

# TRANSPORTATION REVENUE OPTIONS COMMISSION

PA



MAY 27, 2021

# NAVIGATING ZOOM

The image shows a Zoom meeting window with a dark background. At the top, the title bar reads "Zoom Meeting" and includes window control icons. In the top right corner, there is a "Speaker View" button. The main area is split into two columns. The left column features the name "Paul Caulfield" and a set of audio controls: a "Mute" button with a microphone icon and an up arrow, and an "Unmute" button with a microphone icon, a red slash, and an up arrow. A yellow callout box points to these buttons with the text "Click to mute or unmute your audio." The right column features the name "K.C. Yi-Taylor". Below the names, there are video controls: a "Stop Video" button with a video camera icon and an up arrow, and a "Start Video" button with a video camera icon, a red slash, and an up arrow. A yellow callout box points to these buttons with the text "Click to Start/Stop your video." At the bottom center, there is a "Chat" button with a speech bubble icon. A yellow callout box points to this button with the text "Click 'Chat' to open the group chat panel." The bottom of the window features a toolbar with icons for "Mute", "Start Video", "Participants" (with a count of 2), "Chat", "Share Screen", "Record", and "Reactions". A red "Leave" button is located in the bottom right corner.

Zoom Meeting

Speaker View

Click to mute or unmute your audio.

Paul Caulfield

Mute Unmute

Click to Start/Stop your video.

Stop Video Start Video

Click "Chat" to open the group chat panel.

Chat

Mute Start Video Participants 2 Chat Share Screen Record Reactions Leave

# AGENDA

1. Meeting Objectives
2. Commission Chair's Opening Remarks
3. Schedule/Milestone Review
4. Projection Tool Demo
5. High Potential Options Discussion
6. Work Group Next Steps
  - Multimodal Revenue Sources
  - Transit Revenue Sources
  - Mileage-Based User Fees (MBUF)
  - Vehicle Registration Fees
  - Tolling Scenarios
  - Taxing Scenarios
  - Local Solutions
  - PSP Funding
5. Briefings
  - MBUF Presentation (Patricia "Trish" Hendren, Ph.D., Executive Director, Eastern Transportation Coalition)
  - Highway Overview (Mike Keiser, P.E., Acting Deputy Secretary for Highway Administration, PennDOT)
6. Meeting Summary and Public Comments
7. Commission Chair's Closing Remarks

# MEETING OBJECTIVES

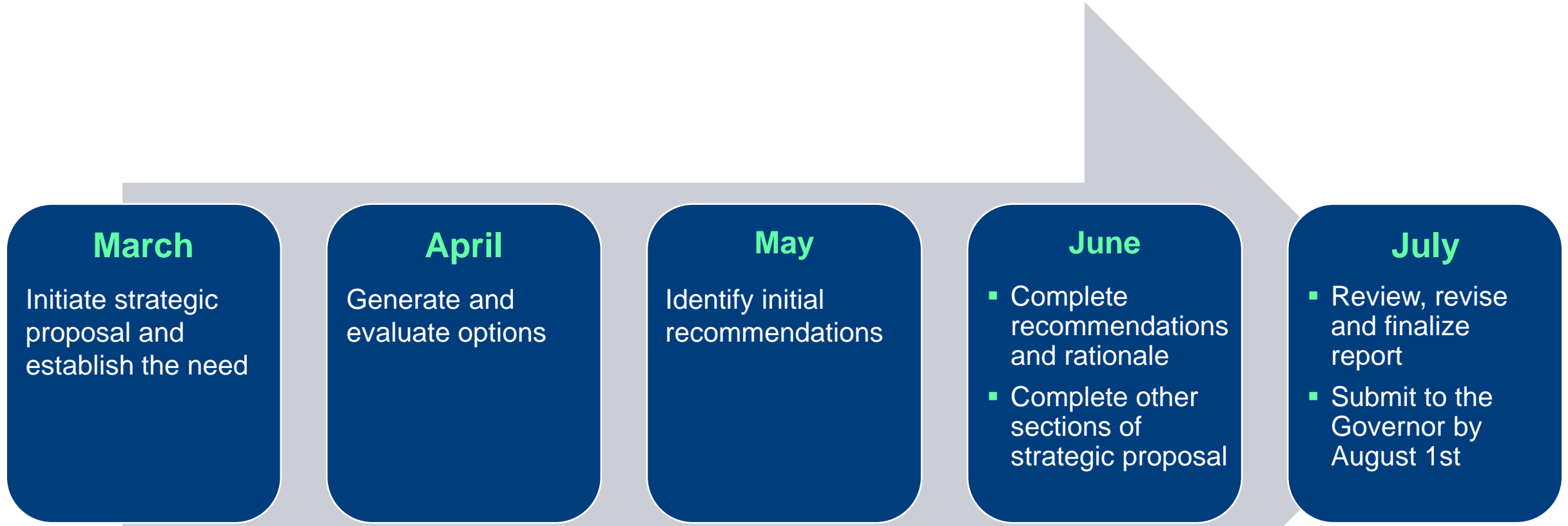
- To kick off the approach for evaluating revenue options scenarios
- To receive an MBUF briefing from a national perspective
- To obtain a more in-depth understanding of the Commonwealth's highway and bridge program

