

**TESTIMONY TO THE OHIO SENATE TRANSPORTATION, COMMERCE
AND WORKFORCE COMMITTEE
ON HB 26**

March 15, 2017

By Dwight A Ferrell
CEO/General Manager
Southwest Ohio Regional Transit Authority

Chairman LaRose, Vice Chair Kunze, Ranking Member Tavares and Honorable Members of the Ohio Senate Transportation, Commerce and Workforce Committee (the “Committee”), I am Dwight A. Ferrell, CEO and General Manager of the Southwest Ohio Regional Transit Authority (“SORTA”) that operates Metro fixed-route and Access paratransit service in Greater Cincinnati. We serve Hamilton County, with additional commuter and reverse-commute, job access service in Butler, Clermont and Warren counties.

SORTA provides about 15 million rides per year, throughout Hamilton County, with routes which stretch into Butler, Warren and Clermont Counties. It should be noted that half of these rides are related to employment. Currently, our local funding comes from the City of Cincinnati’s earnings tax, and consequently the vast majority of our service is within the City of Cincinnati.

It is important for the “Committee” to understand how we as an organization have been continuously improving operating efficiency as stewards of our resources. A recent University of Cincinnati Economics Center study

showed that SORTA is #1 in operational efficiency among peer cities defined by the Cincinnati USA Regional Chamber of Commerce (and I have attached a copy of the study as an exhibit). However, we rank near the bottom of this transportation peer group, in terms of state and local funding.

In early 2016, the Metro Futures Task Force, composed of local business, government and community leaders, issued a report based on a six-month review of our transit system. The task force concurred with the UC efficiency findings, reiterated our importance in connecting more people to jobs, and concluded that our current financial model is unsustainable.

We work with the Cincinnati USA Regional Chamber and REDI to attract and retain employers in Greater Cincinnati. Access to workforce using transit is critical to these efforts. However, it should be noted that even with our best efforts, 2015 UC Economics Center assessment of transit access to jobs showed that 75,000 local healthcare and manufacturing jobs are currently not served by our transit system. Our dilemma is simply that expanding service to meet this need is not possible with our current funding model.

For many years, we have deferred capital projects, cut costs by asking our employees to shoulder a greater portion of healthcare expenses, and tweaked our system to squeeze out even more efficiencies. However, we have reached the point where expenses are rising faster than revenue.

We are working on ways to address our projected budget deficits beginning in 2018 by proposing a change by broadening our local funding model as early as next year. If successful, we will be on the road to a more stable financial future. If not, we face the prospect of severe service reductions and fare increases that will cripple the community's access to jobs.

Considering this grim financial forecast, you might be surprised to hear that I am not asking the state of Ohio for more operating funds. I am asking for very specific assistance from the State of Ohio which can be leveraged in providing local match to replace old buses.

As of January 1, 2017, Metro has 63 buses past their 12-year useful life. Every year beyond this threshold means increased operating and maintenance costs. A 15-year-old bus costs 133% more to maintain than a 10-year-old bus. As of this year, Metro has 40 buses that are 15 years old or older, resulting in more than \$500,000 in additional annual operating expense.

Currently, Metro must use local dollars to leverage the 80% in federal funds we have received for the purchase of a replacement buses. These matching dollars could be more effectively used to continue service that is critical to job access and creation. State match for replacement buses would therefore have a positive effect on the operating budget in two ways. It would allow Metro to reduce the expense of maintaining and operating older buses and would also allow us to use the money set aside for local match to continue vital service to the community. This is critical as we face very difficult budget years beginning in 2018.

I testify today as a proponent of the provision for the ten million (\$10,000,000), per annum, proposed by the administration, and as included in Ohio House Bill 26 ("HB 26") for fiscal years 2017-2018. The inclusion of this provision shall allow SORTA and other transit providers across the State of Ohio to receive greatly needed resources, which shall allow us to leverage federal funds in replacing old buses. This is entirely consistent with the Ohio Statewide Transit Needs Study of 2015. While the study cited a number of worthy recommendations, this is a beginning down payment on addressing identified transit needs across the State of Ohio, and an example of investments in the capital needs on a leveraged basis, paying multi-year benefits:

Increase the cost effectiveness of the existing transit infrastructure:

There are too many transit vehicles in Ohio that are beyond their useful life. If these vehicles are not replaced, transit systems will become less efficient as they spend more money repairing and maintaining vehicles.

