Transportation Funding Advisory Commission
August 1, 2011

Dear Governor Corbett and members of the Pennsylvania General Assembly:

In April of this year, the creation of the Transportation Funding Advisory Commission by Executive Order was a major step in the future of Pennsylvania’s transportation system. The 40-member commission, made up of experts in transportation, finance, and local government, has spent months researching, studying, and debating new and innovative ways to meet our transportation needs. I want to personally thank each and every commission member for their time and effort for the betterment of our Commonwealth.

The result of all that hard work is the report you are about to read. There is no magic wand that can eliminate the challenges that lie ahead in building better roads and bridges and keeping our transportation system safe and efficient. This report is a good starting point in developing responsible ways to fund our roads and bridges, public transit, aviation, rail, and ports.

This study is not only about finding new sources of transportation funding. The commission realized that efficiency and modernization play big roles in saving money as well. There are many recommendations in the report for us to work smarter in stretching transportation dollars while increasing convenience to motorists.

Pennsylvania’s taxpayers will also find out how their money will be used. Within the document we compare the benefits of this investment to the consequences of not taking action. Our Decade of Investment analysis is summarized on a state-wide level for taxpayers to review. More project specific details will be available soon on our web site.

I speak for each commission member in saying a deep sense of pride accompanies this official report to the governor’s desk. It is the commission’s sincere hope that the report is useful in developing much-needed transportation funding—funding that is vital to Pennsylvania’s economic health and the safety of our citizens.

Sincerely,

Barry J. Schoch, P.E., Chair
Transportation Funding Advisory Commission
Secretary of Transportation
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Introduction
Pennsylvania must take the initiative to solve the transportation funding problem.

Transportation Needs
A high-level look at the transportation funding gap by mode, and the consequences of doing nothing more.

TFAC Considerations
Specific aims of TFAC in developing the Recommended Funding Package.
SECTION 1: Background

Introduction

Pennsylvania’s transportation infrastructure is in urgent need of repair and reinvestment.

Pennsylvania’s transportation facilities have served as a key component of economic strength for many generations. From the days of the Pennsylvania Canal and Railroad through its well-earned distinction as the Keystone State, the Commonwealth has both benefitted from and been responsible for a significant transportation demand and related investment need. Today, much like the rest of our nation, Pennsylvania transportation infrastructure is aging significantly due to decades of underinvestment. This underinvestment is due in large part to rising construction costs and the limits of revenues based on fuel consumption. With an emphasis on energy preservation, Corporate Average Fuel Economy (CAFE) standards have led to improved vehicle fuel efficiency, driving fuel consumption down and with it gasoline-based revenues. We are in need of a financial plan to allow all responsible providers to make necessary long-term improvements.

“We need a comprehensive, strategic blueprint for how we pay for years of underinvestment in our roads, bridges, and public transit systems.”

-Governor Corbett

For the past decade, all transportation providers have adopted a “maintenance first” approach, aiming to fix existing infrastructure before building more highways and bridges or adding bus and train service. It is an essential focus given funding constraints and a focus on public safety, but it comes with a long-term price. Safety improvements, long-term total reconstruction, and congestion relief are deferred, making this work more costly in the future.

Pennsylvania has been limited in its ability to add strategic capacity, which encompasses widening certain roadways and bridges to improve safety and reduce recurring congestion, adding “missing links” to highways to improve traffic flow, and expanding transit services in potential high ridership areas. The Commonwealth has deferred improvements that are needed to support our current residents and economy, and is falling behind other states in the competition to attract new businesses. The problem can only be solved by overhauling our approach to funding and delivering infrastructure and services.

This is about more than potholes—the issues at hand affect safety, our economy, and the environment, all of which shape the quality of life and ease of commerce in Pennsylvania.
Transportation Funding Advisory Commission

To address the growing gap in transportation funding, Governor Tom Corbett established the Governor’s Transportation Funding Advisory Commission (TFAC) on April 21, 2011. TFAC by Executive Order was specifically created to develop a comprehensive, strategic proposal for addressing the transportation funding needs of Pennsylvania. Chaired by the Secretary of Transportation, the Honorable Barry J. Schoch, P.E., TFAC has worked diligently and expeditiously to fulfill this charge. Specifically, with this report TFAC studied and prepared a comprehensive listing of potential revenue sources as well as cost-saving modernization options that will support additional funding for all transportation modes. These recommended funding sources are reliable, dedicated to transportation needs, sensitive to economic aspects of inflation, and adaptive to changing environmental factors.

TFAC began by reviewing existing studies on the status of the Commonwealth’s transportation infrastructure and then conducted investigative and informational hearings by industry experts on all modes of transportation. The following is a brief synopsis by mode of what these experts had to say about the current state of our transportation infrastructure (all expert presentations can be found on the TFAC web site at www.tfac.pa.gov).

Roadway and Bridge

Statewide, 5,205 bridges are rated as “structurally deficient,” meaning they are in poor condition and in need of near-term rehabilitation or replacement. When their condition threatens to become a safety hazard and money is not available to fix them, the bridges must be weight-restricted and ultimately closed. This forced change in traffic flow—already being experienced by hundreds of Pennsylvania communities—overburdens other routes and adds significant delays to commutes and deliveries.

20,000 miles of Pennsylvania highways were expected to last 40 years when built more than 40 years ago (we now expect longer life). To prevent more from passing the 40-year mark, we aim to reconstruct 300 to 500 miles per year. In the past 20 years we have fallen well short of this target. The recent focus on bridges has nearly ended the pavement reconstruction program.

To curtail the rate of bridge degradation, PennDOT initiated the Accelerated Bridge Program (ABP) in 2008. Under ABP, funds were dedicated to fixing as many Structurally Deficient structures as possible. This meant that funding was diverted from other roadway projects. Since the ABP has come to a close, we find that the number of bridges becoming Structurally Deficient per year still outpaces the number of bridges repaired.

Similarly, 8,452 miles of highway have a poor IRI (International Roughness Index) rating and are in need of rehabilitation or possibly reconstruction. However, current funding levels are forcing lower-cost treatments to be performed instead of the full scope of needed repairs and reconstruction. Each year we get further behind. As roadways deteriorate they become less safe to travel and increase costs to drivers. More wear and tear is inflicted on vehicles, trip reliability decreases, and more costs result from delays. The longer comprehensive maintenance is deferred, the more expensive it becomes to bring our transportation infrastructure into a state of good repair.

Transit

Public transportation—both fixed-route service and human service transportation—has similarly experienced financial challenges. While ridership has increased with the rise in gas prices, inflation of capital and operating costs, years of budget deficits, and heavy dependence on uncertain state funding have left our transit systems in a state
of disrepair, forced to cut essential services to meet budget requirements. As cost inflation exceeds funding growth, transit providers are less able to meet the transportation needs of customers and potential riders.

**Intercity Passenger Rail**

Intercity passenger rail in Pennsylvania has experienced a resurgence in recent years, especially in the years since 2006 when a major investment in the Keystone Corridor from Harrisburg to Philadelphia was completed. This fact demonstrates that strategic investments in passenger rail infrastructure that produce marked improvements in speed and customer service can have very real impacts on ridership. Fiscal Year 2010 saw record ridership of approximately 1.3 million Keystone passengers. As ridership increases, fewer commuters are using the corridor’s congested roadways.

Federal legislative changes will require Pennsylvania to pay additional funds to support the Keystone service as well as the Pennsylvanian service between Harrisburg and Pittsburgh. Passenger rail does receive some funding from the Pennsylvania Turnpike Commission as a result of Act 44 of 2007, but this amount is not adequate to cover the increased capital and operating expenses for passenger rail service.

**Rail Freight**

Pennsylvania’s freight railroads play an important part in transportation and industry in the state. They make the shipment of bulk commodities, raw materials, and finished goods economical for the industries that use those products. In doing so, they reduce the number of truck hauling miles on roadways. Capacity on the core rail network is vital to keeping the industry thriving. CSX Transportation is leveraging approximately $70 million in TIGER I and Commonwealth funds to increase vertical clearances on its line from Chambersburg to the Ohio/Pennsylvania border in order to handle double stack carloads. On a smaller scale, SEDA-COG is the recipient of $10 million in TIGER II funds and $3 million in Commonwealth money to increase its capacity on three railroads in response to Marcellus Shale-related activity. These are examples of how investment in rail can help reduce truck traffic and congestion. Additional rail freight investment will aid the movement of raw materials and finished goods in Pennsylvania.

**Aviation**

Pennsylvania is served by a diverse system of airports that range from large commercial service airports to small privately-owned general service airports that collectively generate more than $23 billion in economic activity. These airports serve as a vital link for the transportation of people and goods over long distances where the speed of transit is important. While Pennsylvania airports do benefit from a dedicated funding source, this source is limited and is not adequate to cover all improvements necessary for the airports to meet the needs of their users and their communities.

**Ports**

The Commonwealth’s ports are an essential link for many of the products and services that affect the everyday lives of the state’s residents. They serve as the conduit through which imported freight is transferred from ships to railroads and trucks to continue on its journey. Ports have not benefitted from a dedicated funding stream and have suffered deterioration, with many facilities exceeding their design life—sometimes by decades. Basic maintenance has been able to keep these structures working, but breakdowns have increased. This requires port personnel to spend more time responding to breakdowns than preventing them. In addition, each year the proper preventative maintenance is deferred brings closer the possibility of a failure that would put a port out of commission for an extended period.
INTRODUCTION

Funding falls far short of needs, and the gap is widening.

A key component of transportation funding—the fuel tax—is generating less and less revenue due to advances in Corporate Average Fuel Economy (CAFE). The term is used to describe the overall fuel economy of a vehicle manufacturer’s fleet of passenger cars or light trucks with a gross vehicle weight rating 8,500 pounds or less, manufactured for sale in the U.S., for any given model year. CAFE standards were implemented by the federal government in 1975 to improve fuel efficiency, and are regulated by the National Highway Traffic Safety Administration. The required CAFE standard has slowly risen over the years to its current rate of 30.2 miles per gallon for passenger cars and 24.1 miles per gallon for light trucks.

