

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Transportation Budget Bill**

**(H.B. 53 of the 131st General Assembly)**

**Department of Transportation**

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**ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# Department of Transportation

- Total biennial budget of over \$5.87 billion with focus on system preservation
- Over 85.0% of proposed funding support is highway construction and maintenance program
- ODOT authorized to use \$930.0 million from Turnpike infrastructure bond funds in FY 2014-FY 2015 biennium for Major New highway construction

## OVERVIEW

The Ohio Department of Transportation (ODOT) plans, designs, constructs, and maintains the state's network of highways and bridges and provides financial and technical assistance to the state's public transit systems, general aviation airports, and railways. ODOT's primary funding sources include state and federal motor fuel taxes and bonds, the proceeds of which are appropriated in the transportation budget bill. The Department also receives a small portion of its funding from the GRF for nonhighway programs, such as rail, transit, and aviation; these GRF appropriations are provided in the main operating budget bill, and are analyzed in a separate LSC Redbook. ODOT is the state's second largest agency in terms of employees by headcount, with a staff of around 5,400, of which roughly 4,800 are full-time permanent, located in 12 districts throughout the state, as well as headquarters in Columbus.

## Appropriation Overview

Table 1. Executive Budget Recommendations by Fund Group, FY 2016-FY 2017					
Fund Group	FY 2015*	FY 2016	% Change, FY 2015-FY 2016	FY 2017	% Change, FY 2016-FY 2017
Highway Operating	\$2,904,586,567	\$2,597,221,370	-10.6%	\$2,614,614,032	0.7%
Capital Projects	\$216,617,631	\$277,539,813	28.1%	\$372,308,081	34.1%
Dedicated Purpose	\$3,495,800	\$3,495,800	0.0%	\$3,495,800	0.0%
<b>TOTAL</b>	<b>\$3,124,699,998</b>	<b>\$2,878,256,983</b>	<b>-7.9%</b>	<b>\$2,990,417,913</b>	<b>3.9%</b>

\*FY 2015 figures represent estimated expenditures.

As shown in Table 1 above, the Governor's funding recommendation for ODOT under the transportation budget is \$2.88 billion in FY 2016, a \$246.4 million (7.9%) decrease from FY 2015 funding of \$3.12 billion. The decline is mostly attributable to a reduction in Highway Operating Fund Group appropriations. More specifically, the \$930.0 million in revenue from infrastructure bonds issued by the Ohio Turnpike and Infrastructure Commission was entirely appropriated under ODOT's FY 2014-FY 2015 budget. The proposed FY 2017 appropriation is \$2.99 billion, an increase of \$112.2 million (3.9%) over the proposed FY 2016 funding level.

Appropriations under the Highway Operating Fund Group provide 88.0% of the operating and capital support for ODOT programs over the FY 2016-FY 2017 biennium. The next largest funding sources are state and federal bond proceeds that support highway construction in the Capital Projects Fund Group. Together, these sources of funding account for 11.1% of the proposed biennial funding for ODOT under the transportation budget. The small amount remaining is set aside for a rail loan program and a county airport grant program budget under the Dedicated Purpose Fund Group. However, note that additional GRF funding for rail and aviation is typically appropriated under the main operating budget.

### Funding Distribution

#### By Functional Category

As shown in Table 2 below, the vast majority of ODOT's budget continues to be dedicated to highway construction, comprising about \$5.0 billion (85.9%) of appropriations over the biennium. The amount appropriated for debt service is \$373.8 billion (6.4%). Administration is \$182.0 million (3.1%) of the budget, and planning and research is \$108.4 million (1.8%) of spending. Finally, \$161.0 million (1.5%) is for public transit, rail, and aviation. Recall, however, that additional funding for transit, rail, and aviation are provided under the main operating budget.

<b>Table 2. FY 2016-FY 2017 Budget by Functional Category (in millions)</b>				
<b>Functional Category</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Biennium Total</b>	<b>% of Total Budget</b>
Highway Construction	\$2,466.4	\$2,577.1	\$5,043.5	85.9%
Debt Service	\$188.1	\$185.7	\$373.8	6.4%
Administration	\$89.3	\$92.7	\$182.0	3.1%
Planning and Research	\$54.0	\$54.4	\$108.4	1.8%
Public Transportation	\$52.7	\$52.7	\$105.5	1.8%
Rail	\$18.1	\$18.1	\$36.2	0.6%
Aviation	\$9.6	\$9.7	\$19.3	0.3%
<b>TOTAL</b>	<b>\$2,878.3</b>	<b>\$2,990.4</b>	<b>\$5,868.7</b>	<b>100.0%</b>

Note: Figures may not add to totals due to rounding.

#### By Category of Expense

Table 3 below shows the budget by category of expense. Of the \$5.87 billion recommended funding, approximately 81.9% is budgeted for capital improvements and personnel costs. Capital spending is planned to grow by 5.0%, from \$1.92 billion in FY 2016 to \$2.01 billion in FY 2017. ODOT's personnel expenses are slated to increase by 2.5%, from \$432.1 million in FY 2016 to \$443.0 million in FY 2017.

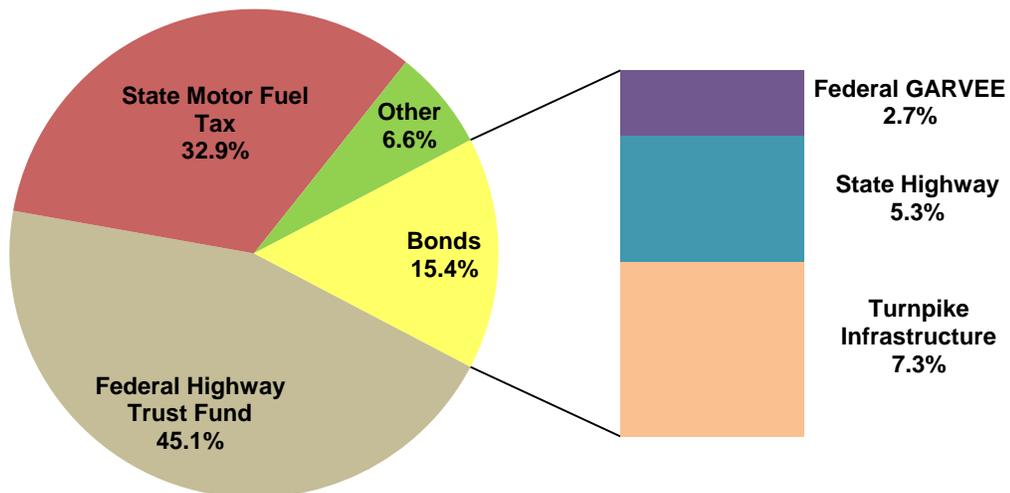
Category of Expense	FY 2016	FY 2017	Biennium Total	% of Total Budget
Capital Improvements	\$1,915.5	\$2,012.2	\$3,927.7	66.9%
Personal Services	\$432.1	\$443.0	\$875.1	14.9%
Supplies and Maintenance	\$189.5	\$194.2	\$383.7	6.5%
Debt Service	\$188.1	\$185.7	\$373.8	6.4%
Equipment	\$54.3	\$54.7	\$109.0	1.9%
Subsidies	\$41.2	\$41.2	\$82.5	1.4%
Purchased Services	\$38.0	\$39.9	\$77.9	1.3%
Transfers and Other	\$16.3	\$16.3	\$32.6	0.6%
<b>TOTAL</b>	<b>\$2,878.3</b>	<b>\$2,990.4</b>	<b>\$5,868.7</b>	<b>100.0%</b>

Note: Figures may not add to totals due to rounding.

### Sources of Revenue

Revenue supporting ODOT operations derives from three main sources. These are (1) the federal Highway Trust Fund, (2) the state motor fuel tax, and (3) bond proceeds. Chart 1 below displays these sources of revenue for the three-year period from FY 2012 to FY 2014. The federal Highway Trust Fund (HTF) comprised approximately 45.1% of total funding to ODOT over the time frame, around \$3.90 billion in total. Next, proceeds from the state motor fuel tax generated about one-third of ODOT revenue, at roughly \$2.84 billion. Bond proceeds provided funding of \$1.33 billion, or 15.4% of revenue in the three-year period. There were small amounts from the GRF and certain dedicated purpose funds, which together provided the remaining 6.6% of ODOT funding, or \$573.0 million.

**Chart 1: ODOT Revenue Sources, FY 2012-FY 2014**

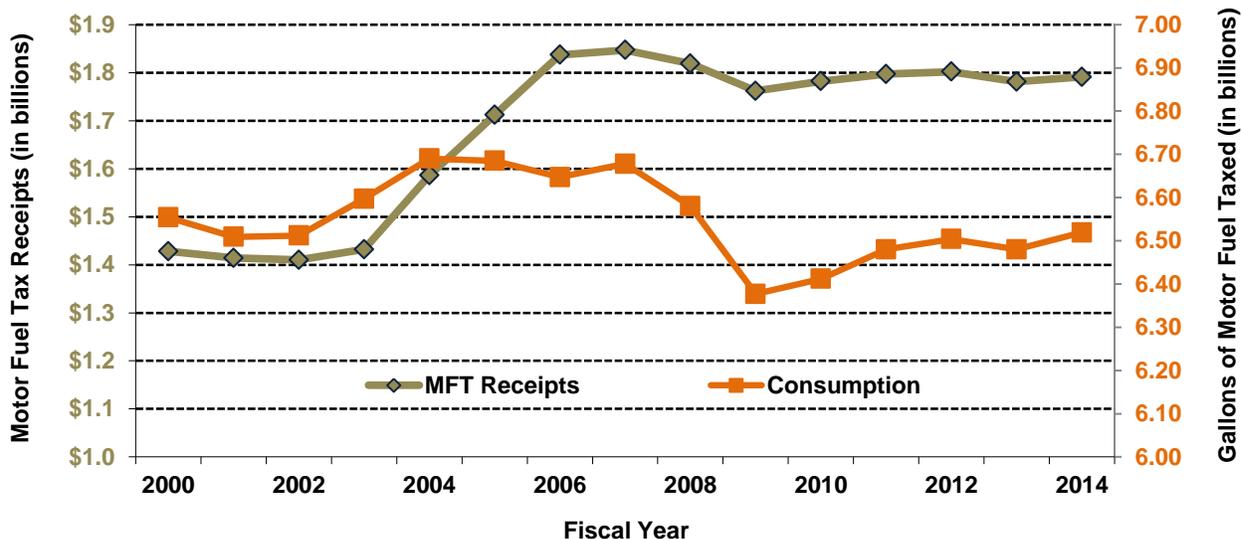


### Ohio's Federal Highway Trust Fund Allocation

In addition to the state motor fuel tax, ODOT relies heavily upon its share of the federal motor fuel tax, which taxes gasoline at 18.4 cents per gallon and diesel at 24.4 cents per gallon. These taxes are deposited into the federal Highway Trust Fund (HTF) and apportioned to the states. Ohio received approximately \$1.59 billion of these funds in FY 2014. For various reasons, there is much uncertainty regarding the sustainability of federal highway funding. First, federal gas tax receipts in the HTF have been declining in recent years, the result of more fuel-efficient vehicles and a reduction in the number of vehicle miles traveled, among other factors. Additionally, HTF revenue has not been sufficient to support the current level of spending from the Trust Fund's spending levels, necessitating transfers from other funds to cover the shortfall. Funding has been a problem, but so has the short-term nature of federal transportation funding authorizations. While Congress passed the Moving Ahead for Progress in the 21st Century Act (MAP-21) in 2012, that legislation authorized federal highway funds only through FFY 2014. The latest federal funding measure (Public Law No. 113-159) extends federal highway funding only through May 2015. For budgeting purposes, ODOT assumes no growth in federal gas tax revenues beyond that point, until a longer term federal reauthorization is enacted.

### State Motor Fuel Tax

Chart 2: Motor Fuel Tax Revenue vs. Gallons Taxed, FY 2000-FY 2014



The state motor fuel tax (MFT) of 28 cents per gallon is another principal source of revenue. As Chart 2 above indicates, MFT receipts totaled just under \$1.80 billion in FY 2014, about where they were over the prior three fiscal years, having leveled off after significant declines in FY 2008 and FY 2009 caused by the great recession in those years. The large revenue gain in the mid-2000s can largely be attributed to the six cents per

gallon increase in the state tax, phased in over three years between FY 2004, FY 2005, and FY 2006, bringing the MFT up to the current 28 cents per gallon level. Although increasing employment and the ongoing economic recovery at the national and state levels would ordinarily portend gains in consumption and gas tax revenue, for the FY 2016-FY 2017 period, ODOT is conservatively forecasting flat MFT revenue of roughly \$1.80 billion. This is in line with FY 2014 receipts and the estimated total revenue from this source in FY 2015.

Changes in MFT revenue not only impact ODOT programs, but also have a ripple effect on the other recipients of the MFT, such as local governments and other state agencies like the Public Works Commission, which operates the Local Transportation Improvement Program. That road and bridge program is supported by revenue from the one cent per gallon of the 28 cents per gallon MFT. Altogether, the MFT has provided roughly \$800.0 million to \$950.0 million in revenue for ODOT in recent fiscal years after accounting for these distributions to other state and local entities.

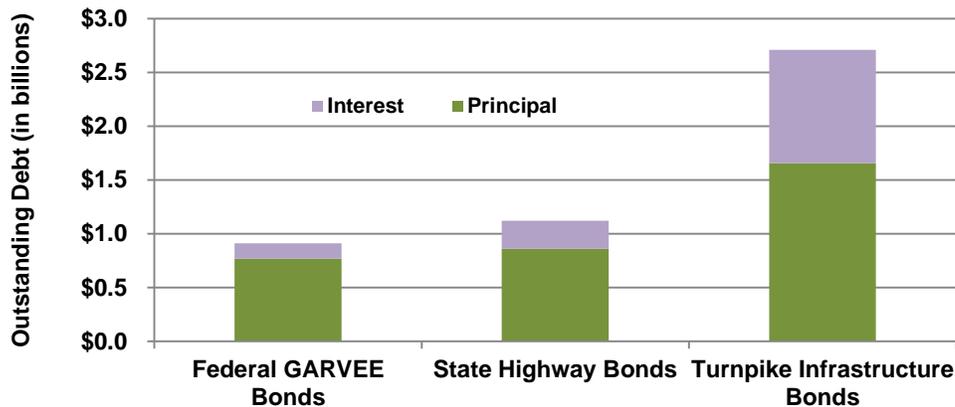
### **Highway Construction Bonds**

In addition to state motor fuel tax funds and federal highway program revenues, ODOT also receives proceeds from bond issuances in order to finance highway construction projects. The transportation budget provides appropriations to spend proceeds of these bonds. There are three types of bonds that are issued on behalf of ODOT: (1) state highway bonds, which are retired with state motor fuel tax revenues, (2) federal grant anticipation revenue vehicle (GARVEE) bonds, which are retired primarily with federal highway program revenues, and (3) Turnpike infrastructure bonds, which are private revenue bonds issued by the Ohio Turnpike and Infrastructure Commission (OTIC) backed by Turnpike toll receipts.

