

# FINANCIAL PLAN AND EXPECTATIONS

The table on page 75 provides ODOT's 12-year financial plan for 2004 through 2015. The table illustrates how the funding assumptions and expenditure levels will serve to address ODOT's long-term, basic financial needs, which are to:

- Adequately fund payroll and operating expenses while also rationally constraining the growth of those expenses;
- Provide basic system maintenance funding so ODOT bridges and pavements achieve and sustain acceptable system levels;
- Continue ODOT funding commitments to local governments;
- Continue ODOT funding levels for safety, enhancements and other miscellaneous programs;
- Provide at least \$500 million annually from 2006 through 2015 to meet Gov. Taft's Jobs and Progress Plan commitments; and
- Meet these commitments without incurring unacceptable high levels of debt.

The first 15 lines of the chart on page 75 illustrate the state and federal income sources and assumptions; the recent state fuel tax increase is taken into account. ODOT assumes a modest 1 percent annual growth rate for the state fuel tax receipts, once the new tax rate is fully in effect by 2006.

ODOT assumes a \$250 million federal increase by FY 2006. This is based on an expectation of successfully accomplishing the governor's federal funding strategy. That strategy is to address the "ethanol penalty," which costs Ohio \$160 million annually and to address the equity issue, which costs Ohio about \$100 million annually in federal receipts. Both elements of the federal strategy are actively being pursued by Ohio's Congressional delegation.

The department is conservatively assuming a modest growth in future federal revenue. After 2009, when the next federal transportation bill will expire, ODOT assumes only a 1 percent rate of growth. In other words, after the \$250 million federal infusion, ODOT is not dependent upon significant additional federal growth after 2009 to meet this fiscal scenario. That is a conservative assumption and it is reasonable to assume the 2009 federal bill will include increased revenue, as have all past federal transportation bills.

Lines 16 through 23 show operating expenditure assumptions. ODOT assumes its employment levels will remain at 6,031 and it assumes payroll costs for salaries, fringe benefits and medical costs will grow 5 percent annually. Equipment and materials expenses are expected to grow at 2 percent annually.

Lines 24 through 38 show assumptions for basic system maintenance programs – the bridge and pavement programs. They start at \$704 million and rise 1 percent annually to \$726 million. The percent of acceptable bridge and pavement conditions expected each year also are shown on lines 26, 29, 33 and 36. The forecast indicates an expected deterioration in pavement conditions in the later years, which may be exaggerated. Experience with past forecasts indicates ODOT's method of forecasting future system conditions is conservative for two reasons.

First, the forecast is based on district bridge and pavement programs and does not include bridge and pavement treatments incidental to Major New Construction projects.

Second, in the later years of the forecast, many district projects have not been programmed. However, the forecasting methodology degrades all pavements and does not capture improvements, because the improvement projects have not yet been programmed in Ellis. These tendencies in the past have consistently led to system forecasts being lower than the actual annual bridge and pavement ratings. Because of these trends, ODOT management is confident this funding forecast will not lead to a degradation in system conditions. It will observe annual condition ratings and adjust the spending allocations in later years if system conditions warrant.

Lines 39 through 52 show the funding levels and the 2 percent growth assumptions (2009-2015) for the miscellaneous programs. Lines 53 through 59 show funding levels and the 1 percent growth assumptions (2009-2015) for the local programs.

Line 60 illustrates the funding scenario for the Major New Construction Program, which is to fund the Gov. Taft's Jobs and Progress Plan. Note that while the commitment is to have a \$500 million, 10-year program, the funding actually



# FINANCIAL PLAN AND EXPECTATIONS CONTINUED

is above that level particularly in years 2007 and 2008. Those years represent significant delivery of many major projects, such as Interstate 75 in Dayton and the completion of Fort to Port U.S. Route 24 in Henry and Lucas counties.

