

**STATE REPRESENTATIVE
MARIO M. SCAVELLO**

31 POCONO BOULEVARD
MOUNT POCONO, PA 18344
PHONE: (570) 839-0313
FAX: (570) 839-3612

C/O GREATER POCONO CHAMBER OF COMMERCE
556 MAIN STREET
STROUDSBURG, PA 18360
PHONE (570) 420-1168
FAX: (570) 420-1169

ROOM 143 EAST WING
PO BOX 202176
HARRISBURG, PA 17120-2176
PHONE: (717) 787-7732
FAX: (717)260-6203



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
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E-MAIL: mscavell@pahousegop.com
WEBSITE: www.marioscavello.com

January 28, 2010

Inspector General Calvin I. Scovel
U. S. Department of Transportation
1200 New Jersey Avenue S.E. 7th Floor
Washington, D.C. 20590

This latest iteration of the I-80 tolling application includes a favorable market valuation analysis of I-80 done by a firm called Provident Capital Advisors. Serious questions persist regarding the firm's independence and its qualifications to do this type of analysis.

Provident Capital Advisors, based in Baton Rouge, LA, was retained by McCormick Taylor, a Turnpike Commission consultant in July of 2009. The Turnpike Commission is ultimately the client and it most likely paid for the analysis and opinion to be prepared, either directly or indirectly. Provident Capital Advisors, LLC did not exist until only a few days before it was retained by McCormick Taylor. Prior to that, the firm was known as Provident Healthcare Coalition, LLC and seems to have been engaged in unrelated business since its formation in 2007. Provident Capital Advisors had never previously issued an opinion on the valuation of a transportation infrastructure facility, and has no prior experience in transportation infrastructure finance generally.

In my view, tolling will have a devastating effect on economic development along the I-80 corridor and place a severe burden on both businesses and local residents in that corridor. In fact, according to a study released in October by Tracy C. Miller, associate professor of economics at Grove City College, residents of many communities near I-80 will experience greater congestion, noise, air pollution and accidents on state and local highways parallel to the Interstate due to diversion of vehicles in response to tolls. We also oppose tolling because it could have a devastating impact on small trucking companies and the trucking industry overall.

Compounding my concern are recently published news reports of FBI and state grand jury investigations of the Commission's awarding of pay-to-play contracts, politically motivated hiring practices and other ethical lapses. These include specific allegations of corruption in connection with a \$170 million widening project in the Valley Forge area, an undertaking that was originally bid at \$90 million and possible links between political donations and turnpike contracts generally. The recent conviction of state Senator Vince Fumo lends credibility to accusations of institutionalized corruption at the Commission. Fumo was an influential politician closely entwined with Commission politics whose hand-picked Commission chairman, Mitchell Rubin, has since been removed from office and is a target of federal investigators himself. Fumo is now serving a 55-month jail sentence following his conviction on more than 100 counts of defrauding Pennsylvania citizens, many of those counts related to the Turnpike Commission.

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It must be noted that Fumo played a key role in developing legislation permitting the Turnpike to maintain its current organization, which relies on I-80 tolling.

Ongoing litigation related to alleged corruption within the Turnpike Commission also is of particular concern. Former Turnpike Commission finance manager Ralph M Bailets lodged a lawsuit in Commonwealth Court in Harrisburg Pennsylvania accusing Turnpike Commission chiefs of serious wrongdoing. He says he was fired for his efforts to resist corrupt procurement practices and waste at the Turnpike Commission. A civil lawsuit has been filed by former Turnpike Labor Relations Manager Donald Kovac after he was terminated by the PTC because he refused to reinstate a politically connected toll booth worker who had been accused of assaulting a motorist.

In light of all of these legitimate concerns, no consideration should be given to the Commission's application to toll I-80 without thorough scrutiny of its policies and practices. We know you will review this matter carefully and objectively and we thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Mario Scavello". The signature is written in a cursive, flowing style.

Mario M. Scavello
176th Legislative District

cc: Attorney General Eric Holder, Inspector General Glenn Fine, Office of Intergovernmental and Public Liaison, Secretary Ray LaHood, FHWA Administrator Victor Mendez, FHWA General Council Karen Hedlund