Pennsylvania businesses.
3 Annually we log 53.5 million miles on the state's
4 roads and 934 million pounds of freight. We pay in
5 excess of \$4.8 million dollars in highway related
6 taxes, fees and tolls in Pennsylvania each year.

7 We're a nationwide company but we realize
8 how important the Pennsylvania road requires a safe
9 and well maintained highway and structure to prosper
10 and grow. Funding to our infrastructure is a critical
11 issue and requires immediate action.

12 Transportation is a lifeblood of commerce
13 in our state. We must allow that lifeblood to flow
14 effectively. It is imperative that we develop and
15 deploy fair, balanced and sustainable funding sources
16 for our roads and bridges. Pennsylvanians would agree
17 that our system of roads and bridges is, in many
18 instances, handling traffic volumes well beyond
19 original design capacity. We're well aware of the
20 disrepair of our infrastructure. And like all
21 travelers our public highway systems face an aging
22 system that is crumbling and knotted with delays.
23 These delays cost the trucking industries millions of
24 dollars every year of wasted fuel and lost
25 productivity. Lack of appropriate funding mechanisms

1 will only exacerbate these problems.

2 Con-way Freight services serves every
3 community in the state, virtually all of which rely on
4 trucking for commercial freight services. If bridges
5 are weight limited, additional routes must be found,
6 which will inhibit our goals and services to provide
7 consistent, timely service

8 This problem's not going to go away
9 without sweeping and effective action by this body.
10 Many studies predict that congestion will continue to
11 increase. This will slow average speeds of our
12 highways, which will increase costs to us and increase
13 safety risks. We commend the governor for calling a
14 joint session of the House and Senate to discuss this
15 important issue. We realize that it's a \$3.5 billion
16 estimate in transportation, and we're going to bear
17 our share. We support increased fuel, highway or
18 license taxes for highway infrastructure improvement
19 as long as the funds collected are used entirely for
20 this purpose, and not diverted to other uses. We will
21 also support use of tolls to recoup the cost of new
22 highways, but not tolling of existing highways.

23 Finally, we would encourage the state to
24 explore public-private partnerships as a funding
25 mechanism for new capacity as long as such

1 arrangements protect the public from the franchisee
2 having a monopoly and free alternatives remain.

3 We must create and support long-term
4 strategies to ensure a sustainable funding for our
5 transportation infrastructure. It is a responsibility
6 too, Pennsylvanians can and should have a role. Thank
7 you again for the opportunity to address this meeting.
8 We look forward to helping our state's legislative
9 leaders for crafting a reasonable highway funding
10 solutions that are fair and partial for all the
11 Commonwealth's citizens.

12 CHAIRMAN:

13 Thank you very much. I want to thank the
14 Pennsylvania Motor Truck Association that it is a very
15 reasonable response to our hearings, and I think very
16 reasonable ideas about how to go about funding
17 transportation very fair. Representative Mike
18 Carroll.

19 MR. CARROLL:

20 Thank you, Mr. Chairman. Your testimony
21 is similar to the testimony we heard at other hearings
22 from members of the Pennsylvania Motor Truck
23 Association. And it is compelling because we have
24 here your testimony and others like you who use
25 significant amounts of motor fuel and understand the

1 needs that we have in front of us. And I know it's
2 not a position to take in lightly to sit in front of
3 Paul like that and advocate for an increase in funding
4 to our fuel tax in particular. That has to be a high
5 hurdle.

6 But the fact of the matter is that your
7 company and others like you are some of the biggest of
8 the bigs and the smallest of the small and members of
9 the Pennsylvania Motor Truck Association have made
10 that commitment, and it really does help people like
11 me and others. I'm hopeful that they will recognize
12 the need to raise the funds necessary to fix our roads
13 and bridges. So I applaud your company and the
14 Pennsylvania Motor Truck Association for their
15 position. Thank you.

16 MR. BERG:

17 Thank you.

18 CHAIRMAN:

19 Okay, Paul, thank you very much. I
20 appreciate it. The Pennsylvania Asphalt Paving
21 Association, my good friend Gary Hoffman, executive
22 director, former deputy secretary. He finally got a
23 legislator to listen.

24 MR. HOFFMAN:

25 Thank you, Chairmen Markosek and Geist,

1 State Representatives. I appreciate the opportunity
2 to testify here before you today. The Pennsylvania
3 Asphalt Paving Association is a trade association that
4 represents about 130 companies around Pennsylvania
5 that represent a preponderance of the asphalt paving
6 industry in Pennsylvania.

7 PAPA membership consists of asphalt mix
8 producers, paving contractors, liquid binder
9 suppliers, construction equipment manufactures, and
10 design engineers and architects. PAPA member
11 companies combined employ over 10,000 workers, both
12 union and non-union, both directly and indirectly.
13 Asphalt mix producers have almost 200 plants, the
14 locations around Pennsylvania with at least one plant
15 in every county except a handful, and I submit that
16 the Marcellus Shale activity will soon have a plant in
17 other counties in Pennsylvania.

18 Good quality, smooth roads are important
19 to all Pennsylvanians. They are important because
20 they are safe, they are vital to the quality of our
21 life. They reduce vehicle and operating maintenance
22 costs and they are necessary to spur economic
23 competitiveness and vitality.

24 A recent survey of Pennsylvania motorists
25 indicates that their two most important issues with

1 highways are safety and congestion movement.
2 According to a national report released just last
3 year, roadway conditions contributed in over half or
4 more than 40,000 motorists that were killed and nearly
5 40 percent of the non-fatal injuries that occurred in
6 motor vehicle crashes in 2006. In the same report
7 ranked Pennsylvania the fourth highest in the nation
8 with a comprehensive cost of crashes of over \$10
9 billion, where road conditions were a contributing
10 factor to the frequency or severity of crashes. Road
11 conditions like potholes, edge drop-off or whatever.

12 I'm going to jump to the second page of
13 my testimony. And when it comes to pavements,
14 smoothness matters. Smoothness matters a lot. Full-
15 scale field studies by the Federal Highway
16 Administration at the Wes Track pavement test track in
17 Nebraska showed that trucks running on a slightly
18 smoother pavement had a 4.5 percent increase in fuel
19 efficiency. And I think the Motor Truck Association
20 representative alluded to that. At today's prices an
21 average automobile driver would save \$150 a year on
22 gasoline costs with that improvement. Not only do
23 smooth pavements reduce fuel consumption, they also
24 reduce the cost of maintaining the wear and tear on
25 vehicles that's attributable to a rough road. Things

1 like alignment, shocks, hubcaps, mufflers.

2 In another national report, Rough Roads
3 Ahead indicated that the average Pennsylvanian could
4 save \$346 a year on vehicle wear and tear because of
5 our roads.

6 As George Roberts already testified, and
7 Deputy Secretary Christie testified earlier this
8 afternoon, Pennsylvania has made significant
9 improvements in the ride quality of pavements in
10 Pennsylvania. All networks paved from the interstate
11 all the way down to the farmer market roads.
12 Unfortunately because of all this Herculean effort
13 that the Department has been putting in the bridges
14 over the last couple of years, and rightfully so, this
15 steady improvement in road quality has leveled off.
16 And in fact, that those networks have turned the wrong
17 way and are starting to get rougher. And we can't let
18 that road assessment go back to where it was in the
19 '70s and '80s when all the Department did was fix
20 potholes.

