

LSC Redbook

Ohio Turnpike Commission

*Jason Phillips, Budget Analyst
Legislative Service Commission*

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Ohio Turnpike Commission

- Total 2009 operating budget of \$212.2 million
- \$41.8 million in planned capital expenditures for 2009
- E-Z Pass to go live in fourth quarter of 2009
- Proposed toll rate changes to go into effect along with E-Z Pass

OVERVIEW

Agency Overview

The Ohio Turnpike is a publicly built east-west tolled expressway spanning northern Ohio. The Ohio Turnpike was built during the 1950s by the Ohio Turnpike Commission (OTC), which continues to own and operate it. The Commission's mission is to operate and maintain a user-fee supported highway with sound financial management that provides motorists and travelers with safe, modern, and helpful services. Since the Turnpike opened, OTC has contracted with the Ohio State Highway Patrol (District 10) to provide law enforcement and assistance to disabled or stranded motorists.

OTC is not a state agency and is not appropriated money from any state funds included within the transportation or main operating budgets. However, OTC is required to submit its proposed budget to the Office of Budget and Management, the General Assembly, and the Legislative Service Commission under section 5537.17(F) of the Revised Code. The following overview presents information that legislators may find helpful in reviewing the Turnpike's operations.

Implementation of E-Z Pass

The Commission continues to work toward the full implementation of the E-Z Pass electronic toll collection system. OTC estimates the cost of the new toll collection system, related equipment, and construction expenses to be about \$50.0 million. E-Z Pass is scheduled to become operational sometime in the fourth quarter of 2009. Once E-Z Pass goes live, the volume discount offered to commercial carriers through the Charge Card Program will end. OTC reports most commercial carriers taking advantage of the current discount already have E-Z Pass accounts, making continuation of the discount program impracticable.

Proposed Toll Rate Structure Changes

OTC is proposing a new toll rate structure that will go into effect when E-Z Pass becomes operational. When OTC developed the new rate structure, it took into account several factors. Among these were the current revenues and the operating budget of

the Commission, projected capital expenditures, noise mitigation efforts, and incentives for E-Z Pass and heavy commercial vehicles.

To accommodate E-Z Pass, the proposed tolls are based on (1) the number of axles a vehicle has, (2) the height over the first two axles, and (3) distance traveled. Generally, the higher the number of axles, the higher the vehicle class. For instance, low two-axle vehicles (passenger cars) and motorcycles are in vehicle class one while all vehicles with seven axles or more are in vehicle class seven. This is in contrast to the current rate structure which is based on vehicle weight and distance traveled. The result of the new rate structure is that (1) the number of vehicle classes are reduced from 11 to seven, and (2) rates will go up for some vehicles and down for others. The rate for passenger cars using E-Z Pass will be no different than current rates for those vehicles. In addition to the rate changes scheduled for later this year, OTC plans further rate increases in FY 2012. Table 1 below, adapted from OTC's report on the proposed toll rate structure, summarizes these changes.

Table 1. Proposed Toll Rates				
Class	Fourth Quarter 2009		January 2012	
	Full Trip	Per Mile	Full Trip	Per Mile
E-Z Pass Rates				
1	\$10.25	\$0.042	\$11.25	\$0.047
2	\$18.00	\$0.075	\$20.00	\$0.083
3	\$22.00	\$0.091	\$24.00	\$0.100
4	\$27.00	\$0.112	\$30.00	\$0.124
5	\$32.00	\$0.133	\$35.00	\$0.145
6	\$45.00	\$0.187	\$50.00	\$0.207
7	\$65.00	\$0.269	\$72.00	\$0.299
Non E-Z Pass Rates				
1	\$15.00	\$0.062	\$16.50	\$0.068
2	\$25.00	\$0.104	\$28.00	\$0.116
3	\$30.00	\$0.124	\$33.00	\$0.137
4	\$35.00	\$0.145	\$39.00	\$0.162
5	\$40.00	\$0.166	\$44.00	\$0.182
6	\$55.00	\$0.228	\$61.00	\$0.253
7	\$75.00	\$0.311	\$83.00	\$0.344

Calendar Year (CY) 2009 Adopted Budget

OTC's annual budget for calendar year 2009 was adopted on December 15, 2008, under Resolution 57-2008. Accompanying the budget, the Commission also approved transfers from six funds for capital projects on the Turnpike, under Resolution 54-2008. Table 2 displays the budgeted amounts, including the transfers.

Table 2. OTC's Adopted Budget for CY 2009	
	CY 2009
Revenue Sources	
Tolls	\$191,736,500
Concessions	\$13,636,700
Investments	\$3,342,000
Fuel Tax	\$2,000,000
Other	\$1,523,800
Total Revenues	\$212,239,000
Expenditures	
Services and Toll Operations	\$56,536,100
Maintenance of Roadway and Structures	\$40,530,800
Traffic Control, Safety, Patrol, and Communications	\$16,149,800
Administration and Insurance	\$10,126,500
Debt Service Payments	\$55,897,000
Total Expenditures	\$179,240,200
Transfers	
Systems Projects Fund	\$23,024,700
Renewal and Replacements Fund	\$6,200,000
Fuel Tax Fund	\$2,023,000
Non-Trust Fund	\$688,000
Expense Reserve	\$549,000
Service Plazas Capital Improvement Fund	\$514,000
Total Transfers	\$32,998,800
Total Expenditures and Transfers	\$212,239,000

The Commission has \$41.8 million of planned capital spending for 2009. This number includes both new capital projects and continuing projects from 2008. Capital projects include the continuation of toll collection system work, travel plaza renovations, various bridge repairs, culvert repairs, correction of slope failures, and engineering and design services.

Transportation Budget Law Changes Affecting the Turnpike

Bidding for Turnpike Contracts (R.C. 5537.07)

The transportation budget bill for FY 2010-FY 2011, H.B. 2, includes a provision that requires bid guaranty and surety bonds for Ohio Turnpike Commission bids and contract awards that are over \$150,000 and for any service facility contract, rather than for all bids and contracts over \$50,000. The bill retains the general requirement that contracts over \$50,000 be competitively bid. Increasing the threshold for which bid guaranty and surety bonds must be provided may enable additional contractors to bid on smaller projects or contracts that the Ohio Turnpike Commission offers.

The provision also allows the Ohio Turnpike Commission to combine design and construction elements into a single competitively bid contract for "special projects." To the extent that design-build contracts are used by the Ohio Turnpike Commission, this change may increase project delivery efficiencies and reduce overall design and construction costs for Turnpike projects.

Fines for Overweight Vehicles on the Turnpike (R.C. 5537.99)

H.B. 2 also includes a provision establishing that violations of vehicle weight limits on the Turnpike are subject to the same fines as those violations occurring on other roads. This may have an impact on the fine revenue generated, depending on the weight violation. Currently, a violation of vehicle weight limits on the Turnpike is a minor misdemeanor on the first offense and fourth degree misdemeanor on subsequent offenses. This differs from the weight limit fines on other roads, which generally depend on the amount by which the overweight vehicle exceeds the established weight limits.

Revenues from vehicle weight limit fines assessed on the Turnpike are distributed in accordance with the provisions governing the distribution of fines collected from persons apprehended or arrested by the State Highway Patrol. A portion is credited to the GRF, after specific amounts are credited to the Security, Investigations, and Policing Fund to support certain Patrol activities. A small portion of fine revenue is credited to the Trauma and Emergency Medical Services Grants Fund, with the remainder distributed to the court that imposes the fine. The bill does not change the distribution of the fine money.

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