

PennDOT House Appropriations Statement

Chairman Saylor, Chairman Bradford, members of the Appropriations Committee, thank you for the opportunity to review the Pennsylvania Department of Transportation's (PennDOT) efforts to maintain and improve our state's transportation system.

The pandemic has put a spotlight on our transportation networks: how essential they are, and how fragile they can be without an adequate and sustained public commitment to invest in a state of good repair and modernization to meet future needs.

Thanks to much-needed action on infrastructure funding at the federal level and our own work here in Pennsylvania, the conversation on how we

pay for transportation has been elevated over the past year. Events like the collapse of the City of Pittsburgh's Fern Hollow Bridge on January 28 has brought a new level of urgency to those discussions. We've been talking about the looming, growing funding needs on our system for a long time. But for the first time in a long time, we have a lot of exciting options that can help us reduce our reliance on the gas tax and create new revenue for transportation. We cannot deny the need for consensus to act on transportation funding solutions, and I look forward to discussing our path forward with all of you today.

BIPARTISAN INFRASTRUCTURE LAW (BIL)

The passage of the Bipartisan Infrastructure Law (BIL) is the largest federal infrastructure investment in decades, and PennDOT is grateful for the Biden Administration's leadership on this meaningful, historical action. This investment will allow Pennsylvania to invest billions of dollars to modernize our infrastructure like roads, bridges, ports, and rail, while creating sustainable, good-paying jobs that will be transformative of our transportation system and our local economy.

Over five years, the BIL will bring \$4 billion in new federal highway and bridge funds to Pennsylvania. This includes \$1.6 billion in a new funding stream specifically for bridges. These new highway and bridge funds are reflected in the following chart.



FFY	Increase Based on Formula	Special Bridge Program	Est. Total Increase	Federal Fund Totals (Existing + New)	Est. State Match Needed for New Federal Funds
2022	\$377.5 million	\$327.2 million	\$704.7 million	\$2.5 billion	\$163.9 million
2023	\$421 million	\$327.2 million	\$748.2 million	\$2.5 billion	\$174.8 million
2024	\$465.3 million	\$327.2 million	\$792.5 million	\$2.6 billion	\$185.9 million
2025	\$510.5 million	\$327.2 million	\$837.7 million	\$2.6 billion	\$197.1 million
2026	\$556.7 million	\$327.2 million	\$883.9 million	\$ 2.7 billion	\$208.7 million
Est. 5-yr total	\$2.3 billion	\$1.6 billion	\$4 billion	~\$13 billion	\$930.4 million

In hopeful anticipation of these new funds, we worked with our district offices and our Metropolitan and Rural Planning Organizations (MPOs/RPOs) to identify projects that could be accelerated or added to in scope if additional funds were made available. The 2023 12-Year Program update is now underway with these new funds in mind.

Additionally, we must have stable and sufficient state funding to leverage these federal dollars. Federal funding is reimbursed, so we must first spend state dollars to get the federal ones, and federally funded projects usually require a 20-percent state match. With that in mind, we expect we would need approximately \$930 million in additional state funds over five years to match this funding. The additional discretionary programs may require additional state dollars to match and we are awaiting those details.

We're grateful that the Governor's proposed budget includes an increase of \$141 million in funds available to PennDOT due to an accelerated reduction of Motor License Funds to the PA State Police, which will help us match the new BIL funds. This accelerates the pace at which PSP's allotment of funding from the Motor License Fund was originally planned – based on legislative action in 2016, PSP's allotment was to be gradually reduced from \$800 million annually to a planned target of \$500 million by the 2027-28 fiscal year. The administration recognizes it is critical to ensure PSP meets their mission and that state budget impacts are minimized as demands on their services grow.

We also are hopeful that federal funding will continue at these elevated levels, but of course, there's no guarantee that will be the case. And because we bid projects now that will be paid over several years, we must continue to plan ahead.

The BIL also includes funds to help states accommodate the increased adoption of electric vehicles (EVs). Pennsylvania is expected to receive at least \$171 million in formula funding over

the five-year period for building out Alternative Fuel Corridors (AFCs) throughout the state and help support charging infrastructure for electric vehicles. These funds may be used for installation and operation of EV chargers, and for related signage, mapping and analysis. At least initially, these funds primarily focus on developing the AFCs, taking miles from Pending to Ready status. Currently, there are 1,051 Interstate miles Pending and 692 Interstate miles in Ready status. Once the US Department of Transportation certifies that the AFCs are fully built out, Pennsylvania may use these funds to build EV charging equipment on any public road or in any publicly accessible location, like parking facilities at public buildings and parks.

