

1 COMMONWEALTH OF PENNSYLVANIA
2 HOUSE OF REPRESENTATIVES
3 TRANSPORTATION COMMITTEE

4 MAIN CAPITOL BUILDING
5 ROOM 140
6 HARRISBURG, PENNSYLVANIA

7 PUBLIC HEARING
8 TRANSPORTATION TASK FORCE BILL PACKAGE

9 WEDNESDAY, AUGUST 19, 2020
10 9:33 A.M.

11
12 BEFORE:

13 HONORABLE TIM HENNESSEY, MAJORITY CHAIRMAN
14 HONORABLE ROSEMARY BROWN (VIRTUAL)
15 HONORABLE MINDY FEE (VIRTUAL)
16 HONORABLE MARCIA M. HAHN (VIRTUAL)
17 HONORABLE DOYLE HEFFLEY (VIRTUAL)
18 HONORABLE AARON KAUFER (VIRTUAL)
19 HONORABLE JOHN A. LAWRENCE
20 HONORABLE LORI MIZGORSKI (VIRTUAL)
21 HONORABLE LOUIS C. SCHMITT, JR. (VIRTUAL)
22 HONORABLE MEGHAN SCHROEDER
23 HONORABLE TODD STEPHENS (VIRTUAL)
24 HONORABLE MARTINA A. WHITE
25 HONORABLE MATT GABLER
HONORABLE MIKE CARROLL, MINORITY CHAIRMAN
HONORABLE SARA INNAMORATO (VIRTUAL)
HONORABLE STEPHEN KINSEY
HONORABLE KYLE J. MULLINS (VIRTUAL)
HONORABLE ED NEILSON
HONORABLE JENNIFER O'MARA (VIRTUAL)
HONORABLE PERRY S. WARREN (VIRTUAL)

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ALSO PRESENT:

JOSIAH SHELLY, EXECUTIVE DIRECTOR (R)
MATTHEW RUCCI, RESEARCH ANALYST (R)
TORREY HOLLIS, RESEARCH ANALYST (R)
MICHELLE WHITMYER, ADMINISTRATIVE ASSISTANT (R)
MEREDITH BIGGICA, EXECUTIVE DIRECTOR (D)
KYLE WAGONSELLER, RESEARCH ANALYST (D)

BRENDA J. PARDUN, RPR
REPORTER - NOTARY PUBLIC

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P R O C E E D I N G S

1
2 MAJORITY CHAIRMAN HENNESSEY: Good
3 morning, everyone. Welcome to what amounts
4 to a continuation of yesterday's hearing for
5 the House of Representative Transportation
6 Committee.

7 We were reviewing a package of bills
8 put together by leadership task force that
9 made some recommendations for changes we might
10 want to consider in terms of the future of
11 transportation needs and revenue sources as
12 we -- as we look to the next number of years
13 and deal with the fallout from the pandemic
14 that we're going through and consequential
15 loss of revenues.

16 My name is Tim Hennessey. I'm the
17 Republican chair of the House Transportation
18 Committee. To my left is Mike Carroll, the
19 Democratic chair of the committee -- from
20 Scranton?

21 Okay. From Pittston.

22 And then I think it's the -- we have
23 one other House member here, Matt Gabler.

24 Okay. We have Matt Gabler joining us
25 again today. Oh, and John Lawrence, from

1 Chester County, is here.

2 Joining us virtually are
3 Representative Marcia Hahn, Representative
4 Mindy Fee, Representative Lori Mizgorski, from
5 Allegheny County; Representative Lou Schmitt,
6 from Blair County; Representative Aaron
7 Kaufer, from Luzerne County.

8 On the Democratic side, we have
9 joining us virtually Representative Jen
10 O'Mara, from Delaware County; Representative
11 Perry Warren, from Bucks County; and
12 Representative Sara Innamorato, from Allegheny
13 County.

14 And I should say welcome to all of
15 you and also welcome to our viewers on PCN.

16 Once we -- we'll dispense with the
17 roll call. I think we've just done that, put
18 that on the record.

19 If you're participating remotely and
20 you'd like to ask any of the testifiers a
21 question, please e-mail our two staffers,
22 Torrey Hollis, research analyst for the House
23 Republican Transportation Committee. Her
24 e-mail is thollis@Pennsylvaniahousegop.com.
25 Or Meredith Biggica, who's the executive

1 director of the Transportation Committee for
2 the Democratic committee. Her e-mail is
3 mbiggica@pahouse.net.

4 Meredith, did I get that right?

5 Okay. Oh, we're also joined
6 virtually by Representative Meghan
7 Schroeder -- I'm sorry. Where she is? Oh,
8 there are you. Meghan Schroeder is here in
9 person, from Bucks County.

10 And that takes care of the
11 preliminaries.

12 Again, if you wish to ask a question,
13 please e-mail either of our two assistants
14 here, and we'll get you on the list to ask
15 questions.

16 Our first testifier is Leslie
17 Richards, former secretary of Transportation
18 for the Commonwealth of Pennsylvania, and now
19 the general manager for the Southeast
20 Pennsylvania Transportation Authority.

21 Leslie, good morning, Madam
22 Secretary. How are you?

23 MS. RICHARDS: Good morning,
24 Chairman. So nice to see you again.

25 MAJORITY CHAIRMAN HENNESSEY: And how

1 are things in Philadelphia?

2 MS. RICHARDS: Just like everyone
3 else. We're getting by, day-to-day, working
4 together to pull everyone through. And we are
5 confident there will be a strong recovery, but
6 working and doing everything we can right now
7 to keep everyone as safe and healthy as
8 possible.

9 MAJORITY CHAIRMAN HENNESSEY: And in
10 the immediate sense, you've gotten through the
11 rush hour this morning without too much of a
12 headache?

13 MS. RICHARDS: That is true.

14 MAJORITY CHAIRMAN HENNESSEY: Okay.
15 Well, we're here to listen to your testimony
16 and critique some of the bills or all of the
17 bills we have in the package.

18 Begin whenever you're ready.

19 MS. RICHARDS: Sure. Good morning,
20 Chairman Hennessey and Chairman Carroll,
21 members of the House Transportation Committee
22 and guests. It truly is nice to see everybody
23 today. On behalf of SEPTA, we're honored to
24 be here, and we're pleased to submit this
25 testimony.

1 I know when I've been in front of you
2 before we usually go straight to question and
3 answers, but I feel, in light of the
4 circumstances, I'd like to take a few minutes
5 to outline, first of all, SEPTA for everybody,
6 as well as the important role that we play as
7 an economic engine here in the Commonwealth
8 and then how we are dealing with our current
9 reality and what the bills that are in front
10 of you mean to us and mean to the
11 Commonwealth.

12 I also want to thank Representative
13 Martina White and the members of the task
14 force for their leadership and for introducing
15 the package of bills that we are discussing
16 today.

17 Look, much has changed for SEPTA in
18 the five months since this hearing was
19 originally scheduled. First of all, our
20 service has never stopped. We have been
21 transporting essential trips and essential
22 workers to their jobs every single day during
23 this pandemic, making sure that the health and
24 safety of our employees and those who use our
25 agency are protected along the way.

1 Our front-line employees have been
2 coming to work every single day. We've
3 implemented new facility and vehicle cleaning
4 protocols. We've modified our essential
5 service in response to the rapidly changing
6 conditions. And we have suffered
7 heartbreaking losses here at SEPTA, where
8 seven members of the SEPTA family have passed
9 away due to complications related to COVID-19.
10 We've had over 300 of our employees test
11 positive as well.

12 As you know, transit workers are
13 front-line workers, and they are out there
14 every day, and they are truly performing acts
15 of heroism every single day, coming into work.
16 And we truly, obviously, appreciate what they
17 have done in order to allow us all to function
18 and be as healthy as possible during this
19 pandemic.

20 As a direct result of COVID-19, we
21 have a revenue loss. Last year we closed out
22 our books with 124 million dollars in revenue
23 losses, and that was after posting, in early
24 March, of a 7-million-dollar surplus. That's
25 how quickly this has hit us.

1 I'll go more into our budget
2 implications in just a moment. But --

3 MAJORITY CHAIRMAN HENNESSEY: Excuse
4 me, Madam Secretary. Can I just ask you a
5 question? Could you give us the dates, the
6 effective dates of the accumulated losses? Is
7 that June 30th of this year?

8 MS. RICHARDS: Yeah. That was when
9 we closed out our last fiscal year. And I
10 will go into more details of where we are this
11 fiscal year and moving forward.

12 MAJORITY CHAIRMAN HENNESSEY: Okay.
13 Thank you.

14 MS. RICHARDS: Yes. We had 7 million
15 surplus on March 1st of 2020, and when we
16 closed our books at the end of June, June 30th
17 of 2020, that had been completely erased, and
18 we had 124 million in revenue loses.

19 Just to make sure that everyone
20 understands SEPTA's vital role, just want to
21 make sure everyone knows, SEPTA is the fifth
22 largest transit system in the country. We
23 have 2800 vehicles that provide 1 million
24 weekday passenger trips. That was pre-COVID.
25 One million trips on a weekday, 156 fixed bus

1 and rail routes.

2 We are serving a region that is home
3 to more than 4 million people. And just in
4 the last 10 years, it has grown by more than
5 120,000 people in this area. That's while the
6 entire Commonwealth has shrunk by
7 approximately 30,000 people, our area
8 continues to grow.

9 The reason I'm coming in front of you
10 and with such urgency is that we are at a
11 crossroads here at SEPTA. For the first time
12 in history, SEPTA is confronting both an
13 operating and a capital funding crisis at the
14 same time. COVID has had a devastating impact
15 on our financial position.

16 And here are some of the numbers,
17 Chairman, that you've been looking for. First
18 of all, we are experiencing a revenue
19 shortfall of 1 million dollars every day.
20 While we have gotten CARES Act funding, and
21 that has been a lifeline which helps us, we
22 know that we are going to run out of that
23 money by fall of next year.

24 The loses are enormous. We're
25 projecting 300-million-plus shortfall in this

1 year alone.

2 Turnpike toll revenues have been
3 similarly impacted, as you are aware. And for
4 the second time in two years, delayed payments
5 by the turnpike will force SEPTA to reduce our
6 capital program.

7 We have identified 250 million in
8 capital projects. This includes bridges,
9 station accessibility, electric bus
10 procurement that will need to be stopped or
11 delayed. This will impact jobs and economic
12 activity, and both of these are greatly needed
13 in this area.

14 We're doing everything we can to drum
15 up some federal support, and I talk to our DC
16 partners on a regular basis. But if
17 COVID-related operating and capital budgets
18 are unaddressed, in the short term, as many as
19 300,000 people could lose the availability of
20 transit to access their jobs at the region's
21 three largest employment centers and others,
22 as well as 200,000 jobs across the region will
23 no longer be accessible by transit.

24 Just to let you know, that 300,000
25 number, that is more than the population of 54

1 of Pennsylvania's 67 counties.

2 For one-third of Philadelphia's
3 households that do not have access to a car,
4 as you can understand, this would be
5 absolutely devastating.

6 I'm here today to ask for your
7 leadership and guidance at this critical time
8 to deliver long-term transportation funding
9 solutions to ensure that the SEPTA system will
10 be able to support Pennsylvania's economic and
11 meet the future mobility needs of this growing
12 region.

13 As we've highlighted many times
14 before, southeastern PA is an economic engine
15 for the entire Commonwealth. It is not just
16 for the five counties that SEPTA serves. It
17 is true that the five counties that we serve
18 generate 42 percent of the state's economic
19 activity. Since the passage of Act 89, this
20 42 percent share is up by nearly 2 percentage
21 points, which means that since 2013, we have
22 increased the size of the state's economy by
23 15 billion dollars.

24 Southeastern Pennsylvania produces 38
25 percent of the state's general fund revenues.

1 That is also up over 2 percentage points since
2 Act 89, which means the money you invested in
3 transportation, the money that came to SEPTA
4 from Act 89, represents 770 million in added
5 state tax revenue.

6 Our operating and capital activity
7 combine to generate more than 3 billion
8 dollars of annual statewide economic activity,
9 and over the past five years alone, SEPTA has
10 purchased more than 1.3 billion dollars in
11 goods and services from Pennsylvania
12 companies. If you want to take the average,
13 that's 260 million dollars a year. And that's
14 from Allegheny County, where we purchased
15 nearly 6 million dollars in positive train
16 control for our system here. That's in
17 Luzerne County, over 8 million dollars for
18 industrial paint and supplies. That's in
19 Clearfield County, nearly 5 million dollars
20 for railroad ties. That's in Northampton
21 County, for nearly 3 million dollars for rail
22 track materials. We've spent nearly 2 million
23 in Blair County for rail wheel assemblies.
24 And the list goes on.

25 If we look at it another way, SEPTA

1 has procured 120 million dollars from 19 of
2 the 25 legislative districts represented on
3 this committee alone. So, we've awarded
4 19,000 contracts to 989 companies in 38 of 67
5 counties here in Pennsylvania. That's a
6 contract amount valuing more than 1.3 billion
7 dollars, and this is just since 2015.

8 So that others can relate to what we
9 mean here in southeastern PA and to the rest
10 of the state, SEPTA has the same economic
11 footprint as Carnegie Mellon University out
12 west. We have the same economic number of
13 employees and how we function as CVS, as
14 Aramark. This is a big business. And any
15 shrinking of our business will have
16 exponential impacts outside of our county.

17 So, we urge action on the package of
18 bills you are considering today, especially
19 measures that would secure 450 million dollars
20 in statewide public transit funding that is
21 sustainable and bondable. Being bondable is
22 very important to us.

23 I would like to bring up two maps
24 just to show you graphically, before we go to
25 questions. Please take a look at these maps.

1 The map on the left shows current
2 SEPTA service, providing 1 million trips every
3 day pre-COVID, while the map on the right
4 depicts what the SEPTA system will look like
5 by 2030, just in 10 years, if capital funding
6 cannot support needed investment in critical
7 infrastructure rehabilitation as well as
8 vehicle replacement.

9 Just when the state and region will
10 be looking for SEPTA to help drive the
11 recovery, SEPTA will be forced to initiate a
12 service reduction plan that, over the next 10
13 years, will result in converting all of our
14 trolley routes to bus services except one.
15 This route truly carries the same number of
16 riders as on all of our regional rail systems,
17 just so people can understand what an impact
18 that will have.

19 We'll also have to look at completely
20 suspending four regional rail lines here.

21 When we take a look at this new map
22 as well, just want to let you know that
23 residents of west Philly and employees,
24 student, and patients traveling to Penn
25 Medicine, University of Pennsylvania, Drexel

1 University, Children's Hospital, they would
2 all be impacted by this.

3 We would have to suspend service as
4 well as cut stock on our subway lines. We'd
5 suspend service on the Broad-Ridge spur and on
6 the Broad Street line. We would reduce
7 service. We would reduce frequency. You can
8 see how our system would have to shrink.

9 We need to be up and running because,
10 as we recover, all of the things that we
11 missed -- going to restaurants, being able to
12 gather with friends, being able to go to
13 concerts, sporting events -- all of these
14 things are supported by transit. If we are
15 not functioning, the whole recovery of our
16 region, and I would say our entire
17 Commonwealth, will be slowed down.