Overall, the Governor's proposal provides total bond appropriations of \$649.8 million over the FY 2016-FY 2017 biennium. The bond-funded component of ODOT's FY 2016-FY 2017 funding proposal consists only of state highway and federal GARVEE bonds. The \$930.0 million in highway funding provided by Turnpike infrastructure bonds was entirely appropriated in the FY 2014-FY 2015 biennium and will be used to complete ten Major New construction projects now underway.

Chart 3 on the following page displays the total outstanding debt on the three bond types that support ODOT construction funding. As of the end of FY 2014, ODOT had outstanding debt (principal and interest) of nearly \$2.03 billion on the state highway bonds and federal GARVEE bonds. In addition, the Ohio Turnpike and Infrastructure Commission had \$2.71 billion in outstanding debt on their infrastructure bonds issued for ODOT highway construction projects.

**Chart 3: Outstanding Bond Debt Supporting ODOT Highway Construction and Maintenance, Year-End FY 2014**



**Turnpike Infrastructure Bonding**

H.B. 51 of the 130th General Assembly, the FY 2014-FY 2015 transportation budget bill, expanded the Ohio Turnpike and Infrastructure Commission's role in financing roadway projects in the state. The bill granted OTIC new authority to issue revenue bonds. The Commission set up new infrastructure funds to be used to finance the ODOT projects it approves for funding. Infrastructure projects receiving this financing fall under ODOT's Major New construction program, which approves projects with total costs of over \$12.0 million and that add new highway capacity, reduce congestion, or improve connectivity. ODOT expects to either expend or encumber the entirety of the \$930.0 million in infrastructure bond proceeds that were appropriated in the current FY 2014-FY 2015 biennium. Consequently, the Governor's proposed transportation budget bill contains no new appropriations using Turnpike infrastructure bonding revenue. As of early February 2015, \$205.8 million of this funding had been spent, while \$604.8 million in infrastructure bond proceeds had been encumbered.

**State Highway Bonding**

The Governor's proposed transportation budget bill provides the authority to issue up to \$313.0 million in state highway bonds over the FY 2016-FY 2017 biennium. This is a 42.3% increase in bonding authority over the \$220.0 million provided for in the FY 2014-FY 2015 biennium. The Ohio Constitution allows only \$220.0 million to be issued in any single fiscal year and no more than \$1.2 billion in outstanding principal at any one time. Under the Governor's proposal, about three-quarters of state highway bond proceeds in the upcoming biennium are directed toward pavement and bridge preservation, while the remainder is dedicated to Major New construction projects. The main operating budget includes the appropriations for debt service payments on these state highway bonds under the budget of the Commissioners of the Sinking Fund. The

payments are estimated to total approximately \$127.2 million in FY 2015. The FY 2016-FY 2017 appropriations for this purpose are \$119.9 million and \$134.1 million, respectively. ODOT maintains a policy of dedicating no more than 20.0% of state revenue dedicated to debt service on these bonds.

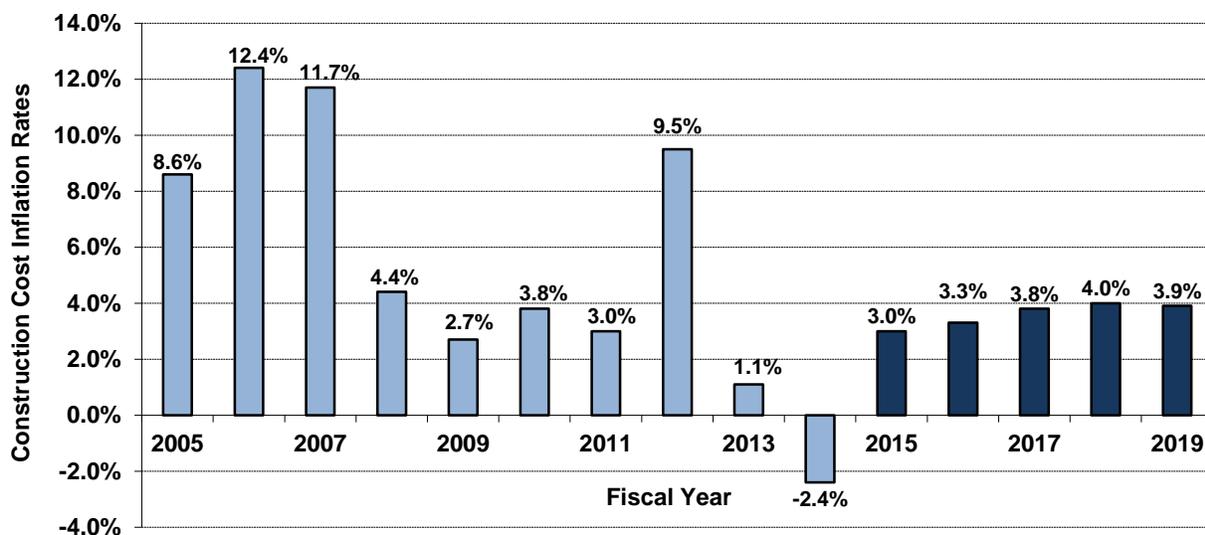
### GARVEE Bonding

The executive proposal provides GARVEE bond appropriations of \$337.3 million over the biennium. Under the Governor's proposal, about 22.0% of GARVEE bond revenue is directed to Major New construction projects, while the remaining 78.0% will pay for pavement and bridge preservation. The debt service on GARVEE bonds is paid out of the Highway Operating Fund (Fund 7002) and is estimated to amount to \$169.7 million in FY 2015 (18.6% from state gas tax funds and 81.4% from federal gas tax funds). FY 2016 appropriations for this purpose are \$176.8 million (14.0% state and 86.0% federal). Similar to the policy on state debt service costs, ODOT's policy is to have no more than 20.0% of federal revenue dedicated to GARVEE bond debt service. Such debt service amounted to 13.5% of federal revenues in FY 2014.

### Construction Cost Outlook and Forecast

As part of the budget planning process, ODOT's Bid Analysis and Review Team produces a five-year Construction Cost Outlook and Forecast. As shown in Chart 4 below, construction cost inflation has fluctuated substantially over the last decade. While strong demand for construction commodities pushed inflation rates higher between FY 2005 and FY 2007, there was a pronounced decline in the rate of inflation during the recession and its aftermath. Despite a notable uptick in inflation in FY 2012, rates again fell in FY 2013 and actually deflated in FY 2014. For FY 2015, the expectation is that construction cost inflation will rise by 3.0% and tick moderately upwards but no higher than 4.0% in each of the next four fiscal years.

Chart 4: Construction Cost Inflation Rates, FY 2005-FY 2019



## Highlights of the FY 2014-FY 2015 Biennium

### Major New Projects Funded with OTIC Infrastructure Bonds

In September 2013, the Transportation Review Advisory Council (TRAC), which oversees funding for ODOT's Major New construction program, and OTIC, each approved ten projects to be funded using the proceeds from the initial \$930.0 million infrastructure bond issuance. In keeping with statutory requirements that projects funded by infrastructure bonds have a nexus with the Turnpike, all ten are located within 20 miles of the Ohio Turnpike. Three projects were allocated more than \$150.0 million each: demolition and construction of a Cuyahoga County bridge on I-90 (\$340.0 million), adding a third lane on I-75 in Wood and Hancock counties (\$204.0 million), and a reconstruction of the interchange at I-75 and I-475 in Lucas County (\$163.0 million). Spending for these projects is accounted for under ODOT's budget under Highway Operating Fund (Fund 7002) appropriation item 772425, Highway Construction – Turnpike. As of early February 2015, spending under this appropriation was \$205.8 million in the current biennium, while \$604.8 million has been encumbered.

### Division of Innovative Delivery and P3s

A major initiative undertaken by ODOT in the current biennium involved the creation of the Division of Innovative Delivery to coordinate projects utilizing public-private partnerships (P3s) and other revenue-generating activities. These projects take the form of long-term highway construction projects and initiatives that generate revenue or savings for the Department. Among the activities of the Division have been investigations into ODOT's ability to develop rest areas on noninterstate highways into commercial service plazas and the exploration of advertising and marketing initiatives surrounding ODOT assets.

### Portsmouth Bypass

In December 2014, ODOT entered into a P3 agreement to build the Portsmouth Bypass in Southeastern Ohio. This is the largest single construction project that the Department has been involved with, entailing construction of a 16-mile, four-lane highway from U.S. Route 23 north of Lucasville to U.S. Route 52 near Sciotoville. The agreement is with the Portsmouth Gateway Group, comprising a collection of contractors, engineering firms, and equity partners responsible for project delivery. The cost of the project has been identified at an estimated \$429.0 million. Expected to close near the end of FY 2015, the financial agreement with the Portsmouth Gateway Group will outline the payment schedule that ODOT will make according to specific project milestones. Construction is anticipated to start in the summer of 2015.

## **Brent Spence Bridge**

Additionally, over the FY 2014-FY 2015 biennium, ODOT explored ways to replace the aging Brent Spence Bridge over the Ohio River crossing from Ohio to Kentucky from Cincinnati. Officials representing ODOT and the Kentucky Transportation Cabinet are expected to establish a plan by the end of FY 2015 to split costs between the two states and pave the way for electronic tolling. The Ohio General Assembly enacted legislation authorizing a P3 agreement for this purpose in June 2014, through H.B. 533 of the 130th General Assembly. Tolling would pay for both the revamping of the existing bridge and the building of a new bridge over the Ohio River, which would relieve congestion occurring from the I-71 and I-75 traffic flowing to and from Cincinnati.

## **Bridge Partnership Program**

In October 2013, ODOT announced the creation of the Bridge Partnership Program to dedicate \$120.0 million in federal funds to repair and replace county and municipal bridges around the state. The \$120.0 million is to be spent over three years and will be used to fully fund the repair or replacement of 204 local bridges. Of the total amount, \$110.0 million will be used for county bridges and the remaining \$10.0 million will be used for municipal bridges. Construction on the first round of 40 bridges to be repaired or replaced began in the spring of 2014.

In order to be selected for the program, a bridge (1) must meet the federal definition of a bridge and be more than 20 feet long, (2) must be currently open to traffic, and (3) must be designated as "structurally deficient." As a condition for receiving federal aid, ODOT must spend at least 15.0% of its federal allocations on bridges that are not part of the National Highway System. Spending on the Bridge Partnership Program will be counted toward that requirement. Of the \$120.0 million in total funding for the program, \$100.0 million is supported through proceeds of GARVEE bonds, while the remaining \$20.0 million will be traditional federal highway trust fund assistance.

## **Major Provisions of the Proposed FY 2016-FY 2017 Budget**

Several changes to permanent law in the Ohio Revised Code and provisions of uncodified law in the Governor's proposed transportation budget bill would affect spending for ODOT's operations. This section outlines these policy recommendations and summarizes their potential fiscal implications.

### **Construction Manager General Contracting**

The executive proposal includes temporary law that would authorize a single pilot project for ODOT to engage a firm to provide professional engineering services and construction manager general contractor (CMGC) work in the initial phases of

project design. After the preconstruction design work is done under a contract with a firm, ODOT would be authorized to negotiate terms of the construction services contract with the CMGC. The negotiated contract amount may be determined on a fixed price, fixed unit pricing, or a guaranteed maximum price basis. The negotiated amount may differ by no more than 10.0% of the official engineer's estimate and an estimate provided by a third-party advisor.

The goal of this construction delivery method is to streamline the bidding process and accelerate project completion, since the CMGC would have been involved since an early stage in design, feasibility, and project phasing. If ODOT realizes construction savings under the pilot project, those savings could either be retained or used to pay for additional projects supported by the Highway Operating Fund (Fund 7002).

### **Indefinite Delivery and Indefinite Quantity Contracting**

The Governor's proposal would also enable ODOT to enter into up to two indefinite delivery indefinite quantity (IDIQ) contracts annually during the FY 2016-FY 2017 biennium. The bill defines an IDIQ contract as a contract for an indefinite quantity, within stated limits, of supplies or services that will be delivered by the awarded bidder over a defined contract period. Subject to the terms and conditions that ODOT develops in setting the parameters of these IDIQ contracts, this additional flexibility could also lead to potential savings on the selected projects that utilize the IDIQ contract opportunity, depending on the supplies or services to be provided, and the circumstances involved with the projects. On the other hand, the IDIQ contracts might result in higher costs than could have been agreed to under ODOT's standard operating procedure, if other variables transpired.

### **Elimination of State Vehicle Biodiesel Consumption Requirements**

The Governor's transportation budget proposal eliminates the current requirements that vehicles owned or leased by state agencies use minimum amounts of E-85 blend gasoline and blended biodiesel. In current law, the Department of Administrative Services enforces these requirements. According to a performance audit of ODOT conducted by the Auditor of State in 2012, these biodiesel requirements cost ODOT approximately \$800,000 per year in extra fuel costs, above the amount in fuel costs ODOT would have paid in traditional fuel expenses.

### **Local Matching of Federal and State Highway Funding**

Current law allows ODOT to waive the county, municipal, or township portion of highway construction costs provided that preliminary design, right-of-way acquisition, and environmental studies have been completed. The bill eliminates the requirement that this preliminary work be done in order for ODOT to provide funding to local governments. The effect would be to allow ODOT to pay for more kinds of local

costs in matching federal funding of highway construction projects. This provision could result in a potential rise in expenditures from Fund 7002, line item 772421, Highway Construction – State, to provide state funds to cover local matching requirements, under ODOT's discretion and subject to the availability of these funds for this purpose.

### **Agency Reorganization for Rail Development and Freight**

Currently, the Ohio Rail Development Commission (ORDC) is an independent state agency housed within ODOT for administrative purposes. The budget proposal eliminates the Ohio Rail Development Commission and establishes a new Division of Freight within ODOT. Under the executive proposal, the Division of Freight, and ODOT at large in other cases, shall assume the duties formerly under ORDC in developing and implementing rail service across the state. The bill authorizes the Director of Transportation to appoint a deputy director of the Division of Freight to oversee the operations of the Division, and allows the deputy director to select and appoint necessary employees to carry out his or her responsibilities. Finally, the Governor's proposal requires that any plan for the construction and operation of a high speed passenger transportation system be drafted by the Division and must be approved by the Transportation Review Advisory Council (TRAC). In addition, the Division of Freight would oversee and coordinate freight movement in the state for other modes of transportation, including maritime, aviation, and highway.

Overall, this structural reorganization of ODOT would likely result in a minimal increase in administrative costs to reflect the move of ORDC to be incorporated as a division within ODOT, and other potential offices and employees within ODOT to be under the Division of Freight. ODOT has stated that the new Division of Freight will not necessitate the hiring of additional ODOT staff. ORDC currently employs a staff of 19. Through the current biennium, ORDC has received GRF funding in the main operating budget bill for administrative expenses as well as financial assistance to railroads, businesses, and communities for rail-related infrastructure. The FY 2014-FY 2015 main operating budget bill, H.B. 59 of the 130th General Assembly, appropriated \$2.0 million for these purposes.

