

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
APPROPRIATIONS COMMITTEE HEARING
BUDGET HEARING

STATE CAPITOL
MAJORITY CAUCUS ROOM
HARRISBURG, PENNSYLVANIA

WEDNESDAY, FEBRUARY 27, 2008, 9:00 A.M.

VOLUME I OF IV

PRESENTATION ON
PENNSYLVANIA DEPARTMENT OF TRANSPORTATION

BEFORE:

HONORABLE DWIGHT EVANS, CHAIRMAN
HONORABLE MARIO J. CIVERA, JR., CHAIRMAN
HONORABLE STEPHEN E. BARRAR
HONORABLE H. SCOTT CONKLIN
HONORABLE CRAIG A. DALLY
HONORABLE GORDON R. DENLINGER
HONORABLE BRIAN ELLIS
HONORABLE DAN B. FRANKEL
HONORABLE JOHN T. GALLOWAY
HONORABLE WILLIAM F. KELLER
HONORABLE THADDEUS KIRKLAND
HONORABLE BRYAN R. LENTZ
HONORABLE TIM MAHONEY
HONORABLE KATHY M. MANDERINO
HONORABLE MICHAEL P. MCGEEHAN
HONORABLE FRED MCILHATTAN
HONORABLE DAVID R. MILLARD
HONORABLE RON MILLER
HONORABLE JOHN MYERS
HONORABLE CHERELLE PARKER
HONORABLE JOSEPH A. PETRARCA

1 BEFORE (cont'd.):

HONORABLE SCOTT A. PETRI

2 HONORABLE DAVE REED

HONORABLE DOUGLAS G. REICHLEY

3 HONORABLE DANTE SANTONI, JR.

HONORABLE MARIO M. SCAVELLO

4 HONORABLE JOHN SIPTROTH

HONORABLE MATTHEW SMITH

5 HONORABLE KATIE TRUE

HONORABLE GREGORY S. VITALI

6 HONORABLE DON WALKO

HONORABLE JAKE WHEATLEY, JR.

7

8 ALSO PRESENT:

MIRIAM FOX

9 EDWARD NOLAN

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DEBRA B. MILLER
REPORTER

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SECRETARY ALLEN D. BIEHLER, P.E.

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1 CHAIRMAN EVANS: It is now 9 o'clock. The
2 House Appropriations Committee will now convene.

3 Good morning, Mr. Secretary.

4 SECRETARY BIEHLER: Good morning.

5 CHAIRMAN EVANS: We have the Secretary of
6 Transportation that is before us. It will be a very
7 exciting morning -- very exciting. We look forward
8 to the Transportation Secretary.

9 And this is a joint effort. The chairs of
10 the Transportation Committee are also here,
11 Representative Chairman Joe Markosek, and Chairman
12 Richard Geist who is also here. Rick Geist is also
13 here. I think the Chairman is there, and Chairman
14 Geist, I think I saw him. He is on the other side.
15 So we are doing this as a joint effort with the
16 Transportation Committee and the Appropriations
17 Committee.

18 And you know, Mr. Secretary, what we do is
19 kind of go directly to questions rather than get into
20 any kind of testimony, and I will start off with the
21 first question.

22 The Governor in his budget address also
23 talked about economic stimulus, and he talked about
24 the acceleration, I think of like \$700 million around
25 bridges, roads, and things like that. Can you talk a

1 little bit about the benefit of that economic
2 stimulus program, considering that we are in a
3 recession. As a matter of fact, I even read or heard
4 this morning that Alan Greenspan said that he thinks
5 it is going to be deeper than what most people
6 anticipated.

7 Can you talk about the role that the
8 Transportation Department will play in the economic
9 stimulus program, talk specifically---

10 SECRETARY BIEHLER: Sure.

11 CHAIRMAN EVANS: ---and what that will mean?

12 SECRETARY BIEHLER: Yes; I would be happy
13 to.

14 Let me just mention four areas that are
15 related to that issue. One is acceleration of our
16 bridge repair and replacement program, which is
17 projected at \$200 million in additional funds each
18 year through bond financing. So over the next 3
19 years, that is \$600 million.

20 Second is our rail freight infrastructure
21 program, and that is where the Commonwealth, it has
22 had for quite some time a grant program, but in this
23 particular case, our grant program on the capital
24 side for rail freight has been \$20 million a year.
25 The Governor has proposed that that be increased to

1 \$30 million over the next 3 years, meaning \$10
2 million more each of 3 years, for a total of \$30
3 million more.

4 Next is, in the case of aviation, again the
5 Commonwealth has had a longstanding grant program at
6 around \$5 million a year to help our airports,
7 private and public airports, make infrastructure
8 investments. The Governor has recommended increasing
9 the \$5 million capital program to \$10 million each
10 year, again, \$5 million per year for the next 3, for
11 a total of \$15 million.

12 And then finally, PENNDOT has had, since the
13 nineties, something called the Pennsylvania
14 Infrastructure Bank, and what that is, it is a loan
15 program, and that loan program helps municipalities
16 and authorities and others to avail themselves of
17 low-interest loans to help infrastructure
18 investments.

19 Now, you asked the question, how does that
20 affect the economy? All four of those programs end
21 up very quickly into capital improvements and
22 construction, the construction industry, and in
23 general there is a pretty, you know, there is a very
24 direct result in not only direct jobs but also
25 spin-off jobs.

1 There is a multiplier that is used in the
2 highway and bridge industry that says for every
3 billion dollars, you end up generating 47,000 jobs,
4 and that is a pretty standard number that has been
5 used. So in the case of our bridge program, if it is
6 \$600 million, if that is approved by the Legislature,
7 you can take six-tenths of 47,000 jobs and so on.
8 And these are projects which, whether it is a bridge
9 job or whether it is an aviation improvement or a
10 rail freight improvement, these are projects that can
11 go and that can be put into construction in a
12 relatively short period of time, relatively being
13 depending upon which of the industries we are talking
14 about, I'm going to guess probably 6 to 12 months.
15 In the case of the bridge program, it is a 3-year
16 program, so it will take a bit of time. But we would
17 certainly see results even in the bridge program as
18 soon as this year.

19 CHAIRMAN EVANS: Can you talk a little bit
20 about the status of our bridge situation?

21 SECRETARY BIEHLER: Sure.

22 CHAIRMAN EVANS: You know, obviously, I
23 think it was last summer, with what occurred in
24 Minnesota, what is the status of our bridge
25 situation?

1 SECRETARY BIEHLER: Yes. Unfortunately,
2 Pennsylvania has had a long, long history of
3 difficult problems with its bridges for a couple of
4 primary reasons. One is that there are just simply
5 so many, and secondly, it has been the age of these
6 structures.

7 We have 25,000 bridges that the Commonwealth
8 owns. In addition, there are a number of bridges,
9 obviously, that the local systems own, but I'll just
10 concentrate on State-owned bridges, and we have about
11 23 percent in number of those bridges that are
12 structurally deficient. We have 5,935 bridges as of
13 our last count in January of structurally deficient
14 bridges.

15 That is a number that is the highest, if not
16 the highest one in the United States, and we simply
17 have to deal with it. Our structures are now on
18 average 50 years old, and we have quite a group that
19 is over 50 years old. Generally, and in previous
20 time frames, bridges were designed to be about 50
21 years old, so it is not surprising that those that
22 are now that age have, frankly, mostly utilized their
23 useful life.

24 Now, there have been some rehabilitations on
25 some structures over time, but the bottom line is,

1 where we are now is we have this very difficult
2 backlog that we simply must deal with.

3 Another interesting fact that sometimes you
4 don't realize is this: In the last 5 years, the CPI
5 has increased in total around 14 or 15 percent. It
6 is a little under 3 percent. The Construction Cost
7 Index, which is another index that PENNDOT watches
8 carefully, which is related to some maintenance
9 costs, has increased by about 20 percent. But the
10 real kicker in our business is something called the
11 Bid Price Index, and that is the cost of heavy
12 highway and construction costs, and believe it or
13 not, that has increased in 5 years 62.7 percent. We
14 have never, ever seen numbers like that in our whole
15 history.

16 In fact, if you go back 15 years, you will
17 see numbers where those numbers will increase 1 or 2
18 percent kind of on average, occasionally. This 62
19 percent is over 12 1/2 percent on average over the
20 last 5 years, and no wonder it has helped to magnify
21 the difficulty that we face in our business as we try
22 to balance our budgets.

23 So that is, unfortunately, at work, no
24 matter whether we are talking about highway
25 improvements or whether we are talking about bridge

1 improvements, and so it really causes us to want to
2 think differently and revise our approach to the
3 whole business.

4 So perhaps that is some additional
5 information that is helpful.

6 CHAIRMAN EVANS: Chairman Civera.

7 CHAIRMAN CIVERA: Thank you, Mr. Chairman.
8 Welcome, Mr. Secretary.

9 SECRETARY BIEHLER: Thank you.

10 CHAIRMAN CIVERA: Mr. Secretary, yesterday
11 we had PHEAA in, and they gave us quite a descriptive
12 financial situation of what is going on with the bond
13 market, not only with education but as well as
14 everything else in our national economy.

15 In order to do some of the programs that the
16 Governor has outlined in his budget in the economic
17 stimulus plan and what you are attempting to outline
18 for us today, that market, because the bond market
19 and what we had seen yesterday, and it was very
20 illustrated that we have some serious financial
21 effects because of the market being so poor, how does
22 that relate to the bridge program and everything else
23 that PENNDOT has to deal with, because it is a
24 financial situation. Could you give us some--- Is
25 it going to cost us more money? Are we going to pay

1 higher interest rates? Could you give us some kind
2 of an idea of what you are up against.

3 SECRETARY BIEHLER: Yes, sir, and thanks for
4 the question, because, boy, I think it was only 2 or
5 3 years ago -- in fact, this is probably the same
6 forum we were talking about, bond financing -- for
7 folks who either have been at PENNDOT for a long time
8 or who know about PENNDOT's history, it is like
9 touching a hot pan, so we are very, very cautious in
10 the business of bond financing.

11 In fact, there was a time in PENNDOT's
12 history that we were over 20-some percent of
13 PENNDOT's revenue that was going to pay bond
14 financing, and it crippled our ability to maintain
15 the rest of the system. So thanks for the question.

16 The answer is as follows: Based on our work
17 with the Budget Office, we are estimating that this
18 borrowing program has been proposed, because we
19 looked at it as if, and we were borrowing \$200
20 million for as long as 10 years straight to
21 understand the impacts of that and also to see how we
22 could help accelerate the repair of our structures,
23 and so we looked at it as if we were borrowing \$2
24 billion stretched out over 10 years, and we looked at
25 it, assuming that the bond rate was around 5 percent,

1 based upon what the Budget Office has projected for
2 us, and I'm not an expert on bond financing, but that
3 was their estimate that they felt was likely. Now,
4 when you are borrowing at 5 percent, you are
5 actually, obviously over time, paying the equivalent
6 of a dollar 60 for every dollar you borrow. So now
7 as you go out over time, you need to understand what
8 that relationship looks like, and it is a couple of
9 things.

10 Number one, is there a source of money that
11 you can use to pay it off, and we think the answer to
12 that is yes, because there is something called the
13 Bridge Restricted Account that already exists that
14 amounts to \$180 million, \$179 or \$180 million, and
15 that grows slowly with our normal revenue. So that
16 is number one. So I guess what I am saying is, over
17 10 years, if you borrowed that much money over 10
18 years, you would ultimately get to a point where you
19 are paying off in debt service \$160 million if you
20 went to the full extent.

21 So let's assume that you went to the full
22 extent. So the question is, what rate of inflation
23 are you trying to beat to be able to have this be a
24 smart investment, and our folks tell us that that
25 number is around 5.3 percent. So in other words, if

1 you tried to ignore your bridge problem and waited
2 for 10 to 20 years to deal with it, what will the
3 cost of those improvements be and what would the cost
4 of money be and so on? The best information that I
5 have gotten, because I have done my part to research,
6 at least in the construction industry, what folks
7 think the continuing inflation rate is going to be,
8 and it has been at 12 or over 12 percent in the last
9 few years. I can't imagine it is going to continue
10 at that rate. However, the best information that I
11 have been able to get from the American Association
12 of State Highway and Transportation Officials, also
13 with another source, from the Associated General
14 Contractors, the national organization and their
15 economists, they believe that we are on an
16 unfortunate ride of 6 to 7 percent a year, at least
17 for the next 10 years, and they can't really predict
18 beyond that.

19 That being the case, it is my judgment that
20 we will see costs increase well above the cost of
21 bond financing, because not only will inflation take
22 us there and the cost of the Bid Price Index take us
23 there, but there is a more insidious issue, and that
24 is the status of our structures.

