

Testimony of  
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**Good day** Chairman Biehler, members of the Pennsylvania Transportation Funding and Reform Commission, and other guests. I am Mark Schweiker, President and CEO of the Greater Philadelphia Chamber of Commerce.

Today, I am also pleased to come before you again in my capacity as Chairman of the CEO Council for Growth, a group of prominent business leaders committed to regional economic growth who are tremendous supporters of our regional marketing effort, Select Greater Philadelphia.

Beside me this afternoon are two other respected leaders in our region's business community: Paul Levy of the Center City District and Steven Wray of the Pennsylvania Economy League. Together, we are working to improve the competitiveness of Greater Philadelphia and we share the belief that the region's continued economic growth requires a multi-modal transportation network that can support and capture the economic potential inherent in our asset-rich region.

I know that Paul and Steve join me in commending the members and staff of this Commission for their dedication to this effort and the quality of their hard work. The interim document you have prepared clearly outlines the dimensions of the transportation funding crisis and offers an array of tools to address many of the problems and challenges facing Pennsylvania's highways, roads, bridges and transit systems.

Your work will be the catalyst for serious discussion of funding reforms to advance. I assure you that we will do all we can to build on this momentum and urge the General Assembly to act on this critical information before they adjourn the 2005-06 Legislative Session.

**First**, we share your assessment of the crisis facing Pennsylvania's transportation infrastructure. That fiscal train has figuratively left the station and is headed straight for disaster. The financial crisis is immediate and demands prompt action by our elected officials in Harrisburg.

Pennsylvania's highways and bridges continue to deteriorate at a rapid pace threatening our safety and our mobility. And, the rubber meets the road, figuratively, in December, when the stop-gap funding for transit runs out. To address a \$50 million shortfall this year, SEPTA will be forced to announce fare hikes and service cuts. The Port Authority in Pittsburgh may not even make it that long because of more serious budgetary problems.

**Inaction or failure to address the problem is simply not an option.**

As we detailed in our testimony before this Commission in May:

- A modern, efficient and well-funded public transit system is essential for Greater Philadelphia to continue to compete in the global economy. Our public transit network serves as a competitive advantage for the region as it provides an

efficient alternative to driving, enhances our historic infrastructure and pedestrian oriented communities and gives employers access to a workforce located throughout the tri-state region of southern New Jersey, southeastern Pennsylvania and northern Delaware. Decision makers must identify a predictable and sustainable source for fully funding public transit in order to enhance mobility, reduce congestion on our roadways, enable employees to get to work, students to get to school, and residents, visitors and shoppers to enjoy all of the amenities of the region.

- The southeastern region and Pennsylvania cannot afford to allow our transit or our highway systems to fall into disrepair or to eventually fail. The results would be tragic for our economy and our prospects for future growth.
- Roads with a poor rating, bridges that fail safety tests, service reductions and route closures are simply not acceptable. Continually operating in a crisis mode is just bad for business.

As articulated in the Commission's report, Pennsylvania is facing a long-term transportation funding crisis for highways, roads, bridges and public transit. In order to maintain, improve and expand southeastern Pennsylvania's transportation assets, it is critical that a sound investment strategy for the Commonwealth's transportation infrastructure emerge.

With the aid of the Commission's report, decision makers must identify the level of investment for both transit and highways that can provide:

- A predictable and sustainable funding source for public transit, statewide to end chronic operating budget shortfalls, and to allow for planning and growth
- A capital program that will enable highways, bridges and transit systems to complete state of good repair initiatives and address changing regional needs.

In our assessment, the time has come to move beyond preserving the existing highway and transit system in Pennsylvania. To be competitive we must provide extensive investment in our transportation infrastructure to increase capacity and functionality, improve service and expand mobility. We hope that lawmakers will consider the highest practical investment levels when developing comprehensive legislation to reform funding of Pennsylvania's transit and highway systems.

The challenge is indisputable. The legislative process must produce, in less than ten weeks, a comprehensive measure that will:

- 1) enable individual transit and highway systems to meet immediate funding needs,
- 2) offer a toolkit of options to address long term improvement and expansion goals

Again, we are of the opinion that this Commission has fueled the vehicle that will move this process forward. Audit outcomes, suggested reforms, state by state comparisons –

the Commission's Interim Report presents thorough research, sound suggestions and interesting ideas which should aid lawmakers tremendously in the weeks ahead.