## **Continuing Temporary Law Provisions**

### **Use of Flexible Federal Funds for Public Transit Assistance**

For FY 2016 and FY 2017, as in the current biennium, the Governor's proposal designates \$20.0 million per year in flexible federal highway dollars to further assist transit agencies. Of the total amount, \$6.0 million per year will be distributed to transit systems by formula while the remaining \$14.0 million per year will be competitively awarded to fund replacement of transit vehicles that are beyond their useful lives, capitalized operating expenses (e.g., preventive maintenance, tires, and fuel), and

facility rehabilitation and renovation. More detail concerning this arrangement can be found under Category 3: Public Transit starting on page 38 of this Redbook.

### **Evaporation Discount for Fuel Dealers and Wholesalers**

The Ohio Revised Code requires motor fuel dealers to report and pay the MFT on the number of gallons of taxable fuel handled. Statutorily, motor fuel dealers are allowed to subtract 3.0% of those gallons as an allowance for shrinkage (except that only 2.0% could be claimed for fuel sold to a retail dealer) while retail dealers of motor fuel are permitted to apply for a refund under the tax base of 1.0% of the gallons that they handle on which tax has been paid.

Recent budgets have temporarily reduced the amount of this credit. The executive recommendation continues this for the FY 2016-FY 2017 biennium by setting the shrinkage allowance at the same amount authorized in the FY 2014-FY 2015 transportation budget bill. This allows wholesalers to subtract 1.0% of those gallons as an allowance for shrinkage minus 0.5% on gallons sold to retailers, while retail dealers, with some exceptions, may apply for a refund of 0.5% of the gallons that they handle. Retail dealers in motor fuel do not pay the MFT directly, but they purchase fuel from wholesalers who have paid the tax. The price that retailers pay to wholesalers therefore includes the MFT. Overall, this provision in the proposed transportation budget bill would result in additional retained motor fuel tax revenue, by approximately \$33.2 million annually in the upcoming biennium. This revenue is distributed from the Highway Operating Fund to various entities as statutorily prescribed by formula, but most would be kept by ODOT.

### **Transfers and Reappropriations**

The bill includes several continuing provisions of temporary law that provide for the transfer of appropriations and cash in the Highway Operating Fund and other funds, including the reappropriation of unspent amounts. The bill allows the Office of Budget and Management (OBM) to approve requests of ODOT to (1) transfer appropriations between various line items within the Highway Operating Fund (Fund 7002) to cover unforeseen costs and optimize the use of federal funds, (2) transfer appropriations and cash between various State Infrastructure Bank funds and line items, (3) transfer appropriations and cash from the Highway Operating Fund to the State Infrastructure Bank funds subject to certain requirements, and (4) transfer appropriations and cash of the Ohio Toll Fund and any subaccounts created within the Ohio Toll Fund. Additionally, the bill permits the Director of Transportation to request the Controlling Board to increase appropriations out of the Highway Operating Fund in the event that revenues or apportionments or allocations from the federal and local governments exceed estimates. Finally, the bill specifies that appropriations of the Highway Operating Fund (Fund 7002), the Highway Capital Improvement Fund (Fund

7042), and the State Infrastructure Bank funds remaining unencumbered at the end of FY 2015 and FY 2016 be reappropriated for the same purposes in FY 2016 and FY 2017, respectively, subject to the approval by OBM.

### **Monthly Transfers to Gasoline Excise Tax Fund**

This provision requires the Director of Budget and Management to transfer cash in equal monthly increments totaling \$165.7 million in each year of the FY 2016-FY 2017 biennium from the Highway Operating Fund (Fund 7002) to the Gasoline Excise Tax Fund (Fund 7060). Municipal corporations receive 42.86%, counties receive 37.14%, and townships receive 20.0% of the revenues from this source. The total amounts transferred for FY 2016 and FY 2017 are about 5.0% less than the \$173.9 million transferred to local governments under this provision in FY 2015. As a result, this would modestly decrease the share of motor fuel tax revenue received by local governments under this provision. However, local governments also receive MFT revenue from the State and Local Highway Distribution Fund (Fund 7068) apart from the revenue from Fund 7060. Total allocations to local governments amounted to \$569.8 million in FY 2014.

## TRANSPORTATION SYSTEM STATISTICS

### Snapshot of Ohio's Public Roadways

Ohio's public roadway system consists of federal interstate routes, U.S. routes, state routes, and local public roadways. The entire system contains 121,391 centerline miles of roadway (i.e., the total linear mileage of a roadway, regardless of the number of lanes). Of this total, local governments are responsible for maintaining 105,364 centerline miles (86.8% of the total) while ODOT is responsible for maintaining the other 16,027 centerline miles (13.2% of the total).

ODOT is responsible for maintaining all interstate highways (excluding the Ohio Turnpike, managed by OTIC) and U.S. and state routes outside municipal boundaries. Municipal corporations (cities and villages) are responsible for U.S. and state routes within their borders. Local governments are also responsible for all local public roadways.

Roadway Type	ODOT Maintained	Locally Maintained	Total
Interstate Routes	1,332	0	1,332
U.S. Routes	3,026	887	3,913
State Routes	11,669	2,311	13,980
Local Public Roadways	0	102,166	102,166
<b>TOTAL</b>	<b>16,027</b>	<b>105,364</b>	<b>121,391</b>

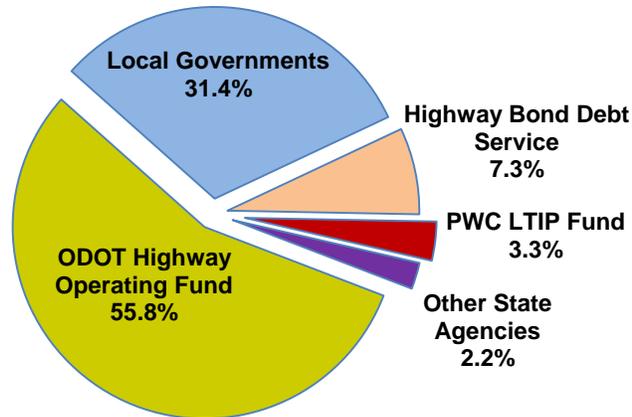
As of May 2013, there were 184.1 million daily vehicle miles traveled on Ohio's state highway system, on average. Of these, 161.6 million vehicle miles (87.8%) were traveled by passenger vehicles, and 22.5 million miles (12.2%) were traveled by trucks. Overall, Ohio's highway transportation infrastructure system ranks 8th in the nation in the number of centerline miles of public roadway with just over 120,000, and ranks 2nd in the number of bridges with about 28,000.

### State Motor Fuel Tax Uses

Revenue from the 28 cents per gallon state MFT is distributed to various state agencies and local governments using a statutory formula. As Chart 5 below shows, the Highway Operating Fund, which ODOT uses to finance road and bridge construction and maintenance, was allocated \$1.01 billion in FY 2014, the largest share (55.8%) of MFT revenue in that fiscal year. The \$569.8 million distributed to local governments accounted for the next largest share (31.4%) of MFT outlays. A portion of MFT revenue is used to cover debt service on highway capital improvement bonds issued to finance highway construction, pavement maintenance, and bridge preservation projects. In

FY 2014, these payments amounted to \$132.5 million (7.3%) of MFT receipts. One cent per gallon of the MFT is dedicated to funding the Local Transportation Improvement Program (LTIP) overseen by the Public Works Commission. This money is directed to local governments for road and bridge projects. In FY 2014, MFT distributions for this purpose amounted to \$59.7 million (3.3%) of MFT receipts for the fiscal year.

**Chart 5: Motor Fuel Tax Distribution in FY 2014**



**ODOT Construction Allocations by Work Type**

As Table 5 below shows, ODOT allocated approximately \$2.4 billion to construction projects in FY 2014. Overall, almost \$1.8 billion (74.4%) was allocated to pavement, Major New, and bridge construction projects. Locally funded projects are projects for which local governments reimburse ODOT and accounted for \$342.9 million (14.3%) of ODOT's FY 2014 funding allocations. Finally, safety upgrades, noise walls, pavement markers, guardrails, mowing, rest area maintenance, and fence repair accounted for \$274.1 million (11.4%) of the FY 2014 total.

<b>Table 5. ODOT Highway Construction Allocations, FY 2014</b>		
<b>Work Type</b>	<b>FY 2014 Allocation (in millions)</b>	<b>% of Total</b>
Pavement	\$713.9	29.7%
Major New	\$557.5	23.2%
Bridge	\$516.4	21.5%
Locally Funded	\$342.9	14.3%
Other	\$274.1	11.4%
<b>TOTAL</b>	<b>\$2,404.8</b>	<b>100.0%</b>

## **ANALYSIS OF EXECUTIVE PROPOSAL**

### **Introduction**

This section provides an analysis of the Governor's recommended funding for each non-GRF appropriation item in ODOT's budget. The Department's GRF appropriations are provided in the main operating budget bill. In this analysis, ODOT's line items are grouped into seven major categories. For each category a table is provided listing the recommended appropriation in each year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. If the appropriation is earmarked, the earmarks are listed and described. The seven categories used in this analysis are as follows:

1. Highway Construction
2. Planning and Research
3. Public Transportation
4. Rail
5. Aviation
6. Debt Service
7. Administration

To aid the reader in finding each item in the analysis, Table 6 on the following page indicates the category into which each appropriation has been put, listing the line items in order within their respective fund groups and funds. This is the same order that the items appear in the transportation budget bill.

<b>Table 6. Categorization of ODOT's Line Items for Analysis of Executive Proposal</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>Category</b>	
<b>Highway Operating Fund Group</b>				
2120	772426	Highway Infrastructure Bank – Federal	1	Highway Construction
2120	772427	Highway Infrastructure Bank – State	1	Highway Construction
2120	772430	Infrastructure Debt Reserve Title 23-49	6	Debt Service
2130	772431	Roadway Infrastructure Bank – State	1	Highway Construction
2130	772433	Infrastructure Debt Reserve – State	6	Debt Service
2130	777477	Aviation Infrastructure Bank – State	5	Aviation
7002	770003	Transportation Facilities Lease Rental Bond Payments	6	Debt Service
7002	771411	Planning and Research – State	2	Planning and Research
7002	771412	Planning and Research – Federal	2	Planning and Research
7002	772421	Highway Construction – State	1 2	Highway Construction Rail
7002	772422	Highway Construction – Federal	1 3	Highway Construction Public Transportation
7002	772424	Highway Construction – Other	1	Highway Construction
7002	772437	Major New State Infrastructure Bond Debt Service – State	6	Debt Service
7002	772438	Major New State Infrastructure Bond Debt Service – Federal	6	Debt Service
7002	773431	Highway Maintenance – State	1	Highway Construction
7002	775452	Public Transportation – Federal	3	Public Transportation
7002	775454	Public Transportation – Other	3	Public Transportation
7002	775459	Elderly and Disabled Special Equipment	3	Public Transportation
7002	776462	Grade Crossings – Federal	4	Rail
7002	777472	Airport Improvements – Federal	5	Aviation
7002	777475	Aviation Administration	5	Aviation
7002	779491	Administration – State	7	Administration
<b>Dedicated Purpose Fund Group</b>				
4N40	776664	Rail Transportation – Other	4	Rail
5W90	777615	County Airport Maintenance	5	Aviation
<b>Capital Projects Fund Group</b>				
7042	772723	Highway Construction – Bonds	1	Highway Construction
7045	772428	Highway Infrastructure Bank – Bonds	1	Highway Construction

### Category 1: Highway Construction

This category of appropriations includes the major sources of state and federal funding for the design, purchase of right-of-way, building, and rehabilitation of the highway system. Table 7 below displays the recommended appropriations for this purpose, in rows descending from highest funding in the biennium to lowest.

<b>Table 7. Governor's Recommended Amounts for Highway Construction</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Highway Operating Fund Group</b>				
7002	772422	Highway Construction – Federal	\$986,223,456	\$1,012,306,620
7002	772421	Highway Construction – State	\$599,586,058	\$576,282,383
7002	773431	Highway Maintenance – State	\$506,200,000	\$519,400,000
7002	772424	Highway Construction – Other	\$80,000,000	\$80,000,000
2120	772427	Highway Infrastructure Bank – State	\$9,825,000	\$9,825,000
2120	772426	Highway Infrastructure Bank – Federal	\$3,500,000	\$3,500,000
2130	772431	Roadway Infrastructure Bank – State	\$3,500,000	\$3,500,000
<b>Highway Operating Fund Group Subtotal</b>			<b>\$2,188,939,514</b>	<b>\$2,204,814,003</b>
<b>Capital Projects Fund Group</b>				
7045	772428	Highway Infrastructure Bank – Bonds	\$131,209,431	\$206,053,254
7042	772723	Highway Construction – Bonds	\$146,330,382	\$166,254,827
<b>Capital Projects Fund Group Subtotal</b>			<b>\$277,539,813</b>	<b>\$372,208,081</b>
<b>Total Funding: Highway Construction</b>			<b>\$2,466,374,327</b>	<b>\$2,577,022,084</b>

### Highway Construction and Maintenance (772421, 772422, 772424, and 773431)

#### Summary

This group of four line items funds ODOT's highway construction and maintenance programs using a combination of federal, state, and local participation funds. This core collection of appropriations comprises the largest component of ODOT's budget, totaling approximately \$4.36 billion in the FY 2016-FY 2017 biennium, making up 74.3% of total appropriations to ODOT in the transportation budget bill.

Line items 772421, Highway Construction – State, and 773431, Highway Maintenance – State, use state motor fuel tax revenues. Line item 772422, Highway Construction – Federal, uses revenues from the federal Highway Trust Fund apportioned to the state by Congress, while line item 772424, Highway Construction – Other, uses local participation dollars.

Appropriation items 772421 and 772422 are the primary source of state and federal dollars for pavement and bridge preservation, local government road projects, Major New construction, road safety, special discretionary programs, construction and

rehabilitation of public access roads, and construction of grade crossing separations. Appropriation item 772424 provides for local highway and bridge design, resurfacing, restoration, replacement, and upgrading; new construction; noise walls and barriers; and pedestrian and bicycle facilities. Appropriation item 773431 funds a portion of the Highway Operating Program, while the balance funds ODOT's maintenance contracts, both of which are discussed in greater detail below.

Table 8 below summarizes the proposed appropriations by program for the four core highway construction and maintenance line items described above, followed by a detailed description of each program. Please note that the figures listed in the table below may represent only a portion of the total for that program since many of these are funded by other line items. This is especially the case for both the Preservation of Pavement and Bridges and Major New construction programs, which are also significantly funded by state highway bonds and federal GARVEE bonds, as shown further below in this category of the Redbook. Also, the four line item appropriations additionally include funding directed toward public transit and rail-highway grade crossings, which are discussed in the Public Transportation and Rail categories of this Redbook, respectively, and these funding amounts are not included in Table 8.

