

# PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION

MAY 13, 2010

## *Summary Report*

Ron Naples, Chairman, convened the meeting of the Commission at 11:30 a.m. on Thursday, May 13, 2010, in Hearing Room 1 of the Keystone Building, Harrisburg. Members in attendance included Gene Barr, Secretary Jim Creedon, Terry Kostoff (representing Sen. Casey), Tony Ross, Donald Siegel, and individuals representing Senator Mike Waugh, Representative Brian Ellis, and Representative Jennifer Mann. Prior to the meeting, Commission members toured PENNDOT's "war-room" facility (this facility tracks the progress of all PENNDOT stimulus projects).

## *Meeting Agenda*

- 1) Welcome/Report – Ron Naples, Chairman, Pennsylvania Stimulus Oversight Commission
- 2) Guest Presentations:
  - James D. Ritzman, Deputy Secretary for Planning, Pennsylvania Department of Transportation
  - Joseph Casey, General Manager, Southeastern Pennsylvania Transit Authority
  - John Paul, Executive Director, Butler Township-City Joint Municipal Transit Authority, Butler, PA
  - David Kilmer, Executive Director, Red Rose Transit Authority, Lancaster, PA
  - Robert Latham, Executive Vice-President, Associated Pennsylvania Constructors
- 3) Implementation Report – Jim Creedon, Secretary, Pennsylvania Department of General Services

## *Welcome/Report*

Chairman Naples opened the meeting by providing an update on the ARRA cumulative investment and spending in Pennsylvania. As of April 30, 2010, a total of \$9.081 billion had been committed and \$6.933 billion had actually been spent. The breakdown for these figures is as follows:

<u>Category</u>	<u>Already Spent</u>	<u>Total Committed</u>
Health Care	\$2,582,308,685	\$2,584,697,542
Workforce	2,894,766,105	2,938,231,756
Education	766,609,858	1,629,522,680
Transportation Infrastructure	322,384,085	1,008,302,460
Other infrastructure/Housing	74,339,824	279,226,841
Environment	2,670,399	13,099,631
Community and Family Support	102,034,933	155,789,700
Energy	67,254,709	143,197,705
Public Safety	120,174,447	329,241,599

### *Guest Presentations*

James D. Ritzman – Deputy Secretary for Planning, Pennsylvania Department of Transportation, provided an overview of the ARRA funding impact on transportation projects.

Pennsylvania received an ARRA funding commitment for highways and bridges totaling \$1.026 billion. It was originally estimated that these funds would allow for 242 projects to be completed. However, project bids averaging 8.6% under estimate allowed for an additional 84 projects to be added for a total of 326 projects. Of the 326 projects: 326 have been awarded, 324 have “notice to proceed” issued, 291 projects have started physical work, and 99 projects have been completed. The average project delivery – process time line (start of advertisement to start of construction) was reduced for ARRA projects to 77 days versus the typical project timeline of 109 days. The project distribution based on funding is 45% resurfacing, 39% bridge, 6% ITS (intelligent transportation systems), 4% safety, 4% enhancement, and 2% capacity adding.

Overall, ARRA funds provided for the following:

- 476 bridges: 133 structurally deficient; 343 preservation
- 872 linear miles of resurfacing
- 22 safety projects – guiderails/signals/pavement markings
- 7 ITS installation projects
- 15 group ADA curb cut installation projects
- 11 enhancement projects – sidewalks/streetlights/trails
- 1 capacity adding project

ARRA funding also provided Pennsylvania \$27 million for aviation projects: \$8 million for taxiways and \$19 million for runways; \$347 million for transit; \$288 million for construction projects; and \$59 million for vehicles and equipment. Additionally, ARRA TIGER awards for Investments in High Speed and Intercity Rail provided \$25.6 million for infrastructure improvements on the Keystone Rail Corridor and \$750,000 for a feasibility study for higher speed service between Harrisburg and Pittsburgh. Further, ARRA TIGER awards for Strategic Transportation Projects provided \$35 million for the National Gateway Freight Rail Corridor and \$17.2 million for the Philadelphia Area Pedestrian and Bicycle Network.