18 Workers who work at those
19 restaurants, workers who make sure that food
20 is available at our sporting events, workers
21 who allow us to go about our lives in ways
22 that we are used to will not be able to get to
23 their work, and the employers will not be able
24 to support the services that they want to
25 provide.

1 I want to remind you all, while we
2 are very, very grateful for what Act 89
3 provided, we here at SEPTA are still operating
4 with a capital budget that is half the size of
5 our sister agencies. We are comparable to
6 Chicago, to Boston, to D.C. They all have
7 well above 1 billion dollars a year for their
8 capital projects. We have under 700 million.
9 And so, we have been very, very much, you
10 know, working on a very tight budget. And
11 now, with these added challenges, it makes it
12 even, even harder.

13 Again, we are asking for your
14 leadership and guidance on our next steps.
15 The question in front of us is: Does SEPTA
16 continue to serve as a backbone of the state's
17 most dynamic economy; or do we begin moving in
18 the direction of service reductions, which
19 would include shutting rail lines, shrinking
20 fleets, reducing staff levels, cutting routes,
21 closing stations, and limiting accessibility.

22 Without action now on sustainable
23 funding solutions, we'll be forced to halt
24 infrastructure projects.

25 I don't need to remind you how hard

1 it is, when we start to slow down, how
2 difficult it will be to start back up. Think
3 of how you take care of your own car. If you
4 don't drive your car for a while, tires may
5 start to get flat. They might even start to
6 dry up and crack. You may have to change
7 lines that carry fluids. Some of the systems,
8 you know, things start to gel and gunk up in
9 your engine. That is what our system will
10 start to look like, and we cannot get to ramp
11 it up quickly, just like you would have to
12 take care of your car to get it back out
13 there.

14 And so, this is a very, very critical
15 time. So, they cannot be easily reversed, and
16 they would do irreparable harm, as per the
17 comments I've made.

18 At this time, I'd like to introduce a
19 brief video from our SEPTA chairman, Pat Deon,
20 and after that, I'd be happy to take your
21 questions.

22 Thank you.

23 MAJORITY CHAIRMAN HENNESSEY: Thank
24 you. Thank you.

25 (Whereupon, there was a brief pause

1 while attempting to connect to the video.)

2 MAJORITY CHAIRMAN HENNESSEY: While
3 we wait for the video to begin, let me just
4 announce that Representative Kyle Mullins,
5 from Lackawanna County, has joined us
6 virtually, as has Representative Rosemary
7 Brown, from Monroe County.

8 In person, we're joined by
9 Representative Stephen Kinsey, of Philadelphia
10 County, and Representative Ed Neilson, of
11 Philadelphia County. And also in person
12 Representative Martina White, Philadelphia
13 County.

14 Welcome, everyone.

15 (Whereupon, a brief discussion was
16 held off the record.)

17 MAJORITY CHAIRMAN HENNESSEY: Madam
18 Secretary, while -- since Pat's going to be
19 testifying on a video, a few stages removed
20 here, I won't embarrass myself by saying
21 "welcome" or "good morning" to him. But
22 please pass that sentiment on when you get a
23 chance.

24 MS. RICHARDS: I definitely will. He
25 would have been here live as well. He is

1 currently flying back to southeastern PA right
2 now.

3 (Whereupon, a brief discussion was
4 held off the record.)

5 MAJORITY CHAIRMAN HENNESSEY: Do you
6 have any idea what Chicago is, for example?

7 MS. RICHARDS: Okay. Why don't we go
8 ahead with questions and answers. It seems
9 like the audio's not working. Or they'll
10 continue to work on it maybe while we talk.

11 MAJORITY CHAIRMAN HENNESSEY: Okay.
12 Well, let me tick off some questions.

13 You had mentioned the capital budget,
14 you used Chicago as an example. I guess in a
15 normal year, you know, currently, they get
16 about a billion dollars of capital investment
17 funding, and you're saying Philadelphia is
18 getting 700 million dollars.

19 Do you have any idea of what capital
20 budget for Chicago, the transit authority out
21 there, is this year, given the problems we've
22 all had with COVID-19?

23 MS. RICHARDS: Yeah. Well, it's
24 usually well over a billion. And -- I'm
25 sorry. One second. 1.5 billion this year.

1 MAJORITY CHAIRMAN HENNESSEY: Okay.

2 MS. RICHARDS: And that's what
3 they're spending. We're at between, like,
4 650, 675.

5 MAJORITY CHAIRMAN HENNESSEY: Okay.
6 So, about half of what was budgeted for them.

7 MS. RICHARDS: Yeah. They're moving
8 ahead, obviously, with vehicle replacement,
9 infrastructure rehabs.

10 MAJORITY CHAIRMAN HENNESSEY: Okay.
11 I misunderstood your comment there.

12 How many passengers does SEPTA
13 provide transit to on an average weekday?

14 MS. RICHARDS: So, pre-COVID, we were
15 providing 1 million trips on an average
16 weekday. Since COVID, we're now providing
17 about, I'd say, 350,000. We're running at
18 about 35 percent.

19 MAJORITY CHAIRMAN HENNESSEY: Okay.
20 So the -- a million trips a day is 500,000
21 people coming into the city or getting around
22 on SEPTA and then turning around and going
23 home that night?

24 MS. RICHARDS: Yeah. It's measured
25 in trips. But it's roughly divided that way,

1 yes.

2 MAJORITY CHAIRMAN HENNESSEY: And
3 I'll point out what you testified to before,
4 the five-county area in southeastern
5 Pennsylvania generates 42 percent of the
6 revenues to the Commonwealth of Pennsylvania.
7 It just gives our viewing public some sense of
8 exactly how important the transit system is in
9 southeastern Pennsylvania, you know, to
10 generate that kind of revenue for the general
11 fund of the Commonwealth.

12 MS. RICHARDS: Absolutely. You know,
13 it comes in through corporate taxes, income
14 taxes, sales tax. It's obviously a big
15 provider of the money that goes to Harrisburg
16 and then gets distributed throughout the other
17 parts of the Commonwealth.

18 MAJORITY CHAIRMAN HENNESSEY: Okay.
19 Thank you.

20 Representative Stephen Kinsey, from
21 Philadelphia, has -- I'm sorry, Mike. Do you
22 have a question?

23 Okay. We'll do Representative Kinsey
24 first.

25 MS. RICHARDS: Sure.

1 REPRESENTATIVE KINSEY: Thank you,
2 Mr. Chairman.

3 Good morning, Mrs. Richards.

4 MS. RICHARDS: Good morning.

5 REPRESENTATIVE KINSEY: I represent
6 the northwest sector of Philadelphia --
7 Germantown, Mount Airy, in fact the Broad and
8 Olney station is also in my legislative
9 district.

10 So, we see that -- just throughout
11 the northwest, we see quite a bit of activity
12 as it relates to folks utilizing public
13 transportation. So, I have a specific
14 question about that.

15 But before I get there, there was
16 something that struck me. In your
17 presentation, you talked about the SEPTA
18 service area is the economic engine of the
19 Commonwealth of Pennsylvania. And you talk
20 about the five counties -- Bucks, Chester,
21 Delaware, Montgomery, Philadelphia -- generate
22 42 percent of the state's economic activity.
23 You also mentioned that SEPTA procured over 1
24 million in jobs and services, I believe, since
25 2015.

1 Are those contracts spread across the
2 Commonwealth, or are they pretty much centered
3 throughout the five-county areas of the
4 southeast region? How does that -- you know,
5 looking at the southeast and then looking at a
6 bigger picture, SEPTA's impact?

7 MS. RICHARDS: Yeah. They are spread
8 out. Thirty-eight of the counties, 67
9 counties, are receiving that type of economic
10 input.

11 REPRESENTATIVE KINSEY: So, it's not
12 just the southeast region.

13 MS. RICHARDS: It is not, and it's
14 spread throughout the Commonwealth. It's not
15 even contiguous to southeastern Pennsylvania.
16 It's spread throughout the entire
17 Commonwealth, reaching, you know, all sides
18 and corners of the state.

19 REPRESENTATIVE KINSEY: Thank you.

20 The other question is this, and this
21 is a little more personal. My older brother
22 just retired from SEPTA, so I've had the
23 opportunity to meet quite a few of his
24 friends. And, unfortunately -- and in your
25 testimony you talk about the impact that the

1 COVID-19 crisis has had on SEPTA employees.
2 And you listed seven individuals who were
3 employees of SEPTA that had lost their lives
4 due to complication from this disease.

5 With that in mind, I guess my
6 question really centers around, what is SEPTA
7 currently doing to assist -- or to ensure, you
8 know, that there is not future losses? And I
9 know that, you know, the city of Philadelphia,
10 as well as the Commonwealth, has made some
11 recommendations. But I think, when I think
12 about SEPTA, I mean, I think about the
13 situation where a bus driver was punched in
14 the face by a rider simply because, I think,
15 she talked with him about putting his mask on.
16 And this was a few months ago, if I'm not
17 mistaken.

18 We also see situations where SEPTA
19 had initially instituted a policy where folks
20 entered the bus from the back, and I think
21 that has been somewhat alleviated.

22 But what are we doing to -- to ensure
23 the -- I guess the cleanliness of the buses as
24 well as the safety for those men and women who
25 operate the trains and buses? And I'll say in

1 the city of Philadelphia.

2 MS. RICHARDS: Sure. Well, let me
3 first say, every decision we make is based on
4 keeping our employees as safe as possible as
5 well as keeping our customers as safe and
6 healthy as possible. So, you mentioned the
7 back-door boarding. We did that for a while
8 to increase the social distancing between our
9 operators and our drivers, because we knew
10 social distancing, and we still do, that is
11 part of how we keep everybody as healthy as
12 possible.

13 We did that until we could install
14 barriers. And now every single vehicle, every
15 single bus, every trolley, every subway has a
16 barrier between the operator and the rider.
17 So, now that we have that extra protection, we
18 have continued the front-door boarding, and we
19 make sure that people come on in the front
20 door and they exit on the back door.

21 A lot of thought went into that,
22 because when we have that one way of access
23 and egress out of our buses, it gives people
24 the most space; right? They know how people
25 are coming in; they know how people are coming

1 out. And so, again, every single decision we
2 have made is to keep everybody as healthy and
3 safe as possible.

4 We have new sanitizing methods,
5 materials, as well as new protocol. We
6 sanitize vehicles multiple times a day, at
7 least two times every single day. We make
8 sure that everyone gets the PPE that they
9 need, everybody has been given face coverings.
10 Those who are unable to get to sinks and wash
11 their hands with soap on a regular basis, they
12 get hand sanitizers to take with them.

13 We've closed stations for deep
14 cleaning. We've closed the system that used
15 to run, you know, 24 hours on our subways, so
16 that we can deep clean our vehicles. We've
17 increased the frequency and the deep cleaning
18 of all of our vehicles.

19 And we put out resources every day.
20 We talk to our peer agencies across the
21 country. I meet with them on a regular basis.
22 We learn from each other. Right now, we're
23 working with the MTA in New York City. They
24 are working with Columbia University on UV
25 technology of how to keep the stations, the

1 facility, the platforms, the vehicles as clean
2 as possible. We are following that as well,
3 and we are sharing the data that we have.

4 We're looking at our air filtration
5 systems, how often we can circulate air. And
6 right now it's at two to three minutes, which
7 is wonderful. We know that the air quality is
8 a big -- a big component also that we are
9 looking at.

10 And we talk to our union leadership
11 on a regular basis. We were talking to them
12 daily, and then we all agreed that several
13 conversations a week, and now we talk as
14 needed. But we want to make sure that we know
15 their concerns, we know they're concerns
16 early, and we work together to address them.

17 REPRESENTATIVE KINSEY: Thank you,
18 Ms. Richards.

19 And I'll just close on this note.
20 The Commonwealth and the city is in a unique
21 situation where schools -- children will not
22 be riding the buses or attending school.
23 They'll be doing mostly remote learning. We
24 saw in the city of Philadelphia that the trash
25 sanitation department actually had to hire 125

1 additional folks because of employees with
2 COVID and so forth.

3 My real concern is that with school
4 closing the bricks and mortars and more or
5 less remote learning, that now we're going to
6 find many working parents in the city of
7 Philadelphia having to choose to stay at home
8 or find other means to keep their children
9 there. Do you have any idea the impact that
10 this is going to have to SEPTA and is SEPTA
11 prepared for this? Have you talked you've
12 been working with union leadership? Have you
13 guys discussed the impact that this might have
14 on employees? And is there anything that
15 SEPTA's doing to mitigate the loss of workers
16 simply due to that?

17 And I'll close with that. Thank you,
18 Mr. Chairman, for allowing me to ask that
19 question.

20 If you're able to address that.

21 MS. RICHARDS: Yeah. No.
22 Absolutely. We talk to them about that all
23 the time. Obviously, having young children at
24 home, having homeschooling responsibilities,
25 not being able to go about your workday as you

1 would expect when school is in session, when
2 after care -- when after-school activities are
3 in session, when sports are in session. I
4 mean, think of all the ways that our children
5 are occupied in very healthy ways, that
6 there's not so much available to them right
7 now.

8 And so, we continue. We talked to
9 are employees. We talk to our employees, our
10 employers who we support, to see what we can
11 do. Obviously, those who can work from home,
12 who need to because of child care issues, will
13 continue to do so. And then there are many
14 jobs, many of our front-line jobs that you
15 cannot work from home. Obviously, you cannot
16 operate a bus or subway, a trolley from home.
17 And so, we are being as flexible as possible.

18 We continue to troubleshoot. And we
19 are very sensitive to those issues. We know
20 that they are real issues that we have to find
21 solutions to work together.

22 REPRESENTATIVE KINSEY: Thank you,
23 Ms. Richards.

24 Thank you, Mr. Chairman.

25 MAJORITY CHAIRMAN HENNESSEY: You're

1 welcome, Steve.

2 Chairman Carroll.

3 MINORITY CHAIRMAN CARROLL: Good

4 morning, Leslie. Welcome virtually.

5 MS. RICHARDS: Good morning. Nice to
6 see you.

7 MINORITY CHAIRMAN CARROLL: I think I
8 heard you -- and thank you for your leadership
9 at SEPTA as well.

10 A moment ago I thought I heard you
11 say you're currently at about 35 percent -- 35
12 percent of your ridership is utilized the
13 system?

14 MS. RICHARDS: That's correct. It's
15 not across all modes. You know, we're seeing
16 much more on our buses, for instance, almost
17 50 percent; on our regional rail, we're about
18 10 percent. But on average, it's about 35
19 percent.

20 MINORITY CHAIRMAN CARROLL: Is that
21 an uptick to the low-water mark, or is 35
22 where we've been since this started?

23 MS. RICHARDS: No, no. That's a big
24 uptick. We were at 2 percent on regional
25 rail. And we were at 5 percent on all of our

1 other systems. And so, we've truly went from,
2 you know, an average of 3 to 4 percent now to
3 35 percent. So, it's a large increase.

