

NOACA *ad hoc* Ohio Turnpike Committee Minutes  
July 8, 2011 - 10:30 a.m.  
NOACA Office – 1299 Superior Avenue  
Cleveland, Ohio 44114

The meeting was called to order by Commissioner Stephen Hambley, Medina County Board of Commissioners and NOACA Board President at 10:32 a.m. Commissioner Hambley welcomed everyone to the meeting and had members and guests introduce themselves.

Commissioner Hambley advised attendees that the intention of the meeting is for an informal discussion and dialogue.

**Kevin Futryk, Government Advantage Group, LLP**

Mr. Futryk informed members the Ohio Budget Bill passed and was signed by Governor Kasich. Mr. Futryk gave background information on the provision for the sale/lease of the Ohio Turnpike. Throughout the process some provisions were added by the General Assembly to provide additional oversight in the review. Those provisions include that the directors of the Office of Budget and Management (OBM) and the Ohio Department of Transportation (ODOT) shall submit to the legislature the RFP for review. Mr. Futryk said the budget clearly states it gives to the directors of OBM and ODOT the authority to solicit those proposals.

**Myron Pakush and Mike Cope – ODOT Representatives**

Mr. Pakush introduced Mike Cope, Assistant Director for Business and Human Resources for ODOT. Mr. Pakush said ODOT has had a series of regional meetings across the entire Turnpike corridor to help with communication, education, and discussion of the proposal. As it moves forward, ODOT's approach is to be transparent. Mr. Pakush said he would like to focus on the future of working together and moving forward to make sure the process is done correctly. Mr. Pakush advised attendees that in the future the dollars coming out of Washington will be significantly lower for ODOT to address their needs.

Mr. Pakush said District 12 has significant projects that are not funded. There are major needs that will help the community generate jobs and change the quality of life. These projects include Lakefront West, the Innerbelt, and Opportunity Corridor.

Mr. Pakush explained that Turnpike dollars currently generated are exclusively for the management of the Turnpike. He asked, "*Why can't the state of Ohio (northern Ohio) leverage the Turnpike to use those dollars to help meet those needs?*" That is the point of finding a way to lease the Turnpike to address needs that currently the Turnpike doesn't help with.

Mr. Cope thanked members for the invitation to attend the meeting. Mr. Cope stated that ODOT used to be a state funded, federally assisted program; it is now a federally funded, state assisted program. ODOT depends heavily on federal dollars.

Mr. Cope brought attention to questions Commissioner Hambley had asked in a previously sent letter to Director Wray. The question, "*What is the status of the proposal?*" The first RFP

discussion meeting was held with Governor Kasich's office on Thursday, July 7, 2011. ODOT has been tasked to create a flowchart for the RFP process with timeframes. The process for creating the RFP with the inclusion of public input, will take between 9 months to a year. The RFP will mirror the lease agreement. Any concerns (condition of the freeway, tolls, etc.) will be addressed in the lease. After the RFP is complete, it will go to the legislature. The legislature has 90 days to approve the RFP. If approved, it will become a joint resolution. The process will continue for approximately another 9 months. It is a complex project and will take time for the teams to assemble, make presentations, and analyses.

Mr. Cope commented on the Toledo Metropolitan Area Council of Governments (TMACOG's) white paper. It points out the good and bad of these projects without taking a position.

Mr. Cope stressed it is a great opportunity for Northern Ohio to unlock a great resource. It is not ODOT's intention to forge a bad deal for Ohio. It is moving forward, but will not be ready this year.

### **What each Entity has Done to Date, What Should we do as a Group, & Possible Next Steps - Discussion**

President Hambley asked about the terms of the proceeds of the Turnpike in regards to infrastructure projects. Mr. Cope said funding would be available for northern Ohio projects that may not be available for the rest of Ohio and would still have to go through TRAC's process.

Mr. Cope clarified that proceeds from the lease will be placed in the state treasury, highway service fund. The dollars are not controlled by federal regulations.

