

PA House Appropriations Budget Hearing with PennDOT

Held on February 17, 2010

9:00 AM

Room 140, Main Capitol Building

NOTE: Subject Headings, indicated by brackets [], have been added by CAWP for easier reading.

With Secretary Allen Biehler still recovering from health problems, the committee conducted its budget hearing with a panel of deputy secretaries from the Department of Transportation. The panel included Deputy Secretary of Highway Administration Scott Christie, Deputy Secretary of Local & Area Transportation Toby Fauver, Deputy Secretary for Administration Suzanne Itzko, Deputy Secretary of Aviation Eric Madden, Deputy Secretary for Safety Administration Kurt Myers, and Deputy Secretary for Planning James Ritzman.

Members present included Chairman Dwight Evans (D-Philadelphia), Minority Chairman William Adolph (R-Delaware), and Representatives Matthew Bradford (D-Montgomery), Tim Briggs (D-Montgomery), Scott Conklin (D-Centre), Gordon Denlinger (R-Lancaster), John Evans (R-Erie), Dan Frankel (D-Allegheny), Mauree Gingrich (R-Lebanon), Glen Grell (R-Cumberland), William Keller (D-Philadelphia), Thomas Killion (R-Delaware), Deberah Kula (D-Fayette), Bryan Lentz (D-Delaware), Tim Mahoney (D-Fayette), Kathy Manderino (D-Philadelphia), David Millard (R-Columbia), John Myers (D-Philadelphia), Cherelle Parker (D-Philadelphia), Scott Petri (R-Bucks), Dave Reed (R-Indiana), Douglas Reichley (R-Lehigh), Mario Scavello (R-Monroe), John Siptroth (D-Monroe), Richard Stevenson (R-Mercer), Greg Vitali (D-Delaware), Jake Wheatley (D-Allegheny) and Jewell Williams (D-Philadelphia). Also in attendance were Transportation Committee Minority Chairman Richard Geist (R-Blair) and Representatives Mark Keller (R-Perry), Ron Miller (R-York), Bernie O'Neill (R-Bucks) and Joseph Petrarca (D-Westmoreland).

[Tolling I-80]

Chairman Evans asked about the status of Act 44 and federal approval of tolling I-80. Deputy Secretary Ritzman explained that the funding from Act 44 was based on a combination of increased tolls on the Turnpike and the tolling on I-80. He said the department received the following amounts from the Turnpike Commission: \$750 million in 2007-2008; \$850 million in 2008-2009; and \$950 million in 2009-2010. Ritzman pointed out that the \$950 million is based upon the approval by the federal government for tolling I-80. He said if the tolling is not approved, the amount is reduced to \$450 million after July 1.

Ritzman told the committee that the United States Department of Transportation is currently reviewing the Turnpike Commission's application and a decision is "imminent". Chairman Evans wanted to know if the department has received any indication when the decision will be made and what the decision will be. Ritzman didn't know.

[Federal Stimulus Funds]

Chairman Evans then asked for a status report on the federal stimulus money the department received for road and bridge projects. According to Ritzman, the department received \$1.26 billion in stimulus money and, as of yesterday, all of that money has been obligated. He said the moneys have been used for 326 projects with one project to be let next week. Ritzman went on to say the department has identified the number of people working on these economic recovery projects. He said during the "high water mark" of construction last October, the number was 6,419 of which 5,500 were construction jobs. Ritzman added that during the winter season the numbers are down and it was at 1,800 jobs in January.

[Highway Fatalities]

Minority Chairman Adolph commended the department for the e-mail he received yesterday from Secretary Biehler reporting that 2009 marked the lowest number of fatalities on Pennsylvania highways in one year since the department began collecting data in 1928.

[Metering]

He then asked questions about the metering of I-476. Minority Chairman Adolph said metering was tried when the highway was first constructed and it led to a tremendous backup of traffic in the area. He wanted to know why, years later, the department is trying metering again.