<b>Table 8. Highway Construction and Maintenance Program Allocations from Four Core Line Items (in millions) *</b>			
<b>Program</b>	<b>FY 2015 Est.</b>	<b>FY 2016 Rec.</b>	<b>FY 2017 Rec.</b>
Preservation of Pavement and Bridges	\$936.9	\$875.1	\$901.3
Highway Operating	\$575.0	\$608.1	\$624.6
Local Government Programs	\$374.8	\$375.9	\$396.5
Other Construction Programs	\$86.0	\$104.9	\$104.9
Safety Programs	\$102.0	\$102.0	\$102.0
Highway Maintenance Contracts	\$46.9	\$51.3	\$51.3
Major New Construction	\$75.8	\$54.7	\$7.4
<b>TOTAL</b>	<b>\$2,197.3</b>	<b>\$2,172.0</b>	<b>\$2,188.0</b>

\*Additional program funding for these programs comes from the state and federal bond-funded line items in ODOT's budget through line items 772428 and 772723, discussed within this category below.

## **Program Details**

### **Preservation of Pavement and Bridges**

The executive recommendation provides \$875.1 million in FY 2016 and \$901.3 million in FY 2017 within the amount allocated for Preservation of Pavement and Bridges area of funding among these core highway construction and maintenance line items. However, the executive recommendation also supplements the state and federal motor fuel tax revenues used for the Pavement and Bridge Preservation Program with an additional \$217.0 million in FY 2016 and \$276.0 million in FY 2017 generated from

bond proceeds (in line items 772428 and 772723). This brings the total Pavement and Bridge Preservation recommendation under the transportation budget proposal to \$1.09 billion in FY 2016 and \$1.18 billion in FY 2017. The total FY 2016 recommendation for the program is 10.0% higher than estimated FY 2015 program spending of \$993.0 million, while the FY 2017 recommended budget is 7.8% higher than that for FY 2016. This program provides funds to ODOT districts in order to maintain the existing programs on two-lane state routes (the General System); interstate routes, freeways, and multi-lane roads (the Priority System); and U.S. and state routes within municipal boundaries (the Urban System). In addition, the program remedies deficiencies in bridge paint condition, wearing surfaces, and deck condition.

All of this program's funds over the biennium will be budgeted for capital expenditures, such as engineering and design services, right-of-way acquisition, utility relocation, construction, and construction inspection. All of the funding allocated to the 12 ODOT district offices throughout the state is goal-driven and based on roadway condition indicators. Generally, two-thirds of this program's funding is allocated to pavement projects while the remaining one-third is allocated to bridge preservation projects. Generally, pavement and bridge preservation needs are fully funded prior to addressing new capacity or congestion reduction projects.

### ***Highway Operating***

Executive recommendations of \$608.1 million in FY 2016 and \$624.6 million in FY 2017 cover the operating costs, such as payroll, supplies, and equipment for all of ODOT's highway construction programs. The FY 2016 appropriation amount is 5.8% above estimated FY 2015 spending of \$575.0 million under this area. Over the next two fiscal years, \$744.3 million (60.4%) will be directed to wages and fringe benefits, \$276.2 million (22.4%) to supplies and maintenance, \$94.7 million (7.7%) to equipment, \$85.0 million (6.9%) to capital expenditures related to ODOT's facilities, and \$32.5 million (2.6%) to purchased personal services and other miscellaneous expenses.

Specifically, the amounts budgeted are to cover district and central office costs for personnel that administer ODOT highway operations. As of January 2015, ODOT maintained a roster of over 4,400 full-time equivalent employees (FTEs). ODOT's operations include 12 district headquarters, 101 maintenance facilities, and 95 outposts statewide, as well as the central office in Columbus. Other costs covered in this area of funding include facilities and equipment management, aerial and geotechnical engineering, real estate management, snow and ice control, special hauling permits, coordination with federal authorities, traffic policies and procedures, legal counsel and contract administration, and construction project administration. In the FY 2014-FY 2015 biennium, this program also began funding the capital costs of ODOT's facilities. However, some of those capital costs are not included in the program allocations noted in the table above, and in the FY 2016-FY 2017 biennium will be paid out of line

item 77003, Transportation Facilities Lease Rental Bond Payments. More discussion can be found in the Debt Service category of this Redbook.

### **Local Government Programs**

This program allocates federal funds for several local government programs, which are described in further detail below. The executive recommendation provides \$375.9 million in FY 2016 and \$396.5 million in FY 2017 for these programs. The FY 2016 amount is in line with FY 2015 funding, while the FY 2017 recommendation is 5.5% higher than the FY 2016 recommendation.

**Metropolitan Planning Organizations.** This program provides funds to each of the 17 Metropolitan Planning Organizations (MPOs) and five large cities for multi-modal transportation system improvement projects and programs in Ohio's urban areas. The MPOs are located in urban regions with populations of more than 50,000 people, while the five large cities have populations between 25,000 and 50,000 in Ohio.

The federal funding to the MPOs and large cities is allocated to three programs. First, the Surface Transportation Program (STP) provides flexible funding to preserve local roads, bridges, pedestrian and bicycle infrastructure, and transit projects. ODOT supplies STP funding for the local organizations by population. A total of \$101.3 million was allocated in FY 2014 to STP. The second program is the Congestion Mitigation and Air Quality (CMAQ) Program, for these entities to meet federal Clean Air Act requirements. A total of \$90.5 million was available in CMAQ allocations from FY 2014 funds. Finally, the Transportation Alternatives (TA) Program provides funding for various surface transportation projects, such as the conversion of unused railroad corridors to bike trails and the building of safe routes for nondrivers. In FY 2014, ODOT allocated to MPOs 10.0% of the amount each MPO received in STP funding for the TA Program, thus an aggregate of \$10.1 million in that year.

**Local Participation.** Local participation funding represents the local share of construction projects to be awarded and administered by ODOT. Funding could be supplied entirely by the local government or funded 80.0% by the federal government with the local government supplying the 20.0% match. The Governor's proposed transportation budget bill gives ODOT more flexibility in paying for the local match. In current law, section 5531.08 of the Revised Code, ODOT can only pay local costs for actual construction. However, the suggested policy change would allow ODOT to pay for local costs of preconstruction, such as preliminary studies, right-of-way acquisitions, and engineering and design work.

**Local Bridge Programs.** A few ODOT programs utilized federal funding to be passed down to local governments for bridge projects: (1) the new Bridge Partnership Program, (2) the County Local Bridge Program, and (3) the Municipal Bridge Program.

The Bridge Partnership Program was formed in the current biennium and \$120.0 million in federal funding was awarded for 204 bridge projects. Although ODOT states that the projects will continue through FY 2017, all of the money for this program has been allocated in the current FY 2014-FY 2015 biennium.

The County Local Bridge (CLB) Program is managed by the County Engineers Association of Ohio (CEAO), responsible for project selection, funding criteria, and program priorities. The CLB Program provides counties with ongoing federal money for bridge replacement or rehabilitation. Each county has a \$7.5 million federal funding limit for projects within any four-year program period, subject to a six-year statewide programming limit. The CLB Program was allocated a total of \$34.4 million in FY 2014 funds. Finally, the Municipal Bridge Program provides federal funds for municipal bridge projects, of which up to 80.0% may be used for construction. Approximately \$14.2 million was provided for projects under this program in FY 2014.

**County Surface Transportation Program.** The County Surface Transportation (CST) Program has two components: (1) a regular construction funding program for eligible roadway improvements and (2) a program administered by the Department of Public Safety (DPS) for safety studies. Out of the CST Program, \$1 million is set aside for safety studies. Like the CLB Program, it is managed by CEAO, and each county is permitted to program eligible construction projects up to a \$5.0 million overall CST funding limit for projects within any four-year program period, subject to a six-year statewide programming limit. Specific project funding limits under the CST Program are \$300,000 per county for each guardrail project, \$150,000 per county for each pavement marking project, and \$75,000 per county for each raised pavement marker project. The program was allocated \$28.6 million in FY 2014 funding.

**Small Cities Program.** This federally funded program provides assistance to cities with populations between 5,000 and 24,999. This program may be used by incorporated localities for any road, safety, or signal project on the federal-aid highway system. The program received around \$9.2 million in FY 2014.

**Safe Routes to Schools.** This program provides funds to local communities to make walking and bicycling to school a safe and routine activity. Funding is available for a wide variety of programs and projects, from building safer street crossings to establishing programs that encourage children and their parents to walk and bicycle safely to school. In FY 2014, \$4.0 million was provided for this purpose.

#### ***Other Construction Programs***

There are a number of programs that fall under the Other Construction Programs banner, for which the executive recommendation provides \$104.9 million in each year of the FY 2016-FY 2017 biennium. The funding, derived from state and federal motor fuel tax sources, is used for many purposes, including, but not limited to, the following:

1. The allocation of federally earmarked funds to the appropriate local government entity;
2. The construction of the Appalachian corridor highways in Ohio;
3. Assistance for geological site management projects, including slopes and slides, rockfalls, underground mines, and erosion;
4. A provision of emergency funds for the repair or reconstruction of federal-aid highways and roads on federal lands that have suffered serious damage by natural disasters or catastrophic failures from an external cause;
5. Grant assistance to businesses through the Jobs and Commerce Unrestricted Program in removing transportation barriers in order to create jobs;
6. The exploration and development of P3s;
7. Funding for the replacement and rehabilitation for the rest areas on the state and national highway system;
8. The construction, reconstruction, and maintenance of public access roads to and within facilities owned or operated by the Department of Natural Resources, the Ohio Expositions Commission, the Ohio History Connection, and within the boundaries of metropolitan parks;
9. Retrofitting of roadways with noise barriers statewide; and
10. Transportation improvement projects that improve safety for motorists and horse drawn vehicles in areas with substantial Amish populations.

### ***Safety Programs***

This program provides funding for safety projects that contribute to improving safety and reducing the severity, frequency, and rate of crashes on the state highway system and local roads. The program's goals are to reduce the state's crash fatality rate by 2.0% annually. Ohio's fatality rate per 100 million vehicle miles traveled was 0.99 in 2012, the most recent year for which the National Highway Traffic Safety Administration (NHTSA) has published data. This is a slight increase over a rate of 0.91 in 2011, but an overall improvement of 17.5% from the rate of 1.20 in 2005.

Eligible safety projects include signing, striping, clearing brush, traffic signal coordination, two-way left turn lanes, additional lanes, and other roadway modifications. The executive recommends \$102.0 million in each fiscal year of the FY 2016-FY 2017 biennium for these purposes, approximately the same amount as estimated FY 2015 spending on these projects. Of the total funding in the next biennium, 22.5% comes from state MFT revenues, and the remaining 77.5% is derived from federal HTF allocations to Ohio.

### ***Highway Maintenance Contracts***

These contracts provide for the maintenance of the state highway system, including keeping the system in a safe and attractive condition, collecting traffic management information, providing tourist material and clean rest areas for the motoring public, and maintaining ODOT facilities and equipment. Appropriation item 773431, Highway Maintenance – State, is the sole appropriation item for this program, which funds contracts that support several activities, described below. Recommended appropriations are \$51.3 million in each year of the FY 2016-FY 2017 biennium, a rise of 9.4% (\$4.4 million) over estimated FY 2015 spending of \$46.9 million. The bulk of these additional funds are budgeted in the category of capital expenses, and a portion of these represent contingency funds that ODOT holds for such occurrences as revenue shortfalls or weather emergency events (e.g., flooding). If necessary, excess funds in this and other operating line items can be moved to other line items to assist in funding capital projects.

**Rest Area Maintenance/District Cleaning.** This program employs individuals with disabilities to clean roadside rest areas and ODOT facilities along the highway system. ODOT uses contracted cleaning services to carry out this work. ODOT currently has 106 rest areas, 88 central county garages, 107 outpost facilities, and 12 district headquarters, in addition to the central office headquarters.

**Traffic System Maintenance.** This program maintains traffic control devices on the state highway system. Examples of traffic control signals include highway lighting, signage, striping, and raised pavement markers. The program also includes the state's Intelligent Traffic Systems (ITS), which provides real-time travel information to ODOT managers and the traveling public for travel route decision making.

**Roadway Maintenance.** This program consists of pothole patching, chip and crack sealing, surface paving and treatment, spot berming and restoration, and full depth repair of roadways to repair isolated damage. Also included are upgrades and repairs to guardrail systems to meet current standards. The replacement schedule for a guardrail is 20 years. ODOT invoices drivers for damage caused if cited by the State Highway Patrol. Finally, this program also is responsible for the removal of vegetation, mowing, tree/flower planting, erosion control, drainage ditch obstructions, litter, and the repair of pavement drop-offs.

### ***Major New Construction***

This program provides funding for projects that increase mobility, provide connectivity, ease accessibility of a region for economic development, grow the capacity of a transportation facility, and reduce congestion throughout the state. These projects must have costs of \$12.0 million or more. State motor fuel tax funds are dedicated to Major New construction only after basic system maintenance and operational needs are

met. Once a Major New project is approved by the Transportation Review Advisory Council (TRAC), the project moves through a series of phases before completion. These phases include planning and engineering, design, right-of-way acquisition, and construction. Since the Major New program is funded last on ODOT's list of funding priorities, the program usually absorbs the brunt of the impact if state and federal revenues decrease or if other program costs escalate.

Major New program funding would appear to fall rather precipitously from estimated FY 2015 spending of \$75.7 million through the four core line items that fund highway construction or maintenance. Overall, the decrease in the amount from the line items that are part of Table 8 is from \$54.7 million in FY 2016 to \$7.4 million in FY 2017. However, Major New will continue to receive significant funding under the executive proposal from other funding sources. First, additional funding for Major New projects is provided through state highway bonds and federal GARVEE bond proceeds. This additional funding amounts to \$60.5 million in FY 2016 and \$96.3 million in FY 2017. Next, recall that ODOT budgeted all of the \$930.0 million in proceeds it received from the Turnpike from the sale of infrastructure bonds in the FY 2014-FY 2015 biennium, so all of this funding will be encumbered by the end of FY 2015. As a result, none of that money is appropriated in the FY 2016-FY 2017 biennium, even though actual spending using those funds will continue to be paid out over this time frame. Finally, ODOT has more vigorously pursued the financing of large Major New projects through P3 agreements such as that with the Portsmouth Gateway Group to build the Portsmouth Bypass, estimated to cost \$429.0 million. The project will be constructed privately under a P3 agreement, allowing the state to make payments over a negotiated period of time.

