



OHIO MAYORS ALLIANCE

Ohio Mayors Alliance Testimony House Bill 62: Ohio Department of Transportation Budget

Chair Oelslager, Vice-Chair Scherer, Ranking Member Cera, and distinguished members of the Ohio House Finance Committee, my name is Keary McCarthy and I am the Executive Director of the Ohio Mayors Alliance. Formed in 2016, the Ohio Mayors Alliance is a bipartisan coalition of mayors in Ohio's largest cities and suburbs.

It cannot be overstated how important transportation infrastructure is to Ohio's local communities. In addition to serving as critical connectors for people and products, local roads also impact the quality of life in a community. If we tallied the most common complaints our mayors hear, there's no doubt that potholes and poor road conditions would be at the top of that list.

Larry Mulligan, Mayor of the City of Middletown in Butler County, testified before the Governor's Advisory Committee on Transportation Infrastructure. In his testimony, he noted the pride his residents have for their hometown. However, when neighborhood streets are in disrepair and potholes plague a city, it undercuts the pride residents have in their communities and their state.

Deteriorating roads and bridges also have a larger and more significant economic impact on local communities. Ohio's cities are the epicenters of our metropolitan regions, generating 90 percent of the state's GDP and having been home to nearly all the state's net job gains since 2000. The ability of these communities to maintain local transportation networks is critical for the health and vibrancy of these regions and our statewide economy.

Ohio's municipal roadway system includes nearly 70,000 lane miles and 2,500 bridges, with an annual count of over 100 million vehicle miles traveled. Of these roadways, an estimated 21,000 lane miles are considered "well-travelled" by the Ohio Department of Transportation. These local, well-traveled roads play an important role in our economy. A healthy, effective local transportation system can drive economic growth and attract new businesses to the state. However, when the arteries of our economy are in disrepair, the health of our entire state suffers.

A recent industry report indicated that 35 percent of Ohio's major locally and state-maintained urban roads and highways have pavements in poor or mediocre condition. The report also notes that nearly 10 percent of all local bridges show significant deterioration or are structurally deficient. You may recall the

example you heard last week of a local bridge that had fallen into such disrepair that it had to be closed, rerouting residents and no doubt adversely impacting local businesses.

The funding challenges our communities face to maintain these local transportation networks is very real. As Director Marchbanks of the Ohio Department of Transportation noted last week in his testimony, "I am not exaggerating when I tell you that additional delayed maintenance of these already poor roads and bridges could quickly create a situation from which county and municipal governments may never financially recover."

It is important to understand, however, that these transportation funding challenges for local communities have been building underneath the surface for the last decade. This is primarily the result of two converging factors:

First, the motor fuel user fee does not currently increase with inflation. Therefore, as construction and material costs have increased since 2005, the value of this revenue stream has not. The result is that the 1 dollar in gas tax equals just .58 cents in value in today's dollars.

Second, increasingly fuel-efficient vehicles have decreased gas consumption and resulted in less revenue. The motor fuel user fee revenue is allocated by a fixed formula, so when the state takes in less revenue, fewer resources are allocated to local governments. Last year, cities were allocated about 13 percent of the total revenue generated through the state's motor fuel user fee.

It is important to note that while the state was able to utilize revenue generated through the bonding of the turnpike, none of that revenue was allocated directly to local governments. As the ODOT Director indicated, the state is facing a very serious fiscal cliff now that the turnpike bonding revenue has been spent. Local communities have had no temporary relief during this time and have been facing the challenges of the declining value of the gas tax revenue for well over a decade.

At the same time, local governments have been facing significant state funding cuts that have impacted their general revenue budgets. This has challenged big cities and small towns alike. As Mayor Mulligan noted last week, the City of Middletown has lost about 10 percent of its total budget due to state funding cuts. It has over \$150 million in road way funding needs, but can only dedicate about \$2 million through the city's annual auto and gas tax and Ohio Public Works Commission grants and general fund street allocation. I've attached his testimony as an addendum.

Middletown is not the only community to face these revenue challenges. The City of Lima reports that in 2015, 60 percent of their city's street maintenance fund utilized state gas tax revenue. The next year, that share dropped to 47 percent, and it will continue to decline through 2019. Akron has had to utilize about \$2 million in general revenue to fund needed transportation and capital improvement projects. In Toledo, the capital maintenance needs are far greater than what the state provides in gas tax revenue. Last year, the city had approximately \$40 million in needed maintenance cost, but received less than \$12 million in motor fuel user fee revenue from the state.

These examples not only convey the funding challenges that cities face, but also the complexity of how Ohio's critical municipal roadway needs are addressed. Approximately 25 percent of Ohio's traffic volume occurs on just 10 percent of our roadways. Yet, the maintenance of these critical arteries of our infrastructure are addressed by local communities and the state cobbling together different funding sources, none of which are adequate to meet the sustained needs of these roadways.

In conjunction with the Ohio Municipal League, we believe a better approach is to prioritize the 21,000 well-traveled lane miles and to develop a ten-year, state and local maintenance program, treating about 2,100 lane miles per year. This would assure that every line mile of our most well-traveled roads is maintained appropriately and prioritized effectively.

In addition to a better state and local maintenance program for Ohio's well-traveled roads, there are also additional local funding needs to address the 2,453 municipally-maintained bridges. With nearly 10 percent in disrepair, the urgent local funding needs are real. We also need to make sure we are investing in better traffic management and emerging smart technology to improve safety and efficiency, and reduce congestion on the high use roadways. Congestion costs Ohio motorists an estimated \$4.7 billion each year in lost time and wasted fuel. Recognizing that the costs of these systems are evolving rapidly, best practice research will establish a better process for these new systems.

Lastly, Ohio's municipalities rely on public transit to ensure that workers and residents have access to employment opportunities. Mike Summers, the Mayor of Lakewood in Cuyahoga County, also testified before the Governor's Advisory Committee two weeks ago. He emphasized the important role that public transit plays in workforce development by connecting workers to employment opportunities. In short, we agree with the *Fix Our Roads Ohio* Coalition that Ohio can no longer remain 41st in the national for state transit funding, and that a dedicated funding source must be identified to broaden the positive impact that transit provides in both urban and rural areas of our state.

Thank you for your time and attention to the critically important issue. This is not an issue that can be put off any longer. What is required is a serious investment in the future of our state. Ohio's workforce and economy needs a reliable transportation system to move people and goods effectively and efficiently. We urge this committee to identify a substantial and sustainable funding solution to our state and local transportation needs.