

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

TRANSPORTATION COMMITTEE
HEARING

STATE CAPITOL
HARRISBURG, PA
MAIN CAPITOL BUILDING
140 MAJORITY CAUCUS ROOM

TUESDAY, AUGUST 18, 2020
1:03 P.M.

BEFORE:

HONORABLE TIM HENNESSEY, MAJORITY CHAIRMAN
HONORABLE MIKE CARROLL, MINORITY CHAIRMAN
HONORABLE ROSEMARY BROWN
HONORABLE LYNDA SCHLEGEL CULVER
HONORABLE MINDY FEE
HONORABLE MARCIA M. HAHN
HONORABLE DOYLE HEFFLEY
HONORABLE AARON D. KAUFER
HONORABLE JOHN A. LAWRENCE
HONORABLE LORI MIZGORSKI
HONORABLE LOUIS C. SCHMITT, JR.
HONORABLE MEGHAN SCHROEDER
HONORABLE TODD STEPHENS
HONORABLE MARTINA A. WHITE
HONORABLE MARIA P. DONATUCCI
HONORABLE SARA INNAMORATO
HONORABLE KYLE J. MULLINS
HONORABLE ED NEILSON
HONORABLE JENNIFER O'MARA
HONORABLE MICHAEL H. SCHLOSSBERG
HONORABLE PERRY S. WARREN

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

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COMMITTEE STAFF PRESENT:

- JOSIAH SHELLY
MAJORITY EXECUTIVE DIRECTOR
- MATTHEW RUCCI
RESEARCH ANALYST
- TORREY HOLLIS
RESEARCH ANALYST
- MICHELLE WHITMYER
ADMINISTRATIVE ASSISTANT

- MEREDITH BIGGICA
MINORITY EXECUTIVE DIRECTOR
- KYLE WAGONSELLER
RESEARCH ANALYST

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SUBMITTED WRITTEN TESTIMONY

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P R O C E E D I N G S

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3 CHAIRMAN HENNESSEY: Good afternoon,
4 everyone. Welcome to this public hearing of the
5 House Transportation Committee.

6 We're here to accept testimony and
7 comments on task force bills that we've put
8 together for the Transportation Committee to
9 consider. Last year, before COVID struck and
10 before any of the shut downs and all of the
11 disruptions that have been caused, House
12 leadership designed a task force to look for
13 savings and to deal with losses from the gas tax
14 revenues that we were experiencing as more and
15 more electric cars come online, as cars get more
16 efficient in terms of their use of gasoline or
17 their diminished use of gasoline, and basically
18 to look at the future circumstances that the
19 transportation portion of our budget faces under
20 future circumstances, as best we could see them.

21 At today's hearing, we'll discuss a lot
22 of those suggestions. We welcome your comments,
23 both for and against the bills, except the one
24 that I prime sponsored. I don't want to have any
25 negative comments about that one. But aside from

1 that, you know, please give us a critical view of
2 all the bills that have been proposed. We have a
3 number of Representatives who wanted to make some
4 brief comments. You guys get ready. We're going
5 to hear from, I think, Representative White,
6 Representative Fritz, Representative Ecker and
7 Representative Gabler and -- I'm sorry? Oh, and
8 Representative Delozier.

9 And also, I see Representative Topper is
10 here to talk briefly about House Resolution 941.
11 That's not on our schedule of bills to be
12 considered, but it's something that I expect that
13 the Committee will want to move in the not too
14 distant future, pretty non controversial. It
15 urges Congress to send more money from -- to the
16 Federal Highway Trust Fund to allow PennDOT to
17 have more money to spend and fix our roads.
18 Perhaps, after the election, Congress will get
19 around to that.

20 with that being said, I will ask
21 Chairman Carroll if he wants to make some
22 comments, then we'll call the roll and announce
23 the people that are attending virtually.

24 Mike.

25 MINORITY CHAIRMAN CARROLL: Thank you,

1 Chairman Hennessey. And good afternoon,
2 everyone.

3 For some of the folks in this room, they
4 are seasoned veterans when it comes to these
5 types of hearings, hearings that discuss the need
6 for increased transportation funding. And I know
7 that many of those folks that are in this room
8 that have, you know, pursued this conversation
9 for years and years understand the complexities.

10 When it comes to transportation funding,
11 whether you're talking roads or bridges or
12 transit, the numbers get very large and they get
13 large quickly. And the political will to advance
14 a transportation funding bill of any sort is a
15 lengthy process because it is never an easy
16 conversation with the citizens of this State or
17 the political decision makers of the State, but
18 it's an important conversation. Because at the
19 end of the day, our transportation network,
20 whether it's roads and bridges or transit
21 directly affect the lives of every Pennsylvania
22 every day. And for us to have an efficient and
23 safe transportation network that includes all
24 modes of transportation is terribly important.

25 And so, as I glance over the package of

1 bills that are the product of the task force, I
2 would offer that, you know, on balance, there's
3 nothing that's wildly objectionable among any of
4 these bills, but I'm not sure that any of them
5 directly attack the need for additional funds
6 when it comes to transportation. So I look
7 forward to the conversation today. I suspect
8 this will be part of an ongoing conversation that
9 will extend, in all likelihood, into next year
10 and look forward to a committed effort from the
11 folks in Washington and here in Harrisburg to
12 attack the transportation needs that are sincere
13 needs of the citizens of this State.

14 So I'll stop there, Mr. Chairman.

15 MAJORITY CHAIRMAN HENNESSEY: Thank you,
16 Mike. We'll call the roll.

17 My name is Tim Hennessey. I'm the
18 Republican Chair of the Transportation Committee.

19 (Whereupon, roll was taken.)

20 MAJORITY CHAIRMAN HENNESSEY: With that,
21 I think we have the preliminaries out of the way.
22 Let me just say I welcome a number of our
23 interested parties that are watching on PCN. And
24 also, we're open to the public, so we welcome
25 those people who are watching and joining us on

1 PCN. If you are participating virtually as a
2 member and would like to ask a testifier a
3 question, please contact Matt Rucci or Meredith
4 Biggica by e-mail and they'll make sure your name
5 is added to the list. Matt's e-mail is M. Rucci,
6 let me start from the beginning, M-r-u-c-c-i at
7 pahousegop.com. And Meredith Biggica is
8 M-b-i-g-g-i-c-a at pahouse.net.

9 Representative Fritz, did you have any
10 comments that you wish to make? Let me see --

11 And yours is about HB 2063, part of the
12 package.

13 REPRESENTATIVE FRITZ: If I may speak
14 about that bill.

15 MAJORITY CHAIRMAN HENNESSEY: Sure.
16 Sure. Go ahead.

17 REPRESENTATIVE FRITZ: Wonderful.
18 Pleased to be here. And thank you, Chairman
19 Hennessey and Chairman Carroll along with the
20 esteemed members of this Transportation
21 Committee.

22 I appreciate your consideration of HB
23 2063, which will reduce costs, save time, and
24 streamline construction projects in our
25 Commonwealth by increasing the use of the

1 Design-Build construction process. Now,
2 Design-Build is not new to Pennsylvania. It has
3 been an underutilized construction option for
4 years. The Design-Build approach establishes
5 that a singular firm is responsible for both the
6 design and the construction of a highway project.
7 And when marrying these two critical aspects, the
8 accountability and expectation for successful
9 completion falls upon one entity.

10 When these two processes were or are
11 disjointed, we would often experience one
12 pointing the finger at the other when unexpected
13 work site challenges arose. And any of us that
14 have endured even a seemingly simple in-home
15 construction project or remodel know that
16 unexpected challenges are very often the norm.

17 Design-Build allows the contractor, when
18 a challenge or change order is needed, to
19 identify the issue and make immediate
20 adjustments, no going back to another party, no
21 analyzing who bears the burden or cost of the
22 changes, and no unnecessary delay. Another
23 benefit worthy of mention is that this design
24 approach allows the contractor, when beginning a
25 project, to design later stages at the same time.

1 For example, if there is a 20-mile
2 highway project, the contractor can work on miles
3 one through five while the final design details
4 for miles 15 through 20 are being ironed out,
5 thus decreasing project completion time. In
6 short, the Design-Build approach minimizes risk
7 along with cost for the Commonwealth and improves
8 project completion time by incorporating the
9 design and construction aspects of a project.

10 I appreciate an affirmative vote on this
11 good policy piece of legislation, and thank you
12 very much.

13 MAJORITY CHAIRMAN HENNESSEY: Thank you,
14 Jonathan. You know, we're not voting today, just
15 to take that off the table, but I appreciate the
16 sentiment.

17 Our next person who wishes to address one
18 of the bills is Representative Torren Ecker.

19 REPRESENTATIVE ECKER: Thank you,
20 Mr. Chairman. And thank you for the opportunity
21 to talk briefly on my bill. This -- I also want
22 to take an opportunity to thank Representative
23 Martina White, who also sits on this Committee,
24 for chairing the task force that we had, I guess
25 two summers -- or last summer before a lot of

1 these bills came to fruition with a lot of the
2 stakeholder groups that we're going to hear from
3 today. So I want to give a shout out to her and
4 thank her for her leadership on that.

5 My bill is HB 2069, part of this package
6 of bills. It's a commonsense approach, kind of
7 playing off of what Representative Fritz was
8 outlining, but taking it a step further in that
9 allowing these Design-Build to be bundled for
10 highway projects. Now, we did this in Act 89
11 with the bridge -- with some of the rapid bridge
12 construction that was highly successful. This
13 would be an extension of that into the highways,
14 so like highways are being built and designed at
15 the same time.

16 It will save time. It will save money.
17 A really commonsense approach to an easy fix to
18 open up some money in -- for other transportation
19 costs. As we were going through this, you know,
20 the stakeholders really recommended these types
21 of plans and the success of the building and the
22 bridge projects. So I think this is a very
23 commonsense approach bill and hopefully we can
24 move that bill whenever we get to this package of
25 bills in the fall.

1 Thanks.

2 MAJORITY CHAIRMAN HENNESSEY: Thank you,
3 Torren.

4 We also have Representative Matt Gabler,
5 who wishes to address the hearing on -- let me
6 see, I had it circled here somewhere. I think on
7 HB 2061, right?

8 REPRESENTATIVE GABLER: Yes,
9 Mr. Chairman. Thank you very much. I appreciate
10 the opportunity, Chairman Hennessey,
11 Chairman Carroll, for addressing the Committee.
12 And I thank you for having this hearing.

13 As Representative Martina White had
14 spearheaded this task force last summer, we have
15 the opportunity to dig in and get good
16 substantive feedback on how do we address the
17 challenges that face our transportation
18 infrastructure in the Commonwealth? And I had
19 the good fortune of working with Representative
20 Lynda Schlegel Culver on putting together HB
21 2061.

22 As Chairman Hennessey mentioned in his
23 opening remarks, we stand here at a very
24 different time than when the task force met.
25 COVID-19 has certainly changed the environment

1 all over our State, and the fiscal situation is
2 no different. So as we look at our fiscal
3 situation, we need to make some adjustments based
4 on that. But the concept behind HB 2061 is that
5 we need to make sure that we prioritize our
6 transportation funding and not forget about the
7 fact that there is a structural disconnect in how
8 we fund our transportation infrastructure in the
9 Commonwealth.

10 Currently, we divert a large amount of
11 money from our Motor License Fund to pay for our
12 State Police. And that amount of money has grown
13 over the years, reaching a peak of just over \$800
14 million recently. Some recent legislation has
15 started taking that trend the other way, but
16 we're up against other cliffs in the next few
17 years.

18 As HB 2061 was introduced, we recognized
19 that the structure that we were advocating for
20 with good fiscal times certainly may not be
21 something that is feasible, post COVID-19, but we
22 do recognizes this. After the COVID-19 pandemic
23 is over, our transportation infrastructure
24 funding challenges will still exist. So we're
25 looking forward to the opportunity to address,

1 with the stakeholders and this Committee, to make
2 sure that this critical funding piece is not left
3 behind as we consider all of the moving puzzle
4 pieces that are necessary for our transportation
5 instruction.

6 Thank you very much, Mr. Chairman.

7 MAJORITY CHAIRMAN HENNESSEY: Thank you,
8 Matt.

9 Next, we have Representative Sheryl
10 Delozier, who was going to address the hearing
11 with regard to HB 2062, right? Got it.

12 REPRESENTATIVE DELOZIER: Thank you,
13 Mr. Chairman. And quickly, thank you to just
14 both of you for having this hearing to allow for
15 us to have the input. HB 2062 will be introduced
16 or has been introduced with the ability to
17 understand better our contracting process and
18 having input from all of those that are involved
19 in our contracting businesses here in
20 Pennsylvania and dealing with transportation and
21 infrastructure.

22 I just want to say thank you for the
23 opportunity. I look forward to hearing input. I
24 have sat down and met with people who are on both
25 sides of this bill, pro and con. So I look

1 forward to getting more information with this
2 hearing, as well, so that we can move forward
3 with some good public policy.

4 Thank you very much.

5 MAJORITY CHAIRMAN HENNESSEY: Thank you,
6 Sheryl.

7 Next, I think we are about to go into our
8 first testifier.

9 REPRESENTATIVE NEILSON: Yeah.

10 Mr. Chairman, if I can real quick?

11 MAJORITY CHAIRMAN HENNESSEY: Yes.

12 Representative Ed Neilson from Philadelphia.

13 REPRESENTATIVE NEILSON: Mr. Chairman, we
14 keep on hearing about a task force, a task force.
15 I just think it's more clear that it's not a task
16 force that was put together by this Committee and
17 it was not all-inclusive of all the members of
18 both parties. This was a task force that was put
19 together in kind of like a rogue sense, so to
20 say, but I don't want to say because it they did
21 good work and I did co-sponsor some of the bills.
22 But I would have loved to have a seat at the
23 table. Being on this Committee since I got here
24 in the House, a lot of us would have liked to sit
25 at this table.

1 And I just think that should be said. So
2 this so-called task force is nothing that was put
3 together by this Committee.

4 MAJORITY CHAIRMAN HENNESSEY: Well, you
5 got a seat at today's table, Ed. In my opening
6 comments, I didn't limit it to this Committee.
7 It was House leadership that put it together. It
8 was their idea and we're dealing with the hard
9 work that was done by that task force, but I hear
10 what you're saying.

11 REPRESENTATIVE NEILSON: I agree. And I
12 co-sponsored some of the legislation,
13 Mr. Chairman. And I think it's a good piece and
14 it's a great conversation to have.

15 MAJORITY CHAIRMAN HENNESSEY: Thank you.
16 Mike. Chairman Carroll.

17 MINORITY CHAIRMAN CARROLL: Just briefly.
18 Not to pile on too much, but I would simply offer
19 that an issue this complex that will require the
20 resources necessary to solve it, inevitably,
21 every single member of the General Assembly will
22 have a seat at the table. Representative Neilson
23 is right, this was a task force of House
24 Republicans assembled as a result of the House
25 Republican leadership team setting up the task

1 force.

2 But at the end of the day, when that day
3 comes, it will require the input of all 253
4 members of the House and the Senate and the
5 Governor's Office if we're ever going to get a
6 transportation funding bill to the finish line.
7 So I'll stop there.

8 MAJORITY CHAIRMAN HENNESSEY: Okay.
9 Thank you. Still, we've got a lot of really good
10 bills here as a result of the task force, so --

11 So our first testifier, who has been
12 waiting patiently, is Melissa Batula, who is the
13 Deputy Secretary of the Highway Administration
14 for PennDOT, the Pennsylvania Department of
15 Transportation. She's testifying virtually.