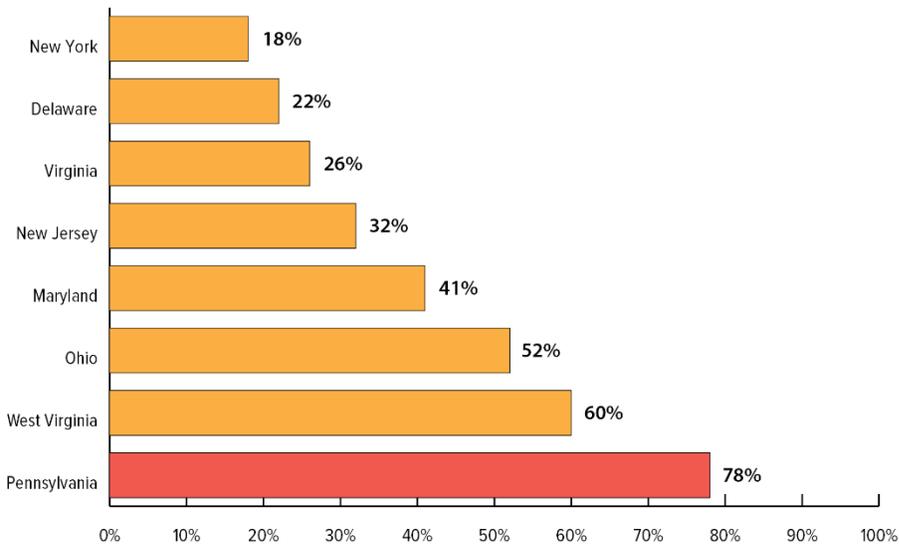
These critical federal investments – along with state-level solutions – will help close Pennsylvania’s growing transportation funding gap, help us prepare for the future, connect Pennsylvanians to opportunity and each other, and move us forward.

TRANSPORTATION REVENUE OPTIONS COMMISSION (TROC)

Last year, Governor Tom Wolf established the Transportation Revenue Options Commission (TROC). Representatives Saylor and Bradford as well as Representatives Hennessey and Carroll served on TROC, along with dozens of representatives from many transportation, economic and social organizations, with the goal of finding new ways to fund transportation in Pennsylvania and reduce our reliance on the unsustainable gas tax. I was honored to serve as chair for this commission. In July, TROC submitted a [report of recommendations](#) for a path forward, including short and long-term solutions for transportation funding.

All states struggle with how to pay for transportation infrastructure and services. Pennsylvania is especially challenged in this area for two reasons: the age and size of our transportation network, and our outsized reliance on the unsustainable gas tax to pay for it. Due to inflation and fuel efficiency, it is increasingly clear that the gas tax is not sustainable and other options must be explored to provide reliable transportation funding.

PennDOT receives 78 percent of its highway and bridge funding from state and federal gas taxes. By comparison, only 18 percent of New York’s transportation funding comes from gas tax. Since the start of the pandemic through the end of December 2021, we’ve lost over \$674 million in gas tax revenues. The market-driven industry shift to EVs makes us even more vulnerable. On top of that, thanks to inflation, we’ve seen a more than 40 percent decrease in buying power since 1993. The chart below, taken from the TROC report, shows gas tax as a percentage of total revenue, by state.



TROC developed a three-phased approach to its proposal and established target levels for additional funding by phase. The proposed totals by phase are responsible and feasible levels of annual additional revenue for necessary transportation improvements:

- Phase 1 (Years 1 and 2): \$3.5 billion
- Phase 2 (Years 3 and 4): \$6.6 billion
- Phase 3 (Year 5 and beyond): \$11.5 billion

A Mileage-Based User Fee (MBUF) was determined to be the solution that could ultimately generate enough revenue to phase out and end Pennsylvania’s reliance on the gas tax while helping to close our growing transportation funding gap.

Nationally, MBUF is viewed as the next-generation solution for funding transportation. It has been studied in multiple states – including Pennsylvania – and even implemented in some such as Utah, Virginia, and Oregon. It has been found to be a viable and equitable way to replace the gas tax. Drivers pay for the miles they drive regardless of whether their vehicle is electric, hybrid or gas-powered.

Much work is still needed before we can fully implement an MBUF. Additional analysis and study is needed, and of course, legislative approval is necessary. As we look to solutions to increase our state transportation dollars to fully leverage the increased federal funds, a MBUF pilot program would be a good place to get started.

Though the TROC report is complete, our work is far from over. PennDOT is committed to continued collaboration with stakeholders and the General Assembly in support of reliable transportation funding.

OVERALL SYSTEM STATUS, NEEDS

Act 89 of 2013 accelerated or made possible thousands of projects. We’ve completed or started over 4,000 projects worth more than \$15 billion since the Act’s passage in 2013, with projects viewable at www.projects.penndot.gov. In 2021, 483 construction contracts for highway, bridge,

and other improvement projects were completed statewide through PennDOT's private-sector partners. Additionally, 465 bridges were let to be repaired, replaced, or preserved by PennDOT or industry forces through December 2021, and 5,637 miles of roadway were improved by department or partner crews last year, including 1,563 miles of paving. You can track this progress at www.pennidot.gov/results.