4 We are now running a full system.
5 Again, we know that social distancing is very
6 important, so we have every vehicle that is
7 available to us, with the -- you know, with
8 the number of healthy and available employees
9 that we have every day, of course it takes
10 some tweaks every single day when we know what
11 our system will look like. And we are doing
12 the best we can every single day.

13 MINORITY CHAIRMAN CARROLL: And now
14 the hard question. Is there a way to know
15 what the future holds with respect to the
16 ridership? I guess I'll make the assumption
17 for you that there's a vaccine, that it comes
18 some time after January 1st. What do you
19 expect will happen -- if there's even a way to
20 predict the future like that -- with your
21 ridership between now and a vaccine and
22 post-vaccine, if there's a way to estimate
23 that?

24 MS. RICHARDS: Yeah. So, we're
25 running different scenarios, looking exactly

1 at that question. I mean, that is the
2 question which, if I could look in a crystal
3 ball and see what it looks like, that would be
4 the one question I would ask. Without knowing
5 that -- and no one knows that, right -- a lot
6 of conversations with our peer transit
7 agencies and others to try to figure that out.
8 We are running different scenarios. The
9 scenarios include getting up to 50 percent
10 ridership, getting up to 70 percent, 75
11 percent. We're not really looking at anything
12 above that any time soon.

13 We know that the way people work will
14 change. We're not going back to normal, you
15 know, what we used to call normal. People and
16 employers see what working from home looks
17 like, how productive it can be, how
18 teleworking can work, and people are adjusting
19 accordingly. We know that flex schedules have
20 been very successful in some areas, and they
21 will continue.

22 People can see that they don't need
23 to be in a center city business environment
24 five days a week to get their work done
25 anymore. Maybe they come in one day a week.

1 Maybe they come in two days a week.

2 So, worker's behavior is going to
3 change, and so we're not really sure what that
4 looks like for our full ridership. But it
5 doesn't look like it's going to come back to
6 pre-COVID levels, you know, any time soon for
7 sure and maybe never.

8 And so, we have to take a look at
9 what that looks like as well and what this
10 pandemic recovery looks like, whether it's a
11 slow recovery, whether it flattens out,
12 whether we have a second wave, whether we have
13 multiple waves.

14 And so, we are running all of those
15 scenarios and planning accordingly.

16 MINORITY CHAIRMAN CARROLL: And then,
17 finally, you mentioned that -- I think it's
18 been widely reported that SEPTA and the
19 transit authorities have been the
20 beneficiaries of the CARES Act funding. Do
21 you have any expectation that the bill that's
22 being contemplated in Washington will include
23 additional funds for transit?

24 MS. RICHARDS: Yeah. So, I've joined
25 in several of the other larger transit

1 agencies. The way that this virus is hitting
2 the larger transit agencies is very different
3 than how it's hitting, I would say, the
4 middle-size transit agencies. Many of those
5 agencies, the money they get from the CARES
6 Act will carry them through. The larger
7 agencies, the money from the CARES Act will
8 not get us through, at most will get us
9 through to, you know, mid to late next year.

10 Again, with losing a million dollars
11 every day, our fare box revenue, which is
12 nearly 40 percent of the revenues that we
13 count on, we used to get over 40 million
14 dollars a month, and last month we had 4
15 million come in. And so, it is -- every day,
16 we're really trying to figure this out.

17 The CARES Act money is truly helping
18 us. We do -- you know, it's helping us
19 continue. It helped us finish out our last
20 fiscal year, '19-'20, being able to plug that
21 125 million in operating expenses. And as I
22 mentioned in my opening remarks, we are
23 anticipating over 300 million this year alone,
24 and that's not including the extra expense of
25 protective equipment, the PPE, that excessive

1 cleaning that we're doing, the upscale of
2 frequency of the cleaning, as well as using
3 new material. There's a lot of added expenses
4 as well.

5 We want everyone who's on our system
6 to feel safe, and so we're making those
7 investments as well and using the CARES Act
8 money to do that.

9 MINORITY CHAIRMAN CARROLL: No small
10 challenge.

11 Thank you so much.

12 Thank you, Mr. Chairman.

13 MAJORITY CHAIRMAN HENNESSEY:
14 Representative Schroeder.

15 REPRESENTATIVE SCHROEDER: Thank you,
16 Chairman.

17 Good morning, Leslie. How are you?

18 MS. RICHARDS: Good.

19 REPRESENTATIVE SCHROEDER: I know,
20 with everything going on.

21 I understand why SEPTA is critical to
22 this recovery in the southeast because I'm
23 from the southeast. So, just to expand on the
24 prior question that was just asked, why is it
25 so important to the Commonwealth and how will

1 the southeast help with the recovery of the
2 state's economy?

3 MS. RICHARDS: Sure. What I've been
4 trying to get across here and, frankly, what I
5 was unaware of when I was the secretary of
6 Transportation was how important SEPTA is to
7 the overall economy of the entire
8 Commonwealth. You know, I went through the
9 list of millions and millions of dollars that
10 are spent in other counties. We know that
11 business is done, as I mentioned, in 38 out of
12 our 67 counties. We know that when
13 southeastern Pennsylvania is vibrant, that
14 corporate taxes, sales taxes, personal income
15 taxes that are sent to Harrisburg are much
16 larger than the percentage of the population
17 that lives in this area. You know, just about
18 a third lives here, but well over a third is
19 sent to Harrisburg and then distributed across
20 the Commonwealth.

21 The one thing I didn't go in, when I
22 showed you that map of what a reduced service
23 plan would look like, that also means that the
24 property values surrounding our area also
25 decrease. And so, what that means locally is

1 that property taxes go down, that means that
2 the city of Philadelphia, that county, that
3 school districts get less money because, you
4 know, their tax structure is tied up in
5 property taxes.

6 So, it hits locally, but it also hits
7 statewide. And it is, as -- you know, as I've
8 mentioned, it's exponential across -- with
9 over a billion dollars being invested through
10 out the state. So, every single county will
11 feel it if SEPTA needs to downsize, and that's
12 why we're in front of you today.

13 I'm hoping that you'll be able to
14 hear the chairman's remarks, but in those
15 remarks, he is asking you -- we are both
16 asking you, you know, for leadership, for
17 guidance. The decision -- we need a decision
18 here, right? We need to know if we're not
19 getting the money, because we must start
20 downsizing, and it needs to be soon. Or we
21 need to know if we are truly committed to
22 finding some sustained, we hope bondable
23 funding that's going to come SEPTA's way, so
24 that we can move forward.

25 We know that there are bills in front

1 of you now. A lot of them came out from ideas
2 from the eastern mobility study. We are very
3 happy to see Representative White's report and
4 the task force that she put together. And so
5 we're happy to talk to you about these as
6 well.

7 But we do need to know those
8 decisions, because, as I mentioned, we are at
9 a true crossroads here. We either keep moving
10 and we keep providing that economic engine for
11 the entire Commonwealth, or we go in a
12 reduced-plan protocol, where everybody will be
13 feeling it, and probably feeling it sooner
14 than later. This isn't something that will
15 seem okay and it won't hit for five, 10 years
16 down the line. It's going to hit pretty
17 immediately, as soon as we start to make those
18 decisions.

19 REPRESENTATIVE SCHROEDER: Thank you
20 for that.

21 And I think, listening to you, my
22 mind's going with even -- people -- you know,
23 I live in Bucks County, but usually, you know,
24 people travel into the city. People come up
25 to Bucks County and the surrounding southeast

1 also, to go to restaurants and shops and how
2 much of that impact has when we don't really
3 know our timeline here of how long this is
4 going to be, so I appreciate that.

5 Thank you for sharing.

6 MS. RICHARDS: Thanks for that point.

7 Just very quickly, we do have a huge
8 reverse commute on our regional rail in
9 particular. And a lot of our minimum
10 wage-paying jobs, how people get out, you
11 know, to work at gas stations, to stock
12 shelves in grocery stores, to deliver
13 packages, to wait on tables and the wait
14 staff, and, you know, again making sure that
15 hospital rooms are clean and people are fed
16 who have essential jobs, all of that is done
17 by SEPTA riders, because those make -- those
18 jobs and those people are a majority of the
19 people who use our system.

20 MAJORITY CHAIRMAN HENNESSEY: Okay.
21 Thank you, Madam Secretary.

22 Thank you, Representative Schroeder.

23 We have a question from
24 Representative Martina White, and then we'll
25 have a question from Representative Jen

1 O'Mara, and then from John Lawrence. And then
2 I'm going to try to go to the video, so we
3 have -- we have a queue of other witnesses --

4 MS. RICHARDS: I know.

5 MAJORITY CHAIRMAN HENNESSEY: -- so
6 we don't want to intrude too much on their
7 time.

8 So, Martina, go ahead.

9 REPRESENTATIVE WHITE: Thank you very
10 much, Mr. Chairman.

11 Leslie, thank you again for being
12 here to discuss these important issues today.
13 Hopefully, at some point, we can move through
14 this pandemic successfully, safely. I know
15 that SEPTA will definitely be part and parcel
16 to the recovery process in the southeast
17 region and across Pennsylvania, but could you
18 provide some, you know, additional details
19 about the service reduction plan and what that
20 means in terms of, you know, how difficult it
21 would be to roll that back once it goes into
22 effect?

23 MS. RICHARDS: Sure. You know, I
24 tried to make the car analogy, but when you
25 shrink a system of this size, we have to keep

1 the system going, right, to make it function.
2 We still have to spend money. Just because
3 you shrink a system down, you still have to do
4 the maintenance work. You still to have make
5 sure that the traffic signals are operating
6 safely. Right? There's a lot of back end.
7 There's still maintenance on the vehicles.

8 Where we're really in a tight spot
9 right now is on our vehicle replacement
10 process. Act 89 allowed us to start investing
11 in new vehicles, but we still have a large
12 number of vehicles to purchase. Our vehicles
13 are decades old. They have well outlived
14 their life span.

15 In fact, just two weeks ago, you
16 know, I toured our facility that rehabs our
17 trollies. And I saw two trollies up on blocks
18 that were build in the 1940s. And we are
19 still keeping them alive, you know, keeping
20 them working. But, obviously, it takes a lot
21 of maintenance when we don't have the ability,
22 again, to invest in new vehicles.

23 The main reason for truncating those
24 rail lines and not being able to fulfill the
25 full thirteen-line service that we have now

1 under this reduced service plan is because we
2 won't have the vehicles to operate on those
3 railroad lines. Right now, if we don't have
4 the capital budget -- and those will be the
5 first cuts that we will have to make -- we
6 will not be able, again, to invest in those
7 new vehicles that are needed and that will
8 allow us to continue those lines. Again,
9 those vehicles are decades and decades old.

10 And also, we won't be able to quickly
11 turn around and build up. Once you take it
12 down, the time needed to build it back up --
13 because when you order a new vehicle, it's not
14 like it comes the next day, right? These are
15 procurements that take 18 months or longer.
16 So, again, once you stop the system, it's not
17 just something you can turn back on like a
18 light switch. And so, we just want everybody
19 to understand that.

20 And so, if that's the direction that
21 we have to go in, again, it is going to impact
22 the recovery of everyone, because we support
23 businesses that are also trying to recover,
24 that are also in very hard times, and they
25 will not be able to recover in ways that they

1 are planning on right now if their employees
2 cannot go there.

3 One quick example -- and I'll end
4 here -- is, I was just talking to leadership
5 at CHOP, Children's Hospital, which is a
6 hospital that many people in the Commonwealth
7 go to, I would say many states. It's one the
8 best hospitals in the country for children.
9 And they, during the pandemic, had over a
10 thousand employees who were -- who were
11 depending on transit and depending on SEPTA to
12 get them to keep their operations going, to do
13 truly life- saving work for the children here
14 in our Commonwealth and our region. And so
15 that's just one example of an employer who
16 would really be impacted.

17 REPRESENTATIVE WHITE: Thank you very
18 much.

19 MAJORITY CHAIRMAN HENNESSEY: Thank
20 you.

21 Representative Jen O'Mara, from
22 Delaware County.

23 REPRESENTATIVE O'MARA: Yeah. Thank
24 you, Chairman.

25 Honestly, Leslie, my questions were

1 answered.

2 I wanted to point out the workers
3 that depend on this and just how detrimental
4 it would be if SEPTA had to draw back the way
5 you described.

6 You know this about me, but I, before
7 getting elected, worked for the University of
8 Pennsylvania and rode SEPTA for seven years to
9 and from work. And I know that's a lifeline
10 that many residents in Delaware County depend
11 on.

12 I do want -- I guess my one question
13 would be, I know there's, in the past, been
14 some private-public partnerships with SEPTA,
15 for example Jefferson University renamed -- I
16 can't even remember what we used to call that
17 station, Market East or whatever. Is there --
18 are there other opportunities for you to
19 explore that? Especially with employers like
20 Penn and Drexel, who are going to be impacted
21 so badly if you have to take four regional
22 rail lines away, for example.

23 MS. RICHARDS: Yeah. No.
24 Absolutely. Look, I'm really fortunate to
25 work with a chairman as well as a board who

1 are very business minded. SEPTA has had a
2 balanced budget for the last 21 years. There
3 aren't may transit agencies that can brag on
4 that. And what that truly means is that we
5 have never taken from our capital budget to
6 make our operating budget work.

7 It has been run like a business, and
8 I'm very fortunate to come at this time with
9 that type of, you know, that dedication,
10 right, to make sure that everything works.

11 So, we will continue, you know, to
12 operate as a business like that. We will
13 continue to make sure that the investments is
14 giving, you now, the best returns that we
15 need. And we will continue, again, to make
16 the best decisions.

17 As you know, I chaired the P3 board
18 for the governor for five years while I was
19 secretary, saw how the best use of private
20 dollars mixed with public dollars. We
21 continue to do naming rights. We continue to
22 look for innovative funding solutions. Again,
23 I'm very lucky to have a board that is very
24 active in the business community and comes to
25 us with these ideas, and we will continue to

1 do that.

2 Just recently, before COVID hit, we
3 did name a station out near Penn Medicine. It
4 is now our Penn Medicine station. We have
5 several other discussions going out. But we
6 will continue to do that.

7 We work hard on the federal side
8 trying to get more money. We work hard on the
9 private side trying to get more money. And we
10 will continue to do that and look at every
11 avenue that is open to us for funding
12 possibilities.

13 REPRESENTATIVE O'MARA: Thank you so
14 much.

15 And thank you for your leadership.
16 While we miss you at PennDOT, I'm very glad to
17 have you at SEPTA.

18 Thank you, Chairman, for allowing me
19 to ask questions.

20 MAJORITY CHAIRMAN HENNESSEY: Yes.
21 Thank you, Jen.

22 I'll take a moment to note that we've
23 been joined by Representative Todd Stephens,
24 in Montgomery County, virtually.

25 We'll move to Representative John

1 Lawrence, from Chester County, for a question,
2 then to Representative Heffley, from Carbon
3 County. Then we are going to go to the video
4 and move on to the next witness.

