



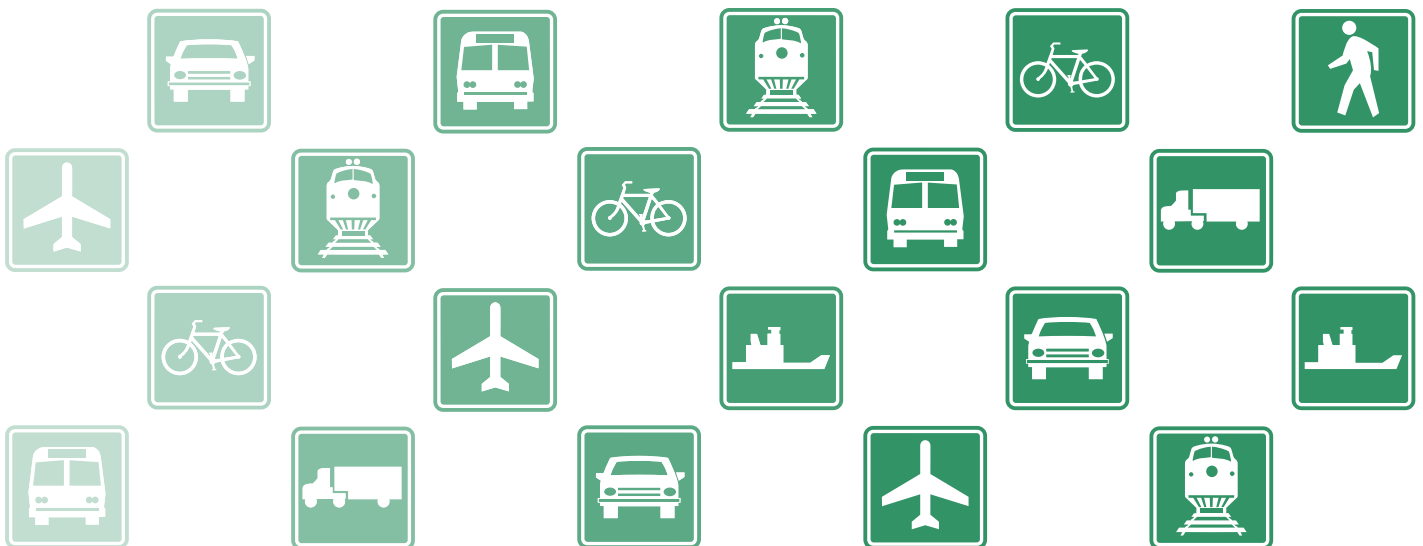
# OHIO DEPARTMENT OF TRANSPORTATION

TED STRICKLAND,  
OHIO GOVERNOR

JAMES G. BEASLEY, P.E., P.S.,  
ODOT DIRECTOR

# 2008-2009 BUSINESS PLAN

NOVEMBER 2007







# OHIO DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE, 1980 WEST BROAD STREET, COLUMBUS, OH 43223

TED STRICKLAND, GOVERNOR • JAMES G. BEASLEY, P.E., P.S., DIRECTOR

## To Ohio's Transportation Partners,

On behalf of the new Administration of Governor Ted Strickland and the more than 6,000 hard working men and women of the Ohio Department of Transportation, I am pleased to submit the Ohio Department of Transportation 2008-2009 Business Plan.

This bold new plan sets forth the values, goals and initiatives of this department and how ODOT plans to use its personnel and resources to promote safety and reduce congestion on our transportation system, encourage economic development across our state, and advance a multi-modal approach to addressing Ohio's transportation needs.

The department will pursue these important efforts during very challenging times for the transportation industry, both here in our state and across our country. As an administration, we have taken extra time and attention to best understand the challenges before us, without rushing to hasty reaction.

The current demands on our transportation system, flat state revenue, double digit highway construction cost inflation, and past programming decisions point to a simple and candid need for our state to have a new, robust dialogue on Ohio's transportation priorities for this new century.

As we chart out this new course, our leaders must be united in purpose and resolved to pursue transportation investments that will position Ohio as an economic leader for decades to come. As a state, we must also be prepared to fight for our fair share of federal resources, and be willing to give state and local governments – along with the private sector – innovative tools to finance future investments.

Ohio's citizens should play a key role in this statewide dialogue, as we strive to provide a reliable and modernized system to carry the state's motorists, businesses and travelers into the 21<sup>st</sup> Century.

The Ohio Department of Transportation is ready to fulfill its role in examining how transportation investments are made, how sound engineering and financial responsibility can work in tandem, how services can be provided to our citizens, and how we advance the best projects to benefit all of our great state.

Sincerely,

James G. Beasley, P.E., P.S.  
Director  
Ohio Department of Transportation



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## INTRODUCTION: A DEPARTMENT AND AN INDUSTRY IN TRANSITION

Ohio's Department of Transportation, created more than 100 years ago by the General Assembly, today plays a critical role in moving the State of Ohio into the 21<sup>st</sup> Century, connecting our cities and counties, businesses and citizens to the rest of the world.

Under the leadership of Governor Ted Strickland and Director James Beasley, P.E., P.S., Ohio's new transportation policy will aim to renew and revitalize our cities and towns, link our isolated economies to national markets, preserve and modernize our transportation system, and maintain the pristine nature of Ohio's rural areas.

Despite changing its name in 1972, ODOT is still perceived by many as simply a State Highway Department. Ohio's citizens deserve and demand having the most reliable and safest transportation system their tax dollars can provide. Thus, the preservation and maintenance of Ohio's current transportation system cannot be ignored. However, to turnaround Ohio and open a gateway to international commerce, the department must also embrace a multi-modal approach to transportation.

To accomplish this, we will target the state's resources at our greatest needs and our greatest opportunities. As we transform ODOT and set priorities, we must also address the financial challenges and fiscal realities facing the department if we are to be responsible stewards of the public trust. The state must also lead a new discussion on Ohio's transportation priorities for the future.

ODOT enters this new biennium as the transportation industry enters a very critical and difficult period of transition. In the coming years, the Federal Government will debate and adopt a new national

transportation bill that will set the funding levels for all state transportation departments for the next six years. This debate will occur as state revenues flatten, the solvency of the Federal Highway Trust Fund remains in doubt, the cost of construction rises with double digit inflation, and the need to preserve and modernize the national roadway system grows.

The 2008-2009 ODOT Business Plan charts a new direction for this department, and defines the transportation mission and values of this new administration. After laying out several of the key challenges facing the department, this plan will call for a new dialogue on Ohio's transportation policy and identify several strategic initiatives and goals ODOT will undertake to approach these challenges in an upfront, responsible and prudent manner.

Ultimately, the plan reflects the department's commitment to building upon a tradition of preserving, maintaining and modernizing one of the most well-regarded transportation systems in the United States, even during a time of great financial challenge.

## ODOT's MISSION & VALUES

# A NEW MISSION TO TURNAROUND OHIO

For the 2008-2009 Business Plan, ODOT's new Mission and Values reflect Governor Strickland's dedication to securing financial balance and preserving the state's current infrastructure. More notably, the mission highlights a new commitment to a multi-modal approach to modernizing the state's transportation system. The values then emphasize the department's role in advancing economic development, promoting sensitivity to the environment, offering meaningful employment and diverse opportunity, and putting forward common-sense solutions to today's transportation needs.

### THE MISSION OF THE OHIO DEPARTMENT OF TRANSPORTATION:

To seamlessly link Ohio's highways, railways, transit, aviation and port facilities, the Ohio Department of Transportation will promote a world-class, integrated multi-modal transportation system that is efficient, cost-effective and reliable for all of the state's citizens, businesses and travelers.



# VALUES

## CORE VALUES:

For all who serve the citizens of the State of Ohio, Governor Strickland has outlined a series of fundamental Core Values, including:

**High Ethical Standards:** We will uphold the sacred duty of telling the truth. Integrity comes from maintaining the highest ethical standards in our dealings with each other, our business partners, and the public we serve.

**Financial Responsibility, Efficiency and Accountability:** Money matters. We will be good stewards of the public trust. The cost of doing business will be a primary concern, not an afterthought.

**Public Service to all of Ohio:** With a Peace Corps spirit, we will humbly serve and empower our fellow Ohioans. We will work toward the common good for all Ohioans, as we dedicate ourselves to bringing respect and civility back to government.

**Inclusive Philosophy:** Ohio is a state full of great talent and great diversity. We should celebrate and embrace that diversity, coming together in a unified and inclusive fashion to develop strategies that are worthy of Ohio.

## DEPARTMENT VALUES:

For the Ohio Department of Transportation, Governor Strickland and Director Beasley have outlined additional fundamental values needed to fulfill the department's mission, including:

**Promote a Multi-modal Approach to Transportation:** While remaining committed to preserving and modernizing our current roadway infrastructure, we must fully embrace a multi-modal approach – with an integrated network of highway, rail, transit, aviation, and waterway – and direct our resources at projects that target our greatest needs and greatest opportunities.

**Become a Reliable Partner with Local Communities:** Local communities take commitments by ODOT seriously, basing their local construction efforts on major state highway projects and working hard to build community support. To make ODOT a better, more reliable partner, we must make clearer to the state's local communities our criteria for funding priority and honestly address our financial realities.

**Make Communication with ODOT More Accessible and Understandable:** The department touches the public in many ways, including our many processes, decisions, ratings and reports. Whether

it is companies and citizens seeking to work with ODOT, motorists needing road conditions and travel routes, local governments searching for project funds and partnerships, or elected and community leaders examining our department, the ODOT challenge is apparent: provide clear, concise, and user-friendly information. At the same time, we will open a two-way line of communication as we listen to our transportation partners.

**Provide a Meaningful and Safe Work Environment:** With an increased focus on safety for both employees and our customers, ODOT will utilize training, tools and technology to promote workplace and work zone safety. We will provide our employees with training opportunities to allow them to reach their full potential, and to ensure we have the best educated and most capable workforce possible. Employees will be given meaningful work and be treated without discrimination or prejudice. And we will promote a simple work ethic: never be outworked.



**Embrace Environmental Stewardship:** Our citizens demand a high-quality transportation system, put in place as quickly as possible with sensitivity to the environment. It is also the responsibility of ODOT to lead by example in reducing energy consumption in the era of steep energy prices, mounting environmental concerns, and persistent energy security risks.

**Emphasize Economic Development in our Project Selection:** More than connecting points A and B on a map, our transportation infrastructure contributes to job creation. The investments we make are critical to generating long-term, high value jobs and the kind of economic development our state must support, as we work together to turnaround Ohio. In addition to safety and congestion, we must broaden our criteria for project selection to better understand the impacts to economic development and urban revitalization.

**Promote Opportunity and Diversity:** ODOT is a great place to work and to do business. The department employs more than 6,000 hard working men and women, and budgets more than two billion dollars each year for goods, services and capital improvements. ODOT needs to provide Ohioans with an

opportunity to work for the department, as we strive to have a workforce that reflects the diversity of our state. We also need to review our procurement and contracting policies to ensure that we are giving more citizens and companies an opportunity to do work with ODOT. By properly sizing and scoping projects, we give more companies an opportunity to work with us, and create more competition to assure better pricing and quality.

**Encourage a New Spirit of Cooperation and Innovation:** For far too long, too much of government has been simply continuing next year what has been done the year before, without regard to what could be done or should be done. We will engage in a common-sense assessment of the department's needs and opportunities. We will promote cooperation across boundaries and encourage new ideas and new solutions. We will engage every level of the department, connecting Central Office and the twelve District Offices. And we will seek the input of the transportation industry, our local government partners, and the public in our mission to provide a world-class transportation system.



# CHALLENGES FOR THE 2008 – 2009 BIENNIUM SHAPING THE DEPARTMENT'S POLICIES AND OPERATION

ODOT begins the biennium with an ambitious transportation mission which must first contend with several key challenges that will ultimately shape the department's policies and operations. Those challenges include the devastating impact of construction inflation on ODOT's purchasing power, the flattening of state revenues and uncertainty of federal investment, adjustments needed to address past program decisions, and added constraints on major new construction.

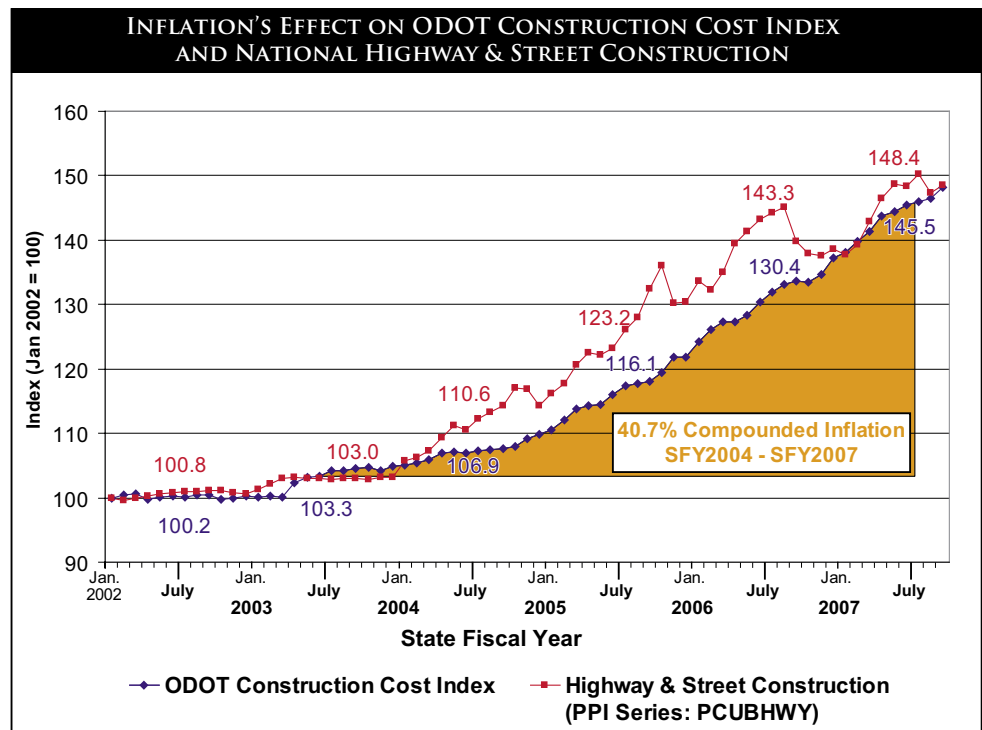
For ODOT to succeed, it must have a responsible business plan that allows the department and its many partners – the traveling public, local governments, legislative leaders, labor, engineering firms and construction companies – to understand with the highest degree of reliability what ODOT's outlook is and how it plans to make decisions.