Lines 62 through 65 illustrate the bonding scenarios assumed. ODOT's debt level begins at 14 percent of its state revenue and ends the period in 2015 at 11.8 percent. ODOT's self-imposed debt limit is 20 percent of its revenue devoted to debt. Clearly, the forecast is within that limit.

Federal debt level begins at 7 percent of ODOT's federal revenue and ends at 9.3 percent in 2015. The 10 percent limit is the self-imposed ODOT level deemed prudent by the department. In other words, now 7 percent of ODOT's federal revenue is devoted to paying federally backed bonds and that will rise to 9.3 percent of federal revenue by 2015

under this scenario.

Because of the conservative federal forecast ODOT has made for the period 2009 through 2015, it is unlikely the department will have to incur the 9.3 percent level of federal debt. Higher federal receipts in 2009 through 2015 are likely to provide additional federal cash, which will lessen the need to issue as many federal bonds in those years.

This scenario is the basis for all ODOT fund allocations for 2006-2007. If ODOT achieves its Organizational Performance Index goals, this scenario will enable the department to meet its needs while operating within its budget.

This forecast through 2015 is the longest forecast in ODOT history and represents a significant improvement for the department's long-term planning and budgeting efforts.



# OPERATING SUMMARY BALANCE SHEET

OHIO DEPARTMENT OF TRANSPORTATION												
2004 – 2015 HIGHWAY FUNDING AND PROGRAM FORECAST (IN MILLIONS)												
Revenue Source:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1 State Motor Fuel to ODOT -1% growth	\$889	\$1,000	\$1,118	\$1,131	\$1,143	\$1,154	\$1,166	\$1,178	\$1,190	\$1,201	\$1,214	\$1,225
2 Truck Registration Fees, Truck Fuel Use Tax	\$135	\$128	\$109	\$110	\$111	\$112	\$113	\$114	\$116	\$117	\$118	\$119
3 Interest Income & Other Misc Income (\$16m to Patrol & DOD 2006)	\$38	\$38	\$23	\$23	\$23	\$23	\$24	\$24	\$24	\$24	\$25	\$25
4 Total State Revenue	\$1,062	\$1,166	\$1,250	\$1,264	\$1,277	\$1,289	\$1,303	\$1,316	\$1,330	\$1,342	\$1,357	\$1,369
5 Turnpike Supplemental Funding		(\$23)										
6 State Bond Debt Service	(\$149)	(\$150)	(\$175)	(\$185)	(\$188)	(\$184)	(\$183)	(\$174)	(\$166)	(\$175)	(\$171)	(\$162)
7 Total State Revenue Available to ODOT	\$913	\$993	\$1,074	\$1,079	\$1,089	\$1,105	\$1,119	\$1,142	\$1,164	\$1,167	\$1,186	\$1,207
8 Federal Core Programs -1% growth	\$889	\$866	\$875	\$884	\$893	\$902	\$911	\$920	\$929	\$938	\$947	\$957
9 Federal Earmarks Etc. -1% growth	\$30	\$66	\$67	\$67	\$68	\$69	\$69	\$70	\$71	\$71	\$72	\$73
10 Appalachian Development Program - 1% growth	\$26	\$23	\$23	\$23	\$24	\$24	\$24	\$24	\$25	\$25	\$25	\$25
11 Additional Fed Core (House \$284B, Full Ethanol 2007)	\$161	\$133	\$245	\$363	\$386	\$410	\$414	\$418	\$422	\$427	\$431	\$435