However, Act 89 didn't meet the minimum needs identified by the Transportation Funding Advisory Commission in 2011 and our funding gap has only grown wider. Our current projections indicate the annual funding gap for highways and bridges to be \$8.1 billion, \$9.3 billion across all modes. This includes a gap of nearly \$1.2 billion just to keep up with routine activities by our maintenance forces such as winter operations and vehicle fleet management, signage, litter control, and core maintenance activities which preserve our assets. Such a large gap cannot be filled with efficiencies alone, though we are committed to modernization and business-practice improvements (as outlined in our "[PennDOT Efficiencies Report](#)").

Delays in projects have asset-condition costs as well as financial costs. Considering even a modest inflation rate of 3 percent, each year the cost of those projects would increase by an additional \$30 million due to escalation costs – while our revenues are declining. As our needs continue to grow and significant risks to existing revenues are identified, we, as an agency, are forced to look to alternative means of funding that are emerging across the nation. The following table outlines our additional unmet needs over 10 years.

TRANSPORTATION UNMET FUNDING NEEDS (Figures in Millions of Dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
National Highway System	\$1,900	\$1,995	\$2,095	\$ 2,199	\$2,309	\$2,425	\$2,546	\$2,673	\$2,807	\$2,948
System Modernization and Upgrades	\$2,100	\$2,205	\$2,315	\$2,431	\$2,553	\$2,680	\$2,814	\$2,955	\$3,103	\$3,258
Non-NHS and Maintenance and Operations	\$4,100	\$4,305	\$4,520	\$4,746	\$4,984	\$5,233	\$5,494	\$5,769	\$6,058	\$6,360
Facilities	\$50	\$53	\$55	\$58	\$61	\$64	\$67	\$70	\$74	\$78
Multimodal	\$1,200	\$1,260	\$1,323	\$1,389	\$1,459	\$1,532	\$1,608	\$1,689	\$1,773	\$1,862
Total State-Level Transportation Funding Need	\$9,350	\$9,818	\$10,308	\$10,824	\$11,365	\$11,933	\$12,530	\$13,156	\$13,814	\$14,505

Bridges

Pennsylvania is home to a large network of state and locally- maintained bridges. The average age of the state's over 25,400 bridges, for example, is 55 years—in many cases, nearing or exceeding their design life. Around 250 of the state-maintained bridges move into the “poor-condition” category each year due to their age and deterioration. With a system of aging bridges, we expect this to increase. We must maintain and improve more than that number each year

because if bridges must be weight restricted or closed, it severely impacts commerce, emergency services, and quality of life.

We have made considerable progress, as the number of state-owned bridges in poor condition has decreased from a high of 6,034 in 2008 to around 2,400. Additionally, all 558 bridges that were replaced through our Public-Private Partnership Rapid Bridge Replacement program are open to traffic. The overall project took five years compared to the normal eight to 12 years through standard project delivery and scheduling. This was added to the hundreds of bridge projects we and our private-sector partners addressed annually.

But because we have a large aging bridge population, we cannot rest on this progress. In fact, we anticipate this number rising as bridges we have maintained and preserved cycle back to needing full replacements or more extensive repairs. On the local system we have 1,729 bridges that are in poor condition, so the needs extend beyond the state system.

The needs of our bridge network have been thrown into sharp focus over the last few weeks, with the collapse of the Fern Hollow Bridge in Pittsburgh. While the City of Pittsburgh owns this bridge, PennDOT is actively involved in the response to the collapse, and we remain engaged with the City, our federal partners, and other stakeholders throughout the process. We are providing engineering support for the city in the bridge replacement, which will help accelerate the process. Based on estimated costs, up to \$25.3 million in federal National Highway Performance Program (NHPP) funds have been made available for this project. The federal funds for this project are a direct result of the “new/additional” funds made available in Federal Fiscal Year (FFY) 2022 from the Bipartisan Infrastructure Law (BIL) and will not impact any regionally funded projects. The Department is thankful to be in a position to provide financial and engineering support for this emergency.

The BIL did include a new funding stream specifically for bridges, which will bring \$1.6 billion to Pennsylvania. This breaks down to \$327.1 million annually, \$49 million of which will go to off-system bridges and \$278 million will be available for the replacement, rehabilitation, preservation, protection, resurfacing and construction of new highway bridges that are listed in the National Bridge Inventory (i.e. greater than 20 feet in length/span length). Consistent with our planning process, these funds will flow through the 23 MPOs/RPOs as all available federal highway and bridge funds have in the past. The list of projects benefiting from these new funds will be developed as part of the regional 2023 12-Year Program update.