## CHALLENGE 1: CONSTRUCTION INFLATION IS DEVASTATING ODOT'S PURCHASING POWER

Continued inflation in construction costs will be one of the most significant external issues facing the department, not only in this biennium but for years to come. After four years of higher-than-anticipated inflation, ODOT still continues to experience unprecedented increases in construction costs due to strong world demand for primary construction commodities and historic highs in energy prices.

ODOT is not alone in confronting this inflation. The first chart compares ODOT's in-place Construction Cost Index with the national producer price index (PPI) for street and highway construction commodities. Through 2004, the rate of increase is slight but steady. By 2005, however, the national PPI

began to grow dramatically; the ODOT Construction Cost Index corresponded.



Several factors have contributed to this hyper-inflation: the unprecedented rising cost of oil, increased demand for steel and raw materials in the global economy, and the lingering effects of Hurricanes Katrina and Rita. For State Fiscal Years 2004-2007, ODOT's construction cost inflated 3.5%, 8.5%, 12.3%, and 11.6%, respectively, for a compounded increase of 40.7%.

The 2006-2007 ODOT Business Plan, issued in July 2005, represents the most recent comprehensive record of the previous administration's direction and policy. The plan also gives insight to ODOT's earlier inflation forecasts and budgeting. As in the past, the 2006-2007 Business Plan did not seriously account for inflation in its program budget forecasts because of the then-static nature of constructions costs. Inflation was forecast at a moderate 3% each year.

By September 2006, however, when ODOT amended its business plan, updated inflation figures instead showed a spike of 11% in FY 2007, moderating to 6% in 2008, 4.5% in 2009, and 4% thereafter.

In July 2007, in compiling information for this 2008-

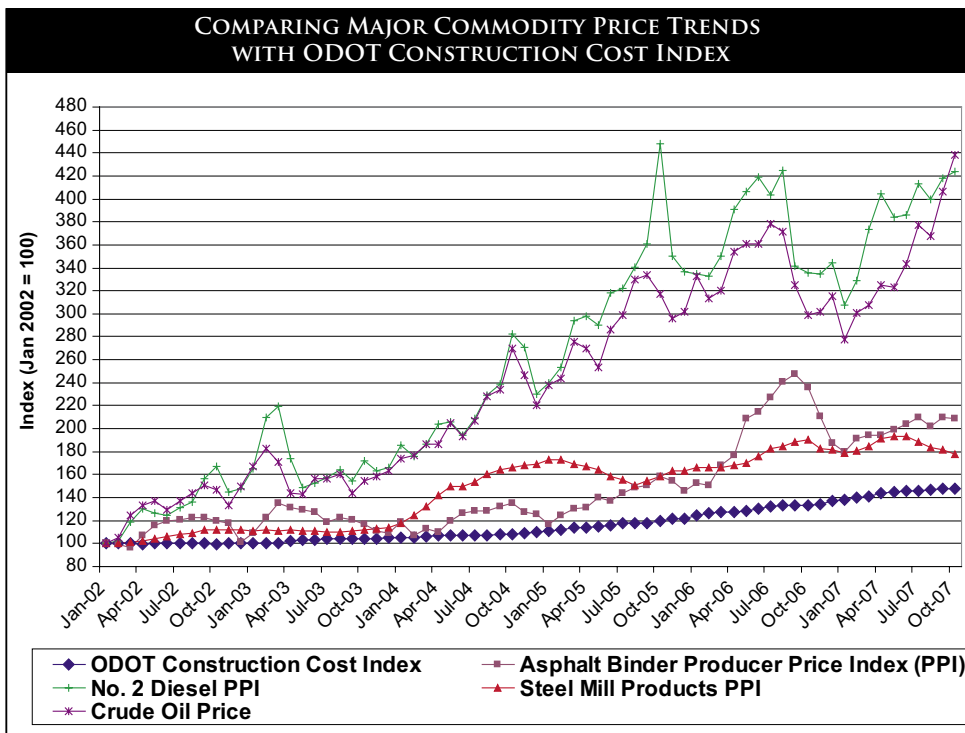
2009 Business Plan, ODOT has updated this construction cost inflation forecast, driven by expected increases in key commodity prices: aggregate, cement, oil and steel. To create the forecast, ODOT's Bid Analysis and Review Team tracked past inflation figures and developed a consensus opinion of industry-expert insights and observations of regional, national, and world market trends. Ohio-specific influences, including industry consolidations and local supply constraints, are also assessed.

Dramatic spikes in the producer price index of diesel and the price of crude oil had a direct impact on the ODOT Construction Cost Index, shown in the graph below. Other major commodity price trends were also measured and factored into the department's inflation projections.

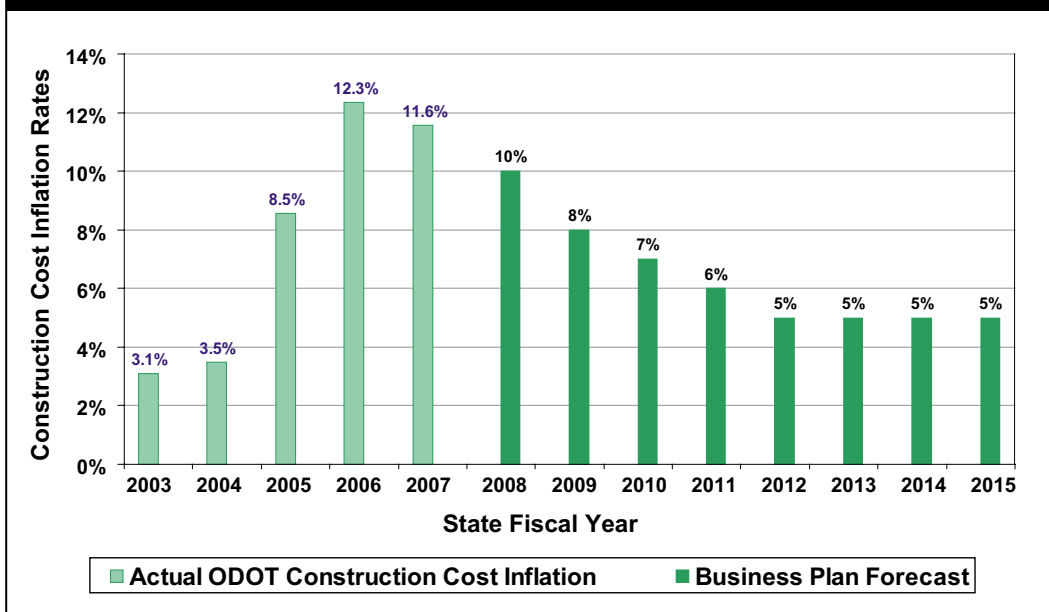
ODOT's forecast incorporated ranges of values to illustrate the uncertainty of predicting highly volatile international commodity prices. The use of ranges was necessary as price changes in any key commodities have an impact on several different items of work for a given project. As an example, the increase in oil prices has impacted prices for all oil-based prod-

ucts including asphalt binder, construction-machine fuel, and the energy used in transporting construction materials. Energy is also a key component in the manufacturing of asphalt, cement and steel. The increase in the cost of oil is up 71% from 2004 to 2007 (based on an annualized average cost).

Using these past figures and future projections, the current construction cost forecast by ODOT's Bid Analysis and Review Team reflects continued high inflation in FY 2008, ranging from at least 7% on the low end of the scale to as much as 14.5% on the high end. This



CONSTRUCTION COST INFLATION RATES



reasons: construction inflation was static and ODOT had realized certain cost efficiencies in their business practices, which controlled pavement and bridge costs. Because of this experience, the 2006-2007 Business Plan inflated program budgets by only a modest 1%.

In 2006, ODOT was faced with a striking difference between reality and construction inflation projections,

range in predicted cost inflation is further addressed in the Financial Plan section.

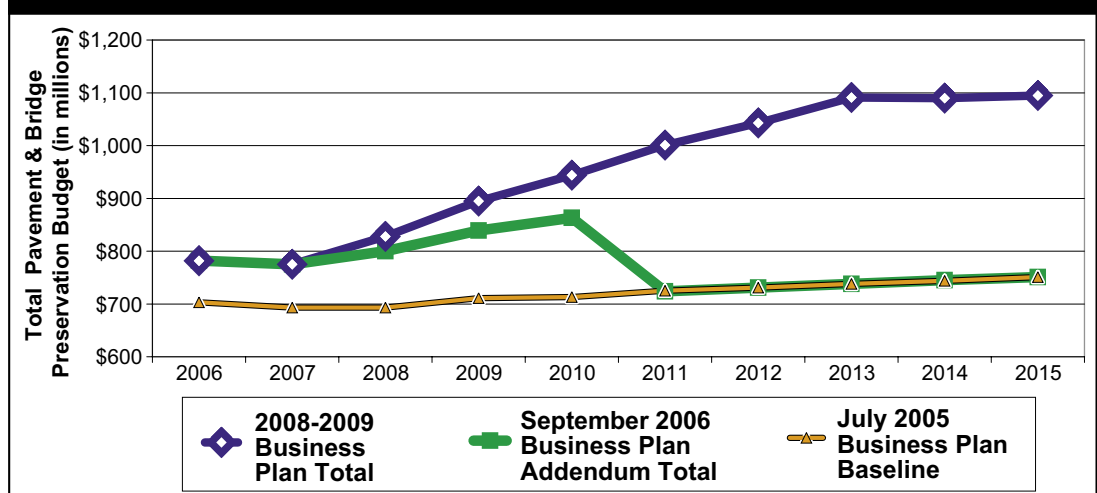
Taking into account internal construction cost inflation estimates, recent developments, and management prerogatives, the 2008-2009 Business Plan forecasts a most likely construction cost inflation of 10% in FY 2008, 8% in FY 2009, and continuing to trend downward to 5% through 2015, as seen in the above chart.

and decided to amend the 2006-2007 Business Plan. Instead of 1% budget increases, bridge and pavement programs were significantly increased to account for inflation over the period of 2007–2010. For example, the bridge and pavement programs were increased by 12% in 2007 alone. This change required an overall budget increase of \$467 million, simply to pay for the same programs over the four year period. As will be discussed later in this plan, the budget did not address inflation after 2010, but instead showed an under-funded program, as seen in the graph below.

To understand how this change in inflation has devastated ODOT’s purchasing power, we must compare the predictions made over the last biennium and the adjustment made to ODOT’s budgets to address the inflation.

Remember, prior to 2005 the department did not seriously account for inflation in its program budget forecasts. This was done for a number of

ADJUSTMENTS TO ODOT PAVEMENT AND BRIDGE PRESERVATIONS NECESSARY TO ADDRESS INFLATION



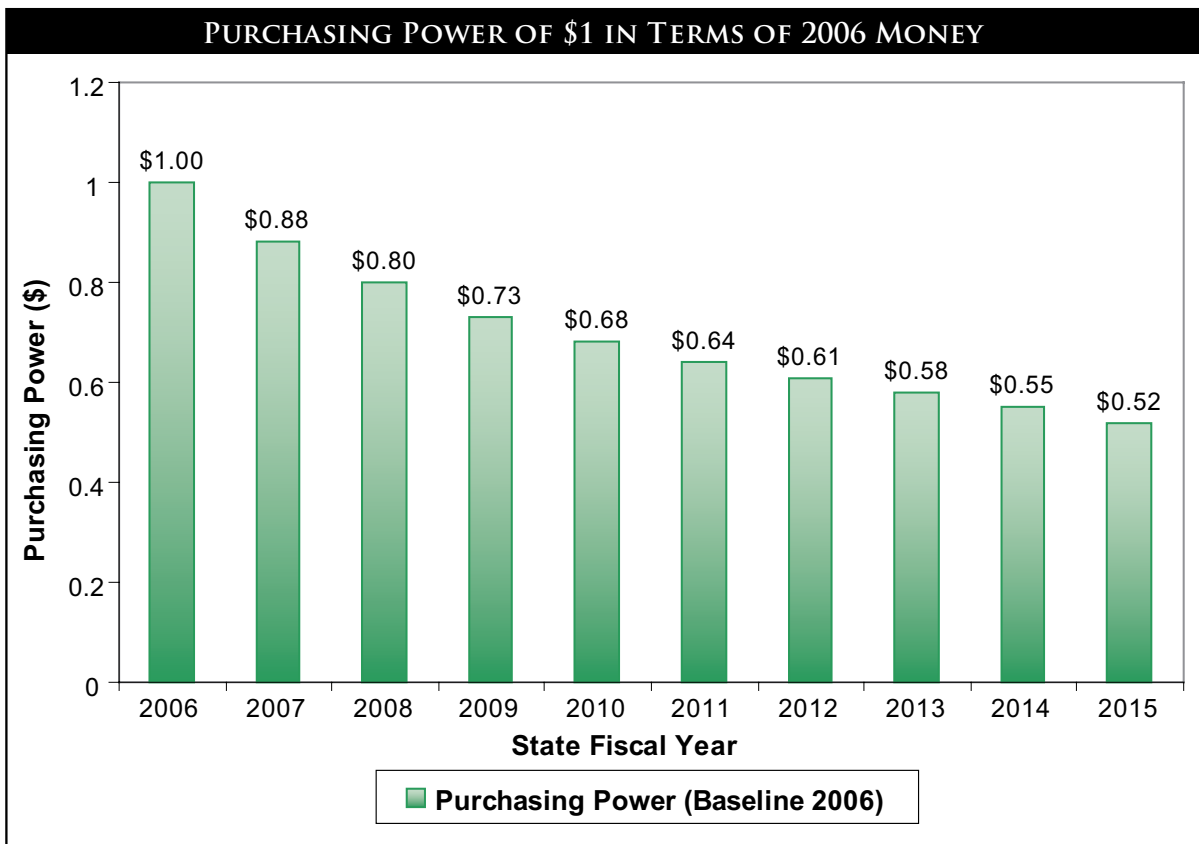
As a starting point, note the gap in the preceding chart between the budget adjustments for FY 2008: comparing the projections of the department’s original plan in July 2005 with the current projections of this plan, the same pavement and bridge preservation program requires \$135 million more. Even compared to the department’s amended forecast in September 2006, there is a \$28 million difference in 2008 alone, and a \$165 million difference from 2008-2010. The difference is more dramatic in 2011 and beyond.