16 And Melissa, begin whenever you're ready.
17 Thank you. Thanks for being here.

18 DEPUTY SECRETARY BATULA: All right.
19 Thank you so much.

20 So Chairman Hennessey, Chairman Carroll,
21 and members of the Committee, I just want to
22 thank you so much for the opportunity to
23 participate in today's hearing and discuss our
24 transportation funding needs and the status.

25 I would also like to thank Representative

1 white and all the members of the Infrastructure
2 Task Force for calling attention to
3 Pennsylvania's transportation needs. This
4 discussion is critical. We are at a turning
5 point in our infrastructure funding. So as you
6 mentioned, Chairman Hennessey, you know, PennDOT
7 has seen revenue losses from increased fuel
8 efficiency, and the growing impacts we've seen
9 with climate change, and of course the COVID-19
10 pandemic.

11 while COVID-19 has certainly exacerbated
12 our funding situation, we already knew that we
13 had less in construction program lettings
14 compared to where we were, that program of \$2.5
15 billion in 2018. We have since reduced our
16 construction program, recognizing those losses,
17 down to \$2.2 billion, understanding that we were
18 going to see those -- the increased fuel
19 efficiency was going to decrease our ability to
20 let those construction projects.

21 And now, with the added challenges under
22 COVID-19, we're anticipating only being able to
23 bid \$1.8 to \$1.9 billion this year and calendar
24 year, without any kind of legislative action. So
25 on the maintenance side, those reduced revenues

1 really mean that we need to focus on those lower
2 cost preservation activities while carrying out
3 the maintenance on our pavement and our bridges.

4 So when you look at a national and local
5 forecast of 30-percent revenue reductions because
6 of COVID-19, that makes this even more
7 concerning, especially when we look at the
8 solvency of the Federal Highway Trust Fund. As
9 we all know, we can no longer rely on the gas tax
10 to meet our infrastructure needs. We need truly
11 sustainable funding resources moving forward.

12 Our Motor License Funds, at best, remain
13 flat into the future. Before COVID even began,
14 we were projecting cumulative losses due to that
15 reduced fuel consumption combined with inflation,
16 so that loss of buying power, to the total of
17 \$8.3 billion by 2030.

18 Looking to the COVID impacts, we're
19 currently projecting losses of \$800 million, just
20 through the end of June 20-21, due to those gas
21 tax revenue losses. We certainly take advantage
22 of our strong partnerships with industry to make
23 sure we're getting every -- every bit of
24 serviceability out of every dollar. We do have
25 asphalt paving quality committees, as well as for

1 aggregates, lags, materials, and others to make
2 sure that we're ensuring strong competition
3 within the industry and delivering those quality
4 improvements.

5 we're leveraging the use of project
6 delivery options, such as public-private
7 partnerships, Design-Build project to improve the
8 flexibility. As Representative Fritz said, we
9 really do look forward to the opportunities
10 provided to us under the Design-Build best value
11 approach. In fact, we are currently working
12 right now on industry partners for the process of
13 getting that rolled out here in the very near
14 future.

15 But despite leveraging our partnerships
16 and use of these innovative tools, the fact
17 remains that our available revenues restrict our
18 ability to deliver significant projects, such as
19 reconstruction to maintain our infrastructure.
20 For this reason, absent of any Federal action or
21 stimulus, PennDOT is taking responsible steps for
22 adjusting not only current and near term funding,
23 but also reviewing those funding options moving
24 into the future.

25 Also, because of the legislative

1 requirements under Act 44 and Act 89, without
2 sustainable alternative funding sources for mass
3 transit, we cannot meet the needs for state of
4 good repair projects, reliable transportation
5 fleet or expanded services or the initiatives
6 needed to grow to support our communities.

7 Various discussion and proposals,
8 including HB 2661, have been aimed at another
9 factor, and that's the funding of the
10 Pennsylvania State Police. The Legislative
11 Action 2016 is gradually redirecting those
12 millions into funding back into the Motor License
13 Fund, which has obvious benefits for us and our
14 operations, but there are funding implications in
15 other areas.

16 Any discussion of redirecting additional
17 funds or redirecting funds faster needs to
18 include a fair solution to help support the State
19 Police critical mission, including that of the
20 highway safety operations on the roadways. While
21 some of the task force proposals, such as 2067
22 and 2068 would provide local options to bring in
23 needed revenue for local needed projects, a
24 statewide solution is still needed.

25 Every community, whether they be rural or

1 urban, will benefit from fewer bridge-related
2 detours, longer lasting road surfaces, and more
3 transportation options, and more travel
4 predictability. We at PennDOT take
5 responsibility as stewards of the mobility of
6 Pennsylvania. We take that very seriously, which
7 is why we must explore all options.

8 So our team is committed to making
9 Pennsylvania safer and more connected despite the
10 funding challenges we face. The legislature has
11 taken bold steps in recent years to advance
12 transportation funding; and for that, we are most
13 thankful and appreciative. However, those
14 actions did not meet Pennsylvania's full needs,
15 nor did they anticipate the waning Federal
16 support or the significant vehicle changes that
17 are impacting our revenues.

18 So we are again facing circumstances that
19 demand action for comprehensive solutions that
20 keep us on a sustainable path, while supporting
21 the growth for our communities. So as we
22 evaluate potential funding tools, a dialogue with
23 Pennsylvania is certainly critical and we'll be
24 engaging our stakeholders throughout the process.
25 The legislature will be a crucial partner as we

1 move forward with those endeavors and we thank
2 you once again for this opportunity to discuss
3 this important topic and how we can work
4 together, not only to meet our current needs, but
5 also set us on a sustainable path for the future.

6 And with that, Chairman, I will take --
7 I will be happy to take any questions at this
8 time.

9 MAJORITY CHAIRMAN HENNESSEY: Thank you,
10 Melissa -- I'm sorry -- Deputy Secretary Batula.
11 Thank you very much for your testimony. Thanks
12 for giving us an overview of what the future
13 might hold in terms of your anticipations of
14 revenue losses that the Commonwealth faces.

15 Do we have any questions from the
16 members? Oh, I -- before we begin, let me make
17 an announcement that we've been joined virtually
18 by Representative Doyle Heffley of Carbon County
19 and Representative John Lawrence of Chester
20 County.

21 Representative Neilson, you had a
22 question.

23 REPRESENTATIVE NEILSON: Yes. Thank you,
24 Chairman. I never miss an opportunity.

25 Thank you, Madam Secretary, for your

1 testimony today.

2 The first question I would have is you
3 talked about Representative Fritz's bill about
4 Design-Build and best value contracting that
5 you're getting about to roll that out. Would
6 this bill help or hinder your efforts that you're
7 trying to do? And if you're just rolling it out
8 now, why did it take so long to get out here?

9 Like Representative Fritz, they went
10 after this a year ago and they've identified it
11 on the task force, and this seems something like
12 would save you a lot of money is what we're
13 looking at.

14 DEPUTY SECRETARY BATULA: Yeah. No, and
15 I appreciate that greatly.

16 We have, as I'm sure you're aware, we've
17 been using low bid Design-Build. We've relied on
18 that quite heavily under the R era as a way that
19 we could get those projects onto the street
20 quickly, but we would like to see the benefits of
21 increased partnership by having the contractor
22 and the designer all under that one entity much
23 sooner in the process.

24 We've been working -- the reason why it's
25 taking some time to get to that point is we've

1 been evaluating what those options were. We've
2 actually been working collectively with APC or
3 contracting community or consulting entities, the
4 Turnpike, as well as our councils to try to
5 figure out what avenues we have available to us.
6 And right now, we're considering -- you know, DGS
7 is currently already using best value approach.

8 we think there's opportunities there. We
9 had to really work collectively on a mechanism
10 that was going to work for all of us, so that
11 from the contractor's perspective they felt it
12 met their needs, same with our engineering
13 community, and of course, the two State agencies.
14 So I think working together, we've been able to
15 look at multiple different states to find a
16 solution and a path forward that's going to work
17 for all of us, that is not unduly impacting
18 somebody's ability to participate in that arena,
19 is probably the best way I can say that.

20 REPRESENTATIVE NEILSON: Thank you, Madam
21 Secretary.

22 DEPUTY SECRETARY BATULA: So it's taken
23 some time to look at what those best practices
24 are and then deciding what that path is.

25 REPRESENTATIVE NEILSON: As you look

1 through all the legislation, what dollar amount,
2 because this is all about savings dollars, what
3 dollars does your Department think that this
4 would save us on an annual basis if you analyze
5 them as such? Because it is for cost savings and
6 to save the Department money.

7 DEPUTY SECRETARY BATULA: Yeah.

8 REPRESENTATIVE NEILSON: Is there a
9 ballpark figure that you may have come up with?

10 DEPUTY SECRETARY BATULA: No. It's
11 really hard to quantify a dollar savings for
12 Design-Build. The biggest impact you generally
13 see is in time savings.

14 REPRESENTATIVE NEILSON: well, I mean,
15 all these -- I'm not sticking just with
16 Design-Build. All of this, this whole
17 legislative package, was to save money and
18 provide the Department more money.

19 Is there an estimate you have that it
20 would save you?

21 DEPUTY SECRETARY BATULA: There's not a
22 dollar number I have in savings. I think that
23 provided is tools that we would have options for
24 on how we deliver the program.

25 REPRESENTATIVE NEILSON: Thank you, Madam

1 Secretary.

2 Thank you, Chairman.

3 MAJORITY CHAIRMAN HENNESSEY: Oh, you're
4 welcome, Ed.

5 Madam Secretary, you're indicating \$830
6 million, basically, a year on average for the
7 next 10 years. Was that -- were those figures
8 estimated before the COVID shutdown, the last
9 four month, five months, or were they --

10 DEPUTY SECRETARY BATULA: It was actually
11 before that, Chairman.

12 MAJORITY CHAIRMAN HENNESSEY: It was
13 before that, so the shutdown is going to
14 aggravate those figures even a little bit more,
15 right?

16 DEPUTY SECRETARY BATULA: Absolutely.

17 MAJORITY CHAIRMAN HENNESSEY: Okay.
18 Mike, we'll get to you in just a second.

19 We've been joined by Representative Todd
20 Stephens of Montgomery County. Welcome, Todd.

21 Mike, do you have -- you have no
22 questions.

23 Are there any other questions for Deputy
24 Secretary Batula?

25 Seeing none, thank you very much for your

1 testimony and for your presence here, you know,
2 online today.

3 DEPUTY SECRETARY BATULA: Thank you very
4 much.

5 MAJORITY CHAIRMAN HENNESSEY: You're
6 welcome.

7 Our next testifiers are Bradley Heigel,
8 the chief engineer for the Pennsylvania Turnpike
9 Commission, and Charles Duncan, the Director of
10 Legislative Affairs. Both will be testifying
11 virtually. And welcome, thank you for your
12 patience in waiting for us to get to you.

13 Charles, you're on the line first. So
14 which of you wishes to go first?

15 MR. DUNCAN: I'm going first,
16 Mr. Chairman.

17 MAJORITY CHAIRMAN HENNESSEY: Okay. Go
18 ahead.

19 MR. DUNCAN: Chairman Hennessey, Chairman
20 Carroll, and members of the Committee, good
21 afternoon.

22 MAJORITY CHAIRMAN HENNESSEY: Good
23 afternoon.

24 MR. DUNCAN: First, we want to thank you
25 for your ongoing efforts to address our statewide

1 transportation funding crisis. There are two
2 stories to tell. First, we will discuss the
3 difficult situation that we are managing at the
4 Commission. And second, we are pleased to talk
5 about the opportunities created by several of the
6 bills as a way to fix the problem.

7 As you are well aware, due to Acts 44 and
8 89, and the ongoing maintenance of our roadway,
9 our Agency has about 14 billion in debt, which is
10 more than the Commonwealth. Since 2007, we have
11 transferred \$7 billion to PennDOT. And as you
12 are aware, we have consistently raised tolls
13 every year to cover our debt service. At this
14 time, we anticipate raising tolls every year
15 through 2027.

16 We have previously cut our capital budget
17 by one billion dollars. And in the wake of the
18 pandemic, we have had to cut our capital budget
19 by an additional 24 percent. We are making the
20 necessary improvements to our system to ensure
21 safe travel for our customers, but we are not
22 adding capacity, and we are deferring many
23 projects that we view as critical to our
24 long-term growth. These reductions can impact
25 our statewide economy. Less capital investments

1 results in less construction and fewer
2 construction jobs.

3 Additionally, in the current environment,
4 we are unable to add access to our system,
5 despite a pressing need in some parts of the
6 State. Again, this Committee's work, the House
7 task force's work, PennDOT's efforts, and our
8 Agency's efforts are aligned. We believe there
9 are viable solutions on the table that will help
10 address the funding crisis.

11 HB 2361 will provide critical relief to
12 our customers and our Agency by stepping down our
13 annual Act 44 payments to PennDOT. We needed
14 this legislation prior to the pandemic for
15 reasons we have mentioned. Since the onset of
16 the pandemic, our revenue is \$120 million below
17 our projections. As a result, the Commission has
18 deferred its first Act 44 payment of \$112.5
19 million for the current fiscal year, and we have
20 requested a deferral for the second quarterly
21 payment, as well.

22 This step down legislation is more
23 critical now than ever. HB 2068 would expand the
24 ability of local governments and counties to
25 generate revenue for transportation purposes.

1 This legislation mirrors, to a large extent, the
2 recommendations of the mobility partnership
3 initiatives the Commission launched in
4 partnership with SEPTA and the Port Authority of
5 Allegheny County. Our goal was to identify
6 viable solutions that would allow local officials
7 and voters to raise local funds for
8 transportation projects.

9 The partnership identified other growing
10 cities and communities around the country that
11 are stepping up and making the needed investments
12 in their ground transportation networks. And we
13 think we can mirror those efforts.

14 We want to thank Chairman Hennessey for
15 sponsoring this bill. And we respectfully
16 request the legislation be expanded to ensure
17 that any additional revenue created locally can
18 be used for all types of transportation projects,
19 not just mass transit; broaden the available
20 revenue options beyond the three that are in the
21 current draft; and to include the mobility
22 partnerships identified potential sources, to
23 include local service tax, transportation network
24 company fees, hotel occupancy tax, surface
25 coverage fees, parking fees, and vehicle property

1 tax.

2 Again, thank you for this opportunity.
3 And Brad and I will be glad to attempt and
4 address any questions that you may have.

5 MAJORITY CHAIRMAN HENNESSEY: Thank you,
6 Charles, for your testimony. I have a question
7 to start off, and that is, if I remember
8 correctly, when Act 89 was passed in 2013, the
9 Turnpike already had a debt load, but it was
10 between \$5 and \$6 billion; is that accurate?

11 MR. DUNCAN: I believe you're accurate,
12 but what I will do is double check. I see Brad
13 nodding his head, which is correct.

14 MAJORITY CHAIRMAN HENNESSEY: Okay. And
15 then the increase, the build up from -- let's
16 assume the \$6 billion was an accurate figure.
17 The build up to \$14 billion in debt is really, I
18 think, an accumulation of bonding debt that has
19 occurred every year as the Turnpike bonds the
20 \$450 million payment required by Act 89 to the
21 General Assembly, to the Commonwealth Treasury.

22 MR. DUNCAN: That is correct. And in
23 addition to that, we also have the annual
24 maintenance of our roadway that Brad oversees.