Roadways

These new programs, federal requirements, and our subsequent funding-distribution changes have brought much attention to our interstate system. Many of the interstates in Pennsylvania were designed in the 1950s and constructed in the 1960s, and many major bridges on the interstate network are nearing the end of their useful life. These bridge assets on the interstate system serve as the economic backbone to communities, local businesses, and interstate commerce. Though rehabilitation or replacement is costly, their maintenance and preservation costs only increase over time. Since this network carries 26 percent of the total vehicle miles traveled in the state, it is imperative to keep these assets in a state of good repair.

But increasing focus on the 1,300-mile interstate network has impacted available resources for non-interstate roadways. Twenty-six percent of the PennDOT-maintained roads that are not on the interstates or the rest of the National Highway System (NHS) are rated as “Poor” with the International Roughness Index (IRI). On non-NHS roadways with an average daily traffic volume of fewer than 2,000 vehicles, 33 percent of the miles are in “Poor” condition on the same scale. These lower-traffic roadways make up a large part of our system. In addition to a rougher ride, poor IRI may indicate insufficient pavement structure and the need to repair the pavement base.

There are 21,000 miles of PennDOT-owned, low-volume bituminous roadways maintained with seal coating (oil and chip) and resurfacing, mostly in rural areas. Twenty-seven percent of these roadways have not seen more than basic maintenance in up to 20 years.

While nearly 75 percent of our highway and bridge project budget is for private-sector work such as work by Pennsylvania qualified contractor and consultant partners, PennDOT itself must maintain strong maintenance teams and equipment to support safe travel. With the current Capital Equipment Budget funding levels, we are unable to maintain a cost-effective life cycle on our equipment fleet. We maintain more than 2,200 dump trucks and are unable to purchase the number of new units per year to maintain a successful life cycle. This also reduces what we can spend on other core equipment such as loaders, graders, and foreman crew cabs. The average cost of a dump truck in 1999 was \$82,000, while today’s dump truck cost is over \$210,000.

Multimodal

Public transportation is available in some form in every county in Pennsylvania and these services are critical in communities across the state. On average, 63 percent of the people who use these services say that they have no alternate means of transportation (based on responses in past transit-agency performance surveys). While transit provides millions of dollars in positive economic impact each year, providers have lost significant ridership as people work from home and change their travel patterns. Yet good service is critical to serve those with no other options and transit systems across the state are studying what service should and could look like in the future. Future service may look very different as major urban areas strive to preserve equity in their service by continuing to serve transit-dependent populations in efficient and reliable ways. The need for service along commuter corridors has changed as people spend more hours working from home. Additionally, providers have significant facility and equipment needs, not to mention the desire to provide more services to support Pennsylvanians who want more mobility options. Long-term, sustained investment is critical for our communities to thrive and residents to be supported.

Act 44 of 2007 required annual payments from the PA Turnpike of \$450 million that were divided between the statewide highway and bridge network and public transit. Act 89 modified the law to provide \$450 million for multimodal until 2022. PennDOT received its last \$450 million payment from the PA Turnpike in July 2021. The Turnpike’s commitment lowers to \$50 million annually, and a minimum of \$450 million is to be provided from the General Fund annually via the state vehicle sales tax. If legislation were changed to remove this General Fund commitment, we cannot meet the needs for state-of-good repair projects, a reliable transit fleet,

expanded services, or the initiatives needed to grow to support our communities. We will remain engaged with lawmakers and stakeholders to find sustainable solutions to meet these challenges.

Our federally-mandated support of Amtrak service continues, and we are doing all we can to advance station projects. Construction of the new Middletown station was completed in January 2022, and the station is now open to the public. Parking improvements in Lancaster are in construction, and the Coatesville Train Station has started construction. Additional capital improvements in Lancaster, Downingtown and Parkesburg continue to develop. We are also working with Norfolk Southern on a feasibility study for increasing train service frequency on the Pennsylvanian service to Pittsburgh.

Through three COVID relief bills (CARES, CRRSAA, and ARPA), Pennsylvania received \$2.6 billion in federal funding for public transportation. Most of the funding was provided directly to urban public transportation agencies, with PennDOT receiving funds for public transportation in rural areas. In total, PennDOT was apportioned \$94 million to support rural areas and community transportation providers. PennDOT has committed or spent more than \$62 million of the total apportionment.

This federal funding has helped agencies offset immediate operational losses due to the pandemic, filling the losses of ridership revenue. Additionally, the recently passed Bipartisan Infrastructure Law (BIL) provides a 30-percent increase in federal formula funds for public transportation systems in Pennsylvania this year over last year's funding amount (excluding the COVID relief funds). The BIL also provides additional discretionary funding programs that Pennsylvania will be able to apply for over the course of the legislation.

Additionally, the department is administering more than \$2.2 million in total CRRSAA and ARPA funding for the state's 40 general aviation airports that are eligible to receive federal funding and are part of the State Block Grant Program.

