

Testimony of
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Thank you Chairman Rafferty, members of the Senate Transportation Committee and guests for the opportunity to speak to you today. Thank you for holding this series of hearings on transportation funding.

I am President of McCormick Taylor Inc. and Engineering and Planning firm specializing in transportation projects. We have nearly 400 employees working in 12 offices in six different states. Our headquarters are in Center City Philadelphia – we have been located here for more than two thirds of a Century.

I have been involved in delivering transportation projects, design of highways and bridges, planning for all manner of transportation projects, environmental clearance work and

management of DOT projects and processes for more than 40 years. Our firm specializes in delivering the most complex and controversial projects in very short timeframes under intense public scrutiny. I have been involved in projects of all types in all parts of Pennsylvania. Through this work over 40 years I have dealt with many community groups, environmental and permitting agencies, opposition groups, legislators, municipal officials and local and regional planners as well as PennDOT and Pennsylvania Turnpike personnel at all levels. We also work with Counties, Cities and municipalities on their local transportation projects – mostly bridges and traffic issues. We also work for transportation agencies like SEPTA, the Port Authority of Allegheny County, DRPA, the Delaware River Joint Toll Bridge Commission, The Turnpike Commission.

I have been a member of the CEO Council for Growth for 13 years and I co-Chair the Infrastructure Working Group. I am pleased to be here today with Rob Wonderling, the Chairman and CEO of the Greater Philadelphia Chamber of Commerce and the Chair of the CEO Council for Growth. Our members are intensely interested and fully engaged in growing the economy here in our region and therefore we are intensely interested in transportation funding. Our CEOs are not transportation industry folks – except for me – they are business leaders and employers who recognize that government does not have all the answers and it is necessary for business leaders to get involved and work hand in hand with Government to grow an economy. Our members are generally supportive of less government, lower taxes and business friendly policies. But every one of us recognizes the need for the transportation funding package passed by the Senate by an overwhelming majority. And we are frustrated that action by the House has been stalled. Rob and I are here today to emphasize our support for Transportation funding at the level passed by the Senate.

I commend Senator Rafferty for his leadership on this issue. I commend the Senate Leadership on both sides of the aisle for their support of this large funding increase at a time when that kind of legislation is unpopular.

There has seldom been a time in my memory when the magnitude of a problem was so well understood or so widely agreed upon. The shortfall in transportation funding is not disputed even as the magnitude of the problem is overwhelming. There is hardly a need to repeat the numbers but just to be clear:

- A comprehensive study in 2010 identified the shortfall in Transportation funding as \$3.5 billion per year – statewide, all modes.

- Governor Corbett's Transportation Funding Advisory Commission recommended a funding package of \$2.5 billion – nearly \$1 billion PER YEAR short of the identified and agreed upon need.
- The cost to the average driver of the recommended funding increase when fully implemented would be \$2.50 per week.

I would like to avoid a mindless repetition of the data about structurally deficient bridges and costs of traffic congestion to commuters in our region and the time lost sitting in traffic congestion and the number of employees served by transit and on and on. This data is well documented, this committee has heard it all before, the public has heard it, the press has reported it, industry groups have repeated it. It is not that I don't want to take the time to repeat it here – if repeating it would get the legislation passed I would be glad to repeat it but that hasn't worked yet.

Rather I would like to touch on a few selected issues of concern to me and sometimes not clearly understood.

Why Transit.

High Income earners are transit users. In urban/suburban areas Transit is a crucial component of the transportation system. I want to emphasize that in our region transit serves a large percentage of employees in higher income groups. Suburban commuters are generally high income earners and choose transit not because they cannot afford to drive their car but because they enjoy the convenience of transit. Businesses locate offices near transit stops across our region. Our firm routinely uses the convenience of our downtown location for commuting as a recruiting tool. We have many employees who could conveniently drive to one of our other regional locations in the suburbs but choose to ride transit to Center City.

Occasional users. It is also not often mentioned that having transit is an important option for many occasional users. These are folks who want the option of riding the bus or the train when it is convenient as well as the option to drive to work when family or work schedule require it. This is called "mobility." Healthy regions depend on mobility.

Elderly and Handicapped. Transit also provides an important element of access for Elderly and Handicapped folks. And this is true across the state even in rural areas where bus transit and paratransit systems are operated.

Stop fighting between modes. I have long advocated that we all stop fighting between modes. Let's stop saying that everyone should use transit because it is more environmentally friendly. Stop blaming funding for highway construction as the reason that transit needs operational subsidies. We need both highway and bridge funding and transit funding. It is just that simple.

