

# **Department of Transportation**

**(Including Ohio Rail Development Commission)**

**(H.B. 119 Main Operating Budget Funding Component)**

**Senate Finance and Financial Institutions Committee**

*Jonathan Lee, Senior Budget Analyst  
Legislative Service Commission*

*May 23, 2007*

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**LSC Redbook**  
**for the**  
**Department of Transportation**  
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Catalog of Budget Line Items  
LSC Budget Spreadsheet: Executive to House Passed  
Comparison Document: Permanent and Temporary Law

*May 23, 2007*

# Department of Transportation

(Including Ohio Rail Development Commission)

- Total biennial funding of \$59 million
- Significant increases in public transportation, rail, and aviation
- New Energy Risk Management Pilot Program
- No continued funding for Rail Transload Facilities

## OVERVIEW

The Ohio Department of Transportation (ODOT) is the agency charged with planning, building, and maintaining the state's transportation system. Most of the agency's resources are devoted to the state's system of highways, but it also has responsibilities in the areas of rail, aviation, and public transportation. Less than 2% of the Department's budget comes from the General Revenue Fund (GRF); the rest of the budget derives from federal sources, bond revenue, and the motor vehicle fuel tax. The following provides an analysis of only the GRF portion of the ODOT budget, with emphasis on the state's aviation, rail, and public transportation programs. The majority of the Department's budget is contained in Am. Sub. H.B. 67 of the 127th General Assembly, the recently enacted transportation budget act for FYs 2008-2009. The LSC budget analysis for Am. Sub. H.B. 67 contains additional details about the Department and its budget.

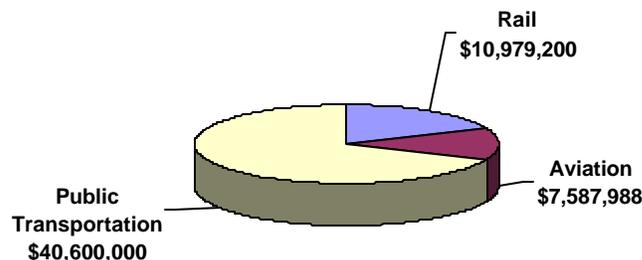
## FY 2008-2009 Recommended Budget

The executive proposal recommends a GRF budget of \$31,583,585 in FY 2008, a 41.6% increase over estimated FY 2007 spending of \$22,303,885, and \$27,583,603 in FY 2009. This totals \$59,167,188 for the biennium. The FY 2009 figures represent a 12.7% decrease compared with FY 2008 recommendations. Of the total proposed funding, 69% of appropriations are for public transportation, 19% for rail transportation, and 13% for aviation.

Overall, the budget includes significant increases for public transportation, rail, and air. The executive proposes to increase FY 2008 appropriations for public transportation by 24.5%, 74.1% for rail, and 223% for air. However, the budget does not include any funding for the Rail Transload Facilities program which began as a pilot program in FY 2006. Overall, the budget will provide additional funding for rail spur development, new bus purchases, and improvement of airport taxis and runways.

## Budget by Program Series

FYs 2008-2009 Total Budget by Program Series



## By Object of Expense

Most of ODOT's GRF expenditures over the biennium will be for subsidies and capital improvements. The expenditures will mainly be for public transit, rail, and aviation grants. The Department's personal services, purchased services, maintenance, and equipment will remain flat from FY 2008 to FY 2009. Table 1 below shows the budget by object of expense.

Object of Expense	FY 2007 (est.)	FY 2008 (rec.)	% Change	FY 2009 (rec.)	% Change
10 – Personal Services	\$1.94	\$1.95	<1	\$1.95	--
13 – Purchased Services	\$0.19	\$0.19	--	\$0.19	--
20 – Maintenance	\$0.29	\$0.29	--	\$0.29	--
30 – Equipment	<\$0.01	<\$0.01	--	<\$0.01	--
50 – Subsidy	\$17.5	\$26.5	51	\$22.5	(15)
70 – Capital Improvements	\$1.6	\$2.6	63	\$2.6	--
<b>TOTAL</b>	<b>\$22</b>	<b>\$31.5</b>		<b>\$27.5</b>	

Totals may not add due to rounding.

## Summary of ODOT in the Transportation Bill

The recently enacted transportation bill, Am. Sub. H.B. 67 of the 127th General Assembly, funded ODOT at approximately \$3.2 billion each fiscal year. As Table 2 illustrates, the majority of the Department's appropriations are funded from the Highway Operating Fund (Fund 002), whose main source of funding is state and federal motor fuel taxes. The Department is also funded through the issuance of bonds and other highway-related revenues. Roughly \$5.75 billion of the \$6.3 billion total will go toward Highway Construction such as pavement and bridge construction which continues to be ODOT's biggest outlay.

The transportation bill also included several statutory changes such as: creation of a new Deputy Inspector General for the Department, a new commercial cargo plane license tax, a requirement that ODOT and or municipalities maintain bridges on state routes, and required construction of current Tier 1 TRAC projects.

