PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS

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PennDOT Pathways
Pa Department of Transportation
Keystone Building
400 North Street
5th Floor
Harrisburg, PA 17120
PennDOTPathways@pa.gov

To Whom it May Concern:

The Pennsylvania State Association of Township Supervisors represents Pennsylvania's 1,454 townships of the second class and is committed to preserving and strengthening township government and securing greater visibility and involvement for townships in the state and federal political arenas. Townships of the second class cover 95% of Pennsylvania's land mass and represent more residents — 5.5 million Pennsylvanians — than any other type of political subdivision in the commonwealth. The need for continued, dedicated transportation funding for local roads and bridges is of critical importance to all townships, regardless of road miles or demographics.

Local roads and bridges and state highways, along with air, rail, and the mass transit system, comprise a single transportation network for the commonwealth's traveling public. Pennsylvania has more than 117,000 total road miles, and two-thirds of these, along with thousands of local bridges, are owned and maintained by local government. Specifically, townships maintain more than 57,000 miles of road to PennDOT's nearly 40,000.

These local roads and bridges are a vital link in our transportation network and provide children with safe transport to school, workers with reliable access to jobs, patients with transportation to doctors, and farmers with a means to move food to consumers across the state and country. As such, the Association believes that local government is an essential partner with the state in maintaining our roads and bridges.

The Transportation Infrastructure Task Force Fall 2019 Report, Build to Lead: Investing in Pennsylvania Infrastructure found that, "There must be a stable, reliable, and permanently dedicated revenue stream for transportation infrastructure investment in the Commonwealth." PSATS has long maintained that the state must provide a predictable, reliable, and dedicated method of funding for the **entire** transportation system *(PennDOT, local government, and mass transit)*.

We are disappointed that PennDOT's Pathways Program focuses only on the state's need for transportation funding and does not appear to recognize the partnership with local government or the need to fund the locally owned portion of Pennsylvania's single transportation system. This is a critical error and must be addressed as PennDOT moves forward with this initiative.

We are also disappointed with the lack of outreach to PSATS for discussion and input on this major initiative. As partners with PennDOT, these issues should have been brought up at the Municipal Advisory

Committee meetings. While funding issues have been brought up in the past and an overview of the decreased funding was discussed at recent meetings, the Pathways initiative was not.

Municipalities should receive a fair share of state liquid fuels funds to adequately maintain the local road portion of the entire commonwealth system. PSATS supports the use of a blend of revenue sources, including the oil franchise tax, registration fees, and public-private partnerships, to fund the state and local highway and bridge systems. While the Pathways program appears to acknowledge the importance of these funding sources, again, it does not recognize the critical importance of funding the local side of this system.

Act 89 of 2013 provided new, meaningful, and permanent transportation funding for municipalities and raised the annual distribution of liquid fuels to $500 million in 2019. While Act 89 was enormously successful in providing an increased reliable and dedicated funding stream, municipalities continue to be overburdened with the maintenance cost for their portion of our transportation network.

Act 89 changed how the liquid fuels taxes were calculated, increasing the amount collected for gasoline and diesel fuels, as well as the municipal share of these funds. Prior to Act 89, there was a "ceiling" on this tax. Act 89 removed the ceiling and replaced it with a floor, so that the tax itself won't drop, but will increase if wholesale prices exceed $2.99 per gallon. However, fuel sales tend to decrease when the price of gas increases and overall decreases in fuel sales will cause total liquid fuels revenues to drop.

However, as the Task Force Report reported, "The gas tax increase passed in 2013 isn't meeting revenue projections due to a significant increase in the use of more fuel-efficient vehicles inclusive of alternative fuel vehicles such as hybrid and electric models." Lower than anticipated fuel prices have made fuel and oil-based products for road maintenance more affordable but have resulted in further decreasing actual gas tax receipts. After hitting a high of $500.7 million in 2019, the municipal liquid fuels tax distribution dropped by 2.6 percent in 2020 and is anticipated to see another 10 percent decline in 2021 due to COVID-19 impacts.

Based on our review of the limited information provided through the PennDOT Pathways Online Engagement Platform, we find the focus of this proposal is solely on state-owned infrastructure, which is unacceptable. We also find that it does not propose any alternatives for how we do business or how we can evaluate and possibly alter existing requirements to cut down on unnecessary bureaucracy. Ensuring the safety of our transportation system is critical but we question if all requirements for safety are accomplishing this goal or adding costs with little benefit.

As we stated earlier, we support a blend of revenue sources, including taxes and fees, and local government should receive its fair share. While the Pathways proposal includes fee and tax increases as options, it is very vague and does not identify these fees or taxes. It only notes that the proposal is not asking for an increase to the gas tax. We cannot evaluate these options without detailed proposals including the taxes and fees requested, how they will be used, and what share, if any, local government will receive. If local government is not considered as part of this initiative, we will need to object to it.

