

Pennsylvania Senate Transportation Committee
Senator John C. Rafferty, Majority Chairman
Senator John N. Wozniak, Minority Chairman

Hearing on the Delay and Delivery of State Road and Bridge Projects
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Testimony by:
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Chairman Rafferty and Chairman Wozniak, thank you for the opportunity to provide testimony regarding the delay and delivery of state road and bridge projects. I am Eric Madden, Executive Vice President of the American Council of Engineering Companies of Pennsylvania (ACEC/PA). ACEC/PA is a state-wide trade association with more than 125 member firms, representing over 10,000 individual employees, including consulting engineering, construction inspection and surveying firms. While our members provide a wide range of professional engineering services, our membership has a very keen interest in civil engineering and the design of the public's water and transportation infrastructure. The association has been serving the industry for nearly 70 years.

ACEC/PA, as part of the Keystone Transportation Funding Coalition, played a very active role in the passage of what is now Act 89 of 2013. Through the Act, Pennsylvanians will benefit from an additional \$2.3 billion annual investment that improves our highways, bridges, transit systems, airports, freight railroads, ports, bicycle and pedestrian projects throughout the entire Commonwealth. Act 89 was a true game-changer and quickly drew national attention not only for the size of the program, but also the manner in which it was passed. It was a bi-partisan approach that has led to a long-term, multi-modal program with sustainable growth. Many of you voted and supported Act 89 and I believe you are seeing the immediate effects of transportation improvements that are currently underway in your districts. The industry thanks you for your support in this success.

As we enter into the third year of the five-year ramp-up of Act 89, we have reached a point where we may begin to analyze how the final two years and those thereafter may unfold. When Act 89 and the associated Decade of Investment projects were enacted, there were certain assumptions that were expected to ensure the full success of the Act.

Pennsylvania has a rich history in delivering transportation projects that greatly benefit our Commonwealth. The latest example was the American Recovery and Reinvestment Act (ARRA) of 2009 when Pennsylvania received over \$1 billion in federal dollars to deliver shovel-ready projects. The clock was ticking as the ARRA dollars were mandated to be spent within a two-year timeline. We were one of the very few states in the nation that was able to quickly

expend our portion of dollars, getting projects built and putting ourselves first in line to use dollars unspent by other states because of their slower delivery methods.

In times of unfortunate emergency response, again Pennsylvania quickly springs into action to address the emergency at hand. We saw this in 2005 with the bridge collapse over I-70 in Washington County, in 2008 when we closed I-95 in Philadelphia due to a structural failure in a support column, in 2011 with Hurricane Irene washing away bridges in our northern tier, and in 2013 with the overturned oil tanker at US 322 and I-81 in Harrisburg. We can and do deliver when called upon.

However, from an engineering perspective there are two particular current challenges to maintaining this level of performance.

First, there is always the assumption that there would not be any unconstitutional diversions from the state's Motor License Fund. As you know, the Motor License Fund is the constitutionally protected sources of dollars that are strictly for the purpose of building and maintaining the state-owned highway and bridge infrastructure. Unfortunately, there has been a growing diversion of dollars to supplement the necessary activities of the Pennsylvania State Police. ACEC/PA strongly supports the State Police and all of the herculean efforts that the men and women of the force undergo each and every day. However, the primary source of the dollars to fund the State Police has become a particular challenge that will impact the future achievements of Act 89 and the delivery of the vital projects to which we all committed.

The FY 2015-2016 budget for the State Police is approximately \$1.16 billion. Of that total budget, \$757 million will be funded through the Motor License Fund. Those dollars equate to 65 percent of the State Police funding originating from the Motor License Fund while the remaining 35 percent come from the General Fund. The Motor License Fund portion has grown over the past five years from 61 percent to the current 65 percent. This breakdown of funding between the Motor License Fund and the General Fund is counter to the funding trend of some of our neighboring states.

State Police operations are allowed to spend against the Motor License Fund solely for the purposes of patrolling and enforcing the traffic laws along the state-owned highway system (in accordance with the constitutional provisions of the Motor License Fund). However, the percentage of funding against the Motor License Fund and the actual growth of those dollars cause concern and need to be addressed. Perhaps now is the time to pause and call for an independent, non-partisan review to determine the appropriate amount of Motor License Fund dollars that may be associated with the State Police's mission of patrolling our state-owned highway system.