There has been a significant reduction in aviation fuel revenue due to the impacts of the pandemic. As a result, there is less funding available for the Aviation Development Program (ADP), a state grant program that is funded through the collection of state taxes on jet fuel and funds airport facility projects. Additionally, the federal Infrastructure Investment and Jobs Act will require an additional \$1.5 million to \$2 million in match funding. To provide this funding, PennDOT must reduce grant funding for state/local projects. The current tax structure for aviation fuel was last updated in 1984. PennDOT is working with the Aviation Council of Pennsylvania and the Governor's Aviation Advisory Committee to evaluate funding options for increasing aviation revenue.

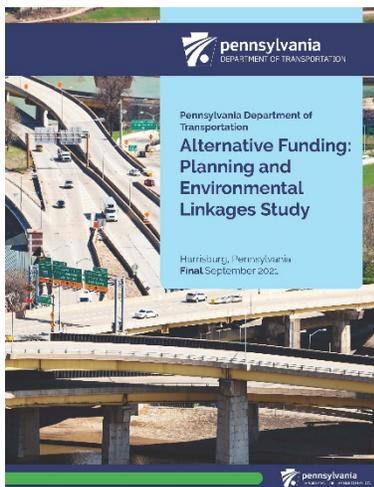
On February 7, 2022, the Transportation Advisory Committee (TAC) elected to move forward with the Pennsylvania Aviation Needs Assessment and Strategic Action Plan Study Topic. The purpose and objective of the study is to conduct the first-ever comprehensive needs assessment with a strategic action plan focused on the improvement of Pennsylvania's aviation system. The TAC study will take a holistic look at aviation needs in terms of infrastructure capital investment needs, financing, technological advancements, and legislative reforms necessary to advance

Pennsylvania aviation as a major mode of transportation, supporting the overall mobility and economic demands of the state.

We remain committed to providing and enhancing these critical services for Pennsylvanians.

PennDOT Pathways and the Major Bridge P3 Initiative

In October 2020, I created the Office of Alternative Funding. This office was charged with developing an Alternative Funding Program for PennDOT and is investigating various alternative funding strategies to help augment our current revenue sources. In November 2020, through the office, the department launched a new initiative called PennDOT Pathways to analyze new future-focused sources of funding for our overall transportation systems that could better serve our communities.



As a part of PennDOT Pathways, we completed a Planning and Environmental Linkages, or PEL, study. The PEL Study evaluated the feasibility of various funding options for near- and long-term implementation and established a methodology for evaluating potential effects on low-income and minority communities. The study will serve as a guide as we pursue and implement alternative funding strategies to help maintain and improve our transportation system. The most pressing near-term funding needs are in the highway and bridge program, but there are significant needs across all transportation modes. The findings of the PEL study will help guide the implementation of future funding strategies and can be modified as needs evolve. The draft PEL was made available for public comment in spring 2021 and we received 342 comments during that period. In October 2021, the Federal Highway Administration (FHWA) provided its concurrence with the study's findings, and we finalized the study, which can be reviewed on the [PennDOT website](#).

An early PEL finding was that bridge tolling was a viable near-term solution to fund the rehabilitation or replacement of major interstate bridges in Pennsylvania. The process that led to this decision was outlined in bipartisan legislation approved in 2012. This same legislation established the Public-Private Partnership (P3) board. The Major Bridge P3 initiative aimed at replacing or rehabilitating major bridges on the Interstate system and other expressways was approved by the Pennsylvania Public-Private Partnership (P3) Board – which includes appointees from all four legislative caucuses – on November 12, 2020. This project pursues the replacement or rehabilitation of major bridges through the Design-Build, Finance, and Maintain method of progressive P3 project delivery.

This program will provide self-sustaining revenues to address major bridge deficiencies that might otherwise not be feasible with existing funding, in turn, providing relief to the Interstate Transportation Improvement Program (TIP) as well as regional TIPs so that other important transportation projects on the state system can continue to proceed through the project development process. The project also ensures users (including out-of-state traffic) contribute

fairly to the replacement or rehabilitation of the bridges based on usage, while their fuel-tax dollars go toward other improvements.

In February 2021, we announced nine candidate projects for potential inclusion in the Major Bridge P3 initiative. In the year since the announcement of the candidate locations, we have held dozens of meetings with local officials, stakeholders, first responders and elected officials. We know that there will be a certain percentage of traffic that will divert from the interstate to avoid the toll. In addition to our own detailed traffic diversion studies, we held diversion workshops in every affected community to ensure that our studies matched with each community's lived experience. The result of those meetings is a collaborative list of strategies to help mitigate those diversion impacts – things like new signal installation and retiming of existing signals, emergency vehicle preemption, addition of turn lanes, resurfacing of diversion routes if needed, crosswalk installation, and more. We are also going to perform traffic studies after any tolls are in place to identify any impacts that were not identified during the modeling phase.