25 MAJORITY CHAIRMAN HENNESSEY: Okay. I'm

1 a little -- I heard you say that you anticipate
2 Turnpike toll increases through 2027, but in --
3 well, currently, because of COVID, there's been a
4 deferral of the \$450 million payment, the first
5 installment, and I think you said, likely, the
6 second installment request will come to defer
7 that, as well, right?

8 MR. DUNCAN: Correct.

9 MAJORITY CHAIRMAN HENNESSEY: All right.
10 At some point in time, let's assume the Turnpike
11 does meet its final two payments annually of \$450
12 million, whenever that comes. After that time, I
13 would assume that if the Turnpike toll increases
14 are going to continue for another five or six
15 years that you would devote a lot of that revenue
16 toward reducing the bond indebtedness that's been
17 incurred in the last eight years.

18 MR. DUNCAN: Yes. And you are correct.
19 To put everything in perspective, in talking to
20 our CFO, we project \$1.3 billion in revenue next
21 year. And our actual debt service payment is
22 \$112 million. So the overwhelming majority of
23 the revenue we collect will go to paying down our
24 debt.

25 MAJORITY CHAIRMAN HENNESSEY: Okay. But

1 doing the math, I don't know that you can get
2 there by -- you can't pay down \$8 billion just
3 with that \$450 million savings in four or five
4 years --

5 MR. DUNCAN: Correct.

6 MAJORITY CHAIRMAN HENNESSEY: -- I think.

7 MR. DUNCAN: I'm sorry. Go ahead.

8 MAJORITY CHAIRMAN HENNESSEY: I guess I'm
9 trying to figure out where the 2027 figure comes
10 from, the year 2027. Why are we saying that
11 tolls will increase until 2027, when it seems to
12 me that the -- well, maybe if we stabilize the
13 tolls at that point going forward it's still
14 going to take many years, maybe a decade or two
15 to get rid of the entire additional eight, nine
16 billion dollars worth of debt that we've
17 incurred, the Turnpike has incurred.

18 MR. HEIGEL: Charles, if I could
19 interrupt for a second.

20 MR. DUNCAN: Yeah.

21 MR. HEIGEL: I agree with you, Chairman.
22 I believe, again, the toll increases go well
23 beyond 2027. They do stabilize, but they do
24 continue to increase over time to pay for the
25 debt service.

1 MAJORITY CHAIRMAN HENNESSEY: Okay. And
2 one other question. And Charles, I heard what
3 you said in terms of the -- I think it's 2068,
4 HB 2068, the regional tax idea. Yours is not the
5 first testimony that we've heard, that I've
6 heard, about trying to expand the money generated
7 by that kind of a tax beyond mass transit, but
8 frankly, there is, you know -- the whole idea of
9 this was to find a dedicated source of funding
10 for mass transit so we didn't have to turn to the
11 Turnpike or turn to some other Commonwealth
12 entity to try to fund that.

13 So I don't know -- it seems to me that
14 there's certainly a question that's open for
15 debate whether or not we should target all the
16 revenues that would be raised by a regional tax
17 to just mass transit, as opposed to throwing it
18 open to all other kinds of transportation
19 projects. That, I think, will be a lively
20 debate. My purpose in filing the bill was to try
21 to create money, a revenue stream, a dependable
22 ongoing revenue stream for mass transit so that
23 when we start -- if we start to reach into that
24 stream and try to fund other kinds of
25 transportation projects, we might defeat the

1 purpose of the bill, at least the initial purpose
2 of the bill.

3 So I'm not trying to take a position one
4 way or the other, I just want you to be aware
5 that that will be a lively subject for debate, I
6 believe.

7 MR. DUNCAN: I am certain, you're
8 correct, sir.

9 MAJORITY CHAIRMAN HENNESSEY: Okay.
10 Thank you.

11 And by the way, I think I owe you an
12 apology. You had sent me information about
13 projects that had been delayed or stricken from
14 the Turnpike's project list after we had a
15 hearing back in the middle of July. You promptly
16 sent me that list; it got lost in my e-mail. You
17 know, e-mails are sort of going through the roof
18 these days in terms of the number that came in.
19 So I requested it later and it came right away
20 again. And I was directed back and I found it
21 came in back in the middle of July.

22 Thanks for being so prompt with that.
23 Sorry I missed it and thanks for getting the
24 information to me.

25 MR. DUNCAN: Any time.

1 MAJORITY CHAIRMAN HENNESSEY: Sure.

2 Always nice to talk to a Saint Joe grad.

3 MR. DUNCAN: The Hawk will never die.

4 MAJORITY CHAIRMAN HENNESSEY: There you.

5 Do we have any other questions here?

6 REPRESENTATIVE STEPHENS: Mr. Chairman,
7 can you hear me?

8 MAJORITY CHAIRMAN HENNESSEY:

9 I'm sorry?

10 REPRESENTATIVE NEILSON: Yes, we can hear
11 you.

12 REPRESENTATIVE STEPHENS: Oh. Hey, it's
13 Todd Stephens. Do I get to ask a question
14 remotely?

15 REPRESENTATIVE NEILSON: No.

16 MAJORITY CHAIRMAN HENNESSEY: Oh, Todd,
17 yes.

18 REPRESENTATIVE NEILSON: Sorry, Todd.

19 MAJORITY CHAIRMAN HENNESSEY:

20 Representative Stephens.

21 MR. STEPHENS: Hey, Chairman Neilson,
22 could you please let me ask a question?

23 (Laughter.)

24 REPRESENTATIVE NEILSON: Please proceed.

25 MAJORITY CHAIRMAN HENNESSEY: Okay.

1 Representative Stephens, I don't want to see you
2 begging and pleading for recognition, so I'm
3 going to recognize you right now.

4 REPRESENTATIVE STEPHENS: Hey, I
5 appreciate that.

6 MAJORITY CHAIRMAN HENNESSEY: Sure.

7 REPRESENTATIVE STEPHENS: So Charles,
8 thanks so much for your testimony. Really
9 helpful.

10 I know we heard some testimony not too
11 long ago, maybe a year ago or so, about some
12 research the Turnpike was doing about decreased
13 toll revenue as a result of these toll increases.
14 In other words, you know, traffic moving off the
15 Turnpike and onto other roadways. And if I
16 remember correctly, I think it was certain truck
17 traffic that you were seeing a steep decline in
18 certain revenue, certain toll levels.

19 Is that still ongoing?

20 I mean, what are you guys seeing there?
21 Is that trajectory continuing?

22 MR. DUNCAN: I would -- well, overall,
23 our volumes are down about 36 percent, but thanks
24 to everyone being cooped in the house and using
25 Amazon Prime and, like my wife, buying Target

1 every day, traffic -- commercial volume is
2 actually up and has actually sustained us and is
3 actually getting us through the COVID pandemic.
4 So we encourage you to continue to shop online.

5 Meredith, please keep buying Target so we
6 can continue to have commercial truck traffic on
7 our roadway.

8 REPRESENTATIVE STEPHENS: I can tell you
9 the Stevens household certainly contributes to
10 that effort, too.

11 All right. So that's good. I guess one
12 silver lining here is that the commercial traffic
13 has continued despite the dramatic downturn in
14 the other commuter traffic; is that what you're
15 saying?

16 MR. DUNCAN: Yes.

17 REPRESENTATIVE STEPHENS: Okay.

18 MR. DUNCAN: And you can actually
19 physically see it. Whenever I'm in the office
20 and you look out the window, it's primarily truck
21 traffic that is going by.

22 REPRESENTATIVE STEPHENS: Okay. All
23 right. Great.

24 Thank you.

25 MAJORITY CHAIRMAN HENNESSEY: Thank you,

1 Todd.

2 Representative Lawrence, let me -- you
3 had a question, I think, for Deputy Secretary
4 Batula.

5 Melissa, are you still on the line, on
6 the call?

7 REPRESENTATIVE LAWRENCE: Mr. Chairman, I
8 can hold the question until after the Turnpike.

9 MAJORITY CHAIRMAN HENNESSEY: Okay.
10 We'll do that then.

11 We'll move to Representative Neilson.

12 REPRESENTATIVE NEILSON: Thank you,
13 Chairman. Thank you, gentlemen.

14 Last time --

15 REPRESENTATIVE STEPHENS: Do I get to
16 weigh in on whether Representative Neilson gets
17 to ask the question.

18 REPRESENTATIVE NEILSON: Yes, you may
19 because I'm going to elaborate on your little
20 toll stuff there.

21 REPRESENTATIVE STEPHENS: Oh, okay. Go
22 ahead. Go ahead.

23 REPRESENTATIVE NEILSON: Thank you.

24 Gentlemen, last time we were in each
25 other's company, we were talking about laid-off

1 toll workers and how that was going to save the
2 Department money. Then a week later, we got hit
3 with, we read in the news, that you were going to
4 do toll increases and it spoke about the
5 surcharges that you were going to charge
6 Pennsylvanians for not having an EZ Pass. And
7 you failed to identify that in the other hearing.

8 Did some revelation come within that week
9 and you saw how you could raise a lot of money?

10 How much is that 40-percent surcharge on
11 the Pennsylvanians going to raise for the
12 Turnpike?

13 what's your forecast on that this year?

14 MR. DUNCAN: To answer the first part of
15 your question, Representative Neilson, I believe
16 maybe one or two hearings prior to the quote,
17 unquote lay-off hearing, we referenced a
18 45-percent administrative fee for toll-by-plate
19 in that hearing. It may not have explicitly been
20 in our testimony, but we -- it came up and there
21 was a conversation about it at that point.

22 REPRESENTATIVE NEILSON: Okay. I'm
23 sorry. I must have missed that. That's why my
24 concern of it, because what I'm seeing is other
25 states, that they charge -- they give discounts

1 to their people for crossing bridges. I mean,
2 just in one instance, gives a 40-percent discount
3 just crossing from Jersey to Bucks County. And
4 here we are charging surcharges and giving other
5 states who hold EZ Pass discounts, whereas
6 they're charging us cash tolls.

7 I mean, you're aware of that, right?

8 MR. DUNCAN: Yes. And I believe you're
9 referencing your co-sponsorship memo. The --

10 REPRESENTATIVE NEILSON: Yes, sir, I am.

11 MR. DUNCAN: -- point of distinction is
12 that the discount is not to the resident of the
13 state, it's to the EZ Pass account they may hold.
14 So for example, down where we're from, DRPA may
15 offer a discount to those who hold a PA EZ Pass
16 for using their bridge. And you may live in
17 Philadelphia, you may live in Delaware, you may
18 live in New Jersey, you hold that EZ Pass, you
19 are entitled to that discount.

20 We generally just have a general
21 blanketed EZ Pass discount and that's how we've
22 decided to manage it. So I've read your
23 co-sponsorship memo. I'm uncertain -- I haven't
24 seen the language of it, but it does raise some
25 concerns around the dormant clause, around our

1 ability to operate under our bond indenture, but
2 once you have a draft, I'll be more than happy to
3 take a look at it and we can provide you a formal
4 response.

5 REPRESENTATIVE NEILSON: I will be glad
6 to sit down with you and talk about it because
7 it's a concern, because I have people that use
8 the Turnpike, they're seniors and they don't want
9 EZ Pass to hold their money for a year to just go
10 visit their kids during a holiday season and they
11 only use the Turnpike once or twice a year, and
12 yet, they have to put that \$100 deposit up and
13 stuff like that.

14 Who gets the interest off of that? Does
15 EZ Pass get the interest, or does that go into
16 the Turnpike Commission itself --

17 MR. DUNCAN: So it's actually --

18 REPRESENTATIVE NEILSON: -- of those
19 accounts that are there?

20 MR. DUNCAN: -- a \$35 minimum and it sits
21 in your account. There's no interest on it. It
22 sits in your account and it's deducted down to a
23 level, and then there's a replenishment.

24 REPRESENTATIVE NEILSON: well, that \$35
25 get deposited somewhere, right? And they don't

1 collect it. That's an interest-free account
2 somewhere?

3 There's got to be millions and millions
4 and millions of dollars in there.

5 MR. DUNCAN: I would not say there's
6 millions upon millions, Representative.

7 REPRESENTATIVE NEILSON: Oh.

8 MR. DUNCAN: We have frequent -- we have
9 over thousands -- hundreds of thousands of
10 transactions daily, so there's not millions
11 sitting in an account somewhere.

12 REPRESENTATIVE NEILSON: So it's a
13 constant movement of funds?

14 MR. DUNCAN: Yes. Yep.

15 REPRESENTATIVE NEILSON: Thank you,
16 gentlemen. Thank you, Chairman.

17 MAJORITY CHAIRMAN HENNESSEY: Thank you,
18 Ed.

19 Representative Lawrence, you have a
20 question for the Turnpike testifiers?

21 REPRESENTATIVE LAWRENCE: Yes,
22 Mr. Chairman, I do. Thank you.

23 Can you hear me?

24 MAJORITY CHAIRMAN HENNESSEY: Yes, we
25 can.

1 REPRESENTATIVE LAWRENCE: Maybe you can
2 even see me. Amazing.

3 MAJORITY CHAIRMAN HENNESSEY: There we
4 are.

5 REPRESENTATIVE LAWRENCE: Gentlemen,
6 thank you. I appreciate both of you being on the
7 call and in this meeting today. I'd like to go
8 back to the \$450 million obligation for this
9 year. Has that payment -- I know that it had
10 been delayed, could you tell the Committee where
11 that stands right now?

12 MR. DUNCAN: So we requested a deferral
13 of the first quarterly payment of \$112.5 million,
14 which was granted. And we have a request in
15 currently to defer the second quarterly payment,
16 as well. And we're waiting for a response.

17 REPRESENTATIVE LAWRENCE: So are you
18 anticipating that that will be granted, or are
19 you anticipating that you're going to have to
20 come up with that money?

21 MR. DUNCAN: I don't -- I would not like
22 to hypothesize on people -- debating on whether
23 or not or deliberating on granting us our
24 requests for deferral.

25 REPRESENTATIVE LAWRENCE: All right. And

1 that's fair.

2 I guess my next question would be then,
3 is that, when do you think the Turnpike
4 realistically is in a position to meet that
5 contractual obligation under the law?

6 MR. DUNCAN: Well, under the law, under
7 our agreement with PennDOT, we are obligated to
8 do it. We are essentially trying to get on
9 stable financial footing and to be able to make
10 our debt service payments and continue to offer
11 -- in a responsible manner.

12 REPRESENTATIVE LAWRENCE: So do you think
13 it would be some time this year, or could it be
14 -- it sounds to me, and I'm not trying to be --
15 trying to pin you down here, but I guess I'm
16 trying to find out when there might be -- it just
17 sounds to me like there's a real cash crunch at
18 the Turnpike right now and the Turnpike might
19 not, frankly, be in a position to make the \$450
20 million payment to PennDOT for months or perhaps
21 years.

22 Am I -- is that out of line?

23 MR. DUNCAN: That would not be out of
24 line.

25 REPRESENTATIVE LAWRENCE: So let me ask

1 you this question, which is, I think, a more
2 difficult question to ask. I'm not even really
3 comfortable asking it, but I'm going to ask it.
4 The Turnpike Commission is reliant upon -- when I
5 say the capital markets, I mean you're relying
6 upon the ability of Turnpike Commission to go out
7 and borrow money from Wall Street and issue bonds
8 to make these payment to PennDOT. And Wall
9 Street doesn't like to lend money unless they
10 think they're going to get paid back.

11 So when you borrow money, you know,
12 there's a lot that goes into that, but one of the
13 things that goes into that is that there's an
14 analysis done to see, you know, what's the
15 likelihood of these bond payers being repaid for
16 their, you know, generosity in lending you the
17 money. That's standard practice with every bond
18 issuance in the nation, not just the
19 Commonwealth.