Another way to look at this challenge is terms of purchasing power. The significant dollars devoted to preservation, maintenance, and new construction in previous budgets buy far less of those needed commodities in today’s market. The chart below shows how the value of ODOT’s construction dollars will shrink in the coming fiscal years, based on the most likely inflation projections contained in this plan.

As an illustration of this point, consider the replacement of a bridge stretching across the Ohio River

and budgeted as a \$100 million project in 2006. As part of this hypothetical situation, let’s say the project has been delayed to 2009. That same budgeted \$100 million would buy a bridge less than three-quarter of the way across the river. A delay pushing the project to 2014 would result in a \$100 million bridge that would barely go half way across the river.

Thus, inflation has dramatically impacted the prediction of budget needs, particularly in the areas of pavement and bridge preservation. In terms of a strategic issue, ODOT cannot overstate the importance of current inflationary trends. Overall, continued construction inflation will drive up the costs of the department’s current and future projects and program. Previous project cost estimates, particularly in the areas of preservation, maintenance, and major new construction, will be re-evaluated, using updated inflation projections. Other traditional funding programs, such as the department’s Safety Program, will face diminished purchasing power and capacity to fund new projects.



**CHALLENGE 2:  
ODOT IS EXPERIENCING FLATTENING STATE REVENUES  
AND UNCERTAIN FUTURE FEDERAL INVESTMENT**

Put simply, as inflation has been driving construction costs up, the state revenues to pay for it have been flattening. And future federal investment in Ohio's transportation system is no longer as certain as in previous years.

In 2004, a phased-in 6-cent per gallon fuel tax increase was passed by the Ohio General Assembly. The increased state revenue – combined with increased federal revenue – was designed to double funding for safety programs (to \$60 million annually) and create a 10 year/\$5 billion Major New Construction program for capacity expansion in urban and rural areas. This capacity expansion was referred to as the “Jobs and Progress” Plan. Revenues in FY 2004-2006 rose significantly as the fuel tax increase was implemented, even though the consumption of fuel by Ohio consumers did not increase.

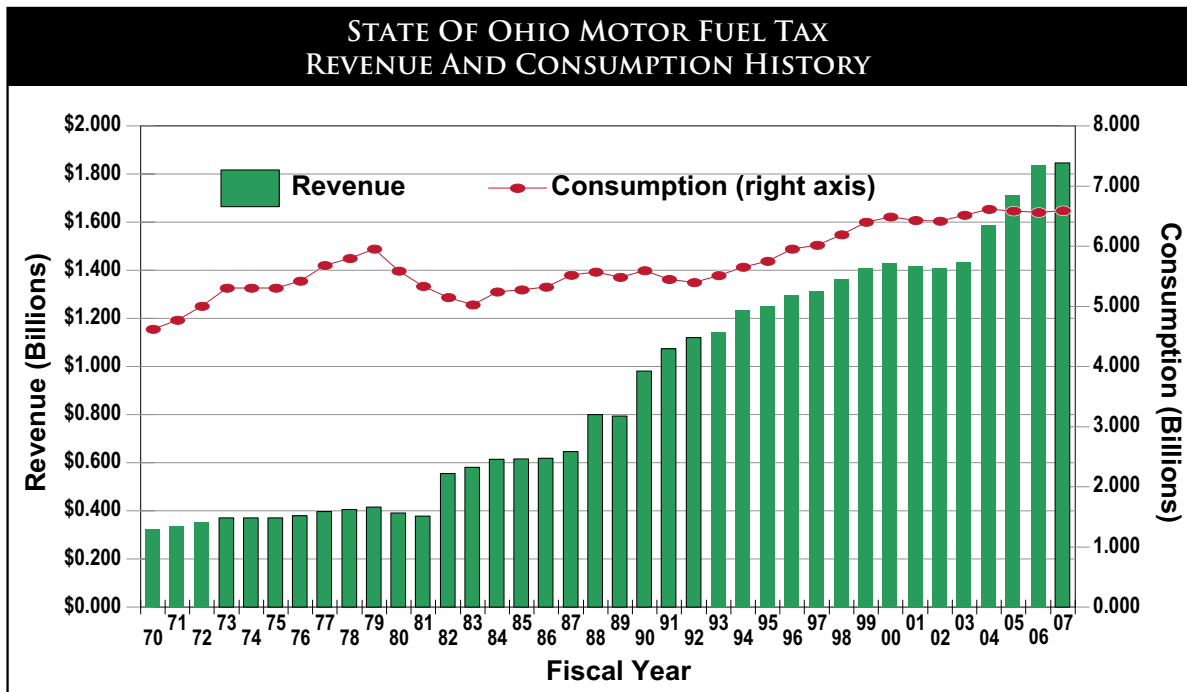
Prior to this gas-tax increase, ODOT historically experienced a growth in state motor fuel tax revenue of about 1% annually, and used this trend in finan-

cial forecasting. However, the rate of growth for the state motor fuel tax has been leveling over the past three years, due in large part to the escalation of fuel prices, a slow-to-no growth in Ohio's population, the availability of more fuel efficient vehicles and other economic trends.

On an annual state gas tax revenue base of approximately \$1.3 billion, this flattening equates to a forecast reduction of about \$12 million annually compared to past business planning.

The graph below compares Ohio's motor fuel tax revenue to consumption. In 2008, the revenue from the tax is expected to remain flat as the consumption of motor fuel in the state of Ohio levels out.

On the Federal side, research done by leading transportation organizations – including the National Governors' Association, the National Conference of State Legislatures, and the American Association of State Highway and Transportation Officials (AASHTO)

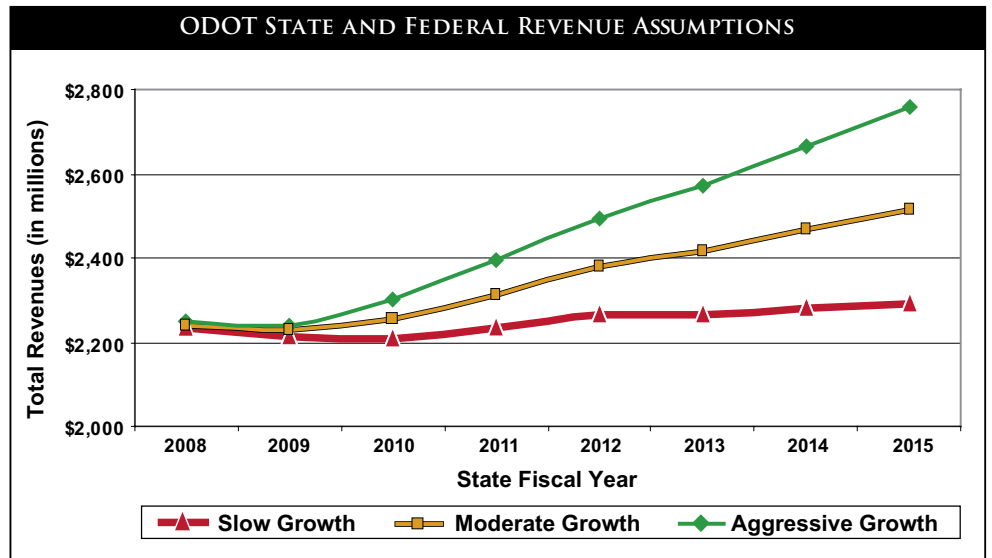


shows that states can no longer count on ever-increasing federal assistance for the various components of the nation's transportation infrastructure.

According to figures from the American Association of State Highway Transportation Officials (AASHTO), the nation has reached a point where the Highway Account of the Federal Highway Trust Fund will be insolvent in FY 2009 and the Transit Account will follow within a few years. As it now stands, the federal highway program faces a potential investment cut of \$16 billion in FY 2009. For Ohio, this cut could represent more than \$500 million. The federal funding uncertainty continues in 2010 and beyond, as we prepare for the next Highway Transportation bill.

Congressional debate is currently focused on corrective language that could offer short-term fixes to the Trust Fund for 2009. However, the next reauthorization bill will need to enact legislation that significantly increases funding to core highway programs. As an administration, we need to work together with Ohio's congressional delegation and our transportation partners to increase funding for Ohio's transportation system and resolve the Trust Fund shortfall.

Another federal revenue issue is the trend towards earmarking of funds for specific projects. In the 1989 STURRA federal transportation reauthorization bill, there were only 120 projects earmarked, totaling \$250 million. By 2005, however, the SAFETEA-LU reauthorization bill was approved with 5,680 projects earmarked for \$21.7 billion. Ohio had almost \$660 million earmarked. We will need to collaborate with the congressional delegation to ensure that more funding from federal earmarks is directed to the best and most useful projects for the benefit of Ohio's transportation system.



For all of these reasons, ODOT believes it is most prudent to plan for the most conservative revenue growth projection. Similar to our range of predictions on inflation, ODOT forecasts revenue growth, as illustrated in the above graph. This range is further addressed in the Financial Plan section.

As seen in the graph above, a conservative, slow growth approach has dynamic consequences. Under the conservative assumption, state revenue remains flat and federal revenue grows at 1% annually starting in 2010; under the moderate growth assumption, state revenue grows at 0.5% annually and federal revenue at 3% beginning in 2010; and in the aggressive scenario, state revenue grows at its historic average of 1% annually, and federal revenue grows at its historic average of 5% beginning in 2010. By 2015, the difference between the slow growth and aggressive growth assumptions is \$467 million.

ODOT is using the most conservative revenue estimates in its financial planning, which is prudent given the uncertainty of state motor fuel tax revenue and the significant threats to the federal highway trust fund. An important note: should these revenue forecasts change in future business plans, ODOT has a sufficient pipeline of projects in development, which could move forward to construction.



### CHALLENGE 3: ODOT MUST ADJUST TO ADDRESS PAST PROGRAM DECISIONS

In addition to the difficult fiscal realities the department must confront in this new biennium, ODOT must also contend with the financial challenges past program decisions have created for the future.

In the original 2006-2007 Business Plan (developed in July 2005), ODOT outlined a financial forecast showing no shortfall in major spending categories for 10 years. The plan's forecast continued ODOT's primary commitment to fully funding its operations and preserving its existing system through pavement and bridge programs. The plan showcased the Jobs and Progress initiative, which doubled funding for safety programs and created a 10 year/\$5 billion Major New Construction program for capacity expansion.

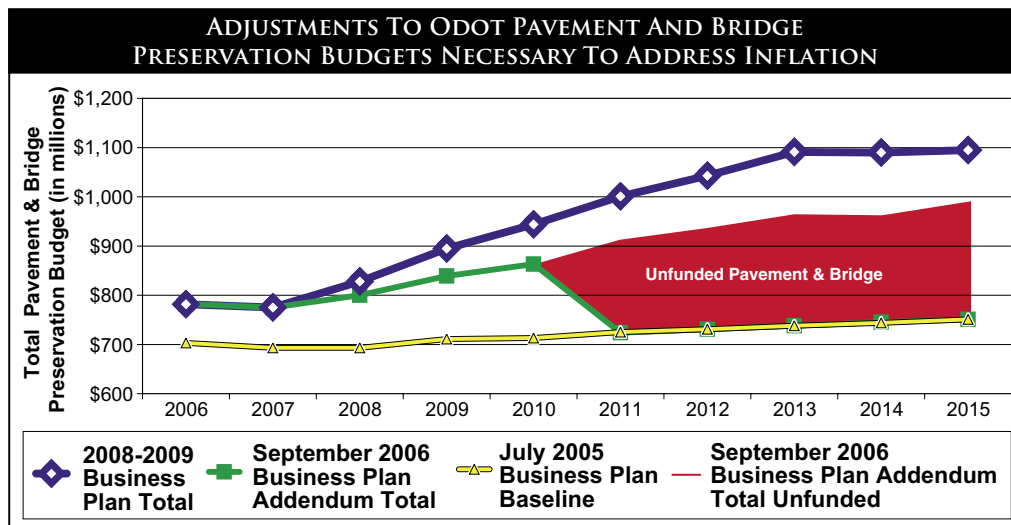
The budget for Major New Construction was based upon projects adopted by the Transportation Review Advisory Council (TRAC). As it made future funding commitments to Ohio's largest transportation projects (projects costing more than \$5 million), the TRAC followed a policy of over-programming by no more than 20% to assure a constant pipeline of major new projects.