# COMMISSION CHAIR'S OPENING REMARKS



Secretary of Transportation,  
Yassmin Gramian

# SCHEDULE/MILESTONE REVIEW



Upcoming Meeting Dates: June 10 and 24



# REVENUE ANALYSIS TOOL

## Purpose

- Foster a greater understanding of the extent and complexity of the funding challenge
- Provide hands-on consideration of various revenue scenarios and their impact on need
- Help define the range of high-potential options to ultimately address the funding challenge





# PROJECTION TOOL DEMO

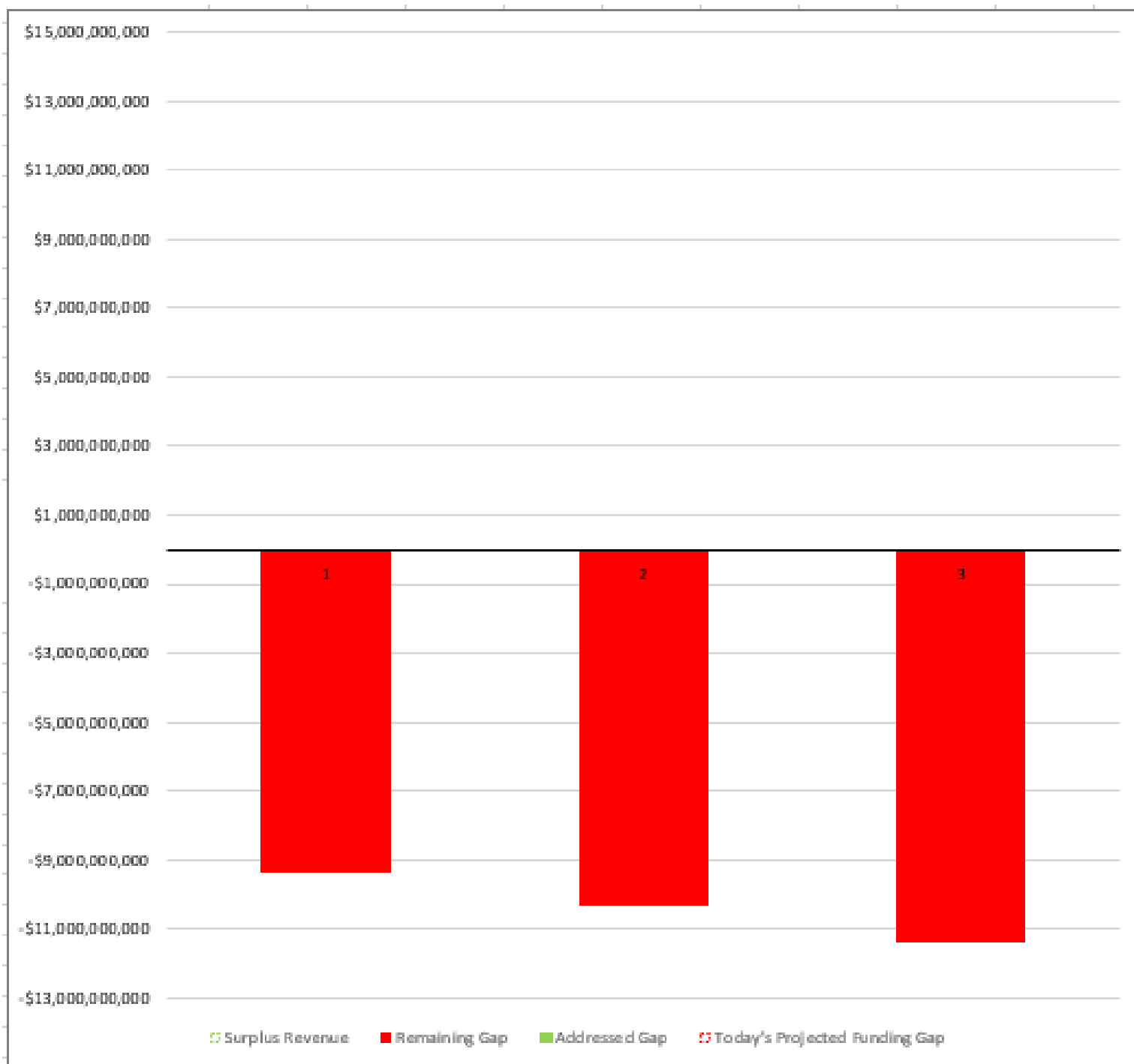
## Phase

- |                   |   |
|-------------------|---|
| 1 = 1 to 2 Years  | Legislation needed, but can otherwise be done quickly |
| 2 = 3 to 4 Years  | Needs some system and other changes                   |
| 3 = 5 to 10 Years | Needs major system and other changes                  |