Mr. Ritzman ended his presentation by stating that while the ARRA funding has been of considerable assistance there is still a significant unmet need facing PENNDOT. A sustained program of funding is required to reduce the number of structurally deficient bridges and address the highway and bridge, public transportation, and local government transportation requirements.

Joseph Casey – General Manager, Southeastern Pennsylvania Transit Authority, provided an overview of ARRA’s impact on SEPTA.

A total of \$191 million in ARRA funding was awarded to SEPTA based upon existing transit formulas. SEPTA’s program goals for utilization of these funds included: 1) improving infrastructure across all modes and throughout its operating territory, 2) improving system reliability, 3) enhancing customer service and comfort, and 4) reducing long-term maintenance

and operational costs. Originally, the program consisted of 26 projects, however, due to bids running 16% under estimate an additional 6 projects were added to increase the final total to 32 projects. Of the 32 projects, 16 related to stations, 5 to right of way and track, 1 to repairing and replacing 5 bridges, 4 to traction power systems, 5 to communication and signal systems, and 1 to the purchase of 40 new hybrid buses. As of March 31, 2010, it is estimated that 1,195 direct “on project” jobs were created or sustained as a result of the ARRA funding. The projects include the following:

• Girard and Spring Garden Stations Rehabilitation	\$30,079,741
• Fox Chase Station	1,673,982
• Fern Rock Yard Track Renewal	18,443,609
• Croydon Station Improvements	8,500,000
• Darby Transportation Center Improvements	2,237,888
• Track Bed Stabilization on Elwyn-Wawa Regional Line	10,827,060
• Stabilize Gwynedd Cut to increase operating speed	5,578,914
• Replacement of Lansdale Regional Line Bridges	2,732,051
• Media/Sharon Hill Line (6 projects)	38,644,151
• Overhaul of Norristown Substation	6,687,812
• Purchase of 40 Hybrid Buses	20,548,675

John Paul – Executive Director, Butler Township-City Joint Municipal Transit Authority (BTA) provided an update on the Butler Intermodal Transit Center project.

The \$10 million project was partially funded with \$5.34 million in ARRA funding. Ground breaking occurred on December 1, 2009, and the project is currently on schedule for completion by November, 2010. Four prime contracts were let (general contractor, HVAC, plumbing and electrical) and the contractors are all from the Butler or Pittsburgh region. Overall, ARRA project expenditures to date are \$1.7 million, of which \$209,000 is employment wages. BTA estimates the new transit center will reduce operating costs by 20-25%. Additionally, the Transit Center will be the first LEED certified transit center in Pennsylvania and BTA estimates the green building design and principals will reduce the Authority’s energy costs by 50%. In response to a question, Mr. Paul indicated that without the ARRA funding the project would probably not have been considered before 2020.

David Kilmer – Executive Director, Red Rose Transit Authority, Lancaster, PA provide an update on the Authority’s Administrative and Maintenance Facility renovation project funded by ARRA.

The facility, originally constructed in 1979, consists of 2 buildings located on 5.4 acres. The four key goals of the project were: 1) functionality and ease of operations; 2) building and systems upgrades; 3) safety and security; and 4) energy efficiency – cost of operations. The overall cost of the project is \$7.598 million, of which \$4.74 came from ARRA Stimulus Funds and \$2.45 million came from ARRA TIGGER funds. Through April 30, 2010, expenditures totaled \$1.99 million, with a labor expenditure of \$936,000 for the 179 different employees who have worked at the site. The project is expected to be completed by September 30, 2010.

Robert Latham – Executive Vice-President, Associated Pennsylvania Constructors provided a brief update on the impact that ARRA has had on private construction employers and employees.

Overall, ARRA has had a highly positive effect on the industry and has filled the hole left by the fall off of commercial and industrial projects. He believes that PENNDOT has handled the program well. However, he cautions the impact is temporary in nature and that industry employment will begin to drop in the next year as ARRA projects are completed and the private market will not have recovered. He also stated that the paperwork requirements imposed upon employers by ARRA have been cumbersome since the information requirements of ARRA are different than those required for other projects and suggested that coordination of ARRA information requirements with existing requirements would have been more productive.

