

**Testimony of Michael A Palo, on behalf of Francis J Palo, Inc. before
the Joint House Transportation and Policy Committee on 17 Jun 2010**

Mr. Chairmen,

My name is Michael Palo; I am the CEO of Francis J Palo, Inc. in Clarion, PA, a local highway and bridge constructor, and the employer of about 200 local craftsmen and women. I am here to voice my total support for the positions of the Transportation Construction Industries and the Keystone Transportation Funding Coalition, and the construction program they are proposing. I am also here as the employer of 200 local workers, friends, hardworking, mortgage paying, car and truck buying people, neighbors that you see everyday going to work. I am here to talk a little bit about the people of the construction industry. There are over 50 Palo pickups with supervisors, working in 6 different PennDOT Districts, overseeing workers in 28 counties in Western and Central Pennsylvania with an annual payroll of over \$10 million dollars. Add for other expenditures of over \$20 million dollars per year to the local economy for equipment, materials, and subcontractor services, which means even more people are working. Those pickups are from Seidle's and our big trucks from Zacherl, Shaw Mack, or Hunter, add equipment from Cleveland Brothers and Highway Equipment, local vendors with local employees. We buy over \$1 million dollars worth of fuel from Saterlee in Punxsy, or Shortway in Reynoldsville, and the gas for those 50 pickups from Sheetz or Quik Fill, locally. We purchase concrete from Glenn, J&J, DuBrook and Marion Center, all locals suppliers, over a million pounds of rebar is fabricated in and bought from Titusville Fabricators in Franklin. There are 25 – 30 owner operator trucks working for us sustaining employment and the local economy. Palo spends millions and millions of dollars for goods and services locally that stay right here in Pennsylvania, creating many jobs outside the project limits that we cannot afford to lose either. There is a tremendous need for highway, bridge and transit repairs in Pennsylvania, and there are many tremendously capable construction teams to put that work in place, right now; we have the people.

People build projects, construction people. Teams of construction people build projects better by working more efficiently, more safely, and will produce a higher quality project at reduced costs. Experienced teams work even more efficiently but they take a long time to develop. They are the best and are constantly improving methods to further minimize costs which channel into the history from which our new work is competitively bid.

That summarizes the current position of the transportation construction industry and its people in Pennsylvania, right now. The construction workforce in Pennsylvania is a skilled group of men and women who are reliable, proud of their work, productive, dedicated to the industry, and willing to travel to the next project site. They are also a trusting group of people willing to base their yearly earning potential on the PennDOT construction program, typically only an 8 or 9 month work season in Pennsylvania. They usually don't know yet where they will be working, how long the project may last, or how far they will have to travel to work, but I will tell you, they will be sitting by the phone in the spring, waiting for that call. Their ability to support their families, make their payments and save some money for the 3-4 month off season all rely on that phone call. It will be a very sad day in Pennsylvania for thousands of good people and skilled construction teams when that phone call never comes. For these reasons, it is increasingly more difficult to recruit young talent into the transportation construction industry and impossible to guarantee them a lifetime of employment without a reliable funding mechanism. Without a continuity of transportation spending, these efficient, experienced teams will dissolve and move to another industry. Currently the construction industry has been adding to its workforce from those unemployed from other closed businesses. From the business owner perspective, it is difficult to justify the enormous reinvestment required to purchase updated construction equipment and maintain the current fleet, without the prospect of long-term continuous investment into our transportation systems. Pennsylvania has the needs, and we have the skilled construction people, right now.

Increased funding is critically needed for the repairs to Pennsylvania's aging transportation systems, urban and rural, and to delay taking action would be disruptive to thousands of local families and defies logic from a fiduciary viewpoint. There is real value when looking at today's replacement costs versus projected future costs which increase so progressively, that building the projects at today's costs is more economically justified.

Pennsylvania needs a dedicated, inflation adjusted funding stream for transportation that will reduce the number of deficient bridges, failing highways and transit systems, a continuous funding stream that will allow projects to reduce congestion, and to get you home safely with less travel time. That is the message that the construction people who build the transportation projects wish to convey, and we thank you for the opportunity to carry that message to this Committee today.