# PROJECTION TOOL DEMO

Revenue Source	Description	Phase	Annual Revenue	Include Revenue Option?
<b>Road User Charges</b>				
<b>Mileage-Based User Fee (MBUF)</b>				
Low Fee	Approx. 1.0 cents per mile	3	\$1,203 Million	
Medium Fee	Approx. 3.16 cents per mile	3	\$3,800 Million	
Medium-High Fee	Approx. 5.1 cents per mile	3	\$6,100 Million	
High Fee	Approx. 7.0 cents per mile	3	\$8,400 Million	
Custom*	Approx. 6.2 cents per mile	3	 \$7,500 Million 	
* Custom Change Increment: \$250 million				



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	* Custom Change Increment: \$250 million			





# HIGH POTENTIAL OPTIONS DISCUSSION

## Open Discussion

As work groups prepare to evaluate revenue options, which ones do you consider most promising?

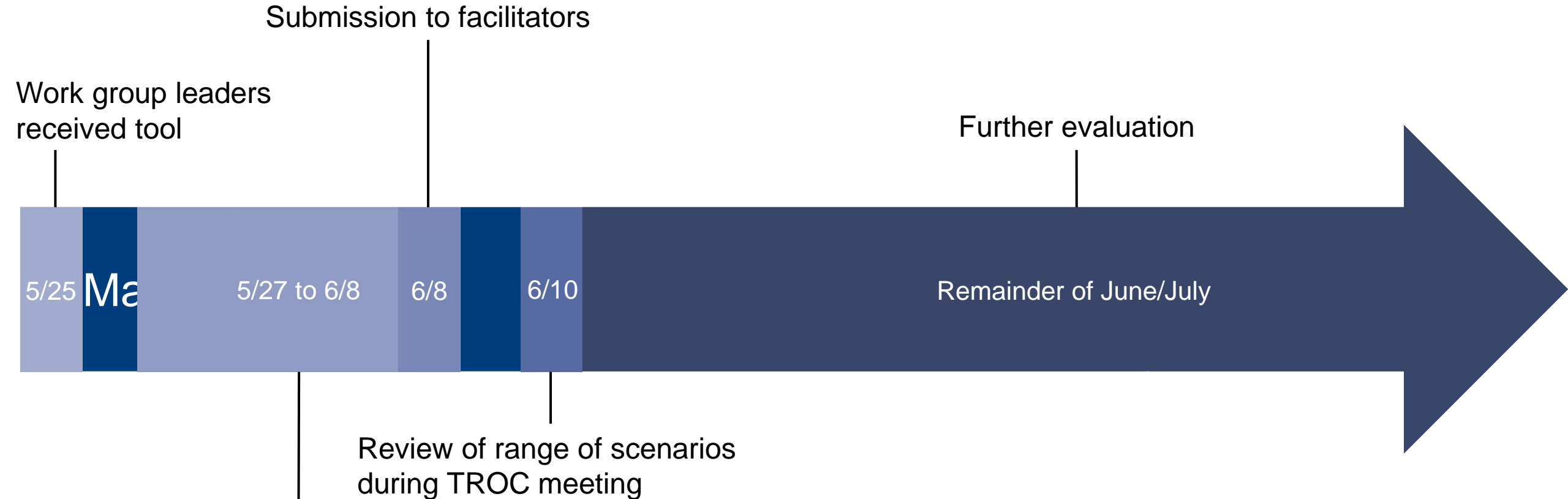
# Go to [menti.com](https://www.menti.com)

Use your browser, tablet or smartphone.





# WORK GROUP NEXT STEPS AND PROCESS



## Work groups:

- “Game out” various scenarios
- Determine generally preferred scenarios)
- Identify issues or implications

# BRIEFINGS



# MBUF PRESENTATION



Patricia "Trish" Hendren, Ph.D.,  
Executive Director, Eastern Transportation Coalition

# TROC – HIGHWAY & BRIDGE NEEDS



**MICHAEL KEISER, P.E. ACTING DEPUTY SECRETARY FOR HIGHWAY ADMINISTRATION**



# PRESENTATION FOCUS

- Highway and Bridge Assets (State Owned)
- Funding Levels 2010 – 2022
- Transportation Needs – Highways, Bridges and Maintenance
- Construction Program & Growth





# PENNDOT BY THE NUMBERS



\*Total miles on all PA roadways





# HIGHWAYS – 40,000 MILES

## PennDOT's Highway Network (Four Major Components)

- Interstates
- National Highway System (NHS) Non-Interstates
- Non-NHS w/ADT > 2000
- Non-NHS w/ADT < 2000



# PENNDOT'S HIGHWAY NETWORK

## Conditions Based on IRI (International Roughness Index)

	Excellent	Good	Fair	Poor
Interstates	60%	24%	12%	4%
NHS Non-Interstate	27%	38%	23%	12%
Non-NHS ADT >2000	34%	36%	17%	13%
Non-NHS ADT < 2000	19%	25%	23%	33%