In September 2006, when ODOT amended its business plan to reflect a deteriorating financial situation,

a decision was made to address this strain not by cutting funds devoted to Major New Construction but by reducing commitment levels to core preservation priorities. The addendum showed ODOT bringing its fundamental priority of system preservation into a significantly under-funded scenario, with an estimated \$838 million shortfall in pavement repair, replacement, and maintenance programs by the year 2015. Furthermore, ODOT proposed a similar pattern of under-funding the bridge repair, replacement, and maintenance programs, totaling more than \$232 million in the same time period. These actions combined to create a core program imbalance of more than a billion dollars in the time period covered by the budget pro forma, as represented by the red section of the graph below.

In another decision that added to the future financial strain, ODOT and the TRAC violated programming policy on Tier I and Tier II Major New Construction commitments. For clarification, Tier I projects are those projects voted by the TRAC for construction; Tier II projects are still under development. Although the 2006 addendum showed reduced resources available in the category of Major New Construction, ODOT and the TRAC failed to bring to bear the entirety of this new financial reality into its programming decisions.

The TRAC voted to over-commit by 47% above stated total program funding levels – more than double the TRAC's own policy. This over-commitment, when combined with construction cost inflation and increased debt service, totals approximately \$2 billion that was not budgeted in previous business planning.



**CHALLENGE 4:  
CONSTRAINTS HAVE BEEN PLACED ON MAJOR NEW CONSTRUCTION**

Prior to the 2008-2009 biennium, Governor Strickland and Director Beasley worked with the members of the Ohio General Assembly to determine proper transportation funding levels through ODOT's Transportation and General Fund budget bills. The concerns of over-programming in Major New Construction were widely shared by both the Administration and the Legislature.

That concern led to a notable provision being added to the Transportation Budget, approved in March of 2007 and amended in June, which prohibits ODOT from undertaking the construction of a major new project until construction of all existing Tier I projects (from the December 2006 TRAC draft list) has begun.

Among the challenges this amendment presents, the measure reduces ODOT's ability to manage its capital improvement budget in an environment that often requires dynamic decision making. By locking the state into a specific list, ODOT does not have the

flexibility to adjust construction projects – based on delays caused by environmental, right-of-way, or community-related issues – without threatening potential future projects. The measure also impairs ODOT's ability to react to potential state or local economic development projects related to the attraction or retention of major new employers or corporations.

Finally, the measure has created an uncertainty on advancing Tier II projects currently on the TRAC's draft list from December 20, 2006, or advancing those projects seeking future study. A fiscally responsible balance must be found in the debate over spending limited dollars on time sensitive studies for non-Tier I projects, recognizing that these projects cannot be advanced to construction in the short term. ODOT will need to work with the General Assembly and the TRAC to understand what flexibility is retained for making decisions and ensuring financial accountability in the commitments of the Major New Construction Program given this constraint.

**AMENDED HB 67 WITH LANGUAGE  
ADDED BY AMENDED HB 119**

Sec. 555.08. The Department of Transportation shall construct the major new construction projects selected by the Transportation Review Advisory Council on December 20, 2006, as Tier I projects for construction in fiscal years 2007 through 2013 and shall not undertake other major new construction projects until the construction of such selected Tier I projects has commenced in accordance with the December 20, 2006 recommendations. However, nothing in this section shall require the Department of Transportation to undertake the major new Tier I construction projects selected by the Transportation Review Advisory Council on December 20, 2006, ahead of projects selected as Tier I projects prior to that date; the Department may continue with such previously selected Tier I projects in accordance with the prior recommendations. The Transportation Review Advisory Council may recommend additional major new projects in accordance with the policies promulgated by the Council, but new Tier I projects shall not be given priority over Tier I projects recommended on December 20, 2006.



## SUMMARY OF CHALLENGES:

When combined, the cumulative effects of high construction costs inflation, flat state revenue, and adjustments needed for past program decisions create a shortfall of \$3.5 billion using financial forecasts projected for the department through 2015. To be good stewards of the public trust, it will be imperative for the department to manage the public's money more responsibly.

ODOT will need to restore appropriate funding to the maintenance and preservation of the state's existing highway system, bring into reasonable balance the Major New Construction program, and become a more reliable, honest partner with Ohio's local communities. To assure stability and flexibility in the current construction program, the department has already secured record bonding authority in the current biennium budget. This is a short term fix. ODOT will continue to analyze and use bond financing based on revenue forecasts and program needs and return to a more traditional borrowing level in future years.

More importantly, this Business Plan identifies sound fiscal management in these difficult times as the single largest strategic challenge facing the department.

The first strategic initiatives in the following section of this plan outline the administration's approach to deal with the issue. There are also other measures – in goals and strategic initiatives – to be as efficient as possible with the resources at hand.

As ODOT manages these challenges, we also need to have a new dialogue about the state's transportation priorities and how best to achieve them. With the leadership of Governor Strickland and Director Beasley, ODOT will bring together its transportation partners to establish Ohio's priorities and a cooperative strategy for the new federal transportation bill. Continued partnership with the Legislature will also be needed as we seek innovative solutions to address the state's transportation priorities.

A NEW DIALOGUE ON OHIO'S TRANSPORTATION PRIORITIES  
ADDRESSING OHIO'S 21<sup>ST</sup> CENTURY  
TRANSPORTATION FUNDING CHALLENGES

The funding challenges at the Ohio Department of Transportation are symptoms of a larger transportation problem facing both our state and our nation. As described in the previous section, this plan projects a \$3.5 billion funding shortfall by 2015 compared to the department's previous Business Plan. Even though basic roadway and bridge preservation and highway maintenance operations will be provided, if inflation projections bear out and revenue remains flat, the department will be faced with a need to make significant cuts - either exclusively or across the board - to two major spending areas: the Major New Construction program or the department's Safety, Statewide and Local programs. Such actions will have a dramatic impact on our transportation system.

As difficult as such cuts would be to our state, the fact is that the department's funding challenge does not even contemplate many of the critical issues Ohio faces as we plan to meet our state's transportation needs in the 21<sup>st</sup> Century.

#### SETTING AND FUNDING OUR TRANSPORTATION PRIORITIES

It is time for a new dialogue on Ohio's transportation priorities. The state must lead a frank discussion on how best to position its transportation spending to balance the movement of people and freight, promote safety and reduce congestion, create jobs, encourage responsible growth, and help build sustainable communities. As Ohio determines these priorities, it also must identify the fairest way to finance them, including new tools for state and local governments to partner with the private sector.

*Several specific priorities stand out:*

**Increasing the Movement of Freight:** The Governor and Legislative leaders understand that advanced logistics – including the preparation and transportation of goods to markets in North America – is a critical growth sector in our state's economic future. ODOT and industry research predict that Ohio will experience a 100% increase in freight movements from, to, and within our state border over the next 15 years.

State and local leaders, from both the public and private sectors, must begin to plan for the safest, efficient and healthy movement of this freight by using all modes of transportation: roadways, rail, water, and air. This includes public and private sector funding for infrastructure improvements, tax and incentive policies, and education and training.



**Adding Value to Goods:** Although Ohio offers a critical link to markets across North America and throughout the world, we cannot serve as simply the crossroads of our country. Ohio's economy experiences limited benefits from freight simply flowing through the state. Our transportation system needs to leverage this crossroad position and develop a policy that encourages companies to "open the container" at stops here in Ohio. This will create jobs that add value to goods that travel from, through, or to the state.

**Considering the Movement of People:** With this dramatic growth in freight movement across all modes of transportation, the state must also find a better balance in transportation options for people. Ohio has very limited access to interstate passenger rail and no intrastate passenger rail. The completion by the Ohio Rail Development Commission of its Ohio Hub Economic Impact Study – which demonstrates how an intrastate passenger rail proposal would link major metropolitan areas of our state – validates the need for state and local policy makers to seriously consider the value of this proposal and explore how best to pursue funding this option. In the same vein, Ohio also needs to have a serious dialogue on public transit within our state and determine how best to improve capacity and usage in our urban, suburban, and rural areas.

**Assuring Project Funding Criteria Promotes Priorities:** As Ohio sets a new transportation agenda, it is critical that state and local policy makers determine and adjust project funding criteria to assure that projects meet job creation, safety and congestion, and multi-modal needs. This would allow ODOT and its partners to evaluate new projects and guide the examination of existing projects to see which meet our

state's critical priorities. To put the existing pipeline in perspective, the Major New Construction program contains \$6 billion in Tier I projects and an estimated \$7-8 billion additional in Tier II projects. Some of these projects are more than 10 years old and, with current financial estimates, this total project pipeline could take over 30 years to complete.

**Finding Innovative Financing Tools:** The forecasts in this 2008-2009 Business Plan clearly show that ODOT's funding stream is inadequate to fulfill its core and traditional programs, the Major New Construction program, and the new policy matters laid out in the previous discussion points. As a state, we need to explore how best to leverage state transportation spending, by giving state and local governments new and innovative tools for transportation funding and finance. Tools for the private sector must also be found, to provide for improved partnership in paying for future projects.

**Securing Greater Federal Investments:** Federal funding will continue to be a critical element of our state's transportation financing. As we set our new priorities, we need to coordinate with the Governor, state legislators, transportation partners, and Ohio's Congressional delegation on a federal agenda that secures more funding for our transportation priorities.

**Leading by Example:** Finally, ODOT will continue to take a hard look at our operations to assure that we are doing our best to provide the leadership and management necessary to provide for and maintain our current transportation system. In the next section of this 2008-2009 Business Plan, the department lays out several strategic initiatives and goals to meet this charge.

## ENGAGING ALL STAKEHOLDERS IN THE PROCESS

As part of this 2008-2009 Business Plan, the department will create a statewide 21<sup>st</sup> Century Transportation Priorities Task Force, to assure broad participation and leadership on these significant funding issues. This task force will consist of state and local governmental officials, including the state's metropolitan planning organizations; business, labor, and community leaders; transportation partners from roadway, rail, transit, waterway, aviation, and safety sectors; public finance professionals; health and environmental advocates; and members of the public. The department will assign staff and direct the TRAC to participate in this effort, giving the task force the administrative, policy, and research support necessary to meet its mission.

*The 21<sup>st</sup> Century Transportation Priorities Task Force will:*

- convene meetings with communities and stakeholders throughout the state, to discuss state and local transportation challenges and how best to focus investments to balance the movement of people and freight, promote safety and reduce congestion, create jobs, encourage responsible growth, and help build sustainable communities;
- challenge public officials, business, labor, community leaders and transportation stakeholders to quantify the costs of these transportation priorities and examine innovative funding and financing tools for federal, state, and local governments and the private sector to meet these priorities;
- create the framework to establish a multi-modal 21<sup>st</sup> Century transportation plan for the state to meet its transportation and growth needs; and
- forward to the Governor, the General Assembly, and our Congressional Delegation a final report on Ohio's 21<sup>st</sup> Century Transportation Priorities, which shares our state's challenges and priorities, identifies innovative funding and partnership tools, and recommendations on changes to federal, state, and local laws necessary to meet these priorities. Upon completion of its work, the Task Force will issue a final report and may choose to provide status reports during this process.



STRATEGIC INITIATIVES FOR 2008-2009  
**ODOT ACTION TO ANSWER  
THE CHALLENGES OF TODAY**

In addition to embarking on a new dialogue on Ohio's transportation priorities, the Strategic Initiatives set forth by Director Beasley in this section of the 2008-2009 Business Plan represent seven program areas that need to be immediately addressed by the department if we are to be successful in answering the challenges of today and carrying out the department's new mission for the future.

**STRATEGIC INITIATIVE 1:**

**Restore fiscal responsibility by adjusting ODOT's finances to address continued construction cost inflation, flat state revenues, and past program decisions; and adopt improved procedures in the Major New Construction program to match realistic trends in revenue and construction costs**

In these difficult financial times, we must better manage our resources to assure funding for Governor Strickland's "Fix it First" philosophy for prioritizing infrastructure investment. Just as important, the department must restore fiscal responsibility by adjusting its financial outlook to match realistic trends in revenue and construction costs.

In an effort to substantiate appropriate use of Major New Construction funding and resolve concerns about the consequences of over-programming, it is also important to have reliable and realistic project scope and cost information prior to the advancement of projects by the Transportation Review Advisory Council (TRAC).

*For the 2008-2009 biennium, Strategic Initiative 1 prescribes two main action areas:*

**Responsibly Adjust ODOT's Financial Forecasting**

- With this plan, the Divisions of Finance and Planning will produce a financial forecast that fully and fairly funds basic pavement and bridge maintenance programs and accurately shows the programmatic shortfall between the line item for Major New Construction projects.
- Monthly, the Division of Contract Administration will update its historic construction cost database with the most recent project bid information, and maintain a running trendline of construction cost information for major construction bid items and cost drivers including asphalt, concrete, steel and diesel fuel.
- Twice a year, the Division of Contract Administration will produce and update a five-year inflation forecast, to be used by capital program managers to update program/project construction estimates.
- Twice a year, the Divisions of Planning and Production Management will provide guidance, based on the five-year construction inflation forecast, for project and program managers to use in updating their program budgets.
- Annually, the Divisions of Planning, Production Management and Highway Operations will review pavement and bridge system condition informa-



tion, tracking performance compared with goals and providing recommendations for program funding adjustments.

- In recent years, some Major New Construction projects cost significantly more than the TRAC

originally budgeted because they were advanced to Tier I without a final scope and/or environmental document. To remedy this, the Divisions of Planning and Local Projects will not recommend projects for TRAC Tier I Construction until the project is appropriately scoped and estimated.