21 In fact, it costs five to ten times more
22 to rebuild a road that has failed than to preserve a
23 road in good condition. So the key is keep the roads
24 that are in good condition good. And George Roberts
25 alluded to a slide here earlier this afternoon when he

1 had roads out of cycle. And really what that means is
2 there's a right treatment for every road that needs to
3 --- or right preservation treatment that needs to be
4 applied at the right time in the life of that
5 pavement.

6 It's just like having a 25-year roof on
7 your house. If you replace it when it needs to be
8 replaced all you have to do is replace the roof. But
9 if you wait five more years then all of the sudden
10 you're replacing the sheathing and the rafters and
11 everything else. Same way with the road. And at the
12 same time that you're waiting to get that road in
13 cycle, and it's costing more of the --- I'll use the
14 cliché that my Pennsylvania Dutch relative used all
15 the time, the list gets longer at the bottom before it
16 gets shorter at the top. While you're waiting for
17 those roads to get done, there are a whole raft of
18 other roads that are falling into the maintenance need
19 cycles.

20 So in summation, Mr. Chairman, because of
21 the nature of the industry, in the asphalt producing
22 industry men and women, Pennsylvanians can be put back
23 to work all over the state as pavement and
24 infrastructure improvement projects are awarded.
25 These are good paying, rewarding jobs that cannot be

1 shipped overseas. An increase or decrease in program
2 funding and percent change in the workforce and jobs
3 that run pretty much in parallel because of the days
4 of our industry. So unfortunately over the last few
5 years we've seen about a 30 percent decrease in the
6 amount of asphalt paving methods done mostly on the
7 commercial side in Pennsylvania, the bit spots where
8 parking lots are not being done like they used to be.

9 So for all of the above reasons, PAPA
10 strongly supports a comprehensive funding solution, a
11 solution that addresses the needs of all
12 transportation modes, a solution that is predicable
13 and sustainable, long term. Thank you.

14 CHAIRMAN:

15 Okay, thank you very much, Gary. Well
16 said, well spoken. And I don't see any questions. I
17 appreciate it very much. Thank you.

18 MR. HOFFMAN:

19 Thank you.

20 CHAIRMAN:

21 Pennsylvania Farm Bureau, Mr. Carl
22 Shaffer. Carl, welcome.

23 MR. SHAFFER:

24 Thank you, sir.

25 CHAIRMAN:

1 You may proceed when you're ready.

2 MR. SHAFFER:

3 Okay. Thank you, and I'd like to thank
4 you all for the opportunity to testify here today. As
5 he said, my name is Carl Shaffer and I'm president of
6 Pennsylvania Farm Bureau, and I'm proud to represent
7 today almost 50,000 members across the Commonwealth.

8 Agriculture and agribusiness is the
9 leading industry in Pennsylvania. We're generating
10 more than \$4.3 billion in cash receipts and \$44
11 billion in total economic impact in the Commonwealth.
12 One of the ways we're able to do this is through
13 living in a global economy. We're exporting about 30
14 percent of what we produce. One of our key advantages
15 over our global competitors is that we have a superior
16 infrastructure system compared to them, compared to
17 South America and some other countries.

18 And the key to sustaining this economic
19 engine is we have to sustain our infrastructure system
20 in the Commonwealth. You know that PennDOT and local
21 townships have done their best to stretch
22 transportation dollars. Farmers and suppliers are
23 still increasingly finding roads and bridge additions
24 inadequate and impassible, whether it's a weight limit
25 in their lanes or road conditions or unsafe bridges,

1 Pennsylvania's infrastructure is really causing
2 farmers to waste time and fuel and using alternative
3 routes to get around.

4 Just one example, I farm approximately
5 2,000 acres in Columbia County, and just one farm is
6 150 acres with a stream running through it. It's a
7 very small stream and there's 28 fields on the other
8 side of the stream. Because of a narrow bridge I have
9 to travel several miles on a state road to circle
10 around to get access to a field that's only 50 feet
11 from where I'm already operating. This costs money,
12 raises the cost of what I produce but it also is a
13 risk every time we have to take equipment out on the
14 state roads. We're running a risk all the time.

15 Pennsylvania Farm Bureau has developed a
16 policy to address these concerns. Our organization
17 recommends that all the monies in the Motor License
18 Fund received from fuel registration of vehicles,
19 licenses and other taxes be used solely for the
20 improvement of the highway system. The Farm Bureau
21 understands solving this problem will not be easy, and
22 we're not offering these remarks to pass the blame on
23 the current situation. We're here, however, to help
24 address this problem and find common sense ways to
25 improve our transportation infrastructure. We feel a

1 balanced approach would include funding mechanisms
2 that will spread the financial burden to all who
3 benefit from our state's highway system rather than
4 measures that impact specific users and regions of the
5 state, such as tolling of Interstate 80.

6 The Farm Bureau can support increasing
7 increased commitment of general fund revenues,
8 issuance of additional state bonds, increases in motor
9 fuel taxes and other practical funding sources such as
10 vehicle registration and license fees. We also feel
11 that maintenance of highways and roads and bridges
12 should be given priority over new construction,
13 especially in rural areas.

14 The Farm Bureau is really willing to help
15 find a solution to this problem and we hope we can
16 have a seat at the table as a funding plan is created.
17 I want to thank you again for your time in allowing me
18 to comment on this problem.

19 CHAIRMAN:

20 Okay, thank you, Carl. You have a seat
21 at the table, and you're welcome and we appreciate
22 your help. Thank you. Chairman Geist?

23 MR. GEIST:

24 Thank you. Carl, we've had testimony in
25 the past from deputies and other cooperatives about

1 the problem with weight limited rural bridges and long
2 detours. Do you have any idea in Pennsylvania how
3 much that's costing the farming industry?

4 MR. SHAFFER:

5 We can't put an exact dollar amount, but
6 it does vary. I know just in the dairy industry
7 there's been a lot of cases where bad roads or an
8 impassible road in certain cases that cause trucks not
9 to be able to pick up the farms, and throwing away
10 thousands of dollars in milk just pouring it down the
11 drain. That's a total waste, and I hear this from our
12 members all across the state, time after time, whether
13 it be --- maybe it will be a snow removal problem or a
14 bridge problem where a milk truck can't get there or a
15 road that's totally out of service. I'm hearing it
16 all the time from our members.

17 MR. GEIST:

18 And we had the hearing in Lock Haven and
19 it came to our attention that on some of these bridges
20 that are out at point in times there are no detours
21 because they go back into a valley, no way in our out.
22 And they serve X number of farms. So it became
23 pretty clear at that hearing that we have an
24 agribusiness problem and it's costing us money and
25 that's something we don't want to have. We want the

1 best economic developed roads in the country.

2 MR. SHAFFER:

3 I really think that Pennsylvania farmers
4 produce the safest, most affordable, most quality food
5 supply in the world, and I think that addressing the
6 transportation issue is so vital to keep that. I also
7 would like to mention, too, the economic impact that I
8 mentioned about the dollars that are generated, most
9 of that is spent right back in the local economy.
10 It's not sent overseas or out of the state. It's
11 reinvested right back to local economy. That makes it
12 doubly important, I think.

