Testimony before the Ohio House Finance Committee
Joanna Pinkerton, President/CEO, Central Ohio Transit Authority
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Chair Oelslager, Vice Chair Scherer, Ranking Member Cera, and members of the House Finance Committee,

Thank you for the opportunity to testify today on House Bill 62, the Fiscal Year 2020/2021 transportation budget. My name is Joanna Pinkerton, and I serve as the President and CEO of the Central Ohio Transit Authority (COTA), the leading mobility provider for the Central Ohio region. In 2018, our organization provided nearly 19 million rides within our service area which encompasses all of Franklin, and portions of Delaware, Licking, and Union counties.

I come from an engineering background, having served first in the private construction industry, then with the Union County Engineer's Office before taking a leadership role with ODOT to work across the state with local and regional communities to identify transportation investments that support economic growth. From there I joined The Ohio State University, overseeing daily operations of the Ohio State Center for Automotive Research and then leading the Honda - Ohio State Partnership, the nation’s largest industry/academia based research partnership focused on transportation systems. Before accepting the role of President and CEO of COTA nine months ago, I served as the Chief Operating Officer of the Transportation Research Center Inc. in East Liberty, Ohio. I share this background with all of you to provide a picture of the multiple lenses from which I view this broad issue.

With challenging circumstances comes great opportunity. The fiscal cliff Ohio Department of Transportation (ODOT) Director Jack Marchbanks has shared and which this esteemed Committee is addressing through legislation should be viewed as such - - an opportunity - - to address infrastructure needs, but to also BE BOLD and invest in forward-thinking, well-funded, solutions-based mobility that supports Ohio’s shift to an innovation economy.

I would like to address three important issues contained within the proposed legislation before sharing with you my insights on steps Ohio can take to ensure our transportation network is built to keep pace with an innovation economy:

First, it is important to share that COTA is supportive of the need to increase the motor fuel tax to repair and maintain the state’s roads and bridges. I believe our infrastructure is essential – it is part of a larger equation to ensure mobility – and have provided more details below.

Second, the legislation should be amended to increase the gas tax reimbursement to transit agencies. H.B. 62 does not increase the current reimbursement level, which is 27 of 28 cents. While roughly half of COTA’s fleet of 322 busses are fueled by compressed natural gas, the reduction in reimbursement from the state will come at a significant operational cost to our organization. By our estimate, the cost incurred by COTA alone would be roughly $360,000, which would negate any potential revenue gain from the state if the $7 million dollars shared by Director Marchbanks is realized.

Third, that the proposed funding levels for public transit fall well short of the necessary investment in the 61 transit organizations who provide vital services that support economic and workforce
development, access to healthcare and education, and mobility to millions of Ohioans annually. The state currently funds transit at the lowest amount it has since 2000; and, Ohio currently spends less on transit per capita than the state of South Dakota. ODOT itself highlighted the growing need for greater investment by the state in mobility, recommending in a 2014 Transit Needs Study that state funding for public transit by 2025 should equal $185 million annually, 10% of the anticipated combined spending by Ohio’s transit agencies ($1.84B). The amount under consideration today is $40 million as expressed by the Director, well short of ODOT’s own recommendations. I have included the ODOT Transit Needs Snapshot with my testimony for you.

Now let me provide further background on the need for public transit by addressing a common misconception that mobility needs are only an urban issue. It may surprise you that a study by Healthy Choices/Healthy Communities revealed that nearly half of residents in rural Southeast Ohio counties rely on transportation methods other than a personal car as their primary means of mobility. Fifty five percent of respondents use services like a public bus system, medicab, taxi, or hospital van ministry at least once a month. Ohio’s senior population is expected to increase by 66 percent by 2030, demonstrating transportation becomes a barrier to accessing essential services for those whom are unable to drive themselves. I’ve included information on this study as additional background for you.

Information provided by my colleague with South East Area Transit (SEAT), serving Guernsey, Muskingum, and Noble Counties, provides further context to the growing need in rural counties. In 2018, SEAT provided more than 146,000 rides within its service area, and 26% of those were for ADA or elderly customers. While the transit system provides a total of five fixed routes, the demand response volume is growing rapidly. Demand response passengers increased nearly 60% just this past December compared to December 2017. Ensuring aging in place seniors can move freely within rural counties is a growing concern that should be addressed now by increasing transit funding to $185 million per year.

