

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE
PUBLIC HEARING

STATE CAPITOL
HARRISBURG, PA

MAIN CAPITOL BUILDING
ROOM 140

THURSDAY, SEPTEMBER 30, 2021
9:00 A.M.

PRESENTATION AND STAKEHOLDER TESTIMONY ON
PENNDOT'S MAJOR BRIDGE P3 PROGRAM

COMMITTEE MEMBERS PRESENT:

HONORABLE TIM HENNESSEY, MAJORITY CHAIRMAN
HONORABLE DOYLE HEFFLEY
HONORABLE MARCI MUSTELLO
JOSIAH SHELLY, EXECUTIVE DIRECTOR

HONORABLE MIKE CARROLL, MINORITY CHAIRMAN
HONORABLE KYLE MULLINS
HONORABLE JENNIFER O'MARA
MEREDITH BIGGICA, EXECUTIVE DIRECTOR

MEMBERS PRESENT VIRTUALLY:

HONORABLE ROSEMARY BROWN
HONORABLE LYNDIA SCHLEGEL CULVER
HONORABLE MINDY FEE
HONORABLE JOHN LAWRENCE
HONORABLE LOUIS SCHMITT
HONORABLE MEGHAN SCHROEDER
HONORABLE RYAN WARNER
HONORABLE DIANNE HERRIN
HONORABLE JOSEPH HOHENSTEIN
HONORABLE STEPHEN KINSEY

MEMBERS PRESENT VIRTUALLY (CONTINUED):

HONORABLE PERRY WARREN

ALSO PRESENT:

HONORABLE SHERYL DELOZIER

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Pennsylvania House of Representatives
Commonwealth of Pennsylvania

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P R O C E E D I N G S

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MAJORITY CHAIRMAN HENNESSEY: Good morning, everyone, and welcome to this hearing by the Pennsylvania House of Representatives Transportation Committee. It's a public hearing on PennDOT's Major Bridge P3 Program. I think the designation is Pathways.

For those of us who are joining us virtually, welcome. To our viewers on PCN, welcome. Please -- those of you in the room, please set your cellphones to silent -- or to ring silently, if you would. And if anybody -- any of the members watching virtually wish to ask any questions or be heard, please used the raised hand feature on your -- on the computer.

With that, let me say again, thank you all for being here. For -- and those who are joining us live. We convene this hearing of the Transportation Committee to discuss, explore, examine PennDOT's Pathways Initiative which would suggest we bundle nine bridges on interstate spots around the Commonwealth into a public-private partnership contract, a P3. One of the items was to replace entirely the South Bridge just south of the Capitol here, across the Susquehanna on Interstate 83, and to repair eight others. The other notable -- the biggest other bridge would be the Girard Point Bridge north of the

1 Philadelphia Airport leading into the southern part of
2 Philadelphia in the stadium complex, and then from there
3 into Center City.

4 The eventual winner of the bid would -- as has
5 been proposed, would be in control of the repairs or
6 replacement of all of those bridges. PennDOT has given
7 this a lot of thought, I know, over the -- you know, for
8 probably a year, year or two, perhaps even longer, but it
9 was rather late in the process that the process -- that the
10 whole initiative was made -- that legislature was made
11 aware of the idea.

12 Normally this might not have raised any eyebrows,
13 except for the \$2 billion price tag that's been estimated
14 for it. But then, this initiative also included the idea
15 of tolling, which is, you know, a difficult concept for
16 many of us in the legislature to deal with. Although
17 I -- in PennDOT's defense, I think their position has been
18 that this would be a revenue source -- an alternative
19 revenue source that we don't have now in the Commonwealth.
20 And, given the fact that we have some reductions over the
21 years in the Motor License Fund, they see this as a
22 necessary infusion of outside cash.

23 But, tolling has become the flashpoint in the
24 discussion. Some in the legislature have been vocal in
25 opposing any tolling over our bridges or highways and, as I

1 said, we're looking to -- PennDOT I think is looking to
2 create revenue.

3 It was only 14 years ago in 2007 that the bridge
4 over Interstate 35, I think it was in Minneapolis,
5 collapsed. It cost 19 lives, and 145 people were injured.
6 I don't want to be inflammatory or try to scare anyone, but
7 we don't want that kind of situation to occur in
8 Pennsylvania. And to PennDOT's credit, it's taken the
9 initiative to try to make sure that doesn't happen, but we
10 must be prepared. The Pathways project might be the way to
11 get there.

12 Our purpose today is to put it under a
13 microscope, to ask why -- a number of questions: why all
14 nine bridges need to be bundled into a single P3 contract,
15 whether PennDOT's original specs chased away some potential
16 bidders, whether PennDOT has the experience yet to enter
17 into a \$2 billion contract which will affect our citizens
18 likely for the next 30 or 35 years or perhaps longer, and
19 whether it might be better to break it down into several
20 contracts, whether the South Bridge could be its own P3,
21 whether it -- because that's estimated, I think, between
22 seven and \$800 million in total cost by the time it's over.
23 Whether the Girard Point Bridge, the bridge in Philadelphia
24 -- a double-decker bridge for those who are watching in TV.
25 And, you know, maybe that will give them an idea of which

1 bridge we're talking about -- is, I think, estimated at
2 five or \$600 million. Whether that could be its own P3,
3 and whether the other seven bridges across the state could
4 be bundled with one or two or three other bundles.

5 There are any number of paths to solve
6 these -- the problem and to fix these bridges, and PennDOT
7 has chosen Pathways, and we are here to examine that
8 decision. We have invited PennDOT to explain its
9 decisions, to be fully open. I should say that I have
10 explained in a letter to the Governor which I shared with
11 Secretary Gramian the concerns that I have. There may be
12 other concerns voiced by other members in today's meeting,
13 but I didn't want to take PennDOT by surprise and call you
14 in here and then ask questions that you had no idea were
15 coming.

16 So, hopefully we can understand your position.
17 We hope perhaps that we can course correct, perhaps, and
18 maybe reshape some of the PennDOT Pathways Initiative. But
19 some things were clear. The Motor License Fund is
20 declining. The repairs are -- the Motor License Fund
21 basically covers the repairs of all of our state roads and
22 bridges. With more efficient internal combustion engine
23 cars and with electric vehicles not all paying into the
24 Motor License Fund, this is seen, as I said, as a way to
25 get additional money, an infusion of cash into the state

1 coffers.

2 The fly in the ointment so to speak, if there is
3 one, is the fact that Congress is now debating whether or
4 not to send large amounts of money to -- monies to all the
5 states, and it's a coincidence of timing that we're having
6 this hearing on the day that they're almost forced to make
7 a decision in Washington. So whether -- we don't know at
8 this point whether there might be an infusion of cash from
9 Washington if -- you know, if things don't break down all
10 together and, if they do do something, what that amount of
11 money might be.

12 But, it's going to be a difficult political sell
13 for us to try to advance tolling at a time when we may see
14 an infusion of billions of dollars into our transportation
15 budies coming from Washington. At best the -- any infusion
16 of money like that it seems to me would be a short-term
17 infusion of money, and I know PennDOT is looking through
18 Pathways in the long term. So, that Federal money is not
19 an ongoing answer.

20 The work that's set out for us in today's hearing
21 is to help us define our future steps. I invite members
22 and witnesses to participate, and let's try to have a -- to
23 find a solution here. With that I will ask my Democratic
24 counterpart, Chairman Mike Carroll, to make some
25 introductory comments, and then we'll begin whenever you

1 are ready, Madame Secretary. Mike?

2 MINORITY CHAIRMAN CARROLL: Thank you,
3 Mr. Chairman. Good morning, everyone. And, this is a
4 challenging topic, transportation funding. It has always
5 been a challenging topic in Pennsylvania, because the sweet
6 spot for legislators is to try and have a robust
7 transportation network that doesn't advance taxes or fees
8 in any way. It's a nearly impossible assignment, and when
9 we in the General Assembly passed Act 89 in 2013, that was
10 a challenging effort that was successful because of the
11 wonderful partnerships at the time between PennDOT, the
12 House and Senate and the administration. And, we were
13 successful in the passage of Act 89 that admittedly raised
14 the gasoline tax and diesel tax in our state. Those
15 members, including me, that voted for that accepted the
16 reality that we needed to take that bold step, that
17 difficult political step, because our transportation
18 network needed it.

19 Sadly, after Act 89 we had a series of events
20 that really weakened the impact of those additional
21 revenues. Chairman Hennessey mentioned the lack of a
22 Federal partner with respect to transportation funding, and
23 Act 89's increased dollars mostly backfilled lost Federal
24 dollars that didn't show up, because the US Congress and
25 the administrations through the last decade or so had

1 the -- didn't have the ability to advance a transportation
2 funding bill for this nation, including Pennsylvania.

3 And secondly, to compound that problem, the
4 Commonwealth of Pennsylvania, many of us in this panel
5 today, decided in the interest of insincere budgeting that
6 we would shift billions of dollars from the motor license
7 fund to fund the state police. And so we had taken the
8 step to approve Act 89, but the benefits were not as
9 impactful as they should have been for those two reasons
10 and a few others.

11 In 2013 -- 2012 -- I'm sorry -- the General
12 Assembly decided to put another tool in the toolbox for
13 PennDOT with respect to a 3-P -- P3 -- I'm sorry -- board.
14 The General Assembly in 2012 decided that it was in the
15 interest of this Commonwealth to create the P3 board and to
16 do public/private partnerships. There was broad
17 overwhelming support in the House and Senate. In fact, the
18 Senate passed the bill that created this unanimously. The
19 House -- with wide support, Democrats and Republicans.

20 And so, the P3 Act, Act 88 of 2012 that set this
21 in motion, was the product of a legislative action that
22 brought us to where we are today. I am hopeful that the
23 testifiers, not just the Secretary but all the others, that
24 have concerns about the tolling or the nine bridges offer
25 us an alternative that generates significant dollars.

1 Because at the end of the day, what I think has happened
2 here -- and PennDOT has made a decision in the absence of
3 any other solution that this is the best way to raise
4 revenue for this Commonwealth, to make sure that we have a
5 working and safe transportation network. And the P3
6 proposal that has been -- that generated the Pathways
7 program is PennDOT's solution absent any other better
8 remedy offered by the General Assembly.

9 So to those that testify today, I urge you to
10 share with us your thoughts on how we should attack the
11 shortfall in the motor license fund and how we advance the
12 interest of this Commonwealth with 13 million people with a
13 huge transportation network, including so many SRs that
14 PennDOT is responsible for that no other state. We have a
15 tremendous challenge, and so I am not a -- you know, I'm
16 not going to be the biggest cheerleader in the world for
17 tolling of bridges, but I am a realist, and I accept the
18 fact that PennDOT has no choice with respect to how to
19 raise billions of dollars for a transportation network.
20 And because there's no better option, I stand in support of
21 this proposal. Unless somebody can come forward with some
22 other better proposal, I remain willing to listen to what
23 that might be and look forward to the testimony.

24 MAJORITY CHAIRMAN HENNESSEY: My name is
25 Tim Hennessey, Republican Chairman of the Transportation

1 Committee.

2 MINORITY CHAIRMAN CARROLL: And I am Mike Carroll
3 from Lackawanna and Luzerne Counties.

4 MS. BIGGICA: Meredith Biggica. I am the
5 Executive Director for Chairman Mike Carroll.

6 REPRESENTATIVE MULLINS: I'm Kyle Mullins from
7 Northeastern Pennsylvania, the 112th District.

8 REPRESENTATIVE MUSTELLO: Marci Mustello from the
9 11th District which is in Butler County.

10 REPRESENTATIVE O'MARA: Jennifer O'Mara, Delaware
11 County, 165th Legislative District.

12 REPRESENTATIVE HEFFLEY: Doyle Heffley, 122nd
13 District, Carbon County.

14 MR. SHELLY: Josiah Shelly, Executive Director of
15 the House Transportation Committee. Could the individuals
16 joining us online also introduce themselves?

17 REPRESENTATIVE STEPHENS: Todd Stephens from the
18 151st District in Montgomery County.

19 REPRESENTATIVE HERRIN: Good morning.
20 Diane Herring from the 156th District in Chester County.

21 REPRESENTATIVE BROWN: Good morning. State
22 Representative Rosemary Brown, the 189th District, Monroe
23 and Pike Counties.

24 REPRESENTATIVE CULVER: Good morning.
25 Lynda Culver, the 108th District, Northumberland and Snyder

1 Counties.

2 REPRESENTATIVE FEE: Hi. I'm not sure you can
3 hear me. This is Mindy Fee. I'm from the 37th District.

4 REPRESENTATIVE KINSEY: Good morning. This is
5 State Representative Stephen Kinsey, Philadelphia County,
6 201st Legislative District.

7 REPRESENTATIVE SCHMITT: State Representative
8 Louis Schmitt, 79th Legislative District, the City of
9 Altoona in Blair County.

10 REPRESENTATIVE HOHENSTEIN: Joe Hohenstein, the
11 177th District in Philadelphia.

12 REPRESENTATIVE WARNER: Ryan Warner --

13 REPRESENTATIVE LAWRENCE: This is John Lawrence,
14 Chest and Lancaster Counties.

15 REPRESENTATIVE WARREN: Hi, this is Perry
16 Warren --

17 REPRESENTATIVE WARNER: Ryan Warner --

18 REPRESENTATIVE WARREN: -- from the 31st District
19 in Bucks County.

20 REPRESENTATIVE SCHROEDER: Representative
21 Meghan Schroeder from the 29th District in Bucks County.

22 MAJORITY CHAIRMAN HENNESSEY: Finished with that?
23 Madame Secretary, would you introduce yourself? And I'll
24 ask the members of the panels to introduce themselves, and
25 then we'll begin with your testimony when you're ready.

1 Okay?

2 MS. GRAMIAN: [inaudible].

3 MR. MCCLAIN: [inaudible].

4 MR. SHIFFLET: [inaudible].

5 MR. BONINI: [inaudible].

6 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you
7 all. Madame Secretary, please begin whenever you are
8 ready. But, could you get a little closer to the
9 microphone so they can pick it up?

10 UNKNOWN SPEAKER: Make sure that it's on.

11 MS. GRAMIAN: Oh, okay. Can you hear me?

12 MAJORITY CHAIRMAN HENNESSEY: Yeah, I can, but
13 you probably could speak a little louder, or get a little
14 closer if you could.

15 MS. GRAMIAN: Sure.

16 MAJORITY CHAIRMAN HENNESSEY: Okay?

17 MS. GRAMIAN: I'll be happy to. Chair Hennessey,
18 Chair Carroll, members of Transportation Committee, thank
19 you for having us here today. Given the significance of
20 this topic as our record indicate, I have personally
21 attended over 140 events over the past 21 months, including
22 testimonies, commission meetings, media and industry events
23 and legislative meetings during which we have discussed
24 Pennsylvania's transportation revenue challenges at length,
25 as you mentioned, including our \$8.1 billion annual highway

1 and bridge funding gap.

2 Today I will reiterate why this challenge needs
3 multiple solutions. We are optimistic about the Federal
4 funding legislations being considered in Washington DC. We
5 hope it passes. In our recent testimony we elaborate on
6 what it could mean for Pennsylvania; however, the numbers
7 projected for Pennsylvania are not all new funding. We
8 don't know what requirements may come with this funding,
9 but let's keep it simple.

10 Over the next five years the Federal bill could
11 bring approximately \$4 billion in new funding to
12 Pennsylvania. This is great news, but it only meets part
13 of our annual need. Federal funding is reimbursed, so we
14 must first spend the state dollars. And, federally funded
15 projects usually require 20% state match. With that in
16 mind, we expect we would need nearly 1 billion in
17 additional state funds to match and leverage this funding
18 that are not identified today.

19 Another important tool in our toolbox: our
20 public/private partnership as Representative Carroll
21 mentioned which brings us here today, and I would like to
22 provide an update on our major bridge P3 initiative. This
23 initiative is continuing with the analysis, procurement and
24 candidate bridge engagement happening all on parallel
25 tracks. A detailed timeline is in my testimony. We are

1 nearly finished with diversion workshops for each candidate
2 bridge. The feedback from these sessions with local
3 officials and partners will inform the environmental
4 evaluations, potential mitigation and content presented in
5 upcoming public meetings which will begin in October.

6 The evaluation process continues, and the initial
7 models are adjusted to account for various mitigation
8 proposals and revenue modeling. We are committed to toll
9 rate of \$1 to \$2 for passenger cars using E-ZPASS. The
10 exact toll rates are influenced by the ongoing analysis,
11 and the bridges remain candidates -- the bridges remain
12 candidates until Federal NIPA approval is given.

13 So, why do we need the P3 program? The question
14 really is, what projects will not get done without it? The
15 program will be funded entirely by toll revenues, new
16 revenues from users that travel on each bridge. By itself,
17 the South Bridge, as you mentioned, Chair Hennessey,
18 estimated at up to 650-plus million, would wipe out more
19 than a year of statewide interstate improvement program
20 funding. That would also take up a huge portion of our
21 roughly \$2 billion annual construction lettings, meaning
22 fewer projects for our industry partners. The same project
23 would exhaust an entire year of new Federal funding that we
24 are hoping to get.

25 Although bonding would allow us to use upfront

1 capital, the realities is that the bond must be paid back,
2 and payments will extend well beyond the anticipated
3 five-year Federal bill.

4 Perhaps most importantly, bond payments will
5 further reduce the funds available to maintain our system
6 and will widen our current funding gap. Additionally,
7 during that the bridges are being tolled, motor license
8 fund dollars will not be used to maintain them and will be
9 freed up to support projects in the local region. And if
10 there are any excess toll revenue, those dollars will be
11 used by the MPO and RPOs for each bridge.

12 Now I would like to provide some details on the
13 proposed delivery of the P3 project. We are watching other
14 states to learn from their success. Additionally, we have
15 learned many lessons during the delivery of the Rapid
16 Bridge Replacement Program and are incorporating what we
17 have learned into this program.

18 Once we select the development entity, that
19 entity will arrange for financing, establishing the
20 delivery bundles of bridges and arranging and contracting
21 for construction and engineering. Bridges will be advanced
22 in bundles; not one package, in bundles or individually
23 based on the readiness of the bridge, the time to finish
24 the design and other operational factors. A specific
25 bridge will not advance to construction until we have

1 agreed with the design of the bridge or bundle and
2 establish an agreed upon price. And we don't pay until
3 they receive results. We can reject proposals until we get
4 one that works for us.

5 The selected firm will work to design and
6 construct the bridges, including hiring design and
7 construction companies, but the lead firm is limited to no
8 more than 35% of this work. And all remaining work, 65%,
9 will be done by contractors prequalified for work in
10 Pennsylvania. That means many opportunities for PA
11 contractors, designers, suppliers and vendors. Because the
12 price is not set until the design is approved, that means
13 less risk for the contractors that are interested in
14 working for a development entity and better pricing for the
15 department.

16 This is a new method of procurement, and we need
17 experts who have done large billion-dollar-plus projects
18 successfully in other parts of the United States.
19 Ultimately, paying for these projects through a
20 public/private partnership will bring investment to our
21 communities, not take it away, and it will provide
22 opportunities for Pennsylvania-based contractors and
23 consultants.

24 To put things in perspective, the combined
25 construction cost for the nine candidate bridges is roughly

1 2.2 billion. Our normal annual letting program is roughly
2 2 billion and includes 500 to 600 projects across the
3 state. That means without the P3, including the future
4 revenue streams from tolling, 500 projects or more would
5 not go forward. We are very grateful for the 279 million
6 allocated in this year's budget which helped offset some of
7 the 625 million lost in gas tax revenue through the
8 pandemic, but the trends are not in favor -- in our favor.
9 Alternative and electric vehicle adoption is moving faster,
10 threatening our revenue.

11 We must have Federal, state and public/private
12 partnership solutions, all three, to address the needs of
13 our system. The potential of Federal funding does not
14 change this. I'm looking forward to partnering with you
15 and other legislators on moving us forward. We are
16 especially excited about the discussions around electric
17 vehicles, automated vehicles and phasing out our gas tax
18 reliance through mileage-based solutions. And now we
19 welcome your questions.

20 MAJORITY CHAIRMAN HENNESSEY: Thank you. Any of
21 the other panelists have any statements to make at all?
22 Okay, thank you. I would ask you, Madame Secretary, I'm
23 told -- I have not seen this in writing, but I'm told that
24 the initial RFQs, the request for qualifications, indicated
25 that PennDOT was setting a bar that any company in order to

1 be the -- I guess the lead person in these teams that we're
2 talking about setting up, had to have completed a \$150
3 million individual contract with the state, which from my
4 point of view on what I'm hearing sort of cut out the large
5 part of Pennsylvania manufacturers, perhaps all of them, in
6 terms of being the lead development entity. And I'm told
7 that in later drafts of the RFQ that went away.

8 Given the fact that it was in the beginning --
9 well, first of all, can you confirm that it was there in
10 the beginning?

11 MS. GRAMIAN: Yes.

12 MAJORITY CHAIRMAN HENNESSEY: \$150 million --

13 MS. GRAMIAN: The lead team. That's correct.
14 That applied --

15 MAJORITY CHAIRMAN HENNESSEY: Okay.

16 MS. GRAMIAN: -- to the lead team.

17 MAJORITY CHAIRMAN HENNESSEY: Okay. And, how can
18 we be certain that we didn't scare away some contractors
19 who might have been able to do the job once that \$150
20 million contract bar was taken -- or qualification was
21 removed from the contracts?

22 MS. GRAMIAN: Yeah, I understand your concern,
23 Chair Hennessey. And as you mentioned, it's -- this was a
24 requirement for the lead team. I also wanted to add that
25 we have only done six or seven contracts statewide larger

1 than 150, so that was an important criteria for us, to make
2 sure that the lead teams that we are selecting are
3 qualified to do the work.

4 I am going to ask Mike Bonini to elaborate on
5 this question on the future steps of the project, the next
6 phase of it.

7 MAJORITY CHAIRMAN HENNESSEY: Okay.

8 MR. BONINI: Sure. Good morning.

9 MAJORITY CHAIRMAN HENNESSEY: Good morning.

10 MR. BONINI: What I would note is that that
11 requirement was in there, but we also put in requirements
12 to mandate that up to 65% of the work be performed by other
13 Pennsylvania-based contractors and subcontractors. And
14 that's consistent with what's happened in our other P3
15 projects that we've executed here in Pennsylvania.

16 For instance our Rapid Bridge Replacement Project
17 to replace 558 bridges across the Commonwealth involved 46
18 different contractors or constructors to build those 558
19 bridges. In addition, for SNG, our compressed natural gas
20 fueling station project that we put into place for transit
21 agencies, we used over 89 different contractors and
22 subcontractors to help deliver those components for that
23 particular project.

24 MAJORITY CHAIRMAN HENNESSEY: Ken, do you wish
25 to --

1 MR. MCCLAIN: Yeah, I just want to clarify
2 something that Mike just said. He made the statement that
3 there was 65% contractually in the RFQ; said that they were
4 going to go to Pennsylvania-based companies. That -- it's
5 not Pennsylvania-based companies. It is construction
6 contractors that are prequalified in Pennsylvania. The
7 residency has nothing to do with where -- there are
8 interstate commerce clauses and so forth that restrict us
9 from giving a residency based -- so, Mike somewhat
10 misspoke. I just wanted to clarify that for the record.

11 MAJORITY CHAIRMAN HENNESSEY: Okay.

12 MS. GRAMIAN: And --

13 MAJORITY CHAIRMAN HENNESSEY: Madame Secretary?

14 MS. GRAMIAN: -- Chair Hennessey, I want to add
15 something to what Ken just mentioned. What's really
16 important to us, PennDOT, is the opportunity that this
17 program will bring to the State of Pennsylvania and to the
18 folks who are actually working in Pennsylvania -- this
19 opportunity actually -- the way we are going to evaluate
20 the three proposals -- proposers that were shortlisted is
21 what kind of opportunities they are going to provide to the
22 firms based in Pennsylvania. Our -- we are saying that
23 it's -- we are looking into the contractors that are
24 certified and prequalified to do the work, but we also want
25 to understand how they are going to provide opportunities

1 for Pennsylvanians at the same time. This is going to be a
2 criteria that we will evaluate the teams based on.

3 MAJORITY CHAIRMAN HENNESSEY: Okay. When I first
4 -- Mike [sic] -- or -- I'm sorry; got too many people at
5 the panel. Ken, when we talked maybe a month ago, you had
6 indicated there were four bidders who had --

7 MR. SHIFFLET: Yes.

8 MAJORITY CHAIRMAN HENNESSEY: -- successfully
9 completed the RFQ process. I understand now we're down to
10 three. Could you tell us what happened to the fourth?

11 MR. SHIFFLET: Yes. We went through a -- an
12 evaluation and scoring process. We had a multitude of
13 echelons of reviewers: technical reviewers, financial
14 reviewers. There was a scoring committee. And ultimately,
15 all four proposals that were submitted to PennDOT were
16 scored, evaluated. It was based solely on our comfort in
17 their ability to deliver a project of this magnitude. So,
18 did they have the necessary and requisite construction
19 experience? Did they have experience in generating
20 financing of this magnitude on previous projects? Do they
21 have complex highway and bridge design and construction
22 experience? And, we went through a thorough evaluation
23 process of all four, and at the end of that process, our
24 scoring committee made a recommendation to the Secretary
25 that three of the four be carried forward and be offered

1 the opportunity to submit a technical proposal in the
2 second phase of our procurement process.