13 CHAIRMAN:

14 Good point. Representative Carroll.

15 MR. CARROLL:

16 Thank you, Mr. Chairman. As a member of
17 the Farm Bureau I'm pleased to know that the Farm
18 Bureau has proposed a part of solving this problem.
19 With your testimony combined with the testimony of
20 these folks at the Chamber, and the Business Counsel,
21 and others like that across the state, really helps
22 share a powerful message that we have a problem and we
23 have to stop it. So I appreciate and congratulate you
24 and the Farm Bureau on your testimony. Thank you.

25 MR. SHAFFER:

1 Thank you.

2 CHAIRMAN:

3 Thank you, Mr. Shaffer. I appreciate it.

4 MR. SHAFFER:

5 Thank you very much.

6 CHAIRMAN:

7 Very good. Okay, Mr. Stan Rothman, who
8 is present from the American Association for Retired
9 Persons. Mr. Rothman, welcome, thank you.

10 MR. ROTHMAN:

11 Thank you.

12 CHAIRMAN:

13 Five minutes, sir.

14 MR. ROTHMAN:

15 Chairman, members of the Committee that
16 are still here. Yes, I am a volunteer for AARP. I
17 live in Lords Valley in Pike County. I've been
18 involved with the AARP Driver Safety Program and the
19 Mobility Options Initiative for many years and I have
20 close working relationships with some officials of
21 PennDOT, especially from the Safety Management Bureau.

22 I'm very pleased to be here today to also
23 address the dire need for seniors to have access to
24 transportation options. We believe that lawmakers
25 must use the current special legislative session to

1 develop a comprehensive transportation plan that
2 provides accessible, safe and affordable options for
3 seniors. That plan must also consider long-term
4 solutions for our growing transportation problems
5 rather than merely adopting a stopgap approach.

6 AARP believes that this comprehensive
7 approach is especially important for seniors who need
8 transportation assistance more than ever before,
9 particularly in suburban and rural areas of the state.
10 Thousands of our older residents require help
11 traveling to and from medical appointments, grocery
12 stores and other destinations necessary for living
13 independently. By 2030 it's estimated that one in
14 four residents of this state will be at least 65 years
15 of age. The availability of transportation services,
16 the safety of roadways and vehicles and the design of
17 communities would be essential to help older
18 Pennsylvanians maintain their independence. These
19 issues are crucial concerns for our seniors and for
20 their adult children.

21 In our view, any updated transportation
22 plan must address the limited or nonexistent public
23 transportation in suburban areas where most older
24 Americans live. According to an AARP survey, 60
25 percent of people age 50 and above do not have public

1 transportation within a ten-minute walk of their home,
2 creating a mismatch between the design of towns that
3 are almost exclusively for cars and road population
4 that cannot drive or chooses not to drive.

5 Currently, we have Pennsylvania's Shared
6 Ride and Transportation for the Elderly Programs that
7 provide seniors with millions of rides annually and
8 are available through the agencies on aging, including
9 suburban and rural areas where there is no other
10 public transportation. These programs provide an
11 urgent and even desperately-needed service for many
12 elderly residents who might otherwise be stranded in
13 their own homes.

14 However, for example, I live in a rural
15 section of Pike County where Shared Ride is the only
16 form of transportation available to seniors, public
17 transportation. The service isn't available on
18 weekends, trips need to be scheduled at least two days
19 in advance. While those folks are doing the best job
20 that they can with the resources they have, I can
21 safely say that the program is not meeting the local
22 needs of our senior population, not by a long shot.

23 Now potentially these transit programs
24 can be expanded, better coordinated, and as we
25 mentioned earlier, using lottery funds perhaps to help

1 older residents access the medical care, groceries or
2 other necessities of daily life. The same goes for
3 the Pennsylvania's Free Transit Program which allows
4 older residents to travel at no cost weekdays and
5 concurrent bus routes like COLT in Lackawanna County
6 address that particular issue.

7 Unfortunately Pennsylvania's
8 transportation issues extend beyond just access to
9 public transit. Research shows that one in four
10 drivers will be age 65 or older by 2025, which has
11 profound implications for planning, design, operations
12 and maintenance of our already overworked and
13 overburdened bridges and roads, as we know. We fully
14 support efforts to enhance the roads and highway, and
15 all safety improvements that will benefit all drivers
16 including rural Pennsylvania. From personal contact
17 with the Pennsylvania PennDOT, I know the expertise
18 and desire is there to make these necessary safety
19 improvements throughout the state.

20 Protecting the safety of residents can't
21 be limited to the roads at home. Little attention is
22 given to poorly designed or maintained streets and
23 sidewalks that the seniors walk, especially elderly
24 and disabled.

25 AARP survey results show that four in ten

1 pedestrian fatalities are people over the age of 50
2 are at traffic intersections alone. Communities can
3 improve pedestrian safety and minimize at a minimum
4 cost by taking steps to improve virility at
5 intersections, adjusting traffic signals, et cetera.

6 And in conclusion, it is clear that we
7 need to be providing a wide variety of transportation
8 options in Pennsylvania, especially for older
9 residents, in order for them to retain their
10 independent way of living and quality of life. We
11 look forward to working with lawmakers during this
12 special session to develop transportation plans that
13 truly improve the quality of life for all
14 Pennsylvanians. And I thank you for the opportunity
15 to speak and I'd be happy to answer any questions.

16 CHAIRMAN:

17 Okay, thank you, Mr. Rothman, and thank
18 you for bringing up the Shared Ride. It's very
19 important to a lot of folks, handicapped, but also
20 certainly senior citizens, and so often people that
21 live in some of the rural areas don't think they have
22 mass transit but they have that and it's very
23 important.

24 MR. ROTHMAN:

25 And that's alone.

1 CHAIRMAN:

2 And that is mass transit. That's part of
3 it in that it goes forgotten sometimes. So I'm glad
4 you brought that up to remind us. Representative
5 Carroll has a question.

6 MR. CARROLL:

7 Thank you, Mr. Chairman. Stanley, I
8 appreciate your testimony and I know you're a
9 volunteer, so this question, if you cannot answer it,
10 I fully understand. I don't mean to put you on the
11 spot, so if you pass, I understand. Your sentence
12 that says all that is missing is the financial
13 resources to get the work done. Do you have a
14 suggestion on how we get those financial resources?
15 Does AARP have a suggestion, not you personally.

16 MR. ROTHMAN:

17 AARP is pointing out the problems. We
18 don't know that we can deal financial solutions. We
19 know that everything is stressed. We mentioned the
20 lottery and perhaps some of the gaming revenues could
21 be targeted to transportation issues. Again, as a
22 volunteer, I don't speak for the entire organization.
23 I could, but they can't fire me because I'm only a
24 volunteer.

25 MR. GEIST:

1 And I think the penalty wouldn't be that
2 great anyway. I understand. If you come to learn
3 that AARP has endorsed a menu of suggested funding
4 options, if you could share that with us at a future
5 date, that would be great.

6 MR. ROTHMAN:

7 I certainly will. That brings us back to
8 the professionals, and I'm sure there will be further
9 discussion about this.

10 MR. GEIST:

11 Thank you.

12 CHAIRMAN:

13 Maybe as a volunteer you could recommend
14 to them that they be a little more aggressive with
15 some of their funding, that being the lottery bill,
16 you already add that point to these types of things
17 and coordination --- if you know. Our understanding
18 already is that, but I think it would require a lot
19 more than those items and we would certainly like the
20 AARP to join with us some more tougher --- not
21 necessarily the low hanging fruit fundraisers, but
22 some of the tougher ones that we're going to have to
23 deal with.