### Direct the TRAC to Adopt Improved Project Cost Procedures

- Director Beasley will charge the TRAC with adopting an adjusted project schedule that brings the Major New Construction program back into its original programming policy in a reasonable and prudent time frame.
- The TRAC and the department will work cooperatively to address the impacts of constraints placed on Major New Construction, including the TRAC-specific amendment to the Transportation Budget, on both current and potential new projects.
- The Division of Planning and Local Programs will ensure all projects have reached a sufficient level of development prior to the TRAC making construction commitments.

## STRATEGIC INITIATIVE 2:

### Promote a comprehensive state and federal legislative agenda, emphasizing cooperation instead of competition, to advance Governor Strickland's Turn-around Ohio transportation initiatives

In light of the fiscal challenges facing the department and the transportation industry, it is incumbent upon ODOT to establish a cooperative agenda for improving state and federal financing that will fund ODOT's priority programs. To develop a coherent strategy for reauthorization of the federal transportation bill and other funding mechanisms, ODOT must bring together all of its transportation partners and establish its strategy for the new transportation

bill which addresses the state's transportation issues holistically and preserves the flexibility to manage programs according to local needs.

Additionally, ODOT will work with the General Assembly and several partnering state agencies and departments to implement \$63 million in new programs, enacted as part of the Transportation and Executive Budgets.

*In the 2008-2009 biennium, Strategic Initiative 2 prescribes the three action areas:*

### Develop a Strategy for Federal Reauthorization

- The Division of Planning will provide long-range forecasts of pavement and bridge conditions based on funding trends, and the scale of the Major New Construction program, to allow ODOT's federal transportation partners to better understand the needs of the state.
- The Division of Finance will analyze alternative federal finance strategies developed by AASHTO and other interest groups to gauge their impact on Ohio's future transportation revenue stream.



- ODOT and the Governor's Office will develop – in consultation with our transportation stakeholders and in consideration of the recommendations of the 21<sup>st</sup> Century Transportation Priorities Task Force – a federal funding strategy that addresses the state's transportation needs holistically, to assure that Ohio has a clear message in seeking support for the new Federal Transportation bill.
- Through the Governor's Office, ODOT will work with Ohio's congressional delegation, providing detailed information, budget and scope on projects within individual congressional districts, to coordinate a targeted use of earmarking federal transportation dollars.

### Promote a State Legislative Strategy on Transportation

- In partnership with the General Assembly, ODOT will update state and local leaders on the strategic challenges arising from revenue trends and construction cost inflation, in order to convey the financial issues of the department to as broad a base as possible.
- In addition, the department will work with the General Assembly to explore new and innovative ways to fund transportation, including various tolling methods, public-private partnerships, indexed user fees, the leveraging of existing assets, fair share fees, and state tax increment financing.
- ODOT will also communicate its construction cost inflation and program funding trends with its transportation partners: metropolitan planning organizations; the consultant, construction, and materials supply industries; the department's labor unions; local government leaders; and other appropriate constituent groups.

### Implement New Programs and Actions Enacted Under the Budget Process

- In partnership with local and county officials, the Division of Highway Operations will address language from the 2008-2009 Transportation Budget which shifts major maintenance responsibility for bridges on state highways within municipalities, from county commissioners, to ODOT. ODOT had performed a majority of maintenance and replacement work on these structures as a matter of policy in past business practice.
- In partnership with the Office of Budget and Management (OBM) and the Department of Public Safety, the Division of Finance will address a provision of the enacted Transportation Budget which included up to \$1.6 million monthly transfer of state gas tax funds to the State Highway Patrol, totaling more than \$19 million each year of the biennium.
- With assistance from the Ohio School Facilities Commission and OBM, the Divisions of Finance and Local Programs will structure the accounting and administration of a provision in the enacted Executive Budget which makes \$4 million in highway funding available for improvements at public school entrances for 2008.
- Coordinating with the Departments of Development, Environmental Protection, and OBM, the Divisions of Planning and Local Programs and the Office of Policy will assist in a new program to promote diesel emission reductions, utilizing \$9.8 million in 2008 and \$10 million in 2009 of earmarked federal dollars from ODOT's Congestion Mitigation and Air Quality (CMAQ) program, as enacted in the Executive Budget.

**STRATEGIC INITIATIVE 3:**

**In addition to our priorities of safety and congestion-reduction, broaden the criteria for project selection, especially in the category of Major New Construction, to include economic development, cost/benefit analysis, and opportunities for multi-modal integration and urban revitalization**

The investments we make in our roads, highways, and infrastructure contribute to job creation and are critical to generating long-term, high value jobs and the kind of economic development our state must support. When the legislation authorizing the TRAC was enacted, economic development was intended to be part of the criteria for evaluating projects. Since 2003, however, only four of the 88 Tier I projects accepted by the TRAC included any credits for jobs creation.

The department will put processes in place to ensure that its transportation investment decisions promote all aspects of economic development, including the creation and retention of jobs and businesses, as well as improved quality of life. The selection criteria must always be mindful of cost. And we must look for those opportunities to integrate projects beyond one mode of transportation, in addition to promoting urban revitalization.

*In the 2008-2009 biennium, Strategic Initiative 3 prescribes the following action items:*

- Review methodologies for assessing economic development impacts from transportation projects. The Division of Planning will develop the capabilities to quantify the economic impact of all of its projects, not a select few.
- In keeping with the priority of Strategic Initiative 1, the Divisions of Finance, Planning, and Local Programs will prepare a reliable cost-benefit analysis of major new projects prior to advancement of projects from the TRAC's Tier II onto the Tier I list.
- Coordinate with the Ohio Department of Development to review project selection criteria and the land use impacts of transportation projects, highlighting the benefits of urban revitalization.
- The Divisions of Planning and Local Programs will revise the criteria for funding priority to reflect these new measurements for economic development, cost-benefit, multi-modal integration, and urban revitalization. This revised criteria will then be presented to the TRAC for formal approval.

**STRATEGIC INITIATIVE 4:**

**Establish “Smart Growth” strategies to ensure ODOT projects take growth and local land use issues into account**

While the linkage between land use and transportation is well known, Ohio's processes for managing transportation improvements and actions (access management) in concert with local land use policies is still in transition. To promote Turnaround Ohio

initiatives including ‘Fix it First,’ ODOT must adapt its current policies and practices to ensure that transportation investment decisions maintain a safe system and help encourage smart growth and development.



*In the 2008-2009 biennium, Strategic Initiative 4 prescribes the following action items:*

- The Division of Planning will complete development of a statewide forecasting model, which can predict the changes in land use resulting from a transportation capacity investment. Once complete, the Division of Planning will recommend ways to amend major new project selection criteria to incorporate land use impacts.
- The Office of Policy will develop “Fair Share” guidelines for granting private developers access (permits, signals, etc.) to the public road system. The objective of these guidelines will be to work cooperatively with local governments to assure private developers contribute appropriate funding for impacts on the road system.
- The Divisions of Planning and Local Programs will work with the TRAC to develop criteria to align our transportation decisions with goals of preserving farmland and open spaces, reducing sprawl, promoting redevelopment of brownfields and vital urban centers, and promote growth where it is needed and desired, according to local and regional land use plans.
- The Division of Production Management will review and update its access management principles and guidelines to conform to this initiative and provide appropriate guidance to district offices.

## STRATEGIC INITIATIVE 5:

### Implement and advance cost-effective strategies for pavement preservation

The collapse of the I-35W Bridge in Minneapolis thrust the condition of the nation’s infrastructure to the front of the public’s consciousness. However, ODOT and its local government partners face serious funding constraints that challenge the basic mission of infrastructure maintenance and ultimately the economic competitiveness of the state.

ODOT continues to make steady progress in management of its pavement inventory, but further refinement of its approach to the general (two lane) pavement system is warranted, especially for low volume roads. In light of the department’s fiscal challenges, it is imperative that the department optimizes every dollar of its paving budget.

*In the 2008-2009 biennium, Strategic Initiative 5 prescribes the following action items:*

- The Division of Planning will enhance its guidelines and policies for general system pavement treatments, through meetings with the district transportation planning and program administrators, and appropriate district pavement program personnel, to explore cost-effective strategies, including chip sealing and warm-mix asphalt.
- The Division of Planning will initiate a workplan review process to ensure that districts are capitalizing on the low-cost treatment strategies available to optimize their pavement budgets, and not prescribing short term treatment strategies.
- The Division of Planning will coordinate with the Director to review options and make recommendations for a modern pavement management system, which can forecast pavement program budgets and optimize pavement expenditures. A key criterion will be for the cost of the system to be recouped through pavement program savings.

**STRATEGIC INITIATIVE 6:**

**Implement additional cost-effective strategies for traffic flow and traveler information**

With the unprecedented fiscal climate facing the department, the need to derive as much traffic flow benefit from the existing system before building new

highway capacity is imperative. Traffic engineering and traveler information strategies provide much promise in this area.

*In the 2008-2009 biennium, Strategic Initiative 6 prescribes the following action items:*

- As a pilot, the Division of Highway Operations will work with MPOs to identify key signalized arterial roads for low-cost traffic flow improvements such as signal upgrades, signal coordination, signal timing, extended turn bays, and access management strategies. The current-versus-potential performance of these arterial roadways will be assessed to prioritize the roads for low-cost traffic upgrades.
- As another pilot program, the Divisions of Highway Operations and Production will identify at least three intersections/interchanges for the following traffic flow countermeasures: Diverging Diamond Interchange; Continuous Flow Intersection, Buckeye Diamond signal timing.
- The Divisions of Highway Operations and Information Technology will develop an enhanced web application that will serve as a portal for relevant real time traffic and traveler information, including weather, road closures, construction, and incident information.
- The Division of Highway Operations will pilot a program of remote traffic flow monitoring to provide traveler information on freeway travel conditions.

**STRATEGIC INITIATIVE 7:**

**Embrace environmental stewardship by implementing internal strategies to promote clean air and energy independence**

Clean air, the cost of energy, and energy independence are challenges for any large organization. Embracing environmental stewardship, ODOT can lead by

example and implement policies and programs that address energy consumption, the source of our fuels, and air quality.

*In the 2008-2009 biennium, Strategic Initiative 7 prescribes three main action areas:*

**To promote Governor’s Executive Order 2007-02S through energy reduction in ODOT buildings and use of alternative energies, the Division of Facilities and Equipment Management and the Office of Policy will:**

- Increase the number and use of flex fuel vehicles by replacing non-flex fueled vehicles, as they are available, and strategically making flex fuel more accessible to ODOT’s fleet.
- Increase the use of alternative fuels used by ODOT’s fleets, by assuring there are methods in place to keep a constant supply of these alternative fuels and studying the feasibility of adding capacity and



availability of these alternative fuels at additional ODOT facilities.

- Monitor energy usage and consumption throughout the department, specifically in ODOT buildings and garages, and recommend ways to attain Executive Order 2007-02S.

**To utilize new technologies and environmental practices to minimize ODOT's waste, the Divisions of Facilities and Contracts and the Office of Policy will:**

- Increase awareness of ODOT staff on pollution prevention and environmental stewardship opportunities by participation in training or other programs to minimize risk of environmental issues at ODOT facilities.
- Improve efforts to recycle or "re-use" products and materials at ODOT facilities to minimize waste and conserve our natural resources.
- Enhance efforts to promote purchasing and use of recyclable products. This includes a review of alternative paving products that increase recycling and/or reduce energy consumption and promote environmental cleanliness, such as hot mix asphalt, warm mix asphalt, and chip-and-seal applications.

**Promote efforts to reduce diesel emissions**

- Through the Division of Planning, immediately allow local communities and MPOs to use a portion of CMAQ funds budgeted to them over the next two years, and any un-programmed funds from past years, to address diesel retrofitting in diesel emission reduction efforts.
- The Division of Facilities and Equipment Management will review the department's fleet of on-road and off-road vehicles and equipment and determine where diesel retrofits could be beneficial, feasible, and cost-efficient. The department will also explore standard operating procedures and the viability of anti-idling policies when appropriate and practical.
- The Office of Policy and Division of Contract Administration will review procurement procedures to recommend how the department can use these policies to encourage companies to be more environmentally conscious and to create jobs dedicated to clean air and energy independence.

# GOALS

## SOLUTIONS FOR THE CHALLENGES OF THE FUTURE

The Goals set forth by Director Beasley in this section of the 2008-2009 Business Plan set a standard of guiding principles the department will follow over the next seven year period to find solutions for the challenges ahead. Many of these areas overlap with the previous Strategic Initiatives, highlighting their long term importance.

### GOAL 1: DEMANDING FISCAL RESPONSIBILITY, EFFICIENCY, AND ACCOUNTABILITY

ODOT will conduct business in a fiscally responsible manner, maintaining reliable and balanced program budgets. We will identify projects which provide the greatest return for the public's dollar, and plan, design and construct projects that are practical and cost effective. We will pursue operational efficiencies through continuous improvement practices. Accountability measures will be utilized to monitor system conditions and organizational performance.

#### *2008 – 2015 Objectives:*

- Develop and maintain a financial plan that restores adequate funding to operation and maintenance, and provides a predictable capital program that is financially balanced while meeting “Fix it First” goals.
- Over programming of the major new program will be set on a path to return to an original policy limit of 20% over the TRAC planning horizon.
- The Division of Finance will work with districts to establish meaningful measurements for inventory and operations budget performance.
- The department will develop and implement uniform loss prevention measures to reduce the amount of equipment lost to theft and the potential for sensitive data to be breached.