3 MAJORITY CHAIRMAN HENNESSEY: Okay. And thank
4 you for that explanation, but one -- I notice when you talk
5 about the project, you talk about it as a single project,
6 you know? And when I hear the Secretary -- when we spoke
7 the other day, and now what I hear you testifying this
8 morning is that these are going to be separate projects.
9 So that -- and because that's been a major concern of mine
10 and, I think, of a lot of other people, that perhaps a 2
11 billion -- \$2.2 billion project, wrapping it all in one and
12 trusting it all to one particular development entity is
13 maybe putting our eggs all in one basket.

14 MR. SHIFFLET: Yeah. So, I'll try to explain
15 this in the most simplistic terms that I can. You know,
16 there would be one P3 contract with a development entity on
17 a programmatic basis. So that would be for the entire
18 administration of the program, which would be nine
19 candidate bridges if all of them end up, you know, getting
20 through the environmental process.

21 What's going to happen is, we are going to enter
22 into a predevelopment agreement with that major entity.
23 That major entity had financiers, developers, a lead
24 contractor, lead designer. They are going to work for a
25 period of time advancing some of the designs of these

1 bridges. At the end of that period of time, probably six
2 to eight months in duration, they will come up with a
3 bundling concept and how to get these projects out on the
4 street.

5 So, we will do an individual financial close and
6 commercial close on all of the bridge bundles, moving
7 forward. So that lead development entity which, like I
8 said, consists of many different partners will then go out
9 and subcontract with other subcontractors to actually build
10 and construct and design these bridges.

11 We're not sure exactly how that development
12 entity -- they're not picked yet, but we're not sure how
13 they're going to bundle them, but we're going to work with
14 them in that process to identify a bundling strategy, and
15 then it will go out for subcontracting opportunities for
16 local contractors to go ahead and bid on through that
17 development entity.

18 So, there will be an individual commercial and
19 financial close for each of those bundles, so it's a little
20 bit nuanced. So it's an overall program, one developer
21 managing the program and then subcontracting and bundling
22 downstream to develop smaller contracts with their
23 subcontracting partners to actually design, build and
24 maintain those bridges in bundles, moving forward.

25 MAJORITY CHAIRMAN HENNESSEY: Okay.

1 MR. SHIFFLET: So, hopefully that --

2 MAJORITY CHAIRMAN HENNESSEY: Thank you.

3 MR. SHIFFLET: -- that clarifies that.

4 MAJORITY CHAIRMAN HENNESSEY: Thank you. And one
5 final question for you. This is not PennDOT shifting
6 responsibility for these -- the entire contract? I mean,
7 PennDOT will still be involved in overseeing and, you know,
8 making sure that what these people promise they actually
9 can deliver? I mean, it's -- we're not --

10 MR. SHIFFLET: Absolutely.

11 MAJORITY CHAIRMAN HENNESSEY: Shift --

12 MR. SHIFFLET: So --

13 MAJORITY CHAIRMAN HENNESSEY: Okay.

14 MR. SHIFFLET: So, PennDOT will retain ownership
15 of all of these bridges. PennDOT will have sole authority
16 for the toll rate setting of these bridges and the toll
17 rates in perpetuity, or for the 30 years that the P3
18 contract exists. We will be working with that developer
19 and their designer during that predevelopment agreement
20 stage to come up with all of the designs. We have to
21 approve the designs that they are going to put forth for
22 us, and then we will work with them in their construction
23 techniques. We will make sure that there is independent
24 quality auditing, some quality auditing and checks on
25 PennDOT's side to make sure that we're actually getting

1 what we're paying for. So yes, we will be involved in
2 every step of the way.

3 It's similar to the way the Rapid Bridge
4 Replacement Project went, but a little bit different in
5 procurement, because it's a different type of P3
6 arrangement, moving forward. But yes, we will be involved
7 in every step moving forward, Chairman.

8 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank you.
9 Mike?

10 MINORITY CHAIRMAN CARROLL: Thank you so much.
11 And, Madame Secretary, not really a question, but I think
12 it's important that we highlight the -- some of the numbers
13 that were tossed around in the last ten or 15 minutes.

14 For the casual observer or folks that are in the
15 room that have a keen interest in this, PennDOT's lettings
16 annually are somewhere in the neighborhood of \$2 billion.
17 And, that is the work that is done across this state, in
18 all 67 counties, that advance the maintenance, repair and
19 expansion -- very modest expansion -- of our transportation
20 network.

21 Absent this program, these nine bridges -- if
22 you -- and I am not an engineer, but if you assume that
23 it's going to take three or four or five years to complete
24 all of that work, you're talking about hundreds of millions
25 of dollars annually over the course of four or five years

1 that would not be available for projects that need to be
2 done in the other 67 counties.

3 And so while this is challenging with respect to
4 establishing tolls on the interstates with these bridges,
5 if we do not do this we will have projects that do not get
6 done in every single county in the state. And I am certain
7 that, just as I have a keen interest in projects in
8 Lackawanna and Luzerne Counties, every member of the
9 General Assembly has projects in their county that they
10 want to see completed. They know they're important. The
11 closure of a bridge, the posting of a bridge has tremendous
12 negative impacts on commerce, on the mobility of citizens.

13 And so, the absence of these dollars that are
14 generated from the bridge tolling scenario, we -- there are
15 negative consequences that come if we do not do this in
16 every single county. And so, for the average person in the
17 Commonwealth that's contemplating whether this is a good
18 idea or a bad idea, please know that it's not a decision
19 that's in a vacuum. The decision, if there were to be such
20 a thing, to retreat from this position -- has negative
21 consequences in every county, and I am not prepared to have
22 project after project in my region put on the sidelines for
23 three or four years while we do these nine bridges
24 exclusively.

25 And I am certain -- I am 100% certain, beyond

1 these nine bridges there are other bridges, and other
2 interstate projects, and other US routes and routes that
3 PennDOT has to maintain that are critically important. And
4 so the balancing act that I think is going on here is, how
5 does PennDOT manage a program over the course of six or
6 eight or ten years with the dollars that they know are
7 available in the Motor License Fund, with the dollars that
8 we get from the Federal Government, and to try and
9 reconcile those dollars with the needs that are out there?
10 And the decision to go forward with this tolling is, in my
11 opinion, and with the 3-P board's vote that I cast --
12 that -- an effort to try and reconcile that shortfall in
13 the absence of any other better alternative.

14 So again, project after project and county after
15 county will not get done if we don't advance this proposal
16 as currently constituted.

17 REPRESENTATIVE HEFFLEY: Thank you, Mr. Chairman.
18 Thanks, Madame Secretary and your staff for being here
19 today. So, when Act 89 was pitched and passed out here, it
20 was how to do this, we got to do this, we're going to have
21 the money, we're going to fix all these projects.

22 Like I said, every group that comes to my office,
23 everybody -- nobody ever asks for less money. Everybody
24 wants more money, and PennDOT is always inclined to get
25 more money. But, I got to look at the process here. Was

1 this a transparent process? I mean, we have a governor ran
2 on schools that teach, and government that -- transparent,
3 and government accountability. You know, and you look at
4 RGGI, you know, and how that process went. But, this -- I
5 voted for Act 88 and the P3, and never was it the intention
6 of this legislature to allow this type of project under the
7 P3 bill. The fact that it came out on November 12th, right
8 at the end of session when we were -- the legislature
9 pretty much wasn't here right after the election -- and
10 when you -- when the P3 board voted on it, you didn't even
11 have a list of the bridges that you were voting on. I
12 mean, is that a transparent process to the residents of
13 this Commonwealth that are going to be paying these tolls?

14 I mean, the businesses -- I mean, look, PennDOT
15 took \$14 billion from the turnpike. We have some of the
16 highest tolls on the Pennsylvania Turnpike because of Act
17 44, right? We have one of the highest gas taxes. Now
18 you're asking the folks in Northeastern PA and across the
19 Commonwealth to pay more money just to go across a bridge
20 that they already paid for.

21 I got to say, people that I -- that vote for me
22 do not support this proposal. We are going to lose jobs,
23 and we will lose revenue, because businesses can't afford
24 it, right? Tolls -- it can't be absorbed. The trucking
25 industry is already paying, and there's so many burdens put

1 on it. There's a driver shortage and everything else. Now
2 you're going to be asking -- I mean, what is it going to
3 cost a truck to go across one of these bridges? You
4 haven't even said it. \$2 per car, but is every car going
5 to pay \$2, or is it going to be a scale on -- some cars are
6 going to pay \$3 and other cars are going to pay \$1? I
7 mean, how is any of that going to be determined?

8 So, you're putting this idea out there, and the
9 P3 board is voting on it, but we don't know what it's going
10 to cost in tolls. We're hearing that some cars aren't
11 going to pay any tolls, other cars are going to pay higher
12 tolls just because -- based on -- I don't know, what type
13 of car they're driving or what their income is. We didn't
14 know what the bridges were. Was this a -- in any way at
15 all a transparent process?

16 MS. GRAMIAN: Thank you for that question,
17 Representative Heffley. And I'd say yes, it's been -- we
18 were transparent, and we shared information from the time
19 we started talking about --

20 REPRESENTATIVE HEFFLEY: When did --

21 MS. GRAMIAN: -- the program.

22 REPRESENTATIVE HEFFLEY: When did the list of
23 bridges come out --

24 MS. GRAMIAN: The list of the bridge --

25 REPRESENTATIVE HEFFLEY: -- that were going to be

1 tolled? Was it --

2 MS. GRAMIAN: Well, when we --

3 REPRESENTATIVE HEFFLEY: -- after the vote or
4 before the vote?

5 MS. GRAMIAN: Yeah. Let me explain to you. When
6 we actually went to the P3 board and seek their approval on
7 the program, we mentioned that there are several bridges
8 that are being considered, ten to 20. Ken was there, and
9 he was explaining the program along with Mike Bonini. That
10 was exactly the case back then. We actually were looking
11 at a group of structures who were qualified to get into
12 this program, and we listed a certain number of criteria on
13 how we will evaluate the bridges, on how to shortlist the
14 bridges and put it into the program, such as the bridges
15 should come to the end of the life expectancy, the
16 condition of them, the safety issues, geometric issues,
17 being ready to move forward into this program, and the cost
18 and the money that's needed to fix the projects.

19 So, we actually had a list a big list, and among
20 that list we shortened it to nine bridges. As soon as the
21 nine bridges were available -- and we always called them
22 candidate bridges. Even up to today they are candidate
23 bridges, okay? We are still doing the evaluation. So, at
24 every phase of the evaluation, Representative Heffley, we
25 shared the information that was available at the time with

1 everyone.

2 REPRESENTATIVE HEFFLEY: Wouldn't it have been a
3 much more transparent process if you actually had these
4 things in line before you voted, what bridges exactly were
5 going to be put on the list? Also, the cost. What is it
6 going to cost to go across these bridges? Who is going to
7 pay? How is that rate structure going to be determined?
8 And how many years are we going to be paying for this?

9 MS. GRAMIAN: Yeah. We will be happy to explain
10 that to you, Representative Heffley. We did have a public
11 outreach program within your district and, actually, I
12 believe they invited --

13 REPRESENTATIVE HEFFLEY: Yeah.

14 MS. GRAMIAN: -- you. Unfortunately you weren't
15 able to attend, but all these things were explained --

16 REPRESENTATIVE HEFFLEY: I was there virtually.
17 I was on the --

18 MS. GRAMIAN: Yeah. Well, I'm glad --

19 REPRESENTATIVE HEFFLEY: I was on the call.

20 MS. GRAMIAN: -- you were. And, Ken can actually
21 explain a little bit more about some of the questions that
22 you have with regards to \$1 toll, \$2 toll, the mitigations.
23 And, why we are actually looking into how this program is
24 impacting is part of the environmental process that we are
25 evaluating for each bridge. It's mandatory from the

1 Federal Government to look into it and see how this program
2 is affecting the communities, the low income, the
3 minorities and how to address it. And if, again, the
4 program becomes bigger than what we expect in terms of the
5 dollar amount and doesn't meet some of the criteria that we
6 set at the beginning when we shortlisted, they will drop
7 from that list. Ken, would you like to add anything --

8 MR. MCCLAIN: Sure.

9 MS. GRAMIAN: -- else?

10 MR. MCCLAIN: Good morning, Representative
11 Heffley. So, a lot of questions. I'll try to, you know,
12 get through them one by one, and if you have anything, you
13 can just clarify and ask additionally.

14 So, the list of -- we did receive the approval
15 from the Pennsylvania P3 board on November 12th of 2020.
16 And then it was around February 8th where the list of nine
17 bridges were actually made public. In the processes the
18 Secretary alluded to, there were many bridges that were
19 being considered for the program. We went through a series
20 of risk assessments at the project level. We went through
21 a series of risk assessments at the programmatic level to
22 try to identify, were there any fatal flaws for any of
23 these bridges to come off the list?

24 So, after we went through that process and did
25 some high-level, you know, financial modeling, because

1 that's part of it, to make sure that these bridges -- you
2 know, the cost versus the cost of tolls, and does it make
3 sense to put a toll on it? Will it pay for itself over
4 time? That -- all those studies had to be crunched. So,
5 you know, through that period of weeks and months we
6 identified nine candidate bridges that were published on
7 February 8th.

8 In doing all of our financial analyses, we've
9 been very steady in our messaging that our target is to
10 keep the bridges in play that would be between \$1 and \$2
11 for a toll for a passenger car using E-ZPASS. So, that's
12 the rate that we're targeting.

13 REPRESENTATIVE HEFFLEY: And what is the rate
14 going to be for a commercial vehicle? And did you consult
15 with any businesses or chambers yet? Because, I've heard
16 from every chamber, every organization that this is going
17 to be very detrimental to industries here in Pennsylvania.

18 MR. MCCLAIN: Yes. So we had a diversion
19 analysis. So, back to the truck rate really quick. So,
20 you know, in our financial modeling we benchmarked across
21 the country to various toll agencies that are across the
22 country, and we looked to see, well, what is the cost
23 differential for trucks versus passenger cars in other
24 states and other toll agencies across the country? Those
25 range quite widely, from -- anywhere from three times the

1 passenger car rate to -- all the way up to like 25 times
2 the passenger car rate. So, our models right now
3 are -- we're recommending and we're looking at between a
4 four-to-six-time multiplier for the E-ZPASS passenger car
5 rate, which is on the --

6 REPRESENTATIVE HEFFLEY: And that's going to
7 be --

8 MR. MCCLAIN: -- on the lower --

9 REPRESENTATIVE HEFFLEY: And that's going to
10 be --

11 MR. MCCLAIN: --- threshold of those peers.

12 REPRESENTATIVE HEFFLEY: Is that going to be both
13 ways, sort of eastbound and westbound? You're going to pay
14 a toll both ways?

15 MR. MCCLAIN: Wherever there is a toll gantry,
16 yes.

17 REPRESENTATIVE HEFFLEY: So we're looking at, you
18 know, six times -- six times two -- 12, 20, \$24, and we got
19 one, two bridges right here, just on Route 80 alone.

20 MR. MCCLAIN: Uh-huh.

21 REPRESENTATIVE HEFFLEY: So you're looking at
22 about an extra \$48 round trip per truck, and if the -- if
23 you have a company that's maybe shipping 100 trucks a day,
24 I mean, how many people are we going to be putting out of
25 work? I mean, was that -- was there even an analysis done

1 on that? I mean --

2 MR. MCCLAIN: So, I -- I'll also put it in this
3 way. The cost of inaction is going to be much greater
4 than --

5 REPRESENTATIVE HEFFLEY: Yeah, I heard that --

6 MR. MCCLAIN: -- the cost of its own.

7 REPRESENTATIVE HEFFLEY: -- I heard that on Act
8 89. And so --

9 MR. MCCLAIN: Well --

10 REPRESENTATIVE HEFFLEY: But it's always more,
11 but yet PennDOT holds up and delays the permitting process.
12 The endless reviews when people actually want to build
13 something and create jobs in the area, waiting years --
14 years to get an HOP, because your permitting is horrific.
15 I mean --

16 MR. MCCLAIN: Right.

17 REPRESENTATIVE HEFFLEY: -- it's just terrible,
18 the -- how you delay businesses from actually putting a
19 shovel in the ground and -- people that do want to do
20 business. And now we got the highest tolls on the
21 turnpike, \$14 billion in debt, and I don't know what we got
22 for that, right? I really don't know what we got for that
23 except higher tolls on the turnpike. Now we're going to be
24 tolling bridges, and we got the highest gas tax. At what
25 point do you look for more efficiencies?

1 MR. MCCLAIN: Yeah.

2 REPRESENTATIVE HEFFLEY: I understand the need
3 for Federal dollars, and the Federal Government should
4 actually pass a bill that builds roads and bridges and real
5 infrastructure, but that's a -- not what we're
6 discussing --

7 MR. MCCLAIN: Yeah.

8 REPRESENTATIVE HEFFLEY: -- here today. This
9 is --

10 MR. MCCLAIN: Yeah.

11 REPRESENTATIVE HEFFLEY: This is a terrible plan.
12 It wasn't transparent. It was put through this P3 board at
13 the last minute, not even knowing what they were voting
14 for. It's an injustice to the people here in the --

15 MR. MCCLAIN: Well --

16 REPRESENTATIVE HEFFLEY: -- in the Commonwealth,
17 and you -- and quite honestly the administration should be
18 ashamed of putting this proposal forward. Thank you.

19 MINORITY CHAIRMAN CARROLL: An observation for
20 the gentleman from Carbon, the House Republicans had a
21 member appointed to the P3 board that voted in favor of
22 this, as did all of the other caucuses. And, with respect
23 to no one in the General Assembly saw tolling coming, I
24 would refer you to the journal of June 30th, 2012. And on
25 the floor of the House, a member stood up and declared that

1 passage of House Bill 3 will result in the tolling of roads
2 and bridges.

3 And so, what we have before us is a product of a
4 vote by the four caucuses and the administration on the 3P
5 board and a bill that was passed that you voted for that
6 set this in motion, with the full knowledge that there
7 would be the potential for tolling of roads and bridges.

8 REPRESENTATIVE HEFFLEY: I would just respond
9 that in the discussions -- and as we went through the P3
10 program, it was discussed as a program similar to what
11 they're doing in Virginia, and these were going to be new
12 construction projects. These were going to be toll roads,
13 yes, because obviously if it's a P3 they're going to
14 get -- it's going to be a toll road. But these were going
15 to be new construction. It wasn't going to be existing
16 construction that was expressed to us when we voted the
17 bill. And I think they -- they're stretching the
18 legislative intent of the bill, and passing it in the
19 eleventh hour like they did, not even naming the bridges
20 just shows that they are actually bending this law. And, I
21 would imagine if it got to the Supreme Court they'd
22 probably side with the administration again.

23 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you.
24 Just, if I can comment on the -- Doyle mentioned the \$14
25 billion debt that the Pennsylvania Turnpike has in place.

1 Actually, if I -- memory serves me right, there was about
2 \$5 billion worth of debt that the turnpike had already
3 incurred before Act 44. Since that time they've -- the
4 turnpike has incurred debt each year by issuing bonds to
5 cover the obligation that the legislature put on them in
6 Act 44 to pay \$450 million a year to PennDOT, and then the
7 same legislation required PennDOT to take that \$450 million
8 and send it to Mass Transit. You know, is -- that was dear
9 to the heart of Governor Rendell back in 2007, and that's
10 when we -- that's when Act 44 passed.

11 So that, really, \$9 billion has come into PennDOT
12 from the turnpike since -- by virtue of Act 44 and
13 continued by Act 89. But that -- of that money, PennDOT
14 hasn't kept it. It sent it off to Mass Transit so
15 that -- you know, just a -- you know, the idea was, back in
16 Act 44, that the Governor had convinced some part -- some
17 of the legislature that he was going to be allowed to toll
18 Interstate 80, and that would essentially be the money that
19 the turnpike would collect to fund its \$450 million annual
20 payment. That never took place, and so PennDOT was left
21 holding that obligation, and that's why they are so far in
22 debt now. But it's -- basically \$9 billion of that
23 it -- we can directly attribute to Act 44 and Act 89.

24 I have another question, and that is, you've
25 mentioned surveys that you're doing in terms of diverting

1 people who would leave the highway to avoid a toll across a
2 bridge going into other neighborhoods and the effect on
3 other neighborhoods. I think that has to do with -- you
4 know, you've got to justify -- you know, you've got to
5 justify your actions in order to get Federal permission to
6 do that; probably EPA, and maybe other agencies, the
7 Federal Highway Administration. But you're doing those
8 surveys now, and EPA it seems to me is extremely slow in
9 terms of turning around and granting permits for that kind
10 of thing, and yet we're looking at, under the RFQ a
11 February 15th, 2022 contract date.

12 How can any of these development entities enter a
13 contract five months from now not knowing what -- and
14 whether or not that we get EPA permits or Federal Highway
15 permits, and how -- at what cost? And what kind of
16 procedures or languages in -- will be in the contracts to
17 sort of shield them? Because, if I'm a development entity
18 and I'm going to have another 50 or 70 or \$100 million cost
19 put on me by the Federal Government, I don't want to be
20 stuck with a contract that says -- that I signed on
21 February 15th of next year saying this is the amount of
22 money I'm going to be paid, and now I've got, you know, a
23 really huge expense that I wasn't anticipating.

24 MR. MCCLAIN: Yeah.

25 MAJORITY CHAIRMAN HENNESSEY: What procedures

1 does PennDOT have to help the contractor if that takes
2 place? And why the rush of February 15th when we know it's
3 going to take months and perhaps years to get the feds to
4 work on that?

5 MR. MCCLAIN: Yeah. So, we don't feel that it's
6 going to take years. It's definitely going to take months.
7 Identifying what's called the National Environmental Policy
8 Act, which is NEPA, that is the set of guiding principles
9 that we have to navigate our way through on the Federal
10 side for environmental clearances. So, all of those
11 clearances are happening in parallel with the P3
12 procurement track.

13 With the progressive P3 model that I mentioned
14 before, the three shortlisted proposers will be putting a
15 technical proposal in, demonstrating to us how they intend
16 to deliver up to nine bridges. So there's no guarantee in
17 that proposal that there will be nine bridges. We still
18 have the ability to take one, two, three, however many of
19 these things off that don't get the necessary clearances
20 through the National Environmental Policy Act.

21 So, one of the instrumental things that we're
22 doing right now is an exhaustive series of traffic
23 modeling, because there will be people that divert away
24 from a toll, and they use secondary roads and go through
25 communities. Arguably, some of those roads may or may not

1 be able to facilitate the levels of traffic that will be
2 generated based on that diversion. So we're going through,
3 and we're doing traffic modeling to try to account for how
4 many percentages of those vehicles will divert. So we have
5 experts, national experts, on our consulting team that do
6 this stuff for a living. They've done it on dozens of
7 projects across the country.

8 We went out to each individual community, and we
9 held what were called diversionary workshops, where we
10 presented some of the preliminary findings of our traffic
11 models. We talked in -- at length with community leaders
12 and public works directors and first responders,
13 firehouses, ambulance people, police chiefs, local police
14 chiefs in the areas, some of the local superintendents and
15 mayors of communities, and we asked them, does this look
16 right from a traffic diversion standpoint? We got a lot of
17 really, really good feedback back from those community
18 leaders and stakeholders.

19 You know, we're on the right track as far as
20 diversion, but reaching out to them and getting their
21 perspective, because they live in these communities. They
22 understand how traffic flows. They understand the
23 bottlenecks and the perils and pitfalls, even pre-tolling
24 and what's there. So, our team was able to take all of
25 that data and feedback from those community leaders, and

1 now we're validating our model and finalizing our model to
2 try to find out what in essence is going to be the
3 projected diversions.

4 Furthermore, as part of that National
5 Environmental Policy Act regulation, we are required to
6 mitigate those diversionary impacts. So, if there is a ton
7 of traffic that gets flooded onto a secondary road, and it
8 creates a gridlock situation or a safety situation, we do
9 have to mitigate those, okay; those impacts. So those toll
10 revenues, we can end up spending those toll revenues to do
11 advanced mitigation for everything that we feel is going to
12 happen. Quite frankly, there may be things that we don't
13 anticipate, and then we can use the ongoing toll revenue
14 that's there to mitigate unexpected consequences that may
15 happen on those secondary roads as the project progresses
16 down the road. So, it's incumbent upon us to do it.

17 Now, I will also say that if we just flat can't,
18 you know, mitigate those diversionary impacts, that is a
19 reason to remove the project from the program. If the cost
20 of those mitigations is so much, and we have to procure
21 right of way, and it becomes a grandiose plan that the
22 mitigation is very complex or costly, and it impacts that
23 toll rate, and it no longer makes economic sense to toll
24 it, because the -- you know, let's just say that the cure
25 outweighs the problem. Then that's another reason that we

1 can take the project out of the program. So, we're going
2 through those processes right now.

3 We met with the leaders and the community
4 stakeholders, and we're crunching the numbers, and, you
5 know, within the next couple weeks and months we're going
6 to settle in on that final number of bridges.

