Greater Lehigh Valley Chamber of Commerce
Transportation Policy

EXECUTIVE SUMMARY

The Greater Lehigh Valley Chamber of Commerce recognizes that a modern, safe and efficient transportation infrastructure is necessary for the economic vitality of regional businesses and the mobility of our citizens. Managing roadways and providing funding for future improvements is essential to the safety of our citizens and a vital part of the efficient distribution of products and services.

The Greater Lehigh Valley Chamber of Commerce recommends implementing the following transportation improvements, which are vital to continued growth & sustainability of our regional infrastructure:

Bridges: *Provide sufficient transportation funds to continue PennDOT's recent initiative to repair and replace structurally deficient bridges at the same (2010) or higher level as the Accelerated Bridge Program.*

Roads: *Provide full project funding for the completion of the Route 22 Tomorrow, American Parkway and Route 412 projects, as well as the other projects on the Lehigh Valley Surface Transportation Plan 2011 - 2030.*

Public Transportation: *Provide funding for public transportation to the level originally envisioned with the passage of Act 44 and to support the "Moving LANTA Forward" program to encourage increased usage of public transportation.*

Air: *Provide funding to assist the state's mid-sized airports in attracting and retaining quality airline service through an air service development fund*.

Freight Rail: *Provide funding and continued investment in rail freight infrastructure to maintain the current infrastructure and increase capacity to promote the intermodal distribution of goods.*

The Greater Lehigh Valley Chamber supports developing a long-term funding strategy and the consideration of a variety of possibilities for funding transportation needs, including but not limited to the following:

- Promote Efficiency Improvements In Transportation Projects
- Propose The Setting Of An Appropriate Prevailing Wage
- Wider Use Of Tolling On New And Existing Public Highways
- The Creation of Dedicated Funding For the State Police
- Public-Private Partnerships (P3)
- Gradually Adjust The Cap On The Oil Company Franchise Tax (OCFT)
- Implement Inflation Based Increases In Fuel Tax & User Fees

WHY TRANSPORTATION FUNDING IS CRITICALLY REQUIRED:

The Greater Lehigh Valley is the 2nd fastest growing metropolitan area in the Northeast United States. With this growth, comes an increased demand on our aging infrastructure, which has impacted businesses in the Lehigh Valley by challenging our mobility. The American Society of Civil Engineers (ASCE) released its 2010 PA Infrastructure Report Card on May 24, 2010, which shows our road, bridge and public transportation systems receiving very poor grades. This poor condition of our infrastructure has added to transportation costs, impacting all of our citizens and businesses.

The Chamber understands there is no question that our state highway, bridge, and public transportation systems are in a financial crisis. In 2008-09, the Commonwealth invested nearly $2.3 Billion in Motor License Fund (MLF) revenues to build and maintain highways and bridges. However, the May 2010 report issued by the Pennsylvania State Transportation Advisory Committee (PATAC) confirmed that $3.5 Billion (2010 dollars) in annual funds is needed to simply maintain, not expand or improve, existing state and local highway, bridge systems and public transit.

This situation leads to a significant gap of more than $1 Billion per year in projected versus actual transportation funding beginning in 2010, and requires an immediate solution to address our current & future infrastructure needs.

Recently, Act 44 of 2007 attempted to create a dedicated Public Transportation Trust Fund (PTTF) with a streamlined program structure and provide a portion of the additional transit funding recommended by The Transportation Funding and Reform Commission (TFRC). The additional funding was intended to be predictable and to grow with inflation. However, a related proposal by the Pennsylvania Turnpike to toll I-80 was not approved by the Federal government, resulting in an immediate decrease of $472 million in annual infrastructure funding in Pennsylvania. In addition, the main source of MLF revenue is the gas tax. Yet gas consumption has declined by .3% annually since 2004, and taxes & fees have not been adjusted since the mid-1990's. While the goal of The Chamber is to help stabilize costs to our business community, we also recognize that no business could function without an increase in that time period.