ACEC/PA wholeheartedly supports the funding for the State Police. In fact, given the current environment of safety and security in the homeland, we would advocate for enhanced funding. The problem remains that while our missions are both equally important for the overall safety and health of the Commonwealth, we find ourselves competing for the very same dollars that were specifically established to address our transportation infrastructure needs.

Second, ACEC/PA's engineering firms employ not only consulting engineers, we also employ over 1,000 construction inspectors. Construction inspectors are charged with monitoring the construction operations to verify that the construction methods and materials comply with the standards, specifications and design defined and/or approved by the owners (such as PennDOT) for each project. Our services, when performed by experienced and knowledgeable individuals, provide a great benefit to the citizens to produce safe, cost effective and high quality infrastructure for which the taxpayers have paid. Simply, our inspectors are there to protect both the workers in the field and the taxpayer's investment into a safe and quality product. When the attractiveness of this career path is reduced, the quality of the individuals will be reduced. A reduction in inspection quality results in lower quality product, increased safety concerns and long term higher cost to the taxpayers.

In 2013, the General Assembly and Governor Corbett enacted Act 60 which provided needed reform to the deficiencies in the unemployment compensation fund. Unfortunately, the safety net that unemployment compensation has provided in the past to mitigate the long shutdown season (November through March) for our inspectors has been severely diminished by this Act. Since the implementation of Act 60, we have experienced a disturbing trend in our workforce. Employment in Pennsylvania as a construction inspector is now viewed as a temporary job rather than a career. Unfortunately, the added uncertainty brought on by Act 60 has discouraged many of our most qualified individuals to seek employment in other industries, and in many cases, other states. In addition to employee retention struggles, our ability to attract high quality candidates into our industry has been significantly reduced. Over the past few seasons, our firms have been able to continue to deliver with a reduced workforce despite the impact of Act 60 because our transportation program had been insufficient. However, with the passage of Act 89 and the onset of the Public Private Partnership Rapid Bridge Replacement Program (P3 RBR), the demands for qualified and experienced inspectors is rapidly increasing.

The industry has been working with Senators Lisa Baker and Christine Tartaglione on an amendment to Act 60 to hopefully resolve this matter. However until it is resolved, this matter will continue to have an impact on our industry and our ability to deliver projects.

Lastly, I wish to tell you that since Act 89, PennDOT, the Pennsylvania Turnpike Commission and the industry have been working on an endeavor entitled the Total Quality Initiative (TQI). This effort brings all parties together in a constructive, roll-up-the-sleeves manner to discuss all of those areas which may prevent us (the collective us) from being successful in delivering projects. We have focused on four primary areas: leadership/culture, workforce development, process and technical.

Leadership/Culture focuses on defining and developing a culture of quality among the leaders in our industry. From the Transportation Secretary, Turnpike Chief Executive Officer to the Chief Executives of the contracting and engineering firms, we jointly take ownership in providing a quality product to the citizens of the Commonwealth.

Workforce Development focuses on having the properly trained people to actually deliver what we had promised in Act 89 and beyond. By people, we mean professional engineers, heavy

equipment operators, inspectors and the multitude of others in the industry. Over the years, there has been a pause in hiring new people simply because the work was not available.

Process focuses on the contractual procurement of professional engineering and contractor services. This effort addresses those issues prior to construction that may prohibit the most expedient manner in which a project is delivered. It is also intended to expedite work particularly during the construction phase, so the traveling public may be least impacted.

Technical focuses on the materials that we use on our highway and bridge system. The goal is to continuously improve our infrastructure quality and durability and provide consistency in our specifications.

In conclusion, Pennsylvania has proven time and again that we can indeed deliver projects timely and effectively. There are always challenges. However, with your assistance, particularly with the funding of State Police and amending the Act 60 unemployment compensation law, we can make greater strides. We also take ownership in that PennDOT, the Pennsylvania Turnpike Commission and the industry must continue to work cooperatively to break down any unnecessary barriers to do the one job the public expects from us: deliver safe, quality projects and improve their quality of life.

Again, thank you for this opportunity and I welcome any comments or questions from the Committee.