PennDOT has made transformative changes to the program because of community and stakeholder feedback. Most notably, the four bridges on Interstate 80 (Canoe Creek and North Fork in the west, Nescopeck and Lehigh River/White Haven in the east) would be tolled in one direction only. This will significantly reduce the financial impacts to commuters on the corridor as well as the trucking industry and will eliminate 50 percent of traffic diversions around these bridges. Additionally, PennDOT is proposing to offer bridge access without tolls to low-income individuals qualifying for one or more state Department of Human Services (DHS) financial assistance programs, including SNAP and LIHEAP. Qualifying individuals would select one bridge in the program to apply these benefits. PennDOT is required by federal law to mitigate disproportionate toll impacts to minority and low-income populations.

Public meetings have been completed for seven of the nine bridges: I-83 South Bridge, I-78 Lenhartsville, I-81 Susquehanna and the four I-80 bridges at Canoe Creek, North Fork, Lehigh River and Nescopeck. The other two bridges are currently scheduled for public input periods in the spring and summer, and a public hearing will be scheduled for South Bridge as part of an environmental assessment. While comments and feedback received during each meeting are being reviewed and summarized as part of the National Environmental Policy Act (NEPA) process, some key metrics from the meetings include 968 comments received from participants, 3,330 unique visitors to seven virtual public meeting websites during the periods, and 404 in-person open house attendees. We are pleased that so many legislators and/or their staff attended these meetings or shared feedback.

NEPA Processes

Bridge	NEPA Action	Diversion Workshops (All Complete)	30-day Comment Begin	30-day Comment End	Public Meeting	Anticipated Environmental Clearance
I-81 Susquehanna River	CE Re-eval	7/27/2021	11/8/2021	12/8/2021	11/15/2021	2/28/2022
I-78 Lenhartsville	CE Re-eval	8/10/2021	10/25/2021	11/24/2021	11/1/2021	2/28/2022
I-80 Nescopeck	CE	7/28/2021	11/15/2021	12/15/2021	12/7/2021	2/28/2022
I-80 White Haven	CE	8/9/2021	11/17/2021	12/17/2021	12/8/2021	3/18/2022
I-80 Canoe Creek	CE Re-eval	7/26/2021	11/1/2021	12/1/2021	11/8/2021	2/28/2022
I-80 North Fork	CE	8/11/2021	11/22/2021	12/22/2021	12/15/2021	2/28/2022
I-83 South Bridge *	EA	7/29/2021	10/25/2021	11/24/2021	11/9 & 10/21	8/12/2022
I-79 Bridgeville	CE	9/14/2021	May 2022	June 2022	June 2022	8/15/2022
I-95 Girard Point	CE	11/4/2021	May 2022	June 2022	June 2022	8/15/2022

* A public hearing for South Bridge will be scheduled for May 2022

We understand that imposing a toll where there was not one before is not trivial. We understand that tolls have an impact on the surrounding communities and on the traveling public generally. We understand that we have a responsibility to seek public feedback, hear any public concerns and take those concerns into consideration when planning the project. Not only is it our obligation under the NEPA, but it's simply the right thing to do, and we take it seriously. In fact, we have exceeded state and federal public involvement requirements for the Major Bridge P3 initiative. Our traffic diversion studies, public engagement, and resultant mitigation strategies are aimed at minimizing impacts to local communities and residents.

In parallel to the public engagement efforts for the Major Bridge P3, the procurement process to select a developer to administer the program ongoing. As previously outlined, most recently during the December State Transportation Commission meeting and the most recent P3 Board meeting, PennDOT has proceeded with the procurement schedule. PennDOT issued the final Request for Proposal (RFP) on December 15th and received two responses on January 19th. At this time, the Department is engaged in an evaluation of the submitted proposals. The Department plans to select a proposer later in February and will provide you with an update before any selection is announced publicly, likely in late February or early March. We would then work with the development entity through the predevelopment agreement process to finalize a delivery plan and prices for bridge packages. A delivery plan for bridge packages is expected to be finalized by the end of 2022.



The importance of investing in infrastructure and addressing our bridge needs has been emphasized by the catastrophic collapse of the Fern Hollow bridge in Pittsburgh. Like the Fern Hollow bridge, five of the nine candidate major bridges are also classified as a “fracture-critical, non-redundant” design, meaning that a fracture of a single, major structural member can result in a catastrophic failure. There are no redundant structural members to carry the structural load of the fractured member. The Major Bridge P3 Initiative will allow PennDOT to make these much-needed bridge replacements using toll revenue without taking funds away from other critical regional projects. This not only replaces nine major bridges on interstates with a new source of revenue, but also allows existing and new federal dollars to be used to complete other regional projects of significance similar to the Fern Hollow Bridge. With over 3,000 state and local bridges in poor condition, there are many local needs for bridge funding.

