FUNDING for the FUTURE

The Impact of Pennsylvania Act 89 on Our Region's Transportation Infrastructure

DELAWARE VALLEY REGIONAL PLANNING COMMISSION
dvrpc

PATHWAY to PROSPERITY...

In Fall 2013 the state legislature passed and Governor Corbett signed Act 89, which provides a significant increase in funding for transportation investments in Pennsylvania.

This additional revenue has already begun to flow to the region and, as the region's federally designated metropolitan planning organization, the Delaware Valley Regional Planning Commission (DVRPC) has been able to add new projects to both the Long-Range Plan and Transportation Improvement Program. New projects will not only rebuild our roadway and transit systems, but help them operate more efficiently, and even expand the system to serve the region's growing population and employment.

SEPTA is an important component of the region's economic competitiveness.

Over 800,000 people ride SEPTA every day. Not only does SEPTA get people to work and students to school, it helps reduce congestion by removing thousands of vehicles from crowded roadways. SEPTA each year directly contributes **$3.2 billion** in economic output and generates **$62 million** in tax revenues.[1] SEPTA even increases property values. Homes close to a Regional Rail line were found to have, on average, a **$7,900** premium. For homes in communities with higher levels of Regional Rail service and parking capacity, the property value premium averaged between **$31,000** and **$37,000** per dwelling.[2]

Source: [1] "Understanding SEPTA's Statewide Economic Value," Econsult Solutions and The Economy League of Greater Philadelphia, April 2013. [2] "The Impacts of Regional Rail Service on Suburban House Prices," Econsult Solutions, October 2013.

the WAY WE WERE...

The Greater Philadelphia region benefits from a transportation system that is both extensive and multimodal. It provides mobility and accessibility options for moving people and goods. However, the system is older and has many bridges, roads, and transit infrastructure that are beyond their planned life cycle, and there is a substantial gap between preservation and maintenance needs and available funding.

Prior to the passage of Act 89, only about ½ of the bridge and transit infrastructure needs, and only ⅓ of the roadway pavement needs were able to be met.

That also meant that there was little funding left for critical operational improvements and new system expansion projects, which are needed to keep the region competitive with other areas that are making such investments.

Even though SEPTA's ridership increased significantly over the past decade, there was not enough funding to meet infrastructure maintenance needs and keep the existing system operating.

PennDOT has been focusing resources on addressing the region's large number of structurally deficient bridges, and between **2005** and **2012** reduced the number of structurally deficient bridges by **18%**.

However, PennDOT is responsible for the **3rd** highest number of bridges in the nation, and Pennsylvania still leads the nation in the number of structurally deficient bridges.

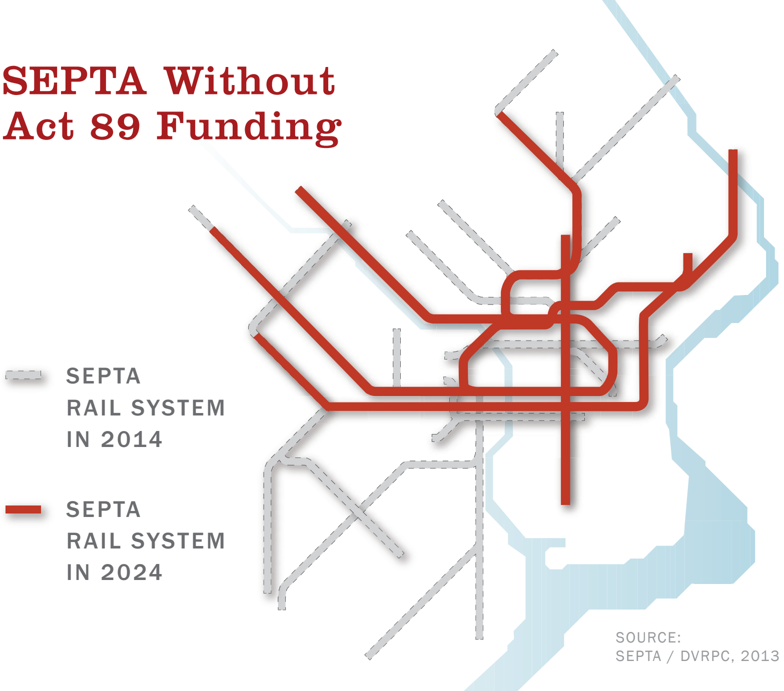
PennDOT and SEPTA have undertaken a **'fix it first'** approach that prioritizes the preservation and maintenance of the existing infrastructure, and the majority of transportation funding dollars goes toward rebuilding the existing system.

Prior to Act 89, SEPTA had a **$5 billion** backlog of needed capital improvements that could not be funded due to continual cuts to their capital budget.

Without the additional funding, they would have had to close entire portions of their system because they could not afford replacement vehicles or repairs to bridges, track, substations, and other critical components of the infrastructure.

This contraction of the network would have had a devastating impact on the region's economy and the riders that depend on SEPTA to take them to work, school, and other destinations.