7 But in the meantime, that procurement is
8 progressing through that progressive P3 model, and those --
9 that -- those three develop -- prospective development
10 entities are going to submit a proposal identifying how
11 they plan to deliver up to nine. At any time we can remove
12 a project from that program, and then it becomes eight or
13 seven or six, or whatever that number may be. And like I
14 said before with the bundling strategy, there will be
15 independent commercial closes and financial closes for each
16 bundle that that developer puts out. That's the only time
17 that we become contracted and financially obligated to make
18 the availability payments for those.

19 MAJORITY CHAIRMAN HENNESSEY: Ken, just what you
20 said -- we -- these bridges are identified as needing
21 repair.

22 MR. MCCLAIN: Yes.

23 MAJORITY CHAIRMAN HENNESSEY: So it's very easy
24 to say, well, we just remove those from the project, but
25 the condition of the bridge is need to be fixed, so that we

1 protect our citizens. So it's not really just -- from my
2 point of view it's not just as easy as saying, well, we're
3 running into some problems. There are some snags with
4 Federal approval or whatever, so we'll just let the one
5 bridge go. I mean, because then it's --

6 MR. MCCLAIN: Yeah.

7 MAJORITY CHAIRMAN HENNESSEY: You know, PennDOT
8 then has to spend Motor License Fund money to fix that
9 bridge, it would seem to me --

10 MR. MCCLAIN: You're absolutely right.

11 MAJORITY CHAIRMAN HENNESSEY: -- if we can't --

12 MR. MCCLAIN: Those bridges are going to need
13 attention, and we'll have to figure out a way to fund them,
14 hopefully with your help with some supplemental revenues
15 with, you know, potentially some Federal-supplemented
16 revenues which you can see on the screen to your right, my
17 left. We'll have to --

18 MAJORITY CHAIRMAN HENNESSEY: Okay.

19 MR. MCCLAIN: -- identify a funding source. And
20 like Chairman Carroll represented before, for every one of
21 these that doesn't go through with toll revenues to pay for
22 them, they're going to -- we're going to have to find the
23 money somewhere else. And when we find the money somewhere
24 else, if there is no additional revenues coming in, then
25 we're going to have to shelf projects and figure out which

1 projects in the Commonwealth do not get done.

2 MAJORITY CHAIRMAN HENNESSEY: Okay. Totally
3 different subject matter, but we've talked about these
4 diversions from -- by people trying to avoid the tolls. Do
5 your national experts tell you how long that lasts? After
6 a while, it would seem to me it would be difficult for
7 somebody to get off of I-80 -- or 83 rather, come up, use
8 the Harvey Taylor Bridge, then turn around and get back
9 onto the I-83 to go -- continue on I-83 just to avoid a
10 toll. Does -- do your experts say that, you know, after
11 five months the diversion stops or slows down, after five
12 years, whatever?

13 MR. MCCLAIN: So there is a phenomenon that
14 happens where people will divert, and the diversion may be
15 more painful than paying the toll, and then they may come
16 back onto the interstate, but it's really on a case-by-case
17 basis. So it has a lot to do with the person's economic
18 ability to pay for that toll, their tolerance; you know, do
19 they have a lot of time in their day? Is time more
20 precious to them than money? You know, do they have a car
21 that they don't want to add additional miles to or
22 additional travel time to their day?

23 So, there's a multitude of aspects that really
24 influence somebody's ability to either divert from a toll
25 or not, but we are told that it does happen initially, and

1 there will be an influx of diversion, and then once people
2 tend to feel the pain of that additional, you know, time
3 and money cost, that there is a percentage that will revert
4 back and pay the toll. But, it really depends
5 independently, driver by driver, location by location.

6 MAJORITY CHAIRMAN HENNESSEY: Okay. Another
7 question I have with regard to the surveys that PennDOT's
8 doing for these diversions and, I think, other surveys as
9 well, environmental surveys in terms of what impact the
10 diversions might have; if PennDOT's still doing that, then
11 when are they going to be finished and then submit it to
12 the feds, to the Highway Administration, the EPA? How can
13 we possibly get all this stuff done or get a grip on it by
14 five -- in five months from now? I mean, that's -- I'm
15 just -- what --

16 MR. MCCLAIN: Yeah.

17 MAJORITY CHAIRMAN HENNESSEY: -- gives me a bit
18 of angina is the idea that February 5th is five months -- or
19 February 15th is --

20 MR. MCCLAIN: Yeah. So --

21 MAJORITY CHAIRMAN HENNESSEY: -- less than five
22 months away. How do we --

23 MR. MCCLAIN: Yeah, so --

24 MAJORITY CHAIRMAN HENNESSEY: Why can't we push
25 back --

1 MR. MCCLAIN: So -- yeah. For this program,
2 we're only doing the preliminary design to get through the
3 environmental concept. The whole alternative procurement
4 with the P3, it's a design-build, so the entire final
5 design will be done by the selected entity. And they're
6 get construction permits through DEP, Army Corps of
7 Engineers, potentially the US Coast Guard. This is the way
8 normal design-build projects work. They're typically a
9 little faster paced. It's bringing on that expertise
10 that's dedicated to solely dedicating their resources
11 toward getting these nine projects.

12 As we witnessed with the Rapid Bridge Replacement
13 Program, you know, going through the P3 model, bringing in
14 these experts that had a dedicated timeline and resources
15 to that program, we were able to, in a four-year period,
16 deliver 558 bridges, I believe it was, where it would have
17 took -- taken PennDOT much longer to do it through our
18 conventional design bid build methods.

19 So, we're working. We're getting through
20 final -- we're getting through preliminary engineering.
21 The first step was all the traffic models, financial
22 models. You know, then we went out, validated it with the
23 diversion workshops out in the communities. The next step
24 will be to finalize all of that. Ranging from October
25 through January, we're going to have public meetings for

1 each one of these out in the communities, where we're going
2 to present these projects. We're going to present all of
3 the findings. That's a necessary step in the NEPA process
4 that the Federal Highway Administration, you know, has
5 agencies go through. And after all of that public
6 involvement's done and we document everything and submit it
7 to the Federal Highway Administration, we'll get what's
8 called the NEPA approval, and then we can put the projects
9 out on the street to go ahead and final design and build.

10 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you.
11 Oh -- Madame Secretary?

12 MS. GRAMIAN: Chair Hennessey, I just wanted to
13 add something to what Ken mentioned, which is all the steps
14 that we will be taking in the future months. But prior to
15 that, for the past, I'd say eight, nine months we were
16 focused on developing the PEL document, which is the
17 Planning Environmental Linkage document which creates the
18 framework and, sort of, it's a programmatic agreement. And
19 a -- it streamlines an agreement between us and our Federal
20 partner on how to proceed with this program. So, we
21 actually agree on the process and the steps we should be
22 taking to be able to advance the environmental process in
23 the next phase of the project.

24 So, this whole process started when we looked
25 into identifying the nine bridges, and we created the PEL

1 document which is the framework for all the work that Ken
2 just explained. And it is a memorandum of understanding
3 between us and our Federal Highway partners on how we
4 proceed with the environmental work which concerns you.

5 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you.
6 Representative Heffley, you had a --

7 REPRESENTATIVE HEFFLEY: Yeah.

8 MAJORITY CHAIRMAN HENNESSEY: -- another
9 question, I think.

10 REPRESENTATIVE HEFFLEY: Yeah, a short question.
11 Is PennDOT investigating the option to have reduced or no
12 tolls for low-income individuals who will use the bridges
13 under the P3 agreement? And if so, can you explain that
14 process?

15 MR. MCCLAIN: Yes. That's a great question,
16 Representative Heffley. So, you know, as part of that NEPA
17 process, the Federal Highway Administration has a
18 regulation that we have to do what's called environmental
19 justice studies. So, you know, this particular program is
20 a little bit different than the normal project that we
21 would put forth and design and build in the essence that
22 it's including tolls.

23 So, part of the necessary studies that we have
24 to do is, we have to identify what low-income populations
25 are in and around these bridges, who uses them? The

1 Federal Highway Administration is very keen on providing
2 equitable access to infrastructure. So, we have to
3 identify the low-income populations that will be using
4 these bridges, and then we have to do a study to see if
5 they are disproportionately affected by the implementation
6 of paying a toll. And then we have to mitigate those
7 disproportionate impacts to those low-income populations.
8 So that's the Federal process.

9 So, we're working through those right now. We
10 have identified where they are. We've quantified how many
11 as far as the percentage of low-income individuals may be
12 using a particular bridge. We're working with the Federal
13 Highway Administration. We're looking out across various,
14 you know, other toll agencies and entities that may have
15 included discount programs, and we're zeroing in on that
16 process right now to provide potential discounts --

17 REPRESENTATIVE HEFFLEY: The -- so the --

18 MR. MCCLAIN: -- for those low income --

19 REPRESENTATIVE HEFFLEY: -- the low-income folks
20 maybe would have a tag on their license plate that it
21 wouldn't scan? They wouldn't have to pay the toll?

22 MR. MCCLAIN: We're --

23 REPRESENTATIVE HEFFLEY: Are we going to, like --

24 MR. MCCLAIN: We're exploring --

25 REPRESENTATIVE HEFFLEY: -- start identifying

1 people like that?

2 MR. MCCLAIN: We're exploring three or four
3 different options that, if a discount program were enacted,
4 how we would do it. One could be an E-ZPASS tag that's
5 preloaded with a monetary amount that doesn't cost them or
6 gives them a reduced toll. Another one could be a sticker
7 on a windshield of a registered vehicle that gets read.
8 And that's -- that helps to cut down on fraud, because a
9 tag is very portable from vehicle to vehicle, and we feel
10 that it could be an enhanced risk of fraud.

11 The other method that we're working on with the
12 Pennsylvania Turnpike Commission is simply qualifying
13 people for the program by their license plate, and then
14 having the license plate entered into the turnpike system
15 so that it captures those toll-by-plate licenses and then
16 scrubs it out either at a discounted rate or a net-zero
17 transactional rate.

18 REPRESENTATIVE HEFFLEY: And then these folks
19 that get the discount will be paying more in the grocery
20 store, or whenever they buy and shop in the area because of
21 transportation costs. And more people will be low income
22 with the jobs that are lost. Thank you.

23 MR. MCCLAIN: You're welcome.

24 MAJORITY CHAIRMAN HENNESSEY: Okay. Oh, I'm
25 sorry.

1 MR. KELLY: Move on to the next one?

2 MAJORITY CHAIRMAN HENNESSEY: No. I just have
3 one final question. And this may be the -- of interest to
4 a lot of people. Tolling is a -- you know, a concern for a
5 lot of people. How far in the future is this -- is tolling
6 going to occur? I mean, when we started talking about it,
7 it was years away, and now it's gotten closer incrementally
8 over the course of the months. But, it still seems to me
9 that it's probably going to be years away before anybody
10 pays any toll. But, Ken, would you talk to us about that?

11 MR. MCCLAIN: Sure, Chairman. So, you know, the
12 way our schedule looks right now, it looks like at the
13 earliest some of these bridges may start to be able to be
14 constructed as early as 2023. So that would be the
15 earliest that tolling could be implemented. In reality,
16 the bulk of them could be 2024, 2025. And then Act 88 of
17 2012, since that's the enabling legislation that allows us
18 to put user fees on in conjunction with an active P3
19 project or contract, those tolls would only be allowed to
20 be collected for the duration of that contract.

21 So we're looking, right now, between a 30 to
22 35-year period that that development entity would maintain
23 these bridges. So, tolls would only be able to be
24 collected during that period that the P3 agreement is
25 active. So, you know, tolling could be no sooner than

1 2023, more likely 2024, 2025 on an individual
2 bridge-by-bridge basis for a 30-year period, and then they
3 would have to come off, unless there's a legislative change
4 that would change that. Then --

5 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you.
6 Excuse me. Thank you. And I think that will conclude your
7 testimony. You're welcome to stay, because I have -- think
8 we have people with different points of view that you might
9 want to hear with -- from the next panelists to
10 come -- panels that come.

11 Our next panel will take -- if you gut -- we're
12 going to call up Robert Latham from -- who is the Chief
13 Officer, the Executive Vice President of Associated
14 Pennsylvania Contract -- Constructors; I'm sorry.
15 George Mezey who is Vice President of the Trumbull
16 Corporation, and Jason Wagner will be here to help answer
17 any questions with regard to the questions raised -- the
18 issues raised by the members. Thank you all for your
19 testimony.

20 MR. LATHAM: Good morning, Chairman Hennessey,
21 Chairman Carroll and members who are present here with us
22 today, and those watching virtually in joining the session.
23 We certainly appreciate your interest and your availability
24 to be part of this hearing.

25 My name is Bob Latham. I am Executive Vice

1 President of the Associated Pennsylvania Constructors. We
2 are a trade association that represents highway and bridge
3 construction companies throughout the State of Pennsylvania
4 as well as others that are involved in the industry. And
5 with me here today is George Mezey who is Vice President of
6 Trumbull Corporation, a major highway construction company
7 that is based in Pittsburgh, Pennsylvania but has done work
8 in many different states around the country; has been
9 involved with major design-build projects as well as either
10 as a participant in or a unsuccessful participant in P3
11 projects throughout the Middle Atlantic Region.

12 So, I'm going to make some comments, you know,
13 sort of on the policy aspects of things, some of the things
14 that you guys have -- you know, all have talked about a
15 little bit today. And then I'm going to let Mr. Mezey talk
16 about our concerns with the specifics of the P3 proposal,
17 and some things that we might suggest as a policy move,
18 going forward.

19 First of all, I'd like to say that we are in
20 favor of a bill that has passed the Senate, Senate Bill
21 382, introduced by Senator Langerholc, and we think that it
22 would be -- make good policy. Essentially, it makes some
23 changes to the P3 law that was enacted in 2012 and
24 implements some -- what we think are some common-sense
25 procedures.

1 And I'd like -- I believe that some of the debate
2 that's gone on today and is going to continue to go on
3 today sort of highlights the need for this legislation.
4 Because, as we move -- as we try to find innovative ways to
5 fund transportation, and we find projects or proposals like
6 this, the kind of vetting that the -- that Senate Bill 382
7 would require we believe is -- would be very helpful for a
8 better understanding of what's going forward.

9 For example, the bill would require PennDOT or
10 the -- or an agency to publish a detailed analysis prior to
11 the P3 board's voting meeting. I'll observe -- we observed
12 the P3 meeting in November. It was a PowerPoint
13 presentation on the concept of toll projects from around
14 the country.

15 And I'll also mention that in that presentation
16 -- you can go back and look at it. Two of the projects
17 there were actually P3s. The rest were Tolling Authority
18 tolling projects, so it was really conceptual. The bridges
19 that were eventually arrived on were not identified. And
20 so I think that that kind of information, that kind of
21 debate, that kind of vetting by the General Assembly would
22 be very helpful. It would incorporate a public input
23 process.

24 Now, the department has gone -- you know,
25 retroactively, I'd say, through a public input process that

1 was detailed greatly here by the department. And that's
2 fine, but it would also create some other checks and
3 balances.

4 Certainly in 2013 when the P3 law was passed
5 there was discussion, and I think everybody understood that
6 there was going to be the potential for tolling projects as
7 a result of the P3 law. That's a given. There's no doubt
8 about that. It was our understanding at the time when the
9 bill passed that we were talking about major new facilities
10 that were going to be financed, built and maintained by
11 private entities. You know, the double decking of the
12 Schuylkill Expressway in Philadelphia was one that was
13 always mentioned.

14 Circumstances have kind of led us here today, to
15 where we have this proposal before us. We believe it was a
16 little bit -- it's a little bit different than what was
17 originally envisioned by Act 88. And so, we would suggest
18 that -- we would suggest that the legislation that's
19 been -- that passed the Senate and is before the House
20 would be prudent and something to look at before going
21 forward.

22 I want to acknowledge a couple of things. First
23 of all, certainly we have to acknowledge that these bridges
24 need to be built. I don't want to -- I want to make it
25 very -- virtually clear that we believe the work has to be

1 done, has to be financed in some fashion. There's no
2 debate about that. There's also no debate about the chart
3 that was on the screen before showing the situation with
4 PennDOT's funding and financing, and that it needs to be
5 addressed.

6 And, I liken the term that if we were not taking
7 \$0.11 of -- per gallon out of our \$0.50 some per gallon gas
8 tax and using it, I'd say, to prop up the general fund and,
9 as was stated earlier, in insincere budgeting, we wouldn't
10 be here today. That number -- the additional number
11 from -- not the total number, but I believe the additional
12 number that was siphoned off, I guess if you will, from the
13 Motor License Fund since Act 89 passed in 2013 is \$5
14 billion. And, you know, under the current scenario that
15 will continue to be a considerable amount of money. It
16 would pay for two of these programs right now, without
17 having to look at a tolling situation.

18 We also want to acknowledge what wasn't talked
19 about today, is that at the same time we've been kind of
20 vetting this proposal and as discussions have been going
21 on, there was -- the Governor did appoint -- and Secretary
22 Gramian led a Transportation Revenue Options Commission
23 that thoroughly looked at the potential and things that we
24 need to do funding-wise into the future. The short strokes
25 on that is looking at a replacement for the gas tax.

1 That's a far off into the future move in our estimation,
2 and there needs to be some things that would address those
3 in the shorter term, and the commission did that. So, I
4 think we need to take a serious look, or the -- we would
5 suggest that the General Assembly take a serious look at
6 some of the proposals that are in there, because some of
7 them can generate some significant dollars.

8 In the short term, there was a challenge thrown
9 out as far as, how do you pay for these bridges if we don't
10 go through the tolling schematic? I'd circle back to the
11 Motor License Fund money that's being sent over to the
12 general fund which is currently \$670 million per year down
13 from \$800 million a year. And --

14 MAJORITY CHAIRMAN HENNESSEY: Excuse me, Bob.
15 For the benefit of our viewers, we're talking about the
16 money that's coming out of the Motor License Fund to
17 supplement moneys for the state police.

18 MR. LATHAM: That's correct.

19 MAJORITY CHAIRMAN HENNESSEY: Okay.

20 MR. LATHAM: So --

21 MAJORITY CHAIRMAN HENNESSEY: So people will
22 understand what you're talking about.

23 MR. LATHAM: That's correct. So, what we're
24 talking about here is that on an annual basis at this -- in
25 this fiscal year's budget, roughly \$670 million -- or \$760

1 million. Is that correct, Jason? Huh?

2 MR. WAGNER: 670.

3 MR. LATHAM: 670? Okay. We got our numbers
4 mixed up. So, 670 is being taken out. It was as high as
5 \$800 million. It started somewhere, you know, to ramp up
6 early in the early 2000s. But, we can bond finance bridges
7 at a rate -- at a much lesser rate using general obligation
8 bonds and other things. If we took just a portion of that
9 \$670 million, \$150 million, we could bond finance this
10 whole program and let it -- and contract it out
11 conventionally, and pay for these bridges and do it that
12 way.

13 Now, you know, the obvious response to that as
14 well, then we've got to come up with \$150 million in the
15 general fund. And my answer is yes, you do. There's no
16 easy way to find moneys for transportation. We -- it
17 requires hard decisions. It requires budgetary votes.
18 It -- you know, there's revenue votes that have to be
19 taken, but that would be -- you know, as far as a
20 replacement for this type of program, we think that
21 that's -- that is a viable alternative.

22 We did hear this morning mention of numerous
23 consultants. Consultants, financial advisors, accountants
24 and these sort of things. We didn't hear a number put to
25 what we're spending on hiring all of these folks to try to

1 figure out all the numbers and so forth. But our simple
2 estimate is that this \$2 billion capital program is going
3 to, in the end, cost about \$3.5 billion over a 30-year
4 period. We could save significant amounts of money that
5 way. So, essentially we're in favor of take -- putting a
6 pause on this, looking at it.

7 And I think it's important to note, too, that
8 enactment of Senate Bill 382 would not necessarily end this
9 program. I mean, if it went through the vetting process
10 and at the end of the day was viable, it would still be
11 able to go forward. It simply would have to go through a
12 process, particularly because of the revenues that are
13 concerned.

14 So before we take any questions, I'd like to turn
15 it over to George Mezey to discuss some of the aspects of
16 the P3 process just to elucidate some information on that,
17 and then we'll be happy to answer any questions.

18 MR. MEZEY: Sure. Thanks --

19 MAJORITY CHAIRMAN HENNESSEY: Thank you.

20 MR. MEZEY: Yeah. A couple of points I think
21 that need to be vetted out. And I've heard this comment.
22 First of all, we're --

23 MAJORITY CHAIRMAN HENNESSEY: George, could you
24 get a little closer --

25 MR. MEZEY: Yeah.

1 MAJORITY CHAIRMAN HENNESSEY: -- to the mic?

2 MR. MEZEY: I'm sorry about that.

3 MAJORITY CHAIRMAN HENNESSEY: Thank you.

4 MR. MEZEY: We agree with PennDOT probably more
5 than we disagree. We disagree with this process, but we
6 don't disagree with what the intent is. The intent is that
7 we have a huge deficiency, but we think this particular
8 procurement as the P3 is very costly, inefficient and is
9 very risky, both -- for all the of the stakeholders who are
10 involved in this, including PennDOT, taxpayers,
11 contractor -- contracting community.

12 There's a couple of myths, I think, that are
13 thrown out about P3s. First of all -- and I think
14 Representative Carroll said that this is -- that -- new
15 money, P3. P3 is no different than bonding. It is a
16 sophisticated borrowing technique, is what it is. You're
17 using the private sector. You're using, in this case, a
18 lot of international contractors and companies, developers
19 that are very interested in this project because they get
20 very high returns, much higher than normal market returns.
21 Much higher interests and other costs than what the
22 department or the State of Pennsylvania could incur by
23 themselves. So they're -- the idea that this is the only
24 way that you could fund this and support that is not true.

25 Secondly, the state has the ability to toll these

1 projects, if they would choose to do so, on their own.
2 They don't need a private developer in order to do that.
3 They have the ability to do that. I -- our company and
4 myself, personally, have been involved in over --
5 completing over \$1 billion worth of design-build projects
6 within a four, five-state region of Pennsylvania. We have
7 been involved in pursuing billions of dollars of other
8 design-build projects.

9 Design-build is intended to be part of this
10 selection process, and we are very much in favor of that.
11 But, design-builds for a project of this magnitude do
12 probably require a more sophisticated selection process
13 that the department is trying to use, and right now they're
14 handicapped in only being able to use the P3 legislation in
15 order to do that, because Pennsylvania procurement law
16 prevents them currently from shortlisting as they did here.
17 They had four teams submit. They evaluated teams. They
18 selected -- they shortlisted what they call three teams.

19 But, that's legislation that we believe is
20 necessary regardless of whether this program goes forward,
21 and that the department should have the ability to -- for
22 more -- for larger projects, more complex projects; have
23 the ability to use a sophisticated design-build selection
24 process. But that could happen, and these -- and a number
25 of these projects that are on this list currently would be

1 good candidates for a design-build.

2 Doing a design-build project directly for the
3 department would be more cost effective, and it would
4 involve more Pennsylvania contractors, more Pennsylvania
5 prequalified contractors to participate as general
6 contractors, not as potential subcontractors. There's been
7 a lot of discussion about that 65% of this project is going
8 to be reserved for Pennsylvania prequalified contractors.
9 The manner with which that may happen is yet to be
10 determined, because ultimately that decision will be made
11 by the selected team.

12 And I think the other things that's important to
13 point out here is that this is very different, P3. I've
14 heard the term, progressive P3. I'm not quite sure what
15 that means yet, but this is very different than the Bundled
16 Bridge project. The Bundled Bridge project, when the
17 team -- ultimate team that was selected was selected --

18 MAJORITY CHAIRMAN HENNESSEY: Bundled Bridge
19 five -- you mean the Rapid Bridge Replacement --

20 MR. MEZEY: Rapid Bridge.

21 MAJORITY CHAIRMAN HENNESSEY: -- program?

22 MR. MEZEY: I'm sorry. I --

23 MAJORITY CHAIRMAN HENNESSEY: Okay.

24 MR. MEZEY: The --

25 MAJORITY CHAIRMAN HENNESSEY: I -- yeah. I just

1 want to --

2 MR. MEZEY: The Rapid --

3 MAJORITY CHAIRMAN HENNESSEY: -- make sure that
4 viewers understand.

5 MR. MEZEY: The Rapid --

6 MAJORITY CHAIRMAN HENNESSEY: Will you --

7 MR. MEZEY: -- Bridge Project. When --

8 MAJORITY CHAIRMAN HENNESSEY: And again, could
9 you get a little closer to the mic?

10 MR. MEZEY: Sure.

11 MAJORITY CHAIRMAN HENNESSEY: Because it's hard
12 to --

13 MR. MEZEY: When --

14 MAJORITY CHAIRMAN HENNESSEY: -- hear you.

15 MR. MEZEY: When the Bundled Bridge project
16 selection was made, ultimately the department had pricing.
17 They had firm pricing from the development and contracting
18 team as to what that cost was going to be before they made
19 their ultimate selection of the three shortlisted teams.
20 This selection process will be done well in advance of when
21 any budgeting, when any permits will be completed, when any
22 design will be completed that will -- that -- they're all
23 necessary in order to establish that type of pricing. The
24 intent here is that ultimately they will have that pricing
25 before they go to what they're referring to as financial

1 close, but that will be well after the selection has been
2 made for the teams that are here.