25 We have got, as I mentioned, we have got

1 5,900 structures that are structurally deficient, and
2 if you look at kind of a deterioration curve, and
3 this is probably pretty important to your question,
4 if we can catch as much of these structures as
5 possible before they get onto the steepest slope of
6 the curve and be able to either replace and/or
7 rehabilitate these structures, we in effect push
8 these things back up and catch them before they go
9 into such deterioration that we have to replace them
10 all.

11 If we have to replace structures instead of
12 rehabbing them, it is probably two to three times the
13 cost. So all of a sudden this relationship of trying
14 to find something that is a little over 5 percent as
15 our mark will be, I believe, exceeded many times
16 fold, and therefore, in fact it is a good solid
17 investment.

18 There is one other thing that I ought to
19 point out, because as I say, at least for the folks
20 within the department who have struggled with these
21 issues for years and climbed out of the very
22 difficult hole of the seventies of having horrible
23 bond debt and never want to go there again, I have
24 taken a look at what the bond debt projection would
25 be if we went out for, in fact went through with a

1 borrowing as much as I described, not just for 3
2 years but in fact went to 10 years, and at that point
3 the projection is that we would be paying something
4 just under 4 percent of the revenue projected to come
5 in the front door in bond debt -- and I would be
6 happy to provide some charts if it would be useful
7 for the committee to see some of that -- as opposed
8 to the time when it was out of control when we were
9 at 23 percent.

10 So we tried to look at it, Mr. Chairman, in
11 a number of different ways to try to make sure that
12 this is a solid investment and business decision, and
13 I think we have tried to check the boxes off and say,
14 yes, that is the case, and that we just absolutely
15 got to make progress on our bridge program.

16 Thank you.

17 CHAIRMAN EVANS: Chairman Joe Markosek.

18 REPRESENTATIVE MARKOSEK: Thank you,
19 Chairman Evans, and thank you, Chairman Civera, for
20 the opportunity to speak here today.

21 Mr. Secretary, we have had many, many
22 conversations, you and I and our Transportation
23 Committee and Chairman Geist, et cetera, about the
24 really drastic problems that we have in Pennsylvania.
25 I think a year ago we sat here and said basically the

1 same thing, about how critical our road and bridge
2 problem really is and how it really has not sunk in
3 to the public the way it should. And in spite of
4 having several bridges collapse and making a lot of
5 newsworthy items, I think the public still
6 understands the problem but does not want to deal
7 with the solutions.

8 We have had a situation in Pennsylvania the
9 last 10, 15 years whereby the various administrations
10 as well as the Legislature as well as the Federal
11 government have really not done their entire job in
12 funding our road and bridge program here in
13 Pennsylvania. And we are an old State; we have a lot
14 of aging infrastructure. You and I know the details,
15 and I'm not going to go into them here for everybody,
16 but we need to do something.

17 Governor Rendell this year in his budget
18 address announced a plan to provide \$200 million per
19 year for the next 5 years, I believe, in new
20 borrowing for our road and bridge program. The
21 funding stream for that, under his recommendation,
22 would be from the Motor License Fund, and I think in
23 conversations that you and I have had, you estimated
24 that in order to pay off that \$200 million a year in
25 new borrowing, it would cost the Motor License Fund

1 about \$17 million per year, give or take a million
2 here or there, I suppose.

3 But my question to you is, with the problems
4 that we have, the massive problems that we have with
5 infrastructure, and certainly the necessity for that
6 new \$200 million a year that could be dedicated to
7 our road and bridge program, and also some local and
8 county road and bridge programs as well, how does
9 that affect the Motor License Fund over the long
10 haul? Is that something we should be doing? And if
11 we can find that, say, \$15 to \$17 million per year
12 somewhere else in the budget and provide that to
13 PENNDOT to pay off, you know, a bond-funding
14 mechanism or bond-paying mechanism, what are your
15 thoughts on that? Is that something that you would
16 prefer to have it that way as opposed to taking it
17 out of the Motor License Fund? Or does it matter to
18 you where we get the money, as long as we give you
19 \$200 million more?

20 SECRETARY BIEHLER: Well, of course, no, it
21 does not matter to me per se; obviously it matters to
22 those who have to balance the other accounts in the
23 other departments and other mechanisms. But no; I
24 mean, if there's a different way to find a dedicated
25 source of money--- I think that is always the trick.

1 You want to make sure if you get into the business of
2 borrowing, that you are pretty comfortable that you
3 are not going to, you know, that you have made a plan
4 to do that.

5 You know, I don't want to ever berate our
6 neighbors, but New Jersey is paying \$895 million a
7 year in debt service, and they obviously have been
8 having very, very difficult problems, because they
9 just have not come up with enough dollars to really
10 pay it off, and the Governor in New Jersey is now
11 looking at a very aggressive program.

12 But no, it is always the magic. If you can
13 find a dedicated source of dollars that increases
14 that will parallel those debt payments, that is a
15 terrific plan. The question is, you know, what is
16 that mechanism to do that?

17 At this point, what we have identified is,
18 in fact there is a line item, the so-called dedicated
19 Restricted Bridge Account, that we can take it out
20 of, but, yeah, if we didn't have to take it out of
21 that, we would be able to use that for other bridge
22 improvements.

23 So your point is well taken. Thank you.

24 REPRESENTATIVE MARKOSEK: Thank you.

25 CHAIRMAN EVANS: Chairman Geist.

1 REPRESENTATIVE GEIST: Thank you very much,
2 Mr. Chairman.

3 I have a couple of questions, and changing
4 gears just a little bit, yesterday I was asked to
5 comment on a tape that I watched of Joe Brimmeier on
6 the TV show on channel 69 where he stated that the
7 Turnpike had projects ready to go, to double-deck the
8 Schuylkill Expressway and to do the Parkway East, and
9 I found it very curious, because I didn't think that
10 the General Assembly had changed the charter of the
11 Turnpike.

12 And in other quotes that had been made
13 concerning that, I was really curious that in the
14 statement that went to the Feds about tolling I-80,
15 it had a part in there about our committee having
16 hearings, and I know that I never attended any of
17 those hearings and I have no recollection of those
18 hearings ever taking place.

19 Are we playing hard and loose with the facts
20 at the Turnpike? You are the Secretary of
21 Transportation and you are also a Commissioner, and
22 anything that comes out of the Director of the
23 Turnpike Commission has to be cleared by the five
24 Commissioners, I would think, before it is made
25 public policy. Is that correct?

1 SECRETARY BIEHLER: It is not correct.

2 REPRESENTATIVE GEIST: Then as Secretary of
3 Transportation, if you are playing hard and loose
4 with the facts while we are trying to deal with this,
5 what do we have to reassure us from you and the
6 Administration that we are getting the straight facts
7 and the true skinny on what is going on?

8 I have always been concerned about the
9 Federal approval for I-80 and the language that was
10 used, always concerned---

11 SECRETARY BIEHLER: Okay.

12 REPRESENTATIVE GEIST: ---and I'm more
13 concerned when I hear things that are coming out of
14 the Turnpike like this. At the same time, they are
15 talking about a public-private partnership with no
16 act of the General Assembly that I know of that would
17 allow that to happen.

18 So I'm very, very curious about all this
19 stuff that is out there swirling around, and you as
20 the point of the spear really have to be the person
21 who puts out truth and facts. And I did not even
22 know where to comment on that yesterday. I could not
23 even return a comment as Chairman, because no liaison
24 work from the Turnpike, no liaison work from your
25 department, ever came to our office concerning

1 double-decking the Schuylkill, but I watched the tape
2 and I listened to the quote and I found it to be
3 pretty amazing.

4 And I know that I have been smarting ever
5 since Act 44 went out of here as a stripped bill,
6 without committee input, and I didn't like reading
7 that stuff that went to the Feds, but that is
8 politics. That's the name of the game. We are down
9 the road now. Our job is to concentrate.

10 Is there any way that we can really make
11 sure that what we are getting out of the department
12 and what we are getting out of the Turnpike is
13 bulletproof information, and that is my question.

14 SECRETARY BIEHLER: Mr. Geist, to absolutely
15 the best of my knowledge, you will only get
16 straightforward information out of the Pennsylvania
17 Department of Transportation, and that is the agency
18 that I'm responsible for.

19 In the case of the issue related to
20 double-decking the Parkway and the Schuylkill,
21 interestingly enough, I don't know the answer to
22 those questions because I was not informed, and I had
23 made an inquiry yesterday -- I'm sorry, Sunday --
24 when I heard it for the first time about the same
25 question. So there you go.

1 Regarding Interstate 80, that is a different
2 deal, and I believe that I in fact shared with the
3 Transportation chairs everything I have found or have
4 known about Interstate 80 as it goes through its
5 process, and what I am referring to is, I think you
6 all know that one step toward tolling Interstate 80
7 is approval by the Legislature and approval by the
8 Governor, which happened. The next step, though, is
9 there has to be approval by the Federal Highway
10 Administration.

11 The Turnpike was tasked with the
12 responsibility of applying to the Federal Highway
13 Administration by the terms of Act 44. The Turnpike
14 did that. The Federal Highway Administration then, I
15 think it was October or November or December -- I'm
16 sorry; I don't even remember the date, but maybe it
17 was December -- then wrote back to the Turnpike
18 saying, we received your application; there are a
19 number of areas in which you need to provide further
20 clarification and information before we are able to
21 make a judgment about whether it can be approved.

22 A copy of that came to me as well as the
23 Turnpike. I in fact took my copy and sent it to all
24 four chairs so that they at least knew what the
25 questions were, and to this date, that application is

1 still in the hands of the Turnpike, being, I
2 understand, revamped, and I have not seen any
3 revision to that document, which presumably needs to
4 be made so that they can in turn send it into the
5 Federal Highway Administration for their hopefully
6 final review.

7 So that is the best I can tell you. I will
8 always try to make sure that the Legislature and the
9 committees, the Transportation Committees through
10 their chairs, are informed of everything that I know.

11 CHAIRMAN EVANS: Representative Santoni.

12 REPRESENTATIVE SANTONI: Thank you, Mr.
13 Chairman.

14 Good morning, Secretary Biehler. Good to
15 see you.

16 SECRETARY BIEHLER: Thank you.

17 REPRESENTATIVE SANTONI: Chairman Geist
18 touched on the I-80 issue, and I guess where we are
19 right now with that is we are responding to some
20 questions from the Federal government? Is that what
21 is going on?

22 SECRETARY BIEHLER: Yes, sir; yes, sir.

23 REPRESENTATIVE SANTONI: Is there a chance
24 that, I mean, in your best estimation, that that
25 could be rejected, that the Federal government could

1 reject that policy that we instituted in Act 44? And
2 if they do reject it, what kind of dollar hole does
3 that put into our transportation structure, and what
4 can we do as far as alternatives in filling that?

5 SECRETARY BIEHLER: Right. I suppose
6 anything is possible. You know, I cannot make a
7 judgment, because I just have not seen what the
8 response is to the questions are. It will go through
9 a very detailed legal review at the Federal Highway
10 Administration and then on up to the Secretary's
11 office. So it is simply pending.

12 Relating to your question about, you know,
13 what happens if it is not approved, Act 44 has
14 provided for that, but it is a little like half the
15 bottom falling out.

16 Currently, as you know, in the first year,
17 there was \$750 million generated by Act 44, and that
18 is projected to go to \$850 million the second year,
19 and it will go up another bump, and then finally at
20 that point go up at 2 1/2 percent a year. Over the
21 next 10 years, it averages around roughly \$950
22 million.

23 If it is not approved, and so therefore the
24 revenue isn't available to support the bond structure
25 for the \$950 million, Act 44 specifies that it will

1 not be \$950 million; it will drop down immediately to
2 \$450 million and stay level at \$450 million. So it
3 will be in effect less than half of what it would be
4 projected over the next 10 years, which would be a
5 very, very significant outcome.

6 REPRESENTATIVE SANTONI: I have been
7 hearing, and just clarify this, on the money that is
8 going to be gotten from the I-80 tolls, some of the
9 Congressmen up there have been saying and telling
10 their constituents that all that money is going to be
11 going to Philadelphia and Pittsburgh and the big
12 transit agencies. That is an incorrect statement,
13 correct? That money is not going to transit. Where
14 is that money going?

15 SECRETARY BIEHLER: I cannot tell you the
16 interworkings of the entire revenue stream, but the
17 Turnpike said that the revenue that they get for
18 Interstate 80 will go to the highway side of the
19 business, and they would use the other revenue
20 source.