This increase in vehicle fuel economy has meant that on average, Pennsylvania vehicles are burning less gas per mile traveled. While this trend is good for drivers, the environment, and reducing our reliance on foreign fuels, as the amount of gasoline purchased has declined, so has the fuel tax revenue per vehicle.

Revenue figures can be deceiving because the number of vehicles has increased since CAFE was implemented, increasing overall revenue even though revenue per mile traveled has decreased. Of course, the increased number of vehicles and miles traveled has increased the needs related to roadway and bridge maintenance and congestion relief—more vehicles mean more impacts to the system.

Pennsylvania now collects less fuel tax revenue per mile traveled than it has at any time in the past. This has led to a serious decline in the amount of money available for improvements to the transportation system, leading to a growing funding gap.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Miles per Gallon*</th>
<th>Gallons of Motor Fuel Purchased</th>
<th>Fuel Tax per Gallon</th>
<th>Fuel Tax per Year in Actual Dollars</th>
<th>Fuel Tax per Month in Actual Dollars</th>
<th>Fuel Tax per Year in 2010 Dollars</th>
<th>Fuel Tax per Month in 2010 Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>13.5</td>
<td>889</td>
<td>$0.08</td>
<td>$71.12</td>
<td>$5.93</td>
<td>$389.72</td>
<td>$32.48</td>
</tr>
<tr>
<td>1980</td>
<td>16.0</td>
<td>750</td>
<td>$0.11</td>
<td>$82.50</td>
<td>$6.88</td>
<td>$212.86</td>
<td>$17.74</td>
</tr>
<tr>
<td>1990</td>
<td>20.3</td>
<td>591</td>
<td>$0.17</td>
<td>$102.83</td>
<td>$8.57</td>
<td>$170.63</td>
<td>$14.22</td>
</tr>
<tr>
<td>2000</td>
<td>22.0</td>
<td>545</td>
<td>$0.26</td>
<td>$141.16</td>
<td>$11.76</td>
<td>$178.99</td>
<td>$14.92</td>
</tr>
<tr>
<td>2010</td>
<td>23.8</td>
<td>504</td>
<td>$0.31</td>
<td>$157.25</td>
<td>$13.10</td>
<td>$157.25</td>
<td>$13.10</td>
</tr>
<tr>
<td>2015</td>
<td>26.1</td>
<td>460</td>
<td>$0.31</td>
<td>$143.52</td>
<td>$11.96</td>
<td>$123.74</td>
<td>$10.31</td>
</tr>
<tr>
<td>2020</td>
<td>30.6</td>
<td>392</td>
<td>$0.31</td>
<td>$122.30</td>
<td>$10.19</td>
<td>$91.04</td>
<td>$7.59</td>
</tr>
</tbody>
</table>

*Average miles per gallon for passenger fleet

Although gas prices are high, when corrected for inflation the fuel tax paid by the average motorist has decreased by more than half since 1970, and will drop in half again by 2020.
Transportation Needs

Needs far outstrip funding, and the gap is getting worse.

Transportation needs far outstrip funding. The longer essential maintenance and projects are deferred, the worse conditions get and the harder and more costly it becomes to bring the system into a state of good repair.

Each generation has a responsibility to invest in our infrastructure—both for that generation’s benefit and for future generations. Failing to invest or deferring necessary maintenance only adds to the cost burden of future generations.

The growing highway/bridge/transit funding gap was quantified in the Transportation Funding Study completed by the Pennsylvania State Transportation Advisory Committee in May 2010. Additional PennDOT analysis has established the needs for rail, aviation, and ports.

Money is tight everywhere, but transportation supports every other sector and every aspect of modern life.

The consequences cannot be ignored.

If we do not take action to meet the transportation need:

- The future gap to fund transportation infrastructure will be substantially larger—more than doubling to $7.2 billion by 2020. This is because:
  
  » Fuel tax revenue is projected to decline over the next decade as a result of increased vehicle fuel efficiency, which is driven by the federal CAFE standards. In 10 years, Pennsylvania fuel tax revenue is expected to be $470 million less per year than it is today, based on the same vehicle miles traveled.
  
  » Inflation increases the price of most goods and services by about 3 percent each year, reducing buying power. Therefore, purchasing the same volume of asphalt, steel, concrete, and other materials and services in 10 years would require an additional 33 percent in funding.
TRANSPORTATION NEEDS

» Pennsylvania State Police costs are increasing, consuming a bigger slice of the Motor License Fund. Since 2001, annual State Police costs covered by the Motor License Fund have increased from $340 million to more than $565 million. This is an increase of more than $225 million, or 66 percent, in 10 years. PennDOT operations increased by only 20 percent over the same 10-year period.

• Despite a “maintenance first” philosophy, the impacts of reduced fuel tax revenue combined with inflation will mean that less maintenance will be performed each year on state- and locally-owned highways and bridges.

Motor License Funds Provided to State Police – 10-Year Growth, 2001 - 2011

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Motor License Fund (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$339,767</td>
</tr>
<tr>
<td>2011-12</td>
<td>$565,060</td>
</tr>
<tr>
<td>Dollar increase</td>
<td>$225,293</td>
</tr>
<tr>
<td>Percent increase</td>
<td>66%</td>
</tr>
</tbody>
</table>

PennDOT Operations – 10-Year Growth, 2001 - 2011

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Motor License Fund (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>$1,899,956</td>
</tr>
<tr>
<td>2011-12</td>
<td>$2,286,433</td>
</tr>
<tr>
<td>Dollar increase</td>
<td>$386,477</td>
</tr>
<tr>
<td>Percent increase</td>
<td>20%</td>
</tr>
</tbody>
</table>

The amount of money given to the Pennsylvania State Police (PSP) from the Motor License Fund has increased by 66 percent since 2001. This percentage is more than three times greater than the increase in PennDOT operations in the same period.

• The quality of that maintenance will have to be reduced. For example, if money is not available to overlay an aging highway with a fresh layer of pavement, oil and chip sealing will have to be used instead. This is cheaper in the short run but does not last as long and does not produce the same higher-level driving surface. It could become necessary to apply chip sealing instead of overlays to the more than 35,000 miles of non-National Highway System roadways in the state. Similarly, thinner overlays (also less durable) would have to be used on the nearly 9,000 miles of roadway that are part of the National Highway System.

• Degrading roadway surfaces would lead to safety concerns and higher vehicle maintenance costs. This would be compounded by the fact that proper rehabilitation and reconstruction would be continually deferred.

• Reconstruction—which is eventually unavoidable as roads and bridges have a finite life—will be even more expensive in the future due to inflation.

• The number of Structurally Deficient (SD) bridges will again begin to increase, causing PennDOT to lose ground on its recent initiatives to reduce the number of SD bridges in the state. Current evaluation indicates that 300 SD bridges must be fixed per year or the SD bridge count begins to increase.

• Service cutbacks will be unavoidable. For example, Pittsburgh’s Port Authority Transit recently cut services by 15 percent to meet their budget. This trend would become more widespread.

• Quality of life for Pennsylvanians would degrade in many ways, including:
  » Congestion would increase due to the inability to fund traffic signal improvements, appropriate capacity-adding projects, and maintenance projects to achieve a state of good repair.
  » Trip reliability would decrease due to this congestion, as well as cuts in public transportation and critical highway and bridge links.

The following tables summarize transportation funding needs by mode, based on a rigorous analysis and an emphasis on achieving a state of good repair.
The need for ADDITIONAL funding for transportation is more than $3.5 billion annually, and grows each year.

## Transportation Needs

### Highway/Bridge/Transit

<table>
<thead>
<tr>
<th>Highway Element</th>
<th>Description</th>
<th>Additional Annual Funding Need (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>Improvements expected to reduce fatal crashes.</td>
<td>2010: $75, 2020: $116, 2030: $190</td>
</tr>
<tr>
<td>Pavements</td>
<td>Addresses the quality of pavements by getting them back on a proper cycle of preservation, along with addressing the backlog of reconstruction needs for the 40,000-mile state system.</td>
<td>2010: $1,761, 2020: $2,731, 2030: $4,450</td>
</tr>
<tr>
<td>Bridges</td>
<td>Addresses the backlog of Structurally Deficient bridges on the state system.</td>
<td>2010: $370, 2020: $1,290, 2030: $920</td>
</tr>
<tr>
<td>Congestion Management</td>
<td>Includes better operation of the system through Intelligent Transportation Systems (ITS)</td>
<td>2010: $70, 2020: $91, 2030: $227</td>
</tr>
<tr>
<td>Capacity</td>
<td>Addresses the need for new capacity on the Core Highway System.</td>
<td>2010: $300, 2020: $465, 2030: $758</td>
</tr>
<tr>
<td>Local Highways and Bridges</td>
<td>Addresses the backlog of local bridge and roadway projects.</td>
<td>2010: $250, 2020: $388, 2030: $632</td>
</tr>
<tr>
<td>Traffic Signals</td>
<td>Funds a collaborative traffic signal modernization and retiming program between PennDOT and local governments.</td>
<td>2010: $182, 2020: $282, 2030: $460</td>
</tr>
<tr>
<td>Transit</td>
<td>Provides assistance to the state's transit agencies for approved operating expenses and capital improvements. State grants to transit systems are combined with federal and local dollars.</td>
<td>2010: $484, 2020: $1,383, 2030: $3,063</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>2010: $3,492, 2020: $6,746, 2030: $10,700</td>
</tr>
</tbody>
</table>

Recent state and federal investment has provided a temporary reprieve to the transit funding emergency, but not a long-term solution.

### Other Modes

<table>
<thead>
<tr>
<th>Mode</th>
<th>Description</th>
<th>Additional Annual Funding Need (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AvIation</td>
<td>Funds the state Aviation Development Program to provide funding to preserve, upgrade, and, when practicable, build new facilities.</td>
<td>2010: $8, 2020: $10, 2030: $18</td>
</tr>
<tr>
<td>Rail Freight</td>
<td>Funds the Rail Freight Assistance Program to establish or re-establish rail service or to expand/maintain existing rail service.</td>
<td>2010: $12, 2020: $20, 2030: $30</td>
</tr>
<tr>
<td>Intercity Passenger Rail</td>
<td>Subsidizes operations and capital equipment charges for the Keystone and Pennsylvanian trains operated by Amtrak, as required by the federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA).</td>
<td>2010: $14, 2020: $18, 2030: $24</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>2010: $34, 2020: $48, 2030: $72</td>
</tr>
</tbody>
</table>

Source: PennDOT analysis
TFAC Considerations

TFAC Considerations

TFAC is charged with analysis that leads to action.