20 So if I were a -- you know, so if I were
21 an institution that's going out to market on
22 these bonds, frankly, if I see the Turnpike is
23 having difficulty making their current
24 obligations, I might have questions about whether
25 I'm going to lend you any more money. So I'm

1 asking this question because I think it's
2 important for the legislature to know the answer.

3 Are you comfortable that the Turnpike
4 Commission will be able to continue to have
5 access to the capital markets?

6 MR. DUNCAN: So amazingly or shockingly
7 or as to be expected, this spring, when we took
8 measure during the COVID pandemic to fortify our
9 balance sheet, to take necessary efforts to
10 finance issues with our organization, Moody's
11 actually looked upon that as a favorable thing.
12 They actually applauded us for the efforts we did
13 to stabilize our organization.

14 So at this time, and probably going into
15 the future, we will be positioned -- I won't say
16 well positioned, but we will be positioned that
17 there will be appetite in the market for our
18 bond.

19 REPRESENTATIVE LAWRENCE: So let me ask
20 you this next question. It was mentioned here in
21 the testimony today that you foresee toll hikes
22 until 2027, 4 to 6 percent until 2027.
23 Previously, several years ago -- and this was
24 this was before COVID -- I mean, this was four or
25 five years ago as I recall because I had put out

1 legislation four or five years ago to taper off
2 the \$450 million transfer from the Turnpike
3 Commission to mass transit. At that time, the
4 speculation was that the toll increases would
5 continue on every year until 2044.

6 It seems to me that now the situation is
7 a little bit more dire, but the toll increases
8 are only anticipated to go on till 2027.

9 Is there -- I mean, I don't think things
10 have gotten rosier, what could we realistically
11 anticipate with the toll increases? Is that 2044
12 date still realistic?

13 MR. DUNCAN: First, thank you for your
14 continued support in being an advocate, or at
15 least recognizing the Turnpike has always been
16 operating with one hand tied behind our back.

17 I believe your observation/assessment is
18 correct. 2044 is a possibility with -- hopefully
19 with the increases stepping down from the normal
20 six percent.

21 REPRESENTATIVE LAWRENCE: Yeah. So I
22 mean, as one who's -- and Charles, you know, as
23 one who's very interested in the history and the
24 heritage of the Turnpike, I am concerned about
25 the continuing viability of the Pennsylvania

1 Turnpike.

2 Let me ask you this, from a financial
3 perspective, we have real challenges. Let me ask
4 you this last question. And I believe it's good,
5 again, for the General Assembly to have this on
6 the record. So we've all -- just for background,
7 the \$450 million payment that the Turnpike, the
8 Pennsylvania Turnpike, is obligated to make to
9 PennDOT ends in 2022 when it gets ratcheted down
10 to \$50 million for every year forever, am I
11 correct?

12 MR. DUNCAN: Yes.

13 REPRESENTATIVE LAWRENCE: Okay. Now, if
14 the legislature, in its ultimate wisdom, in the
15 year 2022 decides to continue the \$450 million
16 payment rather than let it ratchet down to \$450
17 million, we say, no, no, we'd like to keep that
18 \$450 million going on, you know, for another 5,
19 10, 15 years, what impact would that have on the
20 Turnpike?

21 MR. DUNCAN: Brad can elaborate on it,
22 but essentially, we would be just maintaining our
23 roadway, doing mill and paves. Every slip ramp
24 that comes in that's requested for, we wouldn't
25 be able to do it. We'd have to find a lot of --

1 a lot more efficiencies just to stay and just to
2 keep our lights on. If our obligation is
3 extended beyond the sunset and we're required to
4 maintain the \$450, but Brad can expand upon what
5 does that "just maintenance" look like if we're
6 required to do that.

7 MR. HEIGEL: And Charles, I think you hit
8 it right on the head. I think the word
9 devastating would be the adjective I would use.

10 Again, our Act 44 financial plan, which
11 we do every year by law, is predicated on that
12 step down. And again, our capital plan, which,
13 again, we have decreased pre-COVID by a billion
14 dollars and another 25 percent this year, we're
15 moving forwards that maintenance-only plan to
16 start with. And again, soon to be celebrating
17 our 80th anniversary here in October, we have
18 sections of the Turnpike that we can mill and
19 pave and two or three years later, it needs it
20 again.

21 The cycles of our maintenance cycles have
22 become shorter and shorter as this road has
23 gotten older and older with the amount of traffic
24 we move on it on a daily basis. So I think the
25 word devastating would be the word I would use

1 if, in fact, this goes beyond 2022.

2 REPRESENTATIVE LAWRENCE: Thank you,
3 gentlemen. And thank you, Chairman.

4 MAJORITY CHAIRMAN HENNESSEY:
5 Representative -- Chairman Carroll.

6 MINORITY CHAIRMAN CARROLL: Thank you so
7 much. In listening to the dialogue with
8 Representative Lawrence, it seems to me that much
9 of the discussion relative to the quarterly
10 payments to Penndot for transit, and a future
11 deferral, likely depends to a large extent on
12 recovery of our economy from the crisis, the
13 corona crisis. So I'm -- I'm not certain that we
14 all can sit here today and say that the third
15 quarter payment will be made or deferred, the
16 fourth quarter payment made or deferred. So much
17 of all of that depends on what happens
18 nationally, what happens in our state with
19 respect to recovery of the economy and overcoming
20 the horrific effects of the coronavirus.

21 So I appreciate the effort to try and
22 answer the Representative's questions. I simply
23 offer that much of what we anticipate is
24 conjecture because of the fact that we just don't
25 know what is going to happen with the economy. I

1 am hopeful, very hopeful that, you know, three
2 months from now we're in a far better position
3 than we are today. But I think it's fair to at
4 least consider the possibility that we may be in
5 the exact same spot or, God forbid, an even worse
6 spot.

7 And so I'll stop there and just wrap it
8 up by saying, it's really hard to look into the
9 crystal ball when it comes to finances, use of
10 the Turnpike, traffic on the Turnpike, the
11 economy generally. We are in a very odd spot, a
12 sad spot, as a Commonwealth and as a country.
13 And I hope we can get to a better spot soon.

14 MAJORITY CHAIRMAN HENNESSEY: Thank you,
15 Mike.

16 We've been joined by Representative
17 Martina White from Philadelphia. She's here in
18 the majority caucus room. We've also been joined
19 by Representative Rosemary Brown from Monroe
20 County. She is joining us virtually.

21 Do we have any other questions?

22 Oh, yes. Representative Heffley, you had
23 some questions that you wished to direct to our
24 testifiers.

25 REPRESENTATIVE HEFFLEY: Yes. Thank you,

1 Chairman.

2 MAJORITY CHAIRMAN HENNESSEY: Sure.

3 REPRESENTATIVE HEFFLEY: Just wanted to
4 thank everybody for being here today. Question,
5 the increases, you're seeing a six or four
6 percent increase going forward in tolls for the
7 Turnpike to pay down this -- is it \$14 billion
8 right now, the bond that you -- that they have
9 because of that Act 44?

10 MR. DUNCAN: As we sit here today, it is
11 \$14 billion and our modeling shows to pay that
12 debt off, to pay the credit card off, we will
13 need to raise tolls in the four to six range to
14 pay it down.

15 REPRESENTATIVE HEFFLEY: Okay. And what
16 was the debt of the Turnpike before Act 44.

17 MR. DUNCAN: I believe it was like \$3
18 billion, Brad?

19 MR. HEIGEL: Yeah, roughly around \$3
20 billion. We can get that number for you, but it
21 was in that ballpark.

22 I do believe, too, Charles, that
23 pre-COVID, we were hoping that this year we would
24 go with a five percent toll increase because of
25 the impacts of the traffic decrease. Again, a

1 lot of conversations we had, and again, like
2 Representative Carroll just mentioned, the
3 unknown future, we unfortunately had to go back
4 to the six percent for this upcoming annual toll
5 increase.

6 REPRESENTATIVE HEFFLEY: All right. And
7 so then -- so inflation based or anything like
8 that, is that, the four or six percent, is that
9 taking into account inflation or do we have
10 inflation that would build on top of that,
11 inflationary costs?

12 MR. HEIGEL: I believe the toll increase
13 is predicated on our annual Act 44 financial
14 plan, which I believe is posted on our website.
15 And it's done as part of the Act 44 law. Again,
16 I'm not sure what's all baked into those numbers,
17 but it's out there. And it shows basically
18 through, again, the life of Act 44, which I
19 believe is 2057 of what the toll increases would
20 have to be to, again, make sure we're creating
21 enough revenue to pay off our debt.

22 REPRESENTATIVE HEFFLEY: Okay. Well,
23 here in the northeast, the Turnpike is the main
24 link, the vital link, to connect us, obviously,
25 between Route 80 and 78, but also down to

1 Philadelphia and into the Maryland area, D.C.
2 area. So obviously, any toll increases
3 definitely impacts how any freight moves up here.
4 I can tell you we've already had -- we have a
5 great slip ramp there at 903, awesome project for
6 the district, but we have a large amount of
7 traffic now jumping off of that slip ramp, making
8 their way over to Route 80 to avoid, you know,
9 that additional mileage, but also that toll. So
10 as those tolls increase on the Pennsylvania
11 Turnpike, it forces more and more traffic onto
12 other roads. And when that happens, obviously
13 PennDOT is picking up the costs.

14 So I definitely, you know, would think
15 that, you know, we need to get out under the
16 terrible Act 44, what it did to the Turnpike and
17 tolls and the motoring public. So I certainly
18 look forward to having a discussion with this
19 task force to see what we can do about helping
20 the Turnpike.

21 One other question. I know getting rid
22 of the tolls and going all to EZ Pass -- so all
23 the EZ Pass holders, as always, get a discount
24 among -- I mean, I have an EZ Pass, and whether
25 in New York, New Jersey, EZ Pass, if you have an

1 EZ Pass, you get the discounts across the board
2 everywhere, correct?

3 MR. DUNCAN: Yeah. In some form or
4 fashion, yes.

5 REPRESENTATIVE HEFFLEY: Yeah. And those
6 that don't hold the EZ Pass account, they just,
7 you know, you're going to have to chase them down
8 obviously from the plate reader to make sure
9 they're paying their tolls. That's an additional
10 fee. It's an additional expense to the Turnpike;
11 isn't it?

12 MR. DUNCAN: Correct. How I try to
13 explain it during -- well, it used to be cocktail
14 hour, now it's Zoom hour, is that we can collect
15 your toll immediately through EZ Pass through
16 automation. When we have to do toll by plate, we
17 have to verify the plate, verify the address,
18 verify the owner, mail it to you, wait for you to
19 return a payment. And if you don't pay in that
20 first 30 days, we have to send you another
21 invoice. All of that is costs that has to be
22 borne by someone.

23 And organizationally and strategically,
24 we've decided for that cost to be borne by the
25 customer.

1 REPRESENTATIVE HEFFLEY: Has there been
2 any analysis on the amount of people that are
3 maybe frauding the system? I know I've heard
4 from law enforcement how individuals will put
5 covers over their license plates so they can't --
6 the plate readers or law enforcement -- the plate
7 readers at the Turnpike can't read that, is there
8 -- like the amount of people frauding the system,
9 is it worth it to maybe have it scaled back, but
10 also have some cash lanes available yet?

11 Has there been any analysis or study done
12 on that at the toll interchanges?

13 MR. DUNCAN: Well, today we're collecting
14 94 percent of all of our toll revenue. We're not
15 seeing a high proliferation of people quote,
16 unquote frauding the system. And thanks to the
17 legislature for giving us the power to suspend
18 registration for those scofflaws that have
19 attempted and can somehow continue to attempt to
20 fraud us and steal from us. So we're using those
21 abilities to our full power. And there's a big
22 thanks to our Chief Compliance Officer, Ray
23 Morrow, who has really gone after it and taken
24 people to court to pay their debt to the Turnpike
25 and to the Agency, and for all of those who

1 actually pay their tolls.

2 REPRESENTATIVE HEFFLEY: Okay. Thank you
3 very much. Thank you for your time.

4 Thank you, Mr. Chairman.

5 MAJORITY CHAIRMAN HENNESSEY: Thank you,
6 Doyle.

7 Representative Schlossberg.

8 REPRESENTATIVE SCHLOSSBERG: Thank you,
9 Chairman. And I'll be brief. Just a very quick
10 comment.

11 I think it's important for all of us
12 here, especially based on some of the comments by
13 some of my colleagues, to remember the context of
14 this conversation. The reason the Turnpike's
15 debt load exploded from \$3 billion to \$14 billion
16 over the past 11 years is because of what the
17 legislature and multiple gubernatorial
18 administrations did. I think it gets a little
19 bit too easy to forget sometimes that the
20 Turnpike is reacting to the decisions that we
21 made.

22 Now, many of us in this room were not
23 here at the time, many of us were, but I will
24 confess to being a little bit frustrated with
25 some of these conversations. Are there things

1 the Turnpike could do better? I'm sure there
2 are, but let's keep in mind the reason their debt
3 load is so high is because of decisions that
4 those of us in this room and our predecessors
5 collectively made. And I would just urge us to
6 keep that context in mind as we go forward with
7 these conversations, and I think that's why it's
8 so important that we're having conversations
9 about legislation like this that is being
10 proposed.

11 There are, unquestionably, ways we can
12 improve these bills, but I would just urge all of
13 us to keep in mind the Turnpike isn't the bad
14 guys here. If there is a bad guy, it's all of
15 us. And with that, I will ask the Turnpike for a
16 free EZ Pass. Thank you.

17 MAJORITY CHAIRMAN HENNESSEY: Okay.
18 Thank you, Mike. Thank you.

19 Yes, just for historical context, and for
20 the people who are viewing on PCN, you've heard
21 two different Acts that have been talked about.
22 Act 44 was, I think, in 2006 or '07, which
23 created the initial obligations on the Turnpike
24 to fund mass transit. And then, we readjusted
25 that in Act 89 of 2013, but it does, as Mike

1 points out, it traces back to 14, 15 years ago
2 when the initial obligation was put on the
3 Turnpike to contribute sizable amounts of its
4 money to PennDOT so that PennDOT could give it to
5 the Treasury, so that we could then send it to
6 mass transit.

7 So it is a helpful perspective. And
8 thank you, Representative Schlossberg for
9 bringing that up.

10 We have a question by Representative
11 Martina White.

12 REPRESENTATIVE WHITE: Thank you very
13 much, Chairman.

14 I just had a quick question about whether
15 or not you intend to introduce the variable
16 tolling now that there are no toll takers on the
17 Turnpike?

18 MR. DUNCAN: I'll let Brad get into the
19 more difficult engineering part of that, but to
20 do that, we would primarily need gantries. And
21 I'll let Brad elaborate on why we need gantries.

22 MR. HEIGEL: Thanks. Thanks for giving
23 me the easy question, Charles.

24 It's not an easy answer.

25 MAJORITY CHAIRMAN HENNESSEY: Brad,

1 excuse me. Could you --

2 MR. HEIGEL: Our mainline system is --

3 MAJORITY CHAIRMAN HENNESSEY: Brad --

4 MR. HEIGEL: -- complicated with the way
5 we run basically an origin and destination type
6 tolling system, measuring where you get on and
7 where you get off. That's how our system is
8 predicated. So if I enter here by Harrisburg
9 East, where I'm sitting today, and get off down
10 at Valley Forge, it reads me on entry and exit.