# BRIDGES – 25,400

## PennDOT's Bridge Network (Equal to or > 8' span)

Three primary categories:

- On Federal Aid System
- Federal Aid Eligible
- Off Federal Aid System



# PENNDOT'S BRIDGE NETWORK

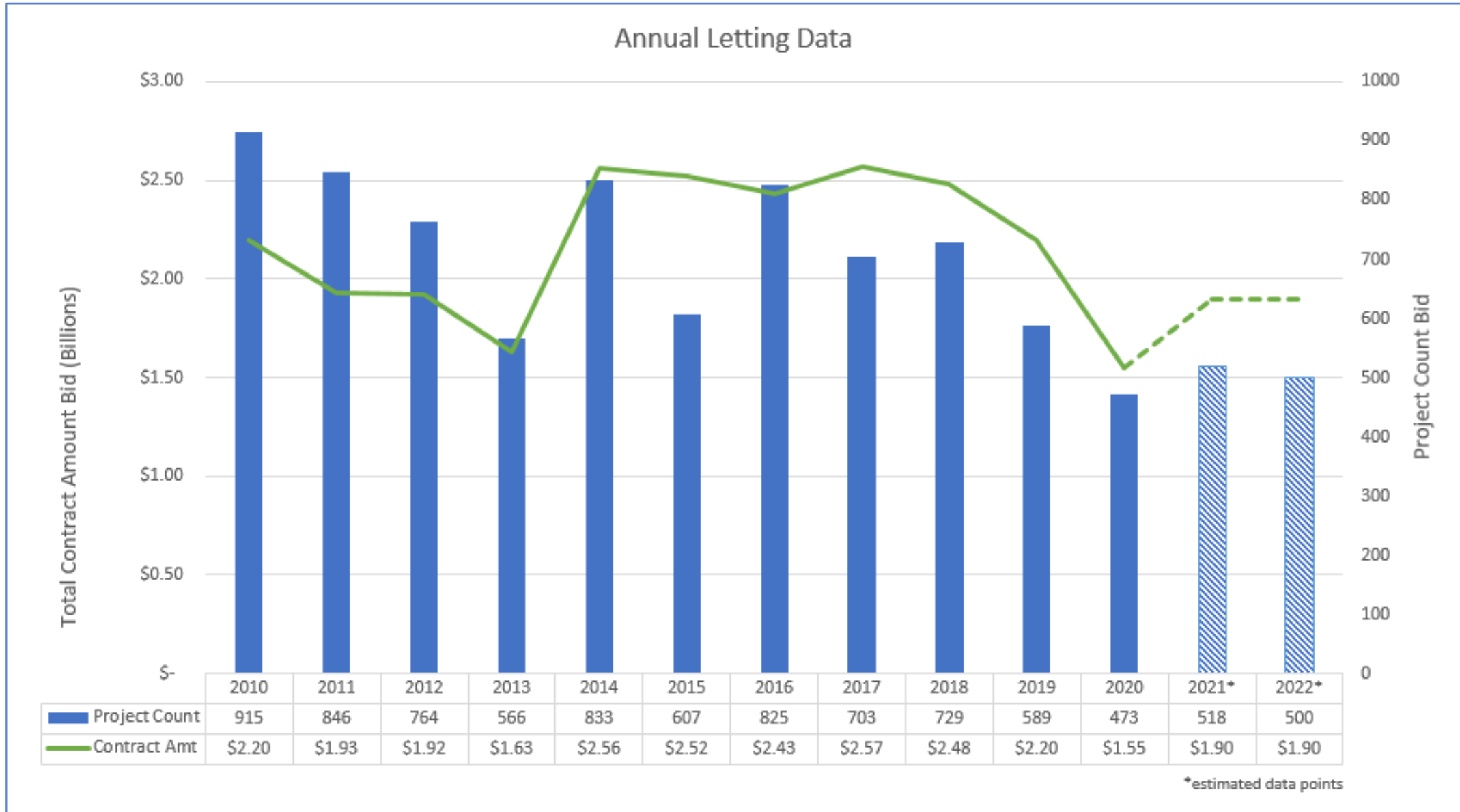
## Conditions (Inspection Driven)

	Good	Fair	Poor
On Federal Aid System	29%	66%	5%
Federal Aid Eligible	35%	54%	11%
Off Federal Aid System	37%	50%	13%