Overall, the Study, commissioned by the Kasich administration, reached a number of conclusions as it relates to policy, among them:

- Successful cities in the United States are investing in public transportation services and systems to respond to these preferences as part of their workforce retention and attraction strategies.
- There are about 2,700 vehicles (excluding rail vehicles) in the urban transit network. Nearly a third of them – or 900 - need replacing today. This backlog reflects changes in how the federal government provides

funding for large investments, as well as the effects the 2008 recession had on local resources.

- The analysis also shows a need for more transit service. The current system needs to provide an additional 35 million transit trips annually in 2015 to meet demand. By 2025, demand is expected to grow to 250 million annual trips. Older Ohioans will be more dependent on transit to get around, while younger, urban dwellers will choose transit over owning a car.

According to the study, investment needs as identified in 2015 for urban communities include:

Transit system preservation: \$274 million to replace vehicles already beyond their useful lives. After the vehicle backlog is addressed, \$137 million is needed to purchase vehicles expiring in 2015 and fund others facility and infrastructure needs to maintain the existing systems.

Transit system expansion: Urban systems also require roughly \$212 million to meet the unmet need. This includes operating more buses and trains for \$48 million, and a corresponding investment of \$165 million in vehicles and infrastructure.

Investing in transit will help all Ohioans, including those who use the service and those who do not. Increased investment will:

Strengthen Ohio's competitive advantage: Ohio has a tradition of strong

cities with good jobs, excellent educational facilities and world class health care. These attributes make Ohio a great place to live. We also know younger generations are mobile and will move to communities where they can easily walk, bike and take transit. Other states are making investments to retain and attract talent; Ohio must do the same to remain competitive.

Ensure Ohio residents have access to some public transportation:

Expanding service to areas that currently do not have public transportation would reach an estimated one million individuals.

Provide access to jobs, job training, health care and basic personal services: Expanding mobility is important statewide, but especially for people living in Ohio's small towns and rural communities, and for employers needing a workforce that can get to their jobs. Transportation needs in these areas are expected to increase as their populations grow older and poorer. Investing in services now will ensure the state has infrastructure in place to support individuals, Ohio businesses and health and human service programs.

Long-term strategies (2018-2025):

Ohio's transit investment needs are great, but the benefits are clear. Transit investment is an integral part of Ohio's future as a vibrant, dynamic community that is attractive and affordable to all generations of Ohioans.

There is no simple solution to funding transit at the needed investment level. Today, communities invest nearly \$900 million with half of all funds

provided locally. We know more resources are needed. All stakeholders should be working toward doubling the amount of money invested to reach \$1.8 billion annually. Accomplishing this will require partnerships between the federal government, the State of Ohio, and local communities, along with local institutions and employers. A complete partnership also involves riders, who will be expected to pay their fair share of the service, reflecting its value to them.

Appropriate capital investment in transit vehicles and technologies:

Our goal is to make Ohio's fleet safe, well maintained and modern, and support transit agencies with effective technology. This will be accomplished through shared investment and training.

<http://www.dot.state.oh.us/Divisions/Planning/Transit/TransitNeedsStudy/Documents/OhioStatewideTransitNeedsStudySummaryOfFindings.pdf>

Ohio has a tradition of strong cities with good jobs, excellent educational facilities, and world class health care. These attributes make Ohio a great place to live. We also know younger generations are mobile and will move to communities where they can easily walk, bike and take transit. Other states are making investments to retain and attract talent; Ohio must do the same to remain competitive.

There are too many transit vehicles in Ohio that are beyond their useful life. If these vehicles are not replaced, Ohio transit systems like SORTA will

become less efficient as they spend more money repairing and maintaining vehicles.

Additionally, we ask that the state consider the following:

- Use of Federal Highway Administration funds for enhanced transit capital investment, combined with toll development credits to reduce local need.
- Expand opportunities to use FHWA funds to transit in general. Ohio already flexes some funding, as do local metropolitan planning organizations, but there is room to do more.

Ohio's commitment to transit by assisting with local match to replace old buses is a vital step that would help us support the state's workforce retention and attraction strategies. I urge the Committee and Legislature to support this provision contained within "HB 26", and look for further opportunities to strengthen our transit systems and their efforts.

Thank you for your consideration.