



10thousandFriends
OF PENNSYLVANIA
LEADING THE WAY ON SMART GROWTH

**Testimony before the
Joint House Transportation Policy Committee Hearing
Clarion, PA
June 17th, 2010**

10,000 Friends of Pennsylvania is an organization dedicated to improving all of Pennsylvania's communities, including cities, suburbs, small towns, and rural areas. We pursue state policies to help keep these communities vibrant and economically healthy. We believe our transportation infrastructure is vital to the well being of the state's communities and economy—as well as the economic prosperity, personal safety and mobility of the residents of the Commonwealth.

That's why we support a comprehensive solution to our current transportation crisis that includes: funding to fix our crumbling roads, bridges, and other existing infrastructure; creation of sustainable, predictable, and growing resources for public transportation; strategic investments in the system that provide residents with mobility choices and encourage our communities invest in existing assets; and new, flexible tools that create or promote options for units of local government to raise revenue on their own, for public-private partnerships to flourish and attract private investment in transportation projects, and for PennDOT to judiciously and responsibly use strategic borrowing to expand the number of projects let and expedite their delivery.

We have an authoritative new report produced by PennDOT's Transportation Advisory Committee that quantifies the amount of funds it will take to meet the crisis of funding Pennsylvania's transportation systems. We support the Committee's recommendation to meet the \$3.5 Billion in needs identified to bring the system to a state of good repair. The current condition of our transportation infrastructure is a crisis Pennsylvania can no longer ignore. And

following decades of kicking the can down the road, we can no longer approach this problem with Band-aids and stop gap measures. We need bold leadership, sustainable solutions, and the ability to leverage investments in our infrastructure as a means to foster investment in our existing communities and economic growth for all our residents.

In Western Pennsylvania, we are reminded of the need to invest in our transportation infrastructure everyday. From connecting manufacturing or extraction industries to markets; to creating safer highways for pedestrians and motorists; to rebuilding the infrastructure of our towns and villages; we need to provide the resources to rebuild our aging infrastructure to protect our quality of life. Transportation infrastructure is the lifeblood of our communities and an essential means of facilitating commerce. If we choose not to invest in our transportation system, we are choosing not to invest in ourselves.

Therefore, we'd like to propose several principles to apply when deciding the wisest, most equitable, and most efficient means to address the funding crisis.

Guiding Principles

First, we must fix our existing infrastructure first, and fix the right infrastructure right now. We need to create a system that targets the state's limited resources to protect the investments that we have already made in existing assets, so that we first and foremost maintain a safe system that effectively serves strategic locations and historically vital corridors.

Second, we must link our transportation investments to responsible land use decisions. We must coordinate public dollars spent on the transportation system with local and private investments being made within communities. Focusing our transportation investments in areas that are guided by responsible regional, municipal, and community planning ensures community engagement, complements existing development strategies, and leverages other public and private decisions.

Third, we must create a growing and sustainable source of revenue for the state's public transit systems. Increasing fuel prices are creating pressure on everyone's household

budget. Strained consumers, as well as the elderly and infirm, increasingly require a menu of mobility choices. Thus investing in the state's public transit systems is good for rural and urban communities alike. And these funds are essential as operators grapple with rapid growth in fuel costs, health care costs, and the challenge of maintaining or replacing an aging fleet of vehicles.

Funding Fixes

We recognize that raising the necessary revenue is not easy. However, doing nothing or taking short-term incremental steps actually will cost more over time—and thus does a great disservice to the residents of the Commonwealth. And we know that federal funding we receive will never be enough to solve this problem. Over the last 5 years, revenues have remained flat or actually shrunk (excluding a one time injection of federal ARRA funding), while our purchasing power on transportation projects has eroded 80% due to a dramatic spike in the Bid Price Index measuring the cost to maintain our transportation infrastructure. The solution that we devise must take these financial facts into account and must recognize the critical need for our transportation investments to keep pace with the advancements being made by our competitors both domestically and abroad. Strategic investments in infrastructure lay the foundation for economic growth. Private investment will follow public infrastructure investment. So consider investment in our transportation system an investment in the state's prosperity.

In finding the funding needed, we offer five recommendations:

First, we must use existing resources smarter. We will maximize the benefits from our existing transportation dollars by investing in information technology, utilizing techniques such as design build contracting, and prioritizing investments by first fixing the existing system in places that will maximize our return on investment.

Second, the new funding formula must be broad menu consisting of multiple sources. The scale and scope of the additional investment we must make in the transportation infrastructure is simply too great to be secured from a single source or traditional sources.

Further, many of the revenue sources currently used to finance our transportation system have not seen increases in decades, and have thus made deterioration in the condition of the system inevitable due to shrinking purchasing power.

Third, the solutions chosen must be inflation sensitive. The cost of construction contracts and operating systems has skyrocketed in recent years. In order to meet the demand for critical projects in the transportation system, we need to make revenue generation decisions that take account of escalating costs, both today and into the future.

Fourth, regions should be able to generate revenue for regional systems or projects that benefit multiple communities. Municipalities are severely strained, and the local roads and signals that they maintain are in severe disrepair. Thus all units of local government should be encouraged to work together and given new ability and options to finance transportation investments of regional significance for themselves.

Finally, we should make flexible and creative use of new and existing funding strategies. These tools include expanding the use: of public-private partnerships, which, were they to flourish, could attract significant new private investment in transportation projects; of judicious and responsible strategic borrowing by PennDOT, linked to dedicated revenue sources to finance the debt, which would expand the number of projects let and expedite their delivery; and of tolls and user fees, which are a customary and equitable means of raising funds—funds that will be increasingly critical in the sustainable maintenance of Pennsylvania's major highways and arteries in the future.

These critical challenges are difficult to face. But now is not the time to retract the advancements made by the legislature and the Administration in recent years. Now is the time to build upon those investments. Let's not miss the train on this one.