11 To go to a variable type tolling
12 scenario, like Charles said, we need to go to an
13 open road tolling conversion, which is basically
14 removing the toll facilities at the interchanges
15 and building gantries between the interchanges.
16 And we have that in the process of being designed
17 and actually was part of our letting schedule for
18 this year. That work has been deferred, again,
19 as part of our 25-percent decrease in our capital
20 plan.

21 What we were hoping to convert from
22 Reading East to the Delaware River Bridge and the
23 north east extension by 2024 is now closer to
24 probably -- I'm sorry 2022, is now closer to
25 2024. But once we get into a state where we have

1 gantries and we can build trips as you go through
2 each gantry, then variable tolling becomes viable
3 for our system, but right now, it's not an option
4 the way we are developed.

5 REPRESENTATIVE WHITE: Do you think that
6 the, you know, revenue generated from the
7 variable tolling would be significant? And is it
8 something that, you know, with additional
9 resources, might be able to be expedited?

10 MR. HEIGEL: I think the variable
11 tolling, honestly, was probably more advantageous
12 for us pre-COVID, as you know, down in the
13 eastern part of the State. Many mornings, if not
14 every morning, eastbound was backed up from
15 Valley Forge to the river. And in the evening,
16 it was in the reverse direction. And again, that
17 was an area where we had six lanes and widening
18 was going to be very costly and probably likely
19 prohibitive.

20 what we were envisioning with variable
21 tolling was basically, again, allowing us to move
22 our toll structures around so that we could
23 influence traffic to travel at non-peak times.
24 So we were looking at it from more of a mobility
25 standpoint than it was from a financial

1 standpoint. I think at the end of the day our
2 goal was to remain revenue neutral, but again try
3 to utilize that to influence our traffic
4 characteristics traffic demands.

5 REPRESENTATIVE WHITE: Got it. Thank you
6 so much.

7 MAJORITY CHAIRMAN HENNESSEY: Brad, if I
8 could just ask you, in a nutshell, can you tell
9 us variable tolling is -- that's different rates
10 of the charges for different times of the day; is
11 that what you mean by variable tolling? I think
12 that it is.

13 MR. HEIGEL: Chairman, you are correct.
14 The thought was, again, once we go into an open
15 road tolling system, we could again change the
16 rates based on the hour of the day. So we would
17 move, basically, to potentially a lower toll rate
18 in non-peak times, trying to influence traffic
19 into those time periods, and potentially increase
20 toll rates during high peak times so that, again,
21 we're trying to spread out the peak, flatten out
22 the traffic spikes, again, trying to massage our
23 traffic into, again, less congestion.

24 MAJORITY CHAIRMAN HENNESSEY: All right.
25 Just by incentivizing people to travel at the low

1 volume times of the day?

2 MR. HEIGEL: That is correct.

3 MAJORITY CHAIRMAN HENNESSEY: Okay. I
4 thought that's what you meant. I just wanted to
5 make sure that we got an explanation so everybody
6 understood what we were talking about.

7 MR. HEIGEL: You said it much better than
8 I did.

9 MAJORITY CHAIRMAN HENNESSEY: I don't
10 know about that. Even a blind squirrel finds an
11 acorn once in a while.

12 with that, I don't see any other
13 questions for you as the panel representing the
14 Turnpike. Thank you very much for your
15 testimony.

16 We will move on not to Robert Latham, who
17 is here to testify on behalf -- he's the
18 Executive Vice President of the Associated
19 Pennsylvania Constructors. He's here in person
20 with us. Welcome, Bob. Nice to see you again.

21 You can begin whenever you're ready.

22 MR. LATHAM: Chairman Hennessey and
23 Chairman Carroll, thanks for having us here
24 today. It's our pleasure to see everybody in
25 person -- well, not everybody. It's a pleasure

1 to see some of you in person and some of you
2 online. COVID certainly has introduced a lot of
3 changes to how we do things. This is the third
4 time I've had a tie on since May. I don't know
5 about the rest of you, gentlemen, but the second
6 time was Saturday for my daughter's wedding,
7 so --

8 MAJORITY CHAIRMAN HENNESSEY: Oh,
9 congratulations.

10 MR. LATHAM: -- this is quite an occasion
11 here. Thanks for having us.

12 I've been sitting here listening to a lot
13 of the testimony. Again, I just want to
14 reiterate my name is Bob Latham. I'm the
15 Executive Vice President of the Associated
16 Pennsylvania Constructors.

17 We represent highway and bridge
18 construction companies throughout the
19 Commonwealth of Pennsylvania. Our members do
20 about 85 percent of PennDOT's work and a good
21 portion of the Pennsylvania Turnpike, as well.
22 Probably have about 50,000 people employed in our
23 industry at any one particular time. Now, as I
24 mentioned, we've talked a lot about Act 89, and I
25 think we'd be remiss if we didn't remember former

1 Chairman Nick Micozzie, who was a big part of
2 getting that bill through. And I was very
3 heartened at the bipartisan outpouring with
4 Chairman Micozzie's passing. And one of the
5 things that we've always been pleased to be
6 involved with in this industry and over the years
7 is the bipartisan nature of transportation and
8 its issues. And so we thank all of you for that.

9 Looking at Act 89, I want to just mention
10 a couple of things that we want to -- those of
11 you that were here and put up the votes, we want
12 to thank you for there. And there are two
13 statistics that I want to point out or two points
14 of data that I want to point out as a result of
15 Act 89. The first came about a year ago when
16 PennDOT reported that in 2018, the lowest number
17 of highway fatalities in the history of the
18 Commonwealth occurred, which I think is a
19 remarkable accomplishment.

20 And while a decrease in DUIs and an
21 increase in seatbelt use certainly had a large
22 portion of that, we'd like to think that the
23 efforts to improve highway safety as a result of
24 Act 89 also played a very big role in the
25 reduction of fatalities, highway fatalities in

1 the Commonwealth of Pennsylvania. And that was
2 one of the main reasons why Act 89 was passed,
3 was safety on our roads.

4 The second was the program of Act 89 on
5 cutting the number of bad bridges, if you will,
6 structurally-deficient bridges, from a high of
7 about 6,000 or 25 percent of our entire
8 inventory, down to 3,000. So if anybody looks at
9 you and says what did you accomplish with this
10 gas tax, I would say you accomplished saving
11 thousands of lives over the years and increasing
12 the safety and mobility of our highway system.

13 But here we are again seven years later
14 after the passage of the bill and almost 10 years
15 after the discussion started and we're sort of
16 having the same kind of conversations. It has
17 been mentioned before Act 89 continued the Act 44
18 Turnpike schematic. We just had a rather lengthy
19 or thorough discussion about that.

20 Act 89 funds the decade of investment
21 where primarily focused on regional or
22 non-interstate projects, let's put it that way.
23 And a couple of years ago, as was pointed out by
24 Deputy Secretary Batula, the FHWA came in and,
25 with new guidance, required the Department to

1 shift some of its focus over to the interstates.
2 More and more vehicles today are using
3 alternative fuels, than either diesel or
4 gasoline, which is having an impact on our
5 system. And of course, COVID-19 has created
6 about a projected \$800 million loss to the Motor
7 License Fund over -- projected over the next
8 couple of years.

9 So where are we today? We're referring
10 you back to a document issued by the Pennsylvania
11 Transportation Advisory Committee in February
12 21st, 2019. The unfunded needs at PennDOT are
13 about \$2 1/2 billion annually for interstates,
14 \$1.8 billion annually for national highway system
15 non-interstate highways and bridges, and \$1.2
16 billion in additional annual funding for public
17 transportation and a capital operations and
18 maintenance cost.

19 A couple of things that have already been
20 mentioned and a couple that have not, including
21 the cost of COVID, which I just mentioned, a
22 shift of local road, sort of that MPO-focused
23 projects over to the interstates. It's about
24 \$430 million.

25 You may not be aware that there are

1 Federal guidelines, which will require PennDOT to
2 invest in its guide rail change, the profile of
3 guide rail to fit new vehicles. That's about an
4 \$820 million impact. ITS, \$35 million. Real ID,
5 I'd like to just remind the Committee that the
6 legislature, when it implemented real ID, put the
7 entire cost, which is, primarily, I think, a
8 Homeland Security issue, put the entire cost on
9 the Motor License Fund to the tune of \$150
10 million. That comes right out of the capital
11 program and projects that we could do.

12 And then we've had a number of bad
13 summers the last couple of years with slide
14 repairs. All of this is sort of near and dear to
15 our hearts because both agencies have testified
16 today and have indicated that all of these
17 deficits come right out of the capital program,
18 which is performed by private consultants and
19 contractors. We didn't hear much about cuts to
20 agency personnel or operating budgets or anything
21 like that.

22 Now, to be fair, they still have to plow
23 snow and there are union issues and things like
24 that. But all of this impacts our industry
25 considerably. PennDOT is currently conducting a

1 study to forecast future needs. We had this
2 great graph in 2010 that showed the needs gap,
3 that it would be \$7.2 billion in 2020 if we
4 didn't do something with Act 89. Well, even
5 after doing -- even after passing Act 89, the
6 needs gap is still there.

7 So we still have a lot of funding needs.
8 And our industry, our association, has a
9 proposal. First of all, I want to thank
10 Representatives Gabler and Culver with their
11 legislation to accelerate the money going from
12 the Motor License Fund back to the State Police.
13 And as Representative Schlossberg mentioned that
14 everything that has caused issues here today have
15 been incurred by the General Assembly. So one of
16 the things I guess I failed to mention is that
17 when we passed Act 89, we anticipated a couple of
18 things.

19 First of all, we did not anticipate that
20 the General Assembly, over a 2-year period, would
21 immediately shift \$170 million extra out of the
22 Motor License Fund to the General Fund,
23 ostensibly for the State Police. And I don't --
24 you can do the math, see how much that delta has
25 been over the last 10 years, and the impact to

1 the capital program.

2 And as has been mentioned, Act 89 got to
3 about two-thirds of the unfunded needs and we had
4 anticipated action at the Federal level, which we
5 continued to wait for. And I think we're going
6 to be continuing to wait for for quite some time.
7 I wouldn't hold my breath on that.

8 So we think that as we deal with, or as
9 the General Assembly, has to deal with a General
10 Fund deficit as a result of COVID, that it expand
11 its thinking into solving the Motor License Fund
12 issue and some other things at the same time. If
13 you're going to have to come up with \$3 billion
14 of General Fund money, you might as well throw
15 another \$700 million in and fix the Motor License
16 Fund at the same time. Maybe easier said than
17 done, but that would mean -- by removing that
18 money that's coming out of the Motor License
19 Fund, these are gas taxes to the tune of about 9
20 cents per gallon that is being collected right
21 now from people, that is not going into roads,
22 but going into the General Fund as we see it.
23 You would shift -- you know, that's an extra \$7
24 million over the year for 10 years. That would
25 basically meet the interstate needs as has been

1 laid out by Deputy Secretary Batula.

2 Deputy secretary Batula also mentioned
3 the fact that we are losing money to inflation.
4 In other words, our buying power is not there as
5 a result of inflation, 2.2 percent, \$100 million
6 a year. Act 89 set a static level for the oil
7 company franchise tax. Fortunately, we set that
8 so that when the price of gas plummeted, we did
9 not have the resulting fiscal disaster. But
10 perhaps it's time to look at an indexing process
11 there where that floor indexes at some sort of an
12 inflation level in order to keep up.

13 Thirdly, and I'm going to go a little bit
14 off the list of bills that's been listed here.
15 Currently before the General Assembly, there's a
16 bill that would, we say, promote some equity and
17 fairness on vehicle ownership because it's been
18 noted that there are a lot of vehicles out there
19 who are -- that are powered by electric vehicles,
20 alternate fuel vehicles. This Committee passed
21 HB 1392 earlier this year or last year. It goes
22 back and forth with me.

23 But in any event, a relatively small
24 amount of money to begin with, but as we see more
25 and more investment in electric vehicles by fleet

1 manufacturers and so forth, we believe that's a
2 very important piece of legislation to pass.
3 There are 19 states that have alternative fuel
4 vehicle funding mechanisms and we think
5 Pennsylvania should join them.

6 And then, finally, on kind of a smaller,
7 just a suggestion, on funding on a short term
8 basis, we noted that the State of West Virginia
9 has made a move to use some of its CARES Act
10 funding for roads. Governor Justice there has
11 introduced that concept.

12 I will remind you that Pennsylvania was
13 one of the only states, the first State, and then
14 there were a couple that jointed us later to shut
15 its entire highway project down for a period of
16 time. That was done as, you know, as a safety
17 mechanism, a safety measure, a reaction to COVID,
18 but it has a considerable amount of costs that
19 are going to be incurred as a result of that
20 project shutdown. When the State shuts projects
21 down, there are costs that are involved. And
22 we're negotiating those right now. So perhaps
23 some of the CARES Act funding that has not been
24 spent could restart some projects immediately and
25 get some paving work done this year. A small

1 amount of money, a short term fix, but
2 nevertheless something to consider.

3 So I just want to -- the only thing I
4 want to mention here also is Representative
5 Fritz's bill, 2063. To reiterate what the Deputy
6 Secretary said, we are very much engaged with the
7 Department and with the consulting engineers and
8 the Turnpike Commission as part of this group.
9 We are very hopeful that we'll have a, what we
10 call a best value two-step design best build
11 process. We have had a low bid design build
12 process here in Pennsylvania for quite some time.

13 There are a number of things that have to
14 be done as far as implementing best practices
15 that are engaged in other states, but we are
16 working on that. I got into a lot more detail on
17 that particular bill in our written testimony and
18 we invite you to look that over then. I won't
19 get into any details now, but I'd be happy to
20 talk to anybody about that later on.

21 So with that, Mr. Chairman, I want to
22 express our appreciation for being here today and
23 your attention. I'd be happy to answer any
24 questions you might have.

25 MAJORITY CHAIRMAN HENNESSEY: Thank you,

1 Bob. I appreciate your testimony. And I was
2 going to comment you look lighter today, but that
3 might be because you just paid for your
4 daughter's wedding last weekend.

5 MR. LATHAM: My wallet is lighter.

6 MAJORITY CHAIRMAN HENNESSEY: Okay. Are
7 there any questions for Mr. Latham? Yes.

8 Chairman Carroll.

9 MINORITY CHAIRMAN CARROLL: Bob, I simply
10 would like to thank you for your advocacy through
11 the years. When it comes to Acts 44 or 99, there
12 were a lot of folks that put a lot of effort into
13 getting those to the finish line and you were on
14 that list of folks. So thank you for your
15 advocacy, on behalf of the citizens of the state.

16 I know that you sit there with the hat on
17 with your, you know, contractors and such,
18 engineering firms and the rest, but the
19 beneficiaries really were the 12 million people
20 of this state because they have a more efficient
21 and safe transportation network. So thank you,
22 number one.

23 Number 2, and I was one of the ones that
24 voted for Act 89. It was my firm belief at the
25 time that there would be a moment in time when

1 our Federal partners would do a transportation
2 funding bill in D.C. that would support the
3 efforts of not just Pennsylvania, but so many
4 states across this nation that have taken the
5 individual state level step of increasing taxes
6 and fees, but trying to minimize those increases
7 because of expected support from D.C. And sadly,
8 that has not materialized to this point.

9 And like you, I'm not going to hold my
10 breath either, at least in the short term. And
11 I'm not sure what the long term brings either,
12 but it's fair to say, my opinion, that the lack
13 of support from our Federal partners has made the
14 challenges for Pennsylvania and the other 49
15 states even more extreme. And it makes our job
16 much, much harder.