COTA, an urban and suburban provider of transit, witnessed an increase in ridership in 2018 of more than half a million trips – an unprecedented increase 3%. We are experiencing greater demand from the suburbs of Columbus, and our new bus rapid transit service (the CMAX) implemented last year displayed more than a 17% increase in ridership along that one corridor. Our local and federal investment in the Cleveland Avenue corridor was strategic and thoughtful, coordinated with multiple partners and connects people to 200,000 jobs, three post-secondary institutions, and two hospitals. The increasing current and future demand not only includes aging in place, but also includes busy professionals, college students, car-free households by choice, the newest and largest generation of adults whom prefer to move in a shared economy, and those who depend on our services daily as a means to increase quality of life. Dozens of businesses have reached out to COTA to expand our services to their front door; needs we are trying to meet, but are constrained by lack of state funding. These are needs that a $185 million per year spread across 61 transit agencies can help address.

Make no mistake, the demand for mobility is in nearly every county of our state, and I ask that this Committee take a bold step toward increasing the amount of funds directed toward transit to the suggested $185 million level.

The state should also look longer term at how to address meeting the needs of an innovation economy. Simply put, this is an opportunity to craft the future of mobility and position Ohio to lead.
What I’ve learned throughout my career is that the digital revolution has radically altered every aspect of our existence. Yet, transportation is one of the last industries operating largely as it has for the past hundred years, which is one of many reasons we are gathered in this room here today. We continue to build, plan and fund systems without tying them to the health of our people and our economy. There is a global mobility revolution underway – being led by consumer needs and demands. The tech industry, automotive companies, developers, and businesses are responding with products and services. And, it is time for us to shift from a century old model and embrace this revolution to ensure Ohio competes both nationally and globally.

How should Ohio evolve?

We must optimize the existing roads we have. Most agree that repairing our current infrastructure to handle capacity is essential. However, whatever funding method is put forth should think beyond stop-gap measures. Experts agree, building more lanes does not solve every problem, and will result in this same discussion being had again in less than a decade. It is important the committee acknowledge the world has already shifted to a sharing economy and is now moving on to an innovation economy. This is demonstrated most significantly in the mobility industry, where people now share cars with strangers, and in the most productive economies, they move across multiple modes to optimize trips. My leadership team and I have witnessed this in person in other places across the nation. We recently evaluated how a peer regional transportation commission is partnering with an artificial intelligence team; installing data analytics systems on existing roads and traffic signals. The result? A double digit percentage improvement in capacity simply by analyzing real-time conditions on the existing system. COTA is looking into how this optimization of existing infrastructure might work here in Central Ohio.

Related to the concept of optimizing our existing infrastructure, Ohio must embrace using technology and data to move people more efficiently, spurring an evolution toward multi-modal mobility. We need to count and fund the movement of people and goods, and not just the movement of tires and vehicles. We should measure success by the economic impact and social determinates of health. Our current funding model incentivizes building systems which creates our own congestion and funding problems. It is odd that we would promote a system that allows potentially empty vehicles to clog and damage roads, while high occupancy vehicles are not prioritized when they could be part of the funding solution. And, we still put the burden on individuals, which is an economic model that data and demographics suggest does not exist anymore. In Ohio, the implications are stark - if households do not have access to transit, almost one-third of household income is spent on transportation; further reducing their disposable income.

In most of Ohio and specifically in Central Ohio, the percentage of citizens over 65 and under 35 years of age moves from 22 to 70 percent in just a couple decades. Our current infrastructure is not set up for that enormous shift in our demographics. That means well-beyond repairing our system, we must be bold enough to imagine how the young and old will use the existing system. Many will no longer drive by choice, others will age-out of the driving public - - and all should have new, innovative, more cost effective mobility choices. This changing reality will have a tremendous impact on communities, including the state’s 26 urban and 35 rural transit systems.

We also recognize the future of mobility is connected infrastructure and data. Vehicles, roads and people are beginning to communicate, creating efficiencies we can hardly conceive of today. Much like the time when we could not imagine we would carry a computer in our pockets, the mobility revolution
will reward those whom maintain and repair infrastructure which counts – investments which support people. Without a funding formula that realizes the connectivity of the future, we would be selling the state and its future residents and businesses short.