24 MR. ROTHMAN:

25 Well, in addition to that, if I may for a

1 moment, there are --- with regard to transportation
2 where people live in isolated areas, there are more
3 private actually, private organizations and many
4 states have a partnership with state agencies or local
5 transportation concern. And these people as they
6 state, there are many model programs throughout the
7 country that I'm aware of that have been working in
8 different places and the cost is not on the state, it
9 is on the individual. And they try to not compete
10 with what we are doing, but to pick up the slack where
11 the public such as Ride Share cannot be available.
12 And these are things that AARP will be able to
13 discuss.

14 CHAIRMAN:

15 Okay. Okay, Lonnie Polli, of the Greater
16 Hazleton Chamber of Commerce. Lonnie, did I pronounce
17 your name correctly?

18 MS. POLLI:

19 Yes.

20 CHAIRMAN:

21 Okay. Welcome, you're the Chairman of
22 the Transportation Committee for the Chamber. And you
23 have five minutes, ma'am.

24 MS. POLLI:

25 Oh, okay.

1 CHAIRMAN:

2 And you may proceed when you're ready.

3 MS. POLLI:

4 Okay. Good afternoon. I'm Lonni Polli,
5 vice chair of Transportation for the Greater Hazleton
6 Chamber of Commerce and I'd like to make some comments
7 on behalf of the transportation issues in the Greater
8 Hazleton area.

9 I would first like to begin by agreeing
10 that our Chamber believes that our state highways and
11 bridge system is in financial crisis. The situation
12 most definitely provides a negative impact on our
13 local economy. The number one priority in the Greater
14 Hazleton area is a new road extension, Route 424,
15 which is right off I-81, Exit 141 to go directly into
16 Humboldt Industrial Park in Hazle Township. This road
17 would provide a much needed emergency exit from one of
18 the largest industrial parks in Northeastern PA. This
19 park employs over 7,000 people and has seen tremendous
20 growth due to the efforts of CAN DO, Incorporated, our
21 local economic development organization. Currently
22 Route 924, which is the road that runs right by the
23 Humboldt Industrial Park, is being expanded to five
24 lanes. Phase I has been completed. Phase II is close
25 to being completed and then probably by the end of

1 fall or early spring. But Phase III was basically
2 traded in so that the monies from this phase could be
3 transferred to 424. This is really just a necessity
4 of the second exit from the park that would go
5 directly to Interstate 81.

6 Due to financial constraints of the
7 state, this project has been basically removed from
8 the TIP, even though it is ranked third in priority
9 projects for District 4-0. We cannot overly stress
10 how important this road is to the economic growth and
11 safety to the area. Not only does the industrial park
12 employ 7,000 people, but Eagle Rock resort is located
13 immediately outside the park.

14 In addition, without the lack (sic) of
15 this important infrastructure, the continued growth in
16 our area would be hampered. Even more importantly
17 it's the safety of people who travel that road every
18 day. There is a fear of a catastrophic event to that
19 area if it is not improved. Funding to assist in this
20 project is crucial. Due to the financial status of
21 the state, this project has definitely been affected.

22 The same situation occurred on another
23 road project in Hazle Township Airport Beltway. This
24 project was originally designed for five lanes, but
25 due to financial restraints, the project has now been

1 scaled back to adding a few turning lanes and about
2 two additional lights. We're very grateful for at
3 least these improved safety features, and thank
4 PennDOT on their efforts. But again, most businesses
5 along this very heavily traveled area feel that it's a
6 band-aid approach and are hampering economic growth in
7 the area. Again, we know the restraints that the
8 state is under, but just these two projects hamper
9 economic growth in the area. Some suggestions that
10 some of our members came up with would be to raise the
11 fuel tax, Marcellus Shale extraction fee, vehicle
12 registration fee increase and increase in driver's
13 license fee, also casino funds.

14 In closing, we thank you for this
15 opportunity to present our case and look forward to
16 the results of this hearing.

17 CHAIRMAN:

18 Okay, thank you, Ms. Polli. We heard
19 from one of the previous people was the State Chamber
20 of Business and Industry, and they had come out and
21 said they were for reasonable increase in the fuel tax
22 and some of the other things. And you had mentioned
23 that a little bit. Is that something that you could
24 go along with as well, your Chamber? Do you have a
25 general, formal position on that?

1 MS. POLLI:

2 We didn't make a formal position, but we
3 did do a poll on Interstate 80 tolling, and these were
4 some of the suggestions that came back from our
5 members that we might consider, you know, because they
6 were definitely opposed to Interstate 80 tolling.

7 CHAIRMAN:

8 Okay. I think it would be a lot more
9 helpful to us and to the people that represent you in
10 the State House and Senate if you had a definitive
11 plan that you would support and --- so that it gives
12 that support when they have to go, you know, and fight
13 for these projects because they're all going to cost
14 funding. We can't do any of that, as you mentioned,
15 unless we get some extra funds. So, you know,
16 somebody's going to have to pay for it and we need all
17 of it --- we need grassroots support such as yours and
18 organizations that support it.

19 MS. POLLI:

20 That's something we are considering, and
21 we're trying to get a feel whether our members would
22 support, but until that time, we can't take that. I
23 just wanted to mention passing, that this phase of 424
24 is actually only 1.4 miles, and it's really critical
25 that we would have an exit into this area ---. If

1 there were ever a spill on Route 924, 7,000 people are
2 trapped in that industrial park. There's no way to
3 get them out. And I guess I just feel so strongly
4 about it because it is such a safety issue, and the
5 fact that we did have the money, you know, for Phase
6 III when we did it, you know, we could forgo Phase III
7 just to be able to get this mile and a half put in.
8 So thank you very much, you know, for considering
9 this.

10 CHAIRMAN:

11 Okay, thank you. Thank you very much.
12 The Transportation Construction Industries, TCI, Mr.
13 Bob Housel.

14 MR. HOUSEL:

15 Mr. Chairman.

16 CHAIRMAN:

17 Bob, welcome. Thank you. Five minutes,
18 sir.

19 MR. HOUSEL:

20 Thank you. Mr. Chairman, my name is Bob
21 Housel and I am vice president of Masters Ready Mixed
22 Concrete in Kingsley, Pennsylvania. Thank you for the
23 opportunity to testify before you this afternoon. I
24 am here on behalf of the Transportation Construction
25 Industries, the unified voice of the materials and

1 construction industries in Pennsylvania. I am also
2 here on behalf of our employees and members to support
3 our company. We are a family-owned, third generation,
4 local company in business since 1932.

5 I am one of those companies that the
6 representative made the reference earlier as she spoke
7 to the fellows from PennDOT. My written testimony has
8 been entered into your record, but I would like to add
9 key personal observations on the matter of
10 transportation funding in Pennsylvania.

11 The Keystone State was once a leader in
12 transportation in our country, but unfortunately we
13 now hold the dubious distinction of having the most
14 structurally deficient bridges in our nation. I have
15 seen Pennsylvania's transportation system gradually
16 deteriorate over the years. Our situation in
17 Pennsylvania has come to the point where the American
18 Society of Civil Engineers' 2010 report card gave
19 Pennsylvania a grade of D minus for its roads. In
20 passing, I am similar myself.