### GOAL 2: PROMOTING OPPORTUNITY AND ACCOUNTABILITY

In addition to setting the stage for a return to fiscal responsibility, during this transition ODOT needs to launch a broad review of its business practices, looking for improved ways to promote opportunity and accountability in the areas of consultant selection, vendor accountability, and employment diversity.

#### *2008 – 2015 Objectives:*

- In the areas of consultant selection, construction contracting, and other procurement actions, ODOT needs to examine its selection procedures and adopt prudent and practical measures to encourage competition, expand the use of small and emerging businesses, and promote partnerships that help companies grow and mature.



## GOALS (CONTINUED)

- In the area of vendor accountability we need to adopt prudent and practical measures to assure that our consultants, suppliers and contractors are qualified, responsible, and properly evaluated on their work so that we assure our citizens that we have responsible, accountable vendors.
- In the area of employment, ODOT and its contractors need to adopt prudent and practical measures to promote diversity in the workplace so that we have operations that reflect the great diversity of this state.
- In the area of civil rights, ODOT will ensure that its contractors, consultants, business partners, and grantees of federal funds are not discriminating against any group in the administration of any federally-funded program by strengthening its interdisciplinary civil rights team through better coordination and stronger management of its civil rights program.
- The Division of Quality and Human Resource will promote ongoing personal training opportunities for ODOT's leadership to review the levels of professionalism in dealing with business partners and the public.
- The department will review and revise the Ohio Logos program, in order to collect new revenue from these informational signs along the freeway system that promote gas, food, and lodging businesses.

### GOAL 3: PROMOTING "FIX IT FIRST"

**ODOT will promote a "Fix it First" philosophy in transportation planning, ensuring that all system preservation funding needs are met before budgeting for new transportation projects.**

#### *2008 – 2015 Objectives:*

- Increase the Pavement Condition Rating threshold for the general system from 55 PCR to 60 PCR in the 2008-2009 biennium and beyond.
- Sustain pavement conditions so that 90% of the state's pavements exceed the minimum PCR threshold.
- Sustain Ohio's bridges so at least 97% of all state-maintained bridges exceed the minimum threshold for General Appraisal (a rating system unique to ODOT that measures the structural conditions of bridges, as opposed to the federal Sufficiency Rating which measures traffic volumes, geometrics and use along with structural condition).
- Support maintenance and preservation of runways at the 98 publicly owned general aviation airports within the Ohio Airport System.

### GOAL 4: EMBRACING MULTI-MODAL TRANSPORTATION PLANNING

**Ohio cannot simply build its way out of congestion. If we are going to turn-around Ohio and open a gateway to international commerce, we must fully embrace a multi-modal integrated approach to transportation. By putting more people in buses and more freight on trains, we ease traffic congestion and preserve our highway conditions**

#### *2008 – 2015 Objectives:*

- In 2008, ODOT will expand its "Bus on Shoulders" program to improve urban transit service levels.
- During the biennium, ODOT will convene a forum of transportation modes (public, private, local

and state-level) to identify gaps in the multi-modal planning process, and new methods to fund and deliver multi-modal projects.

- On the water, Ohio ports annually handle about 188 million tons of cargo. In the air, roughly 2 to 3 million more tons annually go through Ohio's airports. The department will study the intersections of these multiple modes of transportation, researching opportunities for the state to partner with existing private sector interests to identify impediments
- Building upon its partnership with the state's transit providers, the department will devote a specified \$5 million in 2008 and \$5 million in 2009 of Congestion Mitigation and Air Quality (CMAQ) Program Funds, as provided by the enacted Executive Budget, for the purchase of transit vehicles through the Transit Capital Fund.

### GOAL 5: PRIORITIZING SAFETY IN ALL TRANSPORTATION

**ODOT will integrate transportation safety improvements in all business practices that impact the public, with a goal of continuous reduction in the number and severity of crashes.**

*2008 – 2015 Objectives:*

- Reduce the state's crash fatality rate from the current rate of 1.11 fatalities per 100 million vehicle miles traveled (mvmt) to not to exceed one fatality per 100 mvmt.
- Reduce serious (fatal/incapacitating injury) fixed-object crashes 10% by 2015.
- Reduce serious (fatal/incapacitating injury) intersection crashes 10% by 2015.
- Target the implementation of all low-cost, short-term safety solutions in the annual safety and congestion work plan.
- Implement the latest technologies, review staffing requirements, and increase driver awareness to improve the department's operation and safety efforts during Snow and Ice season.

### GOAL 6: WORKING TOWARD A "BETTER THAN BEFORE" ENVIRONMENTAL POLICY

**ODOT will deliver environmentally sound transportation projects that result in a "better than before" environment for all. We will ensure that our program of transportation projects conform to air quality emission budgets. And we will provide mitigation for any project impacts to historic sites, streams, wetlands, or any other environmentally sensitive resource.**

*2008 – 2015 Objectives*

- ODOT's program of transportation investments will not violate the air quality standards established by the US Environmental Protection Agency.
- In 2008 ODOT will assist in implementation of a state-led CMAQ-funded diesel emissions reduction program.



## GOALS (CONTINUED)

- In 2008-2009, ODOT will develop permits with the Ohio Environmental Protection Agency for post-construction storm water runoff, watershed-specific construction permits, and innovative approaches for stream mitigation.
- For projects that must impact wetland habitat, ODOT will adopt best management practices and will re-create more wetland acreage than is impacted by its projects.
- ODOT will ensure that its federal projects receive National Environmental Protection Act (NEPA) clearance, and that at least 90% of projects are cleared within the project's schedule.
- The department will examine the potential use of any and all types of easements available to promote good land use.

### GOAL 7: DETERMINING WORKFORCE ASSIGNMENTS, CLASSIFICATIONS, AND ORGANIZATION

**ODOT has a staffing “lock down” number of 6,031. The department will work with its Central Office and District Deputy Directors, managers, and union leadership to determine the best measures to establish the appropriate use and deployment of our workforce to meet the department’s mission in each district and in Central Office.**

#### *2008 – 2015 Objectives*

- The Division of Quality and Human Resources will evaluate the appropriate use of the state classification plan to ensure the workforce is properly classified to meet the needs of the department and carry out its mission.
- Shortly after filing this plan, the department will file rules to assure that our employees are assigned the appropriate civil service status based on the duties and responsibilities associated with their positions.
- The department will conduct a thorough review to update its policies, especially in the areas of conduct and professionalism.
- The department will evaluate and establish an updated table of organization that best reflects the requirements of the Ohio Revised Code and the transportation mission of the Governor.
- As we continue to evaluate the needs of the department, ODOT will recommend adjustments, as necessary, to its workforce assignments to better meet its new mission.

## ORGANIZATIONAL PERFORMANCE INDICES (OPIS)

For the past number of years, ODOT has used the “Organizational Performance Index” (OPI) to measure and manage critical department operations, including rating on pavement and bridge conditions, maintenance, plan delivery, and numerous other functions.

Since the 2008-2009 Business Plan is transitional in nature, all OPIs are undergoing a thorough review to ensure their relevance to the agency. Such a review is part of a strategic planning exercise, which takes time to complete. Since a comprehensive strategic review of ODOT’s OPIs is in progress by the department’s District Deputy Directors and Central Office staff, the department has opted to track and report on only its most core functions in this Business Plan: plan delivery, pavements, and bridges.

### PLAN DELIVERY

The Division of Production Management co-owns plan delivery goals with the District Deputy Directors, through the District Production Administrators. Plan delivery requires the coordinated efforts of environmental services, real estate, design, and other offices. Plan delivery is also an important component of districts meeting basic pavement, bridge, and safety goals.

For ODOT-managed projects, the plan delivery goal is to file 90% of projects by the scheduled lockdown date. For local projects, the plan file goal is 80%.

Plan Delivery also has a quality component to the goal, with an expectation of meeting or exceeding the plan quality composite score of 43. The quality measure relates to the quality and completeness of the plan package for bidding. The Office of Estimating evaluates plan packages for factors such as accuracy of item codes, proposal notes, and sufficiency for representing the project to bidders. The table to the right shows the plan delivery performance in the last year.

PLAN DELIVERY OPI DISTRICT PERFORMANCE IN FY 2007			
District	Local Let (Goal = 80%)	ODOT Let (Goal = 90%)	Plan Quality (Min = 43)
1	93%	100%	45.96
2	93%	90%	45.39
3	94%	100%	46.80
4	100%	97%	44.19
5	88%	97%	47.10
6	100%	96%	44.39
7	86%	100%	45.31
8	100%	96%	45.76
9	n/a	94%	46.94
10	100%	96%	45.27
11	58%	98%	49.05
12	83%	100%	44.48



PAVEMENTS

The state’s pavement system is a critical component of ODOT’s infrastructure and requires consistent treatment to maintain a steady, consistently good state of repair. In keeping with the “Fix it First” philosophy, ODOT manages its pavement system with a sustainable level of investment, managed by district offices through their allocation of district pavement preservation funds.

The Division of Planning, in concert with district offices, is responsible for meeting pavement goals. The pavement goals have two components: the percent of pavements considered to be in “acceptable” condition, and the definition of “acceptable” condition, as measured by the Pavement Condition Rating (PCR).

As part of its pavement management policy, ODOT divides pavements into three subsystems: the Priority System, which generally consists of Interstate and other multi-lane, divided highways; the General System, which is mostly composed of two lane roads; and the Urban System, which represents U.S. and State Routes within municipalities. While the goal for each of the three subsystems is to achieve 90 percent acceptable ratings, the acceptable PCR threshold is different for the three subsystems:

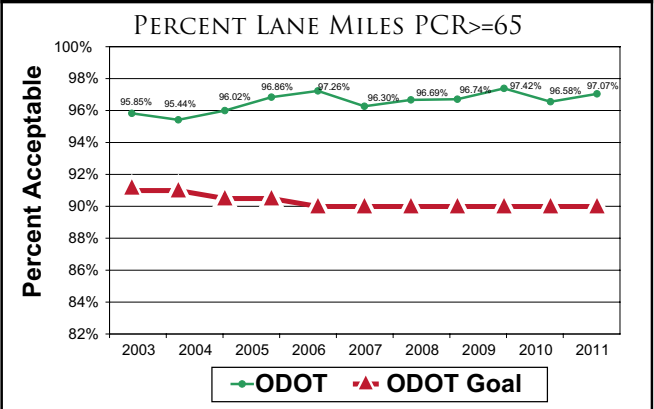
PAVEMENT SUBSYSTEM	MINIMUM PCR THRESHOLD FOR ACCEPTABILITY
Priority	65%
General	55 - 60%
Urban	55%

While the Priority System is generally regarded as being in good condition, it has long been acknowledged that this PCR goal of 55 for the General System was too low. It is the intention of ODOT to have a provisional goal of 60 in effect over the next four years, as districts work with Central Office to improve their pavement management practices on the General System. Statewide, ODOT will currently achieve the goal of 90 percent of its General System pavements exceeding the 60 threshold.

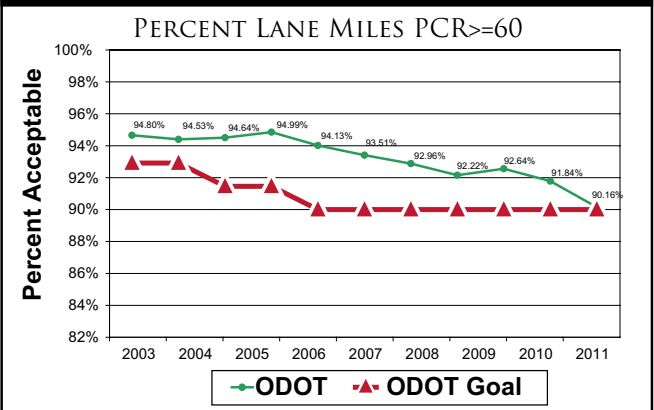
The Urban System goal will remain at a 55 threshold, mainly because ODOT does not manage the selection of paving projects in municipalities, so has no good method to improve these conditions.