21 If you recall, the other revenue source that
22 supports Act 44 is in fact increasing the tolls on
23 the turnpike, the current turnpike. The final list,
24 if I remember my figures right, was to increase tolls
25 by 29 percent in 2009, and then approximately 3

1 percent per year thereafter. If 80 was approved, the
2 same toll structure was proposed to be used on the
3 resulting turnpike as it would be on 80.

4 So anyway, the answer to your question is,
5 based on all of the information reported from the
6 Turnpike is that the tolls from Interstate 80 would
7 support the general highway improvement side of Act
8 44, and the money from the turnpike revenue itself
9 would be used to cover the rest of the highway
10 program as well as the mass transit component of Act
11 44. That is my understanding.

12 REPRESENTATIVE SANTONI: Another question
13 is, I know that the Governors Association was down in
14 Washington to meet with the Administration to talk
15 about infrastructure, and I know transportation
16 infrastructure was very important. The reports that
17 I saw were in the paper. Could you update as to what
18 the Bush Administration is going to be doing to help
19 States with their infrastructure?

20 SECRETARY BIEHLER: Not very well, but let
21 me tell you what I do know.

22 The reason is, I was not at the National
23 Governors Association meeting. Ironically, I was in
24 Washington Monday and yesterday with another group,
25 the American Association of State Highway and

1 Transportation Officials, which is our folks like
2 Secretaries of Transportation, and I understand,
3 though, that members of the National Governors
4 Association, when President Bush addressed them, did
5 talk about, you know, if there is, as an example,
6 another economic stimulus, is it at all possible to
7 consider infrastructure reinvestment as one of the
8 primary elements? My understanding is that the
9 President took it under advisement but made no
10 commitment.

11 I know, obviously as you folks know, that
12 Governor Rendell has made a huge thrust in the issue
13 of infrastructure reinvestment. He has been working,
14 as part of getting ready to be in fact the president
15 of NGA, which will happen next year or later this
16 year, he has been working with some of his fellow
17 Governors. Governor Schwarzenegger is one. He
18 worked also in this case with Mayor Bloomberg, and
19 they made a special effort. And I know he has been
20 talking to other Governors, because I'm sitting next
21 to, as an example, the head of Transportation for
22 Michigan, and that gentleman, who is my counterpart,
23 was saying, well, that Governor Rendell had called
24 the Governor of Michigan and was very interested.

25 So apparently there are a number of

1 Governors, not surprising, who are all running into
2 very, very difficult infrastructure problems and
3 trying to figure out a way, whether it is highways
4 and bridges or water and sewer systems and so on, of
5 finding a way of addressing these backlogs. These
6 backlogs are just knocking the legs out from all of
7 us across the United States. They just are, because
8 what happens is, you then go into sort of a death
9 spiral of these continuing drags on your maintenance
10 costs and operating costs, let alone just simply not
11 being able to catch up.

12 So that is what I can tell you. I would
13 also tell you that yesterday a woman addressed my
14 group, whose name is Phyllis Scheinberg, and she is
15 the Chief Financial Officer of the U.S. Department of
16 Transportation. She was outlining the President's
17 transportation budget for this next year, and even
18 she would tell you that we are in a very difficult
19 time. It appears that the Highway Trust Fund is
20 going to go belly-up.

21 Even if we do the most careful monitoring of
22 cash flow during fiscal 2009, it looks like it will
23 be bankrupt at the end of that period, and it is a
24 real danger sign to all of us, because now you have
25 got potentially, you know, you got new members of

1 Congress, you got a new Presidential Administration
2 coming in to struggle with that.

3 So we are in for some difficult times, and
4 we need to make the best set of investment decisions
5 we can to manage our way through. We have got to be,
6 you know, obviously good stewards of the public
7 money, but there is a real day of reckoning here.

8 REPRESENTATIVE SANTONI: Well, I appreciate
9 that, Mr. Secretary, and I have used up my allotment
10 of questions. But I do have a question from one of
11 my colleagues, Representative Siptroth, who, as you
12 know, is a member of this committee and a member of
13 the Transportation Committee, and Representative
14 Siptroth has been recovering from heart surgery, and
15 he is at a doctor's appointment this morning so he
16 couldn't make it. But I have a question from him
17 that I would like to ask, and I will read it:

18 "Mr. Secretary, without a strong
19 infrastructure, highways inclusive, economic growth
20 will be slowed or stopped. I am sure you know of the
21 \$38 million commitment for the Penn Regional Business
22 Center, which is part of the Wall Street West
23 project. Mr. Secretary, you know how concerned and
24 passionate I am about the completion of two highway
25 projects in my district, the Marshall's Creek Bypass

1 and SR 2001 in Pike County.

2 "I also know the condition of our bridges
3 here in Pennsylvania, and the Governor in his budget
4 request has asked for approval to borrow \$200 million
5 to kick off the repair and replacement of our
6 bridges. Will this amount be sufficient to ensure
7 the projects in my district?"

8 SECRETARY BIEHLER: That is a really
9 actually a good example, and let me particularly
10 react to the project called Marshall's Creek, which
11 may mean something to you and Representative
12 Siptroth, it may not mean something to the rest of
13 the group, and what that is, it is a relatively short
14 bypass project. It is a project that currently has a
15 price tag of \$170 to \$180 million, up \$55 million
16 over the last 3 years. And it is a classic question
17 about, all right, what do we do now? The cost has
18 grown so much, should we in effect take money from
19 all other areas of Pennsylvania to be able to support
20 that project? Are there any other options that we
21 can struggle with? And the answer to Representative
22 Siptroth's question is, at this moment, I don't know
23 the answer, because we have asked all of the
24 metropolitan planning organizations and the rural
25 planning organizations -- they are right in the

1 middle right now of updating their 4-year
2 transportation improvement program -- we have asked
3 them to push hard and focus on bridges and then come
4 back and tell us what projects you can still afford
5 that are on the highway side, and that is one of the
6 ones that they are struggling with. So I'm going to
7 ask your indulgence to let us hear back from the MPOs
8 and then see what they have to say, and then we will
9 see what options there are.

10 But it is classic, it is perfectly classic
11 of the kinds of difficulties we are having given this
12 inflation we have had but yet still trying to make
13 progress on our infrastructure. We absolutely must
14 move ahead on our bridge program, or we are just
15 going to be cutting off bridges that, you know, it is
16 not a matter then of having people mixed up in
17 congestion, which is certainly inconvenient and a
18 waste of time and a waste of gas and probably
19 pollutes the air, but the difference of having a
20 bridge shutdown means that a fire vehicle cannot get
21 to your house and put out the fire, and that is a
22 different order of magnitude.

23 REPRESENTATIVE SANTONI: Thank you, Mr.
24 Chairman.

25 CHAIRMAN EVANS: Representative McIlhattan.

1 REPRESENTATIVE McILHATTAN: Thank you, Mr.
2 Chairman.

3 Mr. Secretary, good morning, and I would
4 like to begin my conversation with you on a very,
5 very positive note. I want you to know that I'm very
6 pleased with the performance of your department in my
7 legislative district as far as road maintenance,
8 construction, and repair is concerned. Joe Dubovi,
9 the district executive of Engineering District 10 in
10 Indiana, and Marty Ferguson, Allen Clark, and Steve
11 Young and the crew over there in 10-3 in the
12 maintenance in Clarion County, do an outstanding job.
13 Our road system is in great shape, and any time I
14 have a problem or any of my constituents have a
15 problem, I get ahold of those folks and they are
16 right there taking care of things. So from that
17 aspect, I am very pleased about what is going on in
18 my area with the Department of Transportation as far
19 as road maintenance and things are concerned.

20 But I would like to take a few minutes this
21 morning to talk to you about an issue that really
22 does concern me, and that is certainly the tolling of
23 Interstate 80. I have six exits on Interstate 80
24 that run through my district, and it is an issue of
25 great concern. I'm sure you are going to get a lot

1 of questions on that today. I would like to take a
2 little bit of a different tack and discuss with you a
3 little bit, I'm concerned about more or less the
4 platform upon which this whole concept of tolling
5 Interstate 80 rests and how it was conceived, because
6 I sort of find it confusing, and I would like to sort
7 of paint that picture quickly for you and maybe ask
8 you to share a few comments with me.

9 In 2004, the Governor appoints a
10 Transportation Funding and Reform Commission, more or
11 less to take a look at the task of coming up with
12 recommendations on how to raise more money for the
13 Department of Transportation and take care of our
14 infrastructure needs, and I think, Mr. Secretary, you
15 are on that commission, aren't you, or you are pretty
16 much involved with it?

17 SECRETARY BIEHLER: I was Chairman.

18 REPRESENTATIVE McILHATTAN: Okay. All
19 righty. Okay. So that commission spent, I think, 13
20 or 16 months going around the State and getting input
21 from everyone and sort of trying to come up with some
22 solutions, and on November 13 of 2006 you issue your
23 final report and you come up with a group of
24 recommendations, five or six things, and if I
25 remember correctly, tolling Interstate 80 was not one

1 of those five at that time.

2 And then March of 2007, Governor Rendell
3 spoke out publicly saying that he expected to have
4 the Pennsylvania Turnpike under lease by fall of that
5 year. You know, leasing the turnpike was one of the
6 things that your commission recommended or was
7 looking into. And then the Governor continues on and
8 says that at that time, he was opposed to placing
9 tolls on roadways that are free, and as late as May
10 of 2007, you, Mr. Secretary, are going around the
11 State trying to sell the Governor's proposal, that
12 public-private partnership, to lease out the
13 Pennsylvania Turnpike.

14 Then all of a sudden in June of 2007, a
15 piece of legislation is quickly run through the House
16 Transportation Committee, without any public hearing,
17 without any input from the stakeholders, and this
18 legislation was the vehicle to toll Interstate 80,
19 and within a month, that whole thing was passed and
20 signed into law by the Governor. Of course, we all
21 know that that is only part of the process. We
22 really cannot move forward unless the Department of
23 Transportation and Washington, DC, gives approval,
24 but that does not seem to put the brakes on the
25 Turnpike Commission. They are out there selling

1 bonds and giving money to the Department of
2 Transportation for your infrastructure needs and
3 moving rapidly ahead to toll Interstate 80.

4 I guess what I'm trying to say is, this
5 whole platform upon which this thing is resting is
6 sort of confusing and it seems sort of shaky.
7 Shouldn't we sort of put the brakes on all of this
8 for a little bit and just stop and think, what in the
9 world is going on here and figure out what is the
10 best thing to do?

11 If this falls through, the Governor, he says
12 in March of this year, he is still looking for bids
13 to lease out the turnpike. Mr. Brimmeier is on the
14 radio with commercials banging that process. I mean,
15 this whole thing just seems to be almost a circus
16 anymore. Shouldn't we stop this, get our hands
17 around this, and sensibly approach this issue? I'm
18 confused.

19 SECRETARY BIEHLER: Yeah, well, you know, I
20 suppose we all are in some ways, but in this
21 particular case, you know, I remember history a
22 little bit differently but not significantly so, but
23 the commission did make a set of recommendations.
24 They recommended, in fact, and you have to remember,
25 you know, I, as a member of the commission, I didn't

1 have to do the tough thing, which was to vote on
2 something, all right? So we have a freer hand, I
3 suppose. But I don't mean to make light of it. The
4 commission actually recommended, its initial
5 recommendation on the highway bridge side was to
6 increase the oil company franchise tax, re the gas
7 tax, by an equivalent of 12 1/2 percent, and when the
8 Governor looked at that recommendation--- By the
9 way, I should also tell you that in the document,
10 there was also mentioned things of, you know, it also
11 talked about other options that could be considered
12 in addition to the gas tax. Tolling, leasing, those
13 kinds of things were in fact mentioned.

14 But anyway, the Governor certainly, I can
15 tell you, I know he really struggled over the
16 holidays following that November report and ended up
17 saying, I don't think that a gas tax will have a
18 chance of being successful, because he ended up
19 recommending some different tools, namely, yes,
20 leasing the turnpike. He looked at the experience in
21 Chicago and Indiana and felt that it had merit.
22 Because of the size of the turnpike system, he
23 believed that that had merit, and it would
24 potentially generate significant revenue, you could
25 set up an annuity fund, and produce a long-term

1 improvement and a funding stream.

2 He recommended that, but I will tell you
3 that there was a critical statement that he made from
4 the get-go, and that was, the problem of investing in
5 our infrastructure is critical, and I will tell you
6 what my recommendations are, but if you can't accept
7 that, I will accept something else if someone else
8 has an idea that can in fact pass the Legislature,
9 and that is ultimately where the Act 44 was
10 developed. It was developed, I think, in concert
11 with the Legislature and members of the Turnpike
12 Commission, and that then led to the passage of Act
13 44 and the idea of tolling 80.