5 MS. RICHARDS: Sure.

6 REPRESENTATIVE LAWRENCE: Thank you,
7 Mr. Chairman.

8 And thank you, Secretary Richards,
9 for being here today. It's good to see you
10 again. And I appreciate your service here,
11 time in the Commonwealth, now obviously at
12 SEPTA as well. I appreciate it.

13 So, you know, it sounds like the
14 situation at SEPTA is dire. I mean the CARES
15 Act funding, it seems, has left you in a
16 position that's perhaps better than some,
17 maybe better even than the Commonwealth.
18 According to your testimony, you received 644
19 million in the CARES Act and spent about 96
20 million of it net since receiving it.

21 But I guess the fiscal cliff that's
22 looming in the future is of great concern,
23 certainly to me and I'm sure to everyone else
24 on the committee.

25 Just to give maybe the committee and

1 those watching an idea, you know, no mass
2 transit system on earth pays for itself, and
3 mass transit -- you know, I'm a believer in
4 SEPTA. I'm a believer in mass transit. What
5 was -- and you alluded to this earlier -- what
6 was the fare box recovery? So, how much did
7 you -- what was the percentage of your
8 operating cost that you recovered from the
9 fare box prior to COVID?

10 MS. RICHARDS: Just shy of 40
11 percent.

12 REPRESENTATIVE LAWRENCE: And what is
13 it now?

14 MS. RICHARDS: Now it's probably --
15 gosh, it's not a lot. We would go -- it's
16 down -- it's below 10 percent. I'd say it's
17 between 5 and 10 percent.

18 REPRESENTATIVE LAWRENCE: Okay. So,
19 that -- so just to put that in perspective,
20 when we look at the total cost of operating
21 SEPTA, we're recovering somewhere between 5
22 and 10 percent of that from the fare box,
23 people actually using the system and paying
24 for it. So, that means between 9 and 95
25 percent of the cost of running SEPTA right now

1 is coming from somewhere else; is that
2 correct?

3 MS. RICHARDS: Yeah. Yeah. As I'm
4 talking to you, I'm doing the math in my head.
5 It's more around 4 percent.

6 REPRESENTATIVE LAWRENCE: 4 percent.
7 96 percent right now of what it costs to
8 operate SEPTA is coming from somewhere else.
9 Is that -- that is correct.

10 MS. RICHARDS: Yeah. So, we are
11 funding from the state, and then we have local
12 funding as well. Yes.

13 REPRESENTATIVE LAWRENCE: So, I mean,
14 just to impress upon the committee and
15 everyone else who is here, I mean, so that's
16 obviously unsustainable. There's no way that
17 could possibly be sustained, no matter what
18 the situation is. SEPTA was facing
19 significant challenges before COVID, with, you
20 know, basically 60 percent of the operating
21 expenses being funded from somewhere else.

22 And I think Chairman Carroll brought
23 forward some very good points. You know, I've
24 seen a lot of news articles recently about New
25 York City is emptying out and the challenges

1 that poses to MTA in the city. I was up in
2 center city Philadelphia last week, in the
3 middle of the day, right around City Hall, and
4 I was shocked. For those of you who haven't
5 been there, I urge you to go there. It was
6 empty. It looked like 5 o'clock in the
7 morning on a Sunday.

8 So, there's been a fundamental
9 transformation, and I think Chairman Carroll
10 is correct when he alluded to telecommuting.
11 And, Madam Secretary, you brought it up as
12 well.

13 I realize it's impossible to predict
14 what's coming down the road, but, obviously,
15 no matter what we come up with here in
16 Harrisburg for funding, that will -- we're
17 going to face some tremendous challenges.
18 It's impossible to predict what's going to
19 happen, obviously. But if the trends towards
20 telecommuting seem to hold up, I mean, we are
21 going to have to fundamentally reexamine
22 whether SEPTA can remain a going concern.
23 That's just a truth. I don't see any way
24 around it.

25 So -- and I'm not going to ask you to

1 answer that because it is more of a comment
2 than a question, but I'm sure you would agree
3 with me.

4 MS. RICHARDS: I do.

5 REPRESENTATIVE LAWRENCE: So, I want
6 to pivot and come back to another question,
7 you know, that has been cooking here in
8 Harrisburg for quite a while. And, you know,
9 look, everyone always wants to expand service,
10 right? I am sure right now you're getting
11 calls to expand service while ridership is
12 tremendously down.

13 But, certainly, a long-term question
14 that we face as a Commonwealth is, right now,
15 PennDOT -- PennDOT, we heavily subsidize the
16 Keystone line Amtrak runs between the city of
17 Philadelphia and Harrisburg. And those rails
18 are owned by Amtrak. Amtrak run that train.
19 But there's a lot of conversation in
20 Harrisburg about what kind of sense that makes
21 and whether we might rather see SEPTA running
22 that service between Philadelphia and
23 Harrisburg and taking over the rails and
24 providing that maintenance and everything else
25 that -- we're paying for a lot of it already.

1 Why wouldn't we use SEPTA, which would
2 provide, I think, better service than Amtrak.
3 That's not to knock Amtrak, it's just the
4 truth. Trying to get ahold of anybody at
5 Amtrak when you've got a problem or you need
6 something fixed is impossible. Right? I'd
7 much rather deal with -- I know I can call
8 you, Leslie. Right?

9 So, I guess my question is, maybe you
10 can comment to the appetite of SEPTA, given
11 that we obviously face some tremendous
12 challenges, but if we're able to come up with
13 at least somewhat of a rosier scenario, what
14 would the appetite of SEPTA be towards
15 advocating for those changes in Washington and
16 advocating with our U.S. congressional
17 delegation, of which a number sit on the House
18 Transportation Committee in Washington on both
19 sides of aisle from Pennsylvania, and might be
20 able to make that happen in legislation?

21 MS. RICHARDS: Sure. So, first I
22 just want to -- yes. So -- sorry, the video
23 just got glitchy there. You're done with your
24 question; correct, Representative?

25 REPRESENTATIVE LAWRENCE: My question

1 is, what's the appetite of SEPTA to take over
2 the ownership of those rails and the
3 transportation service between Philadelphia
4 and Harrisburg on the rail line?

5 MS. RICHARDS: Sure. So, I just want
6 to be clear that I'm speaking as the general
7 manager of SEPTA. But I do want to share, you
8 know, having the honor of being the secretary
9 of the Pennsylvania Department of
10 Transportation for five years, I've looked at
11 this from that perspective in a very detailed
12 way and thought it would be a wonderful idea
13 at that time to have SEPTA take over that
14 line. It would allow -- it would allow
15 certain investments. It would make sure that
16 certain money is being invested into that
17 line. And it, obviously, would increase
18 service into Harrisburg from Philadelphia.

19 Now, sitting on this side and acting
20 as general manager of SEPTA, I continue to
21 think that is a wonderful idea. SEPTA is
22 completely on board to continue those
23 conversations. And we do feel that if SEPTA
24 ran that line, again, it would be much more
25 efficient. We could put investments into

1 station improvements, into frequency, into
2 adding rail cars, where we have not been able
3 to do so while Amtrak is running those lines.

4 And so, we continue to have those
5 conversations. SEPTA is all for it. We would
6 love to continue those conversations with
7 PennDOT when it is appropriate, if PennDOT
8 still believes that.

9 Again, I just want to emphasize I am
10 not speaking for PennDOT here. But SEPTA very
11 much welcomes that.

12 And as many of you know, right now
13 with Amtrak having control of those lines,
14 when they receive money from SEPTA, they don't
15 necessarily have to spend it on that line.
16 They can spend it on other parts of their
17 line, and we have seen that behavior. And
18 that's why we are very much in favor of SEPTA,
19 because we know that SEPTA would invest it.
20 The money would come in from that line, and it
21 would be invested in that line. And that's
22 what we want to see.

23 REPRESENTATIVE LAWRENCE: Yes. I'm
24 very concerned about that. I'm very concerned
25 that the money that Pennsylvania, the

1 Commonwealth, is appropriating to that train
2 line is being sucked into the morass of the
3 money-losing Amtrak system, which is a federal
4 problem. And I have nothing against Amtrak,
5 I'm just -- this is the way it is.

6 MS. RICHARDS: I couldn't have said
7 it any better, Representative.

8 REPRESENTATIVE LAWRENCE: All right.
9 Well, I'm glad that we agree on that.

10 And I'm very willing to work with you
11 and anyone else on this committee or anybody
12 else anywhere who's interested in working to
13 -- because the way this is going to happen is,
14 our congressional delegation in Washington
15 needs to insert language into the next FAST
16 Act in Washington, as it rolls through -- and
17 we have folks, like I said, on both sides of
18 the aisle here in Pennsylvania on the
19 Transportation Committee -- to advocate that
20 Amtrak, which got those lines for free during
21 the dissolution of Penn Central and Conrail
22 and all that back in the day, those lines go
23 back to the ownership of the Commonwealth,
24 which is not unprecedented. There are lines
25 in New England that the state's own as well.

1 I could talk about this for a while,
2 but I know there's others who want to speak.

3 I appreciate your indulgence, Madam
4 and Mr. Chairman.

5 MS. RICHARDS: Thank you. I do want
6 to just give a special thanks to Chairman
7 Hennessey, who has had these conversations
8 with SEPTA, and we really do appreciate his
9 interest in this, as well as Congressman
10 Smucker, who has been very helpful in D.C. on
11 this issue.

12 MAJORITY CHAIRMAN HENNESSEY: I will
13 just point out -- not for your benefit, I know
14 you're aware of it, Madam Secretary, but for
15 the benefit of the viewing public -- we talked
16 about it briefly yesterday, and House
17 Resolution 918 passed the House in July I
18 believe -- July 8th, I think -- and that would
19 request congress -- request that congress
20 return those -- the trackage to the authority
21 of the Commonwealth of Pennsylvania. And --
22 because there are a lot of people out there
23 that think SEPTA could do a better job than
24 Amtrak has done in the past.

25 I think -- just as a reminder, I

1 think we would probably need to change or to
2 amend the franchise for SEPTA in state law,
3 because, as I understand, now it only goes to
4 the western border of Chester County. So, we
5 would have to extend that to Harrisburg or
6 perhaps throughout the entire Commonwealth,
7 which I'd be in favor of doing that as well.

8 Thank you.

9 We have -- Representative Doyle
10 Heffley has a question, then we're going to
11 move to the video, if that's available, and
12 then we'll move on to our next witness.

13 So, Doyle, go ahead.

14 REPRESENTATIVE HEFFLEY: Thank you,
15 Mr. Chairman.

16 And I just feel accustom to calling
17 you Secretary, Madam Secretary, but thank you
18 for your testimony today.

19 And listening to some of the numbers
20 you had put out there about ridership, 35
21 percent of what it was, 50 percent of that is
22 local bus routes, I would imagine, in the city
23 where people still need to commute on a daily
24 basis to work, 10 percent of regional rail.

25 Obviously, the economy is going to

1 come back at some point, but it's going to be
2 different. Telecommuting. Obviously tourism,
3 I don't know when that's going to come back,
4 if ever, to urban areas. People are just
5 afraid to go into certain settings anymore,
6 whether it be for the public safety or for
7 the, you know, COVID-19 concerns. But what
8 we're seeing is really a vast movement of
9 people out of urban areas, where, over the
10 last 15, 20 years, we've seen people moving
11 in.

12 Also with that you have -- on top of
13 that, you have home delivery with Amazon and
14 Uber Eats and UPS and everybody else. So many
15 more people shopping online, so not taking
16 those trips to, say -- the bus trip to the
17 grocery store to get stuff. They end up
18 getting it delivered.

19 What is SEPTA's plan? Obviously,
20 we're running at a statewide -- and the
21 federal government can only print so much
22 money. What is the plan to shift to this
23 dynamic? Looking at 10 percent ridership on
24 regional rail, I mean, reducing service is
25 going to have to come. And what is the plan

1 to shift under this new dynamic or this new
2 economy, knowing that, you know, these things
3 are coming down the line? Is that a focus?
4 Or is it just the focus of SEPTA to be made
5 whole through additional state and federal
6 funding?

7 MS. RICHARDS: This is exactly why
8 we're in front of you. I don't now if you got
9 to see the maps that we presented earlier.
10 I'll make sure you get a copy if you didn't.
11 But we're looking toward your leadership, and
12 we're looking to ask the legislature what is
13 it that you want us to do.

14 Because if we start to reduce our
15 service plan, we will not be able to provide
16 those trips. Those are essential trips that
17 allow many of us to work from home. It
18 allowed us to function. It allowed our
19 essential workers to get to where they needed
20 to be. It allowed major employers to
21 function, including the life-saving work that
22 was done at our health care facilities. And
23 we cannot continue to go on.

24 The CARES money has been mentioned,
25 but that is not a dedicated fund. That is a

1 one-time infusion that is allowing us to
2 function, we hope, till next fall on the
3 operating side. Right? That's going to help
4 us. It's not going to make us completely
5 whole. And we continue cost reductions on our
6 side. And we continue to look at cost
7 savings, you know, on everything that we can.

8 So, as I mentioned, we're looking for
9 your leadership and guidance, and we need to
10 hear from you. Do you want us to begin moving
11 the direction of service reductions? That
12 would mean shutting the rail lines, shrinking
13 fleets, reducing staff levels, cutting routes,
14 closing stations, and limiting accessibility.

15 The one thing I want to get across to
16 everyone is SEPTA is much more than a transit
17 agency. Again, we're the size of CVS, of
18 Aramark. We have the same economic footprint
19 as Carnegie Mellon University does in the
20 west. Think of if Carnegie Mellon University
21 stopped existing tomorrow, think of all of the
22 businesses that would go out of business. And
23 it would be a huge cost to the Commonwealth,
24 and that's what I want you to realize.

25 Yes, we do provide vital transit

1 service, and we will continue. And that is
2 the business of SEPTA. But I just want to let
3 you know that SEPTA is much more than getting
4 people from point A to point B. It is truly
5 allowing the Commonwealth to collect on sales
6 tax, corporate tax, personal income tax. It's
7 allowing property taxes to come into local
8 funders as well. And so, your decision and
9 whether we move forward or not, I just wanted
10 everyone to understand the impacts that will
11 have.

12 REPRESENTATIVE DOYLE: Yeah. And I
13 think that's true to every segment of the
14 economy. I mean it's a devastating effect of
15 what's happening in our restaurant industry
16 right now. The loss of revenue there is
17 staggering. And I know people that are losing
18 their -- they're losing everything.
19 Because --

20 MS. RICHARDS: We're seeing it every
21 day. Absolutely.

22 REPRESENTATIVE HEFFLEY: Yeah. So,
23 with that, the people -- obviously, the reason
24 people use mass transit is to avoid traffic.
25 And coming from my experiences before in the

1 transportation industry, I sat many hours on
2 the Schuylkill Expressway in traffic. Now,
3 with what Representative Lawrence had stated
4 earlier, with these cities being so empty, the
5 people are working at jobs and now colleges,
6 everybody's telecommuting. Most -- I would
7 imagine most professors are doing their, you
8 know, lessons from their office, wherever they
9 live. So, now people are driving into the
10 city because the traffic isn't bad and they
11 can -- you know, they have that convenience of
12 having their vehicle there.