The rest of the vague proposals seem to focus exclusively on suggestions that do not appear to be appropriate for the vast majority of, if not all, locally owned roads and bridges. While spot tolling, corridor tolling, managed lanes, and congestion pricing may be valid options for funding of heavily used state infrastructure, we ask how they would impact local roads and bridges. If tolls were placed on a particular state road or bridge and there were local alternatives, it is likely that many drivers would avoid the tolls or congestion pricing by using local roads. If that is the case, this would not only reduce the expected state revenues, but directly cause increased costs to municipal owners of the local bridges and roads being used as a detour. We see this already with detours due to state road projects. If the detour route is too long, traffic increases as drivers avoid the overly long (lengthwise or timewise) detour. As such, it is critical that as these options are explored, that studies of local impacts be analyzed and these options not be used where the possibility of a local detour exists.

Another option is a road user charge. We find that the public and our members are generally hesitant to consider a fee per mile charge as it would impact rural areas more than urban and suburban areas. Also, due to the current pandemic and increased telework, which decreases commutes, essential and hourly workers would likely shoulder a greater portion of this option and may not have the means to do so. This raises a fairness issue for this type of fee. Finally, given the current distrust of government, it is unlikely that an option requiring GPS technologies would be acceptable to the public or the General Assembly.

We have a few suggestions for what we believe are reasonable alternatives to stretch our limited transportation dollars. None of these options have a cost to the Commonwealth.

Prevailing wage reform: Act 89 of 2013 made the first reform to this unfunded mandate since the 1960s, allowing small road and bridge projects of less than $100,000 to be bid without the requirement to pay prevailing wage. To further stretch our transportation dollars, the $100,000 prevailing wage threshold should, at a minimum, be extended to projects funded with dirt and gravel road grants, which appear to have been inadvertently left out of Act 89. In addition, the law should be amended to specifically exempt those road projects that historically were classified as maintenance activities from the Prevailing Wage Law, such as paving projects, which would help township's limited dollars go further.

The fact is, many municipal road projects far exceed $100,000. As such, PSATS believes that the Prevailing Wage Act should be amended to increase the threshold for compliance for all types of projects to $500,000. This would decrease the costs of individual projects and spur competition as many small contractors are hesitant to bid on prevailing wage contracts. Adding prevailing wage to a project can increase costs by 20 to 30 percent and eliminating or reducing the number of projects that must comply would allow local governments to significantly stretch our limited transportation dollars, not just for road projects, but also for related projects like salt sheds.

Relieve federal requirements: Pennsylvania has adopted the federal Manual on Uniform Traffic Control Devices by reference. However, this one-size-fits-all approach does not always work in Pennsylvania.

For example, provisions that mandate all mowing operations to have a shadow vehicle unless located on a road with fewer than 10,000 vehicles a day and the mower is completely off the road, as well as prohibitions on the use of single yellow lines on rural and mountainous roads, do little to enhance safety while imposing increased costs on municipal transportation budgets. PennDOT should review these requirements and provide reasonable exemptions to improve safety and reduce costs.

Expand P3 to include local governments: If a municipality is approached individually by a business with a P3 project idea, local governments are currently unable to participate and leverage transportation budgets. Considerations should be given to providing a direct local government P3 option.

Allow municipalities to participate in PennDOT highway and bridge bundling contracts: Allow municipalities to participate in highway bundling contracts through PennDOT, similar to the bridge bundling provisions of Act 89 which PSATS strongly supported. This would have the potential to allow townships to leverage state resources realized in savings of dollars or percentage of project cost for design and construction, if there are township roads that would meet bundling criteria.

We would like to see the current bridge bundling program be offered to municipalities more extensively. We are aware of several counties where the bridge bundling program has been used to combine projects with county and municipal bridges to find efficiencies and savings, but it is unclear if the bridge bundling program is being used to its fullest potential. We continue to believe that the concept is laudable, and that the possibility exists for further savings in design, bid, and construction costs. The tremendous progress that PennDOT has made since 2013 in replacing and rehabilitating bridges could also help to reduce the more than 2,000 local bridges that are rated poor according to the February 2019 Transportation Advisory Committee report.

In closing, **we urge PennDOT to view local government as a partner in the delivery of services to our mutual residents** and to focus efforts on creating a package of funding solutions and measures that will reduce the cost of providing transportation infrastructure. We look forward to discussions with the Department on how to include local government in this proposal to ensure that our citizens and businesses will have a safe and fully funded transportation system for decades to come.

Sincerely,

Joseph Gerdes III,
Director of Government Relations