Fund Group	FY 2008	FY 2009	Biennium Total
Highway Operating Fund Group (Fund 002)	\$2,547	\$2,551	\$5,098
Infrastr. Bank Oblig. Fund Group (Fund 045)	\$450	\$400	\$850
Highway Cap. Improv. Fund Group (Fund 042)	\$200	\$100	\$300
State Spec. Rev. Fund Group (Funds 4N4 & 5W9)	\$3.4	\$3.4	\$6.8
Federal Special Rev. Fund Group (Fund 3B9)	\$0.01	\$0.01	\$0.02
<b>TOTAL</b>	<b>\$3,200</b>	<b>\$3,100</b>	<b>\$6,300</b>

Totals may not add due to rounding.

## ANALYSIS OF EXECUTIVE PROPOSAL

### Program Series

### 2: Highway Construction

**Purpose:** The Highway Construction program series consists of several programs that are responsible for the design, purchase of right-of-way, building, and rehabilitation of the highway system. Most projects consist of widening, upgrading, and providing safety improvements to the current system. The program also provides a portion of funding for the Rail Grade Separation Initiative. All other appropriations dealing with highway construction are funded from the transportation budget, Am. Sub. H.B. 67.

The following table shows the only GRF line item in the Highway Construction program series that provides funding for rail, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	776-466	Railroad Crossing/Grade Separation	\$789,600	\$789,600
<b>Total Funding: Highway Construction</b>			<b>\$789,600</b>	<b>\$789,600</b>

This program series includes several other transit items funded in the transportation budget bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$354 million in FY 2008 and \$388 million in FY 2009.

The following program within the Highway Construction program series provides funding for rail:

■ **Program 2.06: Other Construction Programs – Rail Grade Separation Initiative**

### Program 2.06: Other Construction Programs – Rail Grade Separation Initiative

**Program Description:** This program provides funding to construct railroad grade crossing separations in affected communities due to an increased level of train traffic throughout the state. Most of the increased traffic occurred when CSX and Norfolk Southern acquired Conrail's lines. In order to increase safety at crossings, the separation program was created to provide \$200 million over ten years for construction of overpasses and underpasses so motor vehicles do not have to actually cross railroad tracks. Funding comes from a \$20 million annual contribution divided among ODOT (60%), ORDC (10%), federal earmarks (10%), railroad companies (10%), local governments (5%), and the GRF (5%). A large portion of the program's capital funding comes from federal dollars.

**Funding Sources:** GRF

**Line Items:** See table above

***Implication of Executive Recommendation:*** The executive recommendations fully fund the Department's request for this GRF appropriation. This appropriation item represents 5% of the total funding available for the Rail Grade Separation Initiative and is the same appropriation amount provided in FY 2006 and FY 2007. This 5% will be used for capital improvements. Considering funding provided in the recently enacted transportation budget bill, Am. Sub. H.B. 67, the total amount of funding for ODOT's portion of the initiative is approximately \$12.8 million in FY 2008 and \$13 million in FY 2009. In total, these funding levels will allow the Department to maintain current service levels and allow grade separations to be constructed in affected communities.

### **Temporary and Permanent Law Provisions**

None

**Program Series**

**3: Public Transportation**

**Purpose:** The Public Transportation program series provides capital, operating, technical, and planning assistance to 60 transit systems serving portions of 58 counties. Of the 60 transit systems, 24 systems are in urban areas and 36 in rural areas. The majority of assistance funds are from federal dollars and are used for grants to transit systems – both for operating assistance and capital purchases. Funding is also provided from the General Revenue Fund (GRF) and the Highway Operating Fund (HOF). All GRF dollars are appropriated in the main operating bill and are used to support operating expenses of the Office of Transit. Like the federal dollars, GRF dollars and other HOF dollars also provide operating and capital grants to public transit systems. The capital assistance grants allow transit systems to purchase transit vehicles, computer equipment, and build transit facilities. Over the biennium, vehicle replacement will continue to be the greatest need for Ohio transit systems.

The following table shows the recommended funding of the GRF appropriation item that funds a portion of the Public Transportation program series. Overall, the executive increased funding in GRF appropriation item 775-451, Public Transportation-State, by 24.5% when comparing FY 2007 to FY 2008.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	775-451	Public Transportation-State	\$20,300,000	\$20,300,000
<b>Total Funding: Public Transportation</b>			<b>\$20,300,000</b>	<b>\$20,300,000</b>

This program series includes several other transit line items funded in the transportation budget bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$40 million in each fiscal year.

This analysis focuses on the following specific programs within the program series:

- **Program 3.01: Public Transit Operating**
- **Program 3.02: Public Transit Assistance**
- **Program 3.03: Elderly and Disabled Assistance**

**Program 3.01: Public Transit Operating**

**Program Description:** This program covers the operating costs (payroll, supplies, and equipment) of ODOT's Office of Transit. In past budgets, ODOT prorated its operating costs among all the programs within a series.

**Funding Sources:** GRF (100%)

**Line Items:** See table below

Line Item	FY 2008	FY 2009
775-451, Public Transportation-State	\$823,000	\$823,000
<b>Program Total</b>	<b>\$823,000</b>	<b>\$823,000</b>

**Implications of Executive Recommendation:** The recommendations will cover the majority of costs related to the payroll for 17 employees, supplies, and equipment associated with the Public Transportation program series. The Department indicates that transfers may be made over the biennium to offset certain payroll costs. These transfers are estimated to be about \$100,000 over the biennium and will likely come from the additional appropriations allocated to the Public Transit Assistance program.