21 I have also seen the economic impact of
22 all the closed and posted bridges, and I'm going to
23 echo what they've said earlier. We very often can no
24 longer go from point A to point B to make our
25 deliveries. We drive our trucks much further and wear

1 them out much faster just to service the same areas
2 and now with the posting of many of the roads in our
3 area, the travel that's available to us will continue
4 to shrink.

5 In short, it's becoming increasingly
6 difficult to run an effective, efficient trucking
7 business due to the prevalence of unusable bridges and
8 posted roads. When my grandfather started this
9 business our transportation system improved with each
10 decade and made our business grow. I am the first
11 generation in my family that's been faced with worst
12 roads and business than the previous one. This is not
13 a legacy I want to be associated by future
14 generations. Which brings me to the point of my
15 testimony. As you view as elected state officials
16 have the power to affect that legacy and create an
17 atmosphere where prosperity can grow. The basis for
18 the toll is that prosperity in no part, in no small
19 part, is built on the quality of our infrastructure.
20 It is literally the foundation of our success in a
21 state and as a nation.

22 Our neighbors in New Jersey get it. They
23 have proposed a \$3.54 billion capital transportation
24 program even though they are in worst shape budget-
25 wise than Pennsylvania. If we as Pennsylvanians do

1 not get on board on a comprehensive properly funded,
2 long-term transportation plan we will simply be left
3 behind.

4 Beyond the obvious of that an increase
5 transportation fund will bring to the Commonwealth
6 there are some real economic impacts we will see
7 citizens in Pennsylvania. The recent American Road
8 and Transportation Builder's Association study has
9 concluded that doubling Pennsylvania's transportation
10 investment creates more than 50,000 jobs in
11 Pennsylvania, or a reduction in our unemployment of
12 ten percent. That would move a lot of people from
13 your payroll to our industry's payroll and create
14 50,000 more tax payers, not tax takers.

15 There are two choices before us. We try
16 to do anything with the infrastructure that we have,
17 or we can strategically improve it to position
18 Pennsylvania for economic growth. Both will require
19 additional funding, but only one will generate new
20 jobs and opportunities for our fair state.

21 We want to work with you, Mr. Chairman,
22 and your colleagues on the importance of this issue.
23 We as citizens and you as elected officials need to
24 communicate in action between transportation
25 infrastructure, economic growth and maintaining

1 quality of life. I acknowledge that we face tough
2 decisions in guiding our state towards the road to
3 prosperity, but isn't that a critical task of
4 leadership? The tools we need to get the job done are
5 available and they have been detailed by many of the
6 speakers before us today. I urge you to use those
7 tools to help create a legacy for our state that you
8 and I will be proud to hand to our children and
9 grandchildren. Thank you.

10 CHAIRMAN:

11 Okay, thank you very much.
12 Representative Mundy.

13 MS. MUNDY:

14 Thank you, Mr. Chairman. And I just want
15 to thank Mr. Housel for being here today and certainly
16 identifying an issue that is extremely important to
17 me, and that indeed is local businesses and the mom
18 and pop businesses started many years ago, and it's
19 critically important as a local business that he is
20 able to get his product from point A to point B, to
21 the customers and provide that, by the posting and
22 bonding of the four-digit roads is an issue to our
23 local contractors and local mom and pop businesses.

24 But thank you very much for your
25 testimony today, Bob. I sincerely appreciate you

1 coming and I appreciate you waiting as you had to to
2 provide that testimony. So thank you.

3 MR. HOUSEL:

4 Thank you.

5 MS. MUNDY:

6 And thank you, Mr. Chairman.

7 CHAIRMAN:

8 Thank you, Bob, I appreciate it. Okay.

9 Next is the testimony of the Rail Freight Advisory
10 Committee, of which Rick and I are members, and our
11 Chairman is here, Larry Malski. Larry?

12 MR. MALSKI:

13 Thank you.

14 CHAIRMAN:

15 Five minutes, please. And you may
16 proceed.

17 MR. MALSKI:

18 Again I want to thank the House
19 Transportation Committee for holding these hearings,
20 and in particular Chairman Markosek and Chairman Geist
21 for their diligence and opportunity for these
22 proceedings across the state.

23 Pennsylvania Rail Freight Advisory
24 Committee, as mentioned, has provided legislature,
25 advised and recommendations on matters affecting the

1 vital rail freight industry in Pennsylvania, including
2 funding. It has become obvious that Pennsylvania
3 transportation needs far outweigh the funding levels
4 that have been provided, and therefore as an answer to
5 your first formal question, we believe a financial
6 crisis does in fact exist.

7 Pennsylvania highway and rail
8 infrastructure are the arteries and veins of the
9 Commonwealth's economy. As they become deficient
10 because of overuse and insufficient funding to expand
11 capacity, the entire state's economy and all of its
12 industries suffer.

13 Evidence of the need for additional
14 funding is demonstrated annually by the more than
15 double or triple amounts of state rail funding that is
16 requested through good applications to PennDOT's
17 Bureau of Rail Freight. It cannot be funded because
18 of lack of funding. The jobs created and new
19 industries that have opened Pennsylvania or expanded
20 are directly related to the Bureau of Rail Freight
21 grants have been well documented over the years.

22 Inaction is not an acceptable solution
23 for creating job growth and attracting new industrial
24 development in Pennsylvania. It has been demonstrated
25 and documented that increasing the funding levels of

1 the state's RTAP funding and RFAP funding which have
2 been increased in recent years produce immediate jobs
3 and economic growth in the Commonwealth. We highly
4 recommend and request that the governor and the
5 legislature continue their policy of increasing these
6 funding levels of the RFAP and RTAP due to the
7 immediate and significant economic benefits that they
8 have provided to the Commonwealth.

9 The last issue of how to solve the
10 funding crisis is obviously the most controversial and
11 difficult. Of course there are no silver bullets or
12 quick solutions but surely a comprehensive approach
13 with all of our main mechanism on the table are
14 needed. Pennsylvania's crumbling highway
15 infrastructure is the most pressing segment of the
16 overall problem. It has been proven that each loaded
17 railcar has the ability to take four or five trucks
18 off our overcrowded highway infrastructure. This
19 produces the dual benefits of reducing highway
20 congestion and reducing wear and tear on our highway
21 infrastructure. This dual benefit, along with the
22 fact that the railroad can move one ton of freight 436
23 miles on one gallon of diesel fuel, emphasizes how
24 directly helpful the railroad can be in helping to
25 solve the Commonwealth's freight infrastructure

1 problems.

2 I would like to next proceed to regional
3 answers, hopefully to the Committee regarding the
4 Pennsylvania Northeast Regional Railroad Authority,
5 where I am president. The PNRRA is a 100-mile
6 regional rail system operating in the four counties in
7 Northeastern Pennsylvania. We provide daily rail
8 freight service to our contract private rail operator,
9 the Delaware-Lackawanna Railroad to over 25 active
10 rail dependent industries which provide over 2,000
11 jobs in Northeast Pennsylvania.

12 The 60-mile portion of our rail system
13 between Scranton and the Delaware Water Gap also
14 comprise the integral segment of the segment from the
15 proposed Scranton to New York City rail passenger
16 restoration project, also known as the Lackawanna
17 Cutoff.