13 Is that part of the scenario of why
14 you're seeing a reduction in that regional
15 rail, because people are taking advantage of
16 less traffic and using their own mode of
17 transportation?

18 MS. RICHARDS: Sure, sure. Yeah.
19 So, we're seeing -- first of all, congestion
20 still exists. I was in it this morning. And
21 in addition to transit, right, of avoiding
22 congestion, it's better for our environment as
23 well, and it's also safer. I just want to
24 make sure people understand when you're on
25 regional rail, you're 18 times safer than if

1 you are in a car. We know about automobile
2 fatalities. If you're on our transit system,
3 you're 10 times safer getting to where you
4 need to go in a safe way.

5 And so, we want to make sure that
6 those benefits of transit, you know, are
7 definitely part of the conversation as well.
8 Obviously air quality is a big piece of that
9 as well.

10 And so, congestion, which exists
11 right now, even with not -- the numbers coming
12 into the city as we are used to. Congestion
13 also adds -- you know, while you're sitting
14 there, it's time lost. It's increase to
15 businesses when they have to increase the unit
16 price of whatever it is that they are selling
17 or the service they're provided because time
18 is lost, you know, due to congestion.

19 So, yes, it is all of these things.
20 But the main reason that southeast
21 Pennsylvania is able to be so productive, we
22 are on 5 percent of the land of the
23 Commonwealth and we are able to produce such
24 high numbers of economic output, it's because,
25 in this densely populated area, we have mass

1 transit, helps people move around. And we
2 continue.

3 Again, as I said, there is no transit
4 agency in the entire country that stopped
5 during this pandemic. The needs of transit
6 continued every single day. There was not a
7 day that could -- you know, that people could
8 be as safe as they needed, no matter what they
9 were doing, during this pandemic where transit
10 could stop. Just want to remind everybody
11 that every single state in the country
12 realizes that.

13 REPRESENTATIVE DOYLE: Thank you.
14 And we have a lot to consider over the next
15 couple of weeks and months. So, thank you for
16 your testimony and being here today.

17 Thank you, Mr. Chairman, for your
18 time.

19 MAJORITY CHAIRMAN HENNESSEY: Thank
20 you, Doyle.

21 And thank you, Madam Secretary.

22 You might want to comment briefly
23 after we see the video from Chairman Deon. I
24 always enjoy talking to Chairman Deon. I hope
25 that the video is a short one so we can get

1 sort of back to our schedule here.

2 MS. RICHARDS: Yeah. The chairman is
3 always economical on his words, and I will
4 save time by just saying it's been wonderful
5 to talk to you. If anyone has additional
6 questions, you know how to reach me. You know
7 I'm accessible. I'd be happy to work with you
8 on this, and we really do appreciate the bills
9 that are in front of you and you holding these
10 hearings.

11 So, thank you. You do not need to
12 turn back to me after the video.

13 MAJORITY CHAIRMAN HENNESSEY: Okay.
14 Thank you for your testimony. Thank you for
15 your time.

16 MS. RICHARDS: Thank you.

17 MAJORITY CHAIRMAN HENNESSEY: We'll
18 go to the video. The video's from Chairman --

19 MR. DEON: Good morning, Chairman
20 Hennessey, Chairman Carroll, members of the
21 House Transportation Committee and your
22 guests.

23 On behalf of SEPTA, Leslie Richards
24 and I are pleased to offer our comments today.
25 We thank you for your time in hosting this

1 important committee meeting, transportation
2 investment and infrastructure task force, led
3 by Martina White, representative. Martina has
4 done a great job.

5 The pandemic will end. We'll move on
6 from this historic decline in our ridership.
7 We will bring back hopefully the jobs to
8 Pennsylvania. But it really dictates on how
9 Harrisburg does its job. And I'm using
10 Harrisburg in the broader term, because I
11 think the big issue for us is commitment. Is
12 Harrisburg committed to keeping mass transit
13 and transportation infrastructure at the
14 forefront?

15 This committee's done a great job
16 over the years of having Act 44, Act 89, and
17 making the commitment to transportation. But
18 we're in a new world now. We really do need
19 the entire Harrisburg -- you know, house,
20 senate, governor -- to make transportation a
21 priority, or we're going to scale it back.
22 And it's all based on what the -- what the
23 people do think they need in Philadelphia and
24 the region.

25 47 percent, you've heard, of the

1 income from taxes comes from this region. If
2 it's a priority, we would expect that
3 Harrisburg would treat it as such. If you
4 don't want to do that and Harrisburg treats it
5 as something down the priority line, I'm not
6 sure we open up and the economy comes back.
7 But it's really your choice.

8 So, we're counting on Harrisburg and
9 everybody in this fight to do their job and do
10 it well. And we will do it here, and we will
11 make the necessary cuts to keep operating, but
12 we need the help from Harrisburg. We need
13 direction. We're not going to tell you how to
14 do your job as far as it is finding the money,
15 because that doesn't always work.

16 So, we're identifying what we need.
17 We're identifying why we think we're
18 important. And I think it's time for
19 Harrisburg in general to take a good look at
20 transportation infrastructure and let us move
21 this process forward and get out of this
22 pandemic.

23 Thank you.

24 MAJORITY CHAIRMAN HENNESSEY: Okay.
25 Having heard from SEPTA in the southeastern

1 part of the state, our next witness is
2 Katharine Kelleman, who's the chief executive
3 officer for the port authority of Pittsburgh
4 and our western section of the state.

5 Katharine, welcome. And my apologies
6 for going so far over schedule in the first
7 witness.

8 I'll ask -- you can have as much time
9 as you want to talk to us. I'm going to ask
10 our members to think about their questions and
11 try and keep them as short as we can.

12 But you have all the time you need,
13 Katharine. Proceed whenever you're ready.

14 MS. KELLEMAN: Thank you, Chairman.
15 And I will keep my remarks brief, so we have
16 more of an opportunity to have this
17 interactive dialogue, which I think is very
18 helpful.

19 So -- and I do always love going
20 after Leslie Richards. I say that tongue in
21 cheek. She's definitely a hard act to follow.

22 Good morning, Chairman Hennessey and
23 distinguished members of the House
24 Transportation Committee. As the chairman
25 noted, I'm Katharine Kelleman. And I have the

1 honor and the privilege to be the CEO of the
2 Port Authority of Allegheny County here in
3 Pittsburgh and throughout the county.

4 Back in March when we scheduled this,
5 I was originally expecting to provide
6 testimony, and before I get to the devastating
7 effects that COVID has had regionally taken on
8 public transit, I would like to take the time
9 to thank you for hosting this public hearing
10 and to acknowledge everybody who's been
11 working so hard to ensure the future of mass
12 transit in Pennsylvania. This is our bus
13 operators and supervisors who are out there
14 every day, all the way up to this committee
15 taking very seriously the role that transit
16 plays throughout the state in talking about
17 its funding future.

18 The sheer number of bills that have
19 been introduced show just how seriously our
20 leaders are taking this issue, and on behalf
21 of the port authority's 2,600 employees and
22 the more than 200,000 daily riders -- in fact,
23 pre-COVID, we were averaging 230,000 riders a
24 day -- we thank you.

25 So, public transit is the engine

1 which moves us across our region and across
2 our state. It transforms communities, helps
3 businesses flourish, and attracts employees.
4 It connects people to the places they want to
5 go. And most importantly, it offers
6 opportunity, freedom, and accessibility to
7 those who might not be able to get around. It
8 ensures Pennsylvania's most vulnerable
9 residents have access to work, health care,
10 and basic personal services.

11 I joined port authority in 2018, and
12 since then we've made incredible strides to
13 improve public transit, regardless of whether
14 you take the bus to work every day or ride the
15 incline once a year to watch fireworks on the
16 4th of July.

17 We've opened a new customer service
18 center, expanded routes to better provide
19 connections and access, and our customers now
20 have more ways to stay connected with free
21 WIFI on all of our buses.

22 We were the first transit agency in
23 the country to partner with a bike-share
24 service to further extend our region to local
25 communities.

1 And we've begun to reduce carbon
2 emissions with our first two battery electric
3 buses, six more on the way. And we hope to go
4 to alternative fuels or electrify the entire
5 fleet.

6 As we entered midway through fiscal
7 2020 -- you should pardon the pun -- we were
8 turning a corner. Even in a thriving economy,
9 where we'd expect to see more people driving
10 in private autos, demand for our services was
11 high, and ridership was at a 10-year high. In
12 fact, we had been notching up ridership gains
13 when many of our peers were not seeing the
14 same type of growth in ridership.

15 Pittsburgh is just the 66th largest
16 city in the country in terms of population,
17 but when it comes to transit, we are the 26th
18 busiest overall transit agency in the country.
19 When you look at bus alone, Pittsburgh is the
20 15th busiest bus agency in the country and,
21 again, the 66th largest city by population.

22 People here vote for transit every
23 day. We built our city up around it. We're
24 proud of this land use. We like this life
25 where we can connect to our neighbor. Transit

1 is very strong in this region.

2 An economic impact study completed in
3 late 2019 shows the unbelievable impact the
4 port authority's had on the local economy,
5 including increase to development, home
6 values, and jobs. Port authority adds more
7 than 3 billion dollars in value to residential
8 properties in southwestern Pennsylvania, and
9 that translates into 100 million dollars a
10 year for local municipalities to use on
11 schools, police, or any other service which
12 they would like to fund on their own.

13 Now, we've had unmet needs on our
14 operating and capital budgets, things like
15 replacing our 35-year-old rail cars, looking
16 at another bus garage because we are full and
17 we will have to expand if we're going to
18 accommodate the growth of our region.

19 Now, there was some financial
20 uncertainty with Act 89 set to expire. We had
21 already formed a coalition, and we're eager to
22 begin discussing the future of transit funding
23 for Pennsylvania.

24 Now, I do want to take a sidebar
25 here. Act 89, for port authority, was

1 designed to serve both capital and operating
2 needs. State assistance for the port
3 authority was curtailed, about 30 percent, 30
4 to 40 percent in 2007-2008, so we have vast
5 unmet needs.

6 In looking at the life of Act 89,
7 when the bill passed, we originally projected
8 that by 2017, port authority would start
9 taking reserves from the bank, and by 2020,
10 that we would start transferring our capital
11 over into operating. So, by design, this was
12 a 10-year budget that would not do capital for
13 10 years. It was capital and operating.

14 I am very proud that as of 2020, we
15 had not gone into the bank to balance the
16 budget. We had lived within the revenues
17 coming in. And then COVID hit. While we
18 should have come in nearly 20 million dollars
19 under budget last year, we used 22 million
20 dollars of CARES Act funding to cover the
21 deficit so we would have a balanced budget.

22 So, we had been well ahead of where
23 Act 89 projected our financial growth, and
24 then pandemic. This all changed in mid March.
25 COVID took 80 percent off our ridership

1 immediately. We're back to about 35 to 40
2 percent of ridership, and as the secretary
3 noted, we see maybe 10 percent of ridership
4 back on some of our commuter routes, but our
5 inner urban routes are closer up to 50
6 percent. Very challenging when we talk about
7 social distancing. Folks need to get around,
8 but we need to keep them at a safe distance.
9 So, again, a lot of unmet need here in
10 Pittsburgh.

11 Our anticipated budget surplus
12 quickly turned into a deficit. We've been
13 spending more than a million dollars a month
14 on personal protective equipment and
15 sanitizing every vehicle before it goes out on
16 the street, plus sanitizing every station
17 every day. If we come back to full service,
18 we will need 60 additional servicers to clean
19 our stations, our buses, our inclines, and our
20 trains every day to stay ahead of this demand
21 for sanitation.

22 Congress acted swiftly with the
23 passage of the federal CARES Act, and we are
24 extremely grateful for the ability to draw
25 down 140 million dollars. As a reminder, this

1 is a one-time cash infusion. We expect it to
2 help us get through the end of 2021, but
3 beyond that, so many questions remain. What
4 does ridership look like when folks are
5 working from home? Schools may take the year
6 off, but if they come back after that, how do
7 we factor that in?

8 And for every bus that might not run
9 on a commuter route, we have the demand, we
10 have the need to go to a 24-hour network to
11 increase frequency. On a regular weekday, we
12 have articulated buses that run every three
13 minutes on a regular schedule. And pre-COVID,
14 these vehicles have 69 seats that we could
15 seat upwards of 120 people on them.

16 So, where do resources go in a
17 post-COVID operating area? And, again, we
18 talked about the budget surplus that turned
19 into a deficit with COVID.

20 Ridership does remain down more than
21 50 percent. Again, it's about 35 percent
22 systemwide. Fare revenue even more so. Prior
23 to the pandemic, our fare revenue was -- fare
24 box recovery was about 21 percent. We're down
25 in the neighborhood of about 7 percent, and

1 that is before we absorb the impact of our
2 local universities and school systems not
3 coming back in person.

4 We don't know when our customers will
5 return or how the commuting behaviors will
6 change or how many people who used to take
7 transit to school and work are not making that
8 choice anymore.

9 We are proactively working with our
10 business community and other stakeholders to
11 understand their needs and deliver value added
12 in a post-COVID world.

13 January of this year we had just
14 kicked off our first system plan. So, we are
15 ideally positioned, with the research we had
16 pre-COVID and the information we've gotten in,
17 to be able to have conversations in our
18 communities about what transit should be
19 doing, but there is so much -- there is so, so
20 much which is still unknown.

21 We don't know if funding from the
22 turnpike commission or any of our local
23 funding sources will come through. And as you
24 already know, more than 60 percent of our
25 budget comes from the state, which is

1 currently experiencing its own budget
2 shortfall.

3 The CARES Act funding gets us through
4 the next fiscal year, but it's a stopgap. It
5 does not and should not replace the need for a
6 reliable, growing, and predictable funding
7 solution.

8 And to highlight the impact the port
9 authority plays, yes, we've got the tax
10 impact. Every dollar that comes into the port
11 authority is two to three additional dollars
12 being generated here in the region. Our 2600
13 employees and 3,000 retired are paying
14 mortgages and saving for college. We have
15 numerous business partners who rely on us.
16 And when we look at our population, Allegheny
17 County is 9 percent of the state but 12
18 percent of the general fund income. So, every
19 dollar that comes into port authority is
20 making money to come back into Harrisburg to
21 help support the rest of the Commonwealth.

22 So, it's a very strong message that
23 we would like to chime in on also.

24 Finding a solution for funding was
25 important in February, when mass transit might

1 have meant hopping the T to go to a Pirates
2 game or riding the incline to watch fireworks.
3 It's even more so today.

4 All but one of our local bus
5 routes -- all but one of our bus routes
6 service either a grocery store or a medical
7 facility. We've worked with our major medical
8 providers to make sure not just that their
9 routine trips can be provided but that their
10 workers can get into the office as well and
11 that our grocery stores stay open, and for
12 folks who are getting around to make life
13 happen to get to that -- to take groceries to
14 their mother, for folks who may not choose to
15 have delivery, the transit is there to make
16 life happen.