14 Now, regarding--- And the act also
15 specified how, it was clear how the Turnpike was
16 going to generate the dollars. They were going to
17 use our current revenue to float bonds and provide
18 the proceeds, and that is where we are. So we are
19 still in that process. I don't know what the Federal
20 government is going to do in terms of its final
21 approval. We are waiting to have that process.

22 REPRESENTATIVE McILHATTAN: Is the Governor
23 entertaining proposals that will be submitted---

24 SECRETARY BIEHLER: I'm sorry; say that
25 again?

1 REPRESENTATIVE McILHATTAN: Will there be
2 proposals submitted next month to the Governor for
3 leasing out the turnpike? We hear those rumors; we
4 see this thing in the press. You are on the inside.
5 Is that going to come about? Are there actually
6 going to be bids put on the table?

7 SECRETARY BIEHLER: The Governor and the
8 budget folks and others are working very hard with
9 Morgan Stanley and potential firms who might be
10 interested in leasing the turnpike, absolutely. But
11 he said that he believes it is still an option but it
12 is an unknown option, and so we need to wait to see
13 if that in fact can produce significant dollars, and
14 if it does, then there has to be an engagement with
15 the Legislature, because the Governor does not have
16 authority simply to, you know, implement that kind of
17 a strategy unilaterally.

18 REPRESENTATIVE McILHATTAN: Well, is it wise
19 public policy to have the Turnpike Commission out
20 there sort of running commercials, banging that
21 concept? I mean, you are sort of sitting--- You
22 have a leg in each camp here. I guess that is why I
23 would sort of like to get your ideas.

24 SECRETARY BIEHLER: No, I don't think so. I
25 personally don't think so. I don't find that

1 helpful.

2 What the Governor is trying to do is the
3 Governor is trying to help the cause of increasing
4 money for infrastructure -- period.

5 REPRESENTATIVE McILHATTAN: Okay.

6 SECRETARY BIEHLER: No, I don't think it is
7 particularly helpful to have that, and, you know,
8 that is not of my making, and if I was asked to vote
9 on it, I would say no.

10 REPRESENTATIVE McILHATTAN: Of course, you
11 know the feelings of those folks, those of us that
12 represent districts along Interstate 80. There is
13 very, very deep concern about what that is going to
14 do to the economic livelihood of our area.

15 My point to you is and my plea to you is
16 that, you know, you may solve one problem by tolling
17 Interstate 80, and that is filling the hole in the
18 transportation issue, but you are going to create a
19 lot bigger problem in destroying the economy of those
20 areas, and that is going to come back to haunt us in
21 spades, and I just hope you folks will consider that,
22 and I thank you very much for your comments.

23 SECRETARY BIEHLER: Thank you.

24 CHAIRMAN EVANS: Representative Scavello.

25 REPRESENTATIVE SCAVELLO: Thank you, Mr.

1 Chairman, and good morning, Mr. Secretary.

2 Also my favorite topic, the tolling of I-80,
3 and in my district, probably more so than any other
4 district across the Commonwealth, I have probably the
5 most population that that I-80 cuts through. And,
6 you know, I have not been able to get a straight
7 answer from the Turnpike, and at this point, after
8 listening to all of these different things that I'm
9 hearing about the Turnpike, I don't know if we'll
10 ever get a straight answer about the location of the
11 first toll gantry.

12 I spoke to you briefly before the committee
13 meeting; there is a location in my district that has
14 about 77,000, 78,000 cars a day, and beyond 380,
15 there are approximately 35,000 vehicles a day, and if
16 this is a money project, then I'm expecting that toll
17 gantry to be where those 77,000 vehicles are, and if
18 it goes there, it will cripple, cripple my district
19 and my county, because we use I-80 as a local road.
20 We jump on for--- You know, our population has
21 doubled. We have had no new infrastructure. This
22 bypass that we have been looking for for the last 25
23 years originally started as a \$60 million project.
24 We are now at--- Before we put the shovel in the
25 ground, we spent about \$40 million, you know? So my

1 concern is, you know, if that happens, we are really
2 going to be in a tremendous amount of trouble in my
3 county.

4 Could I have your support to make sure that
5 that does not occur and that is--- Am I stretching
6 things here?

7 SECRETARY BIEHLER: Let me try to answer
8 that, because if you recall the details of Act 44,
9 the Legislature, by the terms of Act 44, gave the
10 Turnpike the responsibility of basically managing
11 that facility if it was approved. Part of managing
12 that facility was also to conduct an evaluation as to
13 what the best tolling scheme was in terms of
14 placement of toll barriers, and if my memory is
15 right, the legislation talks about or recognizes that
16 there could be up to 10 toll barriers stretched
17 across Interstate 80---

18 REPRESENTATIVE SCAVELLO: Correct.

19 SECRETARY BIEHLER: ---the location to be
20 identified and determined by an analysis conducted by
21 the Turnpike Commission.

22 I have not heard of any information as part
23 of that process. It may have started already, but I
24 have not been informed about where that might be. I
25 know that the folks are, it is sort of first things

1 first and they are working very hard, first on
2 meeting the requirements of the application.

3 REPRESENTATIVE SCAVELLO: I throw that
4 out---

5 SECRETARY BIEHLER: So, you know, they have
6 got to go through a pretty comprehensive evaluation
7 in terms of all the on-off traffic counts.

8 PENNDOT, for its role in this, has provided
9 the Turnpike Commission with all records that we know
10 of, including vehicle counts and so on. We would
11 want certainly for people to have as much information
12 as possible.

13 REPRESENTATIVE SCAVELLO: The reason why I
14 throw that out there, the impact on the State roads,
15 611 especially, if that did occur, would be
16 tremendous, and so it is a concern that we really
17 need to have.

18 SECRETARY BIEHLER: Right. Diversion
19 traffic is one of the issues identified, I believe,
20 in Act 44. It asks that the Turnpike examine
21 potentially diverted traffic, so that is very much
22 part of that analysis.

23 REPRESENTATIVE SCAVELLO: You know, I want
24 to go back to Representative Santoni and comment on
25 something that Representative Siptroth had mentioned.

1 The population growth in that area of the
2 county is just enormous, and if that bypass gets
3 delayed, and it is obvious it is going to get delayed
4 because of the cost, is there anything, just like
5 what we did with this section in Mount Pocono, short
6 term that you could look at Route 209 and maybe widen
7 it -- the cost of that would not be as exorbitant as,
8 you know, the bypass, but not to say that we won't do
9 the bypass -- but to look at short-term solutions
10 there, like widening 209 to four lanes where
11 possible, to help alleviate some of that congestion
12 in that corridor?

13 SECRETARY BIEHLER: We have initiated
14 something that we have tagged "smart transportation,"
15 and what that is is approaching our business in a
16 different fashion, and that means in some cases we
17 can no longer afford -- and that is not necessarily
18 this case, but it is in general -- we can no longer
19 afford some of the major freeways and bypasses that
20 we built in the past. We just can't afford it.

21 So the question is, what can we do instead?
22 And we have asked ourselves, can we design things
23 differently? In some cases, perhaps we can design
24 and add great facilities as opposed to a freeway, and
25 maybe we don't need interchanges, which cost millions

1 and millions of dollars. Perhaps we can skinny down
2 some of our design standards, still get some mobility
3 improvement, but not have that level of burden, and
4 we are absolutely leading a culture change. In fact,
5 we are partnering now with the New Jersey Department
6 of Transportation in developing a book that is going
7 to be coming out as a guidebook for us in about a
8 month and a half. But those kinds of comments of
9 looking for other smaller scale improvements and
10 other techniques that will take some pressure off and
11 give some relief are absolutely fair game.

12 So I don't know the particulars of that
13 option and that suggestion, but if some of these
14 things end up being so critical that we would have to
15 sacrifice our bridge program, which we are loathe to
16 do, then we have got to look at those kinds of
17 treatments, and that is a good suggestion. Thank
18 you.

19 REPRESENTATIVE SCAVELLO: Yeah; my last
20 comment.

21 You know, I look at a toll as a tax, and
22 following what the Turnpike has been doing, you know,
23 they are taking out these full-page ads in the
24 newspapers. Full page in our paper is probably about
25 \$2,000, and it must have been in our newspaper about

1 five or six times explaining that--- We are spending
2 all this money, and basically you pretty much said
3 that you don't agree with some of the things that
4 they are doing. How do we stop them from doing it?
5 If there's a board that you sit on and he is an
6 employee of that board, can't we stop spending
7 taxpayers' money, because it is taxpayers' money on
8 these commercials and everything else. Use that for
9 infrastructure.

10 SECRETARY BIEHLER: I wish that were the
11 case.

12 REPRESENTATIVE SCAVELLO: You have no---

13 SECRETARY BIEHLER: I'm one vote out of
14 five, sir.

15 REPRESENTATIVE SCAVELLO: Out of five. All
16 right. Thank you.

17 CHAIRMAN EVANS: Representative Greg Vitali.

18 REPRESENTATIVE VITALI: Thank you, Mr.
19 Chairman.

20 Thank you, Mr. Secretary, for coming here
21 today.

22 Sort of the desperation of your description
23 of the situation of our roads and bridges sort of
24 forces me to speak today. I'm frustrated in my years
25 up here with the Legislature's choices of politically

1 expedient decisions versus good public policy. The
2 calculus goes on about how our choice of remedies in
3 this case to roads and bridges is going to affect our
4 ability to get reelected, and I think that is kind of
5 what led us to things like using the tolling of the
6 turnpike and I-80 at a level above general operating
7 costs to fund other roads and bridges, leasing the
8 turnpike as opposed to other things like raising the
9 gas tax or the tax on the gross profits of oil
10 companies.

11 Let me just go on a little bit longer, then
12 I will ask you a couple of questions. I mean, it
13 seems to me as I view this situation, something like
14 a gross profits tax on oil companies or a gas tax
15 makes a lot of sense because it is the use of
16 petroleum products. There is a one-to-one
17 relationship or a close to one-to-one relationship
18 between wear and tear on the roads and bridges. That
19 is one advantage.

20 Two, it really sort of causes a more true
21 measure of the cost of driving when the driver has to
22 pay higher prices for gas to reflect the roads he is
23 wearing out.

24 Three, it encourages things like smaller
25 cars if you are going to have to pay more for gas,

1 and I think it also disincentivizes the use of
2 carbon, and the most important environmental problem
3 we are facing is climate change.

4 So what that is leading me to is this: With
5 these taxes I'm suggesting, increasing the gas tax or
6 the gross profits tax on oil companies, the first
7 question is, and you actually don't have to answer
8 the first question unless you want to, but the first
9 question is, is this just a lack of political will or
10 are there some good public policy reasons not to do
11 one of these two taxes? That is question one --
12 optional.

13 Question two is, I'm sort of in my own mind
14 thinking, what makes more sense, a flat out increase
15 in the gas tax versus the tax the Governor suggested,
16 which seemed to make actually pretty good political
17 sense, political and policy sense to me. That is
18 question two.

19 The third question that just occurred to me
20 when Mario was speaking is maybe it makes sense to
21 toll I-80 but not at a level that it would be paying
22 for other roads and bridges, but just at a level
23 where the Pennsylvania Turnpike is being taxed now,
24 just to cover its own operating costs. So the third
25 question is, maybe does it make sense to toll I-80

1 perhaps at a lower level just to cover or pay its own
2 freight as it were?

3 SECRETARY BIEHLER: I must say that it is
4 the first that I have come before either a House or a
5 Senate committee I was asked a question I didn't have
6 to answer, so I'll take the option -- I won't answer
7 it, but thank you. But anyway, yeah, I can't comment
8 on the political will of the Legislature, but I
9 appreciate that.

10 There is a huge debate going on nationally
11 about, what is the right thing to do in terms of
12 broad-based taxes and whether we should. You know,
13 there's lot of discussion about P3 options and
14 tolling options, and in general my feeling in the
15 business of transportation funding is that it ought
16 to be a tool in our toolbox, but it is likely that
17 ultimately they will only provide a portion of the
18 revenue that is probably needed to address our
19 infrastructure situation.

20 There has been a lot of discussion about
21 going back and re-examining broader taxes, things
22 like, sure, like the gas tax, but, boy, what a
23 struggle it has been. When the Federal government
24 has not raised the gas tax since 1993, it just shows
25 you how difficult it has been. Even when

1 Pennsylvania has done it, the last time when, you
2 know, Pennsylvania raised the gas tax, we were the
3 benefactors of the old company franchise tax ceiling
4 changing in the 2004-05 period, but actually changing
5 the gas tax was 1997, and it was, what, 3 1/2 or 4
6 1/2 cents? Whatever it was; it was a relatively
7 small amount of money. For some reason, it has just
8 been very, very difficult to raise the gas tax.

