

House Transportation Infrastructure & Management AD Hoc Committee

October 16, 2014

William F. Ross, Executive Director

S. C. Alliance to Fix Our Roads

Mr. Chairman, Members of the Committee:

I want to thank you for allowing us the opportunity to present our thoughts and recommendations to you today. I also want to thank each of you for being willing to take on this enormously difficult task that must be dealt with to ensure the future of our state's economic development, tourism, safety and quality of life.

The S. C. Alliance to Fix Our Roads is a non-partisan, non-profit, statewide organization made up of 43 independent businesses, 1 National Organization (AARP), 33 local chambers of commerce, and 18 state-wide Trade Associations, representing safety advocates, tourism associations, agriculture organizations, highway industry associations, trucking associations, and general businesses who believe that a safe and efficient highway system is essential to South Carolina's continued economic growth and social progress.

As a South Carolina native from Barnwell County, I say it is a shame that we have the distinction of having the deadliest, most dangerous roads in the United States, along with West Virginia. This is a distinction that should be of major concern to us all. I can remember, and I am sure that Representative Jefferson can also, when South Carolina had the best roads in the country.

I have provided a copy of several items to the staff for your information that I would like to bring to your attention.

1. Fact sheet with membership information on the SC Alliance to Fix Our Roads.
2. Deadliest & Safest Places to Drive in the United States Article.
3. 2003 Letter to Governor and General Assembly Report and Recommendations for increased highway funding prepared by a Business Alliance for Transportation in S. C.
4. South Carolina Roads "Danger Ahead" 2005 educational effort outlining many of the same concerns that are still present today.
5. A report by US Energy Information Administration re Energy Use by Sector to help you understand that petroleum, particularly gasoline and diesel fuel will remain the main transportation fuel for many years with only a very slight decline between now and 2040.
6. State Motor Fuel Tax Chart by the American Petroleum Institute effective 4/1/2014.

7. Pennsylvania's New Transportation 2013 Funding Law which eliminates the cents per gallon state retail gas tax law and changes to an Oil Company Franchise Tax, along with a number of other increased funding approaches that they utilized to address highway funding. Other states are addressing this issue and finding different funding approaches.
8. "DOT Transportation Infrastructure Task Force Final Report," December 6, 2012. An outline of the needs, potential funding sources, and on page 12- "Consequences of Inaction."

We believe that the Transportation Infrastructure Task Force Report is an outstanding document that would be of great benefit to this Committee and the General Assembly as you undertake your objective to address the important issue of highway and infrastructure funding.

We believe that the most important funding sources outlined in the report is the increase in the motor fuel user fee and the indexing of motor fuel user fees since they represent important recurring revenue sources, plus the fact that over 30% of these revenues come from out of state travelers and interstate trucks. The fuel user-fee cost-effectively ensures that those who use our roads pay to use them.

Our organization has been very involved in major educational efforts to give your constituents a better understanding of the issue. We are speaking to business and civic groups across the state, we have engaged in a social media campaign to reach large numbers of individuals that use social media as their primary news source.

We have found that the general public is very concerned about our road and bridge conditions and strongly support legislative action to provide increased highway funding, particularly increasing the motor fuel user fee/gas tax.

We recognize and appreciate you have a difficult task. This issue is not new but it must be addressed now. The longer the delay, the higher the inevitable cost financially and in lives lost.

I will be happy to answer any questions you may have at this time, and will be available to meet with you at your convenience.

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Eric S. Dickey, PE, PLS, SCFOR Chairman

S. C. Alliance to Fix Our Roads (SCFOR)

Mr. Chairman, Members of the Committee:

Thank you for allowing our Business and Industry colleagues speak with you this afternoon. We represent different sectors of the business community but we all have expertise that relates to the transportation industry in our state.

My name is Eric Dickey and I was born in Greenwood, SC. I received a BS in Civil Engineering from Clemson University and currently reside in Lexington County with my wife and two daughters (7 and 8). I am a Professional Engineer and Land Surveyor with Davis & Floyd, Inc. We are South Carolina's largest private/family owned engineering firm with about 200 staff in five offices across our state.

We have worked with numerous municipalities, counties, and state agencies in SC, including the SCDOT. Our experience includes Local Public Agency (LPA) projects, Single Purpose Local Option Sales Tax (SPLOST) programs, and on-call service agreements for multiple County Transportation Committees (CTC). We have also completed multiple projects that were funded by the State Infrastructure Bank (SIB). These projects include the Conway Bypass, US 17 ACE Basin, and the SIB's support for the Dorchester County Sales Transportation Sales program.

Our firm is part of the Consulting Engineering community that supports the SCDOT. We understand the project development process that that the SCDOT undertakes every day. Typically, it takes 7 to 8 years for projects to be completed from concept to ribbon cutting.

Planning, Design, Environmental Permitting, Right of Way Acquisition, Construction Permitting, Utility Relocations, Construction Letting, Contract Approval, and finally Construction are all part of the project development process.

Our SCDOT is extremely efficient with the resources they have. They are also fiscally restricted with federally funded projects that make up over 50% of the SCDOT projected revenue. FHWA will not allow the SCDOT to use federal dollars to begin a project unless it has enough funds to complete the project.

We are also very familiar with Act 114 and Act 98.

Act 114:

In 2007 Act 114 removed much of the politics from road and bridge improvement prioritization. The clear criteria established for project rankings created unprecedented transparency between the SCDOT and elected officials. As an engineer, our industry fully supports Act 114 and the transparency that it creates with regards to distribution of the limited resources available to improve our roads and bridges.

Act 98:

In 2013 Act 98 provided additional funding to the SCDOT to resurface non-federal aid highways (recurring), federal aid eligible bridge replacements projects (one time), and multiple interstate projects through the SIB prioritized by Act 114. During this process it should be noted that the SIB included funding to begin the design improvements for Malfunction Junction. As noted earlier, Federal funding could not be used to begin planning for these improvements due to limited resources to tackle this mega project.

From an engineering perspective the SCDOT is doing excellent job of getting all the projects associated with Act 98 started. The larger projects that were funded through the SIB have been advertised for design services or let for construction (I-85/385). The \$50 million for bridge replacements are rolling out now (32 bridges @ \$22M under construction by end 2014 and remaining bridges under construction in 2015). The resurfacing (which is the simplest) is well underway and growing. Note that the estimate from the Department of Revenue for resurfacing was \$40 million vs. the actual \$60 million taken in.

The SCDOT has advertised more Request for Qualifications (RFQs) from engineering services in 2014 than in 2011-2013 combined in large part due to Act 98.

The recovery from the recent recession has been slow. Act 98 has helped however; there is still ample capacity within the consulting engineering and construction industry to support the SCDOT implement projects that could be completed if the resources were available.

SCDOT perception problems and potential reforms

Perception Problem:

An inadvertent repercussion of Act 114 can be described in the following manner. Prior to Act 114 if a citizen wanted a road repaired he could make a call and the SCDOT and elected officials could have some impact handling citizens' complaints. Under Act 114 "ALL" projects must be completed based on the defined criteria set by Act 114. This potentially creates a high level of dissatisfaction for the SCDOT since the staff is restricted to following Act 114.

SIB and SCDOT are different organizations with different missions.

Potential Reform:

Provide a forum for Counties and SCDOT to identify roadways that may have multiple segments of county and state ownership to implement consolidation and determine the financial responsibility for life cycle maintenance. This could possibly allow for a reduction in state maintained mileage and allow for Counties to maintain roadways that carry less average daily traffic (ADT). The potential reduction in the system will have benefits, but will require considerable study to fund long term maintenance.