

Public Hearing on Transportation Funding Crisis

Thursday, June 17, 2010

Clarion University

Southwestern Pennsylvania Commission (SPC)

Commissioner Rod Ruddock – SPC's Vice Chairman

Good afternoon, I am Rod Ruddock, Chairman of the Indiana County Commissioners and Vice-Chairman of the Southwestern Pennsylvania Commission. I am pleased to offer testimony today on behalf of my Commissioner colleagues and the SPC.

The State Transportation Advisory Committee Funding Study, May 2010, provides details on the extensive needs of roads, bridges and transit statewide and the growing backlog transportation concerns. Additional testimony by the region's Penn DOT Districts, local governments, our transit authorities and other interested parties provide valuable local perspectives on transportation needs in the region.

Local roads are also a significant part of the crisis and need to be addressed on two levels. As noted in the TAC report, local road maintenance, which is funded through liquid fuels tax, is an important part of the system. Local government members of SPC own more major roads and bridges on the Federal Aid system than anywhere else in the state...all of which requires continuing maintenance.

Transit agencies also have a bridge maintenance problem similar to the Penn DOT and locally-owned bridge problems. For example, the Port Authority of Allegheny County owns and maintains 80 bridges, many of which are major structures, and more than half of which are more than 50 years old.

Other programs, such as the State Rail Freight Assistance Program, that receive state transportation funds, also need to receive continued support. The rail system is integral to the southwestern Pennsylvania economy, moving large volumes of freight by rail, which lessens highway congestion and saves the roads from additional wear and tear.

As we all know, there is a serious funding gap. It shouldn't be a surprise to anyone. It did not happen overnight and will not be solved overnight. The money that is currently being provided falls short of the overall needs. The backlog of deficiencies started in the 1970s and has continued to grow. Multiple attempts have been made to close the funding gap, but until the state or federal governments agree on sizable revenue increases, the backlog of deficiencies will continue to grow. More simply put, past revenue measures just have not measured up.

Transportation revenue has been static or declining for many years now, and is losing ground to inflation. Pennsylvania's Secretary of Transportation, Al Biehler, noted in a May 2010 newsletter that the Construction Bid Index increased by 80% from 2003 to 2008. Flat revenues, eroded by inflation, translate into about half the projects or maintenance work for the money that is being provided.

Current funding levels, on paper at least, have the capacity to adequately fund preservation programs, the work that is needed to keep "good" roadways or bridges in good condition. Preservation work ensures that these facilities will safely reach their intended "old age". However, other key funding priorities are not being met. Significantly more money is required each year just to stay even with the aging and crumbling roads, bridges, buses and transit facilities. But, the biggest need of all is addressing the backlog of deficient roads and bridges... the ones that were patched instead of rebuilt because there wasn't enough money at the time.

SPC estimates show preservation needs for roads and bridges in the SPC region are about \$232 million annually. Rebuilding facilities as they wear out each year requires another \$276 million. To fix the backlog in twenty years requires another \$402 million a year, for a total of \$910 million. But, current spending averages about \$450 million each year in the TIP, which is only about half of the identified maintenance needs...and this excludes transit.

Attacking this accumulated maintenance burden with a budget that is short on resources compromises each of these three maintenance areas and leads to faulty outcomes. When preservation is short-changed, roads and bridges deteriorate sooner than their design life. Roads and bridges that are patched instead of replaced accumulate like the national debt in a growing backlog of deficient roads and bridges. The high cost of putting patches on patches, year after year, takes away from the money that could be used to address the basic problem.

Beyond the highly visible problems of road and bridge maintenance and transit operations and capital programs, the TAC report and the realities of the overall transportation system also draw attention to needs for new construction. We need to address growing congestion, safety improvements, county and municipal roads and bridges, and traffic signal upgrades, to name just a few of the additional areas that require increased transportation funding to achieve our vision of a system that supports the region's economy and the communities within it.

Overall, the number representing overall statewide transportation needs is enormous. The May 2010 TAC report update mentions \$3.5 billion per year. Because this is such a huge number, a series of smaller funding steps is probably going to be required to reach the overall total.

The TAC report offers many potential revenue sources, all of them useful in particular circumstances. From the report it appears that gas taxes and registration/license fees appear to be justifiable revenue sources that will produce sufficient revenues, that are fair in sharing the costs, and can generally be applied to the multiple areas of need. An effective solution will probably require a look at all revenue sources...and perhaps, revisiting tolling which presents a high yield potential. A local option tax may be a possible option for addressing the problem of purely local roads, bridges and transit but we cannot do anything alone. We need the state's leadership and help for such an extensive problem. We all know that most people don't distinguish who owns a particular road or bridge. They just want to know that they are being planned and maintained responsibly in the most cost efficient way possible.

Regardless what the state chooses to do, the report from the state TAC itself shows the need is extensive and urgent. A recent American Society of Civil Engineers report shows that the transportation crisis affects all 50 states. We need to be mindful that the federal government has not made any serious moves to increase revenues in twenty years. Lack of action at the federal level is forcing every state to begin to answer the same funding questions as Pennsylvania. Waiting for the federal government to act may just make the problem harder and more expensive to solve.

Because of political and economic realities, the state (or federal) government will probably need to act multiple times in bite-sized pieces before transportation needs can be adequately funded. If it is

decided that an increase of \$472 million a year is the best that is attainable at this time, then it is clear that similar fund-raising efforts will need to be repeated over multiple years.

In telling the story to the public, transportation advocates will need to assure that revenue increases are applied to transportation needs prudently and efficiently. We recognize that hand in hand with raising revenues there is a need to demonstrate accountability for the funding being provided. The collection, distribution and use of this money must be transparent to the taxpayer so that they can see what their dollars are buying. We need to show the public that the projects being built are the best projects - and that projects are moving efficiently from planning to construction, demonstrating on an ongoing basis that maintenance programs are well run. In short, we need to add performance measurements that show the money is being well spent.

We want to recognize Penn DOT for their excellent work on the administrative processes that guide and facilitate program growth. Focusing on Maintenance, Building Asset Management Tools, Increasing Project Accountability, Speedier Environmental Reviews (Linking Planning and NEPA), Improved Contract Management, Innovative Maintenance Practices, and Project Right-sizing are indicative of such efforts. These behind-the-scenes improvements are less visible than the projects themselves, but are just as important in maintaining appropriate accountability for the vast sums of money that are needed. Penn DOT is working closely with their regional planning organizations, such as SPC, and has made significant progress in addressing transportation needs, but more must be done.

The Southwestern Pennsylvania Commission thanks and recognizes the Commonwealth for its ongoing work in highlighting these transportation issues. We are proud to join with the State Transportation Advisory Committee and Penn DOT to offer comment and thought in this public discussion of transportation issues. We recognize that on-going discussion will be extensive and complicated, but we are committing ourselves to work together with you over the long haul to resolve these issues.

In final comment, and as a rural County Commissioner, we must find a way to increase the liquid fuel allocation to our townships and boroughs. Local roads and bridges provide transportation links for our employed to travel, often across county boundaries, to seek and maintain quality jobs. The local roads and bridges they travel are seriously deficient. When it becomes necessary for the state to call upon the public to increase their fuel tax or other proposed revenues, we must keep in mind that it is this community sector which will be judging our effort on the basis of improvements to local as well as state owned roads and bridges.