



Testimony of PA Turnpike Commission CEO Mark P. Compton Before the Pennsylvania House Transportation Committee June 4, 2020

Chair Hennessey, Chair Carroll and Transportation Committee Members,

Good morning and thank you for inviting me to testify today on behalf of the Pennsylvania Turnpike Commission. I am pleased to provide an overview of the Commission's activities concerning our response to the COVID-19 pandemic and its impacts to Pennsylvania's transportation system.

Over the last two and a half months, the Turnpike Commission, like other businesses and agencies, has experienced a significant financial impact triggered by the COVID-19 pandemic. The Commission's pre-COVID-19 revenue forecast for FY20 ending May 31 was \$1.4 billion. At this point, the Commission has estimated toll revenues to decline by more than \$100 million for FY20. From a traffic standpoint, the Commission experienced a cumulative traffic decline of nearly 47%.

Given the drop in traffic, especially commuter traffic, and the accompanying revenue reduction, the Turnpike Commission earlier this week took a major step to offset the losses and improve safety and operational effectiveness moving ahead.

The Commission announced June 2 that the cashless, All-Electronic Tolling (AET) system — instituted March 16 to minimize the spread of the COVID-19 virus — will become permanent. The decision will result in the layoff of approximately 500 employees, primarily toll collectors and fare-collection personnel.

The decision to operate AET permanently was driven by the three factors: the impact that the pandemic has had on the Commission's traffic and revenue; health and safety of customers and employees, and operational challenges in a post-COVID-19 world.

There will be no return to cash collections on the PA Turnpike. Customers will move through the lanes at posted speeds without stopping; tolls will be assessed via E-ZPass, or a PA Turnpike TOLL BY PLATE invoice will be sent in the mail.

Beyond this measure, the Commission has taken other important actions to offset the impacts of COVID-19:

- The Commission reassessed an already-curtailed 10-year, \$5.95 billion capital plan to focus exclusively on mission-critical projects necessary to maintain the 552-mile tollway in its current condition — what is called a "protection-driven" plan. As a result, the pre COVID-19 FY21 capital plan budget of \$606.7 million was slashed to \$459.7 million — a reduction of about 24%. I want to be clear: our roadway is our



key asset, and the Commission remains committed to advancing projects that improve or maintain safety and extend the life of that asset.

- Along with reevaluating capital spending, the Commission is reviewing expenses associated with the draft FY21 Operating Budget. The goal here, at a minimum, is to attain zero growth over FY20’s \$432 million budget. Major reductions to the proposed FY21 Operating Budget also include instituting a hiring freeze and offering a voluntary-retirement program.
- The Commission revised its FY21 annual Act 44 obligation of \$450 million to PennDOT. The Commission makes quarterly payments of \$112.5 million to PennDOT that provide supplemental transit funding. Commissioners agreed to make the April 30 payment as the Commission already had funds in reserve from a previous bond issue. However, it sought — and was granted — an extension on the July payment, better enabling the Turnpike to meet its primary mission of operating the highway system.

I am comfortable that the Commission is taking a phased, deliberate approach to offset revenue loss that offers a degree of flexibility to adapt based on the crisis’ duration. In addition to the measures I mentioned, the Commission has undertaken several other cost-controlling activities. It is in the process of restructuring some of its outstanding debt for FY21 to lower debt-service costs. Separately, the Commission recently secured a \$200 million line of credit to fund operating expenses if it becomes necessary given the unknown duration of COVID-19; at this time, the hope is that the Commission will not need to draw on the liquidity facility.

The Commission’s industry trade group, the International Bridge, Tunnel and Turnpike Association (IBTTA), submitted a request to Congress on behalf of its members for federal stimulus funds to offset revenue losses being experienced industry wide. Additionally, the Commission cosigned a letter with other state tolling and transportation agencies to the PA Congressional delegation requesting support for stimulus funding for PA toll authorities. We eagerly await the outcome of these requests.