18 I would like to convey our perspective on
19 Pennsylvania's transportation funding dilemma by
20 answering the Committee's five specific questions. We
21 believe funding for all forms of transportation in
22 Pennsylvania should be increased. Funding for rail
23 freight infrastructure on our regional rail system has
24 allowed us to locate nine new industries into the
25 Commonwealth in the last 25 years. Our annual freight

1 car loadings have increased by 1,323 percent from 562
2 carloads to almost 8,000 carloads per year over the
3 same period. These cold statistics translate into
4 nearly a million trucks that have been taken off of
5 the Commonwealth's strained highway network.

6 Congestion and highway maintenance
7 funding limitations have negatively impacted not only
8 our ability to market our region of the state as a
9 freight distribution hub, but also has directly
10 negatively impacted the movement of Pennsylvania
11 residents to jobs in adjoining regions and states.

12 The prime example of this severe
13 restriction on our growth and mobility is the dire
14 condition of commuter traffic on Interstate 80 in
15 Pennsylvania and New Jersey during rush hour. Over
16 20,000 Pennsylvania residents support the Northeast
17 Pennsylvania economy with their households and
18 families, but must travel to New Jersey and New York
19 City every morning to their places of employment.

20 This interstate vehicular traffic has
21 turned I-80 into a parking lot during rush hour with
22 failed traffic conditions of stopped traffic on this
23 interstate. This failed traffic condition continues
24 to produce longer and more serious traffic delays as
25 every year goes by.

1 The Scranton to New York City rail
2 commuter restoration project over our lines and those
3 owned by New Jersey Transit would directly and
4 immediately start to alleviate this dire congestion
5 problem by safely and efficiently eliminating over
6 6,000 commuters from this congestion nightmare in an
7 environmentally beneficial way. The Scranton to New
8 York City rail restoration has obtained its final
9 environmental approval in the form of a FONSI, Finding
10 of No Significant Impact, from the Federal Transit
11 Administration in November 2009 and is awaiting state
12 and federal funding to proceed with this project. The
13 States of New Jersey and Pennsylvania have already
14 invested over \$21 million to acquire the right of way
15 for this project.

16 Inaction on this project and many other
17 highly beneficial and shovel-ready transportation
18 projects in Pennsylvania is no longer acceptable. We
19 are advocating the increase in funding for PennDOT's
20 very effective Bureau of Rail Freight to add more
21 staff and to increase the funding levels of the RFAP
22 and RTAP funding levels to twice their current levels.

23 We are also strongly requesting funding
24 for rail transit programs and specifically request
25 state funding for the Scranton to New York City rail

1 passenger restoration project to free Pennsylvania
2 residents from the gridlock that is choking our
3 economy. All sources of funding must be considered
4 eligible for increases that are needed to address the
5 Commonwealth's freight and passenger transportation
6 needs including but certainly not limited to the
7 increase in gas tax and consideration of some
8 innovative ideas like weight/distance taxes just to
9 name two.

10 If Pennsylvania is to remain the Keystone
11 State in transportation excellence, inaction can no
12 longer be tolerated. I thank you for your time. I'd
13 be happy to answer any questions.

14 CHAIRMAN:

15 Thanks, Larry. Chairman Geist.

16 MR. GEIST:

17 Larry, thank you very much. For those of
18 you who don't know, Larry's probably the number one
19 guy in Pennsylvania for rail policy, and has chaired
20 the Rail Freight Policy Committee in Harrisburg for I
21 think 312 years. That legislation was really
22 forwarded by Senator Corbin and myself, and I think
23 since its inception has led to unbelievable economic
24 development, and especially in the short-line
25 industry. You should be praised for the fine work

1 that you've done, not only through here, but all of
2 Pennsylvania.

3 MR. MALSKI:

4 I thank you very much, Chairman Geist.
5 And it really was people with foresight like you and
6 others 20 years ago to put together the Rail Freight
7 budget, being legislatively supported, and people like
8 you and Chairman Markosek we hope to continue our
9 mission.

10 CHAIRMAN:

11 Representative Carroll?

12 MR. CARROLL:

13 Thank you, Mr. Chairman. And I would too
14 like to thank you for your leadership as a House
15 member and represent part of Luzerne and part of
16 Monroe Counties, and I can attest to the colossal
17 problems that we have on I-80, with respect to traffic
18 going back and forth to New York and New Jersey, and I
19 applaud your leadership, Larry. It's very important
20 as we move forward to try and take that interest, and
21 I wish the folks in New Jersey were as eager as you
22 are to find a way to get projects. But I know that
23 you'll say keep your hand on the puzzle, to make sure
24 that we bring that project to completion. So thank
25 you.

1 MR. MALSKI:

2 Thank you. Again, I want to thank you
3 for your support on this project, and others.

4 CHAIRMAN:

5 Thanks, Larry.

6 MR. MALSKI:

7 Thank you.

8 CHAIRMAN:

9 Okay. All right. Pennsylvania Aviation
10 Counsel, Mr. George Strunk, general manager of Dein
11 Properties. Mr. Strunk, welcome.

12 MR. STRUNK:

13 Thank you.

14 CHAIRMAN:

15 Thank you. Five minutes, sir. And you
16 may proceed.

17 MR. STRUNK:

18 Good afternoon. My name is George Strunk
19 and I reside in Paradise Township, Monroe County.
20 First I'd like to express my sincere thanks to the
21 Committees for the opportunity to share my input and
22 expertise regarding the value of general and corporate
23 aviation in our Commonwealth's economy, and regarding
24 the importance of our state's continued investment in
25 a functional and attractive general aviation system.

1 I work as a general manager of our
2 commercial and real estate investment company, named
3 Dein Properties, and I also serve as a financial
4 consultant to several sister companies of Dein
5 Properties, which manufacture precision metal
6 equipment, components, educational furniture, shrink
7 wrap machines and dark room equipment. These products
8 are marketed across the United States and in some
9 cases around the world. In total, our organization
10 employs approximately 70 full-time workers.

11 The owner of these companies has been an
12 aviator for many years and always understood the value
13 and utility of general aviation. As more and more
14 meetings required my boss and our executives and
15 salesmen to be in small cities and towns across the
16 country with little notice and sometimes in rapid
17 succession, it quickly became clear that the time had
18 arrived to acquire a corporate airplane.

19 In late 2009 we acquired a Pilatus
20 PC12-NG, which is the largest single engine airplane
21 in the world. So far the corporate use of our
22 airplane has included a trade show in Phoenix, to
23 which we sent two executives and a product prototype,
24 picking up executives and facilities people at a new
25 real estate tenant from Cleveland, a day of sales

1 calls throughout New England after which our executive
2 slept in his own bed and five dealer meetings
3 throughout the southeast US, which took place over
4 just two days.

5 Most of these trips could not have
6 happened if our executives would have been required to
7 rely only on commercial aviation. Some of the towns
8 were too small to use commercial aviation at all and
9 if there is a commercial airport, for example in
10 Cleveland, it's very challenging and time consuming to
11 get there on the airlines.

12 In all cases, if the trips would have
13 happened using the airlines they would have been far
14 more costly from a time perspective, which means that
15 far fewer such trips can be achieved in the course of
16 a year. This loss of time translates into lower
17 sales, less production and less jobs here in
18 Pennsylvania.