9 There is general acceptance and belief that
10 user taxes make sense. You can associate somehow the
11 tax with transportation. So whether it is an oil
12 company gross profits tax or whether it is tolling or
13 P3 options related to that infrastructure, there are
14 feelings that those are viable ways to look at the
15 business.

16 I think the question is, over time, are the
17 dollars sufficient? Are they going to keep pace with
18 inflation? And perhaps we ought to ask ourselves
19 even a question before we even start down that road,
20 and that is, what is our vision for what we are
21 trying to accomplish?

22 REPRESENTATIVE VITALI: Well, what---

23 SECRETARY BIEHLER: What portion of our
24 infrastructure is okay to have, you know, how many
25 structurally deficient bridges are okay to have? We

1 have got 5,900.

2 REPRESENTATIVE VITALI: Well, what about the
3 policy question of the best way to get at taxing
4 petroleum, gas tax versus a gross profits on oil
5 companies or some other way to get at it, if you
6 think that's the better way to go. Any sort of
7 thoughts on the best way, the best way to choose
8 between them?

9 SECRETARY BIEHLER: Yeah; I'm not sure I'm
10 the expert on that. I know the Governor spent a lot
11 of energy looking at that. It was not supported last
12 year when he talked about a gross profits tax.

13 It is probably an esoteric discussion here,
14 but, you know, for me, the basic element is user
15 taxes probably make sense, and then the question is,
16 you know, it is almost having the wisdom of the
17 Legislature help us figure that out by your
18 representation of the people as to what is
19 acceptable? What can work?

20 REPRESENTATIVE VITALI: My final question---

21 SECRETARY BIEHLER: That's a difficult
22 question.

23 REPRESENTATIVE VITALI: Thank you.

24 My final comment is not to you but maybe
25 sort of to Mario and others who are now vehemently

1 opposing the I-80 toll because it is now goring their
2 constituents' oxes, maybe sort of trying to do, what
3 I believe is the right thing from a policy
4 perspective, is imposing these taxes, these fair
5 taxes on gas generally or indirectly through the
6 taxes of profits. That might be a way to solve your
7 problem and do what I think is the right thing at the
8 same time.

9 CHAIRMAN EVANS: I would like to make a
10 comment.

11 I think, and I'm a little biased, this is
12 probably the best committee in the House, taking
13 nothing away from Joe and Rick, because I think these
14 discussions are excellent. There is no question, I
15 think this is healthy for this process and I am
16 strongly for it, but I always ask the members to
17 police themselves, because I have eight members,
18 eight additional members, and I have some other
19 people we need to bring on the panel.

20 So I am only encouraging you to police
21 yourselves. I know the discussion is good, but I
22 still have a clock that I got to manage. So I am
23 only asking you to maintain that way.

24 Representative Bryan Lentz.

25 I didn't mean to say that to you, Bryan,

1 before you were called, but--- Okay; I just wanted
2 to put that out there.

3 REPRESENTATIVE LENTZ: I just want to say
4 that my questions are not optional, sir.

5 But I would like to start off and just
6 briefly follow Representative McIlhattan's lead and
7 compliment your staff. In my area, they have been
8 outstanding every time I have had any interaction
9 with them, very responsive and very effective in
10 solving the various problems we bring to them. So I
11 thank you for that, and I wanted to say that
12 publicly.

13 You know, this debate about funding our
14 infrastructure and our mass transit and
15 transportation reminds me of the children's story
16 "The Little Red Hen." If you recall that, no one
17 wanted to help make the bread, but everybody wanted
18 to eat the bread, and you hear that time and time
19 again in this committee. It is a problem seeking a
20 solution, and Act 44 was one of a list of solutions
21 that we were able to get through the House. I
22 haven't heard of others that we will be able to get
23 through the House and the Senate and be signed by the
24 Governor.

25 But really, the state of our infrastructure

1 is shameful, and following up what Representative
2 Vitali said, we are not talking here about a public
3 policy of a long-term comprehensive transportation
4 plan; we are really just talking about maintenance.
5 We are really just talking about holding what we have
6 -- keeping our bridges from collapsing, keeping our
7 roads functioning -- and a maintenance plan is a
8 pretty modest goal for our Commonwealth and for our
9 country, to just maintain your bridges and roads,
10 while there are countries poorer than ours and
11 countries that relatively recently have come out from
12 under Communism that are making billions and billions
13 of dollars of investment in first-class mass transit
14 and road and bridge projects.

15 So, you know, I am a freshman to this
16 process. Listening to this debate, no one wants to
17 say how to fix this problem; they just want to attack
18 the solutions that have been proposed. But I do have
19 a specific question, Mr. Chairman; I apologize for
20 the long prelude.

21 But I wanted to ask you, you know one of my
22 areas of interest is the airport, specifically the
23 Philadelphia International Airport, and I noted in
24 your budget and in the Governor's address that there
25 is some talk of grants for investment in airports. I

1 wonder if you could talk a little bit about that
2 grant process, how does an airport apply for a grant?
3 And what, if any, oversight do we have, because
4 obviously I am interesting in linking any money going
5 into expanding or building at the Philadelphia
6 International Airport to comprehensive planning and
7 the things we have discussed with regard to
8 congestion and the issues that affect my district.

9 SECRETARY BIEHLER: We have a program; in
10 the case of aviation capital improvement, as I
11 mentioned, it currently is \$5 million a year. We
12 have 130 airports that are potential grantees, if you
13 will. So we simply in effect notify the whole
14 aviation community as to what availability we have.
15 So if this program is approved, that you concur and
16 increase it to \$10 million, we will re-notify all the
17 airports and ask for worthy projects that they would
18 seek help for. It is a matching kind of program, and
19 we have typically paid for, for instance, extension
20 of runways, typically safety areas in runways has
21 been one of the issues. Occasionally we have helped
22 to finance them -- taxi-way connections, hangars,
23 terminal building upgrades -- and there is some very,
24 very old terminal infrastructure. So those are the
25 kinds of things, you know, pretty basic airfield

1 kinds of improvements are the kinds of things that we
2 have financed.

3 So we basically accept a whole series--- I
4 mean, we accept the grant applications. Typically we
5 have many, many, many more times grant applications
6 than we have dollars to hand out. And very often,
7 you know, we get letters from legislators who are
8 aware of it, and we would be happy to make sure you
9 folks know, if there was an airport in your district
10 that applied, to let you know that, because maybe
11 there is one that is more important than others, that
12 you have some information that might help support
13 their application. We try to do a pretty rigorous
14 review and try to make judgment about the value of
15 that application. So that is our process.

16 REPRESENTATIVE LENTZ: Thank you, Mr.
17 Chairman.

18 CHAIRMAN EVANS: Representative Millard.

19 REPRESENTATIVE MILLARD: Thank you, Mr.
20 Chairman.

21 Mr. Secretary, going back to Act 44, which
22 seems to be everybody's favorite topic here this
23 morning, together with the Turnpike Commission, you
24 made application to the Federal government, of
25 course, in order to toll I-80. Now, since that time,

1 the Federal Highway Administration contacted you,
2 turning down the application because of 14
3 deficiencies in that application.

4 Now, as a legislator with I-80 going through
5 my district, as many others here, I serve on a
6 committee that was set up by the Turnpike Commission
7 -- PENNDOT, I suppose, was involved in that, too --
8 but I have not had, other than the notification from
9 the chairman of that group to do the sales pitch on
10 the tolling of 80, I have had no notification at all
11 on whether these 14 separate issues that were raised
12 by the Federal Highway Administration on the
13 application have been addressed. Have any of these
14 14 been satisfied? Can you tell us the status of it?
15 Can you tell us what areas may be problematic?

16 SECRETARY BIEHLER: I cannot. I have not
17 seen the revised document. The Turnpike Commission
18 staff and their consulting firms, I am led to
19 understand, are in the process of revising the
20 application to address those issues.

21 But no, I have not seen it. I have not seen
22 anything at all. I received also the letter from the
23 Federal Highway Administration.

24 One correction: The Federal Highway
25 Administration didn't reject this, didn't say no;

1 they simply said, we don't have enough information to
2 make a judgment. It's a minor point. But anyway,
3 they have certainly not approved it, and they said
4 these are the areas that must be expanded for us to
5 make a judgment.

6 REPRESENTATIVE MILLARD: Right, but there
7 are 14---

8 SECRETARY BIEHLER: No, sir, I have not seen
9 anything yet.

10 REPRESENTATIVE MILLARD: Okay.

11 SECRETARY BIEHLER: I would be happy to pass
12 that on whenever that information is provided by the
13 Turnpike.

14 REPRESENTATIVE MILLARD: Well, I think those
15 of us who were on that initial committee would
16 certainly appreciate having some advance knowledge
17 rather than, of course, picking up a newspaper and
18 reading about it in the press.

19 The Federal Highway Administration asked for
20 an I-80 capital improvement schedule with greater
21 specificity than what was provided prior to their
22 December letter. They have also requested a proposed
23 or contemplated project schedule and finance plan---

24 SECRETARY BIEHLER: Right.

25 REPRESENTATIVE MILLARD: ---for the

1 reconstruction or rehabilitation.

2 SECRETARY BIEHLER: Right.

3 REPRESENTATIVE MILLARD: Have the capital
4 improvement and project schedules as well as the
5 finance plan been provided to them?

6 SECRETARY BIEHLER: The same thing. I have
7 not seen any of the information on any of the
8 questions that were asked for more detail.

9 REPRESENTATIVE MILLARD: Do you know exactly
10 to whom I could direct that?

11 SECRETARY BIEHLER: Sure.

12 REPRESENTATIVE MILLARD: If not you, then
13 who to try and get an answer to that?

14 SECRETARY BIEHLER: Sure; the Executive
15 Director of the Turnpike.

16 REPRESENTATIVE MILLARD: Mr. Brimmeier?

17 SECRETARY BIEHLER: Yes; absolutely.

18 REPRESENTATIVE MILLARD: Okay. One final
19 question for you here.

20 Your initial expression of interest to the
21 Federal Highway Administration included a response to
22 a question regarding whether or not public meetings
23 were held concerning the I-80 tolling.

24 During the spring of 2007, and somebody else
25 alluded to this today, a number of hearings were held

1 by the State Senate and the State House
2 Transportation and Appropriations Committees to
3 review the proposal to convert I-80 to a toll
4 facility, and as Chairman Geist mentioned, I'm only
5 aware of one informational meeting that was held by
6 the Senate Transportation Committee, and it was not
7 exclusively dedicated to the tolling issue. And I
8 might add that after Act 44 went into effect, that
9 knowing that a lot of hearings weren't held, that I
10 in fact held one of the first hearings on the tolling
11 of I-80 in Columbia County, that was attended by many
12 of my fellow members, along the I-80 corridor, and I
13 guess that I have to ask and reiterate again what was
14 mentioned earlier, that is not our time better spent
15 trying to address how to improve, how to find funding
16 for our infrastructure, rather than trying to do a
17 sales pitch with information that may not in fact be
18 all that accurate?

19 SECRETARY BIEHLER: It could be.

20 REPRESENTATIVE MILLARD: Thank you.

21 SECRETARY BIEHLER: Thank you.

22 REPRESENTATIVE MILLARD: Thank you, Mr.

23 Chairman.

24 CHAIRMAN EVANS: Let me just say this to the
25 members of the committee. This recommendation came

1 to me; I just talked to the Chairman.

2 I know there are a lot of questions about
3 the turnpike, but I'm going to request that the
4 Turnpike Commission come before us. I will shoot for
5 the same time that I had, March 3, for PHEAA. So to
6 the members who want to be able to ask those
7 questions, based on the recommendation just made to
8 me, I will bring the Turnpike Commission and the
9 Executive Director. So you will get your chance.
10 Rather than the Secretary trying to answer those
11 questions, it is better to have the Turnpike
12 Commission.

13 So we will get them before us, and then you
14 will get your chance to ask your questions. And I
15 know the Chairman of Transportation will join me?
16 Any other Chairman who will join me? Do you want to
17 join me on that? I'm bringing in the Turnpike
18 Commission.

19 REPRESENTATIVE GEIST: I have love to.

20 CHAIRMAN EVANS: Okay. So we will request
21 the Turnpike Commission. So, folks, I want you to
22 save all those questions you have been asking and the
23 Secretary has been trying to answer. It is better to
24 ask them, so we will do that; we will shoot to bring
25 them in here.

