

## Senate Transportation Committee – Major Bridge Public Hearing

Chairman Langerholc, Chairman Flynn, members of the committee, and staff, thank you for the opportunity to speak with you today. We know that the committee – as well as the public – is very interested in the path forward for the nine major interstate bridges in PennDOT’s Major Bridge Public-Private Partnership, or P3, initiative (MBP3). I am happy to provide the committee with an update as to where things stand today.

As you will remember, the Major Bridge P3 initiative was presented to and approved by the P3 board in November 2020 and pursues the replacement or rehabilitation of major bridges through the Design-Build, Finance, and Maintain method of progressive P3 project delivery. At that time, the plan was to pay for the work on these bridges through tolling, with the goal of preventing disruptions to the Interstate Transportation Improvement Program (TIP) as well as regional TIPs so that other important transportation projects on the state system could continue to proceed through the project development process.

On May 18, 2022, as the result of a lawsuit against the department from several municipalities in Cumberland County, the court issued an injunction and all work related to the Major Bridge P3 initiative ceased. Other litigation originating in western PA resulted in a ruling on the viability of MBP3 as a Public-Private Transportation Project (P3). Subsequently, Act 84 of 2022 amended the P3 law and revoked PennDOT’s ability to implement mandatory tolls such as the proposed bridge tolling under the MBP3. As a result, both cases are effectively ended.

As a result of the lawsuits and the subsequent enactment of Act 84 of 2022, PennDOT is continuing on a P3 path to move candidate bridge projects forward, but without tolling. Act 84 of 2022 did provide the ability for PennDOT to continue the program as a P3 and preserved the existing agreement with Bridging Pennsylvania Partners (BPP), which was [announced](#) on March 9, 2022.

PennDOT entered into an agreement with BPP to design, build, finance, and maintain the bridges in the MBP3. BPP was selected based on criteria, including experience and technical approach to carry out the project; their relevant experience and qualifications of key personnel; their investment and financial experience; and their overall understanding of the project and their approach to deliver all project requirements. BPP comprises the following firms, including six companies headquartered in Pennsylvania, with 21 Pennsylvania offices and 2,530 Pennsylvanian employees:

- Macquarie Infrastructure Developments LLC;
- Shikun & Binui Concessions USA Inc;
- STV Incorporated (Douglassville);
- FCC Construcción, S.A.;
- Shikun & Binui – America, Inc (Pittsburgh);
- SAI Consulting Engineers, Inc. (Lemoyne);
- Wagman Heavy Civil, Inc. (York);
- Joseph B. Fay Company (Pittsburgh); and

- H&K Group, Inc. (Skippack).

BPP will front all the costs of project design and construction of the project package, and all the work will be done by contractors prequalified to work in Pennsylvania. The reality of the construction industry is that it is not economically competitive to transport equipment, materials, and labor forces over long distances, meaning many opportunities are available for local vendors, suppliers, and laborers. While state and federal procurement laws inhibit PennDOT's ability to place a requirement on geographical location of companies, engaging as many Pennsylvania-based firms as possible is of primary importance to the department. Also, for context, PennDOT's [Rapid Bridge Replacement program](#) to replace 558 bridges included a private partner and more than 50 Pennsylvania-based designers and contractors as primary and subcontracted partners. Moreover, 89 Pennsylvania-based contractors have participated in the [Compressed Natural Gas \(CNG\) P3 project](#) to build 19 liquefied natural gas stations to date for public transit agencies to fuel their CNG vehicles.

The environmental documents for the first several bridges are being revised to compare the effects associated with the No Build Alternative and the Build Alternative without tolling. Effects associated with constructing tolling equipment, improving diversion routes, and paying tolls are being removed from the impact assessments. In the coming days/weeks ahead, you can expect to see updated information related to the revised environmental documents posted on the project websites.

When tolling was being considered as the funding source for the MBP3 projects, impacts to surrounding communities resulting from a portion of drivers leaving the interstate to avoid paying a toll was a significant concern for the department. 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. We were planning significant work as part of the bridge projects 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. Since tolling will not be initiated, these toll-driven diversions will not occur; therefore, proposed improvements along the diversion routes will no longer be included as part of the project work.

Public-private partnerships are a critical and much-needed tool in our toolbox. The primary benefit of continuing with a P3 approach to this project is that it allows PennDOT to leverage private industry financing to get the projects constructed and minimize maintenance costs in the long term, as the maintenance responsibility for the bridges will fall on BPP.

PennDOT will repay the amounts financed by BPP through recurring availability payments over 30 years, beginning when construction is complete. The availability payments will be paid using a blend of federal and state funds. On the federal side, PennDOT will reallocate some funds and pursue additional funding opportunities from the Bipartisan Infrastructure Law (BIL). For example, we have applied or plan to apply for several discretionary grants to help support the P3 bridges, including a [Bridge Investment Program](#) (BIP) grant for I-80 Canoe Creek, and both a [Mega grant](#) under the Multimodal Projects Discretionary Grant opportunity and a BIP grant

specific to large bridge projects for I-83 South Bridge. We are confident that we have submitted strong, nationally competitive applications and are hopeful for a positive outcome.

We will need to supplement with funds from line items carried in the outer years of the 12-Year Program (TYP) or by the deferral or elimination of some projects included in the 2023 TYP. As we plan the path forward, we are trying to minimize the impacts to both the current and future program.

As you will remember, last year, Governor Wolf established the Transportation Revenue Options Commission (TROC), chaired by Secretary Gramian, and invited this committee's chairs to participate, as well as representatives of dozens of legislative, transportation, economic, and community organizations. In July 2021, TROC submitted a [report of recommendations](#) for a path forward, which included short- and long-term solutions for transportation funding. While tolling was one of the recommendations, another was to eliminate diversions from the Motor License Fund to the PA State Police and replace those amounts from the General Fund. We are grateful that the General Assembly agreed to make additional funds available to PennDOT through the accelerated reduction of Motor License Funds diverted to the PA State Police in this year's budget – this will be critical in helping match the new federal BIL funds. The remaining recommendations await further action by the General Assembly.

PennDOT looks forward to partnering with you and other legislators to support transportation in Pennsylvania. Whether it is developing solutions identified by the TROC or exploring other ways to modernize our transportation funding infrastructure, we are enthusiastic about working together to move Pennsylvania forward and eager to hear your thoughts. Thank you again for the opportunity to provide testimony to the committee today. I would be happy to take any questions at this time.