### **Temporary Law Provisions Affecting Highway Construction**

#### **Construction Manager General Contracting**

The executive proposal includes temporary law that would authorize a single pilot project for ODOT to engage a firm to provide professional engineering services and Construction Manager General Contractor (CMGC) work. After the preconstruction design work is done under a contract with a firm, ODOT would be authorized to negotiate terms of the construction services contract with the CMGC. The negotiated contract amount may be determined on a fixed price, fixed unit pricing, or a guaranteed maximum price basis. The negotiated amount may differ by no more than 10.0% of the official engineer's estimate and an estimate provided by a third-party advisor. The purported advantage in such a contracting arrangement is that it can reduce costs and speed project delivery, since the CMGC is involved from the early stages in design and constructability review. If ODOT were to realize savings under this pilot project, the Department could either retain that amount or designate it for other construction projects supported by Highway Operating Fund (Fund 7002) appropriations.

### **Indefinite Delivery and Indefinite Quantity Contracting**

The Governor's proposal would also enable ODOT to enter into up to two indefinite delivery indefinite quantity (IDIQ) contracts in each year of the FY 2016-FY 2017 biennium. The bill defines an IDIQ contract as a contract for an indefinite quantity, within stated limits, of supplies or services that will be delivered by the awarded bidder over a defined contract period. Subject to the terms and conditions that ODOT develops in setting the conditions of these IDIQ contracts, this additional flexibility could also lead to potential savings on the selected projects that utilize the IDIQ contract opportunity, depending on the supplies or services to be provided, and the circumstances involved with the projects. On the other hand, the IDIQ contracts might result in higher costs than could have been agreed to under ODOT's standard operating procedure, if other variables transpired.

### **Construction at DNR, Expositions Commission, and Ohio History Connection Sites**

The executive budget provides uncodified law carried over from previous biennia specifying that appropriation item 772421, Highway Construction – State, may be used for the construction, reconstruction, or maintenance of certain roads. Specifically, the language requires that the line item pay for work on public access roads, including support features, to and within state facilities owned or operated by the Department of Natural Resources. In addition, the bill requires that the line item provide for construction and maintenance of park drives or park roads within the boundaries of metropolitan parks. The line item may also be used to perform road reconstruction or maintenance work on behalf of the Ohio Expositions Commission at the state fairgrounds and for the Ohio History Connection, formerly named the Ohio Historical Society, at state historic sites. These specifications to line item 772421 have also been included in recent transportation budget acts, but also with exact earmark amounts from the line item.

### **State Funding for Transportation Improvement Districts**

The transportation budget bill also earmarks up to \$3.5 million in each fiscal year for distribution to transportation improvement districts (TIDs) out of line item 772421, Highway Construction – State. These funds are to be distributed to TIDs to assist with eligible transportation improvement projects, up to \$250,000 per project. Funds may be used for preliminary engineering, detailed design, right-of-way acquisition, and construction costs, and may not be used for administrative or staffing expenses. A similar provision was in place for the FY 2014-FY 2015 biennium under H.B. 51 of the 130th General Assembly.

## State and Federal Bond-Funded Highway Construction (772723 and 772428)

These two line items supplement state motor fuel tax and federal Highway Trust Fund money for the two highway construction programs under ODOT: the Preservation of Pavement and Bridges Program and the Major New Construction Program. Table 9 below displays the recommended allocations of state highway construction bonds and federal GARVEE bonds between the two highway construction programs for the FY 2016-FY 2017 biennium. In all, almost \$650.0 million is appropriated over the two-year period with this funding. Over three-quarters of the biennial appropriations would support preservation of pavement and bridges, while the remainder would fund Major New construction projects. More detail on each of the bond funding types is provided below the table.

<b>Table 9. Highway Construction Funding through Bonds, Program Allocations (in millions)</b>					
<b>Program</b>	<b>Bond Type</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Biennial Total</b>	<b>% of Total</b>
Preservation of Pavement and Bridges	State Highway	\$100.8	\$129.2	\$230.0	35.4%
	Federal GARVEE	\$116.2	\$146.8	\$263.0	40.5%
	<b>Total – Program</b>	<b>\$217.0</b>	<b>\$276.0</b>	<b>\$493.1</b>	<b>75.9%</b>
Major New Construction	State Highway	\$45.5	\$37.0	\$82.5	12.7%
	Federal GARVEE	\$15.0	\$59.3	\$74.3	11.4%
	<b>Total – Program</b>	<b>\$60.5</b>	<b>\$96.3</b>	<b>\$156.8</b>	<b>24.1%</b>
<b>TOTAL</b>		<b>\$277.5</b>	<b>\$372.3</b>	<b>\$649.8</b>	<b>100.0%</b>

### State Highway Bonds

The debt service on state bonds is paid from state motor fuel tax revenues from the Highway Operating Fund (Fund 7002). The bill authorizes the state to issue up to \$313.0 million in general obligation bonds over the FY 2016-FY 2017 biennium to finance highway projects. Similar to GARVEE bonds, ODOT uses state highway bonds to finance large construction projects to avoid tying up cash that could be used elsewhere. To provide flexibility with respect to cash needs, a provision in the bill permits the Director of Budget and Management to transfer cash from the Highway Operating Fund (Fund 7002) to the Highway Capital Improvement Fund (Fund 7042) and to transfer the amounts from Fund 7042 to Fund 7002 up to the amounts previously transferred. The issuance of these bonds is constitutionally restricted to no more than \$220.0 million in any fiscal year and no more than \$1.2 billion can be outstanding at any one time. The debt service on the bonds issued is paid out of Fund 7072, line item 155902, Highway Capital Improvement Bond Retirement Fund, which appears under the Commissioners of the Sinking Fund section of the main operating budget.

The executive recommendation provides bond appropriations of \$146.3 million in FY 2016 and \$166.3 million in FY 2017 for a biennial total of \$312.6 million, just under the \$313.0 million authorized to be issued for the two-year period. The appropriation recommended for FY 2016 is 22.3% above FY 2015 estimated spending of \$119.6 million under the line item.

### **Federal GARVEE Bonds**

This line item funds system preservation projects with GARVEE bonds, which are issued against and retired primarily with ODOT's federal Highway Trust Fund revenues. The debt service on these bonds is paid out of the Highway Operating Fund (Fund 7002) in line items 772437 and 772438, discussed below in the Debt Service category of this Redbook. Although the line item references the "Infrastructure Bank," it is not related to the State Infrastructure Bank Bond and Loan Program.

For the FY 2016-FY 2017 biennium, recommended GARVEE bond appropriations are \$337.3 million over the biennium. Taking a look at the Governor's proposal by fiscal year, the executive recommendation provides GARVEE bond appropriations of \$131.2 million in FY 2016 and \$206.1 million in FY 2017. The amount recommended for FY 2016 is 35.3% (\$34.2 million) higher than FY 2015 estimated expenditures of \$97.0 million. The amount recommended for FY 2017 is 57.0% (\$74.8 million) greater than the amount for FY 2016.

### **State Infrastructure Bank (772426, 772427, and 772431)**

These line items support the State Infrastructure Bank (SIB) revolving loan program. A total of \$33.7 million is appropriated for the SIB program in the next biennium. The program provides direct loans to public entities for local highway projects in order to accelerate projects and spur economic development. Funds can be used for right-of-way and construction costs. Local governments may pledge their gas tax revenues as loan repayments. SIB was originally capitalized in 1997 with \$137.0 million in federal and state funds.

The \$33.7 million in funding in the FY 2016-FY 2017 biennium is split between fiscal years. The three line items making up the funding are separate because of the funding source: 772426 must meet federal highway funding requirements, 772427 is partially limited with federal regulations, and 772431 is state funded. Of the total, 58.4% (\$19.7 million) is appropriated under line item 772427, while the remaining 41.6% is split evenly in funding under the other two line items, amounting to \$7.0 million for each over the FY 2016-FY 2017 biennium.

The availability of dollars is dependent upon SIB activity and loan repayments. SIB may also issue bonds on behalf of the borrower. There is no set limit and 100.0% financing is available. Loans have ranged in size from \$72,000 up to \$20.0 million and

require the borrower to pay closing costs. Loans are offered to projects that typically do not qualify for federal or state funds.

As of the end of FFY 2012, SIB has issued 168 loans totaling \$489.1 million and seven bonds amounting to \$45.1 million since its inception. The average loan size is \$2.9 million, and the average bond amount is \$6.4 million. Most of the total funding has gone to highway-related projects (81.9%), though SIB has also funded rail, transit, airport, and bikeway projects. There were a total of 86 active loans and three active bonds as of June 30, 2014, with 82 loans already completely paid back.

Lastly, two other line items (772430 and 772433) are used to pay debt service on bonds issued to further capitalize the SIB program in the mid-2000s. These line items are discussed in more detail below in the Debt Service category of this Redbook.

## Category 2: Planning and Research

This category of appropriations is used to fund the Planning and Research Program. These funds support the Division of Planning within ODOT, comprised of various sections and offices. The Statewide Planning Section, Modeling and Forecasting Section, and Research Section together coordinate the management of statewide planning efforts including long-range transportation planning, collaboration with other agencies and district offices, the production of traffic forecasts, and the conducting of research to address transportation issues. The Office of Environmental Services reviews and monitors compliance with state and federal environmental regulations. The Office of Technical Services collects data on Ohio's roadways and traffic systems. The Office of Local Programs coordinates construction projects with local governments, through the Local Technical Assistance Program (LTAP).

<b>Table 10. Governor's Recommended Amounts for Planning and Research</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Highway Operating Fund Group</b>				
7002	771412	Planning and Research – Federal	\$33,405,195	\$30,780,847
7002	771411	Planning and Research – State	\$20,616,087	\$23,590,435
<b>Total Funding: Planning and Research</b>			<b>\$54,021,282</b>	<b>\$54,371,282</b>

### Planning and Research – Federal (772412)

This line item provides the federal dollars to support planning and research operations. The Governor's proposal provides \$33.4 million in such funding in FY 2016 and \$30.8 million for this purpose in FY 2017.

Current federal law requires that states set aside 2.0% of their federal-aid highway program apportionments for statewide planning and research. Within this set-aside, states must use at least 25.0% for research purposes, including research, development, and technology transfer activities necessary for planning, constructing, and maintaining highway, public transit, transportation alternatives, and intermodal systems. Most research and development requires a 20.0% state match, the funding for which is provided in line item 771411. ODOT is also required by the federal government to support urban transportation planning programs in each of Ohio's 17 metropolitan planning organizations (MPOs), which cover 30 urban counties. Those programs are 80.0% federally funded with 10.0% matches each from the state and local governments.

Planning and research funds can be used for transportation planning for highways, transit (intercity passenger rail, urban passenger rail, and other transit services), and rail freight. Planning operations include traffic and roadway monitoring, roadway inventory, local road mileage certification, computer mapping and database

development, air quality monitoring, special planning projects, updates to the Department's long-range plan, coordination with MPOs, and review of traffic congestion and travel demand. Research projects are conducted through contracts with research institutions. The Department also participates in pooled fund studies led by other states or the Federal Highway Administration, which generates substantial research with minimal financial investment.

### **Planning and Research – State (771411)**

The executive recommends \$20.6 million for the state planning and research line item in FY 2016 and \$23.6 million for FY 2017. The amount recommended for FY 2016 is 5.2% below FY 2015 estimated spending of \$21.7 million, while the amount recommended for FY 2017 is 14.4% higher than the FY 2016 amount. Accounting for the increase is \$2.7 million more in budgeted capital costs, and \$350,000 in additional personnel expenses. Overall, approximately 57.3% of this line item each fiscal year is devoted to payroll, supplies, and equipment for the ODOT staff involved in planning and research operations.

Activities funded under this line item include the collection, analysis, and maintenance of various data, such as traffic information, the state's official road inventory, pavement condition ratings, environmental, geotechnical, travel demand models, and geographic information systems. The line item also funds the coordination and the state-match for the State Planning and Research Program, described in more detail under line item 771412, Planning and Research – Federal, as well as the LTAP, which assists local government personnel in understanding and adopting the latest data concerning roads, bridges, safety regulations, and transportation.

**Category 3: Public Transportation**

This category of appropriations funds ODOT's Office of Transit within the Division of Planning, which provides capital, operating, technical, and planning assistance to the 61 transit systems receiving state assistance. Of the 61 transit systems, 28 systems are in urban areas and 33 are in rural areas. Data gathered by ODOT show that over 115.1 million passenger trips were provided by the state's transit systems during CY 2013, the most recent year of available data. In rural areas, many public transit services are used heavily by senior citizens and the disabled.

Table 11 shows appropriations for public transit included in the transportation budget bill. The majority of assistance for transit derives from federal dollars, used for grants to aid both operating costs and capital purchases. Funding is also provided from the state GRF and the Highway Operating Fund. GRF funding is appropriated to ODOT in the main operating budget bill and thus is not described in this Redbook.

<b>Table 11. Governor's Recommended Amounts for Public Transportation</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Highway Operating Fund Group</b>				
7002	775452	Public Transportation – Federal	\$31,232,549	\$31,232,549
7002	772422	Highway Construction – Federal	\$20,000,000	\$20,000,000
7002	775454	Public Transportation – Other	\$1,500,000	\$1,500,000
<b>Total Funding: Public Transportation</b>			<b>\$52,732,549</b>	<b>\$52,732,549</b>

**Public Transit Assistance (772422 and 775452)**

**Highway Construction – Federal (772422)**

Under the Governor's proposal, this line item is allocated \$20.0 million in flexible federal dollars each year to provide funding to Ohio's transit systems. For FY 2016 and FY 2017, ODOT will continue to distribute \$6.0 million per year to urban transit systems by formula, while the remaining \$14.0 million per year in program funding will be competitively awarded through the Ohio Transit Preservation Partnership Program to replace transit vehicles that are beyond their useful lives, assist with operating expenses (e.g., preventive maintenance, tires, and fuel), and aid in facility rehabilitation and renovation. This is the same funding level, both for the set-aside and for the discretionary amounts, as in effect during the FY 2014-FY 2015 biennium.

Temporary law in the bill permits the Director of Transportation to use revenue from the motor fuel tax to match approved federal grants awarded to ODOT, regional transit authorities, or eligible public transportation systems, for public transportation highway purposes, or to support local or state-funded projects for public transportation highway purposes. However, under the Ohio Constitution, motor fuel tax revenues

may not be used for operating assistance or for the purchase of vehicles, equipment, or maintenance facilities. This language also appeared in the transportation budget bill for the FY 2014-FY 2015 biennium.

### **Public Transportation – Federal (775452)**

This line item provides federal funding for a plethora of programs that aim to support public transit systems in Ohio. The Federal Transit Administration (FTA) distributes funds to the states to pass through to local entities under varying apportionment formulas and requirements, by program.

The recommended funding of \$31.2 million for each fiscal year is about 13.2% above the amount budgeted for FY 2015. Almost all of the \$3.6 million increase for FY 2016 and FY 2017 can be explained by funding for the Specialized Transportation Program that is being absorbed under this line item.