17 I truly wish that we had a more
18 supportive Federal government when it comes to
19 the transportation network. You know, President
20 Eisenhower was the godfather of the interstate
21 system that we have in this country. And there
22 were really good reasons in the 1950s to go down
23 that path. Those reasons, and many others, exist
24 today that would allow us to support and maintain
25 and even expand that network. So not a question

1 here, as you can tell, but simply an observation
2 that we really do need, we in the United States,
3 all 50 states and the citizens of this country,
4 need a Federal partner that recognizes the
5 urgency and the need to fund transportation, all
6 modes, because our nation's prosperity, our
7 State's prosperity and our safety depend on that
8 support. It's been lacking for the last number
9 of years.

10 I'm hopeful, although not holding my
11 breath, that we can get to a point where we have
12 a Federal partner.

13 MR. LATHAM: Thank you. It is being
14 talked about, but you know, the talk is all,
15 so --

16 MAJORITY CHAIRMAN HENNESSEY: Bob, when
17 was the last time we had a Federal highway
18 infrastructure bill out of D.C.? I'm thinking it
19 was back in --

20 MR. LATHAM: The last time -- last time
21 that the Federal gas tax was increased was 1994.

22 MAJORITY CHAIRMAN HENNESSEY: Okay.

23 MR. LATHAM: Now, Congress has increased
24 moneys from the General Fund to the Highway Trust
25 Fund over the years. So it would be -- it would

1 be incorrect to say that it's been static for
2 that period of time. The moneys to the trust
3 fund have increased, but certainly not to the --
4 not to the amount that needs to be done.

5 MAJORITY CHAIRMAN HENNESSEY: Right.

6 MR. LATHAM: As Chairman Carroll
7 mentioned, the Interstate Program, and that's the
8 biggest, what I call cost burden, I guess if you
9 will, on states. Look at the mileage of the
10 interstates here in Pennsylvania, and we simply
11 have to pick it up. I mean, the amount of money
12 it is costing up to maintain and rebuild I-95 in
13 the eastern part of the State. Look at I-80, the
14 breadth of that. And there's been -- there had
15 been talk, you know, over the years of allowing
16 mechanisms like tolling or some other things to
17 help pay for that, but that's not allowed.

18 So it's kind of like, well, we -- the
19 Federal government did pay for it, but they --
20 but you're saddled with maintaining it. And now,
21 50, 75 years later, the costs of maintaining it
22 are even greater than the original construction
23 costs.

24 MAJORITY CHAIRMAN HENNESSEY: Right. But
25 thank you for that. Because it seemed to me that

1 an overall federal highway package has been long,
2 long overdue from Washington. You know, I'm
3 thinking it's 25, 26 years since we've seen that.
4 And obviously we need it and it crosses both
5 administrations, all through.

6 MR. LATHAM: The thing of it is, I guess
7 one of the things in Washington is you have so
8 many different committees and different hands
9 that have to get into passing a bill. The Senate
10 Environment and Public Works Committee put out
11 what we think is a bill that, you know, doesn't
12 get us where we have to be, but it's a fairly
13 responsible bill. But then you have three other
14 committees that have to weigh in and figure out
15 how to pay for it. They just can't get there.
16 They just never seem to be able to get there.

17 One of the things that we've seen over
18 the year, Pennsylvania was a leader in funding.
19 So Act 89 was one of the first bills, and
20 actually the largest bill, in terms of a system
21 wide total transportation. And you're going to
22 hear from some folks here later today that are
23 part of our Keystone Coalition that look at, you
24 know, beyond just the road aspect of this. We
25 had a negligible number of elected officials that

1 saw any peril as a result of those votes. And
2 that's a trend that went across the country. And
3 when you bring that up with members of Congress,
4 they look at you and say, well, I don't believe
5 you. The statistics are there. People want
6 better transportation, whether it be public
7 transit, whether it be better ways to use bikes,
8 pedestrian traffic, passenger rail, public
9 transit, and they don't punish elected officials
10 for providing that.

11 MAJORITY CHAIRMAN HENNESSEY: well,
12 hopefully they're listening in Washington D.C.
13 we'll try to get that message to them some time
14 soon. But thank you very much for your
15 testimony.

16 MR. LATHAM: Thank you for time.

17 MAJORITY CHAIRMAN HENNESSEY: And as
18 Chairman Carroll said, thank you for the advocacy
19 over the years and months and weeks. You guys
20 always keep us on our toes up here and keep us
21 abreast of what we're doing and what the
22 ramifications are of our choices and our
23 discussions and we appreciate that.

24 MR. LATHAM: Appreciate all the work the
25 Committee is doing.

1 MAJORITY CHAIRMAN HENNESSEY: Thank you.
2 Okay. Our next testifier is Troy
3 Holloway, who's Chairman and President of the
4 American Council of Engineering Companies of
5 Pennsylvania. And he's the Executive Vice
6 President of Century Engineering, and also Leeann
7 Sherman, who's the Executive Director of ACEC.
8 Welcome to both of you.

9 who's going to go first in terms of
10 addressing the Committee?

11 MS. SHERMAN: I will, Chairman.

12 MAJORITY CHAIRMAN HENNESSEY: Thank you,
13 Leeann. Begin whenever you're ready.

14 MS. SHERMAN: Thank you. Chairman
15 Hennessey, Chairman Carroll, House Infrastructure
16 Task Force Chair White, and members of the
17 Committee, thank you for the opportunity to
18 testify on the package of bills introduced
19 following the work of the House Transportation
20 Infrastructure Task Force in 2019.

21 I am the Executive Director of the
22 American Council of Engineering Companies of
23 Pennsylvania and I have with me today, as
24 mentioned, the President of our Board of
25 Directors, Troy Holloway from Century

1 Engineering. He will also be able to answer any
2 questions, as well.

3 ACEC/PA is a trade association
4 representing over 12,000 engineering consultants
5 throughout the Commonwealth, consisting of
6 engineers, land surveyors, scientists,
7 technicians, and various other professionals with
8 varied disciplines, those include: civil,
9 structural, sanitary, environmental, mechanical,
10 electrical, geotechnical, chemical, industrial,
11 and agricultural engineering services. ACEC/PA
12 is the business association of Pennsylvania's
13 engineering industry.

14 Consulting engineers are involved in
15 designing virtually every construction and
16 renovation project in the nation, from bridges
17 and prisons to water purification plants and
18 energy-efficient generation and distribution
19 systems. They design ventilation and electrical
20 systems for new hospitals. They figure out how
21 to build tunnels through mountains without
22 disturbing wildlife, and they renovate wastewater
23 treatment systems for bustling cities. They
24 solve environmental and ecological problems.

25 As a catalyst in the problem-solving

1 process, consulting engineers lead teams of
2 multi-disciplined professionals on complex
3 technical projects. They serve as expert
4 advisors to local, state and federal government
5 agencies, and to private businesses and
6 industries alike. Consulting engineers serve
7 these public and private clients from preliminary
8 survey and analysis through final design and
9 construction.

10 while our members have a wide range of
11 professional engineering services, our membership
12 at ACEC/PA has been very keen and has an interest
13 in the civil engineering and the design of the
14 public's water and transportation infrastructure.

15 From the industry's perspective, Act 89
16 was unquestionably the single-most important
17 piece of state legislation, so thank you. Others
18 have spoken today about the benefits to the
19 Commonwealth over the years since the 2013
20 passing. And as mentioned, many states have used
21 it for a model of transportation funding. And
22 while we agree with its success, its intent was
23 never to fully solve all of the challenges,
24 especially if an anomaly such as COVID-19 would
25 occur.

1 Almost a decade ago, Pennsylvania was
2 faced with critical choices on how to solve
3 several extremely important issues, not only for
4 our residents, but for our visitors. Public
5 transportation serves all 67 counties, and that
6 was being strained in both rural and urban
7 communities alike. The condition of our bridges
8 was deteriorating. Passenger rail, air, and sea
9 ports needed attention. And our highways, both
10 State and local, could no longer rely upon just
11 fixing and maintaining. We in Pennsylvania
12 needed a true investment in our infrastructure.

13 The passage of Act 89 provided that much
14 needed \$2.3 billion investment and created the
15 dedicated Multimodal Fund that we've talked about
16 today. This did not happen without many
17 conversations, partnerships, education, study
18 after study showing the findings of the need and
19 of course a coalition of groups coming together
20 for the betterment of Pennsylvania.

21 Many people wondered if our industry and
22 others could handle the increases that would be
23 put upon us with the influx of projects and
24 challenges, and if we had the workforce to handle
25 the increase in the infrastructure that Act 89

1 would bring. I can tell you that we were ready,
2 and we did it. Not alone, of course, but with
3 the public and private partnerships, associates
4 from across sectors and industries alike, blue
5 and white-collar workers all coming together for
6 business and state government to set us on a path
7 for the future.

8 The jobs that Act 89 created were not
9 only in the engineering sector, but across all
10 sectors as we continuously partner and
11 collaborate with other industries to solve issues
12 and challenges to build a better community and a
13 better Pennsylvania. I'd ask that you reference
14 some statistics in the ACEC/PA Legislative Day
15 Pocket Guide handout that you were provided.
16 I'll give you just a few.

17 For every one billion dollars spent on
18 public transportation capital projects, it
19 sustains 15,900 jobs. It also sustains in public
20 transportation operations 24,200 jobs; highway
21 operations, it sustains 17,810 jobs; and 25,000
22 to 30,000 jobs are created in the AEC industry or
23 Architecture, Engineering, and Construction, all
24 by this investment. That is over 80,000 direct
25 jobs sustained for every one billion dollars

1 spent.

2 As infrastructure and construction
3 projects have increased, we've all increased more
4 jobs for Pennsylvania residents and companies,
5 which in turn creates the economic growth across
6 these industries and sectors. I'd also urge you
7 to review the second document provided, which is
8 an economic update compiled just a few days ago
9 from our national association, which is ACEC, and
10 it shows a variety of charts and graphs, but I do
11 draw your attention to page 3, which is a
12 construction by project type pie chart.

13 You can see that no industry is not
14 touched by architecture, engineering, and
15 construction and we sustained tens of thousands
16 of direct jobs and hundreds of thousands
17 regarding from the products and services the AEC
18 firms utilize. This economic impact is
19 significant. But there are many obstacles that
20 we still face today, as we knew we would have to
21 build upon the foundation laid by Act 89.

22 Act 44 requires the Turnpike, as you
23 know, to provide \$450 million per year for public
24 transportation and projects. And of course,
25 Act 89 modified this to change in 2022, with \$50

1 million coming from the Turnpike and \$450 from
2 the sales tax of motor vehicles. This
3 legislative relief for the Turnpike is needed in
4 2022, but it's needed sooner.

5 At this point, we're facing another
6 challenge with detrimental effects, the pandemic,
7 which has not only caused medical and economic
8 hardship to Pennsylvania residents, but State and
9 local governments, small and large businesses in
10 almost every sector, and an unknown future when
11 it comes to innovation and modernization. We've
12 only been dealing with COVID-19 for just over six
13 months, yet the effects will be felt for years if
14 not decades to come. While it is fresh in our
15 minds, do not forget some of those statistics
16 that Deputy Secretary Batula has provided as they
17 are planned reductions in the estimated loss of
18 revenues.

19 In 2019, the Pennsylvania Transportation
20 Advisory Committee notated the increasing funding
21 gap. And as Bob mentioned in his testimony, as
22 well, that is a \$5.5 billion annually gap, which
23 is rising because of the growing fuel efficiency
24 of vehicles and decreasing power -- buying power
25 of revenues. With a projected loss of at least

1 \$800 million through 2021 to PennDOT from the
2 pandemic, the diversions from the Motor License
3 Fund, the needs gap that we knew eventually would
4 catch up with Act 89 when it was passed, and the
5 debt that the Turnpike is under, we cannot spend
6 another day doing nothing.

7 Excuse me. While we've hit a pivotal
8 point, we do ask and need you to act. Doing
9 nothing doesn't allow this crisis to be helped,
10 and we will just continue to kick it further down
11 the line. With travel restrictions, teleworking,
12 financially-strained companies, and a
13 financially-strained workforce, we cannot ignore
14 that we need to find these solutions and we need
15 to find them now.

16 SB 778 was passed in the Senate on July
17 of 2019 with bipartisan support. And now,
18 HB 2361 is set up to do the same, although there
19 might need to be some amendments to reflect the
20 current time frame and situation.

21 This is just one tool in the toolbox, as
22 some would say. But I would tell you this is a
23 start to much needed progression of actions that
24 you as legislators can tackle. It cannot stop
25 with HB 2361 or many others in this

1 transportation bill package. Or it cannot stop
2 even with the movement if SB 778 does move.

3 There have to be those hard conversations
4 that we once again need to work together and find
5 solutions, like our consulting engineers do each
6 and every day. You have done it before and we
7 will continue as an industry to be here, to help
8 educate, offer resources, assist with grassroots,
9 and bring coalitions and industries together.

10 The pandemic has only exacerbated the emergency.

11 In summary, I urge the following:

12 Move and pass HB 2361 with appropriate
13 real time amendments needed, which would tackle
14 one of several actions to help ease the burden of
15 the Turnpike in a step down and organized
16 approach.

17 Ensure monies are not diverted from the
18 Motor License Fund or any other fund that's
19 dedicated to transportation and transportation
20 infrastructure for non-transportation related
21 items. Obviously, as mentioned today, one
22 example is the diversion of monies for the
23 Pennsylvania State Police. While we graciously
24 support the Pennsylvania State Police and we
25 understand the value of their existence,

1 especially to ensure the safety of not only our
2 residents and visitors, but of our roadways. And
3 on those roadways, whether it's a driver, a
4 transporter, or a highway operation worker, a
5 source must be established in lieu of the Motor
6 License Fund for these transfers.

7 There have been some solutions put forth,
8 but we need to have more sustainable action.
9 This is critical to the success of the Motor
10 License Fund and to the PSP. So it needs to be a
11 priority again of the State legislature.

12 Third, to discuss and develop a
13 sustainable and reliable solution for the sunset
14 of Act 44 monies from the Pennsylvania Turnpike
15 Commission. And the replacement of those with
16 sustainable, bondable revenues for public
17 transportation. This must include a bipartisan
18 approach with honest discussions and education on
19 the impacts if nothing is done.

20 And finally, we cannot assume or wait, as
21 mentioned earlier, for the federal government to
22 act. Just like Pennsylvania's local governments
23 have recently said they need the ability to raise
24 revenues because they cannot wait for the State
25 legislature to act, as they are building and have

1 challenges building amongst them, Pennsylvania
2 cannot continue and wait for the federal
3 government to be their savior.

4 We urge you, and all Pennsylvanians
5 wanting to work together, because we need to do
6 this now. Waiting will create deeper problems,
7 and shifting funds available will only lead to
8 maintenance and other projects left on the table.
9 We have seen what can happen if we do nothing for
10 our highways and roadways and our bridges, but
11 it's much bigger than just these. If we do
12 nothing, or as-is, the lag time to construction
13 when design activities or environmental surveys
14 are not completed can be years. And when
15 maintenance or modernization is not attended to,
16 we sink deeper behind.

17 With some of the legislation introduced
18 in this package of bills and discussed here
19 today, some in the Senate, as well, and some that
20 I'm sure will still be introduced as we move
21 further along, there are solutions and ideas, but
22 we need to work together and cannot wait any
23 longer. And if the federal government does come
24 through with relief, Pennsylvania needs to be
25 ready to leverage that opportunity.