Support for transportation funding crosses all sectors of our community. In late 2010, 74% of Pennsylvanians said they supported fee increases, so long as these increases are strictly for fixing transportation woes. It is clear that while increased costs are not something people want, when it comes to the safety and mobility of our residents - they recognize the need & the benefits. If invested, this money will result in more than double the amount to the Pennsylvania economy. A Wisconsin DOT study found that every $1 of additional investment beyond that needed for maintenance equaled $3 dollars of benefit to the state.

Furthermore, the US Chamber and AFL-CIO have made a pact together promoting the need to address our aging infrastructure. Without appropriate levels of transportation funding, job growth will not be as fruitful, and statistics prove at the national level, an adequately funded transportation program will create over 1,000,000 transportation-related jobs. In Pennsylvania alone, that estimate is more than 50,000 jobs, with the majority of those expected to be in sectors outside of highway construction.

Lastly, as our society focuses more and more on "greening" our communities and lifestyles, we must consider the cost burdens to our citizens & businesses which can emerge in other ways due to inaction. According to a Texas Transportation Institute study in 2005 regarding urban mobility, 5.7 billion gallons of fuel was wasted on traffic congestion every year. That equals 74 gallons per person and $222 per year (if you figure an average gallon of gas costs $3). A similar study from 2000 showed that nationwide, traffic costs to business in hours lost and to residents in fuel wasted totaled more than $68 billion.

WHAT TRANSPORTATION IMPROVEMENTS ARE NECESSARY:

Bridges: PennDOT's shift from expanding road capacity - to maintenance of the existing network - is understood as a necessary safety initiative. Unfortunately, years of inadequate funding has resulted in a low level of maintenance and upkeep to our bridges. This has resulted in thousands of our bridges being categorized as 'structurally deficient'. When a bridge gets posted with a weight restriction, or worse is closed, it takes a heavy toll on the business community as well as the emergency services providers. Posted and closed bridges force larger trucks, buses and emergency vehicles to use longer routes. This is costing money for trucking companies, and more critically, longer response times for emergency service providers. Locally, Lehigh County has 350 state bridges including 74 that are structurally deficient – which is 21%. Neighboring Northampton County fares very similarly with 63 structurally deficient bridges out of 311 – that is more than 20%.

The GLVCC position: Provide sufficient transportation funds to continue PennDOT's recent initiative to repair and replace structurally deficient bridges at the same (2010) or higher level as the Accelerated Bridge Program.

Roads: Funding shortfalls are having a detrimental affect on our road projects which is complicating our vision for a strong Lehigh Valley. US Route 22, also termed the Lehigh Valley's Main Street, is vital to the distribution of people, goods and services every day. The US Route 22 Tomorrow project has been a priority of the Chamber's and the Lehigh Valley for many years. PennDOT revised the plans in 2009 to expand the highway to six lanes, replacing them with a scaled back version that did not meet all of the needs identified by the Lehigh Valley Planning Commission (LVPC). Lack of funds is the reason for the change — the new version of the project dropped the project cost by $150 million. Our community is concerned that a savings today will mean a large price to pay in the future.

The GLVCC position: Provide full project funding for the completion of the Route 22 Tomorrow, American Parkway and Route 412 projects, as well as the other projects on the Lehigh Valley Surface Transportation Plan 2011 - 2030.

Public Transportation: The shortfall in funding anticipated from Act 44 will have an immediate impact on the Lehigh and Northampton Transportation Authority's (LANTA) capital program, jeopardizing the Authority's ability to replace its fixed route and para-transit vehicles in a timely manner, thereby having a deleterious effect on service reliability and maintenance costs. Over the next six years, LANTA will need total funding of approximately $18 million (from all sources – federal, state & local) simply to replace buses which have reached or exceeded their useful life and $8.4 million to replace para-transit vans. This would not allow for any fleet expansion to accommodate the system enhancements called for in LANTA's recently adopted 12 year regional public transportation strategic plan, *Moving LANTA Forward.* The plan establishes a vision for transit service in the Lehigh Valley designed to help realize the regional goals set forth in the *Comprehensive Plan – The Lehigh Valley 2030*. New funding sources would also need to be identified to fund a needed $13 million modernization at LANTA's antiquated maintenance facility in Allentown. In the intermediate term, funding shortfalls will have an impact on LANTA's operating budget making it difficult to maintain current service levels and all but preclude service enhancements outlined in *Moving LANTA Forward*. This could end LANTA's decade long trend of gains in ridership, which has increased 70% since 1997 on LANTA's fixed route Metro system.