The department has been asked to consider paying for the replacement or rehabilitation of the bridges in the Major Bridge P3 through other means, like federal funds from the BIL or GARVEE bonds. With roughly \$2.2 billion in construction value, if federal BIL funds were committed to the nine candidate bridge projects in the Major Bridge P3 those projects would take up over half of the new federal funding. This means that these much-needed funds will only benefit a handful of projects, minimizing the bill’s overall impact. Additionally, these funds have already been distributed to Pennsylvania’s 23 MPOs/RPOs and are currently being prioritized in the 2023 12-Year Program update. Regarding bonding, it’s important to remember that bonding isn’t free money, it is an issuance of Commonwealth debt that requires repayment, plus interest. Moreover, bonding requires legislative action. Although bonding can be a tool for delivering transportation projects when combined with identified bond payback sources, we have not yet seen plans that bring a net increase in funding. Without additional revenues, bonding a program of this size would require payments of more than \$150 million annually from our federal dollars, taking significant funding away from other projects. Considering that the BIL is only five years, we need to be cautious not to commit future dollars to pay for today’s challenges unreasonably. Our infrastructure is aging, and we need to make sure we are not impacting the ability to address the issue in the future.

Pennsylvania’s transportation funding challenges require a three-pronged approach: federal transportation investment, state funding solutions, and alternative funding strategies will all need to be pursued so that a significant, sustainable funding model can be implemented for future generations of Pennsylvanians.

PennDOT Efficiencies and Innovation

PennDOT continuously evaluates its operations to find opportunities to enhance efficiency and save money. The Department has saved nearly \$100 million over the past five years and is a leader in Lean organizational efficiency practices. Department staffing levels continue to trend downward. PennDOT is also applying the 2012 law that made public-private partnerships (P3) an option in delivering new or improved transportation services.

PennDOT continues to collaborate with our industry and federal partners, as well as other state agencies and the PA Turnpike Commission on Transportation Quality Initiatives, or TQI. TQI process teams review new products, innovation and policy changes that emphasize sustainability, cost effectiveness and efficiencies for design, construction, and maintenance.

PennDOT's 2021 [Efficiencies Report](#) provides 90 examples of how the Department uses technology to improve customer service and enhance projects while streamlining costs, including:

- \$38.5 million saved over three years by using lower-cost materials for secondary roads;
- \$49 million saved over four years through the County Accreditation Program;
- \$10 million saved over five years by implementing efficiency improvements identified by PennDOT employees (WorkSmart and IdeaLink programs); and
- A public-private partnership to replace 558 bridges was part of PennDOT's reduction in poor-condition bridges from more than 6,000 in 2008 to just over 2,400 today.

In addition to working to implement innovative practices into our own operations, PennDOT is fully engaged in preparing for transportation's future. When it comes to vehicle automation, for example, PennDOT has an active seat at the table, and has been nationally recognized for our leadership as a DOT in this space. Here's the reality: this technology will continue to grow regardless of PennDOT's involvement, and it's certainly in the Commonwealth's interest to help ensure that this industry continues to call Pennsylvania home.

Currently, eight companies are authorized to test automated vehicles in 56 Pennsylvania counties. PennDOT sees our role as helping to strike the delicate balance of helping to foster innovation and encourage growth while prioritizing the safety of all users. From a technology standpoint, companies submit notices of testing and a safety plan for PennDOT review prior to receiving authorization to test. We want to see a demonstrated safety culture and high-level safety requirements at these companies. To progress technology and the industry to a future deployment stage, legislative and policy changes will need to allow vehicle-only testing to create a pathway to the safe deployment of these vehicles.

We are excited to see recent legislative interest in advancing this technology in our state. While these discussions occur, we are committed to transparency with the public – an important component of public and community trust and awareness. Equally as important as the economic aspects, AV have the potential to eliminate driving-related injuries and crashes that occur on our roadways.

In 2020, there were over 1,100 lives lost on Pennsylvania roadways. Even one life lost is too many, and we're dedicated to bringing that number to zero. We are optimistic about automation's potential positive impact on our society's future of safe travel.

Driver and Vehicle Services: Enhancing the Customer Experience

PennDOT Driver and Vehicle Services (DVS) is focused on improving the customer experience enterprise-wide. On January 1, 2020, the Enhancing the Customer Experience initiative began and will span over 10 years. This initiative is a holistic approach to enhancing every customer's experience at each touch point. Some of the improvements will be customer facing – such as new or enhanced facilities – while others will be made in systems and processes to create a more efficient environment to serve customers quickly and accurately. Enhancing the Customer Experience will focus on exceeding customer expectations through the innovative use of technology, updated facilities, hiring and training of dynamic staff and through improved interaction with the individual customer.

A positive customer experience is critical to DVS and ensures a lasting impression of government that works. With the evolution of the private-sector business model, customers now compare us to cutting-edge businesses. The customers' experience will be integrated into all processes within DVS.