1 And to date, a clear solution to this
2 impediment has not been brought forth, but
3 ACEC/PA, the consulting industry, will continue
4 to engage with you and the partners, especially
5 on this package of bills from transportation
6 infrastructure Chair White.

7 I thank you again for the opportunity to
8 provide testimony today and again note that we've
9 provided the written testimony, as well as two
10 additional documents. And myself, or our Board
11 President, Troy Holloway, are here to answer
12 questions. Thank you.

13 MAJORITY CHAIRMAN HENNESSEY: Thank you,
14 Leeann for your testimony.

15 Troy, do you have any comments that you
16 wish to make before we start peppering both of
17 you with questions?

18 MR. HOLLOWAY: I do not, Mr. Chairman.
19 Thank you.

20 MAJORITY CHAIRMAN HENNESSEY: Okay.
21 Leeann, it sounded to me at one point that you
22 were suggesting that we could engage ACEC to
23 streamline the legislative process and make it
24 more efficient. I'm not so sure exactly how you
25 that with all the different voices that chime in

1 as the ideas come to the surface here.

2 But any way, let me ask you just a
3 general question about public/private
4 partnerships, how do you view them as, you know,
5 being successful or not successful here in our
6 experience in Pennsylvania?

7 One of the criticisms I've heard in the
8 past is that Maryland does a better job in a
9 sense of setting up a private/public partnership
10 and then getting out of the way and letting the
11 private portion of that partnership use its
12 expertise and, you know, the experience that is
13 gained and not come in and try to micro -- have
14 the State come in and try to micromanage a lot of
15 the decision making.

16 Have you experienced that when you've
17 dealt with public/private partnerships?

18 Maybe I should have asked that direct
19 question to Troy with regard to that. And do you
20 have any experience in Maryland, would be another
21 question?

22 MR. HOLLOWAY: We do. So my firm also
23 has experience in Maryland under P3 contract
24 administration. The issue, I don't think, is so
25 much about micromanaging as is about having the

1 contract documents prepared and secured ahead of
2 time and having the right team and the right
3 leadership running the jobs. I don't think it's
4 one answer that would solve that issue of
5 micromanaging. There's still regulations that
6 have to be met. There are still environmental
7 concerns that are carried throughout the
8 Commonwealth as well as any other state that
9 participates in a P3.

10 MAJORITY CHAIRMAN HENNESSEY: Okay.
11 Thank you.

12 You agree, Leeann?

13 MS. SHERMAN: Absolutely. And I think we
14 as an industry and as well as state agencies have
15 learned so much from some of the P3 projects that
16 we have dealt with. It's allowed us all to step
17 away and say what could we do better, or what
18 worked out wonderfully before moving forward
19 again. So I think Troy's point is perfect, as
20 well.

21 MAJORITY CHAIRMAN HENNESSEY: Okay.
22 Thank you.

23 Representative White.

24 Brace yourself. She usually asks really
25 difficult questions.

1 MS. SHERMAN: That's okay.

2 REPRESENTATIVE WHITE: Thank you,
3 Mr. Chairman. I just wanted to talk a little bit
4 about the infrastructure that you guys do is not
5 only related to transportation, but also to our
6 environment. And I know that's a major that you
7 work on. And while it wasn't necessarily covered
8 in our report, I think locally, people here along
9 the Susquehanna River, they have seen what
10 happens when the tides rise from the rainfall
11 that is accumulating and when our infrastructure
12 is not properly maintained that, you know, our
13 river is now being polluted with sewage.

14 So we definitely have an obligation to
15 invest in infrastructure. And I was hoping you
16 could talk a little bit about, you know, the
17 infrastructure investment that's needed both in
18 rural versus the urban community as it pertains
19 to, you know, these bills. I know that the
20 Chairman has, you know, legislation to allow for
21 local municipalities to, you know, get the
22 dollars available to implement these types of
23 projects. And what that means for the, you know,
24 construction industry as a whole, whether or not
25 they're hiring or firing people because they need

1 to train them up to be able to do these types of
2 projects. Thank you.

3 MS. SHERMAN: Absolutely. And I'll
4 just mention a few points. And then I'm going to
5 turn it over to Troy from the industry
6 perspective, you know, what's really important is
7 to take a look at all aspects of whether it's
8 just infrastructure, a lot of people think roads,
9 bridges, highways. But you're right,
10 Representative White, that it comes in various
11 fashions, especially when it comes to the
12 environmental aspect.

13 ACEC/PA has a long-standing history of
14 working on and working toward environmental
15 items. And as many of you may or may not know,
16 when we actually spoke with the Transportation
17 Infrastructure Committee last summer, that was
18 one of the things that we brought up is, how
19 important and how crucial some of these
20 environmental aspects are. So from an industry
21 standard, I'm going to turn it over to Troy to
22 talk a little bit about the effects of that and
23 the engineering side.

24 MR. HOLLOWAY: Thank you, Leeann. So the
25 neglect or lack of commitment to infrastructure

1 is not unique to the federal or state system or
2 the state assets. And really, the local industry
3 -- the local townships and boroughs really feel
4 the brunt of those impacts with the amount of
5 money that's shared throughout. As part of Act
6 89, obviously, they were given that ability to
7 increase some fees and have that ability.

8 The unfunded or non-funded infrastructure
9 bill or infrastructure directive by the Federal
10 government is really hamstrung local government
11 as well as the state government in transferring
12 those funds over. As far as workforce
13 development -- I believe that was one of your
14 questions as well -- as far as the engineering
15 goes, Pennsylvania has a rich history of
16 exceptional colleges and universities. They've
17 been developing young minds, especially in the
18 fields of engineering, surveying, environmental
19 sciences, you know, the real concern with the
20 ACEC Pennsylvania is will our firms have the
21 ability to keep these, this next generation in
22 Pennsylvania after the education, after --
23 whether they intern and share their experiences
24 throughout the Commonwealth?

25 with the lack of funding and the lack of

1 job opportunity, they're more than likely to move
2 out of the state and that's a tremendous resource
3 that we're not -- that we can't afford to lose.

4 MAJORITY CHAIRMAN HENNESSEY: Okay.

5 REPRESENTATIVE WHITE: Thank you very
6 much. I appreciate your testimony.

7 MS. SHERMAN: Thank you.

8 MAJORITY CHAIRMAN HENNESSEY: Leeann,
9 Troy, thank you very much for your testimony. I
10 don't see any other questions here, so we
11 appreciate your testimony offered to the
12 Committee, and we'll take that into
13 consideration. Thank you very much.

14 MR. HOLLOWAY: Thank you, Mr. Chairman.

15 MS. SHERMAN: Thank you.

16 MAJORITY CHAIRMAN HENNESSEY: You're
17 welcome.

18 Okay. Our next testifiers -- well, we
19 have three individuals. Since we're doing social
20 distancing here, why don't we just call one
21 person at a time.

22 Ross Willard is here. He's the Chief
23 Financial and Mechanical Officer for Recycle
24 Bicycle in Harrisburg.

25 Ross, come in and make yourself

1 comfortable there. And again, whenever you're
2 ready.

3 MR. WILLARD: Thank you. Thank you,
4 Chairman Hennessey and Chairman Carroll. I'm
5 honored to be here. I feel a little bit out of
6 place, but --

7 MAJORITY CHAIRMAN HENNESSEY: Not at all.

8 MR. WILLARD: My basic wording is fund it
9 and build it because we all need to use the
10 infrastructure. And so I'm here representing a
11 lot of people that are disenfranchised. Just in
12 the Harrisburg area alone, we have a multitude of
13 halfway houses. They've lost their licenses for
14 various reasons, they're incarcerated, and they
15 need to get back to work. They come to me and my
16 organization and we give them bicycles that they
17 have to rebuild and they go to work and they
18 become productive citizens.

19 And so even though I have written
20 testimony there and you guys have seen that,
21 that's really what got me into this
22 transportation thing was helping guys and gals
23 get their life back together. So it's a
24 simplistic plan. They help build their own bike.
25 And I travel around and I'm unhappy a lot of

1 times when I come to an intersection and I see
2 signs that say unprotected crossing, and it has
3 that little walkway person symbol with a bar
4 through it, meaning don't walk here. Or it's
5 really bike unfriendly.

6 And I've been around here, not as long as
7 Chairman Hennessey, but I'll be 70 this year and
8 I've seen a lot of changes in transportation.
9 And I still ride a bike. And it's -- I'm used to
10 the fuzzy situations of riding on the road, but
11 it's not very nice for a lot of other people. So
12 we need to build it, but build it for all modes,
13 whether it's cars, mass transit, trucks, bikes,
14 and walkers. And with this pandemic, I don't
15 know if anybody has walked around and looked at
16 the box stores or the bike shops, everybody has
17 taken every bike out of every store it seems
18 like. And there are a lot more bicyclists out
19 there.

20 So we need to have infrastructure that
21 works for them because -- I'm a big fan also of
22 mass transit, but people are shying away from
23 mass transit because they want to be separate.
24 So in a lot of our cities here in Pennsylvania,
25 Philly and Pittsburgh especially, bicycles are

1 the way to go. So that's what I'm here to
2 represent is the people who are disenfranchised
3 or the people that want to make ecological
4 changes in how they get to work. So if you have
5 any question, I'm here to answer them.

6 MAJORITY CHAIRMAN HENNESSEY: All right.
7 Yes. Ross, one of the criticisms that I hear, I
8 see in the newspapers people saying why do we
9 have so many bike lanes, what's -- you know, it
10 sort of interferes with the free flow of traffic,
11 two lanes in one direction sometimes become one
12 lane. We have, you know, congestion perhaps when
13 we didn't have it before, and people are
14 wondering whether or not it's a good way to spend
15 our money.

16 Now, I understand from your perspective
17 that you would certainly say that it is. And I
18 agree with you. But you know, there are times
19 when you look at some of the intrusions on what
20 used to be open lanes for traffic flow now are
21 constricted. You can understand why people would
22 tend to be annoyed by that.

23 MR. WILLARD: I understand that.

24 MAJORITY CHAIRMAN HENNESSEY: How do you
25 react to that?

1 MR. WILLARD: A mixture of both because I
2 own a car and I ride a bike. I'm a multimoder,
3 and I try to refresh people's memories that our
4 roadways originally were built for wagons and
5 they traveled at wagon speed. And people think,
6 oh, no, this car has to do 60 miles an hour in
7 the city.

8 Look at Front Street here, our beautiful
9 Capitol in this Commonwealth, it's a parkway, but
10 constantly people are speeding down it 50 and 60.
11 What people don't understand is the law of
12 physics, if they would time how long it takes for
13 a bicyclist to get somewhere -- now, out on the
14 open highway, the bike can come across as an
15 intrusion, but inner city, the bicycle is one of
16 the most efficient ways of moving masses of
17 people.

18 And then, as I reminded our Mayor here in
19 the city one time, we were at a meeting. People
20 said there's no -- don't take away my parking.
21 It's like, well, gee, if someone rides a bike,
22 there's more parking for the car owners. And he
23 elbowed me and said why didn't you say that in
24 the meeting. But bikes are actually the most
25 efficient way, and they bring more business into

1 thriving downtowns. And people like cities that
2 are bike friendly because they're more livable.
3 So if they're walkable and bike-able, they're
4 more livable because you can't car everywhere. I
5 mean, it's just impossible.

6 So I love going to Philly. It's like I
7 get to ride my bike, park anywhere I want to,
8 meet people and go to fancy restaurants and have
9 a great time. The car holds me back from doing
10 that. It's the most efficient way, especially in
11 a dense city.

12 MAJORITY CHAIRMAN HENNESSEY: Yes, I
13 agree with that, but one thing that -- and I'm
14 guilt of it myself -- when you're sitting in
15 traffic, waiting for the traffic light to change
16 or for traffic to clear in front of you and bikes
17 cut in front of you or they manage to win their
18 way through traffic and, you know, you tend --
19 and maybe it's just that I'm jealous that they're
20 getting there faster than I am, but it does tend
21 to be an irritant at the same time.

22 MR. WILLARD: And that is. What happens
23 is -- they've done studies on that. And
24 bicyclists just like, we'll call them car
25 drivers, are just as guilty of being scofflaws.

1 There's just as many of each. The real problem
2 though is the car driver, when they make a
3 mistake, they usually cause damage or fatalities.
4 So I agree, there are bicyclists that seem to get
5 in your way, aren't doing it right.

6 But even for getting here, I sort of
7 timed it. At 25 minutes before you started this
8 meeting, I stepped into the shower and took a
9 shower. I then put on a dress shirt and tie. I
10 multi-moded to get her. I got across an
11 interstate in a car because bikes aren't legal.
12 I parked freely somewhere and I biked to get here
13 and I didn't hold anybody back. I'm a fairly
14 fast biker. And I didn't run any red lights; I
15 waited for every red light to change. I parked
16 out here on the Governor's bicycle/bike rack and
17 I got here on time. I didn't have to break any
18 laws to get here. And I got here --

19 MAJORITY CHAIRMAN HENNESSEY: I'm glad to
20 hear that.

21 MR. WILLARD: -- rather efficiently with
22 two modes. So I was grateful for the interstate.
23 I was grateful for the road and the ability to
24 both bike and do that. When we educate
25 everybody, car drivers, and bicyclists, and

1 walkers, we all get there more efficiently. It's
2 a case of education because we can all get there
3 and get there alive.

4 MAJORITY CHAIRMAN HENNESSEY: Are there
5 federal subsidies to municipalities to provide
6 for bike lanes along their, the streets in their
7 jurisdictions?

8 MR. WILLARD: There are. And I'll be
9 honest, I am grass roots. All my friends are,
10 Ross, you've got to look into this and look into
11 that. I am too busy helping guys get out of jail
12 and go to work, and promoting it on a local
13 level, which saves money for all taxpayers in the
14 Commonwealth.

15 I'll use a guy by the name of Matt. He
16 went to jail probably because he did something
17 stupid because he's challenged. Somebody made
18 him do the wrong thing. Spent his time, went to
19 a halfway house, comes to us, we got him onto a
20 bicycle. At first he wasn't able to fix it, now
21 he can. And he rides his bike from center city
22 Harrisburg to Mechanicsburg, that way seven miles
23 approximately at 3:00 in the afternoon, comes
24 home at 11:00 at night.

25 when his bicycle breaks, I go out of my

1 way to retrieve him because he could stay at home
2 and collect SSI and say I'm slow.

3 I mean, the -- I'm buried on that level.
4 You want to ask me about the Federal level, I
5 know it's there. I'm too busy helping too many
6 guys get out of jail, or ladies. So it's there,
7 but it's not my thing.

8 MAJORITY CHAIRMAN HENNESSEY: Okay.
9 well, thank you. Thank you for what you do.

10 MR. WILLARD: Thank you.

11 MAJORITY CHAIRMAN HENNESSEY: Anybody
12 have -- Representative Schlossberg.

13 REPRESENTATIVE SCHLOSSBERG: Thank you
14 very much for your testimony. I would be curious
15 within the specific package here, is there
16 anything that really jumps out at you as
17 particularly bike friendly or bike unfriendly?

18 MR. WILLARD: No, it's something that if
19 you -- it's more up to PennDOT that if you say,
20 hey, here's your money, you got you your money,
21 let's make it work for every citizen in the
22 Commonwealth. That's basically it.