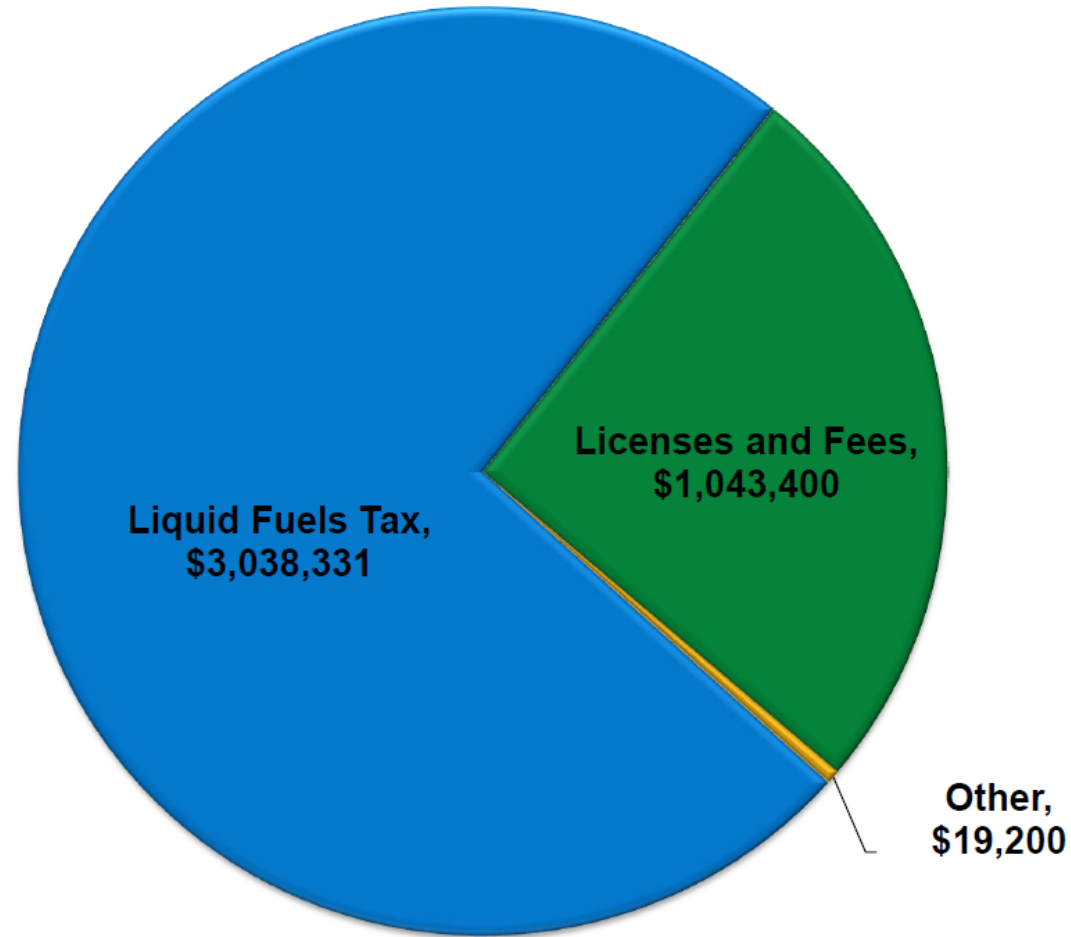
PennDOT does oversee the local bridge inspection program, so we do have similar information for over 6,663 local bridges