17 It's essential workers, again, not
18 just for hospitals and grocery stores but
19 everywhere else you would go, the day cares
20 that reopened, the schools that reopened. The
21 places where Allegheny County and southwest
22 Pennsylvania are really supported, we're
23 getting the workers there. It's picking up
24 prescriptions and running errands or the
25 single mom who needs to get her kids to day

1 care so she can get to her job as an essential
2 worker.

3 We in Allegheny County know all too
4 well what happens when there isn't enough
5 money for public transit. I remark on this is
6 the only place that I have been in transit
7 where people will tell me, You took my bus
8 away 14 years ago, and I'm still walking two
9 miles every day each direction so I can get to
10 my bus stop.

11 Operating on a shoestring budget
12 isn't the answer either. Public transit is
13 only effective when it's frequent and
14 reliable. Locally, we've seen what happens
15 when you cut into the meat of what it means to
16 support transit. The county, the region, and
17 the state deserve better than this.

18 Public transit is not replaceable.
19 It's a lifeline for so many throughout our
20 Commonwealth, and it needs to be funded
21 appropriately.

22 There was some conversation in the
23 previous testimony about people driving,
24 what's going on in downtown and congestion.
25 If someone does not own a car now, asking them

1 to take on what the American Public
2 Transportation Association estimates to be a
3 10,000-dollar annual expense might not be
4 feasible for them. And in a downtown like
5 Pittsburgh, our 44,000 parking places,
6 routinely there are 110,000 jobs, so you
7 already have an outstripping of demand for
8 supply. And when you factor in that people do
9 still come down to county offices for
10 in-person transactions or other work, there is
11 not enough parking to allow our city to
12 function, not just here in downtown but in the
13 Oakland corridor, with Carnegie Mellon, with
14 Pitt, with Duquesne, with Carlow, Chatham, and
15 Point Park universities. There is simply not
16 enough parking even if half of the people who
17 are going there are returning back.

18 Chairman Hennessey, the people of
19 Allegheny County want us to continue to
20 provide and improve our service so it remains
21 accessible, reliable, flexible, and
22 affordable. I implore you and your colleagues
23 to continue this outstanding leadership work
24 that you've done to begin -- to ensure that we
25 can deliver what our riders and everyone

1 throughout Pennsylvania desperately needs.

2 And thank you for affording me some
3 of your time today. I said I would keep it
4 short. And I look forward to your questions.

5 MAJORITY CHAIRMAN HENNESSEY: Okay.
6 Thank you very much, Katharine.

7 Just one quick question. When we
8 were out there last year about this time --
9 well, no, I guess it was earlier in the
10 year -- you were just starting a pilot program
11 for electric buses. And there was concern,
12 you know, how the electric buses would survive
13 in the hilly terrain of Pittsburgh.

14 In a short sentence, can you tell us,
15 is it successful? Unsuccessful? Where are
16 you with that?

17 MS. KELLEMAN: We're still working
18 out some bugs, but they're not with the
19 mechanics themselves. It's with making sure
20 we have good charging infrastructure. Again,
21 we've just brought in the two new buses. So,
22 there's not the infrastructure out there right
23 now. So, it's getting out these short trips,
24 doing a test drive, so to speak, and bringing
25 it back. We have some really fantastic local

1 partners, so we have no doubt we can get the
2 charging issues handled.

3 And, in fact, we have had such good
4 response on the two first that our board has
5 just approved the purchase for six additional
6 electric buses. And, again, in the perfect
7 world, that would have all of our needs
8 covered, we would be talking about
9 electrification of the fleet. While those
10 vehicles are more expensive, they have much
11 lower operating and maintenance costs during
12 the life of the vehicle, and they're much
13 quieter, and it's an overall benefit for our
14 community if we can move in that direction.

15 So, we are guardedly optimistic.

16 MAJORITY CHAIRMAN HENNESSEY: Okay.
17 Well, thank you very much for that. You did
18 keep it short.

19 Oh, Mike, you have a question? I'm
20 sorry.

21 MINORITY CHAIRMAN CARROLL: Thank you
22 so much, Katharine. Thank you as well for
23 your skillful leadership at the port
24 authority.

25 And I'll assume that you heard

1 Leslie's testimony a little while ago, and ask
2 you a very unfair question with respect to
3 predicting the future. Are you more capable
4 of predicting the future than Leslie with
5 respect to what you think is going to happen
6 with your ridership between now and vaccine
7 and post-vaccine?

8 MS. KELLEMAN: I, of course, would
9 never say that I can do anything better than
10 the secretary. And we're both planners, so
11 we're in the same bucket. But the ridership
12 is a little different out here. And by that,
13 again, I mean the unmet demands. So, we
14 have -- we have retracted, in the past 14 or
15 15 years, 30 to 40 percent of service based on
16 budget realities.

17 We have a lot of folks who are
18 chomping at the bit to get to transit. So,
19 right now, we're running a modified schedule
20 for our commuter routes where we just have not
21 seen folks coming back. We've redeployed
22 those buses to the routes where we are seeing
23 significant ridership.

24 Now, "significant" today is different
25 than "significant" would have been in

1 February. But like many agencies, we've
2 adopted caps on our ridership. We've worked
3 very closely with ATU Local 85. They've been
4 an incredible partner for us. And we have
5 worked together with them to set caps on where
6 our operators feel comfortable and where the
7 epidemiologists at UPMC recommend that we
8 could have good distance.

9 If we keep those constraints in, we
10 would need to quadruple the size of our bus
11 and rail fleet to be able to accommodate
12 everyone who rode pre-COVID. So, for us, it's
13 this match of, as people are coming back, how
14 do we feel about distance, how can we handle
15 that safely?

16 We, this time last year, were talking
17 about new jobs, like Amazon fulfillment
18 centers, opening up on the west side of the
19 county. And you have to be at work at 4:30
20 for those. That means the first bus probably
21 needs to be rolling at 3:00 in the morning,
22 and that's not where a schedule currently
23 exists.

24 So, I would anticipate that as the
25 world is in motion, we don't know where it's

1 going to land, but we've got the opportunity
2 to move some things around and connect folks
3 on trips they could not have had otherwise.

4 This also involves making it easier,
5 for instance, to get a day pass so folks don't
6 have to spend 11 dollars on a round trip.
7 They can spend 7 dollars and they can ride all
8 day. So, it's a bundle up for us.

9 And then, beyond that, there's so --
10 you know, we'll -- there will be a vaccine.
11 Who will take it? Who will not? What kind of
12 impact will we see on that?

13 I have an eight-year-old and a
14 six-year-old at home, and when it's safe for
15 them to go back to school, I think everybody
16 will be happier.

17 We're also looking at the impact, as
18 an employer, I -- I'm, individually, very
19 concerned about this generation of, you know
20 these parents who have young kids up through
21 maybe high school age that they can't be left
22 at home alone, nor should they be, and now
23 these kids are being taught from home, and we
24 expect these parents to work full time. And
25 how does that impact the trips they take?

1 Does that move some of the trips we're seeing
2 mid day and push it back into the evening?
3 Does that overload our capacity?

4 As an employer, what can we do? We
5 have very flexible work arrangements for folks
6 who are administrative, but how can we support
7 our front-line employees? You know, maybe you
8 could make it all summer, but August rolls
9 around and your day care situation doesn't
10 exist, plus there's no market for that
11 elementary school kid at 8:00 a.m. on a
12 Tuesday. So, how can we accommodate that to
13 make sure not just that our employees are able
14 to be productive but that we're supporting as
15 much flexibility as possible.

16 The Boys and Girls Clubs out here and
17 the YMCA have been tremendous assets, getting
18 kids, you know, busy and taken care of during
19 the day. We had to realign service to connect
20 over there. This is getting to be a longer
21 answer than my entire comments were.

22 So, there's a lot up in the air, but
23 we have a very strong planning and scheduling
24 team and very strong relationships with our
25 folks that are already riding. We've been

1 actively serving our existing riders,
2 contacting folks with registered ConnectCards.

3 My hope would be that CARES funding,
4 if matched with stable funding from other
5 sources, can get us through at least this
6 fiscal year so we can make modifications next
7 year based on what reality looks like. But to
8 echo the previous comments, Act 89 always
9 predicted that we would be out of capital by
10 2021-2022. This does not change that. And if
11 we don't have state funding, we will have to
12 look at scenarios of greatly reducing service,
13 shutting down a garage, and depriving folks of
14 the services they need just when they need
15 them most.

16 MINORITY CHAIRMAN CARROLL: Thank you
17 so much. And I think it will be important for
18 the folks here in Harrisburg to recognize the
19 CARES money really is backfill on the
20 operating side, and that the capital side
21 remains an unmet need that faces us in the
22 very, very near future.

23 So, thank you so much.

24 MS. KELLEMAN: Absolutely. Thank
25 you.

1 MAJORITY CHAIRMAN HENNESSEY: Thank
2 you, Mr. Chairman.

3 Thank you, Katharine. That's for
4 your time and the testimony and all the
5 information you provided us. We appreciate
6 it, and we'll work with it.

7 Thank you.

8 MS. KELLEMAN: Thank you for the
9 opportunity today.

10 MAJORITY CHAIRMAN HENNESSEY: Okay.
11 Our next testifier is Robert Fiume -- I've
12 lost my sheet of paper. I'm sorry.

13 Robert is the board chairman and the
14 executive director of COLTS -- and I forget
15 what that acronym stands for -- but you're
16 also the president, I think, of the
17 Pennsylvania Public Transit Association.

18 With that, I'm sorry that we've gone
19 a little bit over time -- well, maybe a lot
20 over time -- but thanks for your patience and
21 begin whenever you're -- I'm sorry.

22 Chairman Carroll has a comment.

23 MINORITY CHAIRMAN CARROLL: Since Bob
24 is northeastern Pennsylvania -- fellow
25 northeastern Pennsylvanian, I'll take a

1 minute, if I can.

2 MAJORITY CHAIRMAN HENNESSEY: Sure.

3 MINORITY CHAIRMAN CARROLL: COLTS is
4 the County of Lackawanna Transit authority,
5 county of Lackawanna. And if Bob is --
6 doesn't have enough on his plate, besides
7 being the executive director of COLTS, he also
8 serves as a school board member in the
9 Hazleton School District. So, I have
10 questions for him with respect to how he
11 organizes his life here.

12 But, Bob -- Bob and I are good
13 friends. Does a wonderful job for us in
14 northeastern Pennsylvania, both in Lackawanna,
15 as the executive director of the transit
16 authority, and for the -- probably the largest
17 school district in Luzerne County, I would
18 think Hazleton or Valley West -- probably
19 Hazleton -- so the largest school district in
20 Luzerne County.

21 So, Bob, thank you so much for what
22 you do in our community, the broad community,
23 both Lackawanna and Luzerne counties.

24 MR. FIUME: Thank you very much, and
25 it's a pleasure working with you,

1 Representative Carroll. You've always been
2 helpful to us.

3 As Representative Hennessey said, my
4 name is Bob Fiume. I am the executive
5 director of the County of Lackawanna Transit
6 System, also known as COLTS, based in
7 Scranton. And I'm also chairman -- I'm also
8 chairman of the Pennsylvania Public
9 Transportation Association, better known as
10 PPTA.

11 So, I would like to begin my
12 testimony by first thanking Chairman Hennessey
13 and Chairman Carroll for your continued
14 support on multimodal transportation issues.
15 I would also like to commend Representative
16 Martina White and members of the task force
17 for their work to address sustainable mobility
18 options. PPTA looks forward to being a
19 partner and a resource as part of the path
20 forward.

21 I appreciate the opportunity this
22 morning to briefly discuss sustained funding
23 for public transportation and the important
24 role transit plays in ensuring Pennsylvania's
25 continued prosperity.

1 More than 400 million passenger trips
2 are provided on fixed-route transit across
3 Pennsylvania annually. Public transportation
4 services are provided in all 67 counties, and
5 we offer a wide range of mobility options for
6 both daily commuters in urban centers and also
7 lifeline service for those living in the most
8 remote of rural communities.

9 Transit may look different across the
10 state, but one principal remains the same:
11 All trips are important. Whether a senior
12 citizen is going to visit a nutrition center
13 in a remote county or a commuter is riding a
14 train to Philadelphia, or a college student is
15 traveling from work to school, all trips are
16 important.

17 Pennsylvania has, time and time
18 again, reinforced the importance of investing
19 in public transportation through such programs
20 as the Pennsylvania lottery, providing
21 transportation for senior citizens and the
22 disabled, Act 44 of 2007, Act 89 of 2013, and
23 many other programs that support the
24 stabilization and growth of both operating and
25 capital funding necessary to maintain

1 dependable, safe, and efficient public
2 transportation across this Commonwealth.

3 Without continued investment at the
4 state level to support public transportation,
5 the mobility and quality of life in every
6 county would suffer.

7 PPTA supports the findings and
8 recommendations of the Pennsylvania
9 Transportation advisory committee's 2019
10 report, where it identified a need for an
11 additional 1.2 billion dollars for transit
12 agencies to respond to economic development in
13 communities and address state of good repair.

14 Our written testimony speaks to
15 legislation proposed in House Bill 2361 also.
16 Sustained and substantial investment of state
17 funds is imperative for transit to remain
18 viable in all communities, metropolitan,
19 urban, and rural alike. It is crucial for
20 transit systems to be able to meet demand for
21 access to health care, basic human services,
22 employment, and educational opportunities.

23 It's very important to note that,
24 while PPTA conceptually supports the
25 utilization of new local revenues to enhance

1 transit funding, we also understand that local
2 revenue is not a sustainable replacement for
3 state investment in transit in rural and small
4 urban communities.

5 The funding principles and strategies
6 of Act 89 of 2013 allowed communities to
7 enhance mobility options, build
8 infrastructure, and deliver a variety of
9 transit trips. We believe it is imperative
10 that the general assembly take action to
11 ensure the continuation of the funding
12 principles of Act 89 and create sustainable
13 and secure state transportation investment
14 strategies.

15 I'd just like to take a few minutes
16 to discuss transit's response to COVID-19.
17 The challenges associated with COVID-19
18 pandemic over the last five months have
19 provided an opportunity for transit to become
20 increasingly resilient and reaffirm our
21 commitment to serving Pennsylvania safely.

22 While much of the focus now across
23 the Commonwealth is on reopening, as you've
24 heard from my colleagues, it bears noting in
25 this meeting, transit never closed. Transit

1 providers across Pennsylvania embraced our
2 role in keeping the community safe while
3 continuing to provide lifeline services so
4 people could continue to travel to their jobs,
5 receive medical treatment, have access to food
6 and other key necessities.

7 We have changed and enhanced many
8 operational practices, including cleaning
9 protocols, increased use of PPE, technology,
10 and other modifications to ensure the
11 continued safety of our employees, our
12 customers, and the communities we serve.

13 By the end of April, we were
14 experiencing substantial impacts regarding --
15 ranging from 40 percent drop in ridership to
16 as much as 97 percent drop in ridership in
17 State College. As of June 30th, service in
18 many agencies are more in line with pre-COVID
19 service, levels ranging from 40, 45 percent of
20 regular service pre-COVID for some, and some
21 are much closer to 100 percent.