12 Total Federal	\$1,106	\$1,088	\$1,210	\$1,338	\$1,371	\$1,405	\$1,419	\$1,433	\$1,447	\$1,461	\$1,475	\$1,491
13 Federal Bond Debt Service	(\$77)	(\$78)	(\$80)	(\$92)	(\$112)	(\$125)	(\$121)	(\$114)	(\$107)	(\$117)	(\$127)	(\$139)
14 Total Federal Revenue Available for ODOT Programs	\$1,029	\$1,010	\$1,130	\$1,246	\$1,258	\$1,280	\$1,297	\$1,319	\$1,340	\$1,344	\$1,348	\$1,352
15 Total State and Federal Revenue	\$1,942	\$2,003	\$2,205	\$2,325	\$2,347	\$2,385	\$2,417	\$2,461	\$2,504	\$2,511	\$2,534	\$2,559
16 Payroll - 2006 thru 2015 - 5% growth	\$397	\$405	\$424	\$445	\$466	\$489	\$512	\$537	\$562	\$589	\$618	\$647
17 Routine Roadway Maintenance Contracts -2% growth	\$59	\$59	\$60	\$61	\$63	\$64	\$65	\$66	\$68	\$69	\$71	\$72
18 Operating, Salt, Equipment -2006 thru 2015 - 2% growth	\$147	\$151	\$154	\$157	\$160	\$163	\$166	\$170	\$173	\$176	\$180	\$184
19 Planning & Research 3% of Total Federal Core	\$32	\$30	\$34	\$37	\$38	\$39	\$40	\$40	\$41	\$41	\$41	\$42
20 Ohio Building Authority & Hilltop Debt Service	\$18	\$17	\$17	\$15	\$14	\$8	\$7	\$5	\$3	\$0	\$0	\$0
21 Lands & Building Maintenance	\$24	\$24	\$25	\$25	\$26	\$26	\$27	\$28	\$28	\$29	\$29	\$30
22 Lands & Building - Major New	\$4	\$7	\$7	\$13	\$13	\$13	\$13	\$8	\$8	\$8	\$8	\$8
23 Total Operating	\$680	\$693	\$721	\$753	\$780	\$802	\$830	\$853	\$882	\$913	\$946	\$983
24 General Allocation		\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
25 General System Two-Lane Pavements	\$122	\$93	\$93	\$93	\$93	\$146	\$146	\$147	\$149	\$150	\$152	\$153
26 Percent of System at acceptable level	98.80%				99.00%				96.60%			94.00%
27 Major 2 lane repair		\$5	\$5	\$15	\$15	\$15	\$15					
28 Priority System Freeway Routine Maintenance	\$257	\$179	\$179	\$179	\$179	\$142	\$142	\$143	\$145	\$146	\$148	\$149
29 Percent of System at acceptable level	95.02%				97.40%				96.90%			94.50%
30 Priority System Freeway Pavement Rehab and Replacement	\$90	\$150	\$150	\$150	\$150	\$150	\$150	\$152	\$153	\$155	\$156	\$158
31 Additional Capital		\$0	\$0	\$0	\$0	\$0	\$0	\$20	\$20	\$20	\$20	\$20
32 Urban Pavements (State Routes in Cities)	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
33 Percent of System at acceptable level	95.58%				97.52%				90.10%			90.00%
34 Total Pavement Programs	\$504	\$477	\$482	\$492	\$492	\$508	\$508	\$518	\$522	\$527	\$531	\$536
35 District Bridge Repair, Replacement and Maintenance	\$140	\$141	\$141	\$141	\$141	\$142	\$144	\$145	\$147	\$148	\$150	\$151
36 Percent of Bridges at acceptable level of General Appraisal	96.00%				97.50%				97.00%			96.80%
37 Major, High-Cost Bridge Replacement and Maintenance	\$60	\$80	\$80	\$60	\$60	\$61	\$61	\$62	\$62	\$63	\$64	\$64
38 Total Bridge Programs	\$200	\$221	\$221	\$201	\$201	\$203	\$205	\$207	\$209	\$211	\$213	\$215
39 Safety (2009 thru 2015 - 2% growth)	\$45	\$64	\$64	\$64	\$64	\$65	\$67	\$68	\$69	\$71	\$72	\$74
40 Safety Enforcement & Education With \$2 M Turnpike Patrol		\$2	\$2	\$6	\$6	\$6	\$6	\$2	\$2	\$2	\$2	\$2
