

COMMITTEES

JUDICIARY, CHAIRMAN  
MAJORITY POLICY COMMITTEE



House of Representatives  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

PUBLIC HEARING

ON HB 2329

Wednesday, August 12, 1992  
140, Main Capitol Building  
1:00 P.M.

The Honorable Thomas R. Caltagirone  
Committee Chairman  
Opening Remarks

Mr. Robert Kassoway, Committee Executive Director to  
Hon. Fred Trello, Bill Prim-sponsor

Mr. Parker Williams  
Deputy Secretary for Administration  
PA Department of Transportation

Ms Elizabeth Voras  
Pennsylvania Turnpike

Mr. John D. Fogarty  
Chief Financial Officer  
Pennsylvania Turnpike

Mr. Jeff Garrett  
Michael Baker Engineering Company

## **PENNSYLVANIA TURNPIKE MAINTENANCE AND OPERATING EXPENSES**

### **TRUST INDENTURE:**

- Agreement between Trustee and Commission which defines duties and responsibilities in order to protect interest of bondholders.
- Current indenture dated 1986, with supplements thereto, updated with bond issue for capital improvements program.

### **DESCRIPTION AND FLOW OF FUNDS:**

- Revenue Fund - toll revenues and other income.
- Operating Account - operating expenses (budget).
- Debt Service Fund - fund for repayment of debt service of various bond issues.
- Reserve Maintenance Fund (RMF) - maintenance and repair of System, in amount as recommended each year by Consulting Engineer, based on annual inspection. Typical uses -- roadway resurfacing, bridge replacement/rehabilitation, interchange expansions, service plaza improvements, tunnel rehabilitation, and maintenance equipment.
- Other Reserve Funds - e.g., Self-Insurance
- General Reserve Fund - similar uses to RMF, but more discretionary.
- Construction Fund - proceeds from bond issues, used to fund expansions/major capital improvements.
- Indenture imposes covenants regarding tolls such that revenues are sufficient to meet fund obligations.

### **RESPONSIBILITIES OF CONSULTING ENGINEER:**

- Approve all plans and specs for projects undertaken by Commission.
- Provide construction overview.
- Approve investments.
- Along with Insurance Consultant, recommend insurance coverage.
- In conjunction with Traffic Engineer, recommend tolls in line with estimated revenue.
- Perform an annual inspection of the entire System and prepare a report with recommendations regarding repairs and improvements.

## **HISTORY OF RMF EXPENSES:**

- 10-Year Summary of Expenses (Attachment No. 1)
- FY 83 - \$37 million
- FY 92 - \$90 million
- Significant improvements made to System in recent past and ongoing -- for safety and other considerations.
  - SNAP (Sonic Nap Alert Pattern)
  - High Concrete Median Barrier
  - Elimination of crossovers
  - Call Boxes
  - Tandem Toll Booths - increase throughput at interchanges
  - Major service plaza expansion - total cost \$50 million, PTC share \$30 million
  - Communication system replacement - estimate \$12 million

## **PROJECTED RMF EXPENSES:**

- Summary of expenses - next three years (Attachment No. 2)
- Breakdown of proposed expenses (Attachment No. 3)
- Long-term projections -- incremental increases

The following table shows the Commission's expenditures over the last ten years from the Reserve Maintenance Fund.

**Ten Year Summary of Reserve Maintenance Fund Operations**

Years ended May 31	Beginning Balance	Transfers from Other Funds		Proceeds From Sale of Land and Equipment and Other	Interest Collected on Investments	Total	Transfers to Other Funds		Unusual Maintenance and Repairs Replacement of Equipment and Major Renewal Programs(1)	Total	Ending Balance
		Intrafund	Interfund				Intrafund	Interfund			
1983	\$93,720,677	\$40,650,176		\$98,112	\$8,934,119	\$49,682,407			\$36,938,941	\$36,938,941	\$106,464,143
1984	106,464,143	44,158,353		145,214	11,697,741	56,001,308			61,423,266	61,423,266	101,042,185
1985	101,042,185	48,891,711		97,274	10,572,410	59,561,395			42,425,161	42,425,161	118,178,419
1986	118,178,419	56,208,039		116,508	9,859,014	66,183,561	\$1,529,121		45,392,681	46,921,802	137,440,178
1987	137,440,178	55,991,919		159,231	8,781,520	64,932,670			50,330,529	50,330,529	152,042,319
1988	152,042,319	59,307,393		51,283	10,691,064	70,049,740			54,391,368	54,391,368	167,700,691
1989	167,700,691	60,461,244		468,952	14,870,709	75,800,905			60,752,128	60,752,128	182,749,468
1990	182,749,468	82,332,000		129,125	17,263,079	99,724,204			67,184,421	67,184,421	215,289,251
1991	215,289,251	79,100,004		106,944	18,034,859	97,241,807			86,699,183	86,699,183	225,831,875
1992(2)											

NOTE: Due to rounding, totals may vary from audited statements.

- (1) Monies have been expended from the Reserve Maintenance Fund for roadway reconstruction, resurfacing, interchange relocation, alterations and expansions, and bridge repairs. The Commission reports that approximately 400 miles of road have been reconstructed or resurfaced between 1983 and 1992 at a cost of approximately \$270,000,000.
- (2) Unaudited results.

ATTACHMENT NO. 2

CURRENT RMF STATUS

RMF Balance End FY 92 (05/31/92)

\$225,789,825

PROJECTED RMF STATUS (\$000)

FISCAL YEAR	BEGINNING BALANCE	TRANSFERS*	EXPENDITURES	ENDING BALANCE
FY 93 (Beg. 6-1-92)	\$225,800	\$90,000	\$125,000	\$190,800
FY 94 (Beg. 6-1-93)	190,800	90,000	125,000	155,800
FY 95 (Beg. 6-1-94)	155,800	85,000	125,000	115,800

\*Includes interest earnings.

ATTACHMENT NO. 3

SUMMARY  
PROJECTED RMF EXPENDITURES (\$000)

TYPE OF PROJECT	FY 92	FY 93	FY 94	FY 95
Resurfacing	\$50,000	\$50,000	\$50,000	\$60,000
Bridge Replace./Rehab.	25,000	44,000	39,000	35,000
Service Plazas/Facilities	2,000	7,000	7,000	7,000
Interchanges	4,000	10,000	14,000	14,000
Maintenance Equipment	4,000	4,000	4,000	4,000
Tunnels	1,000	7,000	8,000	2,000
Other	4,000	3,000	3,000	3,000
<b>TOTALS</b>	<b>\$90,000</b>	<b>\$125,000</b>	<b>\$125,000</b>	<b>\$125,000</b>

Resurfacing - Miles to be resurfaced each year.

FY 92 - 42 miles  
FY 93 - 49 miles  
FY 94 - 51 miles  
FY 95 - 48 miles

Bridges - Number to be replaced/rehabilitated each year\*

FY 92 - 26 bridges  
FY 93 - 44 bridges  
FY 94 - 39 bridges  
FY 95 - 14 bridges

\* Includes partial work on bridges each year. FY 95 only includes work currently programmed. Additional work to be added to this and subsequent years.