1 Are you finished?

2 I have Representative Petri.

3 REPRESENTATIVE PETRI: Thank you, Mr.
4 Chairman, and thank you, Mr. Secretary, for appearing
5 here today.

6 I'm going to try and ask very direct and
7 targeted questions, and I'm sure the Chair will
8 appreciate it if both of us can answer them very,
9 very succinctly. In fact, to the first question, if
10 you can do it in one word, I will be satisfied.

11 Going to the 202 project, over the last 3
12 1/2 years you have continually shown support both
13 personally and as a representative of PENNDOT for the
14 scaled back Route 202 bypass project, which has been
15 on the books for 40 years. In light of some of the
16 recent press indicating the mega millions of dollars
17 that will be spent in the southeast, are you still
18 personally and financially committed to the 202
19 Parkway project and pressing for a timetable that
20 leads to a timely completion of that roadway?

21 SECRETARY BIEHLER: Sure.

22 REPRESENTATIVE PETRI: Okay. I love that
23 answer. Thank you. And I know that Kathy Watson
24 appreciates it, too.

25 There is now some talk this morning --

1 second topic area -- about the prices of gasoline
2 going to \$4 a gallon. The department itself is a
3 large consumer of petroleum. So my question is, what
4 is the department doing to reduce its dependence on
5 oil, and specifically, can you address in that answer
6 why it is that PENNDOT refuses to issue any concrete
7 projects when traditionally our concrete
8 manufacturers have had approximately 15 percent of
9 the road-surfacing projects?

10 SECRETARY BIEHLER: In the case of this,
11 every State hears challenges from sort of the asphalt
12 industry versus the concrete industry, and probably
13 you folks have been lobbied as well, and we try to
14 simply make the best financial judgment. In fact, in
15 some cases, we allow approved equals, if you will.
16 So if one contractor can provide an equal treatment
17 in one or the other mechanisms, we approve that as
18 well.

19 But in general I would also say that the
20 industry has, probably as a result of changes in
21 technology in the last 10 years, in fact, there was a
22 very special piece of research that was done in the
23 1990s. In fact, the previous PENNDOT Secretary was
24 chairman of a group called the Strategic Highway
25 Research Program, which led to the development of

1 something called super-pavement, and I won't bore you
2 with the details, but it is a technical mixing
3 process and it is a design and construction process
4 to use asphalt in a more productive way that produces
5 longer lasting pavement. So there is a real question
6 and always a challenge in the industry as to what
7 lasts the longest and the great strides made in the
8 asphalt industry.

9 At the current time, we see big cost changes
10 in both industries, as we see petroleum prices, you
11 know, at 100-plus dollars a barrel now, but
12 unfortunately, the concrete industry has faced the
13 same escalation in the costs. The three big changes,
14 as you know, over the last 4 years have been
15 concrete, steel, and petroleum, and there seems to be
16 no end to it. And the pressure we see in China and
17 India continues to be, seems to be just unending and
18 affecting our prices.

19 So we will continue to try to make sure that
20 we have options in both the concrete as well as the
21 asphalt industry and attempt to use the best mix of
22 materials that will give us the best long life.

23 REPRESENTATIVE PETRI: A follow-up question:
24 Isn't it true that for the past year and continuing
25 even today, there are no bidding contracts for

1 concrete work?

2 SECRETARY BIEHLER: I don't think that is
3 the case, but I will be happy to check with our folks
4 and get back with you.

5 REPRESENTATIVE PETRI: If you could, and if
6 you have identified any, if you could provide those
7 projects, because I'm being told that traditionally
8 the industry receives at least 15 percent and that
9 their product is now cheaper, but we will see.

10 SECRETARY BIEHLER: Yeah, and I would be
11 happy--- Let me just parenthetically say that I
12 would be happy to have the same kind of information
13 that is probably produced by the concrete suppliers,
14 also give you a balanced picture by giving you
15 information from the asphalt folks, who probably will
16 want to challenge it.

17 REPRESENTATIVE PETRI: Okay. The last area.
18 On the REAL ID program and the implementation by the
19 department, I want to ask a couple of questions.

20 I understand that there is a contract with
21 Viisage Technology to create a facility and that this
22 facility, I want to ask you, how much has been spent
23 to create the facility, and then a follow-up
24 question, who pays for the security and how secure
25 are the communications lines within that facility?

1 SECRETARY BIEHLER: Viisage, the
2 Pennsylvania Department of Transportation has a
3 contract with Viisage, and they provide our photo
4 license materials and so on. If REAL ID is
5 ultimately approved by the Commonwealth, it will
6 affect, obviously, the way we issue our licenses, but
7 Viisage is not, to my knowledge, building a facility
8 related to REAL ID. So I'm not sure how that
9 confusion is going on, but that is the case.

10 And in terms of security, we have a whole
11 series of inner securities to protect people's
12 information, and if there are some specific areas
13 that you would like me to provide details on, I would
14 be happy to give you something in writing related to
15 the whole issue of securing people's information.

16 REPRESENTATIVE PETRI: With regard to the
17 FaceEXPLORER process, which is a process where they
18 try to use the photograph or someone's photograph to
19 image them and use that for identification purposes,
20 has PENNDOT expended any money toward creating that
21 FaceEXPLORER?

22 SECRETARY BIEHLER: Absolutely. We use the
23 people's photo license image as part of, we utilize a
24 facial recognition software as part of our fraud
25 security process in the whole licensing business. So

1 when we take someone's picture, we utilize that to
2 make sure that there is not another license with that
3 same person's picture, and we have had unfortunate
4 matches occasionally when people have tried to
5 defraud our system.

6 REPRESENTATIVE PETRI: How much has PENNDOT
7 expended on that so far?

8 SECRETARY BIEHLER: I have no idea. I'll be
9 happy to get that information, if that is what you
10 would like.

11 REPRESENTATIVE PETRI: Yes, if you could; if
12 you could submit it to the Chair.

13 The last question, as I understand the REAL
14 ID program, it is really designed to provide an
15 official Federal identification for Federal purposes,
16 whether you are getting on a commercial airline,
17 nuclear power plant, or going into a Federal
18 facility, and there really is not any mandate on the
19 States necessarily to use the driver's license. So
20 in light of that, under what authority is PENNDOT
21 proceeding? I'm not aware of any legislative
22 authority to use this license for other purposes.
23 Are you intending to use it for any other purposes?

24 SECRETARY BIEHLER: We are right now, as I
25 think the committee knows, we are in the process of

1 reviewing the Department of Homeland Security's final
2 regulations related to the subject of REAL ID.

3 The gentleman is correct that there is no
4 mandate that we have to utilize this ID, but I would
5 just tell you that in fact the final regulations
6 promulgated by the Department of Homeland Security in
7 fact gives States an option, and they go from all the
8 way from just, if you want us to completely opt out
9 of the program you can, to the other extreme which
10 was to require all of your citizens to have a REAL
11 ID.

12 Now, there is a catch-22, that is true, but
13 at least from the Department of Homeland Security's
14 standpoint, if you want to get access to Federal
15 buildings, if you want to get on an airplane, you are
16 going to have to produce a certain kind of ID. So we
17 are looking right now and are struggling to finish
18 off an analysis of what it would cost the
19 Commonwealth if we either opted out--- We know what
20 the cost of opting out is; that is presumably
21 nothing, other than a potential inconvenience for our
22 citizens, all the way to the extreme of requiring
23 everyone. But there is also a middle ground which
24 says, for those people who want to get a REAL ID and
25 want to go through that process, we need to know what

1 that would cost, because we would have to set up the
2 mechanisms to accommodate that.

3 So we are right in the middle and hope to
4 have an answer to that in April to allow all of us to
5 then make a judgment about it.

6 REPRESENTATIVE PETRI: Thank you, Chairman
7 Evans.

8 I would just add that in speaking to
9 Chairman Geist, I understand that he would like to
10 have hearings on it. I think it is a very, very
11 important topic and that we as legislators get ahead
12 of this issue and we understand exactly how this ID
13 is going to be used or could be used or whether we
14 should even have it, because I have some real
15 questions about its security and protecting our
16 citizens.

17 CHAIRMAN EVANS: Representative Keller.

18 REPRESENTATIVE KELLER: Thank you, Chairman
19 Evans.

20 Mr. Secretary, well, that was a good lead-in
21 to my question, the Transportation Workers
22 Identification Credential, the TWIC program. That is
23 a Federal mandate, and I'm not here to criticize the
24 program. I believe that after 9/11, there had to be
25 some changes made, and the transportation industry is

1 one of the industries that will have that change.

2 But I was wondering if you could just give
3 me a brief update on the implementation of that
4 program, because it will affect transportation
5 workers. There are some people who make their living
6 in the transportation industry that after this
7 program will no longer qualify for it.

8 SECRETARY BIEHLER: Right.

9 REPRESENTATIVE KELLER: So I was just
10 wondering if you could give me a brief update.

11 SECRETARY BIEHLER: I will have to give you
12 a written update. I'm not sure of the exact details
13 and the time frame, but, yeah, you are exactly right.
14 We have got a tougher bar to meet, if you will, in
15 terms of identification; that is true. So I will be
16 happy to provide something to you.

17 REPRESENTATIVE KELLER: Thank you.

18 CHAIRMAN EVANS: Representative Kathy
19 Manderino.

20 REPRESENTATIVE MANDERINO: Thank you, Mr.
21 Chairman, and Mr. Secretary, thank you for being
22 here.

23 I can't believe that I'm one of the last
24 speakers and no one yet has asked you about what I
25 think is a very significant part of our

1 transportation budget, and that is the mass transit
2 component, and I understand we have agencies coming,
3 but I want to get to the fiscal issues with the
4 department.

5 I live in the congested southeast. Just by
6 way of introduction, I often make a decision every
7 day whether I'm going to go from King of Prussia to
8 Plymouth Meeting by way of Route 202 or by way of the
9 turnpike, or if I'm going to go from Roxborough to
10 Lansdale by way of 309 north or by way of the
11 turnpike, and I could take the local roads and it
12 could take me twice as long or I could take the
13 turnpike and it can cost me a little money, and
14 that's a decision that we in the southeast make every
15 day. But in talking about our highway and
16 infrastructure problem with other members, you very
17 succinctly said that this is an issue of mobility for
18 all Pennsylvanians, and I am convinced that we must
19 have a holistic view of this issue of mobility and
20 that we will never be able to build big enough, wide
21 enough, triple-decker, double-decker highways to move
22 all of the people, that we need other modes.

23 So on that note, tell me where we are in
24 terms of transportation funding this year for our
25 mass transit agencies? You know, last time around we

1 were talking about the flex money, and that was an
2 issue for some folks, and we have Act 44 which has
3 the potential for money in the future, and I think
4 some money coming this year, but I don't exactly know
5 where that money is coming from. I want to talk
6 about this fiscal year, next fiscal year, and then
7 what happens if Act 44 blows up in terms of our
8 commitment and need to mass transit in Pennsylvania.

9 SECRETARY BIEHLER: Okay. The first year of
10 Act 44 provided \$300 million in additional money for
11 public mass transportation to all systems in
12 Pennsylvania, next year or the year that we are about
13 to enter increases that to \$350 million, the year
14 after it goes to \$400 million, and then it goes up at
15 2 1/2 percent a year. If Interstate 80 is in fact
16 rejected by the Federal Highway Administration, per
17 the terms of Act 44, the transit portion will drop
18 back to \$250 million and stay flat.

19 So that helps or perhaps at least tells you,
20 you know, what the options are here as we go forward.
21 But hopefully we will be able to continue the program
22 that is identified in Act 44, which will help
23 stabilize the transit systems.

24 You know, I don't want to go into a long
25 diatribe about public transportation, but Act 44 was

1 really a landmark piece of work in terms of the
2 transit side, and I have to tell you that I
3 congratulate all of you, and I mean it sincerely. It
4 finally made much, much better sense out of public
5 transportation. It set in performance requirements.
6 My staff is working feverishly to meet their terms of
7 Act 44, to work with the transit agencies to come up
8 with a series of additional performance requirements
9 over time. It separated capital and operating
10 funding. It made very basic improvements that
11 everybody, in my opinion, can be proud of, because it
12 really tries to manage that source of funds well.

13 The Funding Commission recommended almost
14 twice the amount of money that was ultimately
15 approved, and so that will mean certainly on the
16 capital side that there will be some difficulty for
17 folks. But nevertheless, there are some really solid
18 basic improvements structurally to that program. It
19 was simplified, and it is going to have a series of
20 performance, because we all want to make sure those
21 dollars are spent well.

22 So that is the current status. It has been
23 a great help. If somehow Interstate 80 is not
24 tolled, it will fall back to a point where it is
25 probably pretty tenuous over time, because there is

1 no growth built into that. But at the moment there
2 is if the provisions continue.

