

**AKRON METROPOLITAN AREA TRANSPORTATION STUDY**

**M E M O R A N D U M**

**TO:** Policy Committee  
Technical Advisory Committee  
Citizens Involvement Committee

**FROM:** AMATS Staff

**RE:** Ohio Turnpike Lease Analysis

**DATE:** May 12, 2011

In 2010, Governor John Kasich and his administration mentioned the possibility of selling or leasing the Ohio Turnpike as one potential option to help balance the State's \$8 billion budget deficit. This action has been taken by other states, and fairly recently, by two of our neighboring states. Illinois leased its Chicago Skyway in 2004 for a term of 99 years, resulting in a lump-sum payment of \$1.83 billion. Indiana engaged in a similar lease, leasing the Indiana Turnpike for 75 years, and a lump-sum payment of \$3.8 billion.

At the March AMATS Policy Committee meeting, this topic was briefly introduced, partially to gauge the general opinion on the matter. The Staff's impression was that opinions were mixed, but leaned towards opposition to any sale or lease of the Ohio Turnpike.

In an effort to truly understand the potential benefits and negative consequences of leasing the Ohio Turnpike to a private firm, AMATS Staff completed the enclosed analysis. Upon researching available literature, financial statements, and performing a cash flow analysis, AMATS Staff has concluded that any benefits of leasing the Ohio Turnpike are far outweighed by the costs of such a lease. Overall, the Ohio Turnpike is an efficient and effective public asset that produces a consistently large stream of revenue. AMATS staff feels that the Turnpike would be best left under the control of those who purchased, built, maintained and are the primary users of it, and we are therefore opposed to the sale or lease of this important public asset.

There is a strong possibility that the Ohio House of Representatives will vote on a potential Ohio Turnpike lease in early May. Time is of the essence if the committee wishes to take any official stance or action on this issue. Attached to this memo is Resolution 2011-08, opposing the sale or lease of the Ohio Turnpike. **AMATS Staff recommends approval.**

**RESOLUTION NUMBER 2011-08**

**OF THE METROPOLITAN TRANSPORTATION POLICY COMMITTEE  
OF THE AKRON METROPOLITAN AREA TRANSPORTATION STUDY**

**OPPOSING THE SALE OR LEASE OF THE OHIO TURNPIKE**

**WHEREAS**, the Akron Metropolitan Area Transportation Study (AMATS) is designated as the Metropolitan Planning Organization (MPO) by the Governor, acting through the Ohio Department of Transportation (ODOT) and in cooperation with locally elected officials in Summit and Portage counties and the Chippewa Township area of Wayne County; and

**WHEREAS**, the Ohio Turnpike passes through the entire northern portion of the AMATS area and significantly impacts many cities, villages and townships within the AMATS jurisdiction; and

**WHEREAS**, the Ohio Turnpike receives zero federal financial support, and support from the State of Ohio is limited to a portion of the fuel tax receipts collected from filling stations located in Turnpike service plazas; and

**WHEREAS**, the maintenance and operation of the Ohio Turnpike is fully funded through user fees in the form of highway tolls; and

**WHEREAS**, the Ohio Turnpike is consistently profitable, producing a significant and reliable annual revenue stream; and

**WHEREAS**, Governor Kasich has proposed the sale or lease of the Ohio Turnpike as one possible solution in his well intentioned effort to balance the State's \$8 billion budget deficit; and

**WHEREAS**, the lump-sum proceeds of any sale or lease are unlikely to result in the \$2.4 - \$3.0 billion required by Governor Kasich's administration except in the case of either a multiple decade lease agreement or significant toll increases; and

**WHEREAS**, the entire lump-sum amount of any lease or sale would resolve only a fraction of the state's budget deficit for one budget year, yet would forego a significant and reliable revenue source for multiple generations; and

**WHEREAS**, the proceeds from the sale or lease of the Ohio Turnpike could be redistributed to other regions of Ohio, thereby reducing the direct benefit to those who built, maintained and are the primary users of this highway; and

**RESOLUTION NUMBER 2011-08 Continued**

**WHEREAS**, previous analyses have shown that toll increases directly correlate with traffic diverting to parallel state or federal highways, causing additional congestion and wear-and-tear on local tax payer funded roads, and potentially resulting in the relocation of transportation and logistics commerce to locations outside of the AMATS region, out of preference for the lower business costs of non-tolled highways; and

**WHEREAS**, AMATS Staff have performed an analysis of the Ohio Turnpike sale or lease, resulting in the findings published in a report titled *Leasing the Ohio Turnpike: What we Know and What we Anticipate*. This report provides additional information on the subject, and serves as the foundation upon which AMATS' opinion on the subject is based; and

**WHEREAS**, a public meeting was held on May 12, 2011, to obtain public comment on this resolution.

**NOW THEREFORE BE IT RESOLVED:**

1. That this Committee recognizes that the sale or lease of the Ohio Turnpike would not serve the best interests of the residents of Northern Ohio, and would forego the benefits of a revenue producing public asset for multiple generations.
2. That this Committee firmly believes that any benefits associated with the sale or lease of the Ohio Turnpike would only address short term problems, yet would result in significant ongoing and long term opportunity costs.
3. That this Committee is therefore opposed to the sale or lease of the Ohio Turnpike.
4. That this Committee authorizes the Staff to provide copies of this Resolution to the members of Ohio's Congressional delegation and to other individuals and agencies, as appropriate, as evidence of action by the Metropolitan Planning Organization.

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Robert K. Pfaff, 2011 Chairman  
Metropolitan Transportation Policy Committee

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Date