TFAC was charged with developing funding recommendations that are both innovative and realistic, and will translate into effective action to provide a long-term solution to Pennsylvania’s transportation funding needs.

In 2010, the Pennsylvania State Transportation Advisory Committee (TAC) produced a report that quantified the state's unfunded transportation needs at approximately $3.5 billion. This gap between existing and needed funding has grown slowly over the past three decades to its current amount. As such, this funding shortfall will not be corrected in a short amount of time. Funding will have to be enhanced over a period of years through various methods. Further, transportation investments take time to plan, design, and construct. In recognition of this fact, TFAC adopted a target of identifying $2.5 billion in additional resources through funding sources as well as increased efficiencies and cost savings. The target is to be achieved over a five-year period, allowing time for additional funding to come on line throughout a transition period and allowing a more gradual increase in fees.

TFAC’s work builds on previous studies and presents a recommended funding package for sustainable transportation in Pennsylvania. The following section presents a list of TFAC specific goals.

<table>
<thead>
<tr>
<th>Mode/Recipient (total)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway and Bridge</td>
<td>$460</td>
<td>$920</td>
<td>$1,070</td>
<td>$1,425</td>
<td>$1,800</td>
</tr>
<tr>
<td>Local Government</td>
<td>$60</td>
<td>$130</td>
<td>$200</td>
<td>$250</td>
<td>$300-$400</td>
</tr>
<tr>
<td>Transit</td>
<td>$200</td>
<td>$225</td>
<td>$275</td>
<td>$325</td>
<td>$300-$400</td>
</tr>
<tr>
<td><strong>Total Goal</strong></td>
<td><strong>$720</strong></td>
<td><strong>$1,275</strong></td>
<td><strong>$1,545</strong></td>
<td><strong>$2,000</strong></td>
<td><strong>$2,500</strong></td>
</tr>
</tbody>
</table>

Funding Targets in millions
(Highway/Bridge/Transit/Local)

Funding Targets in millions
(Aviation/Rail Freight/Passenger Rail)

Summary of Issues for TFAC
(based on TAC report and expert testimony)

1. Total annual user fee revenue goal: $2.5 billion by Year 5.
2. Long-term funding strategy for freight movement and vehicle user fees that is not based on fuel consumption.
3. Multimodal Freight Study to examine economic opportunity and investment needs.
5. Flexibility for local governments to adopt finance plans/invest in local/regional transportation.

6. Modernization strategies to embrace new technologies, reduce delivery costs, enhance customer service, promote provider cooperation to reduce overlap and costs, and ensure every public dollar for transportation is wisely and efficiently spent.

7. Evaluate revenue options that are user-based, provide choices for motorists where appropriate, and are inflation-sensitive.

8. Evaluate each option’s net effect on the already-stressed General Fund.

9. Estimate cost impacts to average driver.

10. Examine statewide benefits of finance plans to compare investment to taking no action in terms of transportation benefits for all modes.

The 40-member Transportation Funding Advisory Commission (TFAC) is comprised of leaders from state and local government, transit agencies, and many facets of the private sector. The diverse membership represents Pennsylvania’s varied geographical areas, rural and urban viewpoints, private and public priorities, and all modes. See the back cover for a list of TFAC members.

TFAC held five meetings in Harrisburg from April to July 2011. To inform their deliberations, TFAC received presentations from Commonwealth and national experts. Presentation topics encompassed current Pennsylvania transportation funding for each mode, systemwide metrics, transit, freight railroads, freight movement, aviation, local taxation authority, ports, intercity passenger rail, the potential of technology for the traveling public, and a General Fund forecast. TFAC also received comments from the public.

Each of these presentations provided insight on current conditions, transportation needs, and the potential for each mode if additional funding were made available. This information provided a basis for the various potential funding options TFAC considered and recommended as the funding package.

Modernization
Ideas for improving service and efficiency through strategically modernizing transportation processes, operations, infrastructure, and technology.

Recommended Funding Package
Combinations of modernization and funding options that could achieve the desired level of investment.

Decade of Investment
Investments by mode for the coming decade, benefits to Pennsylvania’s economy, PennDOT’s leadership role, and local responsibilities.

Legislative Action
Recommendations that require changes in legislation before implementation.

Follow-up Studies
Ideas that merit more thorough exploration and evaluation.
Modernization

Modernization improves customer service and reduces costs.

Evaluating what we do and how we do it, and improving technologies and processes where change makes sense, is essential to the long-term financial viability of transportation. It is also fundamental to customer service and maximizing the value of our current investment. In many cases PennDOT’s methods or technologies were implemented decades ago, under a different set of circumstances. Through rigorous evaluation, a number of modernization opportunities internal to PennDOT were identified, from business processes to management systems that will support future project decision-making.

As a result of strategic modernization, we can better meet customer needs and save money in the process—for us and our customers.

Modernization encompasses technology and administrative processes.

Most modernization options identified by TFAC involve some element of technology combined with improved processes. The graphic below illustrates how investing in the right technology—while also updating how that technology is implemented, managed, and maintained—can yield broad benefits that ultimately far outweigh the initial cost of modernization. Far-reaching benefits include a better performing transportation system, important steps toward a long-term sustainable energy policy, and cost savings at all levels.

Cohesive and cost-effective modernization will depend upon strong leadership by PennDOT as the overseer of Pennsylvania’s transportation system, and closer working relationships with all transportation partners and the private sector.

Modernization must be truly strategic—not change for change’s sake.

Our challenge was to identify and select truly strategic investments—those that save money in the long run while building strong communities, supporting economic development, and making life better for Pennsylvanians.

TFAC recommends implementation of the following modernization ideas.
Customers will save time and money with modernized driver and vehicle services.

### Driver and Vehicle Services

<table>
<thead>
<tr>
<th>Recommended by TFAC</th>
<th>Description</th>
<th>Principal Benefits</th>
</tr>
</thead>
</table>
| Implement biennial registrations | Renew vehicle registrations every two years instead of every year. | • Registration paperwork cut in half.  
• Yearly savings of $5 million (PennDOT).  
• Yearly total customer postage savings of $1.5 million. |
| Issue eight-year driver’s licenses | Make driver’s licenses valid for eight years, double the current four-year licenses. | • Convenience—customers only go to driver license centers once every eight years for a new photo and license.  
• Yearly savings of $500,000 (beginning four years after implementation).  
• Yearly total customer postage savings of $100,000. |
| Eliminate safety inspections for new vehicles | Require annual inspections only for cars more than two years old. | • New car buyers save time.  
• Statewide, owners of new vehicles save $24 million a year. |
| Consolidate driver license centers | Consolidate driver license centers to achieve greater efficiency and improve customer service. | • Driver license centers with more convenient hours.  
• Yearly cost savings of $650,000. |
| Eliminate vehicle registration stickers | Phase out the requirement to affix a registration sticker to each license plate each year. | • One less task for vehicle owners.  
• Yearly savings of $1 million (PennDOT).  
• Potential for enhancing online registration renewal. |
| Optional third party non-CDL driver’s license skill testing | Currently road tests are free and conducted by PennDOT, typically with a several-week wait to schedule. This option would allow drivers to choose to pay to take a test sooner through a private testing service, or pay PennDOT a fee to take a driver test. | • More choices to better serve customers.  
• Yearly revenue increase of $1.65 million.  
• New private sector jobs at third-party testing centers. |
| Authorize fine option in lieu of suspension for driving without insurance | Failure to maintain insurance currently results in a three-month suspension of vehicle registration. This option would allow violators to pay a $500 fine instead. | • Customers can still drive to work and be productive and independent. |
Proposed improvements to the HOP process are common sense and more fair—for PennDOT as well as the private sector.

### Traffic Control, Enforcement, & Safety

<table>
<thead>
<tr>
<th>Recommended by TFAC</th>
<th>Description</th>
<th>Principal Benefits</th>
</tr>
</thead>
</table>
| Update traffic signals to LED and optimize timing | Currently, municipalities own and maintain the state’s 14,000 traffic signals. In this option, PennDOT would oversee modernizing signals and optimizing their operation. | • Drivers can see LED lights better, improving safety.  
• Energy costs reduced by 80% for local governments.  
• Existing roadways can handle more traffic for a relatively modest investment, reducing congestion and improving air quality.  
• Faster transition statewide to consistent, updated signals. |
| Automate work zone traffic control | Installation of speed enforcement cameras in work zones could provide more hours of monitoring while reducing the assistance needed by the Pennsylvania State Police. | • Work zone speed limits would be taken seriously 24/7, reducing crashes and saving lives.  
• $2 million in savings—deployment and operation would be self-funding. |
| Install red-light-running cameras | Automated enforcement of traffic signals has proven effective in Philadelphia and other states, producing a 25% average reduction in intersection crashes. | • Intersections would be monitored around the clock, improving driver behavior and reducing crashes and fatalities.  
• Local police would not be stretched as thin. |
| Expand and update HOP permitting | Expanded use of online permit applications; aligning PennDOT fees with administrative costs. | • Streamlined application review process.  
• Costs and responsibilities would be more fairly allocated.  
• Option to pay higher fee for expedited guaranteed service within specified timeframe. |
Coordinated construction programs combining a group of similar projects—rather than hundreds of separately-executed projects—can produce results under tighter schedules and budgets.