3 REPRESENTATIVE MANDERINO: If Act 44 would
4 fall through, if mass transit funding falls back to
5 that level, have there been any analyses done about
6 the impact on the other modes of transportation --
7 highways and bridges, funding, maintenance, et cetera
8 -- what the fiscal impact of, what I will call the
9 loss of some other form of infrastructure will have
10 on the demand for that system and the demand for
11 maintenance for that system, et cetera?

12 SECRETARY BIEHLER: My guess is, it will be
13 sort of a slow constriction, if you will. It is
14 almost like, you know, a boa constrictor around you,
15 and all of a sudden it just gets tighter and tighter
16 and tighter.

17 Think about what happens, though. If folks
18 now are going to be next year at \$350 million, the
19 next year at \$4 million, and somehow that drops back
20 to \$250 million, all of a sudden folks will start
21 having these holes in their budgets, they are going
22 to have to go through the predictable thing -- they
23 will go through this spiral of raising fares and
24 reducing service -- right at a time when, if we don't
25 pay attention to climate change issues, you know,

1 that will overcome us as well. So what will happen
2 is, it will put more pressure on the highway system,
3 and we are not able to keep up with the highway
4 congestion growth, as we know, because of the
5 infrastructure backlog.

6 So I think that you can project that it will
7 be a long period of time, and we will simply have
8 that many more kinds of delays with no option.
9 People will get isolated as well. People depend on
10 public transportation to get to jobs and to go to
11 school. Some folks won't have an option.

12 So it will be pretty insidious, and I guess
13 we can project it, it will probably be an inexact
14 science, but we can try to take a stab at saying,
15 these are the kinds of outcomes that we expect if
16 that happens. If that is of benefit.

17 REPRESENTATIVE MANDERINO: Thank you. Just
18 one closing comment.

19 I heard a lot of comments during the other
20 questions about kind of the long-term implications of
21 various policies that we have, but it seems to me
22 that one of the best public policies that we can have
23 for open-space preservation, farmland preservation,
24 as well as clean air and healthy air is to invest in
25 our mass transit, and the building will happen around

1 those modal transport sites, so to speak.

2 SECRETARY BIEHLER: Land use configurations
3 are a critical issue. How we develop--- Do we
4 develop and have development oriented so that mass
5 transit can serve it easily or not has a big outcome
6 on our future.

7 REPRESENTATIVE MANDERINO: Thank you.

8 Thank you, Mr. Chair.

9 CHAIRMAN EVANS: Representative Reed.

10 REPRESENTATIVE REED: Thank you, Mr.
11 Chairman, and thank you, Mr. Secretary. We welcome
12 you before the committee this morning.

13 I want to talk a little bit about the
14 turnpike, but not from the Turnpike's perspective but
15 from the Administration and PENNDOT's perspective of
16 the prospect of possibly looking at leasing the
17 turnpike at some point in the future.

18 You had mentioned a little bit earlier in
19 the committee hearing that there has been some
20 circulation of prospects for a potential submission
21 of bids for that possible lease happening at some
22 point in the future.

23 When those bids are received, will all the
24 bids be made public to both the Legislature and for
25 the public to determine whether the correct bidder

1 was chosen?

2 SECRETARY BIEHLER: I don't know the release
3 process. It is important to make sure that in order
4 to consider that option, that all information is
5 produced. And it is still in the process of being
6 developed in terms of what the final conditions might
7 be, you know, what is the lease period; what are the
8 tolling schemes; what are the maintenance
9 requirements, and all those. I mean, it is very
10 critical for you folks to make a judgment about that,
11 to understand every single term of that kind of a
12 proposal. And at the moment, we don't know what it
13 is going to produce financially, whether it is a
14 great opportunity or it is not, but that will be
15 forthcoming.

16 REPRESENTATIVE REED: Well, I guess just one
17 quick follow-up question to that comment.

18 Before you, I guess, let the submissions
19 start to occur, will you seek input from the
20 Legislature and/or the public on what those terms
21 should be?

22 SECRETARY BIEHLER: My understanding is that
23 the Governor's Office and the budget folks are in the
24 process of working out at least those kinds of
25 schemes as we speak. I don't know what the next part

1 of it or what the aftermath will be.

2 I believe in the case or I think in the case
3 of Indiana, they took some bids, but there may have
4 been some final adjustments in some of the terms
5 toward the end. But I don't know what the exact
6 scheme will be, but I will certainly pass that on.

7 REPRESENTATIVE REED: Okay.

8 The second question: If we were to consider
9 leasing the turnpike, in your mind, would that negate
10 the tolling of I-80 indefinitely, or would those two
11 programs work in conjunction with one another? Where
12 do you see that heading? If we lease the turnpike,
13 is the tolling of I-80 off the table, or perhaps
14 could both happen?

15 SECRETARY BIEHLER: I don't think I know the
16 answer to the question. Not because I'm trying to
17 duck it; I just don't know.

18 I think the Governor had said that he was
19 hopeful that there would be enough revenue produced
20 by leasing the turnpike that he would not have to
21 toll I-80. But whether that is the case, you know,
22 you will have to see the details of whatever the
23 proposal might be.

24 REPRESENTATIVE REED: Okay. And according
25 to the Transportation Funding and Reform Commission

1 report a little over a year ago, you need about \$1.7
2 billion a year to meet transportation needs in
3 Pennsylvania.

4 SECRETARY BIEHLER: Right.

5 REPRESENTATIVE REED: And then according to
6 Morgan Stanley, that has been hired as counsel to the
7 Administration on the leasing of the turnpike, in
8 order to come up with that funding, you are looking
9 at about a \$20 billion up-front payment that would
10 necessitate being able to come up with that \$1.7
11 billion a year. My question to you is, has PENNDOT
12 or the Administration looked at the impact of either
13 tolling or not tolling I-80 on that up-front payment
14 for the lease of the turnpike? And the reason I ask
15 that is, if you have got two parallel roads running
16 through the State of Pennsylvania, and one sees a
17 toll increase at some point in the future and one is
18 not tolled, there is going to be a diversion of
19 traffic in one form or another, especially traffic
20 that is really just using our State as a thruway.
21 Have you looked at how the tolling or not tolling of
22 I-80 may impact that up-front payment?

23 SECRETARY BIEHLER: No. In a sense, my
24 understanding of the examination of potentially
25 leasing the turnpike is simply leasing the turnpike,

1 not putting a toll on I-80.

2 REPRESENTATIVE REED: Okay. Do you think
3 that is something that we will be looking at at some
4 point on how that would impact that up-front payment?
5 Because obviously it---

6 SECRETARY BIEHLER: Well, it would happen
7 automatically as part of any, you know, competitive
8 bidding. The bidders would consider that, so if
9 tolling I-80 is not part of the package and simply
10 leasing the turnpike, that they would take that into
11 account in their bid price.

12 REPRESENTATIVE REED: I understand that, and
13 that is what I am asking: Has the Administration or
14 PENNDOT looked at how much they would take that into
15 account? Would that decrease the up-front payment by
16 10 percent? 5 percent? What type of dollars are we
17 talking about?

18 SECRETARY BIEHLER: I don't think we know
19 that.

20 REPRESENTATIVE REED: Okay. I think that is
21 something we should probably find out at some point
22 along this process so that we know what we are
23 comparing the different proposals with, okay?

24 Thank you, Mr. Secretary, and thank you, Mr.
25 Chairman.

1 SECRETARY BIEHLER: We can ask Morgan
2 Stanley, you know, you will not know until you know
3 what the bids are as to what the market is willing to
4 bear. The next question is, we can certainly ask
5 either the bidders or Morgan Stanley for a judgment
6 on that, you know, once you get some concrete
7 information and bids on it.

8 REPRESENTATIVE REED: Do you anticipate
9 Morgan Stanley being made available to the
10 Legislature or this committee for questions on how
11 they are structuring those proposals?

12 SECRETARY BIEHLER: I would think, you know,
13 perhaps that is a discussion the Chairman wants to
14 have, but I would think that they need to go through
15 their process.

16 You know, if you are in a competitive
17 bidding process, you know, by its nature it needs to
18 be pretty closely held to get the very maximum price.
19 I think what you want to do then is once that occurs,
20 then absolutely you want to provide, you know, a very
21 detailed discussion on it of those options, sir.

22 REPRESENTATIVE REED: Thank you.

23 CHAIRMAN EVANS: Representative Miller,
24 please.

25 REPRESENTATIVE MILLER: Thank you, Mr.

1 Chairman.

2 Mr. Secretary, good morning.

3 SECRETARY BIEHLER: Good morning.

4 REPRESENTATIVE MILLER: If we could return
5 to bridges.

6 We talked about this bridge bonding, \$2
7 billion -- you know, \$200 million a year for 10
8 years, \$2 billion -- and in your response to Chairman
9 Civera earlier, you referenced the fact that we have
10 5,935 structurally deficient bridges, which is about
11 20 percent, something like that, I don't know. You
12 referenced 25,000 bridges. At the end of the 10-year
13 span, how many structurally deficient bridges do you
14 expect would remain? Do we have any projections on
15 that?

16 SECRETARY BIEHLER: We believe that we can
17 reduce it by about 40 percent. So 40 percent of
18 5,900 is, whatever it is.

19 REPRESENTATIVE MILLER: Okay. So we are
20 looking at--- That is a significant reduction.

21 You have stated that we think that by the
22 year 2010, we can have a thousand bridges that are
23 ready to go for construction. Are those thousand
24 already designed? The permits released? Is that
25 feasible that we can have a thousand bridges under

1 construction by 2010?

2 SECRETARY BIEHLER: Oh yeah; we think so.
3 We are pretty comfortable with that, and in fact I
4 quietly challenged my staff to see if they can do
5 more than that, because the problem is, the backlog
6 is so huge. No.

7 I think it is doable. We are now on average
8 rehabilitating or replacing around 220 bridges a
9 year, so this represents about a 50-percent increase.
10 When you think about it in a couple of different
11 terms, if you spread the additional 110 bridges over
12 11 PENNDOT districts, that is 10 more bridges per
13 district, so it starts to sound more manageable.

14 But even with that, we have a special bridge
15 group that has been established over the last month
16 and a half to specifically address this, to not only
17 do those things within our central office group but
18 to then support the districts as we try to ramp up
19 and make sure we can deliver this.

20 I need to tell you, without going into great
21 detail, that we really looked at a whole series of
22 options. We even looked at options of borrowing \$2
23 billion over 4 years to see if you could really ramp
24 it up that fast. You get to a point, however, where,
25 after some good discussions that I had with some of

1 the leadership at the Associated Pennsylvania
2 Constructors group, that they may not be able to
3 catch it, so we may end up attracting contractors
4 from far and wide and our judgment was that we would
5 see such price spikes, it would not be effective. So
6 we think that this program of building up to about 50
7 percent where we are today and then holding that is
8 the right approach, that we will get the best
9 combination of price.

10 Also, the whole managing, as you correctly
11 pointed out, the whole managing of this effort,
12 because you still have to go through environmental
13 reviews and historical reviews and so on, our
14 approach is as follows, that we plan on in the
15 initial year and a half or so doing mostly
16 rehabilitation work. It is much quicker to get into
17 process, but we have got some big bridges that need,
18 you know, to have much more extensive work, that
19 rehabs are not sufficient, we have got to replace
20 them. So that will take a little longer.

21 So while we are, you know, getting out of
22 the shoot quick and doing as much rehab as we can, we
23 will be setting in place the construction, the
24 consultant work, to get those projects in place.

25 We are also going to be looking at grouping,

1 doing some grouping of design and build projects. So
2 we have got quite a number of approaches planned to
3 be able to deliver this target of a thousand bridges.

4 REPRESENTATIVE MILLER: Just a quick follow
5 up then.

6 You basically have indicated that we are
7 going to be doubling the amount of bridge work that
8 we have been doing---

9 SECRETARY BIEHLER: About a 50-percent
10 increase, but go ahead.

11 REPRESENTATIVE MILLER: About a 50-percent
12 increase.

13 SECRETARY BIEHLER: Yes, sir.

14 REPRESENTATIVE MILLER: My other concern
15 then would be for the sustainability of what we have
16 been doing. I'm looking, since these bonds will be
17 paid out of the dedicated bridge fund---

18 SECRETARY BIEHLER: Right.

19 REPRESENTATIVE MILLER: ---and I'm looking
20 at a spreadsheet that says basically in 2018-2019,
21 after paying debt service, we will go from about \$163
22 million a year in that fund for '08-09 down to under
23 \$50 million a year.

24 Now, it appears that it starts to rise after
25 that, but that that debt service builds to the point

1 where we are going to drop to \$50 million. So is
2 that going to have a negative impact on what we would
3 normally be doing out of the bridge fund in funding
4 it?