3 The -- you know, the risk is -- and it was
4 pointed out, and I believe PennDOT did point it out, that
5 if these projects come in over budget or they are -- they
6 have permitting programs in which they have to drop a
7 project, the time that they'll know that is going to be way
8 down the road. And then, at what point -- how much money
9 will have been spent in order to get to that point?

10 Probably one of the principal examples of this is
11 the US-460 project in Virginia that was tried, that was a
12 multibillion-dollar project. It was a P3 project that was
13 advanced in Virginia a number of years ago, and it was
14 premature in its advancement. And ultimately they could
15 not secure the permits for that project, and ultimately the
16 project was canceled after a team had been selected and
17 worked on the project for well over -- I believe it was
18 almost 18 months, and it cost the State of Virginia \$300
19 million that they got nothing out of because they could not
20 advance the project.

21 You know, we've heard -- and one of the
22 criticisms that we have of this procurement is that the
23 department says they have done studies that they
24 know -- that they have committed that the toll will not
25 exceed one to \$2, but the toll studies have not -- to the

1 best of our knowledge have not been released or shown to
2 anybody that says that one to \$2 will pay for these
3 projects. Ultimately we agree, they will know before they
4 enter into financial close as to whether the tolls will pay
5 for the project or not, but that might be too late.

6 You know, it's also important to understand that
7 this particular financing model that the department has
8 chosen is not a toll risk selection process for the
9 developer. The department is guaranteeing the revenues.
10 It -- they are using what they call an availability
11 payment. The presumption is that the tolls will pay for
12 these projects, but until the diversion studies are done,
13 until the cost of the diversion studies are incorporated
14 into the project, until the design and the permitting is
15 done, until -- and better estimates and costs have been
16 entered -- and contracts have been entered into, they don't
17 really know what the contract is going to be, and the
18 contract value is going to be.

19 So it's very difficult, in my mind, to be assured
20 that those tolls are going to pay for this project, and
21 then at that point it's highly unlikely the project will be
22 canceled, and what will happen will be, in all likelihood,
23 that out of the regular program the department will have to
24 subsidize this annual availability payment for the next 30
25 years. That will come out of the same program that they

1 say they are protecting by utilizing -- or by having to fix
2 these bridges now with what they call new money or
3 additional money. Again, it's not new money and additional
4 money. It's toll money and -- that is going to be
5 generated, and it is money that is going to be paid for
6 through the -- for very expensive borrowing.

7 An analogy that I have made to a number of people
8 is that -- you know, that yes, this will work, yes that you
9 can do it, but it will be the equivalent of buying your
10 groceries at Sheetz versus Giant Eagle. And at the end of
11 the year you'll still have your groceries, but you will
12 have paid an extreme premium for those that's not
13 necessary.

14 The department is -- you know, it lets a \$2
15 billion program a year. They have the infrastructure and
16 the capability. If this \$2 billion program divided across
17 the state -- and I believe there are roughly six districts
18 that these nine projects are involved with. That's roughly
19 going to be an annual outlay of about \$200 million worth of
20 construction for this particular project per district -- or
21 for -- in its entirety over a -- say a five-year
22 construction period. Each district is doing roughly \$200
23 million a year. It would be about a 10% increase to their
24 current workload in each one of these districts if they
25 were to do these projects traditionally and allow access to

1 these projects through the normal contracting community of
2 which -- you know, the APC membership is 95%
3 Pennsylvania-resident contractors. And none of those
4 contractors participated in the selection for a variety of
5 reasons, but primarily is that the risk was too high, or
6 the cost of participating is too high.

7 A more traditional delivery method utilizing
8 design-build would allow a greater participation by
9 Pennsylvania contractors, and that's one of the principal
10 points that APC in representing our membership is --
11 objects to this particular delivery. We think that you can
12 achieve the same goal using cheaper money, more efficiently
13 and more effectively, and work within the confines of a
14 system that you already have that already works.

15 I mean, every two weeks there is a letting
16 schedule in which hundreds of Pennsylvania contractors are
17 bidding competitively on work, and the majority of them
18 will be precluded or will not be able to participate in
19 these projects.

20 MAJORITY CHAIRMAN HENNESSEY: Okay. Are you
21 finished?

22 MR. MEZEY: Sure.

23 MAJORITY CHAIRMAN HENNESSEY: Then --

24 MR. MEZEY: And I will answer any questions that
25 you might have.

1 MAJORITY CHAIRMAN HENNESSEY: All right. Okay.
2 Just -- George, I think you had indicated that Pennsylvania
3 could toll these highways or bridges anyway, without going
4 through Pathways, without going through the P3 process.
5 Could you explain that? And is that as a result of the
6 Federal statutory change in 2015?

7 MR. MEZEY: Well, the Federal Highway
8 requirements -- and PennDOT in coming up with this plan has
9 basically woven two limitations that they have. And
10 granted, they are tough limitations for them to manage and
11 deal through. I give them credit for having to recognize
12 the difficulties they have.

13 But, the Federal legislation limits tolling on
14 interstate highways to bridge structures only at this point
15 in time, so that if they want to use tolls as a basis for
16 interstate construction, they have to -- they have to limit
17 to a bridge structure.

18 I do take a little exception to some comments
19 that the department has made in the past, that if there is
20 any excess money that -- number one, that's a presumption
21 that the tolls will generate more money than is necessary
22 to pay for the particular project. As I understand Federal
23 legislation, that's not allowed. The tolling has to be
24 commensurate with what the cost of that particular project
25 is, and can only be used for that particular project,

1 number one. And so, you know, they can't toll the roadway
2 coming into the bridge on Interstate 80 right now as the
3 current Federal legislation exists, but they can toll that
4 bridge, and that's why they have chosen to do this.

5 Secondly, they have chosen this particular
6 technique because the P3 legislation supersedes the
7 procurement code and allows them to use a selective process
8 where they can shortlist. Without it they could not have
9 shortlisted the three teams that they did. They couldn't
10 use an evaluation or what they call a best value selection
11 process, which for larger sophisticated projects like this
12 we agree is a proper technique. We don't disagree with
13 that, we just don't think that you need this third-party
14 private developer entity.

15 There was discussion earlier that you've got a
16 large group. One of the questions that the contracting
17 community still -- or at least some of us in the
18 contracting community don't have the answer to is how this
19 65% procurement of the set aside project that will be local
20 contractors is going to be procured, and who are you going
21 to work for? Are you going to work for the developer who
22 is the entity that submitted, or are you going to be
23 working for the developer's contractor who is on that team?
24 Those could be very different conditions.

25 And, what are the terms and the conditions of

1 working for those contractors? One of the concerns that
2 the contracting community has is that, you know, under the
3 current way of doing business working for PennDOT,
4 everybody understands that the market, the conditions, the
5 rules of the -- you know, of the game have been
6 established. The 408 specifications, how you're going to
7 get paid, the assurances of how you are going to get paid
8 are very clear. Any types of disputes or issues are pretty
9 clear on how to resolve them and how to deal with them.

10 When you go into a P3, those contractors, whoever
11 they're working for, whether it be the developer or the
12 developer's contractor which is yet to be determined, can
13 establish their own terms and conditions. And oftentimes,
14 and most times, those terms and conditions are much more
15 onerous and much more risky for those contractors to work
16 under.

17 And ultimately, the more risk you put into these
18 projects, the higher the cost goes up. The higher the bids
19 will be, and there will be contractors that will determine
20 that that risk is too high; contractors that are capable of
21 doing the work, but they are not in a financial position,
22 or they are not in a mindset to take on that additional
23 risk in terms of doing that. Whereas, if the department
24 themselves were managing this project and procuring the
25 project, they would absolutely be encouraged and would

1 participate in the bid process.

2 So, you know, the devil is in the details. These
3 are very complex projects. They're very risky projects.
4 You know, at a \$2 billion cost, I -- my experience would
5 tell me that that same \$2 billion worth of work that would
6 be delivered every other Thursday in a more traditional
7 manner would probably cost three to \$400 million less. So,
8 you take three or \$400 million out over a three or
9 four-year period and then you extrapolate that, because
10 you're borrowing that three to \$400 million to pay for it
11 over 30 years. That's a large number, and there are other
12 alternatives, contrary to that belief that this is the only
13 solution. That is not true. There are other solutions.

14 And also, the selection process -- if -- the cost
15 of the project, the cost of these diversion studies, all
16 this information the department says that they have, the
17 toll studies, they have not been made public to the best of
18 my knowledge. There's no math that's been given to anyone
19 to show that a one to \$2 toll will pay for these projects.
20 And we presume that they're correct. The department -- but
21 because the department says it's correct doesn't mean that
22 they might not be wrong. There is no reason you couldn't
23 even make the selection of these teams after that work is
24 done, when the permitting process, the NEPA processes
25 further advance. When you know that these projects are

1 viable projects and they're within your cost constraints,
2 you can still go through the same process and select a
3 team. There is no reason it has to be a 2 billion,
4 nine-bridge project. It could be a \$1 billion. It could
5 be two \$1 billion projects which would -- you know, the
6 lower you can make it, the less riskier it is, the more
7 participation you would get from Pennsylvania contractors
8 and suppliers.

9 So again, we do take exception that there aren't
10 other alternatives. We believe there are other
11 alternatives. We believe there are less costly
12 alternatives, and that they would increase participation by
13 Pennsylvania companies who are also Pennsylvania -- or
14 taxpayers.

15 MAJORITY CHAIRMAN HENNESSEY: Mr. Mezey, did I
16 hear you correctly to say that no Pennsylvania contractors
17 have -- they made the distinction about being qualified to
18 do work in Pennsylvania, which I think means they could be
19 based in other states, or other countries for that matter,
20 but still be allowed to work, or be prequalified to bid in
21 Pennsylvania.

22 MR. MEZEY: Yeah. So pre -- I mean --

23 MAJORITY CHAIRMAN HENNESSEY: There are no
24 Pennsylvania-based companies that participated in the RFQ?

25 MR. MEZEY: Of the named teams, from what I --

1 and I'm -- only have -- am privy to the announcement that
2 PennDOT released, but none of the contractors or
3 developers' teams that are on that are Pennsylvania
4 contractors, to the best of my knowledge.

5 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you. I
6 thought that's what you said. I just wanted to make sure
7 of that. Mike, do you have any questions?

8 MINORITY CHAIRMAN CARROLL: I guess I should be
9 more careful with some of the words I select. I will
10 concede that there are other options, but most if not all
11 of those other options require an act of the General
12 Assembly. The example that Bob laid out with respect to
13 let's relieve the Motor License Fund of 150 or \$200 million
14 and use that money as the service for the debt for bond
15 issued to do these projects? In the realm of the possible,
16 except that the General Assembly has had an allergy to
17 doing those sorts of bond issues.

18 And so again, in the realm of the possible under
19 the current law that exists that PennDOT has to live with,
20 the range of options that you highlight are narrowed
21 tremendously because of the unwillingness or the inability
22 of the General Assembly to change the law to allow those
23 sorts of things.

24 And so, I really do wish that we had more forward
25 thinking with respect to the House and Senate and the way

1 that we consider the options that are available in terms of
2 providing financing for doing these nine bridges or
3 anything else. But, the reality is that current law limits
4 PennDOT's ability to consider those options because current
5 law doesn't allow it.

6 MR. LATHAM: I would -- I agree with that. There
7 are no easy options. I guess our point today is, we are
8 concerned we're headed down a very costly and a very risky
9 road as a result of what you just said. And if the General
10 Assembly would get engaged, we could save the taxpayers and
11 save the Commonwealth a lot of money. We could go down
12 those roads and find ways to fix those bridges which we all
13 acknowledge need to be done. But our concern is how this
14 thing is put together and how they've been kind of forced
15 into this procurement method which we think brings a lot of
16 risk and a lot of cost.

17 MR. MEZEY: Well, one comment also. The
18 department has said that because of this progressive
19 design, it is their intent to have design well advanced.
20 I'm not going to say completed, but well advanced, unlike
21 the Rapid Bridge project where the design was probably at a
22 only 30 or 35% stage when the selection was actually made.

23 If that's the case, then again, back to the
24 point, the department doesn't need legislation, as I
25 understand it, to be able to toll, so they could still

1 raise the money. They could still borrow the money at a
2 cheaper rate than using a private developer.

3 They could allocate whatever their current
4 funding level is, because it's an annual basis. At the end
5 of the day, this \$2 billion -- this check is going to be
6 financed just like you and I would finance our home.

7 They're going to borrow the money, and they're going to pay
8 it in annual availability payments that would come out of
9 the program if they didn't have the ability to do that.

10 But if the -- but the tolling will offset, hopefully, all
11 of or none of that money.

12 Again, you could advance the design, and you
13 could let some of these projects -- probably six out of the
14 nine projects are projects that are 100, \$150 million
15 projects, projects that could be carved out and let
16 traditionally in the districts as part of their regular
17 program. The design and the permits would be in place.
18 They could advance those as we speak today, and they're
19 going to pay for it over a period of time. It's not coming
20 out -- \$2 billion isn't coming out of the program next
21 year, out of the \$2 billion annual program. There's going
22 to be a percentage of it come out over 30 years.

23 MINORITY CHAIRMAN CARROLL: Again, I think that
24 current law limits PennDOT's ability, even if they chose to
25 toll the bridges on their own, not engaging the P3. I

1 don't know that the Commonwealth has the -- and if PennDOT
2 has the ability to do that construct without some
3 legislative authority that allows for the issuance of these
4 bonds. So, I'll not make that as a declaratory statement,
5 but --

6 MR. MEZEY: Sure.

7 MINORITY CHAIRMAN CARROLL: -- of what my belief
8 of the current law is. And again, I truly wish there were
9 a better option here. I do, because I think -- I know. I
10 will concede up front that we are paying -- we're
11 overpaying for the repair and the replacement of these nine
12 bridges, but we're doing that because it's the only option
13 that PennDOT has on the table with respect to current law.
14 And so for you both, all three, I think we share the same
15 frustration, and that is, is that if we had a little bit
16 more forward thinking with respect to the ability to borrow
17 money -- and not to simplify this too much, but most people
18 I know go get a mortgage when they go buy the house, and
19 then there's a repayment. And we don't engage a third
20 party in an effort to try and mortgage the house. But
21 we -- because of current law, PennDOT does not have that
22 ability, sadly. I'll stop there.

23 MAJORITY CHAIRMAN HENNESSEY: Representative
24 Hohenstein?

25 REPRESENTATIVE HOHENSTEIN: Thank you, Chair.

1 MAJORITY CHAIRMAN HENNESSEY: You're welcome.

2 REPRESENTATIVE HOHENSTEIN: I want to thank the
3 presenters and also the PennDOT presenters from the first
4 panel. And, my question is connected a little bit. First
5 of all, I'm going to just state my agreement both with
6 Chairman Carroll and also the panelists with respect to
7 what we can do under current law, and the fact that I think
8 we need, as the General Assembly, to change that law.

9 But, my question would revolve around the
10 potential for cost of borrowing. And we in the General
11 Assembly made a decision that I don't think is wise to put
12 away \$2.3 billion this year, and actually we have access to
13 close to 5 billion, or more than 5 billion in subsequent
14 years from Federal money from the American Rescue Plan.

15 And I wonder what would be the cost of involved,
16 or what would be the impact on our borrowing or bonding
17 cost if we were to say that money that's been put away into
18 a rainy-day fund is made available, because it's already
19 raining. I mean, everything that I'm hearing from folks
20 around all the different cliffs that are coming around
21 transportation funding, it seems to me that we do have a
22 source of money here that we can be both used directly and
23 leveraged for our borrowing. I'm wondering what your
24 opinion would be on the impact of the cost of borrowing if
25 we were to use and make sure that that money is something

1 that's effectively available in these types of projects.

2 MAJORITY CHAIRMAN HENNESSEY: And, gentlemen, is
3 that a question either of you feel comfortable in
4 answering?

5 MR. LATHAM: I'll make a comment. I believe the
6 ARP money is available through 2024. I think it all has to
7 be spent by then. If we were to allocate \$2 billion out of
8 that money to pay for these bridges, obviously it would
9 have a significant cost reduction; you wouldn't be
10 borrowing it.

11 I'm not sure that that's -- you know, going back
12 to the art of what's politically doable, I'm not sure I see
13 that. A scenario I would envision is potentially taking a
14 portion of that money and using it to retire conventional
15 bonds. You could -- you know, that would be -- that would
16 get you two years of the hypothetical \$150 million bond
17 retirement that I spoke of, that if you went through the
18 general obligation bond process, starting in Fiscal 2025
19 you'd still have to figure out where the other \$150 million
20 is coming from over an 18-year period, whether it comes
21 from other general fund sources or what have you.

22 So, you know, there are several scenarios that
23 would have a -- be very, very positive, but I think a
24 significant portion of that money is being reserved for
25 looking at next year's budget. There are a lot of forces

1 at work on where that money should be spent.

2 REPRESENTATIVE HOHENSTEIN: Yeah. No, I would
3 agree, definitely. I -- and, Chair, if I could just do a
4 quick follow-up, I --

5 MAJORITY CHAIRMAN HENNESSEY: Sure.

6 REPRESENTATIVE HOHENSTEIN: I definitely agree,
7 and I was only looking to see what we would do with a
8 portion, because there is no way we would take all that
9 money and put into --

10 MAJORITY CHAIRMAN HENNESSEY: Sure.

11 REPRESENTATIVE HOHENSTEIN: -- just one bucket.
12 But, one other question I have, which is the analysis that
13 you were presenting around the difference in cost between
14 the P3 program as contemplated by PennDOT and separating
15 these projects into nine different distinct projects.
16 I -- normally we would look at things in -- and say we want
17 to bring similar projects together so that we can have
18 economies of scale, so that we can have a simplified
19 process that will reduce cost. Because if you have
20 multiple vendors, multiple contractors over multiple
21 projects, the risk of cost overrides in individual projects
22 is raised. And I wonder if -- you know, if it's not a
23 little bit too optimistic to say that all of these nine
24 individual projects could be done at a -- at that much of a
25 cheaper cost than the single project. And, I'd like you to

1 explain how that could be, because that does seem to me to
2 go against what would be a normal process where we use
3 economies of scale, where we use the ability to purchase,
4 you know, in bulk in essence some of the costs and services
5 and goods that are going to be needed in these projects.

6 MR. LATHAM: Well --

7 MR. MEZES: I'll speak to that one, Bob.

8 MR. LATHAM: Okay.

9 MR. MEZES: As a contractor, the belief that
10 these larger megaprojects have an economy of scale, that
11 myth has been blown out of the water here in the last five
12 years. I just recently participated in a study that was
13 done, or it -- was privy to a study done by Travelers,
14 which is the largest bonding company in the United States
15 that provides bonds for the contracting community, in which
16 they have analyzed all of their clients over 277 projects
17 over the last 17 years. And, they have found that the
18 megaprojects that are of \$800 million or greater value that
19 the contracting community has lost an average of 5% on
20 those projects versus their -- the smaller projects,
21 because the economy scale doesn't exist.

22 When you're trying to do \$2 billion worth of work
23 spread out over the Commonwealth, when you're -- working in
24 Tioga County is not the same as working in Philadelphia; is
25 not the same as working in Pittsburgh or working in Erie.

1 You have different suppliers. You have different supply
2 chains, and to have one -- and it is one of the problems
3 that the general contracting team on the Rapid Bridge
4 program experienced. It was their intent, and they
5 publicly disclosed their intent on that project, that they
6 were going to subcontract out up to 90% of the work to
7 local contractors. At the end of the day they were only
8 successful in contracting out 35% of the work, and they had
9 to be prepared to self-perform 65% of the work that when
10 they submitted their proposal they anticipated only
11 self-performing five to 10%.

12 Because, what they found is that the construction
13 is local. And there is the old adage that politics is
14 local. Well, construction is also local, and the
15 contractors that you -- so if you're proposing on a
16 project, particularly if you're an out of state or an
17 out-of-town contracting entity that is trying to put a
18 budget together for PennDOT, they don't have the
19 experience. They don't have the resources. They don't
20 have the labor -- access to the labor, and if they are
21 going to use subcontractors or use general contractors as
22 subcontractors, there is going to be an extra layer. There
23 is going to be a markup on top of that.

24 If I am going to work as a contractor -- and
25 let's just hypothetically say that our company would do one

1 of these bridge projects. And I'll use the District 11
2 project in Bridgeville, PA that is, I believe, estimated to
3 be a couple hundred million dollars. If I were to do that
4 project for this development team, assuming I'm working for
5 that contractor, that contractor is not going to just pass
6 my \$200 million contract through with no markup or no
7 profit. And there is going to be duplication of overhead
8 and efforts that go along with that.

9 The idea that the department is going to just not
10 be as engaged, and that it's going to free up their
11 resources in the various districts to these private
12 entities to go ahead and perform the work is not
13 necessarily true, either. In some cases it's more work for
14 them to now have to educate and involve a large contractor
15 that is new to doing that work in his community.

16 So, there are inefficiencies that occur with
17 doing this work, because you -- and the other part of it is
18 you're doing it all at the same time, so you don't have the
19 learning curve. You don't have these other opportunities
20 in order to get that, quote/unquote, economy-of-scale
21 savings, because you're participating -- you're
22 partitioning it out over -- you know, these projects will
23 probably -- I don't know if all nine would be going on
24 concurrently, but probably four or five of them would be
25 going on concurrently. And obviously, whoever's working on

1 Project A can't be working on Project B.

2 And then the logistics of just moving from one
3 end of the state to the other with your management team and
4 your oversight is a challenge. I mean, the department has
5 11 districts statewide for a reason. And, you know, I --
6 our company -- I have personally done work in nine of the
7 11 districts, and it's long drive from Scranton, PA to
8 Greene County, Pennsylvania. It's a long way. You can get
9 a lot of audiobooks in, but it's a long way to go. And
10 those -- so those are inefficiencies that are built into
11 these projects that will absolutely be there.

12 MAJORITY CHAIRMAN HENNESSEY: You guys want
13 to -- okay. Thank you very much for your testimony,
14 gentlemen. We appreciate it. We have four other panels to
15 hear from. And --

16 MR. LATHAM: Sure.

17 MAJORITY CHAIRMAN HENNESSEY: -- our next panel
18 is -- well, why don't you go on -- come on up, the new
19 panel, and you can introduce yourselves?

20 REPRESENTATIVE HOHENSTEIN: Thank you for the
21 thoroughness of that answer. [inaudible].

22 MAJORITY CHAIRMAN HENNESSEY: Oh, you're welcome.

23 REPRESENTATIVE HOHENSTEIN: [inaudible].

24 MAJORITY CHAIRMAN HENNESSEY: We have
25 Katherine Hetherington Cunfer who is the Director of

1 Government and Community Relations for the Greater Reading
2 Chamber of Commerce -- I'm sorry -- Chamber Alliance.

3 John Barrett, Township Manager, South Fayette Township.

4 Dr. Joe Deklinski from the Wormleysburg Borough Council.

5 He is a member there and chairperson of the council's
6 committee on streets and sanitary affairs. And Gale Gallo,
7 President of the Lemoyne Borough Council.

8 So, now all you've got to do is identify yourself
9 by name and begin whenever you are ready. Who is going to
10 kick off the testimony?

11 MS. HETHERINGTON CUNFER: I will, Mr. Chairman.

12 MAJORITY CHAIRMAN HENNESSEY: Good morning.

13 MS. HETHERINGTON CUNFER: Good morning, Chairman
14 Hennessey, Chairman Carroll and members of the House
15 Transportation Committee. My name is Katherine
16 Hetherington Cunfer, and I am the Director of Government
17 and Community Relations for the Greater Reading Chamber
18 Alliance. Thank you for the opportunity to speak with you
19 today to share the concerns of the nearly 1,000 GRCA member
20 businesses with PennDOT's P3 bridge tolling proposal and,
21 specifically, the proposed tolling of Route 78's
22 Lenhartsville Bridge.

23 Accompanying my submitted testimony is an
24 individual impact statement from a GRCA member, Burns
25 Logistics, who will be adversely affected by this

1 inequitable tax. To be respectful of time constraints and
2 to allow for questions, you have my full submitted
3 testimony, but I would like to quickly highlight a few
4 specific points.

5 First and foremost, the members of GRCA are
6 opposed to this proposal. We understand the need for
7 sustainable funding solutions for infrastructure projects,
8 but this proposal unfairly selects winners and losers.
9 Berks County manufacturers, distribution centers, small
10 businesses and employers find themselves on the wrong side
11 of this toll, because it is between our businesses and
12 their regional customers.

13 A key selling point for recent economic
14 development in our region has been our close driving
15 proximity to 60% of the US population. The positioning of
16 this toll will choke off the still developing logistics,
17 warehousing and distribution industry in Berks County. It
18 directly harms our existing businesses and the ability to
19 grow our local economy while our neighbors to the east are
20 spared. That is not a fair or equitable solution.

21 GRCA member businesses also oppose this proposed
22 toll because of the burden it will have on local roads as
23 trucks and other motorists seek out ways to circumvent the
24 tolls. This will lead to additional wear and tear on side
25 roads, causing unnecessary congestion and increasing the

1 potential for dangerous traffic incidences.