The programs described below are not fully funded through this line item. They receive matching funds under line item 772454. Additionally, for the Ohio Public Transportation Grant Program, large urban systems receive their program funding in line item 772422 detailed above, while small urban and rural transit systems typically receive GRF funding (appropriated in the main operating budget bill).

#### ***ODOT's Public Transit Programs***

**Ohio Public Transportation Grant Program.** Money from this line item generally covers mostly medium-sized urban systems under the Ohio Public Transportation Grant Program. The program awards grants to transit systems 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.

**Specialized Transportation Program.** This program allocates money for the purchase of vehicles for urban and rural nonprofit agencies providing transportation services to the elderly and people with disabilities. A 20.0% local match is required, the funds for which are deposited into the Highway Operating Fund (Fund 7002) and expended through line item 775454. ODOT is recognized as the recipient of the federal funds and is required to oversee their distribution and subsequent investment in local transportation services. Thus, ODOT purchases the vehicles on behalf of the recipient agencies and receives reimbursement from the FTA.

In prior years, the program was funded under a separate line item (772459, Elderly and Disabled Special Equipment); however, this year it is consolidated into line item 775452. FY 2014 spending under this program was \$4.2 million; the amount

estimated for FY 2015 is \$4.7 million. With funding now consolidated under line item 775454, ODOT expects to allocate approximately \$3.6 million toward the program in each year of the FY 2016-FY 2017 biennium.

**Ohio Technical Assistance Program.** This program provides funding to public entities to assist in the coordination of service, or for other purposes like contract rate analysis, the establishment of an operating service plan, and the development of transit materials for employees of systems and citizens. ODOT staff serve as consultants to public transit systems, offer guidance on ODOT grant programs, and conduct program reviews and quality assurance reviews, site visits, and training workshops.

**Public Transportation – Other (775454)**

This line item provides the 20.0% local matching funds collected for vehicles purchased through the Specialized Transportation Program described above. The Department requires the local portion of funding up front and then purchases vehicles on behalf of the recipient agencies. The executive recommends \$1.5 million per fiscal year for this line item, the same levels as the FY 2014-FY 2015 biennium.

## Category 4: Rail

This category of appropriations is currently administered by the Ohio Rail Development Commission (ORDC), an independent commission within ODOT. The Governor's proposed transportation budget would abolish ORDC and establish a Division of Freight under ODOT to assume all of ORDC's duties. Because the Commission is already under ODOT's budget administratively, including the housing of their offices in ODOT headquarters in Columbus, ODOT does not foresee the need for a significant change in appropriations to accomplish the proposed organizational changes related to state oversight of rail.

ORDC's programs currently funded in the transportation budget support economic development and rail-highway safety, including equipment upgrades and removal of hazardous rail crossings. ORDC also has historically received GRF funding in the main operating budget bill, used for administrative expenses as well as financial assistance to railroads, businesses, and communities for rail-related infrastructure.

<b>Table 12. Governor's Recommended Amounts for Rail</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Highway Operating Fund Group</b>				
7002	772421	Highway Construction – State	\$1,105,000	\$1,131,000
7002	776462	Grade Crossing – Federal	\$14,098,000	\$14,072,000
<b>Highway Operating Fund Group Subtotal</b>			<b>\$15,203,000</b>	<b>\$15,203,000</b>
<b>Dedicated Purpose Fund Group</b>				
4N40	776664	Rail Transportation – Other	\$2,875,800	\$2,875,800
<b>Dedicated Purpose Fund Group Subtotal</b>			<b>\$2,875,800</b>	<b>\$2,875,800</b>
<b>Total Funding: Rail</b>			<b>\$18,078,800</b>	<b>\$18,078,800</b>

### Rail Safety (776462 and 772421)

#### Grade Crossing – Federal (776462)

The executive recommends \$14.1 million in each year for this line item, in line with anticipated FY 2015 spending in this area. This line item, which constitutes 77.9% of the recommended funding in the rail transportation category, provides federal funds for a federally mandated program that provides for the elimination of hazards at highway-railroad grade crossings by installing flashing lights and gates, closing and consolidating crossings, constructing grade separations, and resurfacing grade crossings. Implementing these safety measures helps to eliminate collisions between vehicles and trains.

According to the Railroad Information System, a database that is maintained by ORDC and the Public Utilities Commission of Ohio that contains a comprehensive listing of highway-railroad grade crossings in the state, there are 5,764 public, at-grade

crossings open to traffic. Of this amount, 3,212 (55.7%) have lights and gates, 633 (11.0%) have lights only, and 1,919 (33.3%) have neither lights nor gates.

ORDC uses these funds to operate four grade crossing safety programs: (1) a formula-based program, allocated by statewide hazard rankings, (2) a corridor-based program, under which stretches of track with multiple grade crossings receive upgrades and improvements, including closures of redundant crossings, (3) a constituent-identified program, based on referrals from county task forces, railroads, local governments, county engineers, and ODOT districts to identify hazards and locations where warning device upgrades may be necessary, and finally (4) a preemptive program to interconnect grade crossings and nearby highway traffic signals so that the normal sequence of a traffic signal is interrupted to clear the grade crossing area of vehicular traffic before a train arrives. In total, ORDC initiated 139 projects under the programs in FY 2013 and FY 2014.

#### **Highway Construction – State (772421)**

Additionally, the Governor's proposal supplements the funding for grade crossing safety with roughly \$1.1 million per fiscal year in state motor fuel tax funds appropriated under line item 772421, Highway Construction – State. This amount in funding through line item 772421 is consistent with state funding for rail under the line item in the FY 2014-FY 2015 biennium.

#### **Rail Transportation – Other (776664)**

This line item provides loans to support the rehabilitation of rail lines, the construction of rail interchanges or connections, maintenance of rail properties purchased by the state, as well as the acquisition of rail transportation or rail property. Grants for these same purposes have been provided through GRF line item 776465, Rail Development, appropriated in the main operating budget bill. Loans and grants under this program are awarded to public entities, railroads, and private companies.

The executive recommendation provides approximately \$2.9 million in each fiscal year for line item 776664, equal to anticipated FY 2015 spending under this line item. Overall, the number and amount of grants or loans issued depend on the characteristics of projects that apply for rail support. A portion of this line item also has been used to fund ORDC's operating expenses so that all GRF funds may be used for grant projects.

## Category 5: Aviation

This category of appropriations supports the operations of the Office of Aviation. This Office is responsible for working with airports to meet national safety standards, making infrastructure improvements, coordinating with the Federal Aviation Administration (FAA) registering aircraft, providing air transportation to state officials, and maintaining the state's aircraft fleet. This funding is supplemented with a GRF appropriation in the main operating budget bill.

<b>Table 13. Governor's Recommended Amounts for Aviation</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Highway Operating Fund Group</b>				
7002	777475	Aviation Administration	\$6,620,899	\$6,666,416
2130	777477	Aviation Infrastructure Bank – State	\$2,000,000	\$2,000,000
7002	777472	Airport Improvements – Federal	\$405,000	\$405,000
<b>Highway Operating Fund Group Subtotal</b>			<b>\$9,025,899</b>	<b>\$9,071,416</b>
<b>Dedicated Purpose Fund Group</b>				
5W90	777615	County Airport Maintenance	\$620,000	\$620,000
<b>Dedicated Purpose Fund Group Subtotal</b>			<b>\$620,000</b>	<b>\$620,000</b>
<b>Total Funding: Aviation</b>			<b>\$9,645,899</b>	<b>\$9,691,416</b>

### Aviation Administration (777475)

This line item, along with a portion of a GRF allocation funded in the main operating budget bill, funds the Aviation Operating Program, which is responsible for operating ODOT's aircraft. ODOT aircraft are used to transport state officials, including the Governor, legislators, and state personnel on official business, and to perform ODOT missions such as aerial photography, emergency management, forestry missions, homeland security, prisoner transfers, Department of Natural Resources (DNR) missions, wild animal inoculations, and assisting in marijuana eradication. ODOT maintains a fleet of 24 state aircraft, which includes 16 owned by the Ohio State Highway Patrol, three by DNR, and five by ODOT itself. Any costs arising from nonhighway use of the aircraft, such as special mission flights for DNR, the Department of Public Safety, or other state agencies, must be reimbursed to ODOT. In addition, the line item funds the oversight of about 10,600 FAA-registered general aviation aircraft based in Ohio.

The executive recommends funding amounts for these purposes of approximately \$6.6 million in FY 2016 and \$6.7 million in FY 2017. The FY 2016 amount is a 34.2% increase when compared to estimated spending of \$4.9 million for aviation administration in FY 2015. The \$1.7 million increase is almost entirely budgeted under the supplies and maintenance expense account of the line item. ODOT intends to

commit this increased funding to unmanned aerial vehicle (UAV) studies and collaboration with other state and federal agencies on UAV oversight.

### **Aviation Infrastructure Bank – State (777477)**

This line item supports the Aviation Infrastructure Bank Loan Program, which provides an additional resource that publicly owned airports may use to fund aviation projects. Like the Transit Infrastructure Bank loans, the Aviation Infrastructure Bank Loan Program is a part of the State Infrastructure Bank (SIB) Program. Moneys from an initial program capitalization of GRF, federal, and motor fuel tax funds allow the program to operate as a revolving loan program. The line items are used to provide low-interest loans to local governments to fund either aviation capital improvement projects at 100.0% or to match available federal funding. The executive recommendation provides \$2.0 million each fiscal year for Aviation Infrastructure Bank loans, doubling the \$1.0 million budgeted for the loans in FY 2015. Since the program's inception, \$28.1 million in loans has been authorized for 14 aviation projects.

### **County Airport Maintenance (777615)**

This line item is supported by a general aviation license tax of \$15 per aircraft seat and an annual flat rate of \$15 for gliders and balloons that is deposited into the Airport Assistance Fund (Fund 5W90). Fund 5W90 received around \$450,000 in revenues from these sources in FY 2014. The executive recommends funding of \$620,000 in each fiscal year for the line item, in line with the FY 2015 spending estimate.

In conjunction with GRF and federal dollars, this line item supports the Aviation Improvement Program by providing funds to publicly owned airports for pavement maintenance and obstruction removal. These grants cover 90.0% of the cost of obstruction removal or pavement resurfacing or reconstruction, not including project design expenses. Ninety-nine publicly owned airports are eligible for these grants. In FY 2014, the Aviation Improvement Program awarded seven grants totaling approximately \$959,000, an amount in line with award funding in the two prior years. GRF funding of the program is appropriated in the main operating budget bill.

### **Airport Improvements – Federal (777472)**

This line item, also a component of the Aviation Improvement Program, provides expenditure authority for any grants the Department might receive from the FAA. The executive recommendation provides \$405,000 annually for this line item, the same amounts as expected FY 2015 spending under this line item.

## Category 6: Debt Service

This category of appropriations provides funding for debt service on bonds issued to pay for highway construction and maintenance, as well as other infrastructure projects under the State Infrastructure Bank.

Supplementary to the appropriations listed below in Table 14, the main operating budget includes appropriations for debt service payments on state highway bonds under the budget of the Commissioners of the Sinking Fund. Those are General Obligation (GO) bond payments, paid out of the GRF, and are estimated to total approximately \$127.2 million in FY 2015.

<b>Table 14. Governor's Recommended Amounts for Debt Service</b>				
<b>Fund</b>	<b>ALI</b>	<b>ALI Name</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Highway Operating Fund Group</b>				
7002	772438	Major New State Infrastructure Bond Debt Service – Federal	\$152,033,800	\$146,534,600
7002	772437	Major New State Infrastructure Bond Debt Service – State	\$24,802,700	\$25,859,100
7002	770003	Transportation Facilities Lease Rental Bond Payments	\$10,100,000	\$12,162,500
2130	772433	Infrastructure Debt Reserve – State	\$650,000	\$650,000
2120	772430	Infrastructure Debt Reserve Title 23-49	\$525,000	\$525,000
<b>Total Funding: Debt Service</b>			<b>\$188,111,500</b>	<b>\$185,731,200</b>

### Federal GARVEE Bond Debt Service (772437 and 772438)

Appropriation items 772438, Major New State Infrastructure Bond Debt Service – Federal, and 772437, Major New State Infrastructure Bond Debt Service – State, provide the annual debt service for the \$912.0 million in federal grant anticipated revenue vehicle (GARVEE) bond principal and interest outstanding as of the end of FY 2014. GARVEE bonds allow the state to issue debt to finance qualified construction projects using the expected federal motor fuel tax revenues appropriated from the federal Highway Trust Fund. The executive recommendation provides \$349.2 million in appropriations under these line items in the FY 2016-FY 2017 biennium, about 3.7% higher than total estimated spending over the current FY 2014-FY 2015 biennium of \$336.8 million for this debt service.

### Transportation Facilities Lease Rental Bond Payments (770003)

This line item is appropriated just over \$22.3 million in total over the biennium. This represents the amount required to cover debt service payments on the bonds issued for the rehabilitation and construction of ODOT facilities. The projects include improvements to between 15 and 25 of ODOT's full-service maintenance facilities, outposts, and supply storage facilities statewide. Funding for these projects was

authorized under H.B. 497, the capital appropriations bill of the 130th General Assembly.

**State Infrastructure Bank Debt Service (772433 and 772430)**

Appropriation items 772433 and 772430 both pay debt service on bonds that were issued in the mid-2000s by the state to infuse capital into the State Infrastructure Bank (SIB) Program. A total of \$10.0 million in bonds were issued, the proceeds of which were used to make loans to political subdivisions for transportation infrastructure projects under SIB. Revenue from the loan repayments is used to make the debt service payments. The \$1.2 million appropriated in each fiscal year under these line items is identical as the amount budgeted for these purposes in FY 2014-FY 2015.

## Category 7: Administration

The appropriation under this category provides for the management support of all the Department's programs.

Table 15. Governor's Recommended Amounts for Administration				
Fund	ALI	ALI Name	FY 2016	FY 2017
<b>Highway Operating Fund Group</b>				
7002	779491	Administration – State	\$89,292,626	\$92,690,582
<b>Total Funding: Administration</b>			<b>\$89,292,626</b>	<b>\$92,690,582</b>

### Administration – State (779491)

This line item provides the management support needed to administer the Department's programs, including the Director's executive leadership staff, quality and human resources, financing and forecasting, information technology, and local programs. The line item supports approximately 453 full-time equivalent (FTE) positions with an operating program budget of about \$182.0 million over the FY 2016-FY 2017 biennium (\$89.3 million in FY 2016 and \$92.7 million in FY 2017). These amounts are in line with the estimated \$92.5 million in spending for these purposes in FY 2015. Spending was higher from the line item in FY 2014, at \$114.0 million; however, funding for ODOT's highway facilities management functions were moved from this line item and covered by the various line items that support the Highway Operating Program under the FY 2014-FY 2015 budget.