Audits are an important tool and vital to the success of any business model. Decision makers must carefully consider the outcome of the audit process. Again, it has been reported to me that recent audits have further dispelled the myths of SEPTA's inefficiencies – that SEPTA, one of the largest and oldest transit systems in the country is actually a model for others. Audit after audit has proven that SEPTA is one of the best run public transit systems of its size. Evaluators continue to be amazed that SEPTA has managed to do all it has with chronic funding shortfalls, mounting deficits, and no end in sight.

Still, audits reveal areas for improvement and reform. The information gathered must be carefully evaluated and utilized effectively. Positive outcomes must be recognized, best practices shared, shortcomings addressed, and responsive planning required.

We endorse reforms that promote accountability, efficiencies, administrative and procedural review, best practices and performance-based incentives, comprehensive service analysis and planning, and technology investments. Right-sizing individual projects, streamlining project delivery, and improved asset management are all common business practices that should be employed by government and public agencies as well. Drafters of the legislation should also address the complexity of funding formulas and match requirements. Each of these reform instruments and the efficiency options detailed by the Commission deserve careful exploration. Savings in every area are critical as fuel, construction and healthcare costs continue to grow.

To address long term improvement and expansion of the Commonwealth's transportation infrastructure, lawmakers should add a vital new instrument to the state transportation toolkit -- Public Private Partnerships (PPPs).

In March of this year, the CEO Council for Growth published a white paper entitled, *Thinking Outside the Box: Addressing Greater Philadelphia's Transportation Investment Needs through Public-Private Partnerships*. The paper provided examples of model PPP projects as well as model legislation from other states that have fostered innovative funding and development practices that should be explored and considered as part of the establishment of a new law in Pennsylvania.

Highlights include:

- PPPs are more than just the big-ticket, high-publicity options such as selling the turnpike.
- The I-95 Connector project is an illustration of a highway project that could benefit by development as a PPP. Creation of high occupancy lanes on major highways is another example.
- SEPTA has begun to employ PPPs in smaller, innovative projects. The Paoli yard, previously a Superfund site due to the presence of PCB's has been cleaned up and SEPTA is working with Amtrak and local planning entities toward an

- enhanced station facility combined with commercial uses and possible residential development. In Center City, Comcast is currently constructing a new office facility. As part of that construction and in recognition of the importance of transit to its employees, Comcast is constructing a new entrance to Suburban Station right across from its building.
- The proposed Schuylkill Valley Metro is a perfect example of a new start/ high impact project that could move beyond the concept phase through a public private partnership
- PPPs also include innovative procurement practices, such as design build contracting; innovative asset management, using long-term warranties and operating and maintenance contracts; and innovative finance, drawing upon new financial tools to leverage project-based or governmental revenue streams.
- Allowing unsolicited bids is another way to create a culture of innovation and engage the private sector in creative thinking about state or regional transportation infrastructure.
- Safeguarding any revenue that comes from the long-term lease and dedicating the funds to transportation-related projects would be critical.

The Greater Philadelphia Chamber of Commerce and the CEO Council for Growth are committed to working with legislators in Harrisburg to enact PPP legislation that fosters innovation and creates new options for developing and funding Pennsylvania's transportation infrastructure.

The Commission's report also included a thorough review of funding sources in Pennsylvania and other states. We noted that while some states have added a regional component to their taxing policy for roads and transit, those funds were exclusively directed to "new start" or expansion projects; not toward maintenance of existing systems like SEPTA, which was initially built by our own community, without state or federal funds. We will urge lawmakers to carefully consider the revenue sources that others have tapped to fund their state's transportation needs.

**In conclusion**, we thank you for the opportunity to again comment on the Commission's work. We look forward to remaining involved in this process and will work with our legislative delegation in Harrisburg to urge immediate consideration of the Commission's findings. We will encourage all stakeholders to actively engage in discussions moving forward.

It is imperative that the Governor and legislature find a permanent solution to the transportation funding crisis this year, rather than rely on one-time cash infusions that keep operations running but postpone a long term fix. Further, it is crucial that lawmakers take the steps necessary to create a toolkit for transportation planning, so that systems and stakeholders can look beyond stabilizing the system, or incremental service expansion. Together, we can work to enable visionary strategies that will improve transportation mobility and build a stronger, more competitive economy in the southeast region and throughout Pennsylvania.

Again, on behalf of the region's business community, we thank the members of this Commission for sharing their expertise and for their dedication to resolving Pennsylvania's transportation infrastructure challenges. We look forward to working together with each of you as you continue this effort and to working with Pennsylvania lawmakers this fall to win passage of a comprehensive transportation investment strategy.