# CONSTRUCTION PROGRAM 2012-2022



# FY 2021-22 MOTOR LICENSE FUND INCOME (in 000s)



Total State Revenue Utilized – \$4,100,931



# FUEL TAX

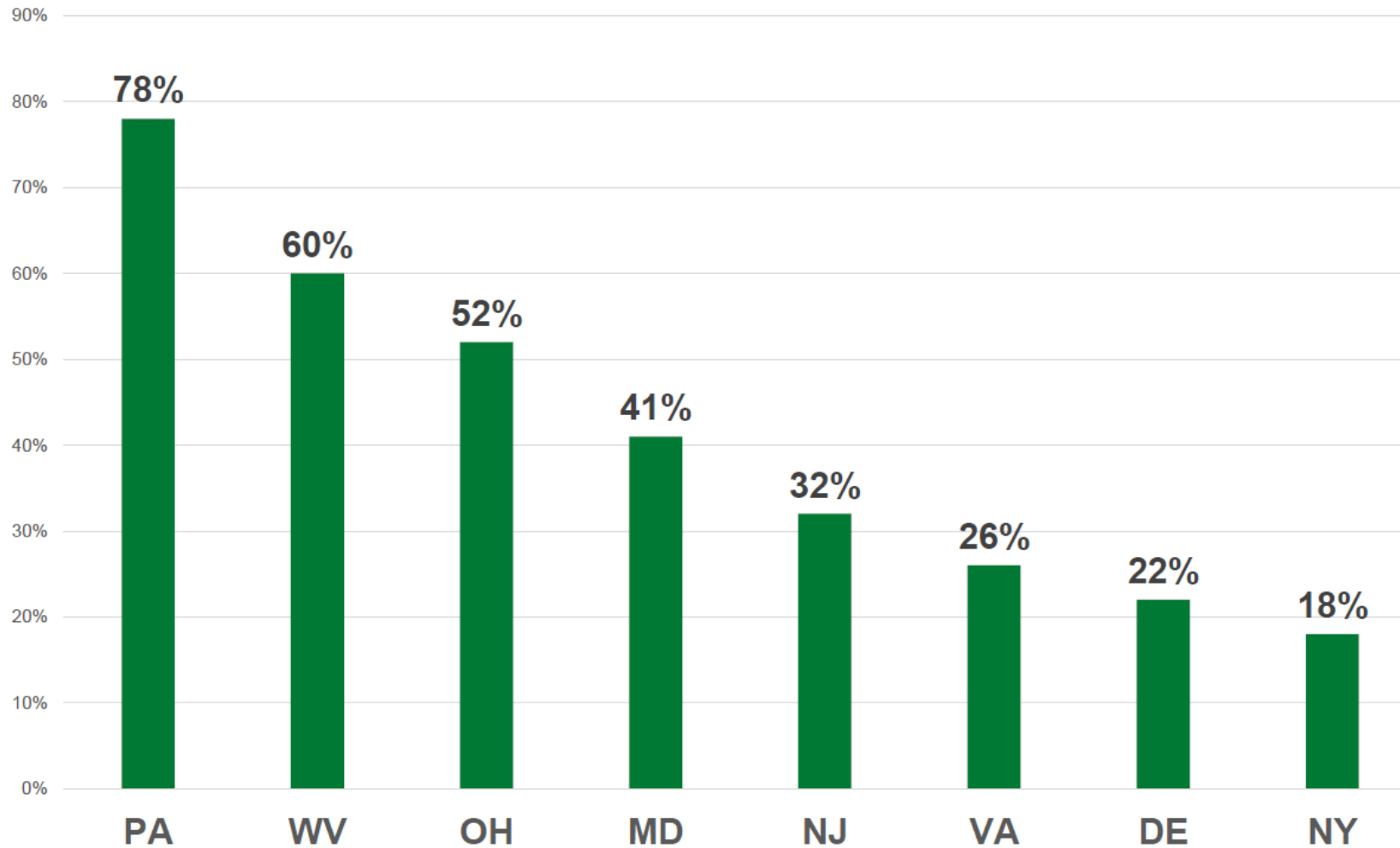
**Gas and Diesel Monthly Projection** =

$$\begin{matrix} \text{Gallons} & \times & & \times & & + & & \times & & \times \\ \text{Of Gas} & & \$0.576 & & \% \text{ VMT} & & \text{Gallons} & & \$0.741 & & \% \text{ VMT} \\ & & & & \text{Estimate} & & \text{Of Diesel} & & & & \text{Estimate} \end{matrix}$$

**1% change in monthly passenger volumes  $\approx$  \$2.4M lost revenue**



# GAS TAX AS % OF STATE HIGHWAY FUNDING



# DETERMINING NEEDS

- Bid History
  - Cost/Mile for resurfacing, reconstruction
  - Square foot cost for bridges
- Top Ten Pay Items
- Maintenance and Protection of Traffic
  - How will the project be built – work restrictions
  - Impacts traffic volumes have on productivity/bid price
- Project Complexity
- Energy Costs/Material Availability
- Region
  - Costs do vary throughout PA given the number of producers for bituminous and concrete products in terms of competition
  - Hauling considerations are also a factor