2 The Lenhartsville Bridge is specifically
3 problematic due to the steep grades and tight turns for the
4 ramps connecting that bridge. The inclusion of this very
5 rural bridge is a result of PennDOT's kicking the can down
6 the road on this section of Route 78 long after it should
7 have been addressed.

8 Another concern is that this proposal does not
9 limit the tolls collected to being utilized to fix the
10 specific bridges identified. PennDOT has been clear that
11 the funds generated for this toll that they would like to
12 use these bridges and for other regional infrastructure
13 projects as needed for the next 30 years.

14 Secretary Gramian has also voiced her preference
15 for the legislature to amend Act 89 of 2013 to allow these
16 tolls to become permanent. This toll would cause Berks
17 County businesses and their employees to pay for the same
18 infrastructure projects twice on a daily basis, while other
19 portions of the state pay less and get the same level of
20 service.

21 Our local trucking companies have expressed that
22 while they are comfortable for paying realistic
23 transportation infrastructure costs, they are continually
24 frustrated that the taxes they pay are being used for so
25 many other unrelated things. Margins in the trucking

1 industry are between two and 4%, and another toll will
2 either be -- need to be borne by the company or passed on
3 to consumers, hereby raising the prices on top of rising
4 inflation and supply chain disruption.

5 We also have concern with using the
6 tolling-by-plate technology considered -- considering the
7 recent PennDOT announcement where they lost over \$100
8 million in tolls in 2020. With the potential passage of
9 the potential of the 1.2 trillion in Federal infrastructure
10 package that will include \$110 billion in funds for
11 Pennsylvania on top of the already passed 1.9 trillion in
12 American Rescue Plan funds, we would encourage PennDOT and
13 the administration to pause on this proposal and several
14 other inequitable taxation proposals reported out from the
15 Transportation Revenue Options Commission and utilize these
16 Federal funds first.

17 We advocate that the entire transportation
18 infrastructure funding structure be reviewed, explained in
19 a more transparent manner, and all of the truly
20 non-transportation infrastructure costs be removed from the
21 fund. Problems with Pennsylvania's current revenue
22 structure can be attributed to a few key issues. While
23 Pennsylvania has the second highest gas tax in the country,
24 it also has the most paved roads per square mile, but ranks
25 46th for miles driven per resident in 2018 and 38th in 2019

1 according to Federal Highway Administration data.

2 We also advocate to reduce the additional cost
3 associated with infrastructure development such as
4 cumbersome and time consuming environmental permitting, and
5 unnecessary litigation often used to slow down development
6 projects. With a large infusion of Federal infrastructure
7 funding Pennsylvania has and will receive in 2021, it would
8 be in the best interest for all citizens to streamline
9 these processes so that all available funds are utilized
10 within existing Federal deadlines. Anything less would be
11 a gross mismanagement of our tax dollars.

12 In closing, GRCA was a strong supporter of the
13 passage of Act 89, since it sought to address
14 infrastructure funding in an equitable manner. We remain
15 dismayed that the increased revenue from this act was not
16 solely dedicated to infrastructure funding as was its
17 intent. We steadfastly oppose the P3 bridge tolling
18 proposal, because it is an inequitable tax that does not
19 adequately address the funding needs of our infrastructure
20 system, and ask that PennDOT rescind this proposal.

21 MAJORITY CHAIRMAN HENNESSEY: Thank you,
22 Katherine. And, just one quick question. Interstate 78,
23 Lenhartsville, that's where you're seeing a lot of
24 warehouse construction, inventory buildings. You know,
25 it's --

1 MS. HETHERINGTON CUNFER: We're --

2 MAJORITY CHAIRMAN HENNESSEY: -- that's almost an
3 explosion of contracting up there along 78, am I right?

4 MS. HETHERINGTON CUNFER: Yes, sir. We're seeing
5 some. We're also seeing some contracting going on along
6 Route 61. There's also some going on in the bottom portion
7 of Berks County as well. There's a little bit everywhere.
8 The --

9 MAJORITY CHAIRMAN HENNESSEY: Okay.

10 MS. HETHERINGTON CUNFER: -- main reason for that
11 is because of our proximity to the three major US markets
12 and 60% of the US population. So, we're a great place to
13 be a manufacturing and distribution hub. The --

14 MAJORITY CHAIRMAN HENNESSEY: Okay.

15 MS. HETHERINGTON CUNFER: -- problem that we have
16 is the comparison to Lehigh County who would be on the
17 opposite side of this toll from us is that we have about
18 7,000 jobs in warehousing right now in Berks County, even
19 with the boom. Lehigh Valley has about 33,000 jobs in
20 warehousing. So, if we put in this toll, we'd all of a
21 sudden have an impediment for other companies that are
22 looking to come in and try to expand this developing
23 industry that is now paying 15, 20, \$25 an hour to
24 employees, and we would actually put ourselves at a -- in a
25 detriment position.

1 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you for
2 that. Who is going to be the next testifier?

3 MS. GALLO: Guess I'll go next. Thank you.

4 MAJORITY CHAIRMAN HENNESSEY: Okay.

5 MS. GALLO: Chairman Hennessey. Thank you.
6 Chairman Hennessey, Chairman Carroll and members of the
7 House Transportation Committee, thank you for the
8 opportunity to present our comments to you this morning.
9 I'm Gale Gallo. I'm the Borough Council President in
10 Lemoyne. Lemoyne is of course our sister community across
11 the river here. And, we will be most significantly
12 impacted by this project, I believe, as well as our sister
13 communities.

14 I'll just make reference to some of the
15 information in the packet that you have in front of you.
16 There is a letter in there. It's dated for tomorrow
17 actually, because that's when it will go out -- from our
18 Cumberland County communities, in opposition to the tolling
19 of the South Bridge. There are also in my packet a series
20 of maps that we have provided to present what we will
21 experience in the borough and some alternate suggestions
22 for this project.

23 So, I'd like to acknowledge that we do realize
24 that this bridge needs to be replaced. I mean, we
25 understand it was built in 1960. It's at the end of its

1 functional life. So, we recognize this need. However, we
2 in the Borough of Lemoyne adamantly oppose the tolling of
3 this local commuter bridge. This is a commuter bridge
4 between Cumberland County and Dauphin County in the center
5 of the Greater Harrisburg Area, and we feel that tolling
6 this particular bridge will create a further divide between
7 the East Shore and the West Shore -- Harrisburg, Cumberland
8 County, Dauphin County -- for a variety of reasons.

9 We've spoken in the -- we've heard other comments
10 today about disparate impact, detrimental impact. We know
11 that many families of low to modest means use the South
12 Bridge as its primary -- as their primary bridge to access
13 the West Shore, to access Lemoyne, Camp Hill, other
14 communities on the West Shore. They use services there for
15 direct employment. They work there. They use employment
16 services, many of which are right along the Camp Hill
17 Market Street, Camp Hill/Lemoyne Corridor.

18 Grocery stores: we've found that many of the
19 Harrisburg residents will actually shop for their groceries
20 in Cumberland County. The Weis Market, the Karns store,
21 the Giant there are very popular grocery stores for those
22 community members.

23 They use services such as New Hope Ministries,
24 JFT Recovery which, again, are in Lemoyne; Bossler Avenue
25 and Market Street in Lemoyne. And these citizens really

1 are unable to accommodate even a minimal increase in their
2 monthly budges, and if they're traversing this bridge
3 multiple times throughout the day for these different
4 services, they're going to be incurring costs that
5 will -- they will not be able to afford.

6 So what will that do? So that will divert
7 traffic. Tolling will significantly impact the cost of
8 doing businesses for many of our local businesses. I spoke
9 with one Lemoyne small businessperson. He is anticipating
10 a \$360,000 a year increase to his business. They use
11 trucking as part of their business. To accommodate the
12 tolls, they feel that it is not in their best interest to
13 change their routes, so they are going to have to absorb
14 that change, absorb that increase and pass that along to
15 their customers, local companies and local residents.

16 Tolling is going to divert thousands of vehicles
17 attempting to bypass the tolls. Perfect example: I took an
18 Uber over here this morning from my home in Lemoyne.
19 Talked to the Uber driver about this. This is what I'm
20 doing. This is what I'm going to today. How do you feel
21 about it? Well, this Uber driver is small businessman. He
22 has two small businesses of his own, and he is an Uber
23 driver. So, he has three businesses to feed his
24 five-person family: three teenage boys, his wife, himself.
25 And, he said I'm going to take other routes. I'm not going

1 to pay that toll every day, multiple times throughout the
2 day. So, I'm going to take other routes. So, a perfect
3 example of how local people are going to bypass this bridge
4 in order to avoid paying this toll.

5 What will that do to our infrastructure in our
6 little Borough of Lemoyne? We're really unable to
7 accommodate the additional traffic that this is going to
8 present. You know, that's going to increase our
9 maintenance costs, our upgrade cost for our infrastructure,
10 our roads, and how are we going to pay for that? Well,
11 we're going to have to raise taxes in order to accommodate
12 that in our community.

13 Another point that I wanted to make that is not
14 actually in my presentation, and you may hear it from my
15 associate, the local first responders in our area are also
16 against this tolling project. They feel that the
17 additional traffic that will be diverted onto the roadways
18 is going to make their already difficult task of getting
19 through traffic to arrive at emergencies even tougher;
20 trying to navigate the additional traffic that will be
21 generated by this.

22 The Borough of Lemoyne opposes the financing of
23 this project as a public/private partnership with private
24 investors as opposed to more traditional methods of
25 bonding, that type of thing. In this environment -- in

1 this rate environment -- someone mentioned earlier buying a
2 house, getting a mortgage. That's what I do for a living.
3 I'm a mortgage lender. So, I work with interest rates on a
4 daily basis to some extent. Certainly not bond rates,
5 commercial bond rates, municipal bond rates. That's not my
6 area of expertise, but I do know that interest rates are at
7 historic lows right now in most every area of financing.
8 Municipal bonds could present another alternative to
9 funding these projects, based on these historical low
10 rates.

11 My question would be, what is the rate of return
12 on investment to the private investors that will be hired
13 through the P3 process? So, are they going to accept a two
14 or 3% return on investment? I significantly doubt that.
15 So that will incur additional expense by utilizing that
16 method of financing these projects.

17 I'm also -- I'd also like to bring out that the
18 Borough of Lemoyne is also adamantly opposed to the current
19 ramp configuration. I know this is a bit of a different
20 topic than what we've been discussing here this morning.
21 The maps that I've provided to you will explain our
22 concerns about the configuration of this project.

23 Currently, as the project is proposed, it dumps
24 all the traffic, westbound traffic, from the South Bridge
25 right onto 3rd Street in Lemoyne, right in the middle of a

1 residential area. Our community swimming pool, our
2 memorial park is at the end of Herman Avenue which is less
3 than a block from where this current exit ramp
4 configuration ends. There is no straight-through option.
5 Traffic is turning either right or left, so they're going
6 to turn right to get into other communities: Wormleysburg,
7 Camp Hill, Marysville, Enola. If they're coming that way,
8 they're going to turn left to go into New Cumberland,
9 Highland Park, Lower Allen. There are no other options for
10 them there, and this is going to dump them directly into
11 residential neighborhoods.

12 So, if you refer to the maps that have been
13 provided in my packet, the first map is just a general
14 overview. Map #2 actually shows the project as it's
15 proposed. I did bring some packets with larger maps. The
16 ones that were printed initially are 8-1/2" by 11", but
17 there were some packets that were provided to you where the
18 maps are 8-1/2" by 14'. They're a little easier to see.

19 So, Map #2 is the proposed project. Again, as I
20 said, all the traffic exits right onto South 3rd Street
21 which is a residential area in our community, and we have a
22 lot of pedestrian traffic in that area. This additional
23 traffic is going to play havoc with the safety of our
24 residents.

25 We do have an additional -- several additional

1 maps there. The proposed ramp configuration appears to be
2 inconsistent with the proposed York split area, that 581/83
3 Interchange as you many know it. Per the I-83 master plan,
4 we believe this could result in future reconfigurations of
5 these ramps that have -- are currently proposed, again
6 adding additional unnecessary expense to the entire
7 project, to all of these projects combined.

8 So, if you refer to Map #3 and Map -- well,
9 they're not numbered. Map 3 and Map 4 as they're labeled,
10 the third and fourth ones in your packet, you'll be able to
11 see the proposed configuration of 83 for the 83 master plan
12 at the split.

13 The last map in the packet which you will notice
14 has a yellow indication on there is a proposed alternate
15 exit ramp for this project, for this bridge project. So,
16 if you get to the very last one, you'll see one with a long
17 yellow line.

18 What our proposal is, or our suggestion is, the
19 consideration of, rather than dumping that exit ramp on
20 South 3rd Street in our residential area that PennDOT
21 considers an alternate exit ramp that will come down Ayers
22 Avenue and end on South 10th Street which is a
23 commercial/industrial area in our community. We will not
24 have the implications of pedestrian safety there. It's
25 already a commercial area. There's an 83 interchange

1 within two blocks of where we are proposing using an Ayers
2 street exit ramp -- Ayers Avenue exit ramp.

3 Traffic has a much more direct path at that point
4 to other West Shore communities, rather than going through
5 all of these residential areas. There is direct access --
6 I can't speak this morning -- to the commercial vehicles
7 that will exit there, because that's where the distribution
8 centers are located within our community. There are
9 commercial distribution centers right there. And there
10 will be minimal impact of this ramp location to the local
11 businesses which, again, we would see as it's proposed.

12 One other thing that I would like to mention
13 before I lose my time here is our mural. I don't know if
14 any of you are familiar with the Lemoyne Mural.
15 Sue Yenchko, one of -- our council Vice President is here
16 today. The Lemoyne Mural currently has been generated.
17 When you come across the South Bridge, you get off at
18 Lemoyne, and you come down and swing around. As you come
19 off that exit, to your left there's a mural all along the
20 wall there. That mural depicts the history of Lemoyne.
21 That mural was a public -- Sue raised the money for that
22 through a variety of sources. That mural cost the borough
23 -- cost to construct \$81,000. It's a beautiful, beautiful
24 mural. There were 125 of our citizens who actually
25 participated in creating that mural, painting it. I was

1 one of them. It was an incredible experience. And it
2 was -- took 18 months for this mural to be finished, start
3 to finish. That mural through this project, and through
4 the way this ramp is currently configured and the bridge is
5 currently configured will be totally passed aside. We will
6 lose the mural all together. It cannot be relocated,
7 because of the way that it is constructed and adhered to
8 the ramp there, to the wall. We cannot use it as a park.
9 It cannot be designated as a park we're told, because we
10 are told that the feds will not permit a park underneath an
11 overhead ramps. So, we are going to, in essence, this --
12 lose this mural that means so much to our community,
13 because it's the story of our community from the 1800s --
14 earlier, actually -- to the present, and we are very proud
15 of it.

16 So in essence, just to sum up my comments, we
17 know the bridge has to be replaced. We are adamantly
18 against tolling that bridge as a methodology of financing
19 it. And we are adamantly against the current configuration
20 of the ramps for this project. And I thank you for your
21 time.

22 MAJORITY CHAIRMAN HENNESSEY: Thank you. I
23 appreciate your testimony. You --

24 DR. DEKLINSKI: I'll go next.

25 MAJORITY CHAIRMAN HENNESSEY: Dr. Deklinski.

1 DR. DEKLINSKI: Yeah.

2 MAJORITY CHAIRMAN HENNESSEY: Nice to see you
3 again.

4 DR. DEKLINSKI: It's nice to be here. Nice to
5 see you. Good morning. My name is --

6 MAJORITY CHAIRMAN HENNESSEY: Good morning.

7 DR. DEKLINSKI: -- Dr. Joe Deklinski, and I am a
8 25-year member of the Wormleysburg Borough Council. And,
9 one of my roles as a council member is to oversee all
10 infrastructure issues within our community. I'd like to
11 thank Chairman Hennessey, Chairman Carroll and the members
12 of the committee for the opportunity to offer the views of
13 Wormleysburg Borough Council regarding the proposed plan to
14 require tolls across the access to the John Harris Bridge
15 or the South Bridge as it is known across the Susquehanna
16 River.

17 And just as an aside, let me say that it is very
18 odd for me to be sitting on this side of the table, as many
19 years as a staff member here I sat on the other side. But,
20 be that as it may, Wormleysburg is situated on the West
21 Shore of the Susquehanna River, directly opposite the City
22 of Harrisburg. We are primarily a residential community of
23 3,062 people. The history of Wormleysburg is uniquely tied
24 to transportation infrastructure, as in the mid-1800s John
25 Wormley operated a ferry service between the borough and

1 Harrisburg, and in the early 1900s Wormleysburg served as a
2 terminus for coal barges, and then as a base for seaplanes.

3 Our early residents are also familiar with tolls,
4 as both the Walnut Street Bridge and the Camel Back Bridge
5 now known as the Market Street Bridge initially required
6 tolls. While we certainly agree that upgrading and
7 replacing our aging infrastructure is an important public
8 priority, we do not believe placing tolls on certain
9 bridges is a long-term answer.

10 In particular, we believe the proposed plan to
11 place tolls on the John Harris Bridge will have a number of
12 negative impacts on the citizens of the Borough of
13 Wormleysburg. And I offer four examples.

14 First, local infrastructure pressure. Motorists
15 seeking alternative routes rather than paying to cross the
16 John Harris Bridge will very likely attempt to use the
17 Market Street Bridge at one end of our community, or the
18 M. Harvey Taylor Bridge which is squarely in the middle of
19 the borough. Motorists seeking these alternatives will
20 drive down Front Street, a two-lane state highway, or our
21 secondary streets, especially those leading to the
22 approaches to the Harvey Taylor Bridge, overloading these
23 streets which are already ill equipped to handle any
24 increase in traffic.

25 Second is the potential impact on local

1 businesses. Wormleysburg is home to several waterfront
2 dining establishments, along with a number of small
3 service-related businesses. Our local retail businesses
4 and restaurants report significant decreased business
5 during periods of congested traffic, which is also a peak
6 time for their walk-in customers. Once cut-through traffic
7 is added, it means less revenues for those local businesses
8 that have already been impacted negatively by a variety of
9 circumstances.

10 Third is public safety. Wormleysburg shares
11 joint fire and police departments with our neighbor, the
12 Borough of Lemoyne. We maintain fire facilities in both
13 communities while the police operate from a facility
14 located in Lemoyne. I mention this because we are also
15 faced with a unique roadway feature which we call the
16 Bottleneck. It is a narrow and winding stretch of roadway
17 that joins both communities, and which is frequently
18 congested. This provides a challenge to our first
19 responders to quickly and safely respond to emergencies.

20 Additionally, Penn State Health operates an
21 emergency medical services ambulance station along the
22 Bottleneck. Yes, alternate routes are available for our
23 first responders; however, these increase response times,
24 and minutes are precious in an emergency. Motorists
25 seeking alternatives to the bridge toll will end up using

1 the Bottleneck to access the Market Street Bridge or the
2 Harvey Taylor Bridge, and this coupled with the plan to
3 reduce traffic lanes by adding bike lanes will undoubtedly
4 create further congestion, adding to the challenges faced
5 by our first responders in answering emergency calls.

6 Fourth is a quality-of-life issue. Many of our
7 residents are struggling in ways they have not experienced.
8 Traffic congestion impacts people's surroundings, directly
9 affecting their quality of life. Spend time in our
10 community when there's an unfortunate serious accident or a
11 naturally occurring impact on the major routes surrounding
12 us. Time and again, these situations force motorists from
13 their normal traffic patterns and into Wormleysburg,
14 creating significant congestion, and making it more
15 difficult for our residents to get to work, or to access
16 their own homes easily.

17 The Pennsylvania Revenue Options Committee report
18 outlining several revenue options that address the
19 Commonwealth's transportation funding deficit. Tolling is
20 one of the 18 options considered in the report. As the
21 next step, we believe all parties, including the affected
22 local communities, should develop a comprehensive statewide
23 funding solution that addresses our transportation needs in
24 a sustainable manner. Facing a tolling proposal on the
25 South Bridge eliminates thoughtful consideration of the

1 other revenue sources suggested by the committee that might
2 be better suited due to the unique circumstances of the
3 South Bridge and its nearby communities. The elected
4 officials of the Borough of Wormleysburg stand ready to
5 participate in such discussions.

6 Thank you for your time and attention and, once
7 again, rely on me to share the perspective of an impacted
8 community. Thank you.

9 MAJORITY CHAIRMAN HENNESSEY: Thank you, Joe.
10 John Barrett?

11 MR. BARRETT: Yes, good morning. My name is
12 John Barrett. And first, thank you for allowing me to be
13 here today. I appreciate the opportunity. I'm the
14 township --

15 MAJORITY CHAIRMAN HENNESSEY: You are welcome to
16 be here. Thank you.

17 MR. BARRET: Thank you. I'm the Township
18 Manager --

19 MAJORITY CHAIRMAN HENNESSEY: Yeah. Could you
20 get a little closer to the mic, please? Thank you.

21 MR. BARRETT: Yeah. Is that better? Sorry about
22 that. As I was saying, I'm the Township Manager in South
23 Fayette Township which is in Alleghany County. South
24 Fayette happens to be the fastest growing township in
25 Alleghany County, and one of the contributing factors for

1 that growth is proximity to the city and access to I-79.
2 Our commercial centers thrive from access to the highway
3 which takes customers, residents and suppliers to our
4 commercial centers, as well as to our growing residential
5 neighborhoods. The --

6 MAJORITY CHAIRMAN HENNESSEY: Excuse me, John.
7 Could you get a little closer yet --

8 MR. BARRETT: Yeah.

9 MAJORITY CHAIRMAN HENNESSEY: -- to the mic,
10 please? Because it's hard for me, at least, to hear you.

11 MR. BARRETT: I'm a -- kind of a soft talker, so
12 I'll try to step it up. I apologize.

13 MAJORITY CHAIRMAN HENNESSEY: Okay, thanks.

14 MR. BARRETT: I was saying that our township
15 board of commissioners is opposed to the tolling of I-79.
16 One of the largest reasons for our opposition, at least at
17 this point, in addition to what some of my colleagues up
18 here have mentioned, I really wanted to touch on the idea
19 of process and public input.

20 We heard today about, you know, intent to hold
21 additional meetings and maybe some meetings with local
22 leaders. You know, I've been to exactly two of these.
23 I've gone to every one that's been -- I've been invited to,
24 and in both of those situations public comment was
25 extremely limited. Details about the project itself were

1 unavailable. And, given that we know how traffic will
2 diverge from toll bridges, it's a little disheartening that
3 we haven't had more discussion about our local road
4 networks and how they wouldn't be able to handle additional
5 traffic.

6 You know, we feel that our largest source of
7 information to this point has been the local papers. And,
8 you know, we stand ready and willing to talk about the
9 impact to our local communities in a meaningful way. But,
10 we do not believe we've had the opportunity to do that at
11 this point.

12 We've also heard that there is an intent for the
13 first phase of this, which would be the installation of the
14 toll mechanism to be installed as early as 2023. So with
15 that, you know, less than two years away, and given the
16 magnitude of this project, we question the sincerity of
17 that public input process. It feels like decisions have
18 been made, and we're being forced to deal with it.

19 I want to point out that in the township, like
20 many in the Commonwealth, we have a traffic impact fee
21 program which is a version, I guess, of P3 in that traffic
22 improvements are paid for by fees on private developers as
23 they grow in the community, or as they develop in the
24 community. And, before we could get to that point, there
25 is a rather large and onerous process that we go through,

1 something called a roadway sufficiency analysis where we
2 basically study all the traffic networks and patterns in
3 the community, identify where deficiencies are and design
4 projects to address those.

5 We are about to implement our first phase in this
6 ten to 20-year process, and if that toll bridge were to be
7 installed in '23, we certainly know that the road networks,
8 you know, under our control would not be able to address
9 them at that pace.

10 Furthermore, the state owned and maintained
11 roadways in direct vicinity to I-79 in our township -- I'm
12 talking specifically about Millers Run Road and
13 Presto Sygan Road, roads that connect to I-79 which would
14 be the logical detour routes -- are both in extreme states
15 of disrepair. There have been landslides on both of them.
16 They're lane restricted.

17 Currently, the district has temporary traffic
18 signals at both of these locations to monitor the
19 chokepoint or the lane restriction. We have been told
20 those costs are about 30,000 a month. Millers Run has been
21 in that condition for about a year, and Presto Sygan has
22 been lane restricted for at least six months. And those
23 aren't even talking about the other neighborhood roads that
24 would be likely utilized.

25 My point is, with the toll bridge being -- if the

1 toll were to be installed in 2023, the local networks just
2 are completely unable to accommodate them. We have not had
3 a chance to share any of that through these diversion
4 meetings or through the local meetings. I'm guessing
5 that's on the horizon. But, we believe that proceeding in
6 this manner without going to the community first is
7 reckless, and the -- appears to be a cavalier attitude in
8 not including the local communities.