**Temporary and Permanent Law Provisions**

None

**Program 3.02: Public Transit Assistance**

**Program Description:** Currently, there are 36 rural transit systems and 24 urban transit systems operating throughout the state. Program 3.02 provides partial funding to these transit systems for operating assistance and capital projects through the Ohio Public Transportation Grant Program and the Ohio Coordination Program.

The Ohio Public Transportation Grant Program provides grants to transit systems, both rural and urban, for operating assistance to cover wages, fuel, insurance, training, and vehicle and facility maintenance, as well as for planning assistance and capital purchases. Funds are allocated to transit systems based on the number of passengers transported, miles traveled, cost per mile, and the amount of local funds contributed. Capital items that are covered under the grant program include purchasing transit vehicles, computer equipment, and the construction of transit buildings.

The Ohio Coordination Program provides funding to public entities to assist in the coordination of transportation services among local human service agencies. All projects must demonstrate some level of interagency coordination in their local area to be eligible for funding. Funds are allocated to counties that do not have a public transportation system. Funds are used for operating expenses only and are typically allocated to county offices of aging, jobs and family services, MRDD facilities, county commissioners, senior citizen councils, and transit boards.

**Funding Sources:** GRF

**Line Items:** See table below

Line Item	FY 2008	FY 2009
775-451, Pubic Transportation-State	\$12,267,000	\$12,267,000
<b>Program Total</b>	<b>\$12,267,000</b>	<b>\$12,267,000</b>

This program series includes several other transit line items funded in the transportation budget bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$26 million in FY 2008 and \$30 million in FY 2009.

**Implication of Executive Recommendation:** The executive recommendations increased appropriation item 775-451, Public Transportation-State by roughly \$3.5 million in each fiscal year above ODOT's request. The majority of this increase will be used to provide capital assistance to rural and urban transit systems. Originally, ODOT expressed the need for an additional \$10 million for a statewide bus replacement program. The additional \$7 million in appropriations will go toward this bus replacement program and assist in replacing approximately 20 to 25 larger buses used in urban systems and several smaller buses in rural systems. Also, roughly \$100,000 of these added appropriations will be used to offset some of the Division's payroll expenses.

**Temporary and Permanent Law Provisions**

None

**Program 3.03: Elderly and Disabled Assistance**

*Program Description:* This program offers affordable transportation for the elderly and people with disabilities through reduced fare assistance in its Ohio Elderly and Disabled Fare Assistance Program (EDFA). The EDFA is funded entirely with state GRF dollars. Federal dollars allocated under the Specialized Transportation Program (STP) are used for the purchase of vehicles and equipment. The STP is funded from federal (80%) and local matching funds (20%).

The allocation of dollars to individual transit systems under the EDFA program are based on the actual ridership of the elderly and people with disabilities and the actual loss of farebox revenue from the reduced fares offered. Currently, 54 of 60 transit systems in Ohio offer half fares and the EDFA program replaces approximately 64% of the revenues lost by transit systems offering reduced fares. ODOT reports that from 1997 to 2005, ridership among the elderly and disabled increased over 40%.

*Funding Sources:* GRF

*Line Items:* See table below

Line Item	FY 2008	FY 2009
775-451, Pubic Transportation-State	\$7,210,000	\$7,210,000
<b>Program Total</b>	<b>\$7,210,000</b>	<b>\$7,210,000</b>

This program series includes several other transit line items funded in the transportation budget bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$4.7 million in both FY 2008 and FY 2009.

*Implication of Executive Recommendation:* The executive recommendations will help offset 60% to 70% of public transit farebox losses from reduced fares offered to the elderly and disabled.

**Temporary and Permanent Law Provisions**

None

**Program Series**

**4: Rail Transportation**

**Purpose:** This program series is administered by the Ohio Rail Development Commission (ORDC). The Commission provides programs which promote economic development and rail-highway safety. ORDC administers federal and state funding of rail safety projects including the upgrading and removal of hazardous crossings as determined by the Public Utilities Commission.

The following table shows the GRF line item that is used to fund the Rail Transportation program series and the Governor's recommended funding levels. Overall, the executive increased funding in GRF appropriation item 776-465, Ohio Rail Development Commission, by 74.1% when comparing FY 2007 to FY 2008.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	776-465	Ohio Rail Development Commission	\$4,700,000	\$4,700,000
<b>Total Funding: Rail Transportation</b>			<b>\$4,700,000</b>	<b>\$4,700,000</b>

This program series includes several other transit line items funded in the Transportation Budget Bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$17.8 million in both FY 2008 and FY 2009.

This program series includes funding for the following:

- **Program 4.01: Rail Operating**
- **Program 4.02: Rail Development Grant and Loan Program**
- **Program 4.04: Passenger Rail Studies**

**Program 4.01: Rail Operating**

**Program Description:** This program consists of the entire operating costs of the Ohio Rail Development Commission. Funding covers payroll, personal service contracts, and all administrative expenses including equipment, travel, and rent.

The Commission is currently operating with a staff of 14 and has a vacancy for the Executive Director. Since the last biennial budget the Commission has reduced its staff from 19 to 15 through an early retirement incentive (ERI). By offering an ERI the Commission was able to put more resources into its capital program. Overall, the ERI saved \$110,694 in FY 2007. These savings have been allocated to freight railroad grants and rail-highway grade crossing safety projects.