Those that suggest that we could solve our statewide funding problem if we stopped operating buses that are empty are uninformed. These anecdotes and often repeated comments are not helpful to solving our problems no matter how often they are repeated.

This is not your father's Penndot.

It is often suggested that increases in revenue could be avoided if government only found efficiencies in how they do their work. I served on the IMPAACT Commission under Governor Tom Ridge which was an effort to streamline government – we called the final report “Making Government Make Sense.” Penndot has had a policy of “doing more with less” since the 1980s. As a consultant to Penndot and someone who has worked closely with many government agencies over many years these efforts always seemed like a great idea but invariably they lost steam as the relentless bureaucracy fought back. In the Ridge administration we often talked about the “you can’t do that police” getting in the way or real change. But I can tell you that under the leadership of my friend Secretary Barry Schoch real change has arrived at Penndot. Secretary Schoch has created a cultural shift within the agency instilling a new attitude that will live past his tenure. Many simple and obvious things have been implemented that are saving millions of dollars and providing better service to citizens. Penndot’s website details many of these things but I can tell you this is significant change that is squeezing every penny of savings possible out of the system.

Legislators can be proud. It is common these days that elected officials run for office saying they are going to clean up government, eliminate waste fraud and abuse, balance the budget, reduce taxes etc . As this is how they get elected it becomes a mantra frequently repeated without regard for the facts. I think we need a change. I think elected officials in Pennsylvania can be proud of what has happened at Penndot over the past three years. Take some credit for this. It is the relentless pounding, and the difficult funding shortfalls that have created the impetus for this change – that and a skilled and determined Secretary. The mindless government bashing that seems to win votes ultimately works against us as we try to improve the image of our government. Penndot has changed and improved and you should be proud of your role in that – take a bow!

Who said no one wants to pay more? Many legislators will say “My constituents don’t want to pay more.” Or “My constituents tell me they are taxed enough.” You hardly need to take a poll to get this result. And it is absolutely correct that no one wants to pay more -- *for the same product of service.* But there is ample evidence that consumers will pay more for a better product or service – and we see it all the time. We can send a letter across town or across the country for \$.44. Or we can pay an overnight delivery service \$9 to deliver the same letter. Millions of people every day pay \$9 instead of \$.44 – *Why? Because it is a better service.* What legislators need to understand about this \$2.5 billion funding increase for Transportation is that it is not \$2.5 billion more for the same service, for the same number of projects, for the same agency, for the same transit service. It is \$2.5 billion more for at least \$2.5 billion worth of better service. Voters expect their elected officials to deliver government service to them. A

vote for this funding package will be rapidly justified as improved transportation service becomes visible – and this can happen rapidly.

“No one goes there anymore; it’s too crowded.”

Yogi Berra said that. And like a lot of the things Yogi Berra said there is a certain hidden logic within the silly phrase. Just think about some of the severe traffic congestion problems we have in our state – in our region. One of our most congested corridors is US-422 where 15 mile backups are a daily occurrence – twice a day. US-422 serves an area of new modern corporate facilities that Rob Wonderling calls our “economic breadbasket.” It is a major area for large pharmaceutical companies. No one wants to get a job that requires them to sit in that traffic every day – if they can avoid it. No company wants to locate or expand there because it is difficult to attract the best employees. So no one goes there anymore because it is too crowded. The unfortunate fact is that we don’t know and we won’t know how many jobs are lost because a company decides to expand elsewhere – they won’t send us a memo telling us that. Traffic congestion is like high blood pressure – the silent killer.

Does anybody care? And this traffic congestion problem doesn’t need to be fixed overnight to retain companies or attract new ones. What business leaders look to see is whether anyone is doing anything about the problem. Businesses will look to locate in a region or a state that is working to solve its problems – not necessarily a region or a state that has solved all its problems. It is about the direction of the state and its leaders not its position at this time. The real question is does anybody care....are we doing anything about our problems. Passing this funding package will send a definite signal that you care and we are moving in the right direction.

It’s not just about bridges. Much has been said about the fact that we have the highest number of bridges that are structurally deficient. And now that more than 1000 bridges are being posted with load restrictions some have said that maybe just a small (relatively) bill just to fund bridge replacements will solve the problem. That is clearly not the case. Our transportation problems are much more than structurally deficient bridges. There are roadways whose pavement structure is “structurally deficient” and where a simple overlay will not solve the problem. Potholes and poor road conditions create safety hazards as vehicles make sudden erratic moves to avoid poor roadway conditions. We have school buses driving these poor roadways every day – taking the chance that some car or truck will swerve at the wrong time and cause a tragedy. And of course the silent job killer of traffic congestion will not be solved with a bridge only bill.