19 The value of our corporate airplane to
20 our businesses has already been made clear. Quite
21 simply the airplane maximizes the productivity of
22 highly paid sales and executive personnel, which
23 results in more demand for our products, which in turn
24 requires us to hire more manufacturing and customer
25 service workers. In fact, we've run a help wanted add

1 in the Pocono Record for the first four days of this
2 week, even in this recessed economy. This is, in
3 large part, thanks to the value we've realized from
4 our use of corporate aviation.

5 I've also been encouraged by a friend to
6 speak on behalf of his company and the value it
7 realizes from its use of a corporate aircraft. Weiler
8 Corporation, with its world headquarters in Cresco, PA
9 is a global manufacturer of surface conditioning
10 products and employs over 400 full-time workers in
11 Pennsylvania. In 2009 Weiler Corporation, through a
12 subsidiary, invested in a new King Air 350i, which it
13 expects will fly approximately 250 hours this year.

14 Weiler uses its airplane to transport
15 executives and sales people as well as product
16 engineers and service people who often need to be in
17 the presence of end users, dealers or prospective
18 customers on very short notice. While it is a
19 challenge to empirically quantify the value of these
20 two companies, realize from their use of corporate
21 aircraft and small town airports, the anecdotal
22 evidence indicates very real and very substantial
23 value derived from our use of corporate aviation,
24 especially when considering job creation.

25 While I came here today to share the

1 point of view of a corporate executive that uses
2 corporate aviation, I should also point out that I am
3 the Chairman of the Pocono Mountains Municipal Airport
4 Authority, which owns and operates the only viable
5 general aviation airport in Monroe County. Our
6 airport has been used by many corporations who have
7 visited the Pocono region to research expansion plans.
8 We also expect that soon our airport will be used by
9 customers of the Mt. Airy Casino Resort who prefer
10 private aircraft as well as the close proximity of our
11 airport to the casino versus the nearest commercial
12 airports.

13 I sincerely hope that I've made clear to
14 the Committees the very substantial value to our
15 Commonwealth economy that is derived from general and
16 corporate aviation. For our state to continue
17 realizing its value, our aviation infrastructure,
18 specifically small town airports, will continue to
19 require investment. The most logical source of such
20 investment is the increase in the jet fuel tax
21 contained in the Liquid Motor Fuels Law provided that
22 the the increase is strictly dedicated to the state's
23 aviation development program as is the current jet
24 fuel tax.

25 Once again, I thank the Committees for

1 the opportunity to share my testimony, and I'm happy
2 to answer your questions.

3 CHAIRMAN:

4 Thank you. Representative Mike Carroll.

5 MR. CARROLL:

6 Thank you, Mr. Chairman. Thanks for your
7 testimony. The Pocono Airport is a beneficiary of the
8 gaming money from Mount Airy, and so it's applicable
9 that you mentioned the potential future use. Someone
10 has testified earlier that they were sort of wishing,
11 hoping that they'd have access to that money, and you
12 probably among all the folks that think about that are
13 direct beneficiary of gaming money from Mt. Airy for
14 the extension of the runway. So I hope that that
15 you'll share with me briefly how Mount Airy will have
16 an effect on the airport.

17 MR. STRUNK:

18 Well, it takes the airport to the next
19 level as a corporate aviation type airport. I didn't
20 have a chance to mention, because I did want to keep
21 it to five minutes, the benefit that it will have on
22 the Pocono Army UFO, and as well as standard US army
23 depot (phonetic), who will now be able to use the
24 airport because their aircraft --- all the aircrafts
25 that they generally use to get to the depot require

1 5,000 feet. In fact, every fixed aircraft in the
2 United States Military requires 5,000 feet, just like
3 Pocono.

4 When we have 5,000 feet they'll use Mt.
5 Pocono instead of using Wilkes-Barre or Allentown.
6 Same with the airport, so ---.

7 MR. GEIST:

8 It really is a success story for Monroe
9 County. There's a lot of discussion about the use of
10 those gaming dollars, but the extension of that is the
11 airport in Monroe County is really important and
12 really helpful to the future economic viability of
13 some of those monies that you spend. So I'm thankful
14 that that was something to be accomplished with those
15 gaming dollars, and I'm certain it will be a giant
16 success in the next few years. So I thank you.

17 MR. STRUNK:

18 Thank you. We're thankful for it, too.

19 CHAIRMAN:

20 Okay, thank you, Mr. Strunk. Okay, Burt
21 Johnson, the Counsel Representative for Greater
22 Pennsylvania Regional Council Carpenters. Jack
23 Brooks, do you know Jack?

24 MR. JOHNSON:

25 Yes, I do.

1 CHAIRMAN:

2 I know Jack, he's my boss. He's a great
3 man.

4 MR. JOHNSON:

5 Yes, he is.

6 CHAIRMAN:

7 Carpenters is a great organization. You
8 may proceed, Mr. Johnson.

9 MR. JOHNSON:

10 All right. Thank you. Thank you for
11 choosing me to testify here today. I am Burt Johnson.
12 I am with Greater Pennsylvania Regional Council of
13 Carpenters here in Scranton. We've all known for some
14 time that the highways and bridges in Pennsylvania
15 need repaired. If we don't do them now they're only
16 going to cost more later.

17 Our council has 13,000 carpenters across
18 the state and 1,500 carpenters here locally. We train
19 them at two training centers, one in Lebanon, one in
20 Pittsburgh. We spend about \$4 million a year in
21 training. We get no state money for this. We take
22 the kids from the vo-techs and from the high schools,
23 they come to us and they're looking for work. The
24 training is unbelievable. We've outfitted a near \$16
25 million training center.

1 I think if you get a chance to take a
2 tour of it you will see that we have bridges there, we
3 have forms there. These kids come out with good
4 training beyond them. The problem is with training
5 these kids and we're looking for bridge work, and the
6 bridge work isn't here today. I've worked on bridges
7 even before I got the job I have now.

8 Somehow we have to get back to this
9 before we lose these skilled workers. We train them,
10 they have a couple years work, we do a few bridges,
11 then they see it isn't steady work and they move on
12 and find a trade where it is steady. So somehow we've
13 got to get back to the roads and bridges so we can
14 keep our men working. Right now we have 300 members
15 out of work here in Scranton. Across the state, over
16 20 percent unemployment, and I put a lot of this in
17 the roadwork that we don't have right now.

18 As far as the funding, we've supported
19 tolling Interstate 81, the fuel tax. I live in
20 Bradford County, and part of Marcellus Shale, and I
21 think you have to take a hard look to put the
22 severance tax on these people. If you see what's
23 going on up there right now, the roads are going to be
24 destroyed. I did a little survey driving down, it's
25 just 50 miles there, I passed 45 vehicles, large

1 vehicles, oversized loads that were directly connected
2 to Marcellus Shale.

3 It isn't just going to be the little
4 township roads and local back roads that are going to
5 get hurt by this. You aren't going to see the total
6 analysis until they're done and gone. Will they leave
7 with severance tax, they have a lot of money putting
8 ads on TV saying not to put severance tax on them,
9 they're not going any place. A well in Texas that
10 produced one million cubic feet a day was considered
11 huge. They've got wells that practically go down
12 right now, they're putting up 10 to 12 million cubic
13 feet a day. They're going to pay for these wells,
14 they tell me, in a timeline of less than three months.
15 The rest of it is profit for the people at the
16 headquarters.