In just the last two years, I have been involved in projects like the US Route 33 Smart Mobility Corridor and Smart Marysville, where vehicle manufacturers deploy safety technology in vehicles to identify solutions (on the existing road without widening) that may be significantly more cost effective than major new capital projects. And, system redesigns like COTA implemented this past year resulted in us providing more than a half million more trips for people using the EXISTING road system and less buses, by simply optimizing our system with data and the addition of a few connected traffic signals. Imagine what will happen if we increase connectivity and introduce analytics with artificial intelligence.

Any future funding models must include these components if our transportation infrastructure is to be sustainable, encourage future economic development, embrace the innovation economy and increase quality of life.

And, I want to be clear, my agency is not alone in this thinking; it is the business community as well. Mobility accessibility is a common theme among companies looking to expand and/or relocate. Chambers of Commerce list accessible transportation as one of the top needs of their members. COTA and other transit organizations consistently receive service requests from businesses each year. We have outstanding requests from dozens of companies, neighborhoods, communities and/or counties asking us to expand transit access to them.

The Ohio Competitiveness Report by Montrose Development Advisors shares - - “states looking to capture job growth and address the economic loss caused by growing traffic congestion need to recognize investing in mobility solutions is critical to a region’s success. Funding should increase and create innovative programs to connect workers with existing job centers.”

A dedicated funding source by the state will help us answer this call.

The current approach to funding transportation has put the state in this difficult position and does not focus on people based outcomes. Our funding should maintain and repair -- but just as important, invest in optimization of the system to ensure people and businesses have access to jobs, healthcare, education, and a sustainable quality of life. The state’s further investment in transit and multi-modal people moving solutions is an incredible return on investment. Ohio’s transit systems generate $3.6 billion in economic activity and create and support 180,000 private sector jobs. A $185 million dollar investment by the state will be a terrific return on investment and allow us to do much more.

Mobility should not be a barrier for Ohio’s residents and businesses, as it is now for growing portions of our rural and urban populations. As bold leaders and thinkers my hope is that Fiscal Years 2020 and 2021 are when Ohio puts funding mechanisms in place to put Ohio on a path toward prosperity enabled by mobility-rich transportation solutions.

I am happy to answer any questions you may have.
Ohio Public Transit Funding History

- Between 2000 and 2006, GRF declined by 63% and total state funding to transit dropped to its lowest amount since 2000.
- ODOT began using toll development credits (TDCs) to help fund individual transit projects.
- Ohio's transit funding from Ohio's General Revenue Fund (GRF) peaked at $44 million.
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Current Funding

- In 2012, Ohio's 61 public transit systems spent close to $900 million. The state contributed 3% of that total funding (see chart at right).
- As in 2012, the state's 2014 contribution consists of:
  - $7.3 million from GRF
  - $20 million flexed from FHWA funds
  - Ohio's $0.63 transit spending per capita ranks among the lowest in the nation (38th out of 51), just below South Dakota.

2012 Transit Investment

- $893.1 million

2014 State Contribution

- $27.3 million

Trends Affecting Future Demand

- Ohio is growing slowly. Most counties are expected to lose population.
- Ohio is getting older and poorer, especially in rural areas.
- Household composition and size are changing, with smaller households and fewer traditional households.
- Current growth is driven in part by foreign-born population, who tend to have more experience with and higher expectations for transit service.
- Millennials have a keen interest in transit, with many driving less and choosing to live in cities with robust transit options.
- While many larger urban areas are densifying, sprawling residential and commercial growth remains the predominant land use pattern in Ohio.
The Ohio Statewide Transit Needs Study (OSTNS) estimated that the network of transit systems in Ohio needs to provide an additional 37.5 million public transportation trips over current levels to serve unmet demand. To meet this need, Ohio should invest more resources in both transit capital (vehicles, shelters, etc.) and operations.

### TO ADDRESS SYSTEM BACKLOG

<table>
<thead>
<tr>
<th>CAPITAL</th>
<th>An additional <strong>$273.5 MILLION</strong> in funding is needed to bring Ohio’s transit fleet (not counting rail vehicles) to a state of good repair.</th>
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<tbody>
<tr>
<td><strong>Urban</strong></td>
<td><strong>$251.2 MILLION</strong> is needed to replace the 900 urban transit vehicles (out of 2,700 total, not counting rail vehicles) that are past their useful lives.</td>
</tr>
<tr>
<td><strong>Rural</strong></td>
<td><strong>$22.3 MILLION</strong> is needed to replace the 275 rural transit vehicles (out of 500 total) that are beyond their useful lives.</td>
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Once the vehicle backlog is met, Ohio has enough revenue to maintain its current fleet for rural and urban rubber-tired vehicles. Cleveland’s rail vehicles will be due for replacement in 2025 at an estimated additional cost of **$240 MILLION**.