9 So we're here today to oppose that, to encourage
10 there to be discussion about how we can be partners with
11 you in funding this. But -- and I would like to add that,
12 unlike what I'm hearing my colleagues say about the
13 condition of the bridges, the I-79 Bridge is not at
14 its -- the end of its useful life. It is not in a state of
15 imminent failure. Early discussions with the district
16 indicated they were looking at it largely because of the
17 potential it had for revenue. However, without any
18 discussion about how those revenues could trickle down and
19 improve failing intersections in our neighborhoods, we
20 don't see how you can move forward with the bridge
21 in -- over I-79. So, I'll stop there, and any questions
22 I'm sure we'd be happy to answer.

23 MAJORITY CHAIRMAN HENNESSEY: Thank you, John.
24 Just -- I'm not sure where South Fayette is. I assume it's
25 somewhere in the Pittsburgh Area. Can you tell me --

1 MR. BARRETT: Correct. Yeah, we're a suburb of
2 Pittsburgh. We're --

3 MAJORITY CHAIRMAN HENNESSEY: Where is South --

4 MR. BARRETT: South hills of Pittsburgh.

5 Correct. Yeah, we're about --

6 MAJORITY CHAIRMAN HENNESSEY: No. South, north?

7 Where? Which part of --

8 MR. BARRETT: South hills of Pittsburgh.

9 MAJORITY CHAIRMAN HENNESSEY: Southwest of
10 Pittsburgh? Okay, thank you.

11 MR. BARRETT: Oh, right. Southwestern
12 Pittsburgh. The south -- the communities in the south we
13 call the South Hills. It's in the South Hills of
14 Pittsburgh, about 20 miles south of the City of Pittsburgh.

15 MAJORITY CHAIRMAN HENNESSEY: Okay, thanks. All
16 of us I think are operating under the idea that PennDOT as
17 the experts would tell us whether the bridges need repair
18 or not. And I've -- I don't know that any of you guys, the
19 three of you, aside from John, have any disagreement with
20 whether or not the bridges need to be replaced. You -- I
21 guess accepting of the idea that it has to be done. John,
22 I heard you say that you don't -- you're not certain that
23 you agree with the idea of PennDOT characterizing the -- is
24 it the I-79 bridge?

25 MR. BARRETT: Right. Yeah.

1 MAJORITY CHAIRMAN HENNESSEY: As being
2 necessarily in need of repair.

3 MR. BARRETT: It's not in a state of disrepair.
4 I would say that. I mean, I travel under the bridge daily
5 on my commute to work. Route 50 passes underneath.
6 There's no signs of failure in terms of rust or the
7 concrete crumbling. I believe it was built in the 1980s,
8 so it is an older bridge, but maybe not by some of the
9 other standards. I think their largest reason of including
10 it is the trip volume potential for revenue. I believe
11 that there are intents to widen it as well, so there would
12 be some benefit that way. But, in terms of its condition,
13 it does not seem to be in any kind of failure condition.

14 MAJORITY CHAIRMAN HENNESSEY: Okay. Well, thank
15 you. And I suggest that you make sure that you get that
16 information to PennDOT; not just waiting for a hearing,
17 but, you know, getting it to them proactively soon --

18 MR. BARRETT: Yeah.

19 MAJORITY CHAIRMAN HENNESSEY: -- to bring
20 it -- bring that challenge into focus. Okay?

21 MR. BARRETT: Absolutely.

22 MAJORITY CHAIRMAN HENNESSEY: Okay.

23 MINORITY CHAIRMAN CARROLL: To the local
24 officials, I thank you for serving your communities. It's
25 God's work, and I appreciate what you do. And, I lament

1 the position that you are in. It is troubling. I think
2 about the Chamber of Commerce and the Pennsylvania Chamber
3 of Commerce and their support for Act 89, which is out of
4 the usual lane, for the Chamber of Commerce to be
5 supportive of an increase in the gasoline tax in the
6 neighborhood of \$0.25 a gallon.

7 But the Chamber, when Act 89 was being
8 considered, recognized the need and supported those of us
9 that cast the vote to do that increase in the gas tax. And
10 more than one of you have mentioned the sadness with
11 respect to the diversion of those dollars to the state
12 police and to, you know, the -- some of the other programs
13 that exist with respect to diversion.

14 That should not happen, but sadly it has. And
15 it's probably the -- it's mostly the product of political
16 calculations that have been made by people in this
17 building, and that is unfortunate.

18 I have a voting record that I think that you, the
19 local officials, would be proud of with respect to
20 recognizing the need to prevent these sorts of things from
21 happening. But at the end of the day, we haven't had the
22 willingness in this building to do the hard things that
23 need to be done to prevent this from happening.

24 Maybe this hearing today opens the eyes of some
25 in this building to other options that might exist that

1 prevent this from happening. I'm not sure. I hope.

2 MAJORITY CHAIRMAN HENNESSEY: Thank you. Seeing
3 nobody else asking questions. Anybody online? Okay.
4 Well, thank you again. And I agree with Chairman Carroll.
5 Thank you for your service to your communities. You are
6 the lifeblood of the communities often, and without you
7 we'd all be hard pressed across the Commonwealth. So thank
8 you for what you do, and we appreciate your testimony.

9 MS. GALLO: Thank you very much.

10 MS. HETHERINGTON CUNFER: Thank you.

11 MAJORITY CHAIRMAN HENNESSEY: The next panel --
12 actually, the next testifier is Leeann Sherman. She is the
13 Executive Director of the American Council of Engineering
14 Companies of Pennsylvania. And she brings with her
15 Dr. Eric Veydt who is the President of the Board of the
16 Directors of the American Council of Engineering Companies,
17 ACEC as we know it here in Harrisburg. Leeann, welcome.
18 Dr. Veydt, welcome. And, Leeann, begin whenever you are
19 ready. Thank you.

20 MS. SHERMAN: Thank you. And I want to apologize
21 in advance. With the change of seasons my allergies are
22 acting up, but I promise it's just allergies. So I'll say
23 that, but thank you.

24 Chairman Hennessey, Chairman Carroll, members of
25 the committee, both virtual and in person, and guests,

1 thank you for the opportunity to testify today. As
2 Chairman Hennessey noted, I am Leeann Sherman, Executive
3 Director for the American Council of Engineering Companies
4 of Pennsylvania. And I do have with me President of our
5 Board of Directors, Eric Veydt, who will be happy to take
6 questions as well.

7 ACCPA is a trade association representing over
8 12,000 engineering consultants throughout the Commonwealth
9 consisting of engineers, land surveyors, scientists,
10 technicians and various other professionals with varied
11 disciplines including civil, structural, sanitary,
12 environmental, mechanical, electrical, geotechnical,
13 chemical, industrial and agricultural engineering services.
14 ACCPA is in the business association of Pennsylvania's
15 engineering industry.

16 So, consulting engineers are involved in
17 designing virtually every construction and renovation
18 project in the nation. From bridges and prisons to water
19 purification plants, and energy efficient generation and
20 distribution systems. They design ventilation and
21 electrical systems for new hospitals, figure out how to
22 build tunnels through mountains without disturbing local
23 wildlife, and renovate water treatment systems for bustling
24 cities. They solve and ensure habitat is protected for
25 animals, grasses and trees.

1 As a catalyst in the problem-solving process,
2 consulting engineers lead teams of multidisciplined
3 professionals on complex technical projects. They serve as
4 expert advisers to local, state and Federal Government
5 agencies, and to private businesses and industries.
6 Consulting engineers serve these public and private clients
7 from the preliminary survey and analysis through final
8 design and construction. While our members provide a wide
9 range of professional engineering services, our membership
10 has a very keen interest in civil engineering and the
11 design of public water and transportation infrastructure.

12 From an industry perspective, Act 89 was
13 unquestionably the single most important piece of state
14 legislation, so thank you. Others have spoken about the
15 benefits to the Commonwealth over the years since 2013's
16 passing, and many states have used it as a model for
17 transportation funding. While we all agree that at that
18 time it was a success, its intent was never going to fully
19 solve all of the challenges, especially should anomaly like
20 the pandemic occur.

21 Almost a decade ago now, Pennsylvania was faced
22 with critical choices on how to solve several extremely
23 important issues, not only for our residents, but for our
24 visitors as well. Public transportation serves all 67
25 counties, and it was strained in both rural and urban

1 communities alike, and the condition of our bridges was
2 deteriorating. Passenger rail, air and seaports needed
3 attention, and our highways both state and local could no
4 longer rely upon just fixing or maintaining. We in
5 Pennsylvania needed a true investment in our
6 infrastructure.

7 The passage of Act 89 provided that much needed
8 \$2.3 billion investment and created the dedicated
9 multimodal fund. This did not happen without many
10 conversations, partnerships, education, study after study
11 showing findings of the need and a coalition of groups
12 coming together.

13 Many people wondered if our industry and others
14 could handle the increase put upon us with the influx of
15 projects and challenges in the workforce, and if we were
16 able to handle that increase in infrastructure Act 89 would
17 bring. I can tell you that we were ready as an industry,
18 and we did it. Not alone of course, but with public and
19 private partnerships, associates from across all sectors
20 and industries alike, blue and white-collar workers, and a
21 coming together of all businesses and our state government.

22 Some economic information is, the jobs that Act
23 89 created are not only in the engineering sector, but they
24 are all across all sectors. We continuously partner and
25 collaborate with other industries to solve these issues and

1 challenges and build a better community by building a
2 better infrastructure.

3 I would like to share a few statistics. For
4 every \$1 billion spent on public transportation -- excuse
5 me. For every \$1 billion spent on public transportation
6 capital projects, it sustains approximately 15,900 jobs.
7 For every 1 billion spent on public transportation
8 operations, it sustains 24,200 jobs. And, for every 1
9 billion spent on highway operations, it sustains 17,810
10 jobs. All the while, 25 to 30,000 jobs are created in the
11 AEC industry, or architecture, engineering and
12 construction, all by this single \$1 billion investment.
13 That's over 80,000 direct jobs that are sustained for every
14 1 billion spent. While these numbers are now almost two
15 years old, they still hold true, and they do and are
16 growing if that investment is there.

17 As infrastructure and construction projects have
18 increased, we have also increased those jobs in
19 Pennsylvania residents and Pennsylvania companies, which in
20 turn creates economic growth across our industries in all
21 sectors. I urge you to review the second document that I
22 have provided, which is an economic update compiled just a
23 few days ago from our national association, ACEC. It is
24 included in your packet.

25 Page 1 is a pie chart showing construction by

1 project type. I urge you to take note of the percentages
2 there to see where construction is being spent. Page 2,
3 which is probably something very important for you to see,
4 that is the cost of goods increased over the last year. If
5 you'll take note, many of those are used in construction
6 today. Next you'll see construction put in place, which is
7 showing residential, private, non-residential and public,
8 including state agencies and other government-associated
9 entities. Please take the time to review that research
10 that I have provided.

11 While the infrastructure is a need, the moneys
12 are just not there, as we have talked about. This means
13 things do not get built, fixed or updated, and mostly
14 that's an issue to ensure the safety, quality of life,
15 mobility and food security for our Pennsylvanians and our
16 visitors. Every industry is touched by architecture,
17 engineering and construction industry, which sustains tens
18 of thousands of direct jobs and hundreds of thousands from
19 the products and services that the AEC firms utilize. The
20 economic impact is sufficient.

21 There are many obstacles that we face. As we
22 knew that we would have to build upon the foundation
23 enacted by Act 89, Act 44 as mentioned previously by the
24 Chairman requires that the Pennsylvania Turnpike Commission
25 provide the 450 million per year for public transportation

1 and projects. Act 89 set 2022 as the end date for the
2 Pennsylvania Turnpike Commission's commitment to provide
3 that 450 million a year. Beginning in 2022 fiscal year, 50
4 million per year will be paid for the turnpike, and the 450
5 will be the sales tax from motor vehicles. That will be
6 the replacement previously coming from the turnpike, and we
7 need to fix that.

8 As we continue facing another challenge with
9 detrimental effects, the pandemic which not only caused
10 medical and economic hardship to Pennsylvania residents,
11 but also to our state and local governments, small and
12 large businesses and in almost every sector, our future of
13 innovation and modernization almost stand still.

14 We've dealt with COVID-19 for over 18 months, and
15 the effects of it will be felt for decades to come. Excuse
16 me. With a projected loss of at least 800 million through
17 2021 to PennDOT from the pandemic, the diversions of the
18 Motor License Fund as discussed earlier, the needs gap that
19 we knew would eventually catch up to us from Act 89 and the
20 debt of the turnpike that it is now under, the time to act
21 is now. We've hit a pivotal point, and that doesn't mean
22 we can stop fixing these detrimental bridges. Doing
23 nothing and allowing the crisis at hand to continue is just
24 not possible, and I think we all agree.

25 With various different restrictions, tele-working

1 and financially strained companies and a workforce, we
2 cannot ignore that we need to find solutions, and we need
3 to find them now. The P3 Major Bridge Initiative is just
4 one tool in the toolbox, is what many would say. I was
5 part of the TROC, or the Transportation Revenue Options
6 Commission, with Representative Hennessey,
7 Representative Carroll and many others who worked to find
8 options. There were -- there was a star of hope that we
9 would have these options provided to you, so that you could
10 hold those hard conversations, and that our legislators,
11 all of you, can find those solutions just like consulting
12 engineers do each and every day. You've done it before,
13 and we will continue to be here to help to educate you,
14 offer resources and assist with grassroots and bringing
15 coalitions together.

16 If PennDOT were to use their annual budget to
17 fund the bridges and have those projects go straight
18 through PennDOT as being considered as the P3 Major Bridge
19 Initiatives, as stated before, there probably would not be
20 moneys left over to do much if any other projects. We
21 cannot pull from one to pay for another, or we'll never get
22 ahead, innovate or ensure safety, quality of life, mobility
23 and food security. We need a long term, sustainable
24 funding solution, as we all know the gas tax is whittling
25 away. We need an investment once again.

1 We hope there is a solution and, in summary, I
2 urge the following: discuss and develop a sustainable and
3 reliable revenue replacement to the gas tax. Car
4 manufacturers continue to improve the fuel efficiency of
5 their vehicles, reducing fuel consumption, and heading us
6 all toward the electric vehicles in the next ten to 15
7 years. The gas tax will not sustain the funding necessary
8 to keep our roads and bridges in a state of good repair; we
9 all agree on that.

10 Number two: to discuss and develop a sustainable
11 and reliable solution for the sunset of the Act 44 moneys
12 from the Pennsylvania Turnpike Commission, which in turn
13 affects the replacement and sustainable revenues for public
14 transportation. This must include a bipartisan approach
15 and honest discussions and education on the impacts if
16 nothing is done. Time to act is now.

17 And finally, as we continue to see, we cannot
18 assume or wait for the Federal Government to act. And I
19 know we are currently waiting as we speak right now. Just
20 like Pennsylvania's local governments, we cannot wait to
21 see what they will do. The ability and our revenues need
22 to increase so that we can handle those projects.
23 Pennsylvania cannot assume there will be a savior in the
24 Federal Government. We, you and all of Pennsylvania need
25 to work together, and it must be now. Waiting will create

1 deeper problems and shifting of the funds available, such
2 as moving them from PennDOT's budget -- moving them from
3 the P3 into PennDOT's budget will only leave maintenance
4 and other projects on the table. We have seen that that
5 can happen if we do nothing with our highways, bridges and
6 roadways.

7 The lag time in construction when design
8 activities or environmental surveys are not completed can
9 be years. And when maintenance or modernization is not
10 attended to, we sink deeper behind. If the Federal
11 Government does come through with relief, Pennsylvania
12 needs to be ready to act and leverage that opportunity.

13 To date, as we know, a clear solution to our
14 impediment here has not been set forth. But, ACCPA and the
15 consulting industry will continue to engage you and our
16 partners to help solve this crisis we are facing. We do
17 see that the P3 Major Bridge Initiative is one way to keep
18 our infrastructure strong, but there are many others, and
19 we need you to act.

20 Thank you again for the opportunity to provide
21 testimony today, and I note that I have supplied that
22 written testimony to all, and that one additional document
23 that I urge you to review. Thank you.

24 MAJORITY CHAIRMAN HENNESSEY: Thank you, Leeann.
25 We appreciate the advice and counsel that we receive from

1 ACEC often. Do I understand from your testimony that
2 you -- I think you're saying you understand why PennDOT is
3 going this -- through this initiative, the Pathways
4 initiative, to try to use P3 contracts and fund them with
5 tolling. But, is -- does ACEC have a position on whether
6 it's a good idea or a bad idea, or just do you acknowledge
7 that it's one of several ideas that are out there?

8 MS. SHERMAN: I'll provide an answer, and I'll
9 also give Eric an opportunity, as well. We do acknowledge
10 it's one of several, several options, and many have been
11 discussed. It is -- the bridges need to be fixed. They
12 need to be fixed or replaced, and we all agree to that.
13 How that is done, what funding source, I think that is
14 something that is probably above our paygrade in the sense
15 of, we don't have all that analyses. Those studies need to
16 be looked at to ensure what the best funding solution for
17 that is, but it is an option. We as an industry, we will
18 continue to do the work, whatever type of funding option is
19 used.

20 MAJORITY CHAIRMAN HENNESSEY: And, well, as
21 you've heard me comment, and I think I voiced the sentiment
22 of a number of other people, it may just be moving too
23 quickly. Maybe we need to slow down and think about it,
24 and at least take a deep breath and make sure we're going
25 in the right direction. Dr. Veydt, did you want to

1 comment?

2 DR. VEYDT: Chairman Hennessey, Chairman Carroll,
3 thank you; committee members. Appreciate that, and
4 appreciate the question. And why is PennDOT doing the
5 method they're choosing? We in the engineering industry
6 take part in many different kinds of procurement, whether
7 it's design/bid/build, design/build, design/build/best
8 value, P3s, progressive P3s, CM at risk: there's all
9 different mechanisms that are available. I think the
10 department has chosen a method that they can move forward
11 because it needs to be done.

12 I think you asked why. One of the things I heard
13 when we first started the session today was about the I-35
14 bridge and the collapse. So that was 15 years ago, 14.
15 The I-40 bridge over the Mississippi River was just last
16 year, and that crack was there for a long time. And I
17 might add, it was not -- you could not see it from the top
18 of the bridge. But they found that, and they had to fix
19 it, and they had to shut that bridge down for a significant
20 period of time. The Delaware River Bridge, the
21 Pennsylvania Turnpike connecting to the New Jersey Turnpike
22 nearly collapsed, and it had to be fixed. And again, that
23 was found after it broke, and that was a large structural
24 member broke.

25 Little closer to home -- I'm from Pittsburgh, not

1 far from South Fayette. I live in Cecil Township. I know
2 the Bridgeville Project. I drive through the Bridgeville
3 Project every day. I have for 40 years. I know that area
4 well. There are bridges in Pittsburgh -- the Birmingham
5 Bridge fell off a bearing just a few years ago, because it
6 was knocked up and not maintained. There was a bridge in
7 Washington, Pennsylvania in 2005 that the beam actually
8 fell off of it, landed on the road. Didn't kill anybody,
9 but it landed on the road. These things are all warning
10 signs to us of what is going on with our bridges.

11 And there's other things going on with our roads
12 that we can't see. There's drainage pipes that are backed
13 up that are eroding. There's landslides in Pittsburgh. We
14 have landslides all the time. We can't get away from them.
15 It's part of the landscape there. And I've seen these
16 things over 40 years, and I think why we are here is
17 because of the safety of our roadway network. It's about
18 the mobility of our people. When one of these bridges go
19 down -- and it doesn't have to be a big bridge. It can be
20 one of the small bridges in our communities, or it could be
21 a small bridge that's a last-mile bridge of getting a
22 delivery made. This thing is a system that all works
23 together, and so are what we are doing here to work all
24 together.

25 We've had a lot of discussion about the funding

1 and how it might impact, the diversion. Those things are
2 all very real, but representing 12,000 engineers in this
3 state, 120 firms, in the 40 years of experience that I have
4 working through permitting -- I've seen all of that. I've
5 worked through it, but I know, with PennDOT and the
6 turnpike, our transit agencies, when it's time to act,
7 those things move. They move. We have ways to get those
8 things done, and they move. When it hits that time, it
9 goes.

10 So, what I would like to encourage -- I think
11 we're at that time. Why we're here? We need to work
12 through these details, but the bridges aren't waiting for
13 us. They are -- most of these bridges are at least 55
14 years old. And speaking of my tender age, I know how that
15 feels, so I know there is some maintenance that needs to be
16 done. So, I want to encourage us all to move towards those
17 resolutions.

18 MAJORITY CHAIRMAN HENNESSEY: Okay. Did I
19 understand you to say that, you know, in times of necessity
20 the processes can speed up? Do you really think that -- I
21 mean, what we're telling people is the bridges need to be
22 repaired. They don't need to be repaired yesterday, but
23 they need repair, and it's not dangerous to use them now.
24 Under that scenario, can we expect the EPA or the Federal
25 Highway Administration will, you know, fast track the

1 permitting process that we talked about earlier with the
2 PennDOT people?

3 DR. VEYDT: Well, I believe it's a matter of
4 prioritization. It's all a matter of what we make a
5 priority. If we make a project or a series of projects a
6 priority, they'll move. Sometimes things are an emergency,
7 and some of the most fantastic things I've seen happen is
8 when we've partnered with the department or the turnpike,
9 and the consulting community comes together, and everybody
10 is pulling in the same direction. And it happens because
11 it has to.

12 That's not to say that the normal process is
13 necessarily slow. It's methodical. There's a method for a
14 reason so that communities aren't unduly impacted by
15 traffic. Those things are very real. The economics of a
16 project, of paying for a project are very important, but so
17 are the economics of how that impacts a community. It
18 could be positive, it could be negative, and we have to
19 take those all into account. And sometimes it takes a
20 while to get those through.

21 And, you know, those are all important factors,
22 but when it comes to it, we are in a lifespan of the
23 interstate system for sure, where these -- the roads and
24 bridges, the surfaces, even the sub-surfaces need to be
25 rebuilt. I can tell you, we have people from our member

1 firms that are out inspecting bridges today. I know that I
2 -- it's a nice day out today. They're doing it. And I
3 know the South Bridge has been under scrutiny. And we have
4 professionals that are looking at those bridges and making
5 those assessments based on their training and their
6 professional experience.

7 MAJORITY CHAIRMAN HENNESSEY: With regard to the
8 review process, I'll just take a bit of a contrarian view,
9 which is sometimes my experience has been, if you have 90
10 days to review a project, it often sits unlooked at for the
11 first 80 of the 90 days.

12 DR. VEYDT: Agreed. Agreed.

13 MAJORITY CHAIRMAN HENNESSEY: If we could shorten
14 the review period, we could speed up the process --

15 DR. VEYDT: Agreed.

16 MAJORITY CHAIRMAN HENNESSEY: -- on occasion.
17 Not all the time, and we don't want to do it at the cost of
18 public safety.

19 DR. VEYDT: Agreed. We're --

20 MAJORITY CHAIRMAN HENNESSEY: But --

21 DR. VEYDT: -- we're --

22 MAJORITY CHAIRMAN HENNESSEY: Yeah.

23 DR. VEYDT: We're all on the clock. Yeah.

24 MAJORITY CHAIRMAN HENNESSEY: Okay.

25 DR. VEYDT: Yes.

1 MAJORITY CHAIRMAN HENNESSEY: All right.

2 MINORITY CHAIRMAN CARROLL: But --

3 DR. VEYDT: Yes, I agree.

4 MINORITY CHAIRMAN CARROLL: -- we can't do the
5 project, despite the length of the review, if we don't have
6 the money. And, what I would offer today for those that
7 are paying attention, when it comes to the general fund for
8 the Commonwealth of Pennsylvania over the last number of
9 years, two principal things have happened that have been
10 highlighted today to relieve pressure on General Assembly
11 members from actually raising the revenue necessary to
12 provide funding for transit and funding for the state
13 police. What we have done is we have asked the turnpike to
14 borrow \$8 billion and hand that over to the transit
15 agencies of this Commonwealth, because we couldn't find the
16 will politically to fund transit. And, we have taken seven
17 or \$800 million a year from the Motor License Fund and
18 handed that to the state police, because we don't have the
19 willingness politically to actually fund the Pennsylvania
20 State Police.

21 It's high time as legislators we say, if transit
22 is important in this state, and it is, we should fund it.
23 And if the state police are important in this state, and I
24 bet you wouldn't find a single person that would say the
25 state police are not important, we ought to fund it.

1 Instead of a shell game of moving money from the Motor
2 License Fund to the state police, and from the Pennsylvania
3 Turnpike who we've turned to the Bank of America to borrow
4 \$8 billion so people could not use the turnpike. I mean,
5 the turnpike deal was a horrific arrangement where we --
6 and the turnpike is giving money to transit to have fewer
7 people ride the turnpike, and they pay back \$10 billion. I
8 mean, it's insane, but because we don't have the political
9 will to actually fund things that we say are important, we
10 end up in this position.

11 I do thank the Association of Pennsylvania
12 Contractors, the Pennsylvania Chamber, ACEC and a whole
13 slew of others. When it came to actually advocate for Act
14 89, all of you were there. We are there again. We've been
15 there probably for the last four or five years. But, it's
16 going to take people that hold seats in the House and the
17 Senate and the Governor's office to actually nod their
18 head, as you are, Leeann, to say it's time for us to do
19 something that actually addresses the needs. And if we
20 think that the state police and transit are not important,
21 then you know what? Let's just not fund them and see what
22 happens.