Ritzman responded that he was not aware of the metering. He suggested the department does look at ways to improve traffic flow. Minority Chairman Adolph said traffic cannot move with the metering and he asked who made the recommendation and how much will it cost. Ritzman said he would have to take a look at it and get back to Minority Chairman Adolph and the committee.

Rep.

[Tolling I-80]

Wheatley wanted to know the department's backup plan if the tolling of I-80 is rejected. Ritzman agreed that it is serious issue and will have a huge impact if the tolling is rejected. He said with less money the department will have less ability to handle the existing infrastructure the way it should be handled. Ritzman pointed out the Governor's Funding and Reform Commission said the department needs \$1.7 billion and offered a list of suggested funding sources. He told the committee the department does the best it can with the resources available. Rep. Wheatley asked if it is time to start looking at new solutions in case the application for tolling is denied. Ritzman said the department would welcome that discussion and suggested looking at the commission's funding recommendations as a start.

[Minority/Women Owned Businesses]

Rep. Wheatley commended the department for "a great job" in reaching out to minority and women owned businesses. He requested the department supply the committee with statistics on the number of contracts awarded to minority and women owned businesses and other Pennsylvania businesses.

[Tolling I-80]

Rep. Millard noted that the department's budget request is based on approval for tolling of I-80. He questioned basing the request on this certainty and asked if the department has any inkling for federal approval. Ritzman responded that they have no idea what the federal decision will be or when. He added the department is very anxious to move forward but it is a tough situation not knowing the federal decision. Rep. Millard offered the scenario where the budget is approved before the federal government makes its decision on tolling. He wanted to know what would happen if the budget was approved and the application rejected and if the Secretary will propose extending the Turnpike's funding of the department. Ritzman said he does not know the answer. Rep. Millard said he would like to know Secretary Biehler's thoughts on the matter. Rep. Millard asked about the contingency plan if the tolling is rejected and the money is not there. Ritzman said the department would have to do fewer projects.

[People with Disabilities and Public Transportation]

Rep. Siptroth wanted to know about the funding for persons with disabilities and public transportation. Fauver responded that there is enough money to cover the statewide program. Rep. Siptroth said he has heard about the possibility of expanding services to include weekends. Fauver explained that Act 44 included a provision that the department do an evaluation of the effectiveness and efficiency of community transportation services as it relates to human service programs. He said that study has been completed and the department has requested, on a voluntary basis, the regions submit possible pilot programs. Fauver pointed out that the challenge with expansion is the service would probably also have to be provided for seniors and those on medical assistance as well as persons with disabilities. Rep. Siptroth commented there seems to be many duplicative programs and asked if the department could comingle some of them. Fauver agreed and said the department has identified duplications. He added that the department, however, cannot dictate to the regions.

Local Governments

Rep. Siptroth then noted that the formula for local governments through the Liquid Fuels Tax has not changed and many local governments are facing increasing costs because of the harshness of this winter. Deputy Secretary Itzko responded that the payment date to local governments is April 1. She said the department is considering moving up that date because of the financial problems faced by the local municipalities.

[Federal Stimulus Funds]

Rep. Siptroth wanted to know if the projects using federal stimulus money are put before the MPOs and the RPOs. Ritzman responded that all funding for stimulus projects went through the MPO/RPO process. He said the department is in continuous dialogue with the MPOs and RPOs regarding the possibility of a second federal jobs bill. He added that there are big differences between the House and Senate versions of a jobs bill. Ritzman said they are working on acting quickly once Congress passes a bill and they are focused on maximizing the money.

[Aviation Funding]

Noting he is chairman of the House Transportation Subcommittee on Aviation, Rep. Siptroth asked about federal stimulus money for aviation. Madden explained that the Commonwealth received \$100 million in federal stimulus dollars for aviation. He further explained that the state received a \$15 million block grant and the remaining \$85 million went directly from the federal government to 14 airports in the Commonwealth. Madden also noted the federal aviation reauthorization expires on March 31.