The \$3.3 million (3.5%) decline in recommended funding in FY 2016 compared to FY 2015 estimated spending under this line item is attributed to a \$12.0 million decrease in budgeted supplies and maintenance. Offsetting some of that anticipated reduction are (1) higher budgeted purchased personal services costs, slated to rise about \$4.0 million in FY 2016, and (2) higher budgeted personnel and equipment costs, which are budgeted a combined \$4.8 million in additional funding in FY 2016.

## Highway Operating Fund Group

### 2120 772426 Highway Infrastructure Bank - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$3,873,770	\$1,666,964	\$1,597,802	\$5,000,000	<b>\$3,500,000</b>	<b>\$3,500,000</b>
	-57.0%	-4.1%	212.9%	<b>-30.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Loan repayments, associated fees, and interest; originally capitalized by federal motor fuel tax revenues received to fund the State Infrastructure Bank

**Legal Basis:** ORC 5531.09; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides federal dollars used for State Infrastructure Bank (SIB) loans to public entities for highway construction. Projects must be eligible under federal Title 23 (Highways) or Title 49 (Transportation) and follow all federal regulations. Only right of way purchases and construction costs are eligible for SIB funding. Federal funds may cover up to 80% of the project cost, with state motor fuel tax revenues covering the state match. SIB loan funding of highway construction also is expended through line items 772427 and 772431.

### 2120 772427 Highway Infrastructure Bank - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$4,692,086	\$1,684,478	\$15,852,233	\$10,350,000	<b>\$9,825,000</b>	<b>\$9,825,000</b>
	-64.1%	841.1%	-34.7%	<b>-5.1%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Loan repayments, associated fees, and interest; originally capitalized by state motor fuel tax revenues received to fund the State Infrastructure Bank

**Legal Basis:** ORC 5531.09; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item pays for State Infrastructure Bank (SIB) loans from second generation funds and state motor fuel tax funds. Second generation funds are non-federal funds that were used to pay back SIB loans originally financed with federal funds. The only federal requirement placed on using these funds is that the project qualifies as federal Title 23 or Title 49 eligible. No match is required to use these funds. SIB loan funding of highway construction is in addition spent through line items 772426 and 772431.

## Department of Transportation

### 2120 772430 Infrastructure Debt Reserve Title 23-49

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$511,259	\$553,050	\$554,458	\$525,000	<b>\$525,000</b>	<b>\$525,000</b>
	8.2%	0.3%	-5.3%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Loan repayments

**Legal Basis:** ORC 5531.09; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item pays debt service on bonds sold to add funds to the State Infrastructure Bank (SIB) Program, in order to award more loan funding. In 2008, a \$5.0 million reserve fund for the Federal Title 23 Transportation Infrastructure Bond Fund was established. The bond program leverages incoming SIB loan repayments to issue bonds on a project-by-project basis on behalf of eligible political subdivisions. Bond proceeds are used to fund loans to borrowers. As a last resort, the appropriation may also be used if ODOT has to make a debt service payment to the bond trustee due to default by a local borrower. Line item 772433 pays debt service on another set of bonds issued for SIB Program capitalization.

### 2130 772431 Roadway Infrastructure Bank - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$3,414,912	\$743,029	\$1,851,528	\$2,475,000	<b>\$3,500,000</b>	<b>\$3,500,000</b>
	-78.2%	149.2%	33.7%	<b>41.4%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Loan repayments, associated fees, and interest; originally capitalized by state motor fuel tax revenues received to fund the State Infrastructure Bank

**Legal Basis:** ORC 5531.09; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides state funds for State Infrastructure Bank (SIB) loans supporting local highway infrastructure projects. No match is required to use the state funds. SIB loan funding of highway construction is also funded through line items 772426 and 772427.

## Department of Transportation

### 2130 772433 Infrastructure Debt Reserve - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$361,869	\$514,373	\$525,458	\$650,000	<b>\$650,000</b>	<b>\$650,000</b>
	42.1%	2.2%	23.7%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Loan repayments

**Legal Basis:** ORC 5531.09; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item supports the State Infrastructure Bank (SIB) Bond Program in the same manner as described above in line item 772430, except this line item pays debt service on bonds issued in 2006. As a last resort, the appropriation may also be used if ODOT has to make a debt service payment to the bond trustee due to default by a local borrower.

### 2130 777477 Aviation Infrastructure Bank - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$2,567,377	\$1,250,712	\$1,000,000	<b>\$2,000,000</b>	<b>\$2,000,000</b>
	N/A	-51.3%	-20.0%	<b>100.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Loan repayments, associated fees, and interest; originally capitalized by GRF revenues transferred to the State Infrastructure Bank

**Legal Basis:** ORC 5531.09; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item is used to provide State Infrastructure Bank (SIB) loans for aviation projects, such as those related to hangars, safety, infrastructure, and right of way. There is no required match in order to qualify for funding. Only moneys originating from the GRF are used to fund SIB aviation projects.

### 7002 770003 Transportation Facilities Lease Rental Bond Payments

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$0	\$0	\$0	<b>\$10,100,000</b>	<b>\$12,162,500</b>
	N/A	N/A	N/A	<b>N/A</b>	<b>20.4%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues

**Legal Basis:** Proposed in the Governor's 131st G.A. transportation budget bill

**Purpose:** This line item is used to make debt service payments on the bonds issued for the rehabilitation and construction of ODOT facilities. Prior to new recommended appropriations in H.B. 53 of the 131st GA, the last debt payment occurred in FY 2011.

## Department of Transportation

### 7002 771411 Planning and Research - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$15,916,301	\$18,538,697	\$19,750,016	\$21,738,277	<b>\$20,616,087</b>	<b>\$23,590,435</b>
	16.5%	6.5%	10.1%	<b>-5.2%</b>	<b>14.4%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues

**Legal Basis:** ORC 5501.03 and 5501.11; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides the state share of funds used by ODOT's Division of Planning for the collection and review of statewide traffic monitoring data, maintenance of the state road inventory, gathering of data for the national Highway Performance Monitoring System, long-range and urban plan development, and other planning activities.

### 7002 771412 Planning and Research - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$22,704,721	\$32,941,462	\$37,915,043	\$28,959,514	<b>\$33,405,195</b>	<b>\$30,780,847</b>
	45.1%	15.1%	-23.6%	<b>15.4%</b>	<b>-7.9%</b>

**Source:** Highway Operating Fund Group: Federal highway trust fund revenues - CFDA 20.205, Highway Planning and Construction

**Legal Basis:** ORC 5501.03 and 5501.11; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides the federal share of funds used by ODOT's Division of Planning for the same purposes as described above in line item 771411.

## Department of Transportation

### 7002 772421 Highway Construction - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$458,013,872	\$487,005,707	\$581,273,452	\$605,240,020	<b>\$600,691,058</b>	<b>\$577,413,383</b>
	6.3%	19.4%	4.1%	<b>-0.8%</b>	<b>-3.9%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues

**Legal Basis:** ORC 5501.11 and 5501.31; Sections 203.10, 203.20, 203.30, 203.40, and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item is used to spend the state share of capital costs for the following: pavement and bridge preservation, Major New construction; roadside rest areas; noisewalls; geologic site management; grade crossing separations; emergency road construction; and road safety projects. The line item also provides operating dollars for the payroll, supplies, and equipment associated with those programs. H.B. 53 of the 131st GA earmarks \$3.5 million in each fiscal year for Transportation Improvement Districts. The bill also requires ODOT to use the line item for construction and maintenance of roads owned or operated by the Department of Natural Resources and metropolitan parks, and allows the line item to be used to perform road work on behalf of the Ohio Expositions Commission for the state fairgrounds or the Ohio History Connection for each of their properties.

### 7002 772422 Highway Construction - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$1,387,758,129	\$1,404,383,163	\$1,296,533,589	\$1,063,145,274	<b>\$1,006,223,456</b>	<b>\$1,032,306,620</b>
	1.2%	-7.7%	-18.0%	<b>-5.4%</b>	<b>2.6%</b>

**Source:** Highway Operating Fund Group: Federal highway trust fund and other related revenues - CFDA 20.205, Highway Planning and Construction

**Legal Basis:** ORC 5501.11 and 5531; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item is used to spend federal capital dollars for pavement and bridge preservation, local government road and bridge projects, Major New construction, special discretionary projects, Safe Routes to Schools projects, geologic site management, diesel emissions reduction projects, noise walls, grade crossing separations, emergency road construction, and road safety projects.

## Department of Transportation

### 7002 772424 Highway Construction - Other

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$62,026,416	\$51,958,224	\$56,313,192	\$80,000,000	<b>\$80,000,000</b>	<b>\$80,000,000</b>
	-16.2%	8.4%	42.1%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Local matching funds

**Legal Basis:** ORC 5501.11; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** Moneys in this line item represent the local share of funding for the following projects: local highway and bridge design; resurfacing, restoration, replacement, and upgrading; new construction; noise walls or barriers; pedestrian or bicycle facilities; and any other local highway transportation projects. The amount in local match funding for any given project depends on the type of federal funding being used.

### 7002 772425 Highway Construction - Turnpike

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$0	\$61,853,940	\$300,000,000	<b>\$0</b>	<b>\$0</b>
	N/A	N/A	385.0%	<b>-100%</b>	<b>N/A</b>

**Source:** Highway Operating Fund Group: Payments of bond proceeds from the Ohio Turnpike and Infrastructure Commission

**Legal Basis:** ORC 5537.04, 5537.13, and 5537.18; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item is used to fund eligible Major New highway construction projects that are approved by the Transportation Review Advisory Council (TRAC) and recommended to the Ohio Turnpike and Infrastructure Commission for funding from the proceeds of Turnpike bonds issued for infrastructure purposes. Eligible infrastructure projects must have an anticipated benefit to the system of public highways in the state of Ohio and a transportation-related nexus with and relationship to the Ohio Turnpike and infrastructure system.

## Department of Transportation

### 7002 772437 Major New State Infrastructure Bond Debt Service - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$24,836,806	\$26,166,242	\$25,158,929	\$31,635,300	<b>\$24,802,700</b>	<b>\$25,859,100</b>
	5.4%	-3.8%	25.7%	<b>-21.6%</b>	<b>4.3%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues

**Legal Basis:** ORC 5531.10; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides the state share of debt service on federal grant anticipated revenue vehicles (GARVEE bonds). GARVEE bonds are used to leverage federal motor fuel tax revenues appropriated from the federal Highway Trust Fund. The proceeds of GARVEE bond issuances are appropriated in Fund 7045 line item 772428, Highway Infrastructure Bank - Bonds.

### 7002 772438 Major New State Infrastructure Bond Debt Service - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$127,362,658	\$133,658,854	\$141,968,839	\$138,027,800	<b>\$152,033,800</b>	<b>\$146,534,600</b>
	4.9%	6.2%	-2.8%	<b>10.1%</b>	<b>-3.6%</b>

**Source:** Highway Operating Fund Group: Federal motor fuel tax revenues

**Legal Basis:** ORC 5531.10; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides the federal share of debt service on GARVEE bonds, described above in line item 772437.

### 7002 772454 Department of Agriculture - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$744,698	\$0	\$482,490	\$0	<b>\$0</b>	<b>\$0</b>
	-100%	N/A	-100%	<b>N/A</b>	<b>N/A</b>

**Source:** Highway Operating Fund Group: Funds from the U.S. Department of Agriculture - CFDA 10.687, Capital Improvement and Maintenance

**Legal Basis:** Discontinued line item

**Purpose:** These funds supported the completion of projects in which ODOT worked in cooperation with the Wayne National Forest.

## Department of Transportation

### 7002 773431 Highway Maintenance - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$401,029,971	\$393,917,247	\$467,794,281	\$470,006,152	<b>\$506,200,000</b>	<b>\$519,400,000</b>
	-1.8%	18.8%	0.5%	<b>7.7%</b>	<b>2.6%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues

**Legal Basis:** ORC 5501.11, 5501.31, 5501.41, and 5501.42; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** Moneys appropriated to this line item fund ODOT's maintenance program, including rest area maintenance; guardrail maintenance; garage operations; snow and ice control; roadside maintenance; pavement and bridge maintenance; traffic system maintenance, and intelligent traffic systems. This line item also funds custodial maintenance for ODOT buildings and the procurement of equipment, including cars, backhoes, and garage equipment. Several maintenance services are accomplished by ODOT employees while others are contracted out.

## Department of Transportation

### 7002 775452 Public Transportation - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$41,371,187	\$35,469,659	\$26,154,915	\$27,590,748	<b>\$31,232,549</b>	<b>\$31,232,549</b>
	-14.3%	-26.3%	5.5%	<b>13.2%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Federal transit funding -- CFDA's 20.509, Formula Grants for Rural Areas; 20.505, State Planning and Research; 20.513, Capital Assistance Program for Elderly Persons and Persons with Disabilities

**Legal Basis:** ORC 5501.07 and 5501.071; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item is partially used to provide federal funding to rural transit systems for partial operating assistance and capital assistance, and a portion specifically targets low-income individuals in rural areas. Also supported is the Ohio Coordination Program, which provides funding to public and private nonprofit entities in counties that have nonexistent or inadequate public transportation to assist in the coordination of transportation services among local human service agencies. Beginning in the FY 2016-FY 2017 biennium, the Specialized Transportation Program (STP) is funded under this line item, for capital assistance to transit agencies in providing services for the elderly and people with disabilities. Formerly, STP was funded under line item 775459. The STP program requires a 20% local match, the funds for which are deposited into Fund 7002 and expended through appropriation item 775454, Public Transportation - Other. Finally, this line item is used to provide technical assistance to individual transit systems and to assist in transit planning activities.

### 7002 775454 Public Transportation - Other

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$797,897	\$458,522	\$1,117,420	\$1,500,000	<b>\$1,500,000</b>	<b>\$1,500,000</b>
	-42.5%	143.7%	34.2%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Local matching funds

**Legal Basis:** ORC 5501.07 and 5501.071; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides the 20% local matching funds collected for vehicles purchased through the federal Specialized Transportation Program (STP), which provides funds that support transportation services for elderly and disabled persons. ODOT requires the local portion of funding up front and then purchases vehicles on behalf of the recipient agencies. For FY 2016-FY 2017, the federal funding for this program is appropriated under line item 775452.

## Department of Transportation

### 7002 775459 Elderly and Disabled Special Equipment

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$3,840,952	\$2,153,847	\$4,167,592	\$4,730,000	<b>\$0</b>	<b>\$0</b>
	-43.9%	93.5%	13.5%	<b>-100%</b>	<b>N/A</b>

**Source:** Highway Operating Fund Group: Federal transit funding -- CFDA 20.513, Capital Assistance Program for Elderly Persons and Persons with Disabilities

**Legal Basis:** Discontinued line item

**Purpose:** This line item provided federal capital assistance under the Specialized Transportation Program (STP). STP provides capital assistance to transit agencies for providing services to the elderly and disabled. The program requires a 20% local match. For FY 2016-FY 2017, this funding is appropriated under 772452.