---

**PennDOT Project Delivery**

<table>
<thead>
<tr>
<th>Recommended by TFAC</th>
<th>Description</th>
<th>Principal Benefits</th>
</tr>
</thead>
</table>
| Expand program management and outsourcing | Bundle individual projects into programs—such as rehabilitating 100 to 300 bridges at one time—and engage experienced private sector program managers to produce benefits for PennDOT as well as local governments. Continue to investigate and implement appropriate opportunities to outsource processes and services. Currently PennDOT contracts out about 74% of its workload. | • Improved project delivery.  
• Lower costs. |
| Eliminate local cost share for ADA curb ramps | When improving state highways, PennDOT would construct curb ramps compliant with the Americans with Disabilities Act at all affected cross-streets, and seek maintenance agreements with municipalities in lieu of cost-sharing. | • Cost savings to local governments ($238 million).  
• Efficient installation statewide.  
• Clear-cut maintenance responsibilities. |
| Modify review process for minor projects | PennDOT executes about 600 minor projects (such as small bridge repairs) each year. This option would streamline the required design submissions and reviews with consultants performing the work. | • Minor projects built more quickly, reducing project costs and delivering benefits sooner.  
• PennDOT scrutiny more appropriately directed toward complex projects. |
| Streamline new technology approval | Implement faster processes for testing and verifying performance of prospective materials and technologies while mitigating risk. | • A faster road to better-performing, more cost-effective projects.  
• More competition among suppliers and greater sourcing options. |
Human services transportation in Pennsylvania is financially challenged as currently organized—but we cannot allow it to fail.

### Transit

<table>
<thead>
<tr>
<th>Recommended by TFAC</th>
<th>Description</th>
<th>Principal Benefits</th>
</tr>
</thead>
</table>
| Study consolidation of small transit systems to serve regions where appropriate (shared-ride and fixed-route) | Consolidation would only be done based on the outcome of a study. The studies (conducted jointly by PennDOT and the involved transit providers) will examine regions to determine whether consolidation would reduce annual expenses. If the study outcome estimates annual savings, providers and local government would have the option of following the recommended actions or providing increased local funds to match the projected annual savings. | • $18 to $25 million in savings.  
• Customers dependent on transit do not lose this vital service.  
• Reduces pressure to increase local share of state funding. |

### Aviation

<table>
<thead>
<tr>
<th>Recommended by TFAC</th>
<th>Description</th>
<th>Principal Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update the Aviation Development Program prioritization process</td>
<td>Place greater emphasis on project readiness, including local share availability and local permitting approvals.</td>
<td>• Projects could move forward quickly if funding becomes available.</td>
</tr>
<tr>
<td>Maximize opportunities to fund aviation projects with the Aviation Restricted Account</td>
<td>Adjust charges and reimbursement methods for PennDOT Flight Services that would reduce the burden on the Aviation Restricted Account.</td>
<td>• More funding available for aviation projects.</td>
</tr>
</tbody>
</table>
| Consider aviation entitlement program with the state grant program | Guarantee funding to an annual statewide development/maintenance program for airports at a specified level year after year. | • More predictable funding levels.  
• Economies of scale.  
• Stretches available funds further for actual construction. |
With every agency stretched thin, coordination and collaboration are essential to achieving shared goals.

### Inter-Agency Coordination

<table>
<thead>
<tr>
<th>Recommended by TFAC</th>
<th>Description</th>
<th>Principal Benefits</th>
</tr>
</thead>
</table>
| **Consolidate to a Statewide Traffic Management Center** | Co-locate the traffic management operations of the Pennsylvania Emergency Management Agency, the Pennsylvania State Police, the Pennsylvania Turnpike Commission (PTC), and PennDOT into one centralized statewide facility with modernized equipment and communications technologies. | • Motorists would receive reliable, real-time 511 information.  
• The highway network would be managed as a system.  
• More efficient and effective communication and collaboration among entities. |
| **Agility agreements with PTC and local governments** | Formalize cooperation between PennDOT and local governments, as well as the PTC, through agility agreements. They facilitate joint planning, training, and materials development as well as shared use of materials and equipment and exchange of services. | • Common-sense approach to managing transportation infrastructure.  
• Cost savings for PennDOT and local governments/PTC.  
• Better roadway maintenance and service. |
| **Enhanced collaboration** | Broader collaboration among state agencies, the PTC, transportation management areas, and county and municipal governments, all with overlapping jurisdictions and goals. Efforts would align responsibilities with areas of strength, with PennDOT taking the overall lead. | • Transportation system planning, development, operation, and maintenance would be better managed.  
• Streamlined methods would be more cost-effective. |

### Examples of coordination already in place with the Pennsylvania Turnpike Commission and other agencies:

- **Design**
  - Use of same manuals and standards
  - Coordination of design disciplines
  - Use of same design criteria

- **Construction**
  - Shared specifications
  - Shared contractor prequalification
  - Coordinated training programs
  - Use of same Quality Assurance/Quality Control procedures

- **Intelligent Transportation Systems**
  - Coordinated planning - PTC and PennDOT Central Office (statewide)
  - Coordinated Traffic Management Centers
  - Consistent approach to asset management

- **Driver and Vehicle Services**
  - PennDOT/Law Enforcement workgroup
  - Coordinated motor voter program
  - Coordinated organ donor program

- **Communications/Public Relations**
  - PA 511 includes information from PTC and PennDOT
  - Coordinated communication during incidents
  - Coordinated information-sharing about projects

- **Maintenance and Operations**
  - Coordinated training programs
  - Shared specifications for maintenance equipment

- **Facilities**
  - Use of standard building design
  - Shared facilities condition assessment

- **Procurement/Purchasing**
  - PTC use of PennDOT’s sign shop

- **Shared crash data**
- **Joint Safety Task Force**

- **Examples of coordination already in place with the Pennsylvania Turnpike Commission and other agencies:**
## Energy

<table>
<thead>
<tr>
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</tr>
</thead>
</table>
| Support alternative fuels | Biodiesel, compressed natural gas (CNG), electric plug-ins, magnetic recharge, and other technologies could offer promise for the future fueling of PennDOT’s fleet and Pennsylvania’s transit vehicles, school buses, and privately-owned fleets. This would require an initial investment in vehicles, fueling stations, and service garages. | • Reduce emissions/improved air quality.  
• Potential for lower fuel costs.  
• Potential for more stable fuel sources.  
• Long-term economic benefits—job creation in Pennsylvania-based energy. |

## Finance

<table>
<thead>
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</tr>
</thead>
</table>
| Marketing and advertising within state right-of-way | State law does not allow any marketing or advertising within the state right-of-way. New options for advertising could include 511 sponsorship signs, static sponsorship advertising above variable message boards, and video sharing agreements for video from PennDOT traffic cameras. | • $5 million in new revenue for PennDOT.  
• Increased customer awareness of 511 services and congestion that will improve safety and provide better route planning. |
| Move PA’s Fuel Point of Taxation to the terminal (RACK) | The Department of Revenue currently collects motor fuel taxes at the wholesale distributor level. This option proposes imposing the liquid fuel tax at a higher point in the distribution chain, to the terminal, or “RACK.” | • $25 million in additional revenue.  
• The point of taxation would be consistent with the federal gas tax. |
| Service patrol advertising | Allowing commercial businesses to advertise on the trucks that provide service patrols in urban areas can cover the costs of this service. Currently the service is paid for directly by PennDOT. | • Save the $4.2 million per year PennDOT currently spends on this service.  
• Potentially provide increased service if additional revenue is generated. |
In developing the Recommended Funding Package, TFAC was directed to not consider:

- Raising the flat gas tax at the pump.
- Leasing the Pennsylvania Turnpike to generate revenue from a successful concession or changing the ownership structure of the Pennsylvania Turnpike.
- Assumptions of any additional non-state-controlled resources, or changes in federal assistance or federal law.

Other than these items, TFAC was encouraged to consider all options and ultimately develop the best combination of potential funding sources to produce a sustained $2.5 billion increase for transportation.

TFAC considered a host of funding options.

From its earliest work sessions, TFAC was challenged through presentations by Commonwealth and national experts to think beyond the ways transportation has traditionally been funded and to offer creative, innovative ideas. This brainstorming, as well as inclusion of recommendations from previous funding studies, generated a wide array of potential funding options.

Multiple funding packages were considered.

There is no single solution that will close the transportation funding gap. Aligning revenue with needs will require incremental funding increases from several sources, along with cost savings in many areas. This funding “package” adds up to a financially sustainable transportation future.

Promising funding options were combined into various potential packages for further evaluation. TFAC carefully weighed the collective pros and cons of each scenario.

Impacts to vehicle drivers were weighed.

We all need to pay our fair share for a quality transportation system, yet TFAC is deeply aware of the need to minimize the burden on taxpayers and vehicle owners/drivers, especially during the current economic downturn. TFAC also considered the equity of each method on all users—Commonwealth residents and out-of-state users passing through Pennsylvania. TFAC evaluated the direct and indirect impacts of each potential funding option as part of its work to narrow the array of choices into the most promising package.
**Certain funding components will require action by others.**

Many of the options considered would require changes to the Vehicle Code or other laws. In some cases, the Commonwealth legislature would have authority to advance these changes, while in other cases action would be required by other Pennsylvania or local entities. A discussion of legislative considerations is included as part of the Legislative Action section.

**Other funding components will require further study.**

Some of the funding options generated by TFAC appear quite promising, but carry with them complexities that could not be fully evaluated within the scope and schedule of TFAC’s original charge. These ideas and the nature of the envisioned studies are discussed in the Follow-up Studies section.

**TFAC recommends the following funding package.**

After extensive analysis and discussion, TFAC agreed (by vote) to support the funding package dedicated to transportation that is detailed on the following pages. This recommended funding package is achievable, delivers the necessary results, and distributes impacts fairly and realistically to all system users, both in-state residents and out-of-state drivers.