**Funding Sources:** GRF

**Line Items:** See table below

Line Item	FY 2008	FY 2009
776-465, Ohio Rail Development Commission	\$980,000	\$980,000
<b>Program Total</b>	<b>\$980,000</b>	<b>\$980,000</b>

**Implication of Executive Recommendation:** The executive recommendations will allow the Commission to focus on additional training of existing staff and maintaining current levels of service. The additional training will be for field inspection staff so they can perform multiple duties/inspections in the field.

**Temporary and Permanent Law Provisions**

None

**Program 4.02: Rail Development Grant and Loan Program**

**Program Description:** Program 4.02 provides financial assistance in the form of loans and grants to railroads, businesses, and communities for the rehabilitation, acquisition/preservation, or construction of rail, and rail-related infrastructure.

ORDC Loan and Grant Awards			
Fiscal Year	Projects Approved	Loan Amount	Grant Amount
2001	22	\$1,918,051	\$2,190,246
2002	22	\$1,929,750	\$2,788,768
2003	19	\$1,110,300	\$1,967,515
2004	16	\$4,074,736	\$1,062,127
2005	22	\$1,163,000	\$1,450,520
2006	13	\$2,470,000	\$1,911,355

The loans and grants are distributed through the following programs: the Rail Line Rehabilitation and Improvement Program, the Economic Development Program, the Acquisition Program, and the State-Owned Rail Line Program. These individual programs are discussed below.

**Rail Line and Rehabilitation Program.** This program keeps select rail lines in good and safe operating condition in order to provide rail transportation services to Ohio businesses. These lines are typically those divested by large class I railroads (Norfolk Southern and CSX Transportation) that were in need of maintenance at the time of divestiture. In determining loan and grant awards, ORDC evaluates a project's contribution toward job creation, effectiveness of rail service, economic development potential, preventing derailments, and keeping up train speeds.

**Economic Development Program.** This program helps provide rail spurs and other rail infrastructure as an incentive for companies to locate or expand in Ohio. Funds are recouped if requisite jobs or and/or carloads are not created within three years of project completion.

**Acquisition Program.** This program consists of loans and grants for shortline railroads or communities wishing to preserve specific rail lines that are to be abandoned by class I railroads. Acquisition of such lines is often costly, resulting in limited activity for this program.

**State-Owned Rail Lines.** This program strives to prevent the loss of potentially viable rail property in the state. Under this program, ORDC acquires rail properties because there may be a risk that the rail asset would be lost through property abandonment or alternative land use. Currently, the ORDC is managing 240 miles of state-owned rail lines. Much of the cost for this program involves administration of these acquired properties, such as: maintaining licenses, easements, and rented properties associated with the land. Currently, ORDC is pursuing a federal loan with a term of 25 years

to purchase the Panhandle Rail Line from CAPRAIL 1 for complete state ownership. Purchase of this line would result in the state no longer leasing the line and subsequently funding 776-663, Panhandle Lease Reserve Payments.

**Funding Sources:** GRF

**Line Items:** See table below

Line Item	FY 2008	FY 2009
776-465, Ohio Rail Development Commission	\$3,700,000	\$3,700,000
<b>Program Total</b>	<b>\$3,700,000</b>	<b>\$3,700,000</b>

**Implication of Executive Recommendation:** The executive increased funding for the grant and loan program significantly. Comparing the Commission's requested levels to recommended levels the executive provided an additional \$3.8 million over the biennium. OBM reports that the increased appropriations will be used to provide more grants for rail spurs to increase economic development. That said, these additional funds would presumably be allocated to the Commission's Economic Development Program. Currently, an estimate of the number of new grants and loans that will be awarded is unknown.

### Temporary and Permanent Law Provisions

None

### Program 4.04: Passenger Rail Studies

**Program Description:** The Passenger Rail Studies Program focuses on planning and project development activities related to the initiation of possible intercity as well as regional passenger rail services. The ORDC is directed to prepare a plan for passenger rail in the state with the initial route being in the Cleveland-Columbus-Cincinnati Corridor, also known as the Ohio Hub. The Ohio Hub plan is an interconnected, intercity, passenger rail system that serves the major cities in the state and connects to rail corridors in neighboring states as well as other multiple modes such as air travel.

Currently, ORDC is finalizing the Ohio Hub Economic Impact Study which highlights the impacts of the passenger rail system on Ohio's economy. The ORDC estimates the study will be completed by the end of FY 2007. For the FY 2008-2009 biennium, the ORDC's goal is to advance a \$7 million Programmatic Environmental Impact Statement for the Ohio Hub system. This statement is a component of the environmental review process under the National Environmental Policy Act (NEPA). ORDC plans to pursue several funding sources to achieve this goal, primarily federal moneys.

The Ohio Hub is just one part of the overall Midwest Regional Rail Initiative (MWRRI), and interstate passenger rail plan that is centered in Chicago.

**Funding Sources:** GRF

**Line Items:** See table below

Line Item	FY 2008	FY 2009
776-465, Ohio Rail Development Commission	\$20,000	\$20,000
<b>Program Total</b>	<b>\$20,000</b>	<b>\$20,000</b>

***Implication of Executive Recommendation:*** The executive fully funded the Department's request for this program. This will allow the Rail Commission to continue to prepare the state to potentially leverage federal dollars for passenger rail services by supporting ongoing conceptual development of the Ohio Hub Passenger Rail System Plan.

