



Ohio House Finance Subcommittee on Transportation

ODOT Legislative Update on Budget and Operations

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Chairman Greenspan, Ranking Minority Member Skindell, and members of the Ohio House Finance Subcommittee on Transportation:

Thank you for the invitation to address you today on how our agency intends to plan for the additional revenue created by House Bill 62.

House Bill 62

I would like to begin by thanking each of you for your leadership and support for House Bill 62. The recently passed transportation budget meets the immediate maintenance needs of ODOT for at least the next five years. It also represents a significant increase in funds available to local governments.

House Bill 62 will provide ODOT with just over \$450 million in additional state motor vehicle fuel tax dollars a year. Local governments will see a collective annual increase of just over \$370 million. Because of a lag in how the additional revenue is aggregated and distributed, that new funding will start to come into ODOT and local governments around Labor Day.

Together, we will use this money to meet our basic maintenance needs, also described as keeping our roadways from falling into disrepair. The legislation also provides enough additional revenue for us to make some meaningful improvements to safety throughout the state. I look forward to reporting back over the next few years on the progress of our efforts to save lives and help Ohioans move more easily from place to place in the state.

Planning and Preparation for the Future

I understand there is much interest throughout the state in learning which projects will now move forward thanks to the additional revenue provided in HB 62. I assure you we are working diligently on assessing the needs throughout the state and developing that project list now. We are determining the best use of each of the additional \$450 million dollars the taxpayers of Ohio have entrusted to us.

Every year, we look at our latest available budget and data to update our Multi-Year Work Plans. These plans represent our long-term strategy for maintaining roads and bridges in the state. The Work Plans list and prioritize which rehabilitation and maintenance projects will take place over the next six years.

The process is a combination of district office planning and our data analytics systems. This way we blend advanced data with deep local knowledge to ensure we are making the best decisions for each dollar.

Let me talk a little about the software we use.

In Ohio, we inspect our bridges every year. Engineers and inspectors rate the substructure, the pillars or other supports that hold up and support the bridge, and the deck, the part you drive on, to determine their condition.

That information is then entered into a database we call our Bridge Management System, along with other data points such as the materials the structure is made of, maintenance cost estimates, average daily traffic estimates, and historic condition information. Every year, our ODOT District engineers review those thousands of data points and decide, based on the conditions and the available maintenance budget they have for that year, what kinds of treatments or rehab projects or replacement projects we should do to get the biggest return on our investment.

For pavements, the process is even more sophisticated.

Our Pavement Management System uses advanced algorithms to calculate for us what kinds of treatments will be needed over the next year, two years, ten years ... whatever scenario we ask it to run. We use it to analyze current conditions, track the effectiveness of what we're doing, and project future conditions and needed treatments.

Pavement inspectors rate each segment of pavement each year. That is entered into the pavement management system, along with details about the type of pavement used, the average daily traffic counts, treatment cost estimates for that geographic area (work can cost more or less, depending on whether you are doing it in Cleveland or Marietta or Greenville), and data on how quickly that material should deteriorate under those traffic conditions.

The software analyzes these points of data on each segment of roadway we maintain. It then creates and reviews dozens of treatment scenarios for each segment, along with cost estimates to determine the best, most cost-effective treatment for each segment over whatever time period we are reviewing.

This system is an integral part of determining our work plans for the upcoming years. We tell it what our pavement budget is for the entire state, and it looks, statewide, at all scenarios on all segments of roadway and tells us how we should spend whatever dollars we have to get the most bang for our buck.

The goal of the Work Plan process is to identify the most cost-effective and fiscally-constrained work program for our available budget. Our goal is to assure safe, reliable, efficient, and accessible travel conditions. The work plans for the next year are scheduled to be completed in late June.

We also expect to have about \$150 million a year over the next five years for projects that will be funded through our Transportation Review Advisory Council (TRAC) program. These are projects that will address safety and congestion (which itself is a significant safety hazard) by substantially reconfiguring the existing highway system. They are also very important for economic development throughout the

state. Ask any of your regional economic development officials and I am confident they will tell you: new interchanges and better traffic flow are essential to attracting and keeping business investment in Ohio.

TRAC is a bipartisan, nine-person board that meets regularly to review and score project proposals from around the state. Upon approval, they triage the proposals into three tiers and determine which ones should be priorities for funding. The TRAC met last week to begin the process of accepting new project proposals for the first time in over a year. By the end of 2019, they will issue a new, updated list of prioritized projects that ODOT will begin to work into our annual plans.

During the Transportation Budget process and beyond, you've heard both Governor DeWine and me emphasize how important highway safety is to this administration. With your leadership and support for HB 62, this General Assembly has recognized the need for safer roadways as well. We have identified, out of the thousands of intersections on our state system with higher-than-usual crash ratings, 157 priority locations where we will look to mitigate those crashes. These projects – which can range from upgrading traffic signals to putting in additional turning lanes – will ultimately help keep drivers safe on Ohio's roadways. My Planning team and I are currently assessing what treatments will be needed for each safety priority location in order to mitigate these crashes. As you know, projects like these require careful planning in order to make sure we get it right.

HB 62 included a provision that requires the Auditor of State to conduct a performance audit of ODOT and to submit a final report by January 1, 2020. We have been in contact with Auditor Faber's office and look forward to working with his staff and learning how we can be leaner and more efficient as an organization. In prior testimony, I pledged to both Governor DeWine and the legislature, that I will work to find an additional \$100 million in savings over the course of the next four years. I take this pledge very seriously. I have tasked our former Chief Financial Officer to sit down with the deputy directors of every district and department within ODOT over the coming months to dig deep and find ways to achieve greater efficiencies and cost savings. This can't be *just* about cutting costs – it must be about providing a better service to our constituents while *also* saving money.

I look forward to sharing more information over the coming months on our planning progress. Before I leave, I'd like to also share some information on how we measure success as an organization.

How We Measure Success

Many large and small corporations use Key Performance Indicators, or KPIs, to measure and strengthen their operations. Here at ODOT, we call our performance indicators Critical Success Factors, and we use them to track our performance in key areas. We gather our statewide senior leadership team together every quarter to review and discuss the metrics. We also use them to shift resources to and from operational areas based on trends we see in those numbers.

We believe in transparency throughout this process. We track these two dozen measures and post them to our website quarterly. The Critical Success Factors are intended to gauge the state of our transportation system and the quality of our organization. By measuring and monitoring the results we are achieving and balancing those results against the resources entrusted to us, we are able to quantify the return on investment we are providing to Ohio.

In closing, I would like to remind you that House Bill 62 represents a positive step forward for Ohio. The budget allows us to **not** just maintain the status quo, it also allows us to do projects that will save lives and spur economic development. It enables us to improve the quality of life for the people who live in this state and pay this user fee.

We look forward to reporting back on our progress in planning for a more positive future for Ohio over the next few years.