22 On Friday, March 27, 2020, the CARES
23 Act was signed into law and provided emergency
24 federal appropriations to help transit
25 agencies prevent, prepare for, and respond to

1 COVID-19. Federal CARES Act money has been
2 used to help meet a variety of needs during
3 the pandemic, most of -- overwhelming amount,
4 majority of which was operating expenses.

5 Consumable, yet necessary, items have
6 resulted in the industry expending significant
7 resources to purchase and do many things,
8 including cleaning supplies, PPE, sanitation
9 supplies, hiring additional cleaning persons,
10 additional training for drivers, additional
11 sanitizing of buses and facilities,
12 modifications, fortifying work and public
13 spaces to become pandemic resistant, our buses
14 providing barriers for drivers are just some
15 of the expenses.

16 While the support received from the
17 CARES Act has been timely and crucial, it is
18 not a miracle solution. It does not fix or
19 completely fund public transit. It does not
20 provide sustainable solutions to the
21 challenges brought on by the pandemic, nor
22 does it offer comprehensive longer term
23 funding for the continued provision of
24 transit. It was and it is a stopgap, a
25 short-term measure to ensure the continued

1 safety and mobility of the traveling public.
2 You've heard that from my colleagues prior to
3 me.

4 It is also important to note that
5 there are transit providers that received no
6 support or relief from CARES Act. So while
7 CARES Act funding was immediately helpful for
8 some and absolutely appreciated, it does not
9 exhaustively address the ongoing challenges
10 and mounting expenses associated with the
11 continuation of this pandemic nor the need for
12 longer term sustained sources of funding.

13 This bears mentioning because transit
14 plays an important role as a partner in the
15 Commonwealth's economy and, ultimately, the
16 economic recovery from this pandemic for our
17 state.

18 As our state's economy moves forward
19 toward the next phase, transit stands ready to
20 do our part. Banding together in times of
21 adversity is not new to transit. We have
22 always come together to do what is needed
23 during challenging times.

24 In conclusion, I would like to
25 reinforce the importance of a robust state

1 investment in public transportation as this
2 body moves to working proactively to address
3 the funding challenges and sustainable
4 mobility options.

5 The delivery of transportation
6 programs provided for within Act 89 and the
7 lottery all depend on continued investment in
8 transit at the state level, as well as the
9 ability to take these funds and use them to
10 leverage federal funding.

11 Thank you once again for the
12 opportunity to provide testimony today. PPTA
13 stands ready to assist with efforts and with
14 advocacy, anything necessary to address
15 long-term, sustainable funding and the
16 continued provision of public transportation
17 throughout this Commonwealth.

18 Thank you.

19 MAJORITY CHAIRMAN HENNESSEY:

20 Mr. Fiume, thank you very much for your
21 testimony.

22 I will say, as a relatively new
23 grandfather, I've learned over and over and
24 over again that the wheels on the bus go round
25 and round. It seems to me that I'm thinking

1 that I should thank you for keeping the buses
2 running and for keeping the wheels on the bus
3 and for keeping transit vehicles from running
4 off the tracks, so to speak. And with that,
5 I'm pretty much out of bad jokes.

6 But thank you for your testimony.
7 Thanks for what you do. You have so many
8 different irons in the fire, as Mike was
9 describing. Do you ever sleep?

10 MR. FIUME: I'm just trying to put as
11 much stress on myself as possible.

12 MAJORITY CHAIRMAN HENNESSEY: Well,
13 whatever. Obviously, it's one of those --
14 proof of the adage, when you want something
15 done, you get a busy person to do it, as I
16 guess you could say, when you want it done
17 right, you get a busy person to do it.

18 So, thank you for all you do.

19 MR. FIUME: Thank you.

20 MAJORITY CHAIRMAN HENNESSEY: Mike,
21 do you have any comments or questions?

22 MINORITY CHAIRMAN CARROLL: Thanks,
23 Bob. Thank you so much for your leadership
24 statewide with the organization and, as I
25 said, back home in Scranton.

1 And I know that the challenges
2 related to COVID have been monumental, but
3 even prior to that, for agencies like COLTS or
4 your peers in Allentown or Erie or
5 Wilkes-Barre, it seemed to me, as less than an
6 expert in your field, that there had been a
7 change underway with respect to the service
8 that you were expected to deliver, the
9 traditional model of collecting folks in the
10 outskirts and bringing them into the urban
11 center, in your case the city of Scranton, it
12 seems to me has changed somewhat, where the
13 economic development activities have occurred
14 in business parks and industrial parks
15 situated around these kinds of cities -- I
16 know in Scranton, Wilkes-Barre that's
17 certainly the case -- and agencies like COLTS
18 and others are now trying to struggle with
19 trying to figure out a service delivery model
20 that provides workers to those jobs in the
21 non-urban settings.

22 And I'm just wondering what you see
23 with respect to the future, again, with the
24 full knowledge that all of this is clouded
25 tremendously by the coronavirus. But if you

1 could just step away from the coronavirus for
2 a second and walk me through what you see is
3 the future with respect to the agencies your
4 size across the state and how they are going
5 to deliver folks to where the jobs are maybe
6 not in the urban setting.

7 MR. FIUME: So, you're absolutely
8 right. So, this is happening across the
9 state. And, for example, let me use COLTS, we
10 took the time through this pandemic crisis to
11 look at -- take a good hard look at our
12 service and I can say sort of rightsize, so
13 about moving some service around, without
14 adding extra cost, if we could, to -- from
15 areas that we may not have the ridership in
16 putting the service in the other areas. And
17 one of the projects we've been working on was
18 with the Chamber of Commerce and industrial
19 parks, exactly what you referred to, that they
20 are in demand for service and they are not
21 obviously right in the city proper.

22 So, we are looking -- actually going
23 to start some service into some of our
24 industrial parks beginning of September. And
25 the way we're doing it and the way it's going

1 to come down in the future is thinking out of
2 the box. It's going to have to use some
3 demand-response service mixed in with what's
4 called microtransit now. And it may be just
5 not a large bus going into the industrial
6 park. It may be a bus going to a transfer
7 center, and your smaller vans and smaller
8 buses picking those people up, which is sort
9 of like a microtransit system. So, it's going
10 to be thinking out of the box and trying to
11 service those areas.

12 But one of the ways we're trying to
13 afford to service those areas are by
14 rightsizing our system to make sure we're not
15 spending money in areas that we just don't
16 have the ridership. We're moving that revenue
17 or that funding to another set of service.

18 But there are different ways.
19 There's microtransit. There's demand-response
20 service. There's, you know, smaller buses.
21 And transfer center is one of things we're
22 going to be working on, a mid-county transfer
23 center, where we have a few buses meet at one
24 point, and they're very close to the
25 industrial areas that we'll service, so that

1 will help us in those areas to not having the
2 riders ride -- be on the buses for a long
3 period of time. They will come to a transfer
4 center and transfer right there, instead of --
5 it will save some time for them on the buses
6 and some expense for us.

7 MINORITY CHAIRMAN CARROLL: And when
8 I think about our region in northeastern
9 Pennsylvania, Hazleton would be a good
10 example, with the parks that Can Do has out in
11 Hazle Township, and Wilkes-Barre and Scranton
12 having parks outside Pittston and up in Valley
13 View.

14 Is there a way to get there with
15 corona? Are you going to be able to
16 accomplish the servicing of those parks while
17 dealing with the financial impacts of the
18 virus?

19 MR. FIUME: We are going to try to do
20 that starting in September. As I said, the
21 movements we've made with our service and the
22 new norm sort of, we are going to try service
23 in that area. As I said, we're going to meet
24 in one spot, and we have smaller buses that
25 we're going to take into the industrial park

1 and see how --

2 MINORITY CHAIRMAN CARROLL: Do you
3 expect any financial support from private
4 entities in these parks? Will they be
5 participants? Or have they even approached?
6 Or what's been the reaction from the folks in
7 the parks?

8 MR. FIUME: Right. So, that's
9 another portion of this, as you're saying,
10 taking -- servicing more industries outside of
11 your serving area is getting a buy-in from the
12 businesses and your chambers. It's going to
13 the businesses for you and getting some sort
14 of a buy-in with some help to fund these
15 routes. That's going to have to happen down
16 the road, and I know a lot of transit agencies
17 throughout the state are taking that approach.

18 MINORITY CHAIRMAN CARROLL: Has there
19 been some general even semi-positive feedback
20 from those folks?

21 MR. FIUME: Yes, we have. We've had
22 some, and we're working on it through those
23 loops right now.

24 MINORITY CHAIRMAN CARROLL: Good.
25 Thank you.

1 MAJORITY CHAIRMAN HENNESSEY: Thank
2 you very much for your testimony, Bob,
3 appreciate it. And appreciate all the
4 information. And, again, congratulations for
5 all the irons you have in the fire.

6 MR. FIUME: Thank you.

7 MAJORITY CHAIRMAN HENNESSEY: Keep up
8 the good work.

9 MR. FIUME: Thank you.

10 MAJORITY CHAIRMAN HENNESSEY: Thank
11 you.

12 Our next testifier is joining us
13 virtually, and he is Robert Postal, who is a
14 Mifflin County commissioner. And he's going
15 to be delivering his remarks on his own behalf
16 and on behalf of the County Commissioners
17 Association of Pennsylvania.

18 Okay. Robert, I see you there.
19 Begin whenever you're ready.

20 MR. POSTAL: Thank you, Mr. Chairman
21 and distinguish members. Hello.

22 My name is Robert Postal. I am
23 county commissioner from Mifflin County.
24 That's a county in central Pennsylvania. I've
25 been a commissioner since 2017.

1 In my role at CCAP, I currently serve
2 as chair for the Community and Economic
3 Development Committee that oversees some
4 transportation and infrastructure issues.
5 Appreciate the opportunity to provide
6 testimony on behalf of CCAP on the package of
7 bills proposed by the House Transportation
8 task force.

9 As counties, we continue to stress
10 the interdependence of state, county, and
11 municipal transportation systems. Without an
12 adequate and a reliable transportation system,
13 we can't get our kids safely to school, we
14 can't move our goods, and citizens can't get
15 to work.

16 Act 89, in 2013, was a big, big win
17 for transportation in Pennsylvania. It
18 provided revenues for infrastructure and mass
19 transit, especially from the county and
20 municipal standpoint, provided revenues for
21 bridges and paved the way for innovative
22 partnerships between state and local
23 governments. For example, it gave counties
24 the authority to adopt the five-dollar vehicle
25 registration fee, which is a revenue source in

1 counties, that we use for transportation and
2 infrastructure costs.

3 Mifflin County commissioners passed
4 an ordinance in 2017 to allow PennDOT to
5 collect this fee, and we've used this,
6 together with Act 89 moneys, to upgrade every
7 county-owned bridge past its structurally
8 deficient status. And we're using the money
9 now to partner with our municipalities to
10 upgrade their structurally deficient bridges.

11 We have a goal that every bridge,
12 every structurally deficient bridge is going
13 to be upgraded. We didn't put a timeline on
14 that, but that's our goal, using our
15 five-dollar fee that was allowed by Act 89.

16 Now, that act is scheduled to sunset
17 shortly, as we all know, and so, now's the
18 time to consider how levels of government can
19 continue to provide the investments in
20 Pennsylvania's transportation system.

21 Now, I've provided written comments.
22 And in the written comments I touch on several
23 pieces of legislation from the House
24 Transportation task force report, so I'm not
25 going to reference them specifically here. I

1 would like to highlight, however, three key
2 points for consideration by the legislature.

3 One point is, options for local
4 governments are really critical. Each county
5 is different. Each county has different
6 transportation-related needs from number of
7 bridges owned to medical assistance
8 transportation to mass transit, as we've heard
9 to morning. Now, we say that if you've seen
10 one county, you've just seen one county. So,
11 by allowing options, we have the flexibility
12 to create programs and develop innovative
13 partnerships with other local governments,
14 counties, state, and federal government.

15 The second key point, besides the
16 options that we hope you give to us, is
17 include the options to include the ability to
18 generate revenue. You know, in the package
19 from the task force, there's legislation that
20 would give counties the ability to levy a tax
21 of their choice for mass transit. In general,
22 CCAP supports options for counties to levy a
23 county sales, personal income, or earned
24 income tax to reduce our reliance on the real
25 property tax. And so, we welcome further

1 discussions on strategies to levy taxes or
2 fees for transportation funding while leaving
3 the discretion at the local level for which
4 tax or fee to actually levy, since, again,
5 we're all very different.

6 And lastly and third, partnership is
7 going to be critical as well. And this is
8 happening with the work of the task force and
9 the work of this committee and the interest of
10 those testifying today. You've included the
11 stakeholders and our ability to contribute to
12 your proposals, and we ask that, please, you
13 continue to remember the counties and bring us
14 back into the fold when discussions and
15 deliberations continue to evolve.

16 So, in closing, CCAP supports further
17 legislation action for comprehensive and
18 reliable funding for Pennsylvania's
19 infrastructure and transit needs. We all
20 recognize the critical role of transportation
21 infrastructure for our communities, our
22 industries, and our quality of life. Counties
23 appreciate the opportunity to comment today
24 and look forward to federal, state, local
25 partnerships as discussions continue.

1 So, thank you very much. And I will
2 gladly take any questions or comments.

3 MAJORITY CHAIRMAN HENNESSEY: Thank
4 you, Robert. Thanks for your testimony.

5 And I will ask you a question about
6 2068, that's the county option to tax.

7 Our intent when we drafted the bill
8 was to, you know, create a reliable funding
9 stream for public transit. You're not the
10 first person who's testified yesterday or
11 today who's talked about going beyond mass
12 transit and using the tax revenues that might
13 be collected or generated by that kind of a
14 tax to be used for things other than mass
15 transit.

16 You know, I suggested yesterday that
17 we'll probably have a robust discussion about
18 whether or not we should limit it to mass
19 transit as it was first intended, or whether
20 or not, by throwing open the possibilities for
21 using it for other transportation projects,
22 whether or not we, you know, essentially shoot
23 ourselves in the foot and not provide enough
24 money for mass transit, as would be gained by,
25 you know, a single -- a single stream of money

1 going just to one -- one recipient.

2 So, I appreciate your comments.

3 That's probably going to be something that's
4 in flux as we continue our discussions here in
5 Harrisburg.

6 MR. POSTAL: And, you know, we've
7 taken a little bit of a hit when we put that
8 five-dollar fee on the -- on the registration.
9 But I think people -- and, by the way, we
10 don't have a mass transit system. We are a
11 rural county in Mifflin County. So, we don't
12 have that system. We don't have a bus system.

13 But back to that five dollars, you
14 know, people didn't like that. And we had a
15 full house at that commissioners' meeting when
16 we did that. But I think people just want to
17 be assured that the money that is either taxed
18 or with the fee -- and that is a fee, not a
19 tax -- is used appropriately. You know, a lot
20 of the -- the criticism we got -- and I was
21 just a new commissioner at the time, 2017 --
22 was that PennDOT's going to collect it and
23 we're going to get, out of the five dollars,
24 maybe three dollars. But as we all know, as
25 you all know, every penny comes back to the

1 county.