**Temporary and Permanent Law Provisions**

None

**Program Series**

**5: Aviation**

**Purpose:** This program series is responsible for working with airports to meet national safety standards, making infrastructure improvements, coordinating with the Federal Aviation Administration, registering aircrafts, providing air transportation to state officials, and maintaining the state's aircraft fleet.

The following table shows the GRF line item that is used to fund the Aviation program series. Overall, the executive increased funding in GRF appropriation item 777-471, Airport Improvements-State, by 223% when comparing FY 2007 to FY 2008.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	777-471	Airport Improvements-State	\$5,793,985	\$1,794,003
<b>Total Funding: Aviation</b>			<b>\$5,793,985</b>	<b>\$1,794,003</b>

This program series includes several other aviation line items funded in the Transportation Budget Bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$14.2 million in FY 2008 and \$15.8 million in FY 2009.

- **Program 5.01: Aviation Operating**
- **Program 5.02: Aviation Improvement Program**

**Program 5.01: Aviation Operating**

**Program Description:** This program is responsible for the operation of the Department's aircraft. The aircraft are used to transport the Governor, legislators, state personnel, and to perform ODOT missions such as aerial photography, emergency management, forestry missions, homeland security, prisoner transfers, ODNR missions, wild animal inoculations, and assisting in marijuana eradication. The Department maintains a fleet of 30 state aircraft, which includes those of the Ohio State Highway Patrol and the Ohio Department of Natural Resources. The majority of budgeted dollars are spent for passenger transportation missions, marijuana eradication, aerial photo missions, and maintenance test flights.

**Funding Sources:** GRF

**Line Items:** See table below

Line Item	FY 2008	FY 2009
777-471, Airport Improvements-State	\$611,857	\$611,875
<b>Program Total</b>	<b>\$611,857</b>	<b>\$611,875</b>

This program series is also funded by other lines transit line items funded in the Transportation Budget Bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$5.2 million in FY 2008 and \$5.4 million in FY 2009.

**Implication of Executive Recommendation:** The recommendations will fund existing levels of service, even though the recommendations for this program come in slightly under the Department's request by \$66,000. However, the overall increase in appropriations to line item 777-471, Airport Improvements-State will likely be used to offset this difference. Over the biennium ODOT will continue completing more in-house aircraft inspections as a cost savings measure rather than contracting inspections out – saving ODOT roughly \$1,500 per inspection. ODOT also anticipates savings close to \$16,500 from the installation of installed fuel sump saver units on its aircraft.

## Temporary and Permanent Law Provisions

None

### Program 5.02: Aviation Improvement Program

**Program Description:** The Airport Improvement Program focuses primarily on airport safety and airport capital improvements. The Airport Safety Program regulates 164 public use airports, 9 public use heliports, 440 private airports, 300 private heliports, and 5 seaplane bases.

Airport safety involves conducting airport inspections (every two years), enforcement of aviation laws, and aircraft registration and data gathering. Airport inspections ensure airport operations comply with Federal Aviation Administration (FAA) standards. After inspections, airports are advised of deficiencies and assisted in developing a corrective plan. The capital improvement portion of this program provides grants to public-owned airports for runway maintenance (including marking and lighting), runway extensions, apron extensions, navigational aids, and weather reporting equipment. The Airport Improvement Program also registers all Ohio-based aircraft.

Grants from the Aviation Improvement Program are not the only source of grant money available to public owned airports. Though not administered through ODOT, both primary and nonprimary airports receive approximately \$58.1 million per year from the FAA through the federal Airport Improvement Program (AIP). Of the \$58 million per year, approximately \$18 million goes to primary airports; \$20 million goes to nonprimary airports; and \$20 million is available in discretionary funds, typically awarded to primary airports.

S.B. 9 of the 126th General Assembly, the state's anti-terror law, required ODOT to maintain the base location of all aircraft registered in Ohio; collect certain forms at the time of registration; register all 946 airports in the state biannually; and make airport security plans available to law enforcement, emergency services, and federal agencies. So far the cost to ODOT has been approximately \$185,000 for the purchase of software to maintain aircraft registration files, airport information, and security plans. To date, four airports have submitted security plans to ODOT.

**Funding Sources:** GRF

**Line Items:** See table below

Line Item	FY 2008	FY 2009
777-471, Airport Improvements-State	\$5,182,128	\$1,182,128
<b>Program Total</b>	<b>\$5,182,128</b>	<b>\$1,182,128</b>

This program series is also funded by other lines transit line items funded in the Transportation Budget Bill, Am. Sub. H.B. 67 of the 127th General Assembly. These appropriations totaled approximately \$975,000 in both FY 2008 and FY 2009.

**Implication of Executive Recommendation:** The executive increased funding recommendations to this program by \$3.3 million over the Department's request. This new funding will be drawn down by \$2.5 million from an earmark in the bill for Dayton Concourse D Air Travel and Support. Further, the bill also states that \$1.5 million of the appropriations in 777-471 shall be used for air travel and support and economic development of statewide airports. Without these earmarks there would be a significant gain in grant money available to all airports statewide. Overall, over the biennium the grant program will likely continue providing grants that target pavement system deficiencies and other capital improvements at existing levels.

### **Temporary Law Provision**

***Dayton Concourse D Earmark (Section 407.10).*** Requires \$2,500,000 from GRF appropriation item 777-471, Airport Improvements-State in FY 2008 to be used for Dayton Concourse D Air Travel and Support.