TRAFFIC AND REVENUE UPDATE

Here is a week-by-week run down of traffic and revenue numbers.

Date	Total Vehicle Volume	Volume % Change*	Total Revenue	Revenue % Change**
March 1 to 7	3,831,407	1.4%	\$23,640,736	8.0%
March 8 to 14	3,574,673	-10.1%	\$22,817,215	-0.7%
March 15 to 21	2,373,564	-40.8%	\$17,313,885	-26.0%
March 22 to 28	1,551,352	-61.8%	\$12,531,253	-47.3%
March 29 to April 4	1,505,584	-62.8%	\$11,886,586	-49.6%
April 5 to April 11	1,494,449	-64.1%	\$11,386,468	-52.9%
April 12 to April 18	1,546,596	-62.5%	\$11,409,501	-53.0%
April 19 to April 25	1,705,435	-60.9%	\$12,138,609	-52.2%



April 26 to May 2	1,848,999	-56.2%	\$12,854,358	-47.9%
May 3 to May 9	2,081,707	-51.9%	\$13,888,441	-45.0%
May 10 to May 16	2,316,724	-46.3%	\$14,896,353	-40.9%
May 17 to May 23	2,470,637	-43.9%	\$15,596,648	-40.7%
May 24 to May 30	2,521,080	-38.5%	\$14,938,028	-37.8%
Cumulative	28,822,207	-46.5%	\$195,298,081	-38.0%

*A percentage change comparison to the same week in 2019.

**Revenues are preliminary/unaudited amounts.

Unquestionably, all aspects of the PA Turnpike Commission’s operation have been impacted in some way by the COVID-19 pandemic. Below is a brief overview of some of the Commission’s other countermeasures:

- Currently, all 17 service plazas are open and functioning under limited operations while still providing a place for the traveling public to stop for gas, use the restrooms and purchase a warm meal. Limited food options are available at each location from 7 a.m. to 7 p.m. daily, and fuel pumps, convenience stores and restrooms are open 24 hours.
- Personnel in the Maintenance Department continue to respond to incidents and maintain the roadway. Maintenance employees are working split shifts for social distancing; scaled-back crews continue to get the job done. The safety patrols have adopted new protocols for interacting with broken down vehicles, using handheld signs to instruct motorists to call *11 while the patrol remains on scene. Due to traffic being down and fewer incidents, production is at or exceeding last year’s levels.
- Dispatchers at our Traffic Operations Center (TOC) had been working 12-hour shifts at separate sites; all shifts have been returned to the primary TOC while still maintaining social distancing. Additional deep-cleaning measures at workstations have been instituted along with the return to a single facility.
- The Engineering Department has received clearance to restart mission-critical construction projects abiding extensive guidelines to protect employee and customer health. The Commission has also recently restarted its Tier-2 construction activities. Engineering-design work has continued throughout the pandemic without interruption.
- The E-ZPass customer service center is maintaining operations with about 40% of staff without compromising service. The Commission is seeing a much higher rate of E-ZPass use (90%) because of its popularity among commercial drivers. PA Turnpike TOLL-BY-PLATE — the video-tolling program now replacing cash — has been functioning as expected; invoicing is being processed on schedule with the first batch of bills mailed the week of April 13.
- While a handful of employees had been teleworking on a limited basis, the Commission's Information Technology Department ensured a seamless transition to remote access (in less than 48 hours) for nearly our entire workforce, nimbly providing



the needed equipment, training and support – including our internal customer assistance team.

- Human Resources, Safety, Procurement and Facilities groups are working to implement policy and procedure changes in response to actual and potential COVID-19 exposures, including PPE purchase and deployment, rapid disinfecting capabilities and new reentry procedures for exposure compliance.

Thank you again for considering my testimony and for your ongoing work to improve the safety and efficiency of the Commonwealth's ground-transportation systems. I would be happy to take any questions.

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