41 Rail Overpass Program (2001 thru 2010)	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$0	\$0	\$0	\$0	\$0
42 Rail Lights and Gates (Level Funding)	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
43 Slides, Slips, and Mine Subsidence (2011 thru 2015 - 2% growth)	\$0	\$12	\$14	\$16	\$16	\$16	\$16	\$16	\$17	\$17	\$17	\$18
44 Rest Areas (2011 thru 2015 - 2% growth)	\$4	\$8	\$8	\$11	\$11	\$11	\$11	\$8	\$9	\$9	\$9	\$9
45 Noise Wall Retro-Fit of Existing Sites (2011 thru 2015 - 2% growth)	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$6
46 ODNR / Metro Park Paving Program (2011 thru 2015 - 2% growth)	\$5	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$8	\$8
47 Miscellaneous Statewide Programs (2011 thru 2015 - 2% growth)	\$17	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$6	\$6	\$6
48 Amish Buggy Lanes (2009 thru 2015 - 2% growth)	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
49 Emergency Funds	\$0	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
50 Appalachian Development Program	\$26	\$23	\$23	\$23	\$24	\$24	\$24	\$24	\$25	\$25	\$25	\$25
51 Federal Earmarks	\$30	\$55	\$63	\$63	\$64	\$65	\$65	\$66	\$67	\$67	\$68	\$69
52 Total Statewide ODOT Programs	\$160	\$220	\$230	\$240	\$241	\$243	\$245	\$230	\$233	\$236	\$239	\$243
Local Programs Grown at same rate as Federal Core Lines #8 & #11.												
53 Metropolitan Planning Organizations (15.2% of Fed Core)	\$166	\$158	\$170	\$190	\$195	\$200	\$202	\$204	\$207	\$209	\$211	\$213
54 County Bridge and Surface Programs (4.9% of Fed Core)	\$52	\$50	\$56	\$62	\$63	\$65	\$66	\$66	\$67	\$68	\$68	\$69
55 Local Major Bridge Program (2011 thru 2015 - 1% growth)	\$0	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$26	\$26	\$26	\$26
56 Enhancements, Bike Trails, etc (1.43% of Fed Core)	\$15	\$14	\$16	\$18	\$18	\$19	\$19	\$19	\$19	\$20	\$20	\$20
57 Small Cities Program (0.775% of Fed Core)	\$8	\$8	\$9	\$10	\$10	\$10	\$10	\$10	\$10	\$11	\$11	\$11
58 City Bridge Program (0.775% of Fed Core)	\$8	\$8	\$9	\$10	\$10	\$10	\$10	\$10	\$10	\$11	\$11	\$11
59 Total Local System Preservation Programs	\$249	\$262	\$284	\$314	\$322	\$329	\$333	\$336	\$339	\$343	\$346	\$350
60 Total Jobs and Progress Major New Program	\$348	\$617	\$593	\$724	\$798	\$500	\$500	\$500	\$500	\$500	\$500	\$500
61 Total ODOT Highway Construction Programs	\$1,461	\$1,797	\$1,809	\$1,970	\$2,052	\$1,784	\$1,791	\$1,791	\$1,804	\$1,817	\$1,830	\$1,844
62 Estimated State Bonds Required	\$234	\$140	\$180	\$145	\$225	\$103	\$95	\$75	\$70	\$90	\$100	\$110
63 State Debt Service % of Total State Revenue	14.0%	12.9%	14.0%	14.6%	14.7%	14.3%	14.1%	13.2%	12.5%	13.1%	12.6%	11.8%
64 Estimated Federal Bonds Required	\$0	\$0	\$145	\$213	\$220	\$58	\$71	\$68	\$72	\$88	\$103	\$90
65 Federal Debt Service % of Total Federal Revenue	7.0%	7.2%	6.6%	6.9%	8.2%	8.9%	8.6%	7.9%	7.4%	8.0%	8.6%	9.3%

13-Apr-2005