***Economic Development of Statewide Airports (Section 407.10).*** Requires that \$1,500,000 from GRF appropriation item 777-471, Airport Improvements-State in FY 2008 be used for air travel and support and economic development of statewide airports. Further, the directors of Development and Transportation may enter into one or more agreements between their two departments as necessary to implement a statewide strategy to enhance Ohio's airports as centers of regional economic development. Currently, it is unknown what type of projects the earmark will support, how many, and or what the statewide strategy will include.

### **Permanent Law Provision**

***Energy Risk Management Pilot Program (R.C. section 755.03).*** Though not specific to any program series within this analysis, the bill authorizes the Director of Transportation to conduct a 12-month pilot project for energy price risk management by entering into a contract with a qualified provider for services that may include rate analysis, negotiation services, market and regulatory analysis, budget and financial analysis, and mitigation strategies for volatile energy sources, but not energy procurement. The pilot project shall be completed no later than June 30, 2009. The Department may use revenues from the state motor fuel tax or other funds appropriated to the Department. In the long run, based on the results of the pilot program, the Department may save money. The actual amount of savings is unknown.

## REQUESTS NOT FUNDED

The recommendations in the main operating budget bill differ from the Department's request by \$400,000 in both FY 2008 and FY 2009, for a total of \$800,000 over the biennium.

Rail Transportation – Rail Transload Facilities						
Fund Line Item	FY 2008 Requested	FY 2008 Recommended	Difference	FY 2009 Requested	FY 2009 Recommended	Difference
5CF 776-667	\$400,000	\$0	(\$400,000)	\$400,000	\$0	(\$400,000)
<b>TOTALS</b>	<b>\$400,000</b>	<b>\$0</b>	<b>(\$400,000)</b>	<b>\$400,000</b>	<b>\$0</b>	<b>(\$400,000)</b>

The recommendations will no longer fund the Rail Transload Facilities Pilot Program. This program was created in the last main operating budget, Am. Sub. H.B. 66 of the 126th General Assembly. The program was a statewide pilot program administered by ORDC to provide grants to communities, railroads, and other businesses. The grants were intended to develop facilities that will enhance the ability of railroads to work with other transport modes to move bulk commodities more efficiently and safely. Since the program's inception, the ORDC has committed funds to three projects including a plastic pellets and resins transload in Wallbridge (Wood County), a coal dock along the Ohio River in Warrenton, and an aggregate transload in Belmont County. Funding for the programs was provided from a \$500,000 transfer in FY 2006 from the Department of Development's Energy Efficiency Revolving Loan Fund (Fund 5M5).

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## General Revenue Fund

### GRF 775-451 Public Transportation-State

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$19,498,468	\$23,264,179	\$20,130,270	\$16,300,000	<b>\$16,700,000</b>	<b>\$17,000,000</b>
	19.3%	-13.5%	-19.0%	<b>2.5%</b>	<b>1.8%</b>

**Source:** GRF

**Legal Basis:** ORC 5501.07 (originally established by Am. Sub. H.B. 107 of the 121st G.A.); Section 407.10 of H.B. 119 of the 127th G.A.

**Purpose:** This line item provides funding for the Ohio Public Transportation Grant Program, the Ohio Coordination Program, and the Elderly and Disabled Fare Assistance Program. Funding is also used to provide technical assistance to individual transit systems. Am. Sub. H.B. 95 of the 125th G.A. consolidated former line item 775-458, Elderly and Disabled Fare Assistance, into this line item.

### GRF 775-456 Public Transportation/Discretionary Capital

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$557,662	\$1,228,415	\$490,393	\$0	<b>\$0</b>	<b>\$0</b>
	120.3%	-60.1%			

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

**Purpose:** This line item funded the discretionary capital portion of the Ohio Public Transportation Grant Program and subsidized local transit systems.

### GRF 775-458 Elderly & Disabled Fare Assistance

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$505,249	\$596	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	-99.9%				

**Source:** GRF

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 107 of the 121st G.A.)

**Purpose:** Moneys in this line item were used to offset farebox losses experienced by transit systems reducing their fares to half fare for elderly and disabled passengers. Am. Sub. H.B. 87 of the 125th General Assembly consolidated this line item into line item 775-451, Public Transportation-State.

**GRF 776-465 Ohio Rail Development Commission**

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$2,471,796	\$3,522,550	\$2,200,145	\$2,700,000	<b>\$2,700,000</b>	<b>\$2,700,000</b>
	42.5%	-37.5%	22.7%	<b>0.0%</b>	<b>0.0%</b>

*Source:* GRF

*Legal Basis:* Section 407.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

*Purpose:* This line item supports the operating expenses of the Ohio Rail Development Commission (ORDC) and the following programs: Rail Freight/Economic Development Program, Panhandle Rail/State Owned Lines Program, Passenger Rail Program, Rail Crossing Safety Program, and the Rail/Highway Projects Program.

**GRF 776-466 Railroad Crossing/Grade Separation**

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$693,888	\$773,124	\$254,158	\$789,600	<b>\$789,600</b>	<b>\$789,600</b>
	11.4%	-67.1%	210.7%	<b>0.0%</b>	<b>0.0%</b>

*Source:* GRF

*Legal Basis:* Section 407.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. H.B. 640 of the 123rd G.A.)