# DETERMINING NEEDS

## Summary:

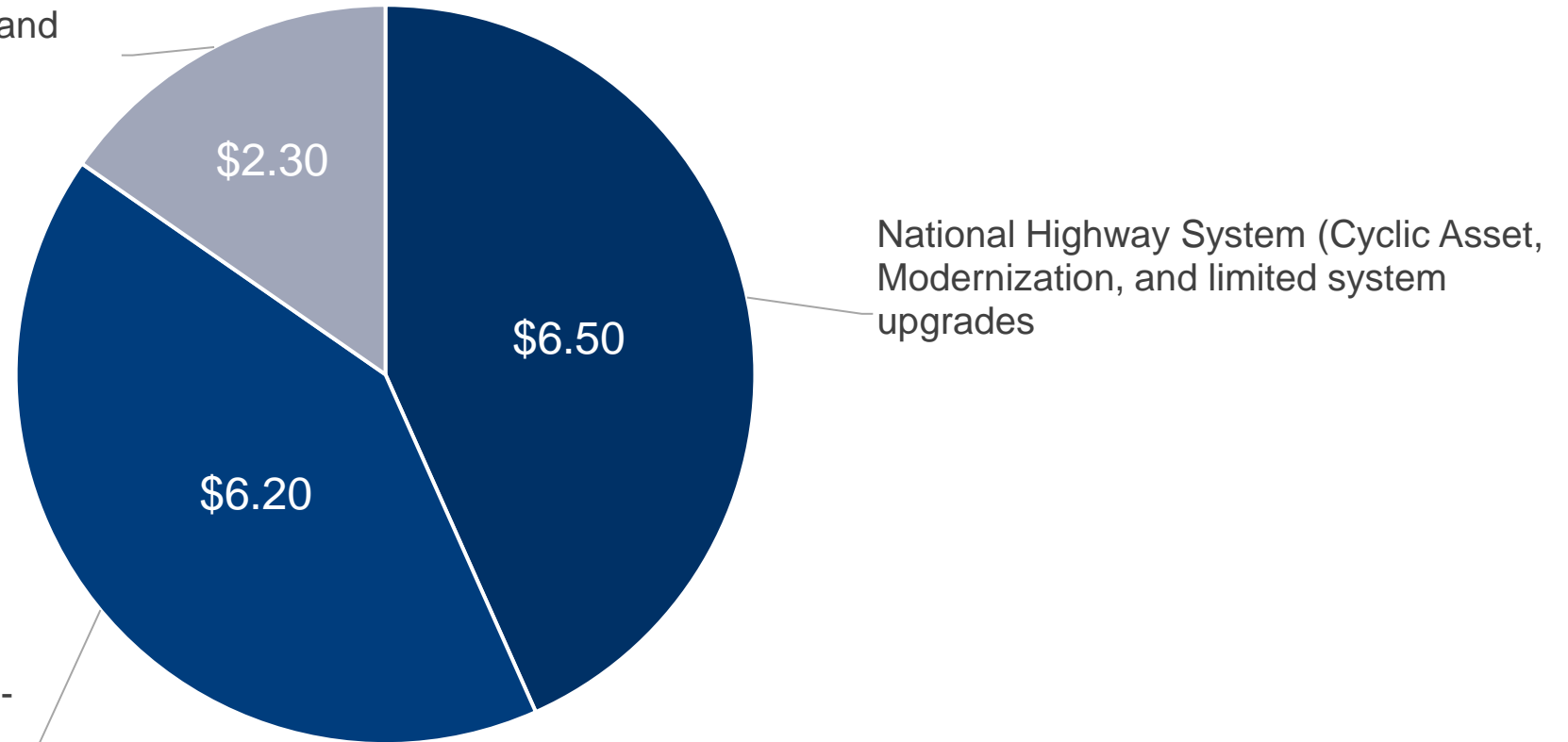
The following amounts represent the annual need to maintain pavements and bridges to a state of good repair, through preservation, rehabilitation, and replacement at or near the end of its service life.



# TOTAL NEEDS

## Total \$15.0B Highway and Bridge Related Needs (billions)

Other Highway/Bridge Related: Payments to Local Gov't, PennDOT DVS, Facilities/Welcome Centers, Other agencies (including PSP and PTC), etc.



Non-NHS \$ Maintenance/Operations: Includes basic cyclic asset needs for non-NHS and basic maintenance/operations activities



# ANNUAL NEEDS

- Unmet Basic Pavement and Bridge Needs on Interstates: **\$700 Million**
  - Needs established at a total of \$1.2 billion. Current investment: +/- \$500 million.
  - Pre-TROC Plan in Place to increase funding to \$1.0 billion by 2028 using current revenues.
  - Does not include any backlog of current replacement needs but represents annualized costs to maintain assets in state of good repair.
- Unmet Basic Needs for the Balance of the NHS System: **\$1.2 Billion**
  - Increase in funding to the interstates will divert more funding from the remainder of the system, thus growing the unmet needs for the balance of the National Highway System.
  - Represents annualized costs to maintain state of good repair of current system only.