Rep. Scavello asked how many employees are at the department. Itzko responded that they have 11,520 employees. She added the department is under the hiring freeze but has been able to get waivers when requested.

[Tolling I-80]

Rep. Scavello asked if the tolling is once again rejected whether the Secretary will scrap the idea of tolling or will another application be filed. Ritzman said he does not know. He added the Pennsylvania Turnpike Commission would also have to make a decision. Rep.

[State Police Funding and the Motor License Fund]

Scavello noted the State Police budget continues to grow while at the same time the department does not have enough money for roads and bridges. He wanted to know why the State Police budget continues to grow under these circumstances. Itzko responded that it is not for PennDOT to decide. She pointed out if the State Police is taken out of the Motor License Fund it will create a hole somewhere else.

[Flexing of Highway Funds]

Rep. Scavello said it is his understanding the Governor "flexed" \$7 million from federal highway funds for SEPTA to help settle the strike. Fauver responded that it was within the Governor's discretion to do so.

[Philadelphia Parking Authority]

Rep. William Keller said Representatives Taylor, Waters and himself have sent a letter to Secretary Biehler regarding a situation in Philadelphia where individuals who owe money to the Parking Authority for tickets have submitted applications to the department for new license plates claiming their plates are missing or stolen. He said it involves over \$400,000 in unpaid tickets. Rep. Keller wanted to know if there needs to be change in the law or in the regulations to remedy this situation. Myers responded that the department first heard about the situation from a news report in Philadelphia. He said the department has requested information from the Parking Authority but has not yet received it. Myers explained that under current law the city may report to the department on any person who has received six parking tickets or more and then the department suspends the license until the tickets are paid. He said there is nothing in the current law regarding those with less than six tickets. Rep. Keller asked if someone applies for a new tag claiming the old tag was stolen or is missing whether the department checks out the old tag. Myers said if there are six or more tickets, then a suspension is placed on the license.

[Snow Removal]

Rep. Gingrich commended the department for its efforts during the recent snowstorms and asked about the impact of the snowstorms on the department's budget. Christie responded that the department has budget \$1.1 billion to \$1.2 billion for overall maintenance and, as of yesterday, has spent about \$550 million. He explained the department also has a winter budget of about \$182 million of which \$132 million has been spent so far this winter. Christie said they have not gone over budget but if the state gets a lot of storms between now and the end of winter they could end up over budget. He pointed out that this winter has been unique because the southern portion of Pennsylvania has been hit harder than the northern portion. Rep. Gingrich commented that many municipalities in her district have cancelled their contracts with the department so PennDOT has had to assume responsibility for snow removal on some of their roads. She wanted to know if the department is seeing this happen in other counties as well. Christie said it is a concern. He explained the department does track these agreements. Christie commented that they have not seen a big drop but it is a concern. He added the agreements are reviewed every year.

[High Speed Rail]

Noting the federal government has announced \$8 billion for high speed rail with huge amounts going to states other than Pennsylvania, Rep. Lentz wanted to know the state's plan for high speed rail. Fauver explained the Commonwealth applied for \$3.2 billion and received \$503 million for the Keystone Corridor between Harrisburg and Philadelphia and money for a service development plan for service between Harrisburg and Pittsburgh. He said the department recently completed and published its rail plan for both passenger and freight and the Federal Railroad Administration wants to set up a debriefing on the plan. Rep. Lentz pointed out that California, Florida and Illinois are receiving the bulk of the funding. He wanted to know if the department has looked at what they did. Fauver said California has made an investment in a true high speed rail line and the voters approved bonds for the project. He also said Florida has set up a high speed rail commission. Fauver also pointed out that with the Keystone Corridor already operating at 110 miles per hour it is considered a high speed rail. He added to increase the speed beyond that would be very expensive.

[Route 22 in Berks County]

Rep. Reichley wanted to know the status of the department's plan for Route 22 in Berks County and the Lehigh Valley and the Route 222 by pass. Christie responded that the Route 22 project is about to be presented to the MPO and the study of Route 222 has just started. Rep. Reichley asked how long that study would take. Christie said he would have to get the time frame and report back.