SEPTA Without Act 89 Funding



SOURCE: SEPTA / DVRPC, 2013

TIME to **ACT 89**

Act 89 will generate additional revenue for transportation projects in Pennsylvania, primarily by eliminating the state's flat gas tax and lifting the artificial cap on the oil company franchise tax, which is charged at the wholesale level. The cap on the oil company franchise tax will be lifted over a five-year period, eventually providing over **$2.3 billion** annually statewide.

By 2040, Act 89 is expected to generate over $10.5 billion for the Greater Philadelphia region to invest in improving the transportation system.

Additional revenue will also come from indexing vehicle registration and driver's license fees to inflation. Overall, it is estimated that Act 89 will create **50,000** new jobs and preserve an additional **12,000** jobs statewide.

Act 89 will also save money by eliminating registration stickers, allowing two-year vehicle registrations, and, raising the prevailing wage threshold – thereby providing significant savings to local governments.

We all rely on the transportation system, but raising additional revenue to maintain and improve the system is not always a popular choice. Our transportation system is primarily funded through the gas tax, which had not been increased in Pennsylvania since 1997. Over the same time period utility, cable, and cell phone bills have all risen, sometimes dramatically.

Once it is fully implemented in five years, the impact of Act 89 on the average motorist will be **$2.50** a week – about the price of a cup of coffee. The return will be **$2.3 billion** in additional annual investment in the state's transportation network that is counted on to move people and goods throughout the state. There are also repercussions of not investing in the system, including higher vehicle operating costs, lost time spent sitting in congestion, and less safe roads.

the PLAN and the PROGRAM

The Connections 2040 Plan for Greater Philadelphia is the comprehensive Long-Range Plan for the region that guides development and identifies needed transportation investments out to 2040. It was developed with stakeholders and the public, and adopted by the DVRPC Board in July 2013.

It promotes four core principles to create a more sustainable future:

- **Manage Growth and Protect the Environment**
- **Create Livable Communities**
- **Build the Economy**
- **Invest in a Modern Multimodal Transportation System**

The Transportation Improvement Program (TIP) is the agreed-upon list of priority transportation projects to be advanced during a four-year time frame and its projects are drawn from the Long-Range Plan.

The Plan and the TIP identify projects for federal and state funding and both are required to be fiscally constrained, just like your household budget. To account for the impact of Act 89, the Long-Range Plan was amended and a new TIP was developed.

NEW **ROADWAY** INVESTMENTS

The Long-Range Plan allocates funding to various categories of projects primarily based on the existing and forecasted condition of assets and need. The allocation of roadway dollars will not change in the amended Long-Range Plan. The majority of funding will still go toward preserving and maintaining the system because that is where the greatest need is, but with Act 89, we can accomplish a lot more.

With the additional funding there will be $2.8 billion more available for rebuilding and rehabilitating bridges, and $1.6 billion more to reconstruct our roadways in the region over the life of the Connections 2040 Plan. Work on The Circuit, the region's trail network, will also be expanded, allowing the region to complete almost the entire planned 750-mile network.

Roadway Funding Allocation

DVRPC Pennsylvania Subregion 2014-2040

BRIDGES **50%** PAVEMENT **30%** OPERATIONAL IMPROVEMENTS **11.5%**
SYSTEM EXPANSION **5%** OTHER **2%** BICYCLE / PEDESTRIAN **1.5%**

I-95 is a critical artery, not only for Greater Philadelphia, but the entire East Coast.

A shutdown of this core facility would have a critical impact on mobility, as witnessed in **2008** when cracks in support structures forced a shutdown for **3** days for emergency repairs. This facility was largely constructed as a viaduct – or series of bridges – through Philadelphia, and needs to be reconstructed.

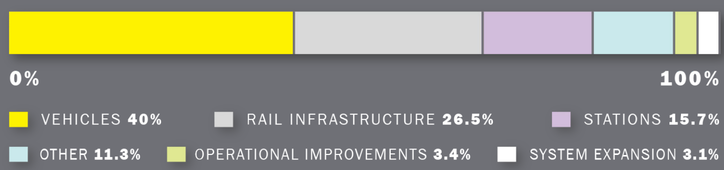
The section from Queen Street in South Philadelphia to the Girard Point Bridge by the Navy Yard was not funded previously, but is now able to be moved into the fiscally constrained Long-Range Plan.