Mr. Konrad asked what will happen to the Ohio Turnpike Commission, if anything. Mr. Cope said nothing so far. The Ohio legislature is out until September. Governance of the Commission may be addressed at a later date.

Mr. Konrad asked about the dynamic when the Turnpike is leased regarding control of the tolls. His concern is the rate structure of the tolls may potentially have an impact on secondary roads. Mr. Konrad asked if ODOT is anticipating language in the lease to limit toll rates and if funds from the highway service funds be available to repair local roads. Mr. Cope said Director Wray's desire is to help the local citizens who use the Turnpike in terms of the toll rates. As far as the local communities, if they have TRAC projects, funds may become available for their projects.

Mr. Pakush said Director Wray mentioned there will be a control mechanism in place to watch the toll structure so it doesn't impact secondary roads. He also said scales and speed enforcement may be placed on secondary roads to deter trucks from these roads.

Mr. Cope said 80% of the tolls come from over-the-road truckers. They want to keep them on the Turnpike. They want to be careful of doing anything that would force their major source of income to use local roads instead of the Turnpike. ODOT is concerned with preserving the integrity of the road system around the Turnpike.

Mr. Reese asked if there is a fall back on funding. Mr. Pakush said the best thing for the state of Ohio is to move forward with the lease. Mr. Cope said ODOT could take over the road, but the

preference is to lease it. Without the leasing option the extra dollars would not be available for projects.

Mr. Davis said in NOACA's ongoing research, Chicago and Indiana could have sold bonds rather than privatize. Mr. Cope said the issue is an immediate influx of dollars with a long-term percentage of the funds coming back to the Turnpike. Mr. Cope said they have talked about bonds and could possibly bond \$500 million dollars, which would be gone in an instant. He hopes Congress understand the U.S. infrastructure is crumbling but, because of the upcoming Presidential election, this issue will more than likely not be discussed.

Commissioner Hambley asked how improvements along the Turnpike are financed, if public tax exempt bonds or higher cost private bonds will be used, and if the cost of borrowing will be examined. Mr. Cope said ODOT is interested in a 30-50 year lease, not a 75-year lease that had been called for in the budget bill.

Ms. Drennen said in 2010 the Turnpike operating expense revenue had a surplus. If tolls remain the same with different management, what are the safeguards ODOT might have in place in utilizing these revenues that are in excess of the operating expenses. Mr. Pakush said this is the whole point of the lease. There will be upfront dollars, annual amount of dollars from the Turnpike for use off the Turnpike (the majority in Northern Ohio), and control in structure rate of tolls.

Commissioner Hambley asked if legislators can modify terms or conditions of the RFP based upon public input. Mr. Cope said this must be done before an RFP is created. Concessionaires would not bid on a project that the legislature hadn't approved.

Mr. Jackimowicz asked about transparency issues as the process continues. He stressed public discussion on the Turnpike lease issue is very important. Mr. Cope said consultants will be selected for the RFP process.

Commission Hambley said northern Ohio communities have had cost factors such as EMS and fire department responses to Turnpike accidents and air quality impacts which gives them a sense of ownership and contribution to the Turnpike.

Mr. Jordan asked about the sound insulation program for the Ohio Turnpike in terms of the RFP. Mr. Cope said Director Wray has every intention to address and deal with reducing the decibel levels. It will be addressed in the RFP, if not before. Mr. Schiavoni said this issue can be addressed in the performance specifications of the RFP.

Commissioner Hambley asked who will monitor safety and maintenance standards and how will they be established. He said it can't be built into a contract because over a period of 30-40 years the needs of the Turnpike will change. Mr. Cope said the pavement condition rating (PCRs) will be monitored with mandatory enforcement by the Department of Transportation. The lease will have to maintain the standards that are already in place. An independent firm may come in to determine pavement condition.