To date, DVS added staff to the busier driver license centers to provide an initial point of contact, upon entrance, to assist customers by facilitating their visit to the driver license center. This "triage" staff offers customers a review of documents, assistance with choosing the correct service queue, and answers to any questions that might arise about required forms, wait times, etc. In addition, DVS has launched a new operating unit focused on real-time analysis of driver license and photo centers queuing systems to ensure an effective and efficient visit for customers. The staff from this unit will be working together, with the Bureau of Driver Licensing staff and management, to analyze wait times, identify trends, provide suggested solutions to customer flow issues for both long-term and near-term impacts to improve the overall customer experience.

REAL ID

PennDOT began issuing REAL ID products on March 1, 2019, and on May 17, 2019, the Department of Homeland Security (DHS) issued a Final Determination of Compliance to Pennsylvania, which means federal agencies can accept REAL ID driver's licenses and identification cards from Pennsylvania for boarding domestic commercial flights, entering Federal facilities and entering nuclear power plants.

PennDOT anticipates an estimated 25 percent of the current 10.1 million Pennsylvania Driver License and Identification (DL/ID) Card holders will acquire a REAL ID product – roughly 2.5 million current Pennsylvania DL/ID holders. Currently, PennDOT has issued over 1.5 million REAL IDs and 14.7% of all Pennsylvania DL/ID holders possess a REAL ID product. The Department of Homeland Security has postponed the federal enforcement date for REAL ID from October 1, 2021, to May 3, 2023. Current demand by customers for REAL ID products has been lower over the last year most likely related to the extension of the enforcement date. PennDOT anticipates that as the deadline nears there will be an increase in issuance

rates/demand and is fully prepared to meet the original estimate of 2.5 million issuance by the DHS implementation deadline.

PennDOT has established 13 locations that meet federal standards for the over-the-counter issuance of REAL ID products. The option to request REAL ID pre-verification still exists as well. If a customer received their first Pennsylvania driver's license, learner's permit, or photo ID card AFTER September 1, 2003, PennDOT may already have their REAL ID documentation on file. To find out if the required REAL ID documents are on file with PennDOT, customers can apply for REAL ID pre-verification online. If PennDOT confirms that their documents are on file, they can order their REAL ID online.

School Bus Driver Shortage

The shortage of school bus drivers is a nationwide issue, and Pennsylvania is no exception. The number of school bus drivers has been declining. In 2017, there were over 44,000 individuals licensed to drive a school bus in the Commonwealth. By the end of 2021, that number decreased to nearly 42,000. Due to this decline, PennDOT has worked to find innovative ways to help obtain additional school bus drivers and continues to work to find solutions to address the need for drivers.

In the fall of 2021, PennDOT partnered with the Pennsylvania Department of Education (PDE). Working together PennDOT and PDE reached out to approximately 376,000 CDL holders through a mailing done by PennDOT asking those CDL holders that may be looking for work or supplemental employment consider exploring the possibility of becoming a school bus driver. Over 1,600 CDL holders completed the survey online and their information was forwarded to the appropriate school district.

On October 18, 2021, PennDOT temporarily expanded Commercial Driver Licensing (CDL) skills testing to include Monday commercial skills testing for four weeks at 23 driver license centers that administer CDL skills testing. In total, this initiative created an additional 276 testing appointments. PennDOT continues to monitor the availability of commercial skills testing throughout our driver license centers to ensure access to skills testing does not create any unnecessary obstacles for school bus companies and school districts looking to hire drivers.

PennDOT has been working with the school bus industry partners and the Federal Motor Carrier Safety Administration (FMCSA) to find areas to assist in the school bus driver shortage and to identify and implement beneficial, sustainable solutions.

Transportation Equity

At PennDOT, we are paying special attention to exploring solutions that will reduce inequities in our system, build resilience against future disruptions, improve safety, and support both environmental and financial sustainability.

In support of this, last year PennDOT created the Dismantling Systemic Racism and Inequities, or DSRI Working Group, which includes staff from across the department.

The DSRI Working Group was charged with assessing PennDOT's diversity and inclusion efforts, better understanding structural racism in transportation generally, and evaluating

programs and initiatives that could help with these issues. In July, we released a report on how PennDOT can achieve greater equity in the areas of contracting, public involvement, community investment, our boards and commissions, and of course, our own internal culture at the department.

But we know that truly cultivating transportation equity isn't about compiling a report or checking a box. These principles must be engrained into our work. For example, as our team prepares for increased vehicle electrification, we developed a set of principles that PennDOT will follow to help ensure that all people – regardless of race, income, or socioeconomic status – can benefit from electric vehicle technology. Creating and supporting a quality transportation system that works for everyone is at the center of the department's mission, and PennDOT is committed to the ongoing work that this requires.

Moving Forward

Transportation is the backbone of our society and is central to our quality of life. The PennDOT team is making improvements, enhancing equity in our organization and in transportation systems for all people, and – as always – aiming at a safer, more connected Pennsylvania.

Now is the time for bold, decisive action to address our systemic funding challenges and move toward the future. Your partnership and action are critical to not just plugging the leaks in our funding framework, but to also help move us to a more reliable system for the benefit of all Pennsylvanians.