When you get to the fork in the road. Yogi Berra also said “When you get to the fork in the road, take it.” We are at the fork in the road for Transportation funding. The Senate has taken it – one way. Now the House needs to follow. And if they don’t we’ll just have another Yogi Berra quote: “Deja Vu all over again.”

Jobs. Jobs. Jobs.

Everyone talks about jobs. There is no better job generator than Transportation funding. And these won't be government jobs; they will be private sector high paying jobs. Job creation from transportation spending is well documented nationally. The funding package passed by the Senate will create 60,000 jobs. Now. In Pennsylvania. That many jobs could lower the unemployment rate in Pennsylvania by nearly 1.4% And that's just from the construction activity and its multiplier effect.

And Economic Development too. In addition to the construction related jobs we will also create economic development by reducing congestion – like the 15 mile backup on US-422. And this will be true across the state as capacity enhancing projects are planned, designed and built.

The Private Sector.

PPP will not provide the funding needed. It is popular to suggest that the private sector could do a better job and we should turn to private solutions to these public problems. The recently passed Public Private Partnership legislation will allow for private sector involvement in projects. And in fact the provision to allow unsolicited proposals is an idea that the CEO Council for Growth advanced nearly ten years ago with a report we commissioned titled "Outside the Box." The study was completed by David Seltzer and Mercator Advisors and it talked about creating a marketplace of ideas." But the private sector won't do it for nothing. For the private sector to get involved there must be a revenue stream. And with the propensity for our elected officials to oppose anything that requires that their constituents pay something the private sector ideas will be limited. There will be some that will benefit from financing creativity but even that is coming under fire as the most creative financial architecture seems to have risk that elected officials tend to criticize. PPP projects are good and it is good that we have the legislation in place but it will NOT solve the funding shortfall.

Private isn't always better; public isn't always bad. It seems that one can find as many news stories about financial mismanagement in private companies these days as stories about government corruption. MF Global, WorldCom, Enron, Layman Brothers. Private is not always better and public is not always bad. Let's remember the third "P" is partnership. We need both the public and the private and we need more partnership than ever before.

Faster, Better, Cheaper. One area of the private sector that needs to step up is my own industry – consulting engineers and planners. One of the reasons there is reluctance to vote for fee increases is that important projects take too long to get to construction. There is also strong pressure to go to "design build": as a way to expedite projects. But design build doesn't mean there is no engineer designing the pipes and the foundations etc. It just means that the engineer is doing the design under contract to the contractor rather than the Department of

Transportation. Why is this better? Because when we do it under contract to the department (the design and environmental clearance) takes too long and costs too much. So our industry, those of us that do the environmental clearance and the design, need to do our work faster better and cheaper. And we can. Working with PennDOT steps are already underway to make changes that will make expediting projects more routine. I urge legislators to demand faster delivery of projects in order to create the pressure we need to keep shortening project delivery timeframes. And then projects in your district(s) can get to construction quickly showing your constituents that they are getting something for their \$2.50 per week extra and that you – their elected official – made something good happen.

We understand it is a difficult vote. It is easy for those of us that don't need to stand for election to advocate that legislators just do the right thing and vote for this legislation. We understand it is not always that simple. I don't agree with those who have taken pledges not to raise taxes because it blinds them to the realities of government. They have identified taxes as the only danger that needs to be addressed and they stand on that moral high ground regardless of what other problems face our citizens and our society. But I realize that some have taken that position with integrity and feel bound to honor that pledge. So it is left to the rest of the legislators to do the right thing. I give Governor Corbett tremendous credit for his comment last year when he proposed this funding increase. When asked about this as a violation of his earlier pledge he said "I also pledged to the people of Pennsylvania to solve the big problems, to do the right thing for Pennsylvania....and this is the right thing for Pennsylvania." He was right a year ago when he said it, and he is right today.

But as difficult as this vote is the benefits to the people of Pennsylvania will be tremendous. 60,000 new good jobs; reduced unemployment, safer roadways, reduced traffic congestion; long awaited projects moving forward, legislators taking the credit for making government work for their constituents. Ribbon cuttings, ground breakings, problems solved, government streamlining everything done faster better and cheaper. We will be a state that attracts attention from businesses because we are solving our own problems rather than waiting for the federal government to do it for us. We will out compete other states for the best corporate expansion. Our leaders will be hailed as visionary as the economy improves, unemployment declines and confidence is restored.

Thank you for the opportunity to offer these thoughts to the committee. I remain available to work with you at any time to advance this legislation or to work on other issues.