Mr. Maier said references have been made to the Indiana Toll Road and the lease that was created. He asked how ODOT would anticipate a lease that would be different from Indiana's. Mr. Cope said Ohio would not have a 75-year lease. The Indiana Toll Road is a great tool to use and Ohio

can learn from Indiana's mistakes. Indiana did not put performance specifications in their lease. Ohio will maintain the integrity of the road through performance specifications.

Mr. Getchey stressed the importance of MPOs working through the Ohio Association of Regional Councils (OARC) and with ODOT. In the Mahoning-Trumbull area the main concern is freight traffic.

Mr. Segedy said Akron Metropolitan Area Transportation Study (AMATS) took the issue to its Board as a resolution. The AMATS Board tabled the resolution as a cautionary measure. The Board has concerns about the uncertainty of a lease and if the best option is getting a lump sum payment for the Turnpike.

Mr. Morrison asked how many jobs would be taken from the public to private sector. OPERS expressed concern about the privatization of Turnpike jobs. Mr. Cope said this issue was addressed in Senate Bill 3, the Pension Reform Bill. Pension funds will need to address this issue. The number of public jobs will be reduced i.e. toll takers due to the increased use of *E-Z Pass*. The hope is to generate private sector jobs that will help the tax base increase through this initiative.

Mr. Cope suggested that attendees communicate questions to ODOT Chief of Staff Greg Murphy in Director Jerry Wray's office.

Mr. Pakush asked that NOACA and its members consider adopting TMACOG's white paper. TMACOG's paper could be used as a base for NOACA's stance.

Ms. Drennen said the next step for TMACOG would be to have their Executive Board, in August, adopt a resolution that the white paper be adopted as their position.

Mr. Segedy said the issue will be on AMATS August Board agenda for discussion.

Mayor Hruby thanked everyone in attendance for the dialogue. He also stated the Ohio Turnpike Commission operates the Turnpike while the legislature and ODOT administration are making the lease decision. If anyone has any further questions, he asked that his office be contacted.

Commissioner Hambley thanked those in attendance and adjourned the meeting at 12:00 p.m.

Respectfully Submitted,



Kim DeFelice, Recorder

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
ATTENDANCE ROSTER**

MEETING: Ohio Turnpike Committee

DATE: 7/8/11

| NAME                    | AFFILIATION                    |
|-------------------------|--------------------------------|
| Mike Cope               | ODOT C.O.                      |
| MYRON FAKUSH            | ODOT P-12                      |
| PALE SCHIMMONI          | ODOT - 12                      |
| KEW WRIGHT              | ODOT - 3                       |
| Kevin Futayk            | OARC                           |
| <del>JOHN GEACHY</del>  | EASTGATE COG                   |
| JOHN URAJAKAR           | ODOT D-14                      |
| Christine Blair         | Garuga County                  |
| Peter Zahristy          | Cuyahoga County                |
| Nathan Kelly            | Cuyahoga County                |
| JOSEPH BALOG            | OTC                            |
| JERRY HRUBY             | OTC - MAYOR BREEKSVILLE        |
| ROBERT JACKIMOWICZ      | CLEVELAND CITY COUNCIL         |
| Jason Segedy            | AMTJ                           |
| Martin Reese            | City of Cleveland              |
| CHRISTINE DRENNEN       | TOLEDO METRO AREA COG          |
| Bill Davis              | NOACA                          |
| MAYOR DEBBIE SUTHERLAND | BAY VILLAGE / NOACA BOARD      |
| Linda Sprenheimer       | Clev-Lyn County Port Authority |
| Greg Holcomb            | Congress woman Sutton          |
| Gary Grano              | NOACA                          |
| HOWARD MAIER            | NOACA                          |
| Steve Hambley           | NOACA Board President          |
| Tom Jordan              | NOACA Bd / W. Rozatta          |
| John Komrad             | Lake Co. Comm - Aufeldrich     |
| Kimi DeFulice           | NOACA                          |