23 MAJORITY CHAIRMAN HENNESSEY: Thank you, Mike.
24 And, Representative Heffley?

25 REPRESENTATIVE HEFFLEY: Thank you, Mr. Chairman.

1 Good question. And obviously there's always a need for
2 funding for infrastructure projects. We've seen some --
3 quite a few projects in Northeastern PA, whether it be on
4 the turnpike, new bridges. And, one of the things that I
5 always hear back is the cost of the engineering. Sometimes
6 the engineering costs are more than the actual construction
7 of the bridge. Submitting a plan, and then the DEP or
8 somebody else says, well, we want three alternate plans,
9 because we don't know if this is the best one to mitigate
10 any kind of impact. And just those costs are just
11 driving -- I mean, those are dollars that are being spent
12 that aren't fixing anything. It's just endless studies and
13 reviews and engineering cost.

14 What can be done to alleviate some of those costs
15 so we can actually build things with the limited resources
16 that we have? Because it's not -- we are limited to what
17 we can extract from the motoring public and what they can
18 afford. Obviously we heard testimony from PennDOT that
19 they know certain people aren't going to be able to afford
20 it, so they're actually going to let them identify people,
21 somehow labeling people as to their income level on what
22 they drive, and whether or not they have to pay a toll or
23 not, which is absurd to me.

24 But with that said, what can be done to cut costs
25 in this engineering process? And, why do we need so

1 much -- I mean, NPDS studies when the Fish and Boat and
2 Game Commission already know what's there? It's -- what
3 can we do to save cost in that regard?

4 MS. SHERMAN: I'll start with that, and then I'll
5 turn it over to Eric. So, I want to point out something
6 that's a little different between -- in the engineering
7 community.

8 One of the things that the engineers really stand
9 by is what's called QBS. QBS is quality-based selection.
10 So, that's part of the Brooks Act, was just Federal law.
11 And the reason that QBS is so important is that engineers,
12 designers look at things from a quality and safety base
13 when they are designing, when they are determining how to
14 build something, how do something; all of the studies that
15 do come into it to ensure, first of all, that it's done
16 correctly the first time. We don't have to keep going back
17 and fixing something, and that it can span its lifespan.
18 But that quality and safety is in the forefront. Hence why
19 engineers and designers are not part of a low-bid process
20 which is similar to how contractors get their projects. So
21 that's a little bit there. Eric, do you want to --

22 DR. VEYDT: Yeah. So, a couple of things. On
23 smaller projects that aren't going to cost hundreds of
24 millions of dollars to build, the permitting process still
25 needs to be done on a smaller project. A alternatives

1 analysis still needs to be done so that you can get the
2 most economical construction project. So those things
3 still are in place, so there is a bit of an economy of
4 scale. We talked about that a little bit before and
5 whether that's true or not. I think on the engineering
6 side and the permitting side it is. It is true, because as
7 a percentage of a project, you still have to do the
8 permitting and the preliminary work to come to the right
9 conclusion, and to take everything into account.

10 Those things are important even on small
11 projects. Even when it comes down to driveways and
12 people's homes, there's runoff that goes into that and
13 storm water, and we continue to see things in terms of
14 resiliency and dealing with runoff, whether it's the volume
15 of runoff or quality of runoff that are affecting our
16 communities. And, I think we continue to see that
17 regardless of how much rainfall there is. There's still a
18 lot more hardscape landscape out there than there is where
19 infiltration takes place. And where that affects, those
20 things don't need to be done. So the permitting is not
21 necessarily a bad thing.

22 What else can be done? I do think that the Rapid
23 Bridge Replacement program was an example of what can be
24 done with the -- with 558 bridges being bundled together.
25 They were bundled together. They were put out as a group.

1 So, it has some other things with it, but I do think that
2 was a means to get those done, that they weren't all just
3 one-off projects. They were bundled together, and there
4 was some economy to scale there.

5 MAJORITY CHAIRMAN HENNESSEY: Okay. Not seeing
6 any other questions, thank you very much for your
7 testimony --

8 DR. VEYDT: Thank you.

9 MAJORITY CHAIRMAN HENNESSEY: -- Leeann,
10 Dr. Veydt. And, we have two more panels to hear from.
11 Panel 5 is Rebecca Oyler. She will be testifying, and she
12 is the President and CEO of the Pennsylvania Motor Truck
13 Association. She has brought people with her, Mark Giuffre
14 who is Chairman of the Board of the association, and Joe
15 Butzer who is the Interim President for the American -- or
16 I'm sorry -- the Pennsylvania Motor Truck Association.
17 Thank you for your patience while we went through the first
18 four panels. And, after you we have Mary Gaiski, is it, I
19 think, from the Pennsylvania Manufactured Housing
20 Association, Jed Wood from the Campground Owners
21 Association, and Heather Leach, Executive Director of the
22 Pennsylvania Recreational Vehicles and Camping Association.

23 So, Rebecca, on behalf of the Motor Truck
24 Association, the floor is yours. Thank you.

25 MS. OYLER: Thank you, Chairman Hennessey. Good

1 morning, Chairman Carroll, members of the committee.
2 Thanks for having us here today. As the chairman said, I
3 am Rebecca Oyler, President and CEO of the Pennsylvania
4 Motor Truck Association. With me today I have PMTA's
5 Chairman of the Board, Mark Giuffre, Vice President of
6 State Government Affairs at UPS, and also Joe Butzer who
7 was PMTA's Interim President and longtime trucking industry
8 leader.

9 We testified before this committee on bridge
10 tolling back in March, and we thank you for the invitation
11 to come back again to speak today. We thought it best to
12 use our time today to provide some more specific
13 information about the trucking industry in Pennsylvania and
14 tolling in Pennsylvania to illustrate the impact of bridge
15 tolling on our industry here today.

16 So, just skipping right to the crux of the issue,
17 we discussed a little bit about the amount of the tolls,
18 and our numbers were backed up by PennDOT this morning.
19 So, based on the assumption of a \$12 per truck rate for one
20 of these tolls, the operating cost for one truck to cross a
21 single bridge twice daily will add \$6,240 a year to the
22 operating cost of that truck. For the average PMTA member
23 who has six trucks, it will add about \$37,440 per year. As
24 you know, six trucks is a small business. Some of the
25 businesses that might be included in that type of business

1 would be farms, food banks, home heating oil businesses,
2 lawn care, towing company, those sorts of small businesses.
3 We heard a lot about the impact on small businesses and
4 companies like this today, so I won't go into much detail.
5 But, let's just say that it will be difficult for them to
6 absorb those costs.

7 From the perspective of the trucking companies,
8 it's important to note that Pennsylvania's trucking
9 companies compete every day with those in all of the other
10 states, and there are additional costs that contribute to
11 making our state's trucking companies uncompetitive already
12 with those elsewhere in the country. We don't need to add
13 tolling to the list.

14 First, taxes and fees on transportation make
15 Pennsylvania the third most expensive state in the country
16 in which to operate a truck. Today, a typical five-axle
17 semi-tractor/semi-trailer combination pays \$14,219 in state
18 highway user fees and taxes, and another close to 9,000 in
19 Federal highway user fees and taxes. These costs are over
20 and above the taxes and fees that are paid by other
21 businesses in the state. These contributions are
22 responsible for a large portion of Pennsylvania's Motor
23 License Fund. Overall, the trucking industry pays almost
24 40% of the transportation taxes in Pennsylvania, while
25 operating about 9% of the miles.

1 Here I think it is important to dispel a common
2 misconception about out-of-state trucks that comes up from
3 time to time when we're talking about bridge tolling.
4 Trucks that run in multiple states and weigh more than
5 26,000 pounds do pay Pennsylvania taxes and registration
6 fees for the miles they drive in our state. Through the
7 International Registration Plan, all drivers of apportioned
8 vehicles in Pennsylvania pay registration fees based on a
9 calculation of the total distance they travel in the state.

10 The International Fuel Tax Agreement, or IFTA,
11 allows Pennsylvania to collect fuel taxes for all
12 apportioned trucks through a similar calculation. These
13 agreements ensure that interstate truckers are paying for
14 all the roads they travel, including those in Pennsylvania.

15 As we're discussing cost, I would like to touch
16 briefly on the California Air Resources Board. It may seem
17 a little off topic, but I'll get to that in a second.

18 By way of background, Pennsylvania incorporated
19 CARB, CARB's emissions and inspection requirements for
20 heavy-duty trucks by reference via regulation back in 2003.
21 Since that time, heavy-duty trucks purchased or registered
22 in Pennsylvania have had to have CARB certification
23 stickers on them.

24 The industry is proud of the incredible progress
25 that's been made to make trucks cleaner and reduce

1 emissions. The cost increases that have resulted have
2 become part of the cost of doing business for trucking
3 companies across the industry. However, mandating
4 increased costs that affect Pennsylvania companies almost
5 exclusively with no real environmental benefits only make
6 our state less competitive.

7 New CARB warrantee requirements that we
8 understand are taking effect in Pennsylvania next year and
9 only two other states in the country are increasing the
10 purchase price for a 2022 truck up to \$5,500 more. The
11 frustrating thing is that Pennsylvania company -- for
12 Pennsylvania companies is that the trucks are exactly the
13 same truck that can be bought elsewhere in the country.
14 The only difference is the warranty, which has no impact on
15 air quality.

16 Further, CARB emissions requirements are coming
17 to Pennsylvania within the next two years -- I should say
18 further CARB emissions requirements are coming, and
19 mandates for the use of zero-emissions vehicles in all
20 sectors of the trucking industry are planned as well.
21 These will increase cost across the board for the purchase,
22 maintenance and electric infrastructure buildout for these
23 projects.

24 I mention this because these are substantial cost
25 increases for the industry that will be -- that the

1 industry will be forced to absorb during the same timeframe
2 that they'll be paying tolls on these bridges. And, I also
3 want to mention that mandates that reduce the number of
4 trucks purchased in Pennsylvania will also reduce the sales
5 tax and registration fees that the state currently gets
6 from, you know, sales of trucks in Pennsylvania. So we'll
7 further exacerbate the funding issue by passing mandates
8 like this.

9 Specifically about tolling, existing toll costs
10 including those on the Pennsylvania Turnpike make the
11 Northeast Region of the US by far the most expensive area
12 to drive a truck already, almost three times more expensive
13 than those in western states per mile. Because toll
14 charges on the Pennsylvania Turnpike are based on gross
15 vehicle weight and distance traveled, commercial vehicles
16 pay much more.

17 Just last week the Senate Transportation
18 Committee had a hearing with the Turnpike Commission which
19 illuminated some of the problems with tolling as a means of
20 collecting funding for transportation infrastructure.
21 Though the turnpike made the case that the collection -- a
22 collection rate of 93% is a success, \$104 million which we
23 mentioned earlier here today, in leakage is not
24 insignificant, as many committee members pointed out.
25 There was also some discussion about contracted vendors the

1 turnpike uses to collect tolls and monitor traffic. By my
2 count, there seems to be at least four to five different
3 contracts for the electronic tolling services, including
4 hardware installation, maintenance and E-ZPASS collection
5 totaling at least \$640 million. This is in addition to the
6 cost for the turnpike's employees to manually review
7 plates, manage outreach to other DMVs for billing and
8 pursue unpaid fees through legal challenges. The
9 experience of the turnpike provides an example of the
10 inefficiencies of tolling.

11 Though we don't know the total administrative
12 cost of collecting the turnpike's tolls, estimates from
13 elsewhere put collection costs of similar toll systems
14 about 12 to 20%. Put another way, for every dollar
15 collected by toll, up to \$0.20 is spent to collect it
16 instead of on maintaining the road the driver has used.
17 The administrative overhead must be added to the cost of
18 the 7% leakage fee that the turnpike officials testified to
19 last week, too.

20 So given these inefficiencies, it's concerning to
21 PMTA that PennDOT is proposing to sign an MOU with the
22 Turnpike Commission to collect the tolls associated with
23 these nine bridges. Though we don't yet know the exact
24 amount of the tolls, we know that they must be sufficiently
25 high to pay for the replacement and maintenance of each

1 bridge and the guaranteed profit margins for the private
2 partners that are necessary for P3 projects. But, they
3 also must cover the substantial collection costs associated
4 with contracts to maintain the systems, internal processes
5 that add costs and overhead, and presumably a fee for the
6 turnpike's collection services. In the end, these
7 collection systems may still result in hundreds of millions
8 of dollars in leakage. It is likely these inefficiencies
9 will result in the necessity for higher and higher tolls
10 over the course of the contract.

11 Today we also heard from the turnpike that the
12 tolls will be used to mitigate diversionary projects, and
13 also confirming that low income -- confirming the
14 low-income status of users of the highways as well. There
15 has to be a cost involved with that.

16 For comparison purposes, because I mentioned the
17 leakage, \$104 million in leakage the turnpike experienced
18 last year from uncollected tolls is approximately the same
19 cost of the project to replace the I-79 bridge and
20 interchange just south of Pittsburgh, one of the nine
21 bridges that was proposed to be tolled.

22 Overall, we believe that the P3 tolling strategy
23 is the worst approach to funding highways and keeping
24 Pennsylvania's infrastructure sound. Like all taxes, the
25 bridge tolling proposal should be considered by the state

1 legislature before PennDOT can proceed. The General
2 Assembly is best positioned to consider the pros and cons
3 of the proposal and weigh all the unintended consequences
4 against the benefits such as is happening here today. For
5 this reason we urge the committee to consider Senate Bill
6 382, and also House Bill 920 which would provide increased
7 transparency for P3 projects and appropriate legislative
8 oversight for proposals that have user fees, now and in the
9 future. Thank you. We're happy to take questions.

10 MAJORITY CHAIRMAN HENNESSEY: And, thank you,
11 Rebecca, for your testimony. Mark, thank you again. You
12 were gracious enough to show us around your UPS facility
13 down near the Philadelphia Airport. I guess that was last
14 year or so, with the -- but thank you for that.

15 I appreciate your testimony. Are there any
16 questions that anyone has? Mike? Go ahead. I have --

17 MINORITY CHAIRMAN CARROLL: I know you sat
18 through all of this today, and you've heard all of this
19 before. And, my message for you is the same as it's been
20 for others. I wish we were not here today. There are
21 better options, and hopefully the people in this building
22 will exercise their authority to find those better options.

23 MAJORITY CHAIRMAN HENNESSEY: Rebecca, I just
24 want -- had a -- want to ask a clarification, if I can.
25 The 7% leakage rate that you talked about the Turnpike

1 Commission testifying about last week, if I
2 understood -- I -- and I saw the letter that talked about
3 that. And if I understood it correctly, almost all of that
4 leakage was from the toll-by-plate system as opposed to
5 E-ZPASS. E-ZPASS seems to be very, very -- a very, very
6 efficient way to collect tolls. But, you know, the
7 toll-by-plate system for whatever reason doesn't seem to be
8 anywhere near as accurate. Am I reading it correctly?

9 MS. OYLER: Yes, that's exactly what my
10 understanding was as well.

11 MAJORITY CHAIRMAN HENNESSEY: Okay. Any
12 suggestions on how they could clean that up?

13 MS. OYLER: Well, I -- from -- my understanding
14 from the hearing last week, they were working with other
15 states to try to get memorandums of agreement in place so
16 that they could pursue action against out-of-state drivers.
17 That's one --

18 MAJORITY CHAIRMAN HENNESSEY: They want to --

19 MS. OYLER: -- issue. I think they also
20 testified that there were issues with, you know, certain
21 bike racks and things that would block the view of the
22 turn -- the -- of the license plate on the backs of cars.
23 They were having issues with that, but they had to hire --
24 well, I'm -- I should say, they also employ folks who
25 that's their sole job, to look at pictures of the license

1 plates and see if they can determine -- read the license
2 plates. So, obviously there's administrative cost to that
3 that's concerning.

4 MAJORITY CHAIRMAN HENNESSEY: Okay. And I should
5 mention that Mike and I are cooperating on a bill to extend
6 the collection processes against the scofflaws, if you
7 will, who have gotten away with, you know, cheating the
8 turnpike out of the toll that was charged everybody else.

9 MS. OYLER: Yes, sir. Thank you for that. I
10 noticed that you had proposed lowering the amount of money
11 at which they could go after folks who are avoiding tolls
12 down to \$250. Anything that helps. I think we want to
13 make sure that people who are making use of the assets are
14 paying for the assets they're using.

15 MAJORITY CHAIRMAN HENNESSEY: Yes.

16 MS. OYLER: Absolutely.

17 MAJORITY CHAIRMAN HENNESSEY: I think in
18 extending also the timeframe for the -- you know, for
19 the --

20 MS. OYLER: Yes.

21 MAJORITY CHAIRMAN HENNESSEY: -- statute of
22 limitations. So --

23 MS. OYLER: Right. Thank you.

24 MAJORITY CHAIRMAN HENNESSEY: Thank you. Doyle?
25 Representative Heffley?

1 REPRESENTATIVE HEFFLEY: Thank you, Mr. Chairman.

2 MAJORITY CHAIRMAN HENNESSEY: Oh, I'm sorry.

3 Joe, did you want to say anything?

4 MR. BUTZER: I just wanted to say, Chairman
5 Carroll, I appreciate your frustration with this entire
6 thing. I want to tell you that, imagine the anger of us
7 that have paid the bill since Act 89 and expected it to be
8 done. We don't have the money to do it anymore, and
9 tolling is not the answer. There's a mechanism in our
10 industry to pass along a fuel tax to our customers. It's
11 international. We do it in Canada, we do it in Mexico. We
12 do it all throughout the US. There is no mechanism to pass
13 along the cost of a toll in our industry. It's just not
14 there.

15 So again, I appreciate your frustration. We
16 can't afford this, is really what it comes down to. I
17 spent 40 years around trucks, in truck leasing, trucking.
18 If I had to open a trucking company today, I would never,
19 ever open it in the State of Pennsylvania. It would not be
20 here. We cannot do this. Rhode Island is a perfect
21 example. My company, we ran through Rhode Island. We
22 closed our company in 2018, realizing that what Rhode
23 Island was doing was doing nothing but hurting trucking
24 companies, and they didn't care. I appreciate you caring.
25 Thank you, but I'm telling you tolling is not the answer

1 for our industry whatsoever. Appreciate it.

2 MAJORITY CHAIRMAN HENNESSEY: Okay, thank you.
3 Representative Heffley, you had a question?

4 REPRESENTATIVE HEFFLEY: Yeah. And along that
5 line, I agree. I mean, you have aggregate companies. They
6 have no other way to get their product. And now even
7 natural gas -- I mean, New Jersey blocked the pipeline
8 project. How are we going to get these products? And you
9 told them the roads -- Pennsylvania companies can't
10 compete. We compete with international companies when
11 you're hauling from Pennsylvania into New York City or
12 Philadelphia, because they can buy their aggregates from
13 Europe, and they're subsidized, and we can't get our
14 aggregates over there because of tolls. And we would
15 definitely -- those tolls are passed on in that increased
16 cost.

17 Real quick on the 7% leakage on the turnpike.
18 And I don't know if there's been any studies, but I'm
19 really -- would be concerned. I have an E-ZPASS. Most
20 people that run the turnpike, you get on the turnpike
21 you -- with the expectation you're going to be tolled.
22 You're going to pay the toll, and most people use an
23 E-ZPASS system because it's just a lot. It's much more
24 convenient.

25 Folks that run I-80 on a regular basis and don't

1 run the turnpike do not have E-ZPASS. So, the reason that
2 that leakage is at, what, 7%, \$100 million which is still
3 high on the turnpike is because 93% or probably much higher
4 than that actually have the E-ZPASS. Folks that run on
5 I-80 or on these other -- on 78 or 79 are not
6 going -- they're not necessarily going to have an E-ZPASS
7 in their vehicle, and therefore it's going to be a much
8 higher rate of people that are going to drive through
9 without paying. I just -- and I think that's something
10 that really needs to be considered. Thanks.

11 MAJORITY CHAIRMAN HENNESSEY: Thank you, Doyle.
12 Rebecca, Mark, Joe, thank you very much for your testimony.
13 We appreciate it, and we'll consider that as well. And
14 are -- I'm sorry. Did you wish to add any?

15 MS. OYLER: I just wondered if I could add one
16 more point.

17 MAJORITY CHAIRMAN HENNESSEY: Sure.

18 MS. OYLER: To add to what Joe was mentioning is,
19 to the extent we push trucking companies out of state, not
20 only do we affect the businesses who rely on them here in
21 Pennsylvania, but we also push tax money out of state. I
22 just wanted to point that out, because if they're not
23 registering their vehicles here, we're not collecting that
24 money for the Motor License Fund, and that's going to
25 further exacerbate our problem. So, I just wanted to sort

1 of link that.

2 MAJORITY CHAIRMAN HENNESSEY: Okay. Thank you
3 very much for that.

4 MS. OYLER: Thank you.

5 MAJORITY CHAIRMAN HENNESSEY: You're welcome.
6 And our -- last but not least --

7 MR. BUTZER: Thank you.

8 MAJORITY CHAIRMAN HENNESSEY: -- we have
9 Mary Gaiski -- or -- did I say that right?

10 MS. GAISKI: Gaiski.

11 MAJORITY CHAIRMAN HENNESSEY: Gaiski? Okay. Jed
12 Wood and Heather Lynch [phonetic] -- Heather Leach, rather.
13 Welcome, and who is going to start off? Mary? Okay.
14 Begin whenever you are ready. Thank you.

15 MS. GAISKI: Okay, I got it. Okay, good
16 afternoon, Chairman Hennessey, Chairman Carroll and members
17 of the Transportation Committee. We appreciate the
18 opportunity to testify today on the impact that bridge
19 tolling will have to the factory-built-housing industry.
20 I'm Mary Gaiski, Executive Vice President of the
21 Pennsylvania Manufactured Housing Association. We
22 represent a niche industry that's integral -- that is an
23 integral part of the manufacturing sector, and an industry
24 that has been providing quality housing at an affordable
25 price since the 1940s.

1 The Pennsylvania Manufactured Housing Association
2 is a nonprofit trade association with over 650 members
3 representing the manufacturers who build the homes,
4 retailers who sell them, transporters, suppliers,
5 installers and land lease communities. Our industry
6 provides Pennsylvania with over 18,000 jobs that injects
7 well over \$1.5 billion into the economy.

8 Pennsylvania is considered a production state,
9 and it is home to 33 factories that build manufactured and
10 industrialized modular homes, and they distribute them
11 throughout the Northeast and the Mid-Atlantic states. In
12 2020, despite mandated shutdowns, labor and supply
13 challenges, our factories built over 12,000 homes. Our
14 industry relies heavily on a safe and efficient
15 transportation system, not only to get our materials and
16 supplies to our factories, but to get our finished product
17 to the consumers looking for quality, efficient and
18 affordable homes.

19 On behalf of Pennsylvania's Factory Built Housing
20 Industry, I want to express our opposition to PennDOT's P3
21 Bridge Initiative, and the tolling of bridges on
22 interstates across the Commonwealth. It was our
23 understanding that the P3 program was to toll new
24 construction -- excuse me -- not existing. So, the
25 decision to toll existing bridges on the interstate system

1 is one that PMHA strongly disagrees with. These bridges
2 are located along major transportation routes for our
3 industry. After reviewing typical routes, the majority of
4 our loads will be impacted by these tolls more than once
5 between their origination and destination routes.

6 An example of this is a home built in Emlenton --
7 in Penn West Factory in Emlenton, Pennsylvania which is
8 past -- is out there on I-80 past Clarion, and delivered to
9 a home sight in York, Pennsylvania. It would pass over
10 three of these bridges on the list during the 237-mile
11 trek, both the I-80 bridges and the South Bridge

12 Though our suppliers and materials are delivered
13 by tractor-trailers and other commercial vehicles,
14 factory-built housing is transported using an oversized
15 permit, and depending on the dimension of the load the
16 transportation includes escort vehicles. Adding the cost
17 for oversized permits and the cost to operate escort
18 vehicles needs to be considered when looking at
19 transportation costs for our industry.

20 In 2020, PennDOT issued 340,000 of these permits,
21 and during the first three quarters of 2021 they have
22 issued over 260,000 of these permits. So in the example
23 above, it would not just be a commercial truck passing
24 through the toll. Depending on the dimension of the load,
25 that movement will have one or two escorts traveling with

1 it.

2 Additionally, modular homes are transported on
3 under-carriers, which are returned empty to the factory.
4 If they are oversized load they are -- which most are,
5 you're also talking escort vehicles for that return load of
6 that carrier. The average distance between a factory and
7 the building site or Pennsylvania's borders is 265 miles.
8 Our homes are transported using one or two -- one of two
9 permits. To simplify it, it's either a 14-wide permit, or
10 it's a 16-wide permit. Those are the two that are used out
11 there. The average cost per mile to move a
12 14-wide-permitted home is \$14.55 a mile. And for
13 16-wide-permitted homes it's \$20.65 a mile. These costs
14 have all but doubled since the enactment of Act 89 of 2013.

