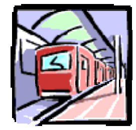
TRANSIT



D+

2006 Report Card for Pennsylvania's Infrastructure

In recent years, transit use has increased faster than any other mode of transportation. More than one million Pennsylvanians use public transit on a daily basis, and transit throughout the state directly employs more than 15,000 men and women. On an annual basis, Pennsylvania's transit agencies spend more than $1.1 billion for provision of services and approximately $500 million for capital improvements. However, the statewide need for additional resources is tremendous: more than $500 million annually to stabilize operations, fund "state of good repair" capital projects and allow for major capital investments to expand and improve existing systems.

BACKGROUND

In 2005, there were seventy-four transit agencies in the Commonwealth, serving all sixty-seven counties. The transit agencies are divided into five classes, based on the number of vehicles and the size of the service area. The largest is the Southeastern Pennsylvania Transportation Authority (SEPTA), which serves the Philadelphia region. Other systems range in size from the Port Authority of Allegheny County, down to small urban and rural systems, and then to class 5 systems, which carry predominantly social service clients in Paratransit vehicles. These systems operate more than two billion vehicle miles on some 6,500 vehicles.

Last year, transit spent almost $1.1 billion on materials and services contracts with more than 2,000 Pennsylvania businesses.

While transit spending has increased over the years, a large spending shortfall remains, and funding growth lags behind inflation. The statewide need for additional resources is tremendous: more than $500 million annually to stabilize operations, fund state of good repair capital projects, and allow for major capital investments to expand and improve existing systems. Meanwhile, many urban and rural transit agencies are borrowing funds to maintain operations, even as they are significantly raising fares and cutting back service.

CONDITIONS

The cost of oil, environmental concerns and traffic congestion are never-ending, quality of life problems that continue to justify support for transit. While new investment brings badly needed transit service to more Pennsylvanians, existing systems continue to require reinvestment to replace aging infrastructure; thus, the revenue that is available is spread more thinly. These conditions, together with an uncertain federal funding future, raise serious concerns for transit.

In recent years, transit use has increased faster than any other mode of transportation. In the Commonwealth, transit use by all modes increased by an average of five percent between 2004 and 2005. In fact, more than one million Pennsylvanians use public transit on a daily basis – that's more than 300,000,000 rides annually.

The following statistics provide a sense of how ridership is increasing in Pennsylvania:

Third Quarter 2005 Statistics (as compared to year 2004)

Commuter Rail (Philadelphia)	+9.9%
Subway (Philadelphia)	+7.6%
Bus (Johnstown)	+7.1%
Bus (Lancaster County)	+3.0%
All Modes (Pittsburgh)	+2.0%
Bus (State College)	+1.7%

These increases in ridership have put an added strain on the Commonwealth's aging transit vehicle fleet and physical plant infrastructure.

While SEPTA is in the process of updating its commuter rail, diesel bus and electric bus fleets, the average age of Pennsylvania's transit vehicles breaks down as follows:

- Bus – 8.7 years old
- Heavy Rail – 8.8 years old
- Light Rail – 18.3 years old
- Commuter Rail – 25.9 years old
- Inclined Plane – 72.2 years old

All agencies are also struggling to maintain workable, physical plant infrastructure such as buildings, track, tunnels and stations. Very little improvements have been made in all facility categories.

Funding

State funding comes from the following sources: General Fund, dedicated funds from the Public Transportation Assistance Fund (PTAF – established as part of Act 26) and Act 3 Revenue Enhancement Initiative, lottery funds, TANF jobs access funds and general obligation bond proceeds. The state has a constitutional restriction prohibiting the use of highway funds for public transportation. Federal highway funds can be flexed, however.

Total state funding increased from $791.8 million in FY 2002 to $828.8 million in FY 2003. Per capita investment was $64 in FY 2002 and $67 in FY 2003. The average percent change in total funding and per capita funding was 4 percent. Based on these figures, Pennsylvania ranks 4th and 7th respectively nationwide.