*Purpose:* This line item funds the Rail Crossing Safety Initiative and the Grade Separation Program, which provides funds for rail crossing improvements to communities most affected by rail traffic.

**GRF 777-471 Airport Improvements-State**

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$2,890,014	\$1,810,733	\$2,577,086	\$1,793,985	<b>\$3,293,985</b>	<b>\$1,794,003</b>
	-37.3%	42.3%	-30.4%	<b>83.6%</b>	<b>-45.5%</b>

*Source:* GRF

*Legal Basis:* ORC 4561.08, 4561.09 and 5501 (originally established by Am. Sub. H.B. 117 of the 121st G.A.); Section 407.10 of H.B. 119 of the 127th G.A.

*Purpose:* Funds are used to support planning, engineering, technical assistance, pavement management, airspace protection, and grant funding to 170 general aviation airports in Ohio.

**GRF 777-473 Rickenbacker Lease Payments-State**

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$541,401	\$543,014	\$535,626	\$320,300	\$0	\$0
	0.3%	-1.4%	-40.2%		

**Source:** GRF

**Legal Basis:** Section 407.10 of H.B. 119 of the 127th G.A. (originally established by Am. Sub. S.B. 310 of the 121st G.A.)

**Purpose:** This line item funds the lease payments for the Rickenbacker Port Authority. The lease payments fund the payment of debt service for bonds issued to make port authority improvements.

## General Services Fund Group

**5E7 775-657 Transit Capital Funds**

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$749,480	\$652,994	\$353,917	\$0	\$0	\$0
	-12.9%	-45.8%			

**Source:** GSF: GRF transfers

**Legal Basis:** Discontinued line item (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

**Purpose:** Funds were used to supplement the discretionary capital portion of the Ohio Public Transportation Grant Program.

## State Special Revenue Fund Group

**5CF 776-667 Rail Transload Facilities**

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$0	\$0	\$0	\$400,000	\$0	\$0
			N/A		

**Source:** SSR: Fund transfer

**Legal Basis:** Discontinued line item (originally established in Sections 203.99.45 and 212.12 of Am. Sub. H.B. 66 of the 126th G.A.)

**Purpose:** These moneys were used to fund the Rail Transload Initiative, a statewide pilot program administered by the Ohio Rail Development Commission to provide grants to assist communities, railroads, and other businesses to develop facilities that enhance the ability of railroads to work with other transport modes to move bulk commodities more efficiently and safely.

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated</i> 2007	<i>As</i> <i>Introduced</i> 2008	<i>House Passed</i> 2008	<i>% Change</i> <i>Est. 2007 to</i> <i>House 2008</i>	<i>As</i> <i>Introduced</i> 2009	<i>House Passed</i> 2009	<i>% Change</i> <i>House 2008 to</i> <i>House 2009</i>
<b><i>DOT Transportation, Department of</i></b>									
GRF	775-451	Public Transportation-State	\$16,300,000	\$ 20,300,000	\$ 16,700,000	2.5%	\$ 20,300,000	\$ 17,000,000	1.8%
GRF	775-456	Public Transportation/Discretionary Capital	\$0	\$ 0	---	N/A	\$ 0	---	N/A
GRF	776-465	Ohio Rail Development Commission	\$2,700,000	\$ 4,700,000	\$ 2,700,000	0.0%	\$ 4,700,000	\$ 2,700,000	0.0%
GRF	776-466	Railroad Crossing/Grade Separation	\$789,600	\$ 789,600	\$ 789,600	0.0%	\$ 789,600	\$ 789,600	0.0%
GRF	777-471	Airport Improvements-State	\$1,793,985	\$ 5,793,985	\$ 3,293,985	83.6%	\$ 1,794,003	\$ 1,794,003	-45.5%
GRF	777-473	Rickenbacker Lease Payments-State	\$320,300	\$ 0	---	N/A	\$ 0	---	N/A
<b>General Revenue Fund Total</b>			<b>\$ 21,903,885</b>	<b>\$ 31,583,585</b>	<b>\$ 23,483,585</b>	<b>7.2%</b>	<b>\$ 27,583,603</b>	<b>\$ 22,283,603</b>	<b>-5.1%</b>
5E7	775-657	Transit Capital Funds	\$0	---	---	N/A	---	---	N/A
<b>General Services Fund Group Total</b>			<b>\$ 0</b>	<b>----</b>	<b>----</b>	<b>N/A</b>	<b>----</b>	<b>----</b>	<b>N/A</b>
5CF	776-667	Rail Transload Facilities	\$400,000	---	---	N/A	---	---	N/A
<b>State Special Revenue Fund Group Total</b>			<b>\$ 400,000</b>	<b>----</b>	<b>----</b>	<b>N/A</b>	<b>----</b>	<b>----</b>	<b>N/A</b>
<b><i>Total All Budget Fund Groups</i></b>			<b>\$ 22,303,885</b>	<b>\$ 31,583,585</b>	<b>\$ 23,483,585</b>	<b>5.3%</b>	<b>\$ 27,583,603</b>	<b>\$ 22,283,603</b>	<b>-5.1%</b>

**As Introduced (Executive)**

**As Passed by the House**

**1 (CD-770-OBM) Transfer to Energy Strategy Development Fund**

**Section: 512.37**

Creates the Energy Strategy Development Fund in the state treasury, and permits the Director of Budget and Management to transfer set amounts from specified funds in six state agencies to the new fund. Transfers \$222,447 in FY 2008 and \$225,000 in FY 2009.