### 7002 775463 Federal Stimulus - Transit

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$6,571,987	\$9,470,723	\$1,179,169	\$0	<b>\$0</b>	<b>\$0</b>
	44.1%	-87.5%	-100%	<b>N/A</b>	<b>N/A</b>

**Source:** Highway Operating Fund Group: Federal stimulus money for formula transit capital assistance to rural areas - CFDA 20.509, Formula Grants for Other Than Urbanized Areas

**Legal Basis:** Discontinued line item

**Purpose:** This line item accounted for Ohio's share of federal stimulus funding for capital assistance grants to transit systems in rural areas. The funds were mainly used for capital purposes, such as vehicle replacements, facilities renovation or construction, preventive maintenance, and mobility management.

## Department of Transportation

### 7002 776462 Grade Crossings - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$15,983,558	\$16,406,358	\$14,811,023	\$14,129,500	<b>\$14,098,000</b>	<b>\$14,072,000</b>
	2.6%	-9.7%	-4.6%	<b>-0.2%</b>	<b>-0.2%</b>

**Source:** Highway Operating Fund Group: Federal money for rail -- CFDA 20.205, Highway Planning and Construction - Federal-Aid Highway Program, Federal Lands Highway Program

**Legal Basis:** ORC 5531.03; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item funds the installation of warning devices at rail-highway crossings, the restoration and rehabilitation of rail-highway grade crossing pavements, and the placement of signs and pavement markings near crossings.

### 7002 776475 Rail - Federal Rail Administration

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$171,919	\$303,081	\$0	<b>\$0</b>	<b>\$0</b>
	N/A	76.3%	-100%	<b>N/A</b>	<b>N/A</b>

**Source:** Highway Operating Fund Group: Federal stimulus funding - CFDA 20.319, High-Speed Rail Corridors and Intercity Passenger Rail Service

**Legal Basis:** Discontinued line item

**Purpose:** This line item was created for the design, engineering, construction, and operation of the 3C passenger rail service -- a project that canceled.

### 7002 777472 Airport Improvements - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$341,111	\$1,043,952	\$405,000	<b>\$405,000</b>	<b>\$405,000</b>
	N/A	206.0%	-61.2%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Highway Operating Fund Group: Federal funding for airports - CFDA 20.106, Airport Improvement Program

**Legal Basis:** ORC 4561.08; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides federal funding that supports the Airport Grant Program. State funding for the program derives from fund 5W90 line item 777615 and GRF line item 777471. ODOT may also use the line item for other purposes as outlined by the Federal Aviation Administration (FAA).

## Department of Transportation

### 7002 777475 Aviation Administration

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$3,114,643	\$3,695,964	\$4,053,952	\$4,935,000	<b>\$6,620,899</b>	<b>\$6,666,416</b>
	18.7%	9.7%	21.7%	<b>34.2%</b>	<b>0.7%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues; flight fees

**Legal Basis:** ORC 4561.021 and 4561.18; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item funds a portion of the Aviation Operating Program, which is responsible for maintaining and operating ODOT's aircraft. ODOT aircraft are used to transport state officials, including the Governor, legislators, and officials from ODOT and other departments. If the aircraft are used for highway purposes, expenses are paid with gas tax revenues. If the aircraft are used for non-highway purposes, the user is billed for the cost of the flight. The program is also funded under GRF line item 777471. In addition, the line item funds the oversight of about 11,000 registered aircraft.

### 7002 779491 Administration - State

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$115,226,227	\$136,419,368	\$113,992,072	\$92,543,982	<b>\$89,292,626</b>	<b>\$92,690,582</b>
	18.4%	-16.4%	-18.8%	<b>-3.5%</b>	<b>3.8%</b>

**Source:** Highway Operating Fund Group: State motor fuel tax revenues and other highway-related revenues

**Legal Basis:** ORC 5501.03 and 5501.04; Sections 203.10 and 203.60 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item is used to fund the administrative functions of the Department, such as the offices of the director, assistant directors, district deputy directors, business management (information technology, finance, personnel, facilities), district business and human resource administrators, chief of staff, legal counsel, and major and local programs administration.

## Department of Transportation

### Dedicated Purpose Fund Group

#### 4N40 776664 Rail Transportation - Other

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$1,058,783	\$1,339,709	\$2,390,517	\$2,875,800	<b>\$2,875,800</b>	<b>\$2,875,800</b>
	26.5%	78.4%	20.3%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Dedicated Purpose Fund Group: Principal and interest payments on loans, revenues from easements, and other lease payments

**Legal Basis:** ORC 4981.09 and 4981.14; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item provides loans to public entities, businesses, and railroads for the rehabilitation of rail lines, the construction of rail interchanges or connections, and the acquisition or preservation of rail property. This line item also funded payroll costs of some of the Ohio Rail Development Commission (ORDC) personnel. H.B. 53 of the 131st GA, the Governor's proposed transportation budget bill for the FY 2016-FY 2017 biennium, would eliminate ORDC and incorporate ORDC's current duties into a new Division of Freight within ODOT. Consequently, this line item will be used for the same purposes, but expended under the new Division of Freight.

#### 5W90 777615 County Airport Maintenance

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$413,340	\$517,524	\$591,727	\$620,000	<b>\$620,000</b>	<b>\$620,000</b>
	25.2%	14.3%	4.8%	<b>0.0%</b>	<b>0.0%</b>

**Source:** Dedicated Purpose Fund Group: General aviation license tax (\$15 per aircraft seat); annual flat rate of \$15 for gliders and balloons

**Legal Basis:** ORC 4561.18 and 4561.21; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item supports the Airport Grant Program, which provides capital funding for airport pavement rehabilitation and obstruction removal or marking to publicly-owned airports in Ohio that do not receive FAA Air Carrier Enplanement Funds or FAA Air Cargo Entitlements. Currently, there are 99 such airports in Ohio eligible for the grant program. State funding for these grants is also provided in GRF line item 777471, and federal funding through line item 777472.

## Capital Projects Fund Group

### 7042 772723 Highway Construction - Bonds

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$101,235,419	\$79,458,754	\$127,939,671	\$119,617,631	<b>\$146,330,382</b>	<b>\$166,254,827</b>
	-21.5%	61.0%	-6.5%	<b>22.3%</b>	<b>13.6%</b>

**Source:** Capital Projects Fund Group: Proceeds from G.O. bond sales authorized under section 2m of Article VIII of the Ohio Constitution for highway construction

**Legal Basis:** ORC 5528.53; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item funds system preservation and major new highway construction projects. The debt service on the bonds issued for these projects is paid from state motor fuel tax revenues via Fund 7072 appropriation item 155902, Highway Capital Improvement Bond Retirement Fund, which appears under the budget of the Commissioners of the Sinking Fund. H.B. 53 of the 131st GA authorizes the state to issue \$313.0 million in general obligation bonds to finance highway projects for the FY 2016-FY 2017 biennium.

### 7045 772428 Highway Infrastructure Bank - Bonds

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$167,735,344	\$108,314,306	\$82,403,804	\$97,000,000	<b>\$131,209,431</b>	<b>\$206,053,254</b>
	-35.4%	-23.9%	17.7%	<b>35.3%</b>	<b>57.0%</b>

**Source:** Capital Projects Fund Group: Proceeds from GARVEE bonds proceeds

**Legal Basis:** ORC 5531.09 and 5531.10; Section 203.10 of Am. Sub. H.B. 51 of the 130th G.A.

**Purpose:** This line item funds system preservation and Major New highway construction projects using the proceeds from federal grant anticipated revenue vehicles (GARVEE bonds) issued against and retired with ODOT's state and federal highway revenues. The debt service on these bonds is paid out of Fund 7002 appropriation items 772437, GARVEE Debt Service-State, and 772438, GARVEE Debt Service-Federal.

## Department of Transportation

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### Federal Fund Group

#### 3B90 776662 Rail Transportation - Federal

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$460,832	\$85,657	\$492,421	\$0	<b>\$0</b>	<b>\$0</b>
	-81.4%	474.9%	-100%	<b>N/A</b>	<b>N/A</b>

**Source:** Federal Fund Group: Federal rail funding - CFDA 20.308, Local Rail Freight Assistance

**Legal Basis:** As needed line item

**Purpose:** This line item is occasionally used to provide grants to assist in acquiring railroad lines, rail property, state rail planning, and rail facility construction.

# FY 2016 - FY 2017 Introduced Appropriation Amounts

# All Fund Groups

## Line Item Detail by Agency

Line Item Detail by Agency			FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016 % Change	Introduced FY 2017	FY 2016 to FY 2017 % Change
<b>Report For Transportation Budget</b>			<b>Version: As Introduced</b>					
<b>DOT Department of Transportation</b>								
2120	772426	Highway Infrastructure Bank - Federal	\$ 1,597,802	\$ 5,000,000	\$ 3,500,000	-30.00%	\$ 3,500,000	0.00%
2120	772427	Highway Infrastructure Bank - State	\$ 15,852,233	\$ 10,350,000	\$ 9,825,000	-5.07%	\$ 9,825,000	0.00%
2120	772430	Infrastructure Debt Reserve Title 23-49	\$ 554,458	\$ 525,000	\$ 525,000	0.00%	\$ 525,000	0.00%
2130	772431	Roadway Infrastructure Bank - State	\$ 1,851,528	\$ 2,475,000	\$ 3,500,000	41.41%	\$ 3,500,000	0.00%
2130	772433	Infrastructure Debt Reserve - State	\$ 525,458	\$ 650,000	\$ 650,000	0.00%	\$ 650,000	0.00%
2130	777477	Aviation Infrastructure Bank - State	\$ 1,250,712	\$ 1,000,000	\$ 2,000,000	100.00%	\$ 2,000,000	0.00%
7002	770003	Transportation Facilities Lease Rental Bond Payments	\$0	\$ 0	\$ 10,100,000	N/A	\$ 12,162,500	20.42%
7002	771411	Planning and Research - State	\$ 19,750,016	\$ 21,738,277	\$ 20,616,087	-5.16%	\$ 23,590,435	14.43%
7002	771412	Planning and Research - Federal	\$ 37,915,043	\$ 28,959,514	\$ 33,405,195	15.35%	\$ 30,780,847	-7.86%
7002	772421	Highway Construction - State	\$ 581,273,452	\$ 605,240,020	\$ 600,691,058	-0.75%	\$ 577,413,383	-3.88%
7002	772422	Highway Construction - Federal	\$ 1,296,533,589	\$ 1,063,145,274	\$ 1,006,223,456	-5.35%	\$ 1,032,306,620	2.59%
7002	772424	Highway Construction - Other	\$ 56,313,192	\$ 80,000,000	\$ 80,000,000	0.00%	\$ 80,000,000	0.00%
7002	772425	Highway Construction - Turnpike	\$ 61,853,940	\$ 300,000,000	\$0	N/A	\$0	N/A
7002	772437	Major New State Infrastructure Bond Debt Service - State	\$ 25,158,929	\$ 31,635,300	\$ 24,802,700	-21.60%	\$ 25,859,100	4.26%
7002	772438	Major New State Infrastructure Bond Debt Service - Federal	\$ 141,968,839	\$ 138,027,800	\$ 152,033,800	10.15%	\$ 146,534,600	-3.62%
7002	772454	Department of Agriculture - Federal	\$ 482,490	\$ 0	\$0	N/A	\$0	N/A
7002	773431	Highway Maintenance - State	\$ 467,794,281	\$ 470,006,152	\$ 506,200,000	7.70%	\$ 519,400,000	2.61%
7002	775452	Public Transportation - Federal	\$ 26,154,915	\$ 27,590,748	\$ 31,232,549	13.20%	\$ 31,232,549	0.00%
7002	775454	Public Transportation - Other	\$ 1,117,420	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
7002	775459	Elderly and Disabled Special Equipment	\$ 4,167,592	\$ 4,730,000	\$0	N/A	\$0	N/A
7002	775463	Federal Stimulus - Transit	\$ 1,179,169	\$ 0	\$0	N/A	\$0	N/A
7002	776462	Grade Crossings - Federal	\$ 14,811,023	\$ 14,129,500	\$ 14,098,000	-0.22%	\$ 14,072,000	-0.18%
7002	776475	Rail - Federal Rail Administration	\$ 303,081	\$0	\$0	N/A	\$0	N/A
7002	777472	Airport Improvements - Federal	\$ 1,043,952	\$ 405,000	\$ 405,000	0.00%	\$ 405,000	0.00%
7002	777475	Aviation Administration	\$ 4,053,952	\$ 4,935,000	\$ 6,620,899	34.16%	\$ 6,666,416	0.69%

## FY 2016 - FY 2017 Introduced Appropriation Amounts

## All Fund Groups

### Line Item Detail by Agency

			FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016 % Change	Introduced FY 2017	FY 2016 to FY 2017 % Change
<b>DOT Department of Transportation</b>								
7002	779491	Administration - State	\$ 113,992,072	\$ 92,543,982	\$ 89,292,626	-3.51%	\$ 92,690,582	3.81%
<b>Highway Operating Fund Group Total</b>			<b>\$ 2,877,499,138</b>	<b>\$ 2,904,586,567</b>	<b>\$ 2,597,221,370</b>	<b>-10.58%</b>	<b>\$ 2,614,614,032</b>	<b>0.67%</b>
4N40	776664	Rail Transportation - Other	\$ 2,390,517	\$ 2,875,800	\$ 2,875,800	0.00%	\$ 2,875,800	0.00%
5W90	777615	County Airport Maintenance	\$ 591,727	\$ 620,000	\$ 620,000	0.00%	\$ 620,000	0.00%
<b>Dedicated Purpose Fund Group Total</b>			<b>\$ 2,982,244</b>	<b>\$ 3,495,800</b>	<b>\$ 3,495,800</b>	<b>0.00%</b>	<b>\$ 3,495,800</b>	<b>0.00%</b>
7042	772723	Highway Construction - Bonds	\$ 127,939,671	\$ 119,617,631	\$ 146,330,382	22.33%	\$ 166,254,827	13.62%
7045	772428	Highway Infrastructure Bank - Bonds	\$ 82,403,804	\$ 97,000,000	\$ 131,209,431	35.27%	\$ 206,053,254	57.04%
<b>Capital Projects Fund Group Total</b>			<b>\$ 210,343,475</b>	<b>\$ 216,617,631</b>	<b>\$ 277,539,813</b>	<b>28.12%</b>	<b>\$ 372,308,081</b>	<b>34.15%</b>
3B90	776662	Rail Transportation - Federal	\$ 492,421	\$ 0	\$ 0	N/A	\$ 0	N/A
<b>Federal Fund Group Total</b>			<b>\$ 492,421</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>N/A</b>	<b>\$ 0</b>	<b>N/A</b>
<b>Department of Transportation Total</b>			<b>\$ 3,091,317,278</b>	<b>\$ 3,124,699,998</b>	<b>\$ 2,878,256,983</b>	<b>-7.89%</b>	<b>\$ 2,990,417,913</b>	<b>3.90%</b>