Between 1985 and 2005, general funds for transit increased by an average of only 2.7 percent a year, while inflation averaged 2.9 percent a year. Thus support for transit decreased by .2 percent a year. In the last ten years, the situation has worsened. General Funds for transit have increased by an average of 1 percent a year, while inflation has averaged 2.3 percent a year for a net decrease of 1.3 percent per year.

There are two other important measures of support for public transit:

1. The percentage of the operating budget that comes from dedicated funds
    - 26.7 percent for the Port Authority
    - 22.7 percent for SEPTA

2. The percentage of operating expenditures that is paid for by state and local governments or by regional taxes, which are collected by the transit organization itself.

    - 65 percent for the Port Authority
    - 46 percent for SEPTA

Public transportation riders in Pennsylvania's largest urbanized areas cover a substantially larger share of their rides through fares (approximately 50%) that the national average (approximately 30%).

Clearly, these two agencies have to continuously struggle to find ways to pay for the remainder of their budgets.

Capital funds have not grown sufficiently to match 100% federal growth under TEA-21or most recently SAFETEA. Port Authority and SEPTA have had to spend federal funds in advance of state share for approved capital projects, with the total state shortfall currently at $180 million. These agencies cannot match Federal New Starts Funds at the required 40-50% non-federal share in order to expand Pennsylvania's systems. SEPTA is the only major system in the country that does not receive any funding from this source, and the Port Authority projects are at risk of halting due to lack of match.

The D+ for Transit reflects:

- An additional $500 million in funding required annually
- Aging vehicles and physical plant infrastructure
- Capacity falling short of needs
- Cuts in service and rate increases
- Shortage of new development
- Inadequate match for federal funds

Recent Investments

Since 2003, SEPTA and the Port Authority have constructed less than twenty miles of new track.

In Pittsburgh, the five-mile, West Busway was the only significant large-scale project to be completed since 2000, and the only significant large-scale project completed in Philadelphia since 2003 was the re-construction of the Frankford Transportation Center. SEPTA is currently working on the re-construction of the West Market Elevated, with an anticipated completion between 2008 and 2010. On this line, SEPTA just recently opened the 56th Street Station.

There are two, large-scale projects for which some preliminary engineering has taken place: 1) the Schuylkill Valley Metro in the Philadelphia-Reading region, which is estimated at $2 billion, and 2) the North Shore Connector LRT in Pittsburgh, which is estimated at $500 million. However, the future of these projects is unclear.

POLICY OPTIONS

Solutions that would ease the increasing demands on Pennsylvania's transportation system and improve transit conditions, capacity and safety are multi-faceted. The Commonwealth must change its transportation behavior, increase transportation investment at all levels of government and make use of the latest technology. Cities and communities should be better planned in order to reduce dependence on personal vehicles for errands and work commutes, and businesses must encourage more flexible schedules and telecommuting.

RECOMMENDATIONS

ASCE's Pennsylvania Sections support the following recommendations:

- Support the state's recent efforts to convene a Transportation Funding and Reform Commission during 2006. These statewide meetings will generate recommendations for possible, additional state funding for transit agencies.
- Restore the cut in General Fund operating assistance — raising the funding level back to $270 million
- Obtain additional dedicated operating and capital aid from the state, which is sufficient to stabilize service and meet anticipated physical plant needs for at least the next five years
- Obtain sufficient state capital assistance to fund state of good repair projects — including infrastructure, safety and renewal projects; vehicle replacements and overhaul; environmental mitigation; and routine capital improvements
- Obtain new state capital funds for major capital initiatives, including funds to match the Federal New Starts program at a level sufficient to successfully compete for those funds (i.e., at least at a 60/40, federal/state match ratio)
- Establish a mechanism to fund new rural transit systems and provisions to ensure use of all available rural funds
- Eliminate the $75 million cap on sales tax revenue directed to transit, which was put on Act 3 in 1997
- Increase bondable funds for capital purposes
- Revise the mechanism for providing funds to PennDOT
- Earmark funds for intercity passenger rail services
- Fund existing and proposed programs with sales and use tax; return current funding sources to the state (except sales).

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