TFAC believes it is Pennsylvania’s best combination of options for aligning revenue with funding needs and achieving a long-term solution to our transportation challenges. It outlines a sustained programmatic approach that allows for long-term investment at all levels of the project development process—planning, environmental, engineering design, construction, operations, and maintenance.
### Highway/Bridge/Local/Transit

<table>
<thead>
<tr>
<th>Option Recommended by TFAC</th>
<th>Potential Increased Revenue (in millions)</th>
<th>Description/Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap and/or move State Police costs to General Fund</td>
<td>$0-$300</td>
<td>The Pennsylvania State Police (PSP) currently receive $570 million per year from the Motor License Fund. These options cap and move a portion of that amount (between $0 and $300 million per year) to the General Fund.</td>
</tr>
<tr>
<td>Increase vehicle and driver fees to inflation (3% per year going forward, phased in for commercial vehicles over 26,000 pounds)</td>
<td>$574</td>
<td>Indexes all vehicle and driver fees to the Consumer Price Index, allowing them to keep pace with overall price inflation. For example, increase the passenger vehicle registration fee from $36.00 to $49.00 and a four-year license fee from $29.50 to $34.50. Commercial vehicle registration for vehicles over 26,000 pounds will increase incrementally over the first four years.</td>
</tr>
<tr>
<td>Uncap Oil Company Franchise Tax (AWP) over five years</td>
<td>$1,361</td>
<td>The revenue is based on a fixed millage rate which is applied against the variable Average Wholesale Price (AWP) of gas and diesel, up to an AWP ceiling set by Act 32 of 1983. The actual AWP is now more than double the ceiling. Removing the ceiling would significantly increase revenue to PennDOT, municipalities, the Pennsylvania Turnpike Commission, counties, and the Department of Conservation and Natural Resources.</td>
</tr>
<tr>
<td>Restructure Act 44 - Motor License Fund decrease</td>
<td>$0 - ($200)</td>
<td>This option would be implemented in conjunction with Act 44 restructuring for transit, shown on pages 44 and 45. Act 44 contributions from the Pennsylvania Turnpike that are currently going to highways and bridges would be redirected to transit.</td>
</tr>
</tbody>
</table>

*Increasing fees to current inflation values has a nominal impact on individual consumers, but can generate significant revenue to help close the transportation funding gap.*
<table>
<thead>
<tr>
<th>Option Recommended by TFAC</th>
<th>Potential Increased Revenue (in millions)</th>
<th>Description/Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fee and Fine Increases - Motor License Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Title 75, Section 3111, increase fine by $50</td>
<td>$17</td>
<td>This would increase the traffic violation fine by $50, but would not result in points on the offender’s license.</td>
</tr>
<tr>
<td>• $100 surcharge for violations on license</td>
<td>$45</td>
<td>Levies an additional $100 on motorists for violations.</td>
</tr>
<tr>
<td>• Vehicle fees for local use</td>
<td>$110</td>
<td>Vehicle registration fees would be increased by $10, with revenue designated for local use.</td>
</tr>
<tr>
<td><strong>Modernization and Cost Savings - Motor License Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• LED traffic signals</td>
<td>$2</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Biennial registration</td>
<td>$4.7 (savings)</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Eight-year driver’s license</td>
<td>$0.47 (savings)</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Consolidate driver license centers</td>
<td>$0.65 (savings)</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Eliminate registration sticker</td>
<td>$1 (savings)</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Optional third party non-CDL driver’s license skill testing</td>
<td>$1.6</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Financial responsibility fine</td>
<td>$5.0</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Tie Highway Occupancy Permit fee to administrative review costs</td>
<td>$14</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>• Automate work zone speed enforcement</td>
<td>$2 (savings)</td>
<td>see Modernization section for description</td>
</tr>
</tbody>
</table>
### Option Recommended by TFAC

<table>
<thead>
<tr>
<th>Option</th>
<th>Potential Increased Revenue</th>
<th>Description/Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising in right-of-way</td>
<td>$5</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>Move fuel point of taxation to the terminal (RACK)</td>
<td>$25</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>Service patrol advertising</td>
<td>$4.2 (savings)</td>
<td>see Modernization section for description</td>
</tr>
<tr>
<td>Dedicate 2% of existing sales tax revenue to transit</td>
<td>$172</td>
<td>Creates a funding stream from statewide sales taxes. Options to dedicate 1% to 2% of sales tax were considered.</td>
</tr>
<tr>
<td>Increase the local transit match</td>
<td>$5.8</td>
<td>Increased local revenue will be needed to match new state funding and maintain service.</td>
</tr>
<tr>
<td>Restructure Act 44 - transit increase</td>
<td>$200</td>
<td>Act 44 contributions from the Pennsylvania Turnpike that are currently going to highways and bridges would be redirected to transit.</td>
</tr>
<tr>
<td>Small Games of Chance</td>
<td>$50</td>
<td>This option would allow licensed establishments to operate Small Games of Chance. There are 11,441 Pennsylvania taverns with active liquor licenses. The options of 25% and 50% participation by taverns were considered. At 25% participation, the tax would raise $50.2 million in revenue. At 50% participation, the tax would raise $100.4 million in revenue.</td>
</tr>
<tr>
<td>Modernization - Consolidate/regionalize transit delivery</td>
<td>$18-25</td>
<td>See Modernization section for description.</td>
</tr>
</tbody>
</table>

*The full list of funding options considered is available on [www.tfac.pa.gov](http://www.tfac.pa.gov).*
## Recommended Funding Package

### Funding Targets (in millions)

<table>
<thead>
<tr>
<th>Mode/Recipient (total)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway and Bridge Total</td>
<td>$460</td>
<td>$920</td>
<td>$1,070</td>
<td>$1,425</td>
<td>$1,800</td>
</tr>
<tr>
<td>Local Government Total</td>
<td>$60</td>
<td>$130</td>
<td>$200</td>
<td>$250</td>
<td>$300-$400</td>
</tr>
<tr>
<td>Transit Total</td>
<td>$200</td>
<td>$225</td>
<td>$275</td>
<td>$325</td>
<td>$300-$400</td>
</tr>
<tr>
<td><strong>Total Goal</strong></td>
<td><strong>$720</strong></td>
<td><strong>$1,275</strong></td>
<td><strong>$1,545</strong></td>
<td><strong>$2,000</strong></td>
<td><strong>$2,500</strong></td>
</tr>
</tbody>
</table>

**This is our goal**

**Recommended Funding Package (in millions) Highway/Bridge/Local/Transit**

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap and move $300 million of State Police costs to General Fund</td>
<td>$0</td>
<td>$17</td>
<td>$114</td>
<td>$228</td>
<td>$300</td>
</tr>
<tr>
<td>If PSP capped and not shifted to General Fund</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Increase vehicle and driver fees to inflation (3% per year going forward), phased in for commercial vehicles over 26,000 pounds.</td>
<td>$383</td>
<td>$431</td>
<td>$480</td>
<td>$532</td>
<td>$574</td>
</tr>
<tr>
<td>Fuels: Uncap Oil Company Franchise Tax (AJP) over five years</td>
<td>$272</td>
<td>$544</td>
<td>$817</td>
<td>$1,089</td>
<td>$1,361</td>
</tr>
<tr>
<td>Fee and fine increases - Motor License Fund</td>
<td>$17</td>
<td>$17</td>
<td>$62</td>
<td>$62</td>
<td>$172</td>
</tr>
<tr>
<td>Modernization and cost savings - Motor License Fund²</td>
<td>$10</td>
<td>$20</td>
<td>$30</td>
<td>$50</td>
<td>$66</td>
</tr>
<tr>
<td>Restructure Act 44 - Motor License Fund decrease</td>
<td>($200)</td>
<td>($200)</td>
<td>($200)</td>
<td>($200)</td>
<td>($200)</td>
</tr>
<tr>
<td>Restructure Act 44 - Transit increase</td>
<td>$200</td>
<td>$200</td>
<td>$200</td>
<td>$200</td>
<td>$200</td>
</tr>
<tr>
<td>Dedicate 2% of existing Sales Tax revenue to transit</td>
<td>$0</td>
<td>$22</td>
<td>$100</td>
<td>$150</td>
<td>$172</td>
</tr>
<tr>
<td>Total required Local Transit - 15% of new money, only if local option source enabled</td>
<td>$0</td>
<td>$0</td>
<td>$45</td>
<td>$52.5</td>
<td>$55.8</td>
</tr>
<tr>
<td>- Small Games of Chance (50) transit local funding</td>
<td>-</td>
<td>$39</td>
<td>$214</td>
<td>$378</td>
<td>$472</td>
</tr>
<tr>
<td>- Local Transit match - other sources</td>
<td>-</td>
<td>$22</td>
<td>$100</td>
<td>$150</td>
<td>$172</td>
</tr>
<tr>
<td>Modernization - Consolidate/ regionalize transit delivery</td>
<td>$0</td>
<td>$0</td>
<td>$5</td>
<td>$10</td>
<td>$20</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>$682</strong></td>
<td><strong>$1,051</strong></td>
<td><strong>$1,653</strong></td>
<td><strong>$2,163</strong></td>
<td><strong>$2,700</strong></td>
</tr>
</tbody>
</table>

**If PSP capped and not shifted to General Fund**

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>$682</td>
<td>$1,034</td>
<td>$1,539</td>
<td>$1,935</td>
<td>$2,400</td>
</tr>
</tbody>
</table>

**General Fund Impact**

| General Fund impact if PSP capped and not shifted to General Fund | - | $39 | $214 | $378 | $472 |
| - | $22 | $100 | $150 | $172 |

**Expected Cumulative General Fund Benefit by Year 5**

$170-$180

**These are the sources**

### Recommended Funding Summary

<table>
<thead>
<tr>
<th>Mode/Recipient (total)</th>
<th>Year 1</th>
<th>Year 2</th>
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<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway and Bridge Total</td>
<td>$413</td>
<td>$727</td>
<td>$1,116</td>
<td>$1,508</td>
<td>$1,947</td>
</tr>
<tr>
<td>Local Highway and Bridge Total</td>
<td>$69</td>
<td>$119</td>
<td>$186</td>
<td>$252</td>
<td>$325</td>
</tr>
<tr>
<td>Transit Total</td>
<td>$200</td>
<td>$222</td>
<td>$350</td>
<td>$403</td>
<td>$428</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>$682</strong></td>
<td><strong>$1,051</strong></td>
<td><strong>$1,653</strong></td>
<td><strong>$2,163</strong></td>
<td><strong>$2,700</strong></td>
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**If PSP capped and not shifted to General Fund**

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</table>

**General Fund Impact**

| General Fund impact if PSP capped and not shifted to General Fund | - | $39 | $214 | $378 | $472 |
| - | $22 | $100 | $150 | $172 |

**Expected Cumulative General Fund Benefit by Year 5**

$170-$180

**These are the sources**

This plan adds approximately $2.5 billion by Year 5 for highways, bridges, and transit. The immediate need is estimated to be $3.5 billion.
What would the recommended funding package cost a typical driver?