17 They didn't pay a lot of lease money up
18 there and they haven't paid a lot of oil lease to
19 these people, so I think rather than trying to charge
20 the taxpayers of Pennsylvania to fix these roads, I
21 think we've got a golden opportunity here, as many
22 patrons have said, they're comparing the Marcellus
23 Shale to the gold rush. I think we have to get our
24 share of it for the state here, and not the local
25 taxpayers. Thank you.

1 CHAIRMAN:

2 Burt, thank you. You really couldn't
3 have said it better. That's a fine job. A lot of
4 this is presentation, so thank you for that.

5 MR. JOHNSON:

6 All right. Thank you.

7 CHAIRMAN:

8 We appreciate it. Thanks. Okay.

9 MR. GEIST:

10 I just want to thank you, Carpenters and
11 a lot of the other trades that warrant support of
12 local going. The laborers that are national set are
13 one of the really growing groups that came to us a
14 couple years ago, and I especially want the pension
15 funds invested in the public/private partnerships. So
16 you have a tremendous amount of encouragement from a
17 lot of the trades and we thank you very much for that.

18 CHAIRMAN:

19 Okay. Nancy Snee. And Nancy, I have to
20 tell you, you're the last person on the list, but the
21 first one in our hearts.

22 MS. SNEE:

23 It's been a long time since I've heard
24 that.

25 CHAIRMAN:

1 We appreciate you and I'll just say
2 before you start that anyone to wade through the whole
3 thing, and anybody in the room here, including the
4 members that sat through the entire hearing, get free
5 parking in my district office any time.

6 MS. SNEE:

7 Thank you. I appreciate that. This is
8 going to be very brief, actually. Obviously I'm
9 representing Lackawanna and Luzerne MPO, and also the
10 Luzerne County Planning Commission and Lackawanna
11 County Planning Commission.

12 We received a letter from you a few weeks
13 ago that posed some questions to us, and so I just
14 wanted to very briefly address those questions. First
15 one being, do you believe that our public
16 transportation and the state highway route systems are
17 in a financial crisis? Well, I think that the simple,
18 short is yes. As members of the MPO we know firsthand
19 that it just isn't enough money to keep up with the
20 maintenance projects, let alone plus the add-in
21 projects that Representative Carroll was talking about
22 earlier.

23 We're in the middle of 2008 updates right
24 now. We're updating our 2009 so that it will be the
25 2011 which will be approved in July. We've had no new

1 projects placed on our tips for the last two or three
2 cycles. In fact, we always have projects deferred.
3 So that's how we know that there's a funding crisis.
4 And most of the time the projects we have deferred are
5 indeed construction and capacity adding projects,
6 including the one we have that we were talking about.

7 Two of those came off very, very
8 recently. How has Pennsylvania's insufficient
9 infrastructure impacted our ability to improve
10 transportation in the region? Again, simply all we
11 are left to do is to try to maintain systems, and then
12 as we curb day to day, we just really don't have
13 enough money to do that. So it leaves us very little
14 opportunity to even come up with some kind of data for
15 other modes of transportation besides highways and
16 bridges. We're also in the midst of doing the
17 bi-county comprehensive plan, along with our updated
18 long-range transportation plan.

19 Two of the options that have been
20 presented to us by our consultants that we offer as an
21 idea is cross rapid transit and a light rail system to
22 connect us to Wilkes-Barre and Scranton. Those are
23 both very good ideas. Both have a need for
24 substantial increase in funding. It will be decades
25 before we can even think about one of those.

1 Do we think inaction is acceptable?
2 Obviously not. Inaction will just lead to continuous
3 downgrading of our system, which affects us negatively
4 in many, many ways but it's also a huge safety factor.
5 None of us want to be faced with a situation we had
6 two years ago where we had bridges falling down. That
7 would be a disaster in more ways than one.

8 We would probably go along with any
9 revenue producing ideas. One was the federal tax
10 dollars meet --- other members of the MPO were
11 increasing the gas tax, increasing the vehicle
12 registration and license fees. One of our members
13 suggested that perhaps we should have a sliding scale
14 of registration fees based on the weight of the
15 vehicles, since the weight is one of the factors that
16 affects the rate in road deterioration. Consolidate
17 on the Turnpike Commission. Maybe it would be very,
18 very innovative in the state, we should have state
19 build its own casino, and then we will have lots of
20 money, not only for roads and bridges, but for
21 everything else.

22 As of what we need, I know George spoke
23 about what the district needs on a district level, but
24 there are two kinds of needs. We need \$122 million
25 just to maintain, just preservation. In our 411 TIP

1 update that we're going to be adopting, the average
2 amount of money we're going to have per year is \$56
3 million. So obviously we need more than double that
4 just to maintain the system. If we wanted to
5 investigate any other type of projects, including new
6 capacity projects, we would need significantly more
7 money to do that.

8 Lastly I will say that a few of the
9 projects that could be done if we had more money, and
10 I attached some bridge projects that we were getting
11 from Lackawanna County that have never made it to the
12 TIP, and our county engineer of Luzerne County asked
13 me to send along some bridge projects that we just
14 don't have enough money to do.

15 So we hardly agree that there's a
16 funding crisis, and we understand that it is not a
17 popular thing for you to do to increase taxes and fees
18 along with that. But there really is no other way.

19 CHAIRMAN:

20 That pretty much sums it up, four hours
21 worth of hearings. Representative Carroll.

22 MR. CARROLL:

23 Thank you, Mr. Chairman. Thanks, Nancy,
24 for all of your fine work. You should know that
25 you're not alone. There are plenty of other MPOs

1 around the state that have taken the same position
2 that ours has, and so your view is shared by others
3 that are totally thinking and understanding needs, and
4 I thank you for all your fine work. The MPO from
5 Luzerne and Lackawanna does a wonderful job in
6 conjunction with PennDOT, and you're primarily
7 responsible for that, so I thank you.

8 MS. SNEE:

9 Thank you. I appreciate that.

10 CHAIRMAN:

11 Okay, thank you. Thank you, Nancy. Just
12 one housekeeping chore here before we leave. Just in
13 case any of you want more transportation hearing
14 information, our next hearing is next Thursday, June
15 17th at 2:30 at the Clarion University Chapel
16 Auditorium. And of course we'll have another hearing
17 the next date, June 18th, in Monroeville, and that
18 will be our seventh and last hearing.

19 With that I'd like to thank all the
20 members, particularly those that came from the
21 beginning and stayed until the end and did a wonderful
22 job. I'd like to thank our court reporter, Shannon,
23 for her wonderful work here today, and certainly I'd
24 be remised without thanking PTM for their wonderful
25 work. Thank you. And last but not least, our staff

1 did a lot of work here, and finally Marywood
2 University. What a wonderful place this has been.
3 I'm glad I came, I'm glad we're here. And thank you
4 for all your hospitality. With that, meeting
5 adjourned.

6 * * * * *

7 MEETING CONCLUDED AT 5:49 P.M.

8 * * * * *

9
10 CERTIFICATE

11
12 I hereby certify, as the stenographic
13 reporter, that the foregoing proceedings were taken
14 stenographically by me, and thereafter reduced to
15 typewriting by me or under my direction; and that this
16 transcript is a true and accurate record to the best
17 of my ability.

18
19 Shannen Muase

20 Court Reporter
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