23 MAJORITY CHAIRMAN HENNESSEY: Okay. Do
24 we have any questions from our remote members.

25 No. Okay. Ross, you're off the hook.

1 we didn't pepper you with questions like we did
2 for the engineering --

3 MR. WILLARD: Well, it's been a pleasure
4 to be here. And thank you very much.

5 MAJORITY CHAIRMAN HENNESSEY: Thanks for
6 coming. Thank you for your testimony.

7 Our next testifier, also in person, is
8 Mark Spada, who's the President and a board
9 member of Western Pennsylvania's For Passenger
10 Rail. He testifies in person here. And I think,
11 Mark, didn't you testify on our train trip out to
12 Pittsburgh a couple of years ago?

13 MR. SPADA: Yes.

14 MAJORITY CHAIRMAN HENNESSEY: I thought
15 so.

16 MR. SPADA: Yes.

17 MAJORITY CHAIRMAN HENNESSEY: The House
18 Transportation Committee actually held an
19 informational meeting while we were en route from
20 Harrisburg --

21 MR. SPADA: Right.

22 MAJORITY CHAIRMAN HENNESSEY: --
23 actually, it started in Philadelphia, but
24 Harrisburg and out to Pittsburgh. I thought you
25 looked familiar, now that you've taken your mask

1 off.

2 MR. SPADA: Right. First of all, thank
3 you, Mr. Chairman, and to the Committee for the
4 opportunity to speak today. Our organization
5 Western Pennsylvanians for Passenger Rail has
6 been advocating for additional passenger rail
7 service to western Pennsylvania, between
8 Harrisburg and Pittsburgh. Presently, there's
9 one train per day, the New York to Philadelphia,
10 Harrisburg, Pittsburgh, run by Amtrak.

11 We've been advocating --

12 MAJORITY CHAIRMAN HENNESSEY: Mark,
13 excuse me, could you get a little bit closer to
14 the mike, please?

15 MR. SPADA: Sorry. Okay.

16 MAJORITY CHAIRMAN HENNESSEY: Just pull
17 it towards you. Yeah.

18 MR. SPADA: We've been advocating for
19 additional service because, based on the
20 experience of state-supported services around the
21 country, as well as the excellent results from
22 increased service between Harrisburg and
23 Philadelphia on the Keystone Line, that added
24 passenger rail service will meet the needs of a
25 region that really lacks non-automobile

1 transportation choices going through Johnstown
2 and Altoona, Lewistown, Huntingdon. There aren't
3 many ways to get in and out of those towns if you
4 don't have a car, and that restricts mobility for
5 the residents. It hinders economic development.
6 It squashes tourism and recreational
7 capabilities. And it doesn't provide connections
8 to the numerous rural transit services and local
9 transit services that serve those communities.
10 So we've been working diligently to try to get
11 additional services going.

12 Earlier this year, there was a major step
13 taken towards reaching that goal. And that was
14 PennDOT coming into an agreement with Norfolk
15 Southern, who owns the line between Pittsburgh
16 and Harrisburg. For Norfolk Southern to conduct
17 an internal study of their, what they believe
18 their infrastructure improvement needs would be
19 to accommodate one additional daily -- one
20 additional passenger train daily between
21 Pittsburgh, Harrisburg, and continuing on east.
22 This was a necessary step. Without it, we
23 couldn't move forward.

24 The numbers that will come from that
25 study will be quite interesting because previous

1 studies throughout the years have resulted in a
2 wide, very wide range of potential infrastructure
3 costs, ranging up to several tens of billions of
4 dollars. Some of these numbers basically result
5 in entirely new systems. Most of those numbers
6 are, frankly, unrealistic in terms of moneys
7 available and funds available to build those
8 types of systems.

9 Our contention is that the most cost and
10 time efficient way to increase ridership and meet
11 the needs of these communities, these unmet needs
12 of transportation choices in these communities,
13 is to provide more frequent service. And the way
14 to do that can be very cost justified, in
15 providing basically -- adding existing service to
16 the existing schedule on the existing route. And
17 that Norfolk Southern study will hopefully lead
18 to a discussion with PennDOT resulting in the
19 expansion of the service.

20 In looking at those numbers, we want to
21 emphasize that they're not to inflate the numbers
22 unnecessarily. For example, the high speed rail
23 study of 2014 had a number of alternatives
24 ranging from \$1.5 billion to tens of billions of
25 dollars, but it also had a lower cost alternative

1 of around \$457 million. Of that \$457 million,
2 approximately \$300 million was just for speed
3 increases, curved straightening, curved
4 elevations between Pittsburgh and Harrisburg.
5 That \$300 million resulted in 3 minutes and 14
6 seconds eastbound, 3 minutes and 11 seconds
7 westbound of reduced travel time. That doesn't
8 seem like a very good investment for \$300
9 million. And what has happened is instead of the
10 focus being on what can we do now in the near
11 term to help the residents of western
12 Pennsylvania, central through western
13 Pennsylvania, with this incremental increase in
14 service that can be done quite reasonably and in
15 the near term, the discussion has gone in many
16 different directions, and we're hoping that it is
17 more focused.

18 To give you another example of where
19 things stand and where we can go, again, in the
20 near term. The Woodside consulting study of 2005
21 called for \$111 million in 2005 dollars,
22 approximately \$150 million of present day money,
23 for improvements in the Pittsburgh to Harrisburg
24 line that would result in not initiating new
25 service, not even initiating one to two trains,

1 but going from the then present two trains to
2 four trains a day. That was \$150 million to go
3 from two to four trains a day.

4 what we are looking for -- and what
5 hopefully the Norfolk southern study and
6 resulting discussion with PennDOT will result in
7 -- is just basically going back to the status quo
8 of 2005, going from one to two trains per day on
9 literally the same track that existed two years
10 ago. Two tracks between Pittsburgh and
11 Johnstown. Three tracks between Johnstown and
12 Altoona. Two tracks between Altoona and
13 Harrisburg.

14 we believe that if the discussions
15 hopefully move forward after the Norfolk Southern
16 study is done, and PennDOT and Norfolk Southern
17 can come to an agreement, and that the -- that
18 there's funds available to proceed, that by
19 focusing on this level of service as the next
20 step, which around the country has proven that
21 frequency, not necessarily small speed
22 increments, which we welcome, but may not be cost
23 effective. If we can get frequency up, that will
24 result in the large increases in ridership, which
25 actually happened on the Keystone Harrisburg Line

1 where you saw the large numbers of riders going
2 from 600,000 to, last year, a million and a half.
3 Those occurred when frequency increased. The
4 same thing can happen in the western part of the
5 state.

6 So in the future, when looking at moneys
7 available for passenger rail and how to
8 appropriate them and where to use them, if we
9 keep that kind of focus in mind, that that's
10 where you can get the best bang for the dollar in
11 the most time efficient, cost efficient way, that
12 will be the best help to the residents of
13 Pittsburgh, Harrisburg, and all the towns in
14 between. So that's essentially the main points I
15 would like to make, bring those numbers into
16 focus, try to keep everybody looking in the
17 direction that will help everybody in the near
18 future.

19 Thank you.

20 MAJORITY CHAIRMAN HENNESSEY: Well, thank
21 you very much for your testimony. Mark, you'll
22 be heartened to know that we do listen to you
23 when you testify, you and all the testifiers.
24 The House Transportation Committee moved HR 918
25 in the spring and then we passed it just about

1 five weeks ago, six weeks ago on the House floor.
2 And that basically asked Congress to return the
3 control of the main line trackage to the
4 Commonwealth of Pennsylvania. Right now, Amtrak
5 sort of has the control of it and authority over
6 it, but you know, the idea was to -- if we get it
7 back under Commonwealth control, we can seek
8 competition and maybe Amtrak would have to
9 improve its service or face being replaced by
10 some other service provider.

11 We can't take the position that if we
12 build -- if we add new trains that people will
13 ride them. But I think that we can take the
14 position that if we improve the service, decrease
15 the time, increase the amenities that are
16 available on the passenger rail service that we
17 actually can try to rebuild some of the passenger
18 rail -- passengers' faith in our system, and as
19 you said, improve the lives of the people in
20 western Pennsylvania and just give them
21 additional options to get back and forth to here
22 in Harrisburg or Philadelphia or New York for
23 that matter.

24 MR. SPADA: Well, there's certainly
25 reasons for optimism because the Pennsylvanian,

1 despite being one daily train, has retained a
2 very strong ridership number, between 215, 22,
3 230,000 annual riders. For one train a day,
4 that's very good, compared to many trains on
5 similar routes on the Amtrak system. And
6 historical data says when two trains were
7 running, you know, ridership was close to, if not
8 exceeded, double that.

9 So we believe that not only is there
10 present demand, but there's a lot of unmet demand
11 because you can only take one train a day. For
12 example, I could have taken the train -- I drove
13 today. I could have taken the train from
14 Pittsburgh this morning, got me here to
15 Harrisburg pretty much in time to make this
16 meeting, but I wouldn't be able to get back. So
17 if the train leaves at 2:30, then you have to
18 wait until the next day.

19 When you have a full complement of trains
20 running from Philadelphia to Harrisburg,
21 including the Pennsylvanian, weekdays you have 14
22 trains a day. It makes making travel plans for
23 business or pleasure, or any other reason, much
24 more manageable than we're finding in the western
25 part of the State.

1 MAJORITY CHAIRMAN HENNESSEY: Okay.
2 well, I think it's fair to say that the House
3 Transportation Committee is on your side in terms
4 of trying to move that forward. So I appreciate
5 your testimony.

6 Mike, do you have any comments?

7 MINORITY CHAIRMAN CARROLL. A question.
8 The Norfolk study, when do you expect it? Do you
9 have an expectation on when that would be
10 completed?

11 MR. SPADA: I don't know. It was
12 originally, I think last fall, around last
13 September, October, when PennDOT and Norfolk
14 Southern, you know, announced that they were
15 going to enter into this agreement. You might
16 want to ask the folks from PennDOT specifically
17 when that final agreement went into place. So I
18 can't answer your question specifically because I
19 don't know when it started. Hopefully it's going
20 on now.

21 MINORITY CHAIRMAN CARROLL: Was there a
22 consultant hired to do the study?

23 MR. SPADA: Norfolk Southern will do
24 their study internally.

25 MINORITY CHAIRMAN CARROLL: Okay. Thank

1 you.

2 MR. SPADA: Yes.

3 (Cell phone interruption.)

4 MAJORITY CHAIRMAN HENNESSEY: Well, Mark,
5 thank you very much for your testimony. As I
6 said, you have a willing ear here in the
7 Transportation Committee. And I probably
8 shouldn't pass the opportunity to mention Bennet
9 Levin, who was the host taking our Committee out
10 to Pittsburgh on the train or riding in the back
11 of the Pennsylvanian, the Keystone/Pennsylvanian.
12 Whichever one it was, it was an interesting
13 experience.

14 And I know he's avidly interested in
15 trying to improve rail service throughout the
16 Commonwealth of Pennsylvania. So you have a good
17 ally in him, as well.

18 MR. SPADA: Can certainly use the
19 assistance from any corner, so very good.

20 MAJORITY CHAIRMAN HENNESSEY: Okay.

21 MR. SPADA: Thank you.

22 MAJORITY CHAIRMAN HENNESSEY: Thank you
23 for your testimony.

24 MR. SPADA: Thank you.

25 MAJORITY CHAIRMAN HENNESSEY: Does anyone

1 else have anything to add? Seeing no one, we
2 will adjourn.

3 Oh, I'm sorry. Oh, I'm sorry. That's
4 right. We do have one other testifier who is
5 going to join us virtually. I'm a little ahead
6 of myself. Sorry.

7 Bruce Clash is the State Director of
8 Mission: Readiness Council for a Strong America.
9 It looks like he's ready to join us with his
10 testimony virtually.

11 So Bruce, please begin whenever you're
12 ready.

13 MR. CLASH: Good afternoon, Chairman
14 Carroll, Chairman Hennessey, and members of the
15 Committee. Thank you for the opportunity to
16 testify this afternoon. I will be brief as I
17 know I'm cleanup here.

18 Again, my name is Bruce Clash, and I'm
19 with Mission: Readiness, military leaders for
20 kids. I am pinch hitting for my colleague, Steve
21 Doster, our lead on transportation issues who is
22 away this week and sad that he does not have
23 reliable internet connection where he is.

24 So I know Steve has submitted for the
25 Committee a white paper produced by Mission

1 Readiness detailing our support for well-funded,
2 comprehensive transportation systems that include
3 dedicated resources for active modes of
4 transportation. The retired Generals and
5 Admirals of Mission: Readiness are concerned
6 about the large percentage of American youth that
7 are ineligible for military service.

8 A staggering 71 percent of American's 17
9 to 24-year-olds cannot join our nation's armed
10 forces, 71 percent, due to inadequate education,
11 health and obesity issues, and having a record of
12 criminal activity. In fact, one-third of all
13 young Americans cannot join because they are
14 overweight. Obesity and sedentary lifestyles are
15 a threat to the health and fitness of our nation.
16 Eighty percent of adults in the United States do
17 not get the recommended amount of physical
18 activity, and only 27 percent of high school
19 students get enough exercise on a weekly basis.

20 This health and fitness issue is of
21 critical concern for the United States military
22 in two regards. It adds to the shrinking pool of
23 eligible young people prepared to meet the
24 standards for military service, and it adds to
25 the overall decline of physical fitness of

1 current members of the military.

2 During the debate surrounding Act 89,
3 Mission Readiness was pleased to work within the
4 Keystone Transportation Funding Coalition with
5 organizations like the American Heart
6 Association, American Diabetes Association,
7 American Cancer Society, as well as the
8 Pennsylvania children's hospitals and major
9 health networks to stress the need for a
10 well-funded transportation system that accounts
11 for all modes of transportation, including active
12 transportation like bicycling and walking.

13 Built environments that afford safe and
14 convenient walking and biking opportunities
15 between schools, parks, residential neighborhoods
16 and commercial corridors encourage individuals to
17 be more physically active as part of their daily
18 routines. In fact, several public health
19 measures that have been implemented in the past
20 decade in the city of Philadelphia, including
21 greater walking and bicycling opportunities are
22 credited with contributing to a declining obesity
23 rate among Philadelphia's youth for the seven
24 years proceeding 2013.

25 As you consider legislation both now and

1 in the future to strengthen Pennsylvania's
2 comprehensive transportation system, the Generals
3 and Admirals of Mission Readiness encourage
4 further investment in making roads and
5 communities safer and more accessible for active
6 modes of transportation. Doing so can contribute
7 to our future national security.

8 And thank you again for the opportunity
9 to participate today.

10 MAJORITY CHAIRMAN HENNESSEY: Thank you,
11 Bruce, for your testimony.

12 I have to admit that I was a little
13 perplexed as to how the Mission Readiness Council
14 for a Strong America was going to fit in to
15 today's testimony on this, the package of
16 transportation bills, but I get it. I think
17 obesity is a major problem facing America and
18 more physical activity would certainly help. So
19 whatever we can do to encourage that, we should
20 do. And I think you're doing that with your
21 council. So thank you very much.

22 MR. CLASH: Thank you.

23 MAJORITY CHAIRMAN HENNESSEY: Okay.
24 Seeing no other people who wish to ask you
25 questions, thank you very much, Bruce, for your

1 testimony. The House Transportation Committee
2 will hold another hearing tomorrow on this task
3 force package of transportation bills. It will
4 be here in room 140 of the Main Capitol starting
5 at 10:00.

6 And with that, we are adjourned. Thank
7 you very much for all -- for everyone who was
8 here today.

9 (Whereupon, the proceedings concluded at
10 3:22 p.m.)

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C E R T I F I C A T E

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me from audio of the within proceedings and that this is a correct transcript of the same.

Tiffany L. Mast

Court Reporter