OTEC
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Setting The Stage & Introductions

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Transit Asset Management – Executive Summary

- Critical to the safety and performance of a public transportation system is the condition of its capital assets.
- Contributing to the situation include insufficient funding combined with inadequate asset management practices.
- Estimated **$85.9 billion** transit State of Good Repair (SGR) backlog.
- Representative of the reinvestment cost to replace any transit assets whose condition is below the midpoint (1 to 5 scale).
- Additionally, FTA estimates an additional **$2.5 billion** per year above current funding levels from all levels of government is needed just to prevent the SBR backlog from growing.
Transit Asset Management Cont.

- Transit Asset Management – Executive Summary
  - 2013 marked the highest ridership level for transit since 1957. We are at the beginning of a sustained period of growing demand for public transportation.
    - Migration of people to urban areas,
    - Ageing population
    - Retiring transit maintenance workforce will increase demands on existing public transportation systems.
  - With more riders comes more fares, however, on average, fare revenues cover only one-third of total operating expenses, and do not cover any capital expenses.
  - SGR grants alone will not be enough, a systematic approach is needed to ensure that existing funding resources are strategically managed to target the SGR backlog.
Study Goals and Objectives

**Goal:**
- Quantify and understand transit needs

**Objectives:**
- How well do existing transit services match today’s needs
- Understand Ohio’s demographics and travel trends
- Needs in terms of service types
- Take into account industry best practices
Ohio Public Transit Funding History

2000

$43.6 million
Ohio’s transit funding from Ohio’s General Revenue Fund (GRF) peaked at $44 million.

2006

$16.3 million
Between 2000 and 2006, GRF declined by 63% and total state funding to transit dropped to its lowest amount since 2000.

2008

$16.7 million (GRF) + $5.0 million (FHWA)
To make up for some lost GRF, ODOT began flexing Federal Highway Administration (FHWA) funds for transit purposes.

2014

ODOT began using toll development credits (TDC) in addition to flexing $20 Million FHWA dollars.
Current Funding

- In 2012, Ohio’s 61 public transit systems spent close to $900 million. The state contributed 3% of that total funding (see chart at right).
- As in 2012, the state’s 2014 contribution consists of:
  - $7.3 million from GRF
  - $20 million flexed from FHWA funds
- Ohio’s $0.63 transit spending per capita ranks among the lowest in the nation (38th out of 51), just below South Dakota.

![2012 Transit Investment $893.1 million](chart)

- Local 55%
- Federal 25%
- Fares 13%
- Other 4%

**2014 State Contribution $27.3 million**

- ODOT (FHWA Flex funds) 2% $20 million
- State (GRF) 1% $7.3 million

*Other includes income from advertising, contracts, and miscellaneous sources.*
Trends Affecting Future Demand

- Ohio is growing slowly. Most counties are expected to lose population.
- Ohio is getting older and poorer, especially in rural areas.
- Household composition and size are changing, with smaller households and fewer traditional households.
- Current growth is driven in part by foreign-born population, who tend to have more experience with and higher expectations for transit service.
- Millennials have a keen interest in transit, with many driving less and choosing to live in cities with robust transit options.
- While many larger urban areas are densifying, sprawling residential and commercial growth remains the predominant land use pattern in Ohio.
To Address System Backlog

2015

**CAPITAL**

An additional **$273.5 MILLION** in funding is needed to bring Ohio’s transit fleet (not counting rail vehicles) to a state of good repair.

**Urban**

**$251.2 MILLION**

is needed to replace the 900 urban transit vehicles (out of 2,700 total, not counting rail vehicles) that are past their useful lives.

**Rural**

**$22.3 MILLION**

is needed to replace the 275 rural transit vehicles (out of 500 total) that are beyond their useful lives.

Once the vehicle backlog is met, Ohio has enough revenue to maintain its current fleet for rural and urban rubber-tired vehicles. Cleveland’s rail vehicles will be due for replacement in 2025 at an estimated additional cost of **$240 MILLION**.

*Operating: current/anticipated funding from all sources will allow Ohio’s transit systems to operate at present levels.*
To More Adequately Meet Today’s Needs

2015

**CAPITAL**

In 2015, an additional **$192.4 MILLION** is needed to purchase the vehicles and infrastructure necessary to expand transit service to meet current, unmet demand.

**Urban**

**$164.6 MILLION**

is needed to purchase 680 additional buses and vans, and to construct passenger and vehicle facilities that support the demand.

**Rural**

**$27.8 MILLION**

is needed to purchase 770 vehicles for additional service on existing rural transit systems as well as for new service in the 27 rural counties currently without public transportation.

**OPERATING**

In 2015, an additional **$96.7 MILLION** is needed to meet the current, unmet demand of 37.5 million additional transit trips.

**Urban**

**$47.5 MILLION**

is needed to serve these additional 35 million urban transit trips.

**Rural**

**$49.2 MILLION**

is needed to serve an additional 0.8 million trips in current service areas, and to provide 1.7 million new trips in the 27 counties that do not currently offer public transportation.
Future System Expansion Funding Gap 2016 - 2025

The need for public transportation will increase in the future. The OSTNS estimated demand to be 140.2 million additional transit trips over what is provided today. Meeting future needs requires increased investment.

**CAPITAL**
Same as for 2015 (figure is annualized over the 11-year period of 2015-2025).

**OPERATING**
By 2025, an additional **$562.1 MILLION** in annual funding is needed to meet future demand.

**Urban**
$468.8 MILLION
is needed for 135.2 million new trips.

**Rural**
$93.3 MILLION
is needed for 5.0 million new rural transit trips, including service to the 27 counties that do not currently have public transportation.
Benefits

- Benefits and Economic Development Impacts of Public Transit
  - Saves Money
  - Access to Labor Markets
  - Create Jobs
  - Access to Services
  - Increases Property Value
Strategies and Opportunities for Improvement

- Introduce performance metrics and guidelines
- **Improve human service and public transit coordination**
- **Incentivize regional services and organizations**
- Explore dedicated transit funding
- Upgrade public information systems
- Upgrade transit technology
- Maximize fares and additional revenue sources
- **Address capital needs**
- **Address transit service needs**
The Bottom Line

To meet the 2025 funding gap, total transit funding from all sources needs to approximately double (see chart).

*Other includes income from advertising, contracts, and miscellaneous sources.
2012 Transit Investment = $893.1 million

- Federal: 27%
- State/Flexed FHWA Funds: 2%
- Farebox: 14%
- Contracts: 3%
- Local Contributions: 54%

2025 Transit Investment = $1,787 million

- Federal: 25%
- State/Flexed FHWA Funds: 10%
- Farebox: 15%
- Contracts: 10%
- Local Contributions: 40%
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