**Section: 512.37**

Same as the Executive.

**As Introduced (Executive)**

**As Passed by the House**

**2 (CD-705-EPA) Auto Emissions Testing Program**

**Section: 521.12**

Requires the Director of Office and Budget Management to transfer \$14,817,105 in FY 2008 and \$15,057,814 in FY 2009 from HOF Fund 002, Highway Operating, to SSR Fund 5BY, Auto Emissions Test, for operation and oversight of the auto emissions testing program. Specifies that the cash transfer is from Congestion Mitigation and Air Quality (CMAQ) program moneys within the Department of Transportation.

**Section: 281.10**

Same as the Executive, but requires that cash from the GRF be transferred instead of CMAQ program moneys from Fund 002.

As Introduced (Executive)

As Passed by the House

3 (CD-924-DOT) LCpl Andy Nowacki Memorial Highway

No provision.

**R.C. 5533.91**

Designates a portion of State Route 44 within Lake County as the "LCpl Andy Nowacki Memorial Highway."

**Fiscal effect: Potential expenditure increase of \$500 or more to the Highway Operating Fund (Fund 002) depending on the number of plaques or signs posted. Municipalities that choose to post signs on this section of State Route 44 running through municipal boundaries may do so at their own expense.**

4 (CD-922-DOT) Electronic Toll Collection on the Ohio Turnpike

No provision.

**R.C. 5537.04, 5537.16, 5537.99**

Specifies that the Turnpike Commission may participate in a multi-jurisdiction electronic toll collection agreement, including collecting and remitting revenue between other participating entities and agencies and setting fees or charges by rule; allows the Turnpike Commission to adopt rules establishing owner or operator civil liability for failure to comply with toll collection rules; and allows the Turnpike Commission to retain revenue from a civil violation of toll collection rules.

**Fiscal effect: Replacement of the toll collection system, to include the implementation of EZ-Pass, is estimated to cost \$46.7 million, beginning in late CY 2007 with expected completion in the first quarter of CY 2009.**

As Introduced (Executive)

As Passed by the House

5 (CD-569-DOT) Airport Improvement Earmarks

Section: 407.10

Earmarks \$2,500,000 in fiscal year 2008 from GRF appropriation item 777-471, Airport Improvements-State for Dayton Concourse D Air Travel and Support.

Earmarks \$1,500,000 from GRF appropriation item 777-471, Airport Improvements-State in fiscal year 2008 for air travel and support and economic development of statewide airports. Further, allows the Directors of Development and Transportation to enter into one or more agreements as necessary to implement a statewide strategy to enhance Ohio's airports as centers of regional economic development.

No provision.

Section: 407.10

No provision.

Same as the Executive.

Earmarks \$1,500,000 in fiscal year 2008 from GRF appropriation item 777-471, Airport Improvements-State, for Cleveland Hopkins Airport projects to support increased service and expand the existing hub.

**Fiscal effect: Earmarks \$3,000,000 out of \$3,293,985 the House proposes for the Airport Improvement Grant program funded by GRF appropriation item 777-471, Airport Improvements-State. Depending on how the \$1,500,000 earmarked for "air travel support and economic development of statewide airports" is construed, there could be an impact on grants distributed and DOT staff reductions.**

As Introduced (Executive)	As Passed by the House
<p><b>6 (CD-920-DOT) School Transportation Study</b></p> <p>No provision.</p>	<p><b>Section: 407.10</b></p> <p>Earmarks \$50,000 in fiscal year 2008 from GRF appropriation item 775-451, Public Transportation-State, to be used for a Franklin County school transportation study to determine the feasibility of a countywide pupil transportation system.</p>
<p><b>7 (CD-992-DOT) Public Transportation - State</b></p> <p>No provision.</p>	<p><b>Section: 407.10</b></p> <p>Earmarks \$200,000 in FY 2008 from GRF appropriation item 775-451, Public Transportation - State, for the Cleveland Metropolitan Park District West Creek Project.</p>
<p><b>8 (CD-921-DOT) State Route 33 Avery Muirfield Interchange</b></p> <p>No provision.</p>	<p><b>Section: 603.05</b></p> <p>Amends section 310.10 of Am. Sub. H.B. 67 of the 127th General Assembly (the Transportation Budget Bill) and requires ODOT to allocate \$1,000,000 over the FY 2008-2009 biennium, from either state or federal money, for improvements to the State Route 33 Avery Muirfield Interchange.</p>

**As Introduced (Executive)****As Passed by the House****9 (CD-571-DOT) Energy Risk Management Pilot Program****Section: 755.03**

Authorizes the Director of Transportation to conduct a 12-month pilot project for energy price risk management by entering into a contract with a qualified provider for services that may include rate analysis, negotiation services, market and regulatory analysis, budget and financial analysis, and mitigation strategies for volatile energy sources, but not energy procurement. Specifies that the pilot project must be completed no later than June 30, 2009, and that the Department may use revenues from the state motor fuel tax or other funds appropriated to the Department.

**Fiscal effect: In the long run, based on the results of the pilot program, the Department may save money. The actual amount of savings, if any, is unknown.**

**Section: 755.03**

Same as the Executive.

**Fiscal effect: Same as the Executive.**