Drives 12,000 miles per year

Owns one passenger vehicle (doesn’t lease or rent)

Vehicle gets average miles per gallon (24 mpg in Year 1)

Buys four tires every four years

No speeding tickets or other infractions

an additional 70¢ per week in Year 1, assuming:

- Vehicle and driver fees increase to inflation
- Fuels: Uncap OCFT (AWP) over 5 years (if entire increase is passed on to the consumer)
- Fee and fine increases - Motor License Fund
- Total Additional Yearly Cost
- Additional Weekly Cost

The current weekly cost to a driver under the same assumptions is $3.80. The recommended funding package represents an 18 percent increase.

### Impacts to Typical Driver (in actual dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle and driver fees increase to inflation</td>
<td>$14</td>
<td>$16</td>
<td>$18</td>
<td>$19</td>
<td>$21</td>
</tr>
<tr>
<td>Fuels: Uncap OCFT (AWP) over 5 years (if entire increase is passed on to the consumer)</td>
<td>$22</td>
<td>$43</td>
<td>$64</td>
<td>$83</td>
<td>$101</td>
</tr>
<tr>
<td>Fee and fine increases - Motor License Fund</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$10</td>
</tr>
<tr>
<td>Total Additional Yearly Cost</td>
<td>$36</td>
<td>$59</td>
<td>$81</td>
<td>$103</td>
<td>$132</td>
</tr>
<tr>
<td>Additional Weekly Cost</td>
<td>$0.70</td>
<td>$1.14</td>
<td>$1.57</td>
<td>$1.97</td>
<td>$2.54</td>
</tr>
</tbody>
</table>

Consider what Americans typically pay for access to other networks:

- **Cable television** - expanded basic service (Source: Federal Communication Commission)
  - $7 per week in 1999
  - $12 per week in 2009
  - 79 percent increase over 10 years (approximately 8 percent per year)

- **Cell phone** (Source: J.D. Power and Associates)
  - $16 per week in 2007
  - $18 per week in 2010
  - 13 percent increase over 3 years (approximately 4 percent per year)

- **Electricity** (Source: U.S. Energy Information Administration)
  - $16 per week in 1999
  - $24 per week in 2009
  - 48 percent increase over 10 years (approximately 5 percent per year)
Recommended Intermodal Transportation Funding Package

The Recommended Funding Package presented on the previous pages details a plan for Highway, Bridge, and Transit funding for Pennsylvania. As PennDOT also oversees Aviation, the Rail Freight Assistance program, Intercity Passenger Rail, and Pennsylvania’s Ports and Waterways (in cooperation with the Pennsylvania Department of Community and Economic Development), it is imperative that TFAC identify a sustainable funding source for those modes as well. Pennsylvania’s long-term economic well-being depends on developing and sustaining a balanced, well-connected, viable transportation system spanning all modes.

Revenue generated from surcharges on moving violation traffic tickets is currently deposited into the General Fund and could be redirected into a new Intermodal Transportation Fund. This revenue could be used to support other modes.

The following table summarizes the Recommended Funding Package for Aviation, the Rail Freight Assistance program, Intercity Passenger Rail, and Pennsylvania’s Ports and Waterways as part of the Intermodal Transportation Fund.

Recommended Funding Package

**Summary** (in millions) **Aviation/Rail Freight/Passenger Rail**

<table>
<thead>
<tr>
<th>Mode/Recipient (total)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation</td>
<td>$7</td>
<td>$8</td>
<td>$9</td>
<td>$10</td>
<td>$11</td>
</tr>
<tr>
<td>Rail Freight</td>
<td>$9</td>
<td>$11</td>
<td>$13</td>
<td>$15</td>
<td>$17</td>
</tr>
<tr>
<td>Intercity Passenger Rail</td>
<td>$13.8</td>
<td>$13.8</td>
<td>$13.8</td>
<td>$13.8</td>
<td>$13.8</td>
</tr>
<tr>
<td>Other Intermodal Investment</td>
<td>$24.2</td>
<td>$21.2</td>
<td>$18.2</td>
<td>$15.2</td>
<td>$12.2</td>
</tr>
<tr>
<td><strong>Total Funding</strong>*</td>
<td><strong>$54</strong></td>
<td><strong>$54</strong></td>
<td><strong>$54</strong></td>
<td><strong>$54</strong></td>
<td><strong>$54</strong></td>
</tr>
</tbody>
</table>

*Annual total funding will be based on actual revenue generated.*

Pennsylvania’s long-term economic well-being depends on developing and sustaining a balanced, well-connected, viable transportation system spanning all modes.

Reliable, long-term funding is also needed for Aviation, Rail Freight, Intercity Passenger Rail, and Ports and Waterways.

The historic Elizabethtown Station was renovated to accommodate increasing ridership and promote downtown revitalization.
Decade of Investment

For the past decade, all transportation providers have adopted a “maintenance first” approach, aiming to fix existing infrastructure before building more highways and bridges or adding bus and train service. It is an essential focus given funding constraints, but it comes with a long-term price. Pennsylvania has been limited in its ability to add strategic capacity, which encompasses widening certain roadways and bridges, adding “missing links” to highways to improve traffic flow, and expanding transit services in potential high ridership areas. Without additional investment, only 3.7 percent of PennDOT’s Transportation Improvement Program will go to capacity-adding projects over the next four years. This affects safety, trip time, and quality of life for all Pennsylvanians and others using our transportation system. PennDOT is acutely aware that dedicated funding is required to address aging infrastructure, and provides the following 10-year vision of investing wisely in Pennsylvania.

PennDOT also recognizes that its leadership role must be expanded and enhanced, with a commitment to modernize its operations by streamlining business practices and facilitating administrative processes associated with driver licensing and vehicle registration. This will likely require the agency to take on new responsibilities, such as assistance/coordination with all providers to strengthen strategic partnerships with associated agencies.

Waiting will make it worse—and only adds to the cost for future generations.

We cannot allow transportation to deteriorate to the point where recovery is even more costly. We must bring our existing transportation infrastructure into a state of good repair, and we must catch up on desperately needed but long-deferred projects to add capacity and improve the flow of people and goods. Having a safe, reliable, secure, smooth-running transportation system is fundamental to our state and national economy and every aspect of life. Our entire population depends upon transportation, whether or not a person drives. The transportation system allows food, clothing, and materials to be shipped, school buses to carry children, transit to carry riders, emergency vehicles to respond expeditiously, and so on.
SECTION 2: Recommendations

A 10-Year Vision of Strategic Investment

PennDOT is acutely aware that dedicated funding is required to reduce the backlog of projects resulting from aging infrastructure and years of underinvestment. This commitment to modernizing and improving the transportation system will be initiated during the Decade of Investment.

The Decade of Investment will ramp up to allocate $2.5 billion by Year Five (over the base transportation improvement program). As shown in the Funding Targets table, the outlay in Year 5 by mode is envisioned to be:

- $1.8 billion for Highway and Bridge
- $300-$400 million for Transit
- $300-$400 million for Local Government
- $17 million for Rail Freight
- $14 million for Intercity Rail
- $11 million for Aviation
- $12 million for Other Intermodal Investment

Every dollar spent on infrastructure during the Decade of Investment will result in an additional 65¢ being spent in Pennsylvania. During the decade:

- 135,000 to 145,000 full-time equivalent jobs will be created and sustained. This is a 50 percent increase over the base transportation improvement program.
- $125 million to $150 million in additional sales tax will be generated (2011 dollars), an increase of 65 percent over the base transportation improvement program.
- $235 million to $260 million in additional personal income tax will be generated, an 80 percent increase over the base transportation improvement program.

Decade of Investment Infrastructure Categories

The Decade of Investment will encompass a system-wide programmatic approach to repairing and appropriately expanding the Commonwealth’s transportation infrastructure. This approach will allow for analysis of specific projects that will optimize investment in each of the categories that follow.

Safety and Intelligent Transportation Systems (ITS)

Our current level of funding for all ITS is stagnant, and will reduce PennDOT to simply maintaining the infrastructure currently in place. Real time traveler information and traffic data will not be expanded.

PennDOT will increase investment in system-wide safety enhancements, including expanded use of ITS. These enhancements will include items such as lengthening acceleration and deceleration ramps in certain locations and providing wider shoulders on roadways that were constructed decades ago. They will also include the construction and integration of traffic management and response devices such as early warning and informational message boards.

Increased funding will bring about a comprehensive ITS deployment plan. PennDOT will target improved information, technology, and situational awareness on all limited access roadways and also expand to other key arterials. This would mean traffic cameras at every interchange and the ability to have real-time traffic data for travelers. When winter conditions exist, this real-time data is critical for public safety and awareness.

Additional funding will also allow us to save lives. PennDOT has already been realizing a reduction in fatalities. Increased investment will allow PennDOT to make significant investment to address high crash locations, install cable median guiderail to prevent deadly crossover crashes, install more edge and centerline rumble strips, and to improve accident-prone intersections.

When winter conditions exist, real-time data is critical for public safety and awareness.
Our investment in bridge repair is reaching a critical juncture. If we do nothing to increase funding, PennDOT will no longer be able to maintain the level of investment to improve bridges. Within three years our SD bridge population will again begin to rise, and we will continue as worst in the nation in SD bridges. Many of our current SD bridges will go unrepaired and they will likely be weight restricted or closed. In addition, to control costs for bridges that are funded, we will be forced to detour traffic away from construction zones. Detours as long as 10 to 20 miles may be expected, and this will significantly impact many travelers in Pennsylvania.

With the Decade of Investment we will continue our current trend of significant improvements. Based on projected investments, we expect to realize a net reduction of between 150 and 200 SD bridges per year. Rebuilding and preserving our bridges with this aggressive program will maintain our bridges in a state of good repair for the safe and efficient movement of the traveling public.