2 So, you have to just be aware that
3 when we pass the option of taxes, that the
4 people understand what it's being used for.

5 MAJORITY CHAIRMAN HENNESSEY: Okay.
6 Yes. Thank you very much for your comments.

7 Like I said, my concern is I just
8 don't want to dilute a funding stream -- that
9 really was thought up to benefit public
10 transit -- by authorizing the moneys to go to
11 other kind of projects. But, you know, that's
12 a discussion we'll have as the bill moves
13 forward.

14 So, thank you for your testimony.

15 Chairman Carroll has a question for
16 you.

17 MINORITY CHAIRMAN CARROLL:

18 Commissioner, good morning. Thank you so much
19 for your service in Mifflin County.

20 I, as a side bar, will note that very
21 often in Harrisburg when it comes to a
22 discussion of transit, the default for most
23 members is to the urban centers or to the
24 smaller cities like Scranton, Wilkes-Barre.
25 Not knowing Mifflin County that well, I'm

1 guessing that you're not in any of those
2 categories.

3 But it was a wonderful reminder to
4 all of us that rural Pennsylvania does rely on
5 transit. When there was a discussion about
6 changes to MATP and how the rides were going
7 to be provided to people in places like
8 Mifflin County, and it was a revelation to me
9 that we had a whole slew of rural legislators
10 concerned about transit. It was a sea change
11 in Harrisburg for that moment in time when the
12 MATP discussion was underway. And,
13 thankfully, that's been resolved, in my
14 opinion -- I think it's been resolved,
15 satisfactorily, that we have a status quo with
16 the respect to the delivery of rides for the
17 folks that are in the MATP world.

18 Having said that, I'll shift to your
19 very brave decision to do the five-dollar fee.
20 I voted for Act 89, and so I was one of the
21 folks that gave you all that option. And I
22 think Mifflin County deserves to be
23 congratulated for this decision, because I
24 thought I heard you say you're going to use
25 the fee to attack the structurally deficient

1 bridges in your bridge fleet inventory in
2 Mifflin County.

3 How much money does the five-dollar
4 fee raise in Mifflin County, do you know?

5 MR. POSTAL: Yeah. The five-dollar
6 fee raises about 200,000 dollars, and you
7 can't do a lot of bridges on 200,000 dollars.
8 What we have done, though, is borrowed through
9 the Pennsylvania Infrastructure Bank about 2
10 million dollars. So, now we have a pot that
11 we are sharing with the municipalities. And
12 they're contributing 10 percent. We're
13 putting in 90 percent to these municipal
14 bridges, and the townships -- mostly the
15 townships -- are contributing 10 percent.
16 Now, they see that as a great bargain, because
17 this is their bridge. It's an SD bridge. It
18 needs to be fixed. And they're contributing
19 10 percent. But we used the PIB loan to do
20 that, and we're amortizing the loan through
21 the five-dollar fee that we're getting. And
22 as I said, it's about 200,000 dollars.

23 So, what we did was figured out,
24 conservatively, how much revenue we would be
25 getting in and then how much of a loan we

1 could pay off with that money.

2 MINORITY CHAIRMAN CARROLL: That
3 makes -- it's an even better conversation,
4 because I thought, without knowing, that these
5 were county bridges, but it sounds like
6 they're all municipal bridges, boroughs and
7 townships -- I don't know if there's a city in
8 Mifflin County -- but these are not county
9 bridges per se.

10 MR. POSTAL: No. We have nine county
11 bridges. We've been able to mix and match
12 money with using some of that money for county
13 bridges, but with other moneys -- liquid
14 fuels, Act 13 money, and there's a real
15 alphabet there, as you probably know. We've
16 used and fixed and upgraded every structurally
17 deficient bridge that is county-owned. That
18 was our, maybe selfishly, our first priority.
19 And now we are working with the
20 municipalities.

21 MINORITY CHAIRMAN CARROLL: And does
22 Mifflin County have any county roads?

23 MR. POSTAL: Small amount of county
24 roads. We've made a deal with the townships
25 in order to maintain those roads. We give

1 them a few thousand dollars to do it. But we
2 don't have -- we don't have a very large
3 county road network, just a few miles.

4 MINORITY CHAIRMAN CARROLL: Well,
5 you're fortunate in that regard.

6 MR. POSTAL: I know.

7 MINORITY CHAIRMAN CARROLL: Go ahead.
8 I'm sorry.

9 MR. POSTAL: No, I was -- we are
10 fortunate.

11 MINORITY CHAIRMAN CARROLL: Yeah. I
12 come from a county where we have quite an
13 inventory of county roads and bridges. And
14 it's a real challenge for the commissioners --
15 well, the county council, in my case now.

16 But I congratulate you for your
17 service and for your forward thinking on the
18 use of the Act 44 dollars -- or Act 89
19 dollars. That was a -- sounds like in Mifflin
20 County, the end result was exactly what we
21 were hoping for, somebody like I was hoping
22 for, that the local decision to impose that
23 five-dollar fee -- and it is a fee, I totally
24 agree you in that regard -- and for citizens,
25 when they see a bridge repaired that they rely

1 on all the time, that won't result in a
2 posting of the bridge or a detour that will
3 result in miles and mile of inconvenience,
4 there's a real benefit.

5 And when -- I know, if you're not
6 from Philadelphia or Pittsburgh, the money
7 comes to Harrisburg, and you think it goes
8 into the black hole. The reality is, is that,
9 with this five-dollar fee, the money goes back
10 to Mifflin County, can be used for projects in
11 Mifflin County for the benefit directly of
12 Mifflin County residents. So, I think mission
13 accomplished with respect to the Act 89
14 five-dollar fee.

15 So, thank you.

16 MR. POSTAL: Well, thank you. We do
17 have a big sign, by the way, that we put at
18 the bridges that says, Here's your five-dollar
19 fee, to remind people.

20 MINORITY CHAIRMAN CARROLL: That's a
21 smart idea.

22 MAJORITY CHAIRMAN HENNESSEY:
23 Mr. Postal, thank you very much for your
24 service to the citizens of Mifflin County.
25 Thank you for your testimony here today and

1 for your comments on the proposed package of
2 legislation that we have.

3 MR. POSTAL: Thank you, Mr. Chairman.

4 MAJORITY CHAIRMAN HENNESSEY: And
5 thanks for your patience, for waiting, you
6 know, because we -- we ran a little longer
7 than we expected.

8 Thank you.

9 Our next and final testifier is
10 Joseph Gerdes, who is the director of
11 Government Relations for the Pennsylvania
12 State Association of Township Supervisors.

13 Joe, I see you're ready. You can
14 begin any time you wish.

15 MR. GERDES: Good morning. Good
16 morning.

17 MAJORITY CHAIRMAN HENNESSEY: Good
18 morning.

19 MR. GERDES: Chairman Hennessey,
20 Chairman Carroll, and members of the House
21 Transportation Committee and other members of
22 the general assembly who might be listening
23 in, my name as Joe Gerdes, and I am the
24 director of Government Relations for the
25 Pennsylvania State Association of Township

1 Supervisors, or PSATS. My detailed remarks
2 have been submitted for the record. And in
3 the interest of time, I just wanted to give a
4 real quick overview.

5 And I want to thank you all for the
6 opportunity to provide comments on behalf of
7 the 1454 townships of the second class in
8 Pennsylvania represented by our association.
9 And the need for continued dedicated
10 transportation funding for local roads and
11 bridges is of critical importance to all our
12 member townships, regardless of the road miles
13 or demographics. And PSATS has long
14 maintained that the state must provide a
15 predictable, reliable, and dedicated method of
16 funding for the entire transportation system.
17 That's PennDOT, local government, and all the
18 roads and bridges and mass transit.

19 And we know we're big partners in
20 this effort to provide a complete, robust, and
21 safe transportation system across the
22 Commonwealth.

23 As partners, municipalities should
24 continue to receive a fair share of the liquid
25 fuels fund to help adequately maintain the

1 local road and bridge portion of that system.
2 And PSATS has supported the blend that we've
3 used in the past of revenue sources, including
4 the oil franchise tax, registration fees, and
5 public-private partnerships to fund the state
6 and local highway and bridge systems
7 throughout Pennsylvania.

8 As has been noted today and
9 yesterday, Act 89 of 2013 provided new and
10 meaningful and permanent transportation
11 funding for municipalities, however, as the
12 task force has reported, the gas tax increase
13 that passed in 2013 hasn't quite been meeting
14 the revenue projections for a lot of reasons.
15 And after hitting a high of 500-and-some
16 million dollars in 2019, the municipal liquid
17 fuels share has dropped. This year it was 2.6
18 percent for 2020, and we're anticipating a
19 decline of about 10 percent in 2021, thanks,
20 in large part, to the impact of COVID-19.

21 The package of bills under
22 consideration today has some creative ideas,
23 and I want to commend Representative White for
24 the work she and the task force has done here
25 to field some creative ideas to free up some

1 more money for transportation funding, and
2 real briefly, just wanted to hit on a couple
3 of those and how they impact townships.
4 Again, my larger comments have already been
5 submitted.

6 But House Bill 2064 would authorize
7 county infrastructure banks. We're very
8 supportive of giving counties the ability to
9 leverage these low-interest loans to help fund
10 the many transportation projects and help
11 municipalities to leverage these funds as
12 well.

13 House Bill 2068 would authorize
14 counties to levy a real estate transfer
15 personal income and sale tax to fund mass
16 transportation. While we support the need to
17 fund the whole transportation system, we
18 believe the concept of additional local taxes
19 should be discussed as part of a larger
20 comprehensive local tax reform package.

21 House Bill 2069 would allow
22 municipalities to participate in highway
23 bundling contracts through PennDOT. This
24 proposal has the potential to allow townships
25 to leverage state resources, provided PennDOT

1 finds the township roads meet the criteria.
2 We support these provisions. We're not real
3 sure yet what kind of cost savings would be
4 achieved, but we'd very much like to see how
5 that works.

6 House Bill 2061 would accelerate the
7 reduction of funds diverted from the Motor
8 License Fund to the Pennsylvania State Police.
9 Understand this diversion is a source of
10 significant legislative concern, a concern
11 that we share and a lot of our colleagues
12 share as well. We are particularly concerned
13 about the budget hole its removal creates and
14 how that budget hole will be filled. And we
15 hear oftentimes people seem to be pointing the
16 finger at some municipalities, particularly
17 municipalities without police departments that
18 rely solely on state police coverage, as a
19 cause of the diversion of funds and a source
20 of possible revenue to replace them.

21 There's also a narrative that there's
22 a large migration of municipalities that are
23 ending local police departments simply to save
24 money or get a free ride and not pay their
25 fair share. While municipalities do start and

1 stop local police departments, it's generally
2 a small change and really does not account for
3 the increased diversions. And, in fact, from
4 2011 to 2015, there was only a net increase to
5 PSP of only four municipalities.

6 It's important to remember that most
7 communities covered by the Pennsylvania State
8 Police have never had a local police
9 department, and many of these municipalities
10 have small populations spread over large rural
11 areas and are very happy with the service that
12 they are provided, the safety that they're
13 provided for by the state police. And it's a
14 service their taxes have already paid for.

15 It's also important to remember that,
16 you know, some of the constraints to having
17 local police departments, it's quite
18 expensive. And certain mandates that are out
19 there for benefits and costs make it hard for
20 municipal police departments to be sustained.
21 And that's something we'd love to look at as
22 well.

23 With that being said, we just -- you
24 know, we'd like to let it be known that the
25 association would oppose any plan that would

1 mandate a township pay for state police
2 services beyond the state taxes that are
3 currently paid. And we would support
4 legislation that would allow townships to
5 voluntarily contract with the state police,
6 but I don't want to get too far afield.

7 We also have some suggestions that we
8 would like to see going further. Again, in
9 the interest of time, I just will refer you
10 back to my main comments. Again, I want to
11 applaud the committee for having this critical
12 discussion. It's not an easy one. We
13 understand that there are -- there are a lot
14 of -- there are a lot of needs out there right
15 now. And we look forward to being a partner
16 and continuing this conversation on how to
17 safely fund a larger transportation network
18 within the Commonwealth of Pennsylvania. And
19 just want to thank you all for the
20 opportunity, again, to participate in today's
21 hearing, and would make myself available if
22 there's any questions.

23 MAJORITY CHAIRMAN HENNESSEY: Thank
24 you, Joe. Thanks for your testimony. I will
25 apologize for butchering your last name, the

1 pronunciation.

2 MR. GERDES: Not a problem, sir.

3 MAJORITY CHAIRMAN HENNESSEY: It's
4 Gerdes. I appreciate that. I'll try to
5 remember that in the future.

6 MR. GERDES: Not a problem.

7 MAJORITY CHAIRMAN HENNESSEY: By the
8 way, say hello to Elam Herr when you talk to
9 him.

10 MR. GERDES: I certainly will. I
11 certainly will.

12 MAJORITY CHAIRMAN HENNESSEY: He was
13 a real asset to us here in the legislature for
14 many, many years, decades. So, you have big
15 shoes to fill, and I think you're doing a real
16 good job at that.

17 MR. GERDES: Thank you. I remind him
18 of that every day. He really is an icon and
19 has done just an unbelievable amount of
20 service for our townships and continues to, by
21 the way.

22 MAJORITY CHAIRMAN HENNESSEY: Okay.
23 Well remember us to him.

24 I will also join in your comments
25 complimenting Martina White, Representative

1 White. I can -- as a member of that task
2 force, I can tell you that I did not always
3 look forward to the early morning -- early
4 Friday morning conference calls that she put
5 together, but, you know, she was always really
6 well organized. And I think it resulted in
7 a -- a package of good bills that are
8 provoking a lot of discussion, and we hope to
9 move -- as the Transportation Committee, we
10 hope to move some of those bills to the floor
11 for consideration and maybe all the way
12 through the process in the coming weeks and
13 months.

14 So, thank you for your commentary.

15 MR. GERDES: Thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN HENNESSEY: Okay.

17 Representative White, do you have a question?

18 I thought you were off the hook, Joe.

19 REPRESENTATIVE WHITE: No. Actually,
20 I didn't have a question.

21 I just wanted to say thank you for,
22 you know, the very nice comments you just
23 made, Chairman. But I will say that none of
24 this would have been possible at all if it was
25 not for all of the members of this task force

1 and also the willingness of our counterparts
2 within the committee on the Democrat side to
3 be willing to have these conversations. They
4 are extremely, extremely important
5 conversations that will basically be
6 determining the future of this Commonwealth
7 and what the transportation availability to
8 our constituents really means and will be
9 available to them in the future.

10 So, I definitely appreciate the
11 sentiments and the opportunity to, again, be
12 here today to get this stuff addressed.

13 Thank you.

14 MAJORITY CHAIRMAN HENNESSEY: You're
15 welcome. Thank you. And congratulations,
16 again.

17 (Whereupon, the hearing concluded at
18 11:48 a.m.)

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REPORTER'S CERTIFICATE

I HEREBY CERTIFY that the foregoing
is a true and accurate transcript, to the best
of my ability, produced from audio on the said
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BRENDA J. PARDUN, RPR
Court Reporter
Notary Public