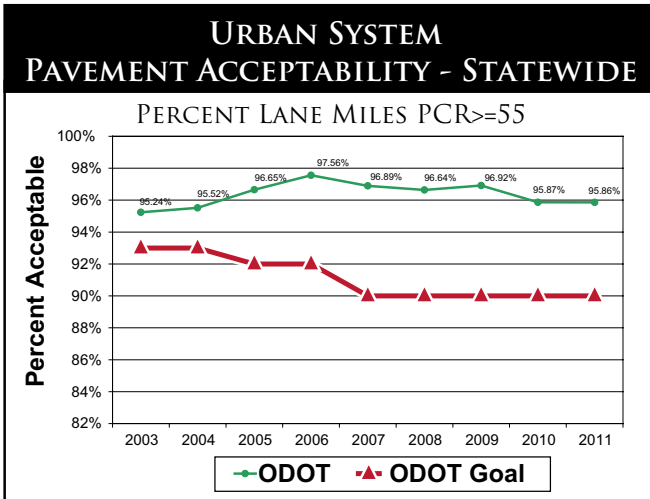
The pavement charts on this and the next page show ODOT’s current and projected performance for ac-

**PRIORITY (FREEWAY/EXPRESSWAY) SYSTEM PAVEMENT ACCEPTABILITY- STATEWIDE**



**GENERAL (TWO-LANE) SYSTEM PAVEMENT ACCEPTABILITY- STATEWIDE**

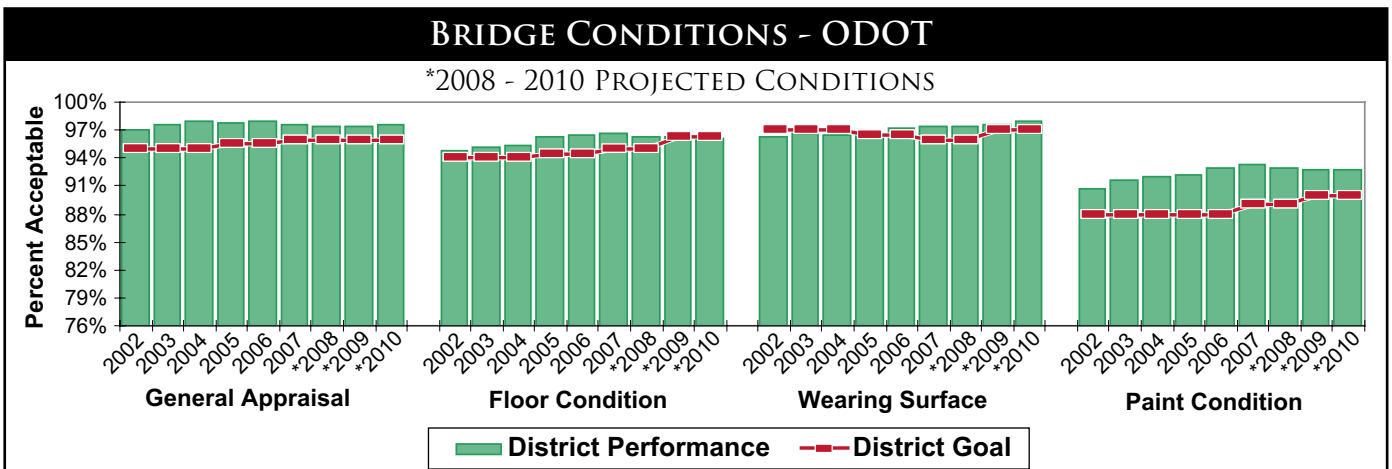




ceptable pavement conditions, statewide. The green lines in each chart show the percent of the pavement inventory above the PCR threshold for that system. Conditions beyond the 2008 – 2009 biennium are projected based on the projects currently programmed.

## BRIDGES

Following the “Fix it First” philosophy, ODOT is funding its bridge programs to sustain the “General Appraisal” of its inventory at a level where at least 97 percent of its structures (as measured by deck area) are at an acceptable condition. In addition to the General Appraisal rating – a basic overall condition rating of a structure – the department tracks performance in terms of floor condition, wearing surface, and paint condition, which are the other primary cost drivers of the bridge program. If these four bridge condition goals are met, the overall inventory will adequately serve the public in terms of bridge safety and sufficiency. The chart below shows the statewide trends for bridge conditions from 2002 to present.



OPIS (CONTINUED)

When bridge OPIS were initiated, bridge conditions across the districts had some significant variations, with some districts well below the statewide goal. Rather than set bridge goals which some districts automatically failed, the department customized incremental goals for some districts, which provided a “stair step” path to achieve conditions equal to the rest of the state.

A prime example is District 4’s floor conditions, where in 2002, only 80 were acceptable. The district’s floor condition goals are being incrementally increased, to where 90 percent of the district’s bridge floor conditions are acceptable, on their way to meeting the statewide goal of 95 percent acceptable, by 2010. The table below shows the bridge condition goals by district.

**DISTRICT BRIDGE CONDITION GOALS 2008 - 2010**

District	General Appraisal		Floor Condition		Wearing Surface		Paint Condition	
	2008	2010	2008	2010	2008	2010	2008	2010
1	96%	96%	97%	97%	97%	97%	90%	90%
2	96%	96%	96%	96.4%	96%	97%	97%	90%
3	96%	96%	96%	97%	97%	97%	88%	90%
4	96%	96%	90%	93%	97%	97%	90%	90%
5	96%	96%	97%	97%	97%	97%	90%	90%
6	96%	96%	97%	97%	96%	96%	90%	90%
7	96%	96%	95%	95.6%	97%	97%	87%	90%
8	96%	96%	96.5%	96.5%	97%	97%	88%	90%
9	96%	96%	96%	96%	97%	97%	90%	90%
10	96%	96%	97%	97%	97%	96.4%	90%	90%
11	96%	96%	96%	96%	97%	97%	90%	90%
12	96%	96%	95%	95%	97%	97%	85%	89%
	General Appraisal		Floor Condition		Wearing Surface		Paint Condition	
ODOT Statewide	2008	2010	2008	2010	2008	2010	2008	2010
	96%	96%	95%	96.2%	96%	97%	89%	90%



# FINANCIAL PLAN

As previously indicated, ODOT finances are challenged by flattening state revenue, uncertain federal revenue growth, and high inflation costs in the construction market. To manage the dynamics of higher costs and flat revenue, ODOT has had to make forecasts and financial assumptions. Any forecast has some level of uncertainty, but the department finds it necessary to make these educated forecasts for long-term capital planning.

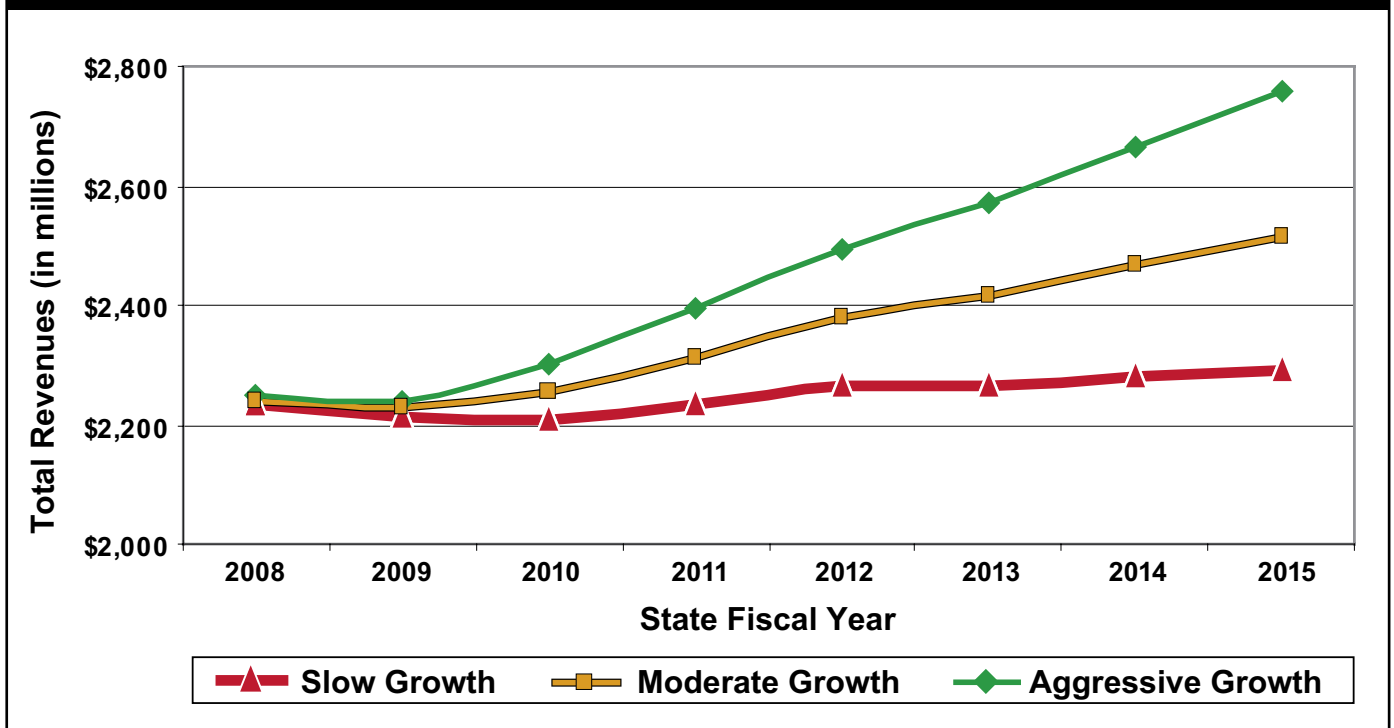
There are three assumptions for revenue growth: slow, moderate, and aggressive. The slow revenue growth assumption reflects current experience, while aggressive growth actually mimics ODOT's pre-2005 historic average revenue trends (1% annual increase in state fuel tax revenue, 5% increase in federal revenue). The three trend lines are compared in the graph below.

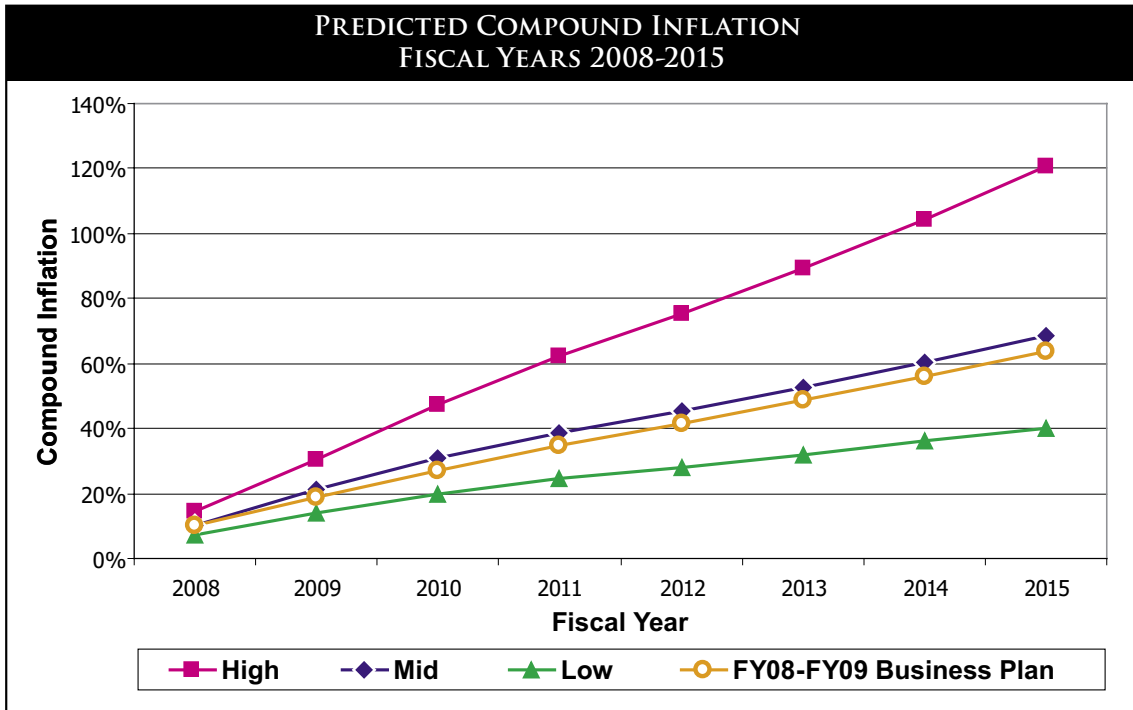
Revenue assumptions have distinct consequences. By 2015, the difference between the slow growth and aggressive growth assumptions is \$467 million. Because of uncertainty in global energy prices – the primary determinant of fuel price and consumption

– and uncertainty in federal revenue, ODOT believes it is most reasonable and responsible to forecast slow revenue growth through 2015.

The other major dynamic in this forecasting is inflationary trends. Similar to revenue, ODOT has made three forecasts to provide a range of possible inflation scenarios: high, mid, and low. Inflation impacts ODOT's core "Fix it First" programs – bridge and pavement preservation – as well as the Major New Construction program. ODOT's three inflation trends, with growth compounded through 2015, are shown in the graph on the following page.

ODOT STATE AND FEDERAL REVENUE ASSUMPTIONS





The forecasting of construction cost inflation is just as perilous as fuel tax revenue forecasting. Taking the three scenarios (high, mid, and low) into account, ODOT selected business planning estimates that fall between the mid to low ranges. While no forecast of the future is flawless, ODOT believes that this current forecast is sound, based on a reasonable and conservative estimate of revenue and inflation trends. But because the assumptions are so dynamic, ODOT

has taken an extra step to calculate the sensitivity of its assumptions, combining its revenue and inflation forecasts.

This sensitivity analysis is presented in the table below, with inflation ranges in the columns, and revenue ranges in rows. The cells display the cumulative program deficit for ODOT through 2015. ODOT highlights the cells between the low and mid-level

### CUMULATIVE 2008 - 2015 INFLATIONARY IMPACT ON ODOT PROGRAMS (IN \$ BILLIONS)

		Inflation			
		Low	Business Plan	Medium	High
Revenue	<b>Slow Growth</b> 0% State Growth   1 % Federal Growth (2010 and after)	(\$2.4)	(\$3.5)	(\$3.9)	(\$6.1)
	<b>Moderate Growth</b> 0.5% State Growth   3 % Federal Growth (2010 and after)	(\$1.6)	(\$2.7)	(\$3.1)	(\$5.3)
	<b>Aggressive Growth</b> 1% State Growth   5% Federal Growth (2010 and after)	(\$0.8)	(\$1.8)	(\$2.3)	(\$4.5)



inflation and slow revenue growth, which are the operative assumptions for this 2008-2009 Business Plan, producing a cumulative deficit of \$3.5 billion through 2015. The other ranges are self-explanatory: low inflation and aggressive revenue growth produces a “best case” cumulative deficit of \$800 million by 2015, and high inflation with slow revenue growth produces a “worst-case” scenario of a \$6.1 billion cumulative deficit by 2015.

There are a few noteworthy observations. First, ODOT’s program deficits are driven more by its inflation assumption than its revenue assumption – the

difference between high and low inflation totals \$3.7 billion, while the extreme ranges of revenue assumptions have a \$1.6 billion difference.