The GLVCC position: Provide funding for public transportation to the level originally envisioned with the passage of Act 44 and to support the "Moving LANTA Forward" program to encourage increased usage of public transportation.

Air: Lehigh Valley International Airport (LVIA), operated by the Lehigh Northampton Airport Authority (LNAA), has been effectively developed to serve a nine county region from its facility located between Allentown and Bethlehem. The Authority has made great strides to assure that the LVIA will meet the air service needs of that region and also act as a reliever to congested Philadelphia and Newark International Airports. Currently the Authority is using $6 million in state grant funds along with local revenue to complete a major renovation of the Main Terminal Building. More improvements are needed soon to enhance safety and security, and to bring the facility into compliance with new FAA standards. That price tag is expected to be $36 million over five years from state and federal funds. The projects will include obstruction removal, safety area construction, taxiway, and aircraft parking ramp reconstruction. We believe the State should consider establishing an air service development fund that would provide assistance to the state's smaller airports in attracting and retaining quality airline service. Such programs have been used effectively by other States and Localities.

The GLVCC position: Provide funding to assist the state's mid-sized airports in attracting and retaining quality airline service through an air service development fund.

Freight Rail: The American Association of State Highway and Transportation Officials (AASHTO) reports freight volume will double in the next 40 years, resulting in a 50 percent increase in truck traffic on our highways. Rail is the most efficient, affordable and environmentally responsible way to move freight in the United States. When more freight moves by rail everyone benefits from lower shipping costs, reduced highway gridlock, enhanced mobility, lower fuel consumption, reduced greenhouse emissions and improved safety. The Lehigh Valley is fortunate to have an intermodal terminal in Bethlehem which handles over 100,000 containers per year - freight that would otherwise be traveling long distances on Pennsylvania highways. In addition, Lehigh Valley railroads provide carload service to the region. One of the area’s railroads, Lehigh Valley Rail Management LLC, operates on the former Bethlehem Steel property and handles over 6,500 rail cars per year. Each rail car of freight takes three or more trucks off Pennsylvania roads. As the former Steel property continues to be developed, funding for rail spurs, yards, container yards and expansion of the intermodal facilities is critical to job creation in the Lehigh Valley. Continued investment in rail freight infrastructure is necessary to maintain the current infrastructure and increase capacity to handle a greater share of the anticipated freight volume in order to keep Pennsylvania and America competitive in the global marketplace.

The GLVCC position: Provide funding and continued investment in rail freight infrastructure to maintain the current infrastructure and increase capacity to promote the intermodal distribution of goods.

HOW TRANSPORTATION NEEDS SHALL BE PROPERLY FUNDED:

The GLVCC understands that today is the time to act & make changes to our funding policies so that we can realize the vision of a balanced, efficient transportation system to serve the health and welfare of our citizens and to promote economic development. As Pennsylvania's roads and bridges, buses and rail infrastructure reach the end of their useful life, maintenance costs rise and major capital expenditures become necessary. Failure to address these needs will lead to greater deterioration of our transportation infrastructure and result in even greater costs in the future. We believe the solution to this funding crisis will include regional and statewide planning to set our priorities, as well as sacrifices in the way of increased user costs. The Greater Lehigh Valley Chamber supports developing a long-term funding strategy and the consideration of a variety of possibilities for funding transportation needs, including but not limited to the following:

- Promote Efficiency Improvements In Transportation Projects: Reduce project delivery costs through implementation of a variety of alternate delivery techniques such as increasing the use of Design-Build, A + B Bidding, Lane Rentals, Flexible Construction Schedules, & Lump Sum Bidding. Further improvements could take place in streamlining the environmental review process, vehicle fleet and asset management practices, purchasing pools & supply side cooperatives, regionalization and reducing duplication of resources within agencies.