### ***Implementation Report***

Secretary Creedon, Chief Implementation Officer of the Commission, provided the Implementation Report.

#### Transportation and Infrastructure

*Highways and Bridges* – As of April 2010, 323 of 326 awarded projects have “Notice to Proceed”; 280 projects have started work; and 98 projects are complete. (These figures are slightly different than those provided in James Ritzman’s presentation). Creedon indicated PENNDOT reported to the Federal Highway Administration that 3,118 jobs were created or sustained for the month of March.

#### Clean Water and Drinking Water

To date, PENNVEST has disbursed \$72.3 million (32.7%) of the \$221 million in ARRA investment. As of May 2010, construction progress of the 113 ARRA funded projects is as follows:

- Projects between 0 – 25% complete = 52
- Projects between 26 – 50% complete = 23
- Projects between 51 – 75% complete = 13
- Projects between 76 – 100% complete = 25

#### Energy

*Weatherization* – As of April 30, 2010, 5,112 homes have been weatherized and 6,453 homes have had energy audits scheduled or completed. Bi-weekly meetings are being held to ensure that the 43 supporting agencies are meeting schedules and criteria.

*Conservation Works! (EECBG)*– In November 2009, \$22.2 million in ARRA funding was awarded to 100 projects. To date, approximately \$7.77 million has been invoiced. All of the EECBG projects have started and one has been completed.

*State Energy Plan Initiatives* – To date, \$66.99 million has been awarded to 54 projects in the various energy initiatives (CHP, Biogas, Wind, etc.). Of the 54 projects, 17 have started and two are complete.

*Home Heating Equipment Rebate Program* – The program opened to the public on April 20, 2010 and since inception has had 6,378 website hits and over 3,000 telephone inquiries. A total of 3,181 reservations totaling \$913,000 were requested between April 21 and May 4; but as of the May 4<sup>th</sup> date, 92% of the applicable funding remained available. To date, the average rebate reservation is \$287.

## Broadband

On May 3, 2010, the Governor's Office of Administration transmitted Round Two recommendations to the U.S. Department of Commerce's Broadband Technology Opportunities Program (BTOP). Recommendations were based on the same four-tier process used in Round One: Self Assessment; Regional Review; Subject Matter Expert Review; and Commonwealth Review.

Approximately 62 applications were filed in Round Two and eleven projects were recommended. The recommended projects are as follows:

- County of Armstrong – Comprehensive Community Infrastructure
- Com Pros, Inc. – Comprehensive Community Infrastructure
- Borough of Conneautville –Public Computer Center
- Delaware County Library System – Comprehensive Community Infrastructure
- County of Fayette – Comprehensive Community Infrastructure
- Pennsylvania State University – Public Computer Center
- Greater Philadelphia Urban Affairs Coalition – Sustainable Broadband Adoption
- City of Philadelphia – Public Computer Center
- Philadelphia Housing Authority – Public Computer Center
- Wilco Electronic Systems, Inc. – Comprehensive Community Infrastructure
- Wireless Neighborhoods – Public Computer Center

One proposal submitted by Zito Communications II, LLC, recommended by the Commonwealth during Round One, was not recommended in Round Two because its proposed coverage area would overlap a significant portion of a region funded by NTIA in its Round One Middle Mile Infrastructure award to the Commonwealth.

One additional project affecting Pennsylvania was selected as part of the BTOP Round One awards. An award of \$28.5 million was made to Mission Economic Development Agency (MEDA) to create public computer centers and expand existing ones across 31 states (the project includes Philadelphia).

The request for proposals for the Radio Tower License Management Services was released on May 3, 2010; deadline for proposals is June 28, 2010. Interested parties can obtain additional information at [www.emarketplace.state.pa.us](http://www.emarketplace.state.pa.us) (solicitation # 6100015246).

Small and Disadvantaged Businesses

DEP in partnership with DGS' Bureau of Minority and Women Business Opportunities will hold targeted regional outreach as follows:

- May 21 – Harrisburg
- May 24 – Erie
- May 25 – Pittsburgh
- May 26 – Philadelphia