5 SECRETARY BIEHLER: Oh; sure. We would use
6 the Restricted Bridge Account to pay off those bonds,
7 I guess is what you are saying, right?

8 REPRESENTATIVE MILLER: Right. But then
9 does that drive down the number of bridges that we
10 could address out of the Restricted Bridge Account---

11 SECRETARY BIEHLER: Sure.

12 REPRESENTATIVE MILLER: ---by paying down
13 this debt so much that what we get in the way of
14 return is not quite what it appears to start, even
15 though I am not saying that I oppose this---

16 SECRETARY BIEHLER: Right.

17 REPRESENTATIVE MILLER: ---I just have a
18 concern with that much debt.

19 SECRETARY BIEHLER: And it's a good
20 question. The answer is no to that, because we have
21 looked at the whole period, assuming we are going to
22 go through a period of 10 years. And no, we will be
23 able to continue this program at this accelerated
24 level of around 50 percent greater than today, all
25 the way through the program the way it is set.

1 Obviously, there will be subsequent Administrations
2 that will have to then review that and decide if they
3 think that is worthwhile and want to continue to
4 accelerate or whatever.

5 But, no, we think it is a pretty solid
6 financial strategy to utilize those restricted bridge
7 funds, unless we get the work done up front. Because
8 of the incredible inflationary period we have seen,
9 it is in effect cheap money now, "cheap" in quotes.

10 REPRESENTATIVE MILLER: Okay. And there is
11 just one other aspect I would like for you to
12 address.

13 We have been taking about \$10 million a year
14 and giving it, as I understand it, in grants to help
15 the local municipalities, counties, address bridge
16 work that they have that needs to be done out of this
17 account, and will this in any way endanger that
18 program or will it help to accelerate that program?

19 SECRETARY BIEHLER: Absolutely not, it will
20 not endanger it.

21 In the most aggressive year, there was \$24
22 million, if my figures are correct, out of this
23 bridge money over and above the other moneys that go
24 to municipalities. I mean, when you total all the
25 money that goes to municipalities and counties,

1 believe it or not, it is in excess of \$600 million a
2 year out of the Motor License Fund. Over and above
3 that is what we are talking about.

4 REPRESENTATIVE MILLER: Sure.

5 SECRETARY BIEHLER: And we think we can
6 comfortably meet a requirement of \$25 million a year,
7 because those moneys, this \$20 or \$25 million --
8 sometimes it has been as low as \$10 million, you are
9 correct -- have been used by us to help the
10 municipalities match some Federal moneys to get more
11 bridge work done.

12 So, no, we don't think it will endanger that
13 at all, because we know that they have got a long
14 road to hoe in their own structure system.

15 REPRESENTATIVE MILLER: Okay. Thank you,
16 Mr. Secretary.

17 Thank you, Mr. Chairman.

18 CHAIRMAN EVANS: Representative Reichley.

19 REPRESENTATIVE REICHLEY: Thank you, Mr.
20 Chairman, and thank you, Mr. Secretary, for your
21 patience in undergoing all the questions.

22 Let me first start off with a local matter
23 and then move to the issue of the day on Act 44 in
24 relation to the turnpike.

25 Route 22 is one of the major thoroughfares

1 through the Lehigh Valley, and I met with Tucker
2 Ferguson last week and he informed me that there is
3 an attempt to I think have this placed upon a
4 priority list or to examine it for some degree of
5 priority standing. Are you able to tell us today, or
6 the folks at least in the Lehigh Valley, where that
7 would stand in terms of allocating funding to assist
8 and identify that as a priority transportation
9 project?

10 SECRETARY BIEHLER: I have not heard back
11 from that MPO as to what their program can absorb, so
12 I'll have to wait to hear from that, but I would be
13 happy then to discuss it with you.

14 REPRESENTATIVE REICHLEY: Okay, because
15 obviously that is sort of a major lifeline in the
16 transportation needs of the Lehigh Valley, and we
17 would appreciate your consideration of that.

18 Moving more generally to the turnpike and
19 Act 44, actually, based upon a hearing that
20 Representative Scavello had up in Monroe County where
21 he had elicited some testimony, in checking with our
22 staff, it appears that the Turnpike, contrary to what
23 I think is a public understanding, does actually
24 receive some money from the State and off the gas tax
25 revenue, but I think there is sort of a popular

1 conception that the Turnpike's operations and
2 maintenance are funded solely out of turnpike
3 revenue, and as I understand it, the Turnpike is
4 receiving a flat \$28 million Executive authorization
5 from Act 3 of 1997 and that the sum actually rises up
6 to close to \$100 million per year based upon 14
7 percent of the 55 mills from the oil company
8 franchise tax in Act 26 of 1991. I guess my question
9 is, has there been any attempt to discuss with the
10 Turnpike really making the parties responsible for
11 expenditures, coming up with the revenue for that,
12 and by that I mean, did the Administration ever
13 approach the Turnpike and say, look, you are getting
14 to the tune of \$100 million a year from PENNDOT and
15 the State taxpayers when you should be funding bond
16 projects, or the revenue stream at least for those
17 bond projects, for projects which, as I understand
18 it, are almost completely done or are under planning?
19 And in addition, I think you have seen the
20 legislation introduced by Representative McCall and
21 Representative Argall that would suggest to transfer
22 \$500 million off the Motor License Fund, which is
23 currently dedicated to providing payments for State
24 Police coverage.

25 Now, you have been discussing how you are

1 going to afford a \$200 million bond expenditure and a
2 revenue stream for that, and it would seem to me that
3 we don't have to get into all this crazy bond
4 financing to do the bridge projects if we merely
5 looked at, in a very sincere and honest way to the
6 taxpayers, let's show them where the money is coming
7 from and have the Turnpike Commission have all the
8 money going toward turnpike expenses come from
9 turnpike revenue. Let's have the State Police paid
10 for from the General Fund so that you have the
11 necessary dollars, really, to go forward on the
12 bridge projects, which have a priority, without
13 necessitating getting into the whole bond financing.
14 So I'm curious as to whether there has been any
15 consideration by that with the Administration?

16 SECRETARY BIEHLER: I have not heard of any.
17 I know that in the case -- you are correct -- in the
18 case of the Turnpike, it is actually \$87 million that
19 is dedicated as part of Acts 3 and 26. I have not
20 heard any discussion about asking the Turnpike to
21 send that money back -- that would be interesting --
22 but it would take, obviously, a change in the law as
23 it relates to those things.

24 I mean, those are good suggestions.

25 REPRESENTATIVE REICHLEY: Well, I think that

1 it would behoove us from trying to simplify, instead
2 of -- no disrespect meant to you -- this Three-card
3 Monte game we go through, this shell game about,
4 well, we will take some money from here, and people
5 don't really see where it is coming from.

6 And with regard to that with mass transit as
7 well, with Act 44's passage, I understand there is an
8 infusion of money toward the mass transit agencies.
9 Some of us had argued that the bulk of the funding
10 that goes to mass transit should be directed toward
11 the capital expenditures instead of, I think from
12 last year -- and, you know, correct me if I am wrong
13 -- about 61 percent of SEPTA's operating revenue was
14 coming from State taxpayers who would never ride a
15 SEPTA bus or a SEPTA train. The Pittsburgh Port
16 Authority was somewhere in the same percentages, but
17 maybe different. And what has caught the attention
18 of some of us, at least in the southeast, is on
19 February 12 there was an article published that
20 identified that SEPTA utilized \$81 1/2 million that
21 they got out of the Act 44 funding, I believe from
22 last year, and didn't put it toward the capital
23 expenditures but just put it aside into this sort of
24 a rainy day account, which seemed to fly in the face
25 of the dire calls for the need to have an infusion of

1 cash from the State. If we provided an extra \$81 1/2
2 million to SEPTA, why didn't they put it toward
3 getting better buses or energy-efficient buses, the
4 same way with the subway cars. So what is your
5 response to that?

6 SECRETARY BIEHLER: Well, I would defer, I
7 know that the General Manager and CEO of SEPTA is
8 going to be testifying later, so I would ask you to
9 ask that question.

10 But basically, we have a billion dollar a
11 year operating budget, which is what SEPTA does. You
12 need to look forward, you know, not just obviously in
13 the year that you are in, and understand what the
14 road looks like, and it is not pleasant, because they
15 not only depend on us but they depend on outside
16 forces, and what I'm talking about particularly is,
17 one is petroleum. So you got a heavily based
18 petroleum, you know, I don't know what SEPTA's price
19 tag is to buy diesel fuel, but I'll bet you it is
20 somewhere between \$30 and \$50 million a year. That
21 is my guess, but you can ask the real experts. Next
22 is, we don't know what the Federal government
23 situation is going to be like. It is really
24 frightening.

25 What the current Administration's proposal

1 is for 2009 in the Federal budget is to take, because
2 they project that the highway account within the
3 Highway Trust Fund is going to go bankrupt this year,
4 they propose to steal some of the transit money and
5 borrow it to plug the hole. So all of a sudden,
6 there is this incredible pressure that we built for
7 fiscal year 2010, and perhaps the SEPTA folks may
8 want to talk about that, because they may need
9 X amount of dollars to be able to make the guarantee
10 that they can continue the service.

11 But I would ask you to ask those questions
12 of them, because they obviously are into the details
13 of their budget and can respond probably much more
14 accurately than I.

15 REPRESENTATIVE REICHLEY: With regard to the
16 mass transit funding, if Act 44 or the plan to toll
17 I-80 is rejected by the Federal government, as I
18 understand it, the Turnpike Commission already
19 forwarded to PENNDOT about, you said, \$300 million
20 for this year?

21 SECRETARY BIEHLER: Yeah; they are on the
22 hook this year for a total of \$750 million.

23 REPRESENTATIVE REICHLEY: Does that get paid
24 back to them if Act 44 falls through?

25 SECRETARY BIEHLER: No. They have to use

1 their own turnpike toll revenue to pay off those
2 bonds that they would have paid in the interim
3 period. In other words, they would have been paying
4 them at a higher rate than they would like without
5 tolling I-80, and if the bottom falls out of that, if
6 you will, no, they are on the hook to pay for those
7 bonds anyway, and they will be, you know, as it
8 continues, it will go down to \$450 million.

9 REPRESENTATIVE REICHLEY: Okay.

10 SECRETARY BIEHLER: But it is their
11 responsibility, and that was part of the terms of Act
12 44.

13 REPRESENTATIVE REICHLEY: So there are a lot
14 of fingers crossed over at the Turnpike Commission, I
15 guess.

16 SECRETARY BIEHLER: That is true.

17 REPRESENTATIVE REICHLEY: Okay.

18 Well, we would also, I think, appreciate if
19 you would consider, as we go forward on the mass
20 transit situation, looking at more regional
21 partnership approaches toward that. I think last
22 year we talked to a professor from Penn who said that
23 really the way to solve, for instance, the
24 Philadelphia mass transit situation is to open up
25 more revenue streams at the local level from the

1 Parking Authority, from the Airport Authority, from
2 areas like that, to bring revenue in so that we do,
3 instead of having folks in the northeast, or frankly
4 the northwest, objecting to tolling revenue going to
5 mass transit, having the folks who are intimately
6 being benefited from that system be the source of the
7 revenue. And that would apply to the Lehigh Valley,
8 too. I'm not saying that the Lehigh Valley and
9 Pittsburgh and all those other regions shouldn't have
10 that same approach applied to them as well.

11 SECRETARY BIEHLER: There has been a lot of
12 discussion at the Delaware Valley Regional Planning
13 Commission, but looking at other regional approaches,
14 that's a timely issue.

15 REPRESENTATIVE REICHLEY: Thank you.

16 CHAIRMAN EVANS: Mr. Secretary, thank you.

17 As usual, it is a pleasure when you come
18 before this committee. I'm speaking for the House
19 Appropriations Committee, but I know the
20 Transportation Committee, who is also here, we really
21 appreciate this opportunity and this discussion. I
22 think it is very helpful for us as we deal with the
23 budget and as we look toward the future.

24 Again, I would like to thank you sincerely
25 in all that you have done for all Pennsylvanians and

1 your responsibility.

2 SECRETARY BIEHLER: Thank you.

3 I will respond quickly to the questions we
4 said we would provide and details, and thank you very
5 much. I appreciate it.

6 CHAIRMAN EVANS: I would like to recess for
7 5 minutes.

8 On the panel, we have the General Manager of
9 SEPTA, the CEO of the Allegheny system, and
10 Westmoreland system, and the President of the
11 Transportation Workers. If they could move to the
12 table, please.

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14 (The hearing concluded at 10:55 a.m.)

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I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Debra B. Miller,
Reporter