[Legislation to abolish the PA Turnpike]

Rep. Reichley noted that legislation has been introduced to abolish the Turnpike and turn the administration and management over to the department. He wanted to know if the department has examined the proposal. Christie said they would have to take a long look at it because it would involve a laundry list of issues that would have to be dealt with.

[Tolling I-80]

Rep. Reichley asked whether a "Plan B" is in place if tolling is not approved. Christie said the department has been talking with the districts and has taken a hard look at assets management. He said the districts and the department to be prepared for all funding scenarios. Rep. Reichley then asked when the department will be requesting a fuel tax increase. Ritzman said they would have to look at the funding recommendations of the Reform Commission. He added the department needs \$1.7 billion.

[SEPTA]

Rep. Denlinger asked about SEPTA selling assets to banks for tax credits and then SEPTA leasing them back from the banks. He said it is his understanding AIG provided the insurance for the transactions. Fauver said the AIG collapse had some impacts but SEPTA continued payments. At Rep. Denlinger's request, Fauver said he would provide the details to the committee.

[Snow Removal]

Rep. O'Neill wanted to know what happens to the budgeted money when an "easy" winter occurs and money is still there. Christie said it is used to increase the funding for projects.

[Federal Stimulus Funds]

Regarding the federal stimulus, Rep. O'Neill wanted to know how many projects are on the books. Ritzman responded that out of the 326 projects, 92 are completed with a majority to be completed by next year. Christie added that the number of structurally deficient bridges has been decreased from 6,000 to 5,800.

[Public Private Partnerships]

Rep. Stevenson wanted to know the department's position on public private partnerships. Ritzman responded that there has been "some good dialogue" at the state Transportation Commission hearings. He said the department is a "strong advocate for innovative finance in Pennsylvania." Ritzman went on to say there are limited opportunities for public private partnerships in a given state and "it is not going to be a financial answer to our turmoil but I think there are some applicable projects." Rep. Stevenson asked where they would be effective. Ritzman said in other states the construction of "hot lanes" has shown great opportunities. He added there is a question mark about whether this is a good time financially for firms to be interested in this kind of thing. Rep. Stevenson then asked if they would relieve some of the financial pressure on PennDOT. Ritzman responded, "Sure." He said any funding to address highway needs or take care of existing needs would help. Fauver added that he believes there are real opportunities for public private partnerships. He said recently the Philadelphia Zoo received a federal earmark for an inter-mobile center. According to Fauver, the public money is not enough to construct the center so the Philadelphia Zoo has issued a RFP to include private equity. He said it is a small project but it can help when there is not enough public money.

[Gas Tax Increase]

Rep. Myers told the panel he had problems with some of the previous questions. He noted the General Assembly enacts increases in the gas tax not the department and if the Turnpike Commission is done away with, the decision is up to the General Assembly not the department.

[Snow Removal]

Noting the comments about this winter having a bigger impact in the southern part of the state than the northern part, Rep. Myers wanted to know how it affected the department's decisions. Christie said that with the last storm, the department was able to pre-position equipment from the northern part of Pennsylvania to the Harrisburg/Philadelphia area and make sure the resources were there.

[Flexing of Highway Funds]

Rep. Manderino said she would defend the Governor's decision to flex highway money to settle the SEPTA strike. She argued more people use mass transit in one day than some people use certain roads in one year.

[Tolling of I-80]

Rep. Manderino also pointed out that the decision to toll I-80 was proposed and enacted by the General Assembly and not the department. She then asked if PennDOT has any information on the gas tax regarding how much and where it is collected on a county by county basis. Itzko responded that the department does not collect that information.

[Snow Removal]

Rep. Manderino asked if the department is collecting information from the counties in order to apply for federal moneys for the cost of the snow emergencies. Christie said they are working with PEMA in collecting the information and PEMA will make the request for federal money.