15 Of the 12,000 homes built in 2020, approximately
16 2,000 of them were single-section manufactured homes. So,
17 that's one trip, if you will. Therefore, the other 10,000
18 of those homes were either two, three, four-box homes and
19 could be even more depending on the dimension of the home.
20 So the -- you're talking -- whenever you're talking homes,
21 you're -- the transportation is a little bit different,
22 because it's calculated on the number of boxes related to
23 that home.

24 According to PennDOT, tolling for the
25 construction, maintenance and operation of bridge projects

1 would free up funds for the projects that might not
2 otherwise be possible. We have concerns for those other
3 projects, that those other projects will not directly
4 impact the viability of our roads and bridges. Remember,
5 we have been down this path before. Act 89 of 2013
6 significantly increased operating costs for our
7 transportation industry after PennDOT's promise of
8 infrastructure improvements; however, we continue to
9 operate on deficient roads and bridges.

10 Additionally, other possibilities such as
11 charging fees for using busy roads and peak times, and
12 charges for use of newly constructed express lanes with
13 less traffic is being considered. Unlike tractor-trailers
14 and passenger vehicles, oversized loads have less
15 flexibility when choosing transportation routes. If
16 tolling for bridge or busy roads is implemented, other
17 users will have that ability, as we heard today, to find
18 less costly routs, while oversized loads will be stuck to
19 pay the tolls because of limited flexibility.

20 Again, oversized loads are permitted, so finding
21 compatible secondary roads is a challenge, a challenge we
22 know all too well, as we are faced with this challenge
23 every time a road or bridge goes under construction.

24 Moving to secondary roads can add an additional
25 300 miles to a trip, which not only increases fuel costs,

1 but it increases the time the load is on the road, and it
2 makes us a moving target for DOT and local police. During
3 road construction season, which is also the busiest time
4 for home construction, we have seen our transportation
5 costs double due to limited access to interstates.

6 We urge PennDOT to reconsider its decision to
7 toll bridges on interstates and look for a more fair and
8 equitable approach to funding our transportation
9 infrastructure. In addition, PMHA strongly supports Senate
10 Bill 382 and House Bill 920, both which are currently
11 before the House Transportation Committee. This
12 legislation is necessary due to P3 board's decision to move
13 ahead with the Major Bridge P3 Initiative without notice or
14 public discussion that bridge tolling was even being
15 considered.

16 Senate Bill 382 and House Bill 920 will provide
17 needed reforms to Pennsylvania's public/private
18 transportation partnership statute through improved
19 transparency, allow for public comment and provide for
20 accountability in adopting transportation projects under
21 the P3 model. We feel that is very important, and that is
22 what they should be doing to the constituents that they are
23 impacting. Our industry already pays more than its fair
24 share to operate on Pennsylvania's roadways, and additional
25 tolls would only add to the increasing cost from the

1 delivery of raw materials to our factories through the
2 shipping and delivering of our homes to buyers.

3 We recognize that adequate transportation funding
4 continues to be an issue in Pennsylvania and across the
5 nation, but our industry was hit hard with Act 89 through
6 higher registration fees, permit fees and the second
7 highest fuel taxes. Any transportation funding proposal
8 should be carefully drafted, and assure that they are
9 spending these critical infrastructure dollars wisely.

10 PMHA supports continued discussions and a deeper review of
11 our current transportation funding and spending plans, with
12 a focus to reprioritize existing funding towards roads and
13 bridges. We are willing to work with the administration
14 and the General Assembly on fair funding proposals that do
15 not disproportionately impact commercial vehicles and
16 specifically oversized loads. Thank you for this
17 opportunity to comment on this important legislation before
18 the committee.

19 MAJORITY CHAIRMAN HENNESSEY: Thank you, Mary,
20 for your testimony. Jed, are you going to go next?
21 Jed Wood.

22 MR. WOOD: Okay. Okay. Well, good morning,
23 Chairman Hennessey and Chairman Carroll and members of the
24 House Transportation Committee. I appreciate you taking
25 the time to listen to us attentively and being here for us

1 throughout this day.

2 But -- so a little bit about myself. I'm Jed
3 Wood, President of the Pennsylvania Campground Owners
4 Association, and also an owner of Blue Rocks Family
5 Campground which is located in Lenhartsville, Pennsylvania.

6 So, thank you for the opportunity to provide
7 testimony today regarding the Pennsylvania Department of
8 Transportation Major Bridge Tolling Initiative. PCOA,
9 which is the Pennsylvania Campground Owners Association, is
10 a nonprofit trade organization representing well over 200
11 recreational vehicle parks and campgrounds throughout the
12 State of Pennsylvania. All of our member campgrounds are
13 individually owned and operated. Our campgrounds provide
14 both state residents and out-of-state visitors the
15 opportunity to take a break from everyday stress and enjoy
16 the outdoors in different seasons and explore the state's
17 regional activities. We love providing this for our
18 guests, and we love providing a place for people to stay,
19 and we hope to continue to do this for years to come.

20 Since November 2020, our association has been
21 closely monitoring PennDOT's progress with the PC Major
22 Bridge Program -- the PC -- or P3 Major Bridge Program, and
23 has several concerns.

24 On behalf of PCOA's members, we would like to
25 submit our opposition to the tolling initiative, stating

1 that the negative impacts on tourism that the P3 Bridge
2 Tolling Initiative would imply.

3 So, there is no doubt that additional tolls would
4 detract from Pennsylvania tourism industry, further
5 disadvantaging our state compared to our neighboring
6 states. Although many campgrounds successfully navigated
7 through the uncharted difficulties of the pandemic, the
8 tourism industry overall has severely been affected by the
9 pandemic and is not predicted to return to 2019 levels
10 until 2024.

11 Adding a new tax when our economy is starting to
12 recover from a major hit is troublesome. We also want to
13 note that we are already dealing with the third highest gas
14 tax in the nation. If we continue to burden our customers
15 with higher transportation costs, we will see an impact on
16 our tourism dollars.

17 Campgrounds represent \$741 million or 8.5% of all
18 lodging spent in Pennsylvania. The total annual economic
19 impact for the RV industry in Pennsylvania is \$2.8 billion.
20 Can the state afford to lose this type of revenue? If
21 travelers aren't immediately deterred from traveling
22 through the state to avoid the tolls and gas taxes, there
23 are understandable concerns that they will just reroute to
24 side roads to avoid the new toll bridges. But, some small
25 towns and side roads are not equipped to handle the high

1 volume of traffic that RVs and motorhomes and travel
2 trailers can have.

3 In addition to this, many of the RVs and travel
4 trailers that people tow are counted by axles when it comes
5 to the tolling and would be not easily distinguished as a
6 different vehicle compared to a commercial vehicle. So,
7 people are traveling with these campers at their leisure.
8 This -- there's not profit behind their towing their
9 trailers.

10 The financial burden for repairing and replacing
11 the local roads because of the people detouring off will
12 inevitably fall on the municipalities that haven't been
13 given the appropriate time or resources to prepare for the
14 traffic increases.

15 While bridge tolling seems like an obvious
16 solution for repair and replacement costs,
17 Pennsylvania -- PennDOT needs to consider all trickle-down
18 impacts on local residents and businesses and
19 municipalities, and our primary customers, the tourists.

20 So, not only am I here to represent Pennsylvania
21 Campground Owners Association, but I am also a local
22 resident close to the Route 78 Lenhartsville Bridge that my
23 family and my customers travel through. I personally
24 travel either under or over that bridge every time I leave
25 my property. So, in order to get to our business, you

1 know, the bridge toll and however, you know, it's going to
2 logistically play out, is going to negatively affect our
3 business and our personal life on a daily basis. There's
4 parks on either side of the bridge. We are a campground
5 and RV park that have -- that has been in continuous
6 operation since 1930. In our region, which is the Region 6
7 Area of Pennsylvania, which would include, you know, Bucks
8 County, Lancaster County, Berks County, there are tons of
9 campgrounds in that beautiful area. We have beautiful
10 scenery around us, tons of things for people to do. And
11 for our particular park, we are directly at the exit. So
12 for -- we're about two miles from the Route 78 bridge
13 there, and in order to get to our park from Harrisburg or
14 Philadelphia you got to get off of Route 78 at the
15 Lenhartsville Bridge.

16 So, right now the average customer to come into
17 our park spends about \$50 a night, give or take a few
18 dollars. And, judging by the amount that these bridge
19 tolls are going to cost, you know, our particular customer
20 can see almost half of their night's stay. You know, if
21 they come in with a fifth-wheel travel trailer or a
22 motorhome towing their car, you know, they could expect to
23 pay -- you know, and I don't think it's an unrealistic
24 assumption to think that they're going to pay 14 to \$20
25 more a night to stay at my park as they would a neighboring

1 park on either side of our business, or of the
2 Lenhartsville Bridge.

3 So, you know, it just makes equitable access to
4 our business. First is the parks on either side of the
5 bridge no longer are practical reality. After hearing
6 this -- the testimony of the trucking industry and the
7 other people that went ahead of us, you know, now I've
8 actually been a little bit more upset about how far along
9 we are on this process, because I am a local business that
10 hasn't been reached out to. And, to Representative
11 Heffley's, you know, concern about transparency questioning
12 the first board that was here -- you know, and he had
13 questioned them if they reached out to the local businesses
14 and the impact of the local communities, and I believe that
15 it was advertised on short notice in our area. I know that
16 the meeting was not well attended. I believe that the
17 public opinion is that this was something that was rushed
18 through without, you know, strategic government oversight
19 in -- and the public's opinion. And, you know, I just
20 think that there is a better way.

21 I agree that -- Chairman Carroll mentioning that
22 he wishes there was a better way, too. And, growing up in
23 a family business my whole life, I've come to the
24 realization that there are easy ways, and there are hard
25 ways. And sometimes, you know, doing things the hard way

1 is the way that things have to be done. You know, it seems
2 as the tolling bridge initiative seems to be the easy way.
3 It seems to be, from some perspectives, the only way right
4 now, but as we step back and look at it, and get to work
5 with the other legislators that are on the General
6 Assembly, I believe that's the only way that we are going
7 to move forward.

8 But, I also wanted to let you know that we are
9 aware -- we're not naïve that we can't support a way
10 forward. So in our submitted testimony, we just put on
11 here, you know, that we realize it's not productive to
12 oppose a proposal without offering an alternative solution.
13 So, today we offer our support for Senator
14 Wayne Langerholc's Bill 382. As you know, that bill
15 requires PennDOT to publish an analysis of proposed
16 transportation project prior to request and approval, and
17 allow public -- a public comment period for proposed
18 transportation processes and projects, and critical
19 inclusion of Governor and the General Assembly in a
20 project. So, that's what we're looking to do.

21 I mean, also, we want to strongly urge the
22 committee to consider that bill, Senator -- Senate Bill
23 382. It was passed by the Senate in April and has been
24 waiting for consideration in the House Transportation
25 Committee. We strongly urge you guys to consider

1 supporting that bill. We also support House Bill 920,
2 which is the companion bill to that. So, if you guys would
3 consider those things, we'd greatly appreciate it, and
4 thank you guys for your time. Thank you for listening to
5 what we have to say, and that's all I have to say.

6 MAJORITY CHAIRMAN HENNESSEY: Thank you,
7 Mr. Wood. Last but not least is Heather Leach.

8 MS. LEACH: All right. Thank you,
9 Chairman Hennessey and Chairman Carroll and the members of
10 the Transportation Committee for allowing me to have the
11 opportunity here today. My name is Heather Leach, and I am
12 the Executive Director of the Pennsylvania RV and Camping
13 Association. We are a trade association that represents
14 nearly 400 RV dealers, campgrounds, manufacturers and
15 service providers across the State of Pennsylvania. We not
16 only promote the RV industry, but strive to be a leader in
17 industry education and legislative initiatives.

18 In addition to what my fellow panelists have
19 already mentioned, one of our major concerns is the
20 increased transportation fees that local dealerships will
21 incur. The average -- up to around \$1,300 per unit to have
22 an RV delivered from Indiana, which is where the majority
23 of RVs are manufactured. And so, whenever they ship them
24 from the manufacturer to the dealership, they have to pay
25 transport fee. Any additional fees that would be passed on

1 to the consumer -- making what is deemed an affordable way
2 to travel more costly.

3 Also, there are more than 140 dealerships -- that
4 is 140 small PA businesses located all over the state, at
5 nearly every bridge where the tolls are being considered.
6 These small businesses would be impacted by additional
7 transport fees as well as the increased traffic on local
8 roads as what was already -- obviously what was mentioned.

9 Our parts distribution companies, those that
10 provide parts and supplies to dealerships and their stores
11 also travel these bridges regularly. The increased tolls
12 would make the parts more expensive, which would also be
13 the cost that would be passed on to the consumer.

14 RVers are known to evaluate their routes before
15 they leave home. If they are traveling to Pennsylvania,
16 and they have determined that it's going to cost them more
17 money, they will simply choose someplace else to go. So,
18 for -- the tolls will have a significant impact on the RV
19 industry in Pennsylvania and the small businesses that are
20 the backbone of the industry, not to mention the tourism
21 industry as a whole that has been so negatively impacted
22 over the past year due to the pandemic. So thank you.

23 MAJORITY CHAIRMAN HENNESSEY: Thank you for your
24 testimony. Let me see. Mary, I agree with you. I think
25 that when we passed Act 88 in 2012 which authorized the P3

1 concept and, you know, essentially took and allowed
2 tolling, Federal law didn't allow it to apply to any bridge
3 that had already been built or highway that had already
4 been built, if it had been built in any fashion with
5 Federal funding, in whole or in part. Mostly in part, but
6 most of the time it was like 80% Federal funding.

7 The trouble is that after we passed Act 88 in
8 2012, the Federal Government changed the rules in 2015. In
9 December of 2015 they loosened up a lot of the
10 restrictions, and I think those are the -- that
11 loosening -- that flexibility is what PennDOT is focused on
12 in terms of the Pathways initiative. So, just understand
13 that when we passed Act 88, we were dealing with one set of
14 rules, and those rules changed.

15 Jed, I did have a question for you, and that's,
16 passenger cars pay \$2 that go -- if -- when it comes to
17 pass and if it comes to pass, passenger cars would pay \$2.
18 You mentioned the fifth wheel, which I think is a pickup
19 truck pulling, you know, a recreational trailer. So, a
20 pickup truck I guess would be paying the \$2, because it's
21 just comparable to a passenger car. The fifth wheel -- the
22 whole living apparatus that you're dragging would pay how
23 much? Is that another tax on -- or a toll on each of the
24 two axles they --

25 MR. WOOD: So the --

1 MAJORITY CHAIRMAN HENNESSEY: -- if they only
2 have --

3 MR. WOOD: -- the way that current tolls are for
4 RVs, we're charged per axle. So, you know, that particular
5 situation, that would, you know, be charged per axle on a
6 camper, you know, whether there's one, two or three axles
7 on the camper. I don't know what that number would be.
8 You know, these -- the numbers for passenger cars were put
9 out, but it seemed like the numbers for trailer-towing
10 vehicles were a little bit vague in that explanation
11 earlier in this panel discussion.

12 So, you know, on -- my assumptions are based on
13 what it cost to go over a typical bridge now. You know, I
14 know if I take a camper over a bridge, it's usually, you
15 know, three to four times as much as it would cost to take
16 a regular car over the same bridge.

17 MAJORITY CHAIRMAN HENNESSEY: Okay. And I hear
18 your advocacy for Senate Bill 382, and I think it's House
19 Bill 920. As I recall those bills, they don't have -- I
20 mean, Pathways, PennDOT's initiative, includes tolling and
21 brings money in. Senate Bill 382 I think does not, or the
22 suggestions have been that we could raise motor -- or
23 automobile vehicle registration fees. That's not going to
24 raise the amount of money that tolling will raise. The
25 idea that we could impose an electric fuel tax isn't going

1 to raise that kind of money. Chairman Carroll's had an
2 electric vehicle tax through a registration fee -- what's
3 that?

4 MINORITY CHAIRMAN CARROLL: I didn't say --

5 MAJORITY CHAIRMAN HENNESSEY: You know, and that
6 hasn't yet passed the legislature. And then the other
7 suggestion that's been bandied about with regard to the
8 senate -- the legislation pending is that, well, we could
9 do what's called GARVEE bonding, which is issuing bonds on
10 the strength of expected future grants, which is
11 like -- you know, I don't know that many banks would lend
12 you a mortgage on the expectation that you would inherit
13 money from your father at some point when their father
14 died, you know, or your mother or whatever. The
15 idea -- GARVEE bonds just seem to me to be, you know,
16 borrowing against assets that you really don't have yet,
17 and you hope to get in the future, but there's no
18 guarantee.

19 So, that -- I mean, that's the problem with
20 these -- those two bills. They don't provide the
21 additional revenue that PennDOT is telling us they need to
22 do the repairs in a timely fashion.

23 MR. WOOD: So, you know, my answer to that is,
24 you know, right now the tolling initiative is to add an
25 additional source of income, when I think a lot of what

1 needs to be done is restructuring of what happens with the
2 income that's already coming in. And that, you know,
3 taking from the transportation, you know, department and
4 using it for other things -- I mean, I know that's not a
5 battle that we're -- you know, that we're doing here. But,
6 those type of things need to be, you know, fought through
7 the whole entire General Assembly.

8 And, what's happening is we're taking, you know,
9 multiple deficits in our, you know, budget, and we're, you
10 know, picking on one particular area and deciding, oh,
11 well, it looks like, you know, in order to continue to fund
12 the -- you know, the state police, you know, retirement
13 fund or whatever else is coming out of that, you know,
14 we'll just take it from transportation. And with that, it
15 affects everyone that comes in and out of the state,
16 especially in Pennsylvania. Our tourism budget is terrible
17 to begin with, so we're already trying to market on a
18 private level to get people to come and enjoy our state,
19 and the more things that we enact, the more tolls, the more
20 taxes that we enact, it just deters our customers to -- you
21 know, it encourages them to choose somewhere else, you
22 know?

23 So, our request is that you look somewhere else
24 for the funding rather than start it -- look somewhere
25 internally where we already have, you know, revenue streams

1 coming in that can be used, you know, more efficiently
2 rather than -- you know, stop the bleeding somewhere else
3 rather than create a whole new thing. That's my mentality.

4 MAJORITY CHAIRMAN HENNESSEY: Well, if there are
5 inefficiencies in PennDOT -- within PennDOT, we obviously
6 should be trying to ferret those out. They don't admit to
7 that.

8 MR. WOOD: Right.

9 MAJORITY CHAIRMAN HENNESSEY: And so it's our job
10 to try to find where there are inefficiencies. But, the
11 predicaments that we're talking about and that Chairman
12 Carroll has eloquently talked about basically has been, you
13 know, done in an attempt to not raise taxes, because we
14 know that raising taxes can have a negative --

15 MR. WOOD: So --

16 MAJORITY CHAIRMAN HENNESSEY: -- effect.

17 MR. WOOD: So the --

18 MAJORITY CHAIRMAN HENNESSEY: Sometimes they can
19 be beneficial. Sometimes, but they're never a welcome idea
20 for the people who have to pay them or the people like us
21 who have to impose them and vote --

22 MR. WOOD: So --

23 MAJORITY CHAIRMAN HENNESSEY: -- for them.

24 MR. WOOD: -- the other concern that I have is,
25 right now there's nine bridges on this list. And in my

1 particular area where I live, the Lenhartsville Bridge
2 is -- I don't know if you guys are familiar with where that
3 is, but it's over a -- what I would consider an
4 insignificant body of water. The Maiden Creek is not the
5 Schuylkill River. And --

6 MAJORITY CHAIRMAN HENNESSEY: It's up north of
7 Hamburg, right?

8 MR. WOOD: It is north of Hamburg, about six
9 miles.

10 MAJORITY CHAIRMAN HENNESSEY: Right.

11 MR. WOOD: Which brings me to my other point.
12 There is a bridge right now currently under construction in
13 Hamburg that does go over the Little Schuylkill that is a
14 much larger bridge than the Lenhartsville Bridge. So, you
15 know, my question would be then, what makes one bridge fit
16 the criteria than the other? And, soon as you crack the
17 door as to starting the toll of the bridges on 78, you
18 know, will we be here in -- next year, or the year
19 from -- or two years from now saying that we're going to
20 toll all the bridges in Pennsylvania that is on a state
21 road? I mean, where does it stop? And, you know, if we
22 could look elsewhere before it starts, that would be my
23 suggestion. Because where -- you know, as a constituent
24 and a taxpayer, and a traveler on Pennsylvania roads,
25 especially Route 78 and 81, where does it stop? You know,

1 what makes Lenhartsville Bridge which, you know, is -- some
2 people don't even realize they're going over a bridge when
3 they go over the Lenhartsville Bridge. But, you know, what
4 makes that more significant than the Hamburg Bridge which
5 is five miles down the road that goes over the river? You
6 know?

7 MAJORITY CHAIRMAN HENNESSEY: I suppose only
8 PennDOT can answer that question. But, you know, they tell
9 us that it's in need of repair, and that's been -- that's
10 the criterion they're using for these nine bridges. I
11 mean, we'll -- yes, we will have to deal with other bridges
12 sometime later perhaps, but the only thing that's been
13 proposed for tolling are these nine bridges, not a
14 wholesale tolling of all bridges on the interstates --

15 MR. WOOD: Yeah. I --

16 MAJORITY CHAIRMAN HENNESSEY: -- just so that
17 that's clear, all right?

18 MR. WOOD: Yeah, I understand that, but, you
19 know --

20 MAJORITY CHAIRMAN HENNESSEY: Yeah. I just want
21 to make sure the viewers on PCN understand that.

22 MR. WOOD: Yeah.

23 MAJORITY CHAIRMAN HENNESSEY: Okay?

24 MR. WOOD: Okay. Yeah, it's --

25 MAJORITY CHAIRMAN HENNESSEY: I think --

1 MR. WOODS: -- just one --

2 MAJORITY CHAIRMAN HENNESSEY: I think --

3 MR. WOODS: -- of those things that once you
4 start, you know, finding your income, you know,
5 streams -- I know the bridge in Hamburg right now is being
6 widened and currently under construction. I don't know
7 where that funding is coming from for that. I just know
8 that I'm stuck in traffic getting over it. But, I also
9 know that the infrastructure of our little town -- and
10 right now, right where the Lenhartsville Bridge is, Old
11 Route 22 runs directly parallel with Route 78. And, the
12 Old Route 22 in our area, you could get off at the
13 Cranesville exit and get on at the Hamburg exit and
14 completely bypass the Lenhartsville Bridge. But, as you do
15 that you go through these little towns that barely make it.
16 So as it is, you know, we're in the Town of Lenhartsville
17 where there are not a whole lot of taxpayers to fund, you
18 know, taking care of any of the side roads or anything like
19 that. Already, that area between New Smithville which is
20 the next exit down and Hamburg, there's probably more
21 accidents in that area than in the majority of the state.
22 I mean, there is a tremendous amount of accidents that have
23 happened in that area which force traffic off of the
24 highway onto these side roads already, and it just is a
25 traffic nightmare. And constantly -- Old 22 is never --

1 was never built to sustain the traffic like Route 78. And
2 I could tell you from my own experience of traveling it
3 every day, that road has been resurfaced probably four or
4 five times in the last ten years just to try to keep up
5 with the traffic that's on it already without putting a
6 toll bridge right there in our area.

7 So, I mean, that's --

8 MAJORITY CHAIRMAN HENNESSEY: Okay --

9 MR. WOOD: -- specific to where we are, but I
10 think that the effects are not just, you know, on -- for
11 our one bridge, you know, as we heard some of the other
12 panel discussions talk about the bridges in their areas.
13 But, that's what I could tell you about our own personal
14 and practical experience, and how this bridge will impact
15 my business, you know, directly. So --

16 MAJORITY CHAIRMAN HENNESSEY: Well, thank for
17 that. I think Chairman Carroll has a question or comment.

18 MINORITY CHAIRMAN CARROLL: Just briefly. And, I
19 think you've sat through most of this today, so I won't
20 repeat everything I've said before. And, the only thing
21 I'd offer, Mary, to you in particular, your commentary on
22 PennDOT's promise for infrastructure improvements because
23 of Act 89 hasn't been fulfilled, it hasn't been fulfilled
24 because of actions in this building, not by PennDOT. When
25 we divert \$5 billion from the Motor License Fund for other

1 things, PennDOT would have been able to do \$5 billion worth
2 of projects that were not done.

3 MS. OYLER: And I also want to say that, you
4 know, when you said that these are just nine bridges, but
5 remember, they said that the tolling would last for 30
6 years. So, we could feasibly be driving down the roadway
7 and stopping for this bridge, and in a couple more miles,
8 or maybe 20 miles or 30 miles and stopping for another
9 bridge. So, you know, just to kind of say this is going to
10 be one and done? I doubt it.

11 MINORITY CHAIRMAN CARROLL: And that's all the
12 more reason why we should have a serious discussion here
13 about how we use our transportation dollars. You are not
14 wrong.

15 MAJORITY CHAIRMAN HENNESSEY: Okay. Well, thank
16 you all for your testimony. We appreciate it. And, I
17 don't know that anyone else has any questions or comments.
18 So seeing none, we are adjourned. Thank you. And thanks
19 for your patience, for waiting it out.

20
21 (The hearing concluded at 11:00 a.m.)

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2 are a true and accurate transcription produced from audio
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