In summary, ODOT has used a revenue growth and inflation forecast that is reasonable based on recent trends and more immediate uncertainty in the federal transportation reauthorization bill. It’s important to note that there is no revenue/inflation combination that produces a positive cumulative program balance by 2015. ODOT can respond to positive changes in either forecast, but is basing long term capital planning on the most reasonable estimates available.

### Understanding the Financial Pro Forma:

The table/pro forma found at the end of this document presents a simplified version of ODOT’s revenues and program spending levels through 2015.

In the revenue section, more than 85% of the state revenue is derived from the state motor vehicle fuel tax; the remaining 15% consists of other miscellaneous revenue, including truck registration fees. Federal revenue comes from the Federal Highway Administration, via annual congressional appropriations. Two other line items show state and federal bonds used for ODOT’s construction program, and “prior year savings,” which is also carried forward for the construction program.

The “program uses” section has three major components:

- “Fit It First”: The “Fix it First” programs represent ODOT’s operating costs, which include payroll, equipment, facility maintenance, and roadway maintenance materials, such as salt used for snow and ice control. The Pavement Preservation programs represent funding for the preservation of ODOT’s urban, general (two-lane) and priority (freeway, other multilane) pavements, as well as funding for the complete reconstruction of freeway

pavements. The Bridge Preservation program funds rehabilitation and replacement of the 14,150 bridges for which ODOT has maintenance responsibility.

- Safety, Statewide and Local Programs: These programs include the ODOT Safety Program, which addresses roads with high crash rates. Statewide ODOT Programs include numerous small ODOT programs, such as rest area construction, railroad crossing lights and gates, noise walls, landslide slip and slide repair, Appalachian program funds, and federal earmark projects. Local System Preservation Programs include federal funds passed through to metropolitan planning organizations, county engineers, and other local infrastructure programs.
- Remaining Funds for Major New Construction: The Major New Construction program funds projects over \$5 million in costs, which add highway or transit capacity to the transportation system. Major New projects are selected by the Transportation Review Advisory Council (TRAC).



Summary lines show annual revenue required to balance the program. The Major New Program budget is further highlighted at the bottom of the page, to show the Major New Budget compared to funding commitments. It is important to include the Major

New program commitments within the context of the budget pro forma, as there is significant over-programming of major new projects, which challenges ODOT's financial plan through 2015.

### Revenue and Program Assumptions:

There are a number of revenue and program assumptions inherent to the financial plan, which together have a significant impact on financial projections. It should be noted that some of the factors – such as inflation – are dynamic, so changes in factors could swing program projections widely. However ODOT has chosen to take a financially conservative, yet reasonable approach, in developing its financial plan.

ODOT's revenue assumption is the most conservative available. Where ODOT historically has gained one percent annual growth in state revenue, today's high fuel prices and a slow-to-no growth in state population have depressed demand and flattened growth to zero. ODOT predicts zero state revenue growth from 2008-2015. This assumption results, for example, in \$109 million less in state revenue in 2015 than if state revenue had grown at its historic rate of one percent.

ODOT is also very conservative in its federal revenue assumptions. Where historically the state has realized a 5% annual growth in federal revenue, ODOT is using a conservative assumption of one percent growth from 2010 to 2015. This conservatism reflects the uncertainty over the solvency of the Federal Highway Trust Fund, the potential delays in reauthorizing a new transportation bill, the diversion of funds to earmarked projects, and the potential for the diversion of federal funds from core highway programs to new set-aside programs. To illustrate the dynamics of federal revenue, were federal revenue to grow at its historic average of 5% annually, ODOT would receive \$358 million more in 2015 than currently predicted in this pro forma.

The assumptions on the program level are also conservative, and mainly reflective of inflation forecasts. For the Operating Program, payroll is grown at 5% annually and all other operating expenses at 2% annually.

The modest payroll growth is reasonable given the recent labor contracts and benefit calculations. While 2% growth in other operating expenses is low, this is a purposeful decision to encourage conservation and cost cutting at the district and statewide levels.

Pavement and bridge preservation programs are grown at a business plan cost inflation prediction. As noted before, inflation prediction is challenging, but made necessary by the extreme impact of construction cost inflation on ODOT's budget. As described earlier in this Business Plan, ODOT analysts use various construction cost indices and futures prices to produce a high-medium-low range construction forecast, and the medium range is used to inflate pavement and bridge programs. It is important to note that about a third of pavement and bridge spending goes to engineering and right-of-way, so ODOT only inflates the program spending which goes to construction.

The Safety program, ODOT Statewide programs, and Local System Preservation were not adjusted for inflation. Due to inflation, there will be lost buying power in these programs. ODOT will monitor condition indices and cost information for these programs on a continual basis.

Local System Preservation programs – the pass through of federal funding to local agencies such as MPOs and county engineers – is also unadjusted for

inflation. Again, over time, the programs have less buying power due to inflation. MPOs did experience a large increase in funding with the passage of SAFETEA-LU and most are carrying forward large balances of unspent funds, year to year. Further, local governments have local funding sources and revenue options to fund their programs, so that federal pass through funds rarely, if ever, form the core funding source of local infrastructure.

Finally, the Resources Remaining for the Major New Construction program was not adjusted for inflation, as it represents funding that is “left over” after all “Fix it First”, Safety, Statewide and Local Programs are funded. In the final table, major new projects are readjusted for predicted inflation.

Based upon the department’s various programs, along with inflation and revenue forecasts, the financial plan shows that ODOT will experience a combined \$3.5 billion shortfall by fiscal year 2015. To provide

perspective, the plan shows how taking this shortfall exclusively out of the Major New Construction Program reduces by more than 50% the funds necessary to fully fund this program. Alternatively, reducing resources available for a variety of programs in the “Safety, Statewide, and Local” lines, except for state and federal requirements and other specified commitments, would provide \$1 billion towards the shortfall, leaving \$2.5 billion in necessary cuts in Major New Construction Program. For additional perspective, an increase in the federal fuel tax by 13.3 cents per gallon, following current federal distribution methods, would fully fund all of the proposed expenditures in the plan. As the 21<sup>st</sup> Century Transportation Priorities Task Force conducts its work, it will engage stakeholders and provide thoughts on how best to bridge the funding gap. The Task Force will also explore how innovative funding tools can assist state and local governments as we cooperatively develop and pursue other transportation priorities.

### SUMMARY OF FINANCIAL PLAN:

Flattening state revenue, uncertain federal revenue growth, and high construction cost inflation will continue to challenge ODOT’s financial planning. The department’s funding challenge does not even contemplate many of the critical issues Ohio faces as we plan to meet our state’s transportation needs in the 21<sup>st</sup> Century. The state must lead a new and robust discussion on how best to position its transportation spending to balance the movement of people and freight, promote safety and reduce congestion, create jobs, encourage responsible growth, and help build sustainable communities. As Ohio determines these priorities, it also must identify the fairest way to finance them, including new innovative tools for state and local governments to partner with the private sector.

These findings, strategic initiatives and goals represent the Ohio Department of Transportation’s informed view of where the department stands in the 2008-2009 biennium, how the department got to its current position, what is needed to be done and what should be done, and where the department can position itself to fulfill its mission to the citizens of Ohio. It is our transportation map of how we implement Governor Strickland’s initiatives and turnaround Ohio.



# OHIO DEPARTMENT OF TRANSPORTATION HIGHWAY FUNDING AND PROGRAM FORECAST (IN MILLIONS)

Updated : November 21, 2007

## Revenue Sources

	2006	2007	2008 <sup>1</sup>	2009 <sup>1</sup>	2010	2011	2012	2013	2014	2015
State Revenue	\$1,258	\$1,263	\$1,246	\$1,248	\$1,261	\$1,262	\$1,264	\$1,265	\$1,266	\$1,267
State Revenue used to pay debt service	(\$170)	(\$191)	(\$260)	(\$213)	(\$212)	(\$203)	(\$193)	(\$199)	(\$192)	(\$185)
<b>Total State Revenue net of other agency draws &amp; earmarks</b>	<b>\$1,089</b>	<b>\$1,072</b>	<b>\$1,040</b>	<b>\$1,035</b>	<b>\$1,049</b>	<b>\$1,059</b>	<b>\$1,071</b>	<b>\$1,066</b>	<b>\$1,073</b>	<b>\$1,082</b>
<sup>2</sup> Federal Revenue	\$1,231	\$1,404	\$1,304	\$1,312	\$1,308	\$1,321	\$1,334	\$1,347	\$1,361	\$1,374
Federal Revenue used to pay debt service	(\$76)	(\$92)	(\$112)	(\$135)	(\$149)	(\$147)	(\$141)	(\$148)	(\$155)	(\$164)
<b>Total Federal Revenue Available for ODOT Programs</b>	<b>\$1,155</b>	<b>\$1,312</b>	<b>\$1,193</b>	<b>\$1,178</b>	<b>\$1,159</b>	<b>\$1,174</b>	<b>\$1,193</b>	<b>\$1,200</b>	<b>\$1,205</b>	<b>\$1,210</b>
State and Federal Bonds	\$271	\$536	\$547	\$482	\$165	\$128	\$129	\$166	\$193	\$217
Prior Year Savings	\$176	\$100	\$57	\$85	\$53	\$40	\$40	\$72	\$70	\$79
<b>Total Revenue Sources</b>	<b>\$2,690</b>	<b>\$3,019</b>	<b>\$2,836</b>	<b>\$2,780</b>	<b>\$2,426</b>	<b>\$2,401</b>	<b>\$2,433</b>	<b>\$2,504</b>	<b>\$2,542</b>	<b>\$2,589</b>

## Program Uses

Operating (Payroll grown at 5%, non payroll grown at 2%)	\$715	\$730	\$753	\$771	\$801	\$829	\$857	\$887	\$920	\$955
Pavement Preservation Program (adjusted for inflation forecast in Business Plan)	\$524	\$545	\$581	\$628	\$661	\$714	\$750	\$770	\$796	\$807
Bridge Preservation Program (adjusted for inflation forecast in Business Plan)	\$258	\$230	\$247	\$267	\$283	\$287	\$293	\$321	\$294	\$288
<b>Total Fix it First Programs</b>	<b>\$1,496</b>	<b>\$1,505</b>	<b>\$1,581</b>	<b>\$1,666</b>	<b>\$1,745</b>	<b>\$1,830</b>	<b>\$1,900</b>	<b>\$1,978</b>	<b>\$2,010</b>	<b>\$2,050</b>
Safety Program (not adjusted for inflation)	\$71	\$75	\$71	\$72	\$69	\$70	\$71	\$73	\$74	\$76
Statewide ODOT Program (not adjusted for inflation)	\$263	\$246	\$174	\$174	\$159	\$146	\$150	\$155	\$158	\$157
Local System Preservation Program (not adjusted for inflation)	\$253	\$280	\$301	\$300	\$268	\$270	\$273	\$275	\$278	\$281
<b>Total Safety, Statewide, and Local Preservation Programs</b>	<b>\$587</b>	<b>\$601</b>	<b>\$545</b>	<b>\$547</b>	<b>\$496</b>	<b>\$486</b>	<b>\$494</b>	<b>\$503</b>	<b>\$510</b>	<b>\$513</b>
<sup>3</sup> Resources Remaining for the Major New Program	\$607	\$838	\$710	\$566	\$154	\$28	\$26	\$23	\$22	\$25
Necessary Carryforward to Future Years	\$0	\$75	\$0	\$0	\$31	\$57	\$13	\$0	\$0	\$0
<b>Total Program Uses</b>	<b>\$2,690</b>	<b>\$3,019</b>	<b>\$2,836</b>	<b>\$2,780</b>	<b>\$2,426</b>	<b>\$2,401</b>	<b>\$2,433</b>	<b>\$2,504</b>	<b>\$2,542</b>	<b>\$2,589</b>

## Major New Budget Compared to Commitments

<sup>3</sup> Resources Remaining for the Major New Program, excluding earmarks (current year budget)	\$672	\$533	\$127	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<sup>4</sup> Major New Carryforward	\$312									
<sup>5</sup> Most current cost estimates to complete Major New (adjusted for inflation forecast in Business Plan)	\$868	\$762	\$505	\$631	\$676	\$817	\$640	\$230		
<b>Major New Balance / (Shortfall)</b>	<b>\$116</b>	<b>(\$329)</b>	<b>(\$378)</b>	<b>(\$631)</b>	<b>(\$492)</b>	<b>(\$1,123)</b>	<b>(\$676)</b>	<b>(\$817)</b>	<b>(\$640)</b>	<b>(\$230)</b>
<b>Cumulative Major New Balance / (Shortfall)</b>	<b>\$116</b>	<b>(\$114)</b>	<b>(\$492)</b>	<b>(\$1,123)</b>	<b>(\$1,799)</b>	<b>(\$2,616)</b>	<b>(\$3,255)</b>	<b>(\$3,485)</b>		

<sup>1</sup> Transportation Budget earmarks in House Bills 67 and 119 in the amounts of \$34 million in 2008 and \$29 million in 2009, reduced revenues and existing ODOT programs.

<sup>2</sup> The Federal Highway Trust Fund is forecasted to have a shortfall in 2009. Therefore, federal revenues for 2009 and beyond could be reduced.

<sup>3</sup> Approximately \$20 - \$30 million per year is dedicated to Major New Earmarks.

<sup>4</sup> Carryforward appropriation supports FY07 Major New projects to be sold in FY08.

<sup>5</sup> In the Statewide Program there is \$106 million in federal Appalachia Funds dedicated to the Major New Portsmouth Bypass project.





# THE OHIO DEPARTMENT OF TRANSPORTATION'S MISSION:



To seamlessly link Ohio's highways, railways, transit, aviation and port facilities, the Ohio Department of Transportation will promote a world-class, integrated multi-modal transportation system that is efficient, cost-effective and reliable for all of the state's citizens, businesses and travelers.

