



OHIO DEPARTMENT OF TRANSPORTATION

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Senate Transportation, Commerce, and Labor Committee
Director Jerry Wray, Ohio Department of Transportation
Proponent Testimony

Good afternoon Chairman Smith, Vice-Chair Schuring, ranking member Driehaus, and members of the House Finance Committee. Thank you for allowing me the opportunity to testify as a proponent of Senate Bill 315, legislation for Department of Transportation Appropriation Changes.

Ohio is a model of how to make progress on key infrastructure projects at a time when other states are cutting or delaying projects or increasing taxes. Ohio has invested \$12.5 billion in our infrastructure since the Governor took office. I am before you today to ask for the appropriations in this bill so that ODOT can keep moving ahead with the progress we've made. These dollars come from the Ohio Turnpike Infrastructure Commission (OTIC) and the federal government to fund a variety of projects in Ohio.

The federal monies appropriated to ODOT through the recent passage of the Federal Highway Administration (FHWA) funding bill, Fixing Americas Surface Transportation (FAST) Act, will provide an estimated additional \$222 million over the biennium. This is the first Federal transportation surface authorization act in over ten years to provide long-term funding certainty at the federal level. The bill provides both formula and non-formula program funding, with specific funding for designated programs. The Federal Highway Administration continues to analyze the new bill and will provide guidance and federal notices as the rules and funding are determined.

Second, the Department is seeking appropriations for an additional \$450M in Turnpike Revenue Bonds. Governor Kasich's Ohio's Jobs and Transportation plan outlined a strategy for issuing \$1.5B in bonds backed by future Ohio Turnpike Revenue. I would like to thank the General Assembly for approving House Bill 51 of The 130th General Assembly which provided ODOT and the Turnpike Commission authority to move forward with this program.

The 1st tranche of Turnpike Revenue Bonds of \$1billion was secured in 2013. The OTIC received \$70M while ODOT received \$930M of Turnpike Revenue Bonds. Appropriations for the Turnpike Revenue Bonds was included as part of ODOT's 2014-2015 biennium budgeting process. These funds have been allocated to 14 individual projects currently under construction. All of these projects were approved the Transportation Review and Advisory Council (TRAC) and the OTIC.

ODOT, in collaboration with OTIC, evaluated financial feasibility methods to deliver projects faster by issuing a 2nd tranche of Turnpike Revenue Bonds totaling \$200M in January 2017 and a 3rd tranche totaling \$250M in January 2018. ODOT has been focused on the development and readiness of projects to leverage the forthcoming bond funds. ODOT will advance projects to construction prior to the January 2017 and 2018 bond sales. ODOT has developed a plan to absorb project expenditures prior to the bond sale and will seek reimbursement from the OTIC once bond proceeds are available. Like the previous projects I mentioned, all of these projects have been approved by the OTIC and the TRAC. Projects to be advanced this construction season include:

Project	PID	Description
Summit - IR 76 (M/B)	77269	Reconstruction of the IR76/77 Interchange with Main St. and Broadway St. in Akron.
Cuyahoga - IR 271	80418	Widening IR 271 from IR 480/SR14 interchange north to the IR 480/US422 Interchange.
Cuyahoga - IR 77	79671	Widening IR 77 from the Ohio Turnpike north to Oakes Road in Brecksville.
MAH-680 / 164 Interchange	80192	Construction of interchange ramps at IR 680 and SR 164

We are pleased to advance these projects prior to bonds sales, because we can begin construction on these projects during the current construction season. This represents real benefits to the traveling public, local governments and ODOT including:

- Improved Travel Conditions** – Analysis of the above projects estimates that roadway users traveling within the vicinity of the project and beyond to the Ohio Turnpike System will experience nearly \$277.4M in benefits that can be attributed to the improved travel conditions in the project area. Reduced congestion and improved safety conditions will facilitate access to, use of, egress to and from the Ohio Turnpike System, and access to and from connected areas of population, commerce, and industry. There is an estimated \$4B worth of private and local investments in services and facilities within the immediate vicinity of the above projects.
- Short Term Maintenance Costs** – Delayed project sales will require short term maintenance activities representing a sunk cost to the Department which cannot be recovered. Long term maintenance costs of the above projects is estimated at \$217 million over 20 years without accounting for annual inflationary cost increases.
- Inflationary Costs** – ODOT estimates that inflation will rise by 4% in 2017. Delivery of these project after the 2017 bonds represents an estimated cost increase of nearly \$11 million.

In conclusion, ODOT manages a vast portfolio of transportation assets, and we realize Ohio’s transportation system is linked to economic success. ODOT is committed to working with our partners to continue to use innovative and creative ways to maintain these assets and to deliver a superior quality product with the resources provided.

Thank you Mr. Chairman and members of the committee for your time, and I would be willing to answer any questions you may have.