- Propose The Setting Of An Appropriate Prevailing Wage: The goal of a prevailing wage is to ensure that workers on public projects receive a fair wage for their work. This prevailing wage must be tied closely to the wage paid in a competitive market for labor whether the work is performed for either public or private project owners. A mechanism needs to be exercised to set prevailing wages which more closely represent the actual wage rates for both public and private projects across the different regions of the state as well as the fluctuations in the labor market.

- Wider Use Of Tolling On New And Existing Public Highways: Pennsylvania currently has a limited funding stream to maintain its transportation infrastructure. Without the use of additional funding mechanisms such as the electronic tolling of new and existing public highways, Pennsylvania will only receive approximately one–fourth of the $1.7 billion funding needed to maintain its infrastructure. Roads, highways and bridges will receive only one-fifth of the identified $965 million and mass transit will receive less than one-third the identified $760 million needed. The Chamber supports the development of a state-wide tolling network which can adequately provide usage-based fee collection across the Commonwealth. The Chamber also supports initiatives to revise Federal restrictions on the usage of funds collected from tolling interstates per 23 U.S.C 129 and 23 U.S.C 301. With the Federal Surface Transportation reauthorization legislation on the horizon, the time to act on these regulations is now.

- The Creation Of Dedicated Funding For The State Police which does not rely on liquid fuels taxes. Revenues for the State Police from the transportation fund total approximately $524 million in past years, enough to provide the lowest level of funding for highway and bridges. The Chamber supports removing the State Police off of motor vehicle fuel taxes as its major funding source and establishing sustainable and long term funding for the State Police from other sources. This funding could include increases to vehicle registration and other license fees.

- Public-Private Partnerships (P3): Private investment will likely play a major role in building new capacity in the future. A more comprehensive examination of the risks and the benefits of such investments should take place in the context of developing a comprehensive P3 plan for Pennsylvania rather than limiting the discussion to the sale or lease of assets.

- Gradually Adjust The Cap On The Oil Company Franchise Tax (OCFT): The oil company franchise tax is not a consumer tax. It is imposed on distributors of liquid fuels on a cents-per-gallon equivalent basis.

Presently, there is a cap on the calculated tax rate based upon a limit of $1.25 per gallon, which is significantly less than the current actual average wholesale price of liquid fuels. This leads to a large differential in collected tax versus the expected revenue based on the actual market price. The Chamber supports raising the current cap with inflationary adjustments thereafter to accommodate inflation.

- While the Chamber understands the Pennsylvania Fuel Tax is not representative of a long-term funding solution, especially with more fuel efficient vehicles and an expectation of alternate energy sources in the future, it must be considered that this major funding source of transportation projects has not been adjusted for inflation in nearly 20 years. In addition, Pennsylvania's fee table for *driver license* & vehicle registration renewals is one of the lowest in the nation, up to 75% less than in a number of other states. Implementing staged increases to driver license/registration fees & fuel taxes is a viable avenue to provide dedicated funding for key infrastructure projects. The Chamber recommends these taxes and fees should be responsive to inflation and should be part of a balanced approach that includes a variety of options which are adequate and predictable. In order to help maintain that balance, the Chamber supports the exploration of a registration fee schedule linked to total vehicle miles traveled, value of vehicle, or gross vehicle weight. In order to meet the needs of some specific or high-cost projects, which would otherwise go unfunded, the Chamber also supports implementation of a limited term tax or fee increase dedicated to a specific set of projects. (Reference Washington DOT "Nickel" Projects Program)

VOTES:
6/2/11---Transportation Committee --passed unanimously
6/15/11---Public Policy Committee – passed 13-2 w/1 abstention
7/11/11---Executive Committee----discussed, no vote taken
9/26/11---Chamber Board amended (2 amendments) and passed with one no vote and 3 abstentions
10/10/11—Executive Committee discussed and voted to amend policy by deleting the amendment passed at BOG.
10/24/11—BOG discussed and voted unanimously to amend the policy back to the original pre BOG amendment on 9/26. FINAL VOTE of passage