NEW TRANSIT INVESTMENTS

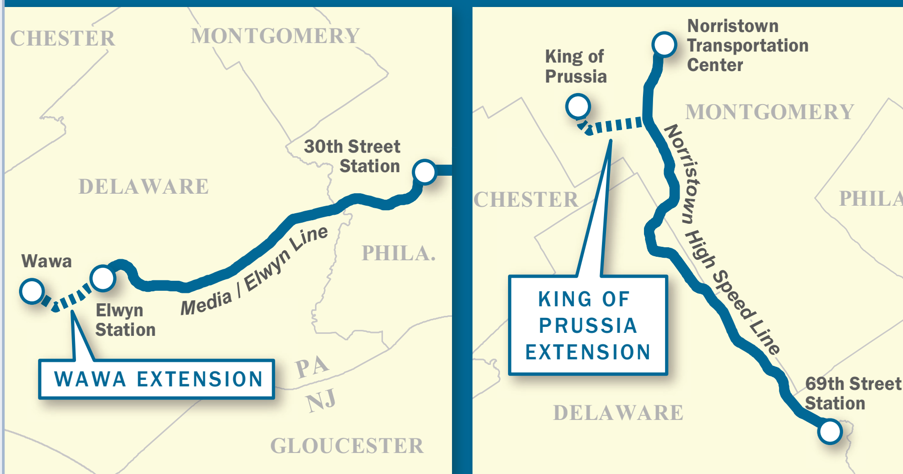
SEPTA's capital budget will double under Act 89, with most of the funding going toward projects that maintain and preserve aging infrastructure. This additional revenue will allow SEPTA to **replace electric locomotives, the entire trolley fleet, purchase new Silverliner VI and bi-level Regional Rail vehicles, and rehabilitate the Broad Street Subway fleet** by 2040. **Bridges and substations** can also be addressed. **Key stations** can be rehabilitated, and **station parking,** which acts as a constraint on further growth, can be expanded. The additional funding will also allow SEPTA to pursue **operational improvements** to improve service frequency, and **two new rail lines** will also move forward. Such improvements were not previously possible.

Transit Funding Allocation

DVRPC Pennsylvania Subregion 2014-2040



An Expanded Transit System



SOURCE: SEPTA / DVRPC, 2014

The region has previously studied several new transit lines but they could not move forward because there was not enough funding to even keep the existing system going. With Act 89, SEPTA is able to move new projects from study to construction. Extending the Media-Elwyn Regional Rail Line to Wawa, along US Route 1, will provide service to a growing corridor in Delaware and Chester counties. The Long-Range Plan also sets aside funding for extending the Norristown High Speed Line to King of Prussia, providing a rail connection to this large employment and shopping destination. Investments to provide “Better Bus” service along Roosevelt Boulevard in Philadelphia are also now included in the Long-Range Plan.

the **ROAD AHEAD...**

The transportation system is crucial to everyone in the region – residents, workers, visitors, and the business community – and we are in a much better situation than just a year ago. Act 89 does not fully bring the transportation system up to a state of good repair but it represents a very significant investment and improvement in conditions. However, the progress that Act 89 will allow us to make could be fleeting. The federal Highway Trust Fund is forecast to become insolvent this summer. **Since 2008, Congress has had to transfer $53 billion from the General Fund to the Highway Trust Fund to meet obligations.**

Federal gas tax revenue has been declining because fuel efficiency has been increasing and the number of miles driven per capita has been decreasing.

In addition, the federal gas tax of **18¢** per gallon has not been changed in **20 years**, but the cost of materials and labor has increased. As a result, the gas tax has lost more than **40%** of its purchasing power due to inflation.

FUNDING SOURCES

Federal dollars constitute over half of our transportation funding, so the next federal transportation authorization will have a significant impact – either positive or negative. State and local contributions may be more critical to funding transportation in the future. Many nearby states, such as Maryland, Ohio, Virginia, Massachusetts, and New Hampshire, have recently added new revenue at the state and local level.

Regional Funding by Source

Pre-Act 89

FEDERAL **65%**
STATE **33%**
LOCAL **2%**

Post-Act 89

FEDERAL **55%**
STATE **43%**
LOCAL **2%**

In the future, new methods of paying for our transportation system, such as a vehicle miles traveled tax or tolls, may emerge to replace the gas tax. Public-private partnerships may also become more common. **The challenge will be bridging the gap between these new payment methods and the current system of funding.**

ABOUT DVRPC

The Delaware Valley Regional Planning Commission is dedicated to uniting the region's elected officials, planning professionals, and the public with a common vision of making a great region even greater. Shaping the way we live, work, and play, DVRPC builds consensus on improving transportation, promoting smart growth, protecting the environment, and enhancing the economy.

We serve a diverse region of nine counties: Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania; and Burlington, Camden, Gloucester, and Mercer in New Jersey. DVRPC is the federally designated Metropolitan Planning Organization for the Greater Philadelphia Region — leading the way to a better future.

The Delaware Valley Regional Planning Commission fully complies with Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987, Executive Order 12898 on Environmental Justice, and related nondiscrimination statutes and regulations in all programs and activities. DVRPC's website, www.dvrpc.org, may be translated into multiple languages. Publications and other public documents can be made available in alternative languages and formats, if requested. DVRPC public meetings are always held in ADA-accessible facilities and in transit-accessible locations when possible. Auxiliary services can be provided to individuals who submit a request at least seven days prior to a meeting. Requests made within seven days will be accommodated to the greatest extent possible. Any person who believes they have been aggrieved by an unlawful discriminatory practice by DVRPC under Title VI has a right to file a formal complaint. Any such complaint may be in writing and filed with DVRPC's Title VI Compliance Manager and/or the appropriate state or federal agency within 180 days of the alleged discriminatory occurrence. For more information on DVRPC's Title VI program, or to obtain a Title VI Complaint Form, please call (215) 238-2871 or email public_affairs@dvrpc.org.

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For a full list of additional investments being made with Act 89 funding or more information about the Long-Range Plan, visit www.dvrpc.org/Connections2040

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