### Roadway Resurfacing and Reconstruction

#### ROADWAY SPENDING

<table>
<thead>
<tr>
<th>Type</th>
<th>With TFAC</th>
<th>Without TFAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadway Reconstruction</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Roadway Resurfacing</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Oil and Chip</td>
<td>-</td>
<td>+</td>
</tr>
</tbody>
</table>

Pennsylvania experiences significant impacts from freeze-thaw cycles and the pounding our roads and bridges sustain from the significant heavy truck traffic traveling through our Keystone State.

The primary maintenance treatments are performed by PennDOT county maintenance forces. Current funding is stagnant. With the ongoing increase in asphalt prices, these county forces are no longer able to perform higher level surface treatments. This means that oil and chip sealing must be done on more and more roads to keep water from infiltrating into the pavement. Each year, PennDOT performs approximately 3,300 miles of...
Without any increase in funds, PennDOT must increase this mileage to 4,600 miles of oil and chip (a 40 percent increase) and PennDOT would limit maintenance resurfacing to 570 miles (down from 950 miles).

Currently, PennDOT improves approximately 1,750 miles per year. With the proposed funding increase, approximately 900 additional miles per year (roughly a 50 percent increase) would see real surface and rideability improvements.

**New Capacity**

Additional resources will allow for the proper study, design, and construction of strategically located new lanes, and in some cases new roadways, thereby relieving congestion and improving trip reliability. PennDOT will be able to begin reinvesting in new capacity projects after years of “maintenance first” project planning, and is committing to reduce the backlog of projects resulting from an aging infrastructure and years of underinvestment. As part of adding new capacity, PennDOT will be able to perform widening to include paved shoulders, enabling safer pedestrian and bicycle passage. With a funding increase, PennDOT will be able to leverage other funds to perform limited capacity expansion projects. Without a funding increase, PennDOT will continue its current policy of deferring new capacity projects to focus only on maintenance.

**Transit**

Pennsylvania’s public transportation system relies on numerous buses, paratransit vehicle, and rail cars to operate. Each of these has a finite service life and requires replacement in a timely fashion. Further, to attract ridership to their systems, transit agencies need additional vehicles to support new routes or expanded service.

Without the Decade of Investment, the impact on Pennsylvania’s public transportation will be:

- Aged infrastructure (100-year-old maintenance facilities, 80-year-old rail bridges, 50-year-old rail cars) will continue to age, becoming:
  - more expensive to maintain,
  - less reliable, and
  - more expensive to replace.
- Older rail infrastructure will experience speed restrictions, causing delays and or reduced service.
- Structurally deficient rail bridges will be closed, ending service on some lines.
- Aging bus fleets will result in unreliable service—higher levels of in-service breakdowns, and higher maintenance costs.
- Systems may be forced to reduce service levels commensurate with reliable vehicles, making public transportation a less viable mobility option.

By contrast, the Decade of Investment will enable transit agencies to make better use of new fuels—natural gas, hybrid electrics, etc.—to reduce emissions and lower operating costs. Increased funds will allow transit agencies to spend $35 million on buses and $3 million on paratransit vehicles, replacing approximately 134 buses and 93 paratransit vehicles that have reached the end of their service life.

The decade of investment would provide $182 million for the replacement of more than 300 commuter rail cars that were purchased in the 1960s and 1970s. Some of these rail cars have exceeded their estimated service life.
life by more than 25 years. The new cars will incorporate new safety features and will reduce maintenance costs.

An additional $130 million will be spent on rail, facility, and infrastructure improvements for transit agencies. These include rehabilitation of the more than 30 railroad bridge and tunnel structures that are in poor condition, addressing accessibility issues in 20 rail and bus stations to meet Americans with Disabilities requirements, upgrading SEPTA’s 15 traction power substations, completing track work and signal system upgrades on more than 500 miles of fixed guideways, and replacing or rehabilitating transit facilities, many of which are 50 to 100 years old.

**Rail Freight**

Pennsylvania’s freight railroads make the shipment of bulk commodities, raw materials, and finished goods more economical for the industries that use those products. Since railroad infrastructure is privately owned, small railroads, such as short line haulers, often have very little money available to fix and maintain ties, tracks, bridges, switches, and other assets.

The Decade of Investment will provide opportunities to small railroads. For example, small railroads in the Northern Tier will be able to make additional infrastructure investments to support Marcellus Shale operations. The increase in materials shipped via rail will take trucks off already congested roads.

**Aviation**

Pennsylvania airports benefit from a dedicated funding source based on a tax on jet fuel. This source is limited, however, and the current funding stream is not adequate as it only covers a quarter of the improvements necessary for a healthy system of airports. The Decade of Investment will put in place a sustainable funding source that will enable Pennsylvania airports to achieve a better state of repair.

**Ports**

Pennsylvania’s ports are an essential link in many of the products and services that affect the everyday lives of the state’s residents, such as imported consumer products and automobiles received at the Port of Philadelphia. Ports have not benefitted from a dedicated funding stream and have suffered deterioration. For example, in Pittsburgh, 66 percent of the navigation structures (locks) have exceeded their design life of 50 years, with approximately 45 percent of the structures older than 75 years. Basic maintenance has been able to keep these structures working, but breakdowns have increased. Port personnel must spend more time responding to breakdowns than performing maintenance to prevent breakdowns.

The Decade of Investment will put in place a sustainable funding source dedicated to transportation that will enable Pennsylvania ports and navigation structures to achieve a better state of repair.

**Local**

More than $300 million will be made available to support local projects. Just as PennDOT will be able to do more rehabilitation and reconstruction of their assets, local governments will also be able provide more direct support of the more than 77,500 miles of locally-owned roadway and more than 6,300 local bridges. Also, PennDOT as part of the Modernization component will provide a higher level of project delivery assistance to local governments.
These funding strategies are recommended by TFAC, but require legislative leadership and action to implement.

Legislative Action

Progressive ideas require updating our laws.

In carrying out its charge, TFAC has considered many ideas for modernizing PennDOT’s operations, creating new strategic partnerships, and generating additional revenue for transportation projects. Many of these ideas would require relatively straightforward updates to state law.

The additional recommendations that follow would also require enabling legislation to be passed through the state House of Representatives and Senate. As they are more complex topics, they will likely involve in-depth debate and committed leadership to advance toward implementation.

RECOMMENDATION: Provide enabling legislation so local governments can have the option to raise revenue to support transportation investment.

Local governments are significant partners with PennDOT in providing transportation infrastructure and services to the traveling public. Municipalities own more than 77,500 linear miles of roadway and more than 6,300 local bridges longer than 20 feet. Local governments, just like state government, are finding it increasingly difficult to pay for transportation improvement projects that are necessary to maintain a state of good repair. In some cases, municipalities have committed significant local dollars to accelerate priority projects in their area. In addition, some municipalities are paying to have transit services provided. This local funding typically comes out of a municipality’s general fund, which is funded through existing taxing authority (usually property taxes). Providing new taxation authority to local government—which could include municipal, county, or regional authorities—would broaden funding options for local transportation infrastructure needs and priorities.

RECOMMENDATION: Pass public-private partnership legislation

Public-private partnerships (PPPs) are contractual arrangements in which a private business teams with government to accelerate the maintenance, improvement, and expansion of roads, bridges, or other transportation infrastructure. The governmental entity—either state or local—owns the asset or facility, but contracts with a private entity to develop, construct, manage, operate, or finance a given project. Public-private partnerships create efficiencies, save costs, shorten construction timelines, and bring private investment into transportation.

Pennsylvania currently lacks enabling legislation to allow the state to enter into a PPP for a transportation project. Such legislation would make PPPs a viable method for project delivery and operation of transportation systems. For PPPs to be an option, there would need to be revenue generation for operations and maintenance associated with the facility (e.g., tolling, fare collection).
**LEGISLATIVE ACTION**

**SECTION 2: Recommendations**

**RECOMMENDATION: Amend Act 44 of 2007 to shift Pennsylvania Turnpike Commission payments and expand tolling authority to all interstates.**

Without tolling revenue from I-80, the funding envisioned by Act 44 has not materialized. As Act 44 only allowed for tolling of I-80, several revisions could be made to the law to address statewide transportation needs. Suggested revisions include the following:

- Direct all required Act 44 payments from the Pennsylvania Turnpike Commission exclusively to transit. By making this change, transit funding would approach the amount envisioned by Act 44. The loss of highway and bridge funding from Act 44 payments would be made up from other sources, as discussed in the Recommended Funding Package.

- Transition all Act 44 payments from the Turnpike, currently for transit operating costs, to be used as much as possible for transit capital projects. While this wouldn't change the amount of money received, if used for capital acquisitions it would reduce borrowing costs for the Pennsylvania Turnpike Commission and lessen pressure on toll increases. In addition, consider the use of a Subordinate Lien from the General Fund to improve the coverage ratio and lower the borrowing costs for the Pennsylvania Turnpike Commission.

- Enable tolling authority on interstates within Pennsylvania, with toll revenue dedicated exclusively to the corridor from which it was collected. TFAC does not recommend tolling of any interstate. However, recognizing that tolling is mileage-based rather than based on fuel consumption, and considering that federal laws could change in the future, TFAC recommends creating enabling state legislation now. The tolling operator will not be specified, thus allowing the private sector to participate if the public-private partnership law is passed. (PennDOT or the Pennsylvania Turnpike Commission could also be the operator.)
These approaches warrant a deeper look.

There are no easy answers to transportation funding, and many options are exceedingly complex. TFAC believes the following items merit detailed investigation through dedicated studies, and may perhaps become important factors in future transportation funding scenarios.

**RECOMMENDATION: Determine the feasibility of alternative highway funding for Pennsylvania**

As has been described earlier in this report, the current fuel tax levied on gasoline and diesel has produced declining revenue per vehicle over the years as vehicles have become more fuel efficient. As a result, it is important that Pennsylvania transition to a new method of revenue generation for highway funding. Therefore, Pennsylvania should undertake a detailed study of the benefit, concerns, and feasibility of a variety of different highway funding options for Pennsylvania.

Fairness in evaluating these issues is important so that users will be charged equally based on their usage. Options evaluated will include both usage-based charges and energy-based charges. Usage-based charges could include items such as expanded tolling, logistics fees, freight charges, and vehicle miles traveled (VMT) fees. Energy-based charges that are evaluated will have to take into account the fact that vehicles will increasingly use a variety of fuels for power, such as natural gas, hydrogen, electricity, and others, and no matter how they are powered, vehicles will become more efficient over time, requiring the use of an inflation factor.