*Operating: current/anticipated funding from all sources will allow Ohio’s transit systems to operate at present levels.*

### TO MORE ADEQUATELY MEET TODAY’S NEEDS

<table>
<thead>
<tr>
<th>CAPITAL</th>
<th>In 2015, an additional <strong>$192.4 MILLION</strong> is needed to purchase the vehicles and infrastructure necessary to expand transit service to meet current, unmet demand.</th>
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<tbody>
<tr>
<td><strong>Urban</strong></td>
<td><strong>$164.6 MILLION</strong> is needed to purchase 680 additional buses and vans, and to construct passenger and vehicle facilities that support the demand.</td>
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<tr>
<td><strong>Rural</strong></td>
<td><strong>$27.8 MILLION</strong> is needed to purchase 770 vehicles for additional service on existing rural transit systems as well as for new service in the 27 rural counties currently without public transportation.</td>
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*Operating: current/anticipated funding from all sources will allow Ohio’s transit systems to operate at present levels.*

### FUTURE SYSTEM EXPANSION FUNDING GAP

The need for public transportation will increase in the future. The OSTNS estimated demand to be 140.2 million additional transit trips over what is provided today. Meeting future needs requires increased investment.

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<thead>
<tr>
<th>CAPITAL</th>
<th>Same as for 2015 (figure is annualized over the 11-year period of 2015-2025).</th>
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<tr>
<td><strong>Urban</strong></td>
<td><strong>$468.8 MILLION</strong> is needed for 135.2 million new trips.</td>
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<tr>
<td><strong>Rural</strong></td>
<td><strong>$93.3 MILLION</strong> is needed for 5.0 million new rural transit trips, including service to the 27 counties that do not currently have public transportation.</td>
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BENEFITS AND ECONOMIC DEVELOPMENT IMPACTS OF PUBLIC TRANSIT

Saves Money
- Public transportation saves people money and can strengthen the local economy. According to APTA's Transit Savings Report, a two person household can save around $10,000 a year on average by living with one less car. Money not spent operating a vehicle can be spent in the local economy.
- According to a 2014 AARP livability study, nearly 90 percent of individuals aged 65 or more want to stay in their homes for as long as possible. Access to transportation is essential to this desire. Aging in place saves society money – the median monthly payment for noninstitutional long-term care in 2009 was $928 as compared with $5,243 for nursing homes (HUD).

Access to Labor Markets
- Provides employers better access to employees and vice versa.

Creates Jobs
- Every $1 billion of investment in public transportation operations annually leads to an average of 41,100 jobs supported for a year, such as drivers, schedulers and dispatchers, mechanics, and management staff; $3.8 billion in business sales; and $530 million in tax revenues (TCRP).

Access to Services
- Supports Ohio's most vulnerable individuals by increasing access to health care, human services, job training and education, employment, and quality of life trips (shopping, appointments, etc.)

Increases Property Value
- Public transit investments have been shown to increase property values and result in valuable development opportunities. This is especially true for systems with fixed guideways, including rail and bus rapid transit.
  - Cleveland's HealthLine, for example, generated $114.5 in economic development benefits for every $1 invested. In other words, Cleveland spent $50 million building the HealthLine but the service generated $5.8 billion in transit-oriented development (ITDP).
  - Between 2006 and 2011, residential property values in regions such as Chicago and the Twin Cities performed 42 percent better, on average, if they were located near fixed-guideway transit (APTA).

STRATEGIES AND OPPORTUNITIES FOR IMPROVING TRANSIT

The Ohio Statewide Transit Needs Study identified nine strategies to meet transit needs and better position the state to strengthen service overall.

1. Introduce performance metrics and guidelines
2. Improve human service and public transit coordination
3. Incentivize regional services and organizations
4. Explore dedicated transit funding
5. Upgrade public information systems
6. Upgrade transit technology
7. Maximize fares and additional revenue sources
8. Address capital needs
9. Address transit service needs
THE BOTTOM LINE

To meet the 2025 funding gap, total transit funding from all sources needs to approximately double (see chart).