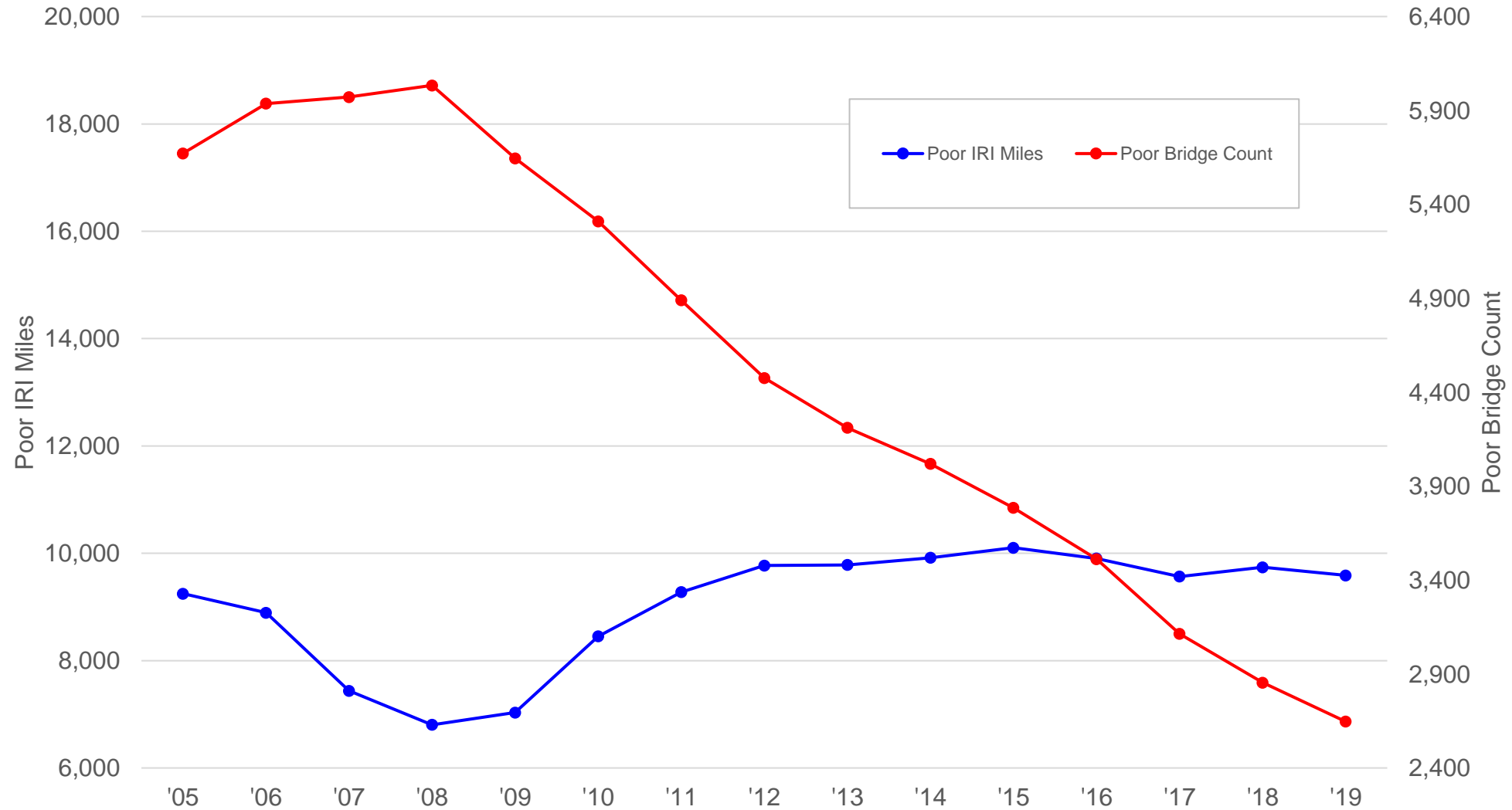
# ANNUAL NEEDS

- **Unmet System Modernization and Upgrades (All NHS): \$2.1 Billion**
  - Goes beyond basic needs previously identified to address congestion, safety and modernization.
  - Actual range is \$2.1 to \$3.2 billion.
- **Unmet Non-NHS and Maintenance and Operations: \$4.1 Billion**
  - More than three-quarters of the state-maintained network is non-NHS. These assets follow a life cycle of build, maintain, preserve and then repeat when the asset reaches its useful life.
  - Includes unmet County Maintenance Budgets of \$600 million – PennDOT County Funding has been fixed at \$1.3 billion since the 05/06 State Fiscal Year. The \$600 million in unmet needs is simply an adjustment for inflation.



# ASSET MANAGEMENT CHALLENGES IN PA

## Poor IRI vs. Poor Bridges





# PROGRAM DISTRIBUTION

	Cost Based Percentage						
	2015	2016	2017	2018	2019	2020	2021*
Highway	69%	53%	64%	60%	70%	61%	65%
Bridge	24%	35%	21%	28%	19%	24%	22%
Other	7%	12%	15%	12%	11%	15%	13%



# FUTURE LETTING PROGRAM?

## Program Direction Given Additional Revenues:

- Initial goal would be to return to a \$2.5 billion Annual Program
  - 2020 Program: \$1.6 billion
  - 2021 Program: \$1.9 billion
- As revenues increase the Annual Program could begin to expand from \$2.5 billion to \$3.0 billion



# TROC – HIGHWAY & BRIDGE NEEDS



**MICHAEL KEISER, P.E. ACTING DEPUTY SECRETARY FOR HIGHWAY ADMINISTRATION**



# MEETING SUMMARY AND PUBLIC COMMENTS

- Opportunity for Public Comment
- A Look Ahead to June 10
  - Review Range of Options Submitted
  - Structure the Final Report of Recommendations
- Other Commission Member Input

# UPDATED DRAFT OUTLINE

- Executive Summary (in document and standalone)
- Message from the Chair – *What's at Stake?*
- TROC Overview – Purpose and Process (EO, membership, etc.)
- Transportation Needs and Funding Challenges
- Historical Perspective and Progress to Date
- The Options and Evaluation Approach
- Funding Recommendations and Rationale
  - Long-term strategy
  - Short- and medium-term solutions
- Other Recommendations and Considerations
  - Federal
  - Local
- Conclusion—*Inaction Is Not an Option*

# COMMISSION CHAIR'S CLOSING REMARKS



Secretary of Transportation,  
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