All options must be evaluated with the knowledge that any funding stream tied to new fuels or infrastructure usage will need to be flexible and adaptable in implementation. Ongoing exploration of this topic should be done in collaboration with the American Association of State Highway and Transportation Officials (AASHTO), the Transportation Research Board (TRB), and the Federal Highway Administration (FHWA).

**RECOMMENDATION: Develop a comprehensive Commonwealth Freight Movement Plan**

Freight accounts for a significant share of transportation movements throughout the Commonwealth, particularly on our highways. As of 2009, nearly 27 percent of vehicle miles traveled on Pennsylvania highways were dedicated to goods movement. The improvements to freight logistics and infrastructure help the transportation system work better for all users.
FOLLOW-UP STUDIES

The Port of Philadelphia—and its highway and rail connections—will be expected to handle more and more freight as demand grows in the Northeast.

The widening of the Panama Canal raises the stakes for ports and goods movement in Pennsylvania.

Regional freight movement studies have been completed in several areas of the state, but no comprehensive, Commonwealth-wide freight movement study for rail freight and trucks has ever been undertaken. A statewide study would consider all modes, including capacity enhancements such as the use of longer combination vehicles. The study would quantify needs, prioritize projects, identify potential sources of funding for necessary investments, and quantify the economic opportunity (job creation) of this critical facet of Pennsylvania’s transportation system. The resulting targeted improvements in freight logistics and infrastructure will lead to increasing the speed and efficiency with which freight moves into, out of, and through the state—ultimately benefitting our economy and all transportation flow.

RECOMMENDATION: Research opportunities to avoid delays due to utility relocation for roadway improvement projects.

Roadway improvement projects often involve relocation of utilities such as above-ground electrical wires, telephone wires, and their associated utility poles. In addition, subsurface utilities, including gas, electric, and communication lines and municipal water and sewer authorities, must also be moved clear of a roadway or intersection expansion. Utility relocation is to be performed by the utility company either before construction or in the earliest construction phases. Delays in utility relocation can hold up the start of construction and threaten the overall schedule and budget, adding costs and inconvenience for taxpayers and motorists.

This study will review the current utility relocation process and the policies, regulations, and laws by which it is governed. It will make recommendations for accelerating utility relocation and will include supporting legal and regulatory changes.

The volume of freight handled by the state and nation’s highways, rail systems, ports, and airports has increased rapidly, and freight forecasts call for exponential growth in the near future. Pennsylvania’s freight network is required to support existing shippers and to attract new ones to the state. The widening of the Panama Canal raises the stakes. It will stimulate increased use of very large container ships, which require greater harbor depths and clearance under bridges. The Delaware River is in need of dredging the main channel to help prepare the Port of Philadelphia. East Coast ports, including the Port of Philadelphia, are expected to handle much greater volumes of cargo.

In addition to the Port of Philadelphia, significant port operations are located at Pittsburgh, Erie, Marcus Hook, Penn Manor (Bucks), and Chester. They have not benefited from consistent, dedicated state funding for their operation and improvement. As a result, many maintenance and upgrade projects have been deferred. Port needs, however, can only be delayed so long before they threaten the very operation of the port itself.
WHEREAS, The Commonwealth of Pennsylvania manages nearly 40,000 miles of roads and more than 25,000 bridges, which are components of the transportation system that are vital to the economic well being of Pennsylvania; and

WHEREAS, the local governments of Pennsylvania manage over 77,000 miles of roads, more than 6,400 locally owned bridges and 14,000 traffic signals, while facing significant funding challenges for the maintenance of their systems; and

WHEREAS, the commonwealth’s 38 fixed transit route operators, which provide more than 400 million rides annually to the people of Pennsylvania, face the daunting challenge of meeting both operating and capital costs and, in order to sustain these critical operations, urgently need a stable and vibrant funding source; and

WHEREAS, Pennsylvania has aggressively assisted private sector operators in enhancing their systems, since effective use of rail freight corridors significantly eases congestion, especially on interstates, yet operators continue to need and seek support from state and federal governments for stronger public-private partnerships to further enhance rail freight; and

WHEREAS, there are more than 400 public and private use airports in Pennsylvania that support the movement of goods and people; and

WHEREAS, revenues from the Motor License Fund have lagged behind the significant rates of inflation in materials and construction costs needed to keep the road and bridge systems in a state of good repair; and

WHEREAS, in 2010, despite added initiatives aimed at restoring the bridge system, Pennsylvania ranked highest in the country for structurally deficient bridges, with more than 5,000 bridges so classified and an average bridge age in excess of 50 years, the same age as the design life of the bridge; and

WHEREAS, roughly 7,000 miles of pavement remain in poor condition and need immediate attention; and

WHEREAS, the Transportation Advisory Committee identified a $3.5 billion gap in transportation funding; and

WHEREAS, many regions of the commonwealth have capacity expansion demands or critically needed connection improvements; and

WHEREAS, the commonwealth has a responsibility to ensure a transportation system that supports the quality of life of its citizens, including a robust economy; and

WHEREAS, the safety of drivers depends on a properly maintained and updated transportation system; and

WHEREAS, it is in the interest of the commonwealth that transportation be properly funded so as to maintain strong connections with economic and community development and that the funding be sustainable and effectively address system priorities; and

WHEREAS, it has been determined that the Governor and the commonwealth would benefit from the advice and counsel of an official advisory commission comprised of key stakeholders, including experts from the transportation industry, environmental community, business community, energy community, and local government representatives.

NOW, THEREFORE, I, Tom Corbett, Governor of the Commonwealth of Pennsylvania, by virtue of the authority vested in me by the Constitution of the Commonwealth of Pennsylvania and other laws, do hereby establish the Governor’s Transportation Funding Advisory Commission (hereinafter referred to as the "Commission") as hereinafter set forth.

1. Purpose. The Commission shall develop a comprehensive, strategic proposal for addressing the transportation funding needs of Pennsylvania.

2. Responsibilities. The Commission shall:

   a. Study and prepare a comprehensive listing of potential revenue sources available for current and future funding of transportation in the commonwealth for all modes of transportation. The funding sources must be reliable, dedicated, inflation sensitive and adaptive to changing environmental factors;

   b. Provide interim reporting to the Governor, as determined to be appropriate by the Commission chair, as well as a Final Report, due on or before August 1, 2011;

   c. Convene its first meeting no later than April 25, 2011, with subsequent meetings as determined by members of the Commission. A simple majority of the members shall constitute a quorum; and
d. Adopt rules of procedure consistent with the provisions of this Executive Order.

3. Composition of the Commission. The Commission shall consist of the following members:
   
   a. The Secretary of Transportation, who shall serve as Chair of the Commission; and
   
   b. A minimum of 30 and a maximum of 40 appointees, representing, *inter alia*, the interests of all transportation modes, environmental, energy, industry, local and state government, who shall be chosen by and serve at the pleasure of the Governor.

4. Terms of Membership. The members of the Commission shall serve from the date of their appointment by the Governor until August 1, 2011 or their removal from the Commission by the Governor, whichever occurs first. The Governor may fill vacancies that may occur and may remove any member from the Commission at his discretion.

5. Compensation. Members of the Commission will receive no compensation for their service as Commission members. Non-government members will be reimbursed for travel and related expenses in accordance with the commonwealth policy.

6. Staffing. The Department of Transportation shall provide administrative staff resources to support the Commission.

7. Cooperation by State Agencies. All agencies under the Governor’s jurisdiction shall cooperate with and provide assistance and support as needed by the Commission to carry out its functions effectively.

8. Reports. In addition to the interim recommendations described above, the Commission shall submit to the Governor a final report on the Commission’s activities on or before August 1, 2011.

9. Effective Date. This Executive Order shall take effect immediately.

10. Termination Date. This Executive Order shall remain in effect until August 1, 2011.
Chair
The Honorable Barry Schoch, P.E.
Secretary
PA Department of Transportation

Ms. Courtney Accurti
Director of Communications
PA State Association of Boroughs

Ms. Janet Anderson
Executive Director
Northwest PA Regional Planning and Development Commission

Mr. Richard Barcaskey
Executive Director
Constructors Association of Western PA

Mr. John Brenner
Director of Development
PA League of Cities and Municipalities

Mr. Tom Caramanico
Chief Executive Officer
McCormick Taylor, Inc.

Mr. J. Randolph Cheetham
Regional Vice President
CSX Transportation, Inc.

Mr. James Decker
Supervisor
Stroud Township

The Honorable Joseph DeMott, Jr.
Commissioner
McKean County

Mr. Richard Farr
Executive Director
York County Transportation Authority

Ms. Elaine Farrell
Executive Director
PA Bus Association

Mr. Mike Fesen
Resident Vice President
Norfolk Southern

Mr. Michael Flanagan
President & Chief Executive Officer
Clinton County Economic Partnership

Mr. Christopher Gleason
President & Chief Executive Officer
Gleason Financial

Mr. Patrick Henderson
Energy Executive
Office of the Governor

Mr. Elam Herr
Assistant Executive Director
PA State Association of Township Supervisors

Mr. Dale High
Chairman
High Industries, Inc.

Mr. Kevin Johnson
Board Member/President
SEPTA/Traffic Planning & Design, Inc.

Mr. Bob Kinsley
Chairman/Chief Executive Officer
Kinsley Construction Company

The Honorable Michael Krancer
Secretary
PA Department of Environmental Protection

Mr. Bob Latham
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Mr. Frederick LaVancher
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Mr. Hugh Mose
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Mr. A. Ross Myers
Chief Executive Officer
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The Honorable Tim Reddinger
Commissioner
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Ms. Carol Rein
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President
PA Motor Truck Association

Mr. Robert Shaffer
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DuBois Regional Airport

Mr. Craig Shuey
Chief Operating Officer
PA Turnpike Commission

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SEDA-COG Joint Rail Authority

The Honorable C. Alan Walker
Secretary
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Mr. Robert Wonderling
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