2025 Transit Investment Goal $1,842 million

If state funding covered 10% of transit spending, costs would equal:

<table>
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<tr>
<th>Year</th>
<th>Capital</th>
<th>Operating</th>
<th>Total State Funding Goal</th>
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<tbody>
<tr>
<td>2015</td>
<td>$37 million</td>
<td>$83 million</td>
<td>$120 million</td>
</tr>
<tr>
<td>2025</td>
<td>$55 million</td>
<td>$130 million</td>
<td>$185 million</td>
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*Other includes income from advertising, contracts, and miscellaneous sources.

ODOT LEGISLATIVE BIENNIAL REQUEST (FY 2016-2017)

Moving towards this level of investment requires a longer term funding strategy. To begin, an additional $2.5 million GRF would be used to improve and enhance the following:

- **PERFORMANCE METRICS AND GUIDELINES:**
  - Advance a performance measurement system. Provide an annual report to the Ohio Legislature on individual transit agency performance.

- **REGIONAL SERVICES AND ORGANIZATIONS:**
  - Incentivize coordination between human service and public transportation. Incentivize collaboration and resource sharing of transit administrative and service functions. Grants may also support adding service in counties where there is none today.

- **TRANSIT TECHNOLOGY NEEDS:**
  - Incentivize investment in technology. Offer one time grants to purchase technology systems and associated training that will increase service efficiency and effectiveness.

- **PUBLIC INFORMATION SYSTEMS:**
  - Incentivize the implementation of improved passenger information systems. Offer grants for agencies to improve websites, system maps and schedules. ODOT will develop templates that support systems statewide.

ODOT SHORT TERM RECOMMENDATIONS

- Further explore TDCs and FHWA Flex Funds to address immediate vehicle backlog and capital needs.
- Provide staff and subject matter expertise for a Blue Ribbon Commission on Dedicated Funding.
- Establish a cabinet-level Human Service Transportation Coordinating Committee to examine statewide policies to encourage coordinated transportation services.
- Continue to advance the recommendations of the Transit Needs Study and maintain momentum for meeting the transportation needs of Ohioans.
The need for an accessible, multi-modal transportation network doesn’t vary between rural and urban contexts; forty-five percent of the population in rural communities relies on modes other than a personal automobile to get around.

That was the primary finding in a study by Healthy Choices Healthy Communities (HCHC), which conducted the study to better understand the ways that transportation needs are creating a barrier for residents seeking to access healthcare. Residents of rural counties in Northern Kentucky and Southeast Ohio were surveyed on their transportation habits and their understanding of alternative transportation services. The surveys revealed that nearly half of area residents rely on methods of transportation other than a personal car as their primary means of getting around[i].

Fifty-five percent of respondents use transportation services, like a public bus system, medicab, taxi, or hospital van ministry, at least once a month. The study also noted that a third of respondents find it difficult at
times to find transportation. The study concluded that extended service and improved communication would enhance the mobility options for rural residents.

This study shows that for residents who are unable to drive, transportation becomes a barrier to accessing essential services and carries with it important lessons for Ohio. Ohio’s senior population is expected to increase 66% by the year 2030, most significantly shifting the demographic profile of rural communities and straining reliance on friends and family as a primary method of transportation. Without action, these future trends will directly limit the ability of an individual to age in place [iii]. The current rates of transportation service use to access primary care will only grow in the future, indicating a need for increased financial support to deliver frequent and reliable service.

While there is a studied need for improved transit service in urban centers, the HCHC study highlights the critical need for public transportation options in rural communities, both today and in the future. By 2025, Ohio’s transit systems will require an additional $562 million in funding for capital and operational costs to meet the rising demand for public transit, including unmet need in rural areas[ii].

For more on the Healthy Choices Healthy Communities, please visit their [website](#).

[i] Study highlights the need for public transportation *Huntington Herald-Dispatch* January 4, 2019

[ii] Ohio Department of Transportation. “2014 Transit Needs Study”

See also: Surface Transportation Policy Project. “Aging Americans: Stranded without Options.”

[iii] GOPC Getting Ohio To Work: Reaching Opportunity Through Public Transportation Part IV