NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

MEMORANDUM

TO: NOACA Board of Directors

FROM: Grace Gallucci, Executive Director

DATE: March 1, 2019

RE: Resolution 2019-013: NOACA Position on Increased Fees for Transportation Infrastructure

ACTION REQUESTED
The Board of Directors is asked to consider approval of Resolution 2019-013, which establishes the agency’s position on proposed and/or future user fee, or other, increases to provide additional transportation funding.

The Finance and Audit Committee requested the development of a transportation funding position statement at its February 2019 meeting.

BACKGROUND/JUSTIFICATION FOR CURRENT ACTION
Ohio Governor Mike DeWine has proposed a SFY 2020-2021 transportation budget that increases the state motor fuel user fee by 18 cents, from the current 28 cents per gallon to 46 cents per gallon. The Governor has also proposed to index the motor fuel fee for inflation. The increase is estimated to generate an additional $1.2 billion annually. NOACA is appreciative of the Governor’s leadership and commitment on this very important issue. The transportation needs of our region and of the state have long surpassed the available revenue.

The primary source of road and bridge funding in Ohio is the state’s motor fuel user fee, which has not been adjusted since 2005 (Note that the current federal fee is 18.4 cents per gallon). Due to inflation, and the increased fuel efficiency of motor vehicles, Ohio’s fee is not longer adequate to maintain the state’s roads, bridges, and other transportation infrastructure in a state of good repair. Furthermore, past additional revenues experienced through the American Reinvestment and Recovery Act (ARRA) and borrowing via Ohio Turnpike bonds has been exhausted through the end of June 2019.

At an Ohio Association of Regional Councils (OARC) election forum in July 2018, then-candidate Mike DeWine promised to appoint a blue-ribbon task force, which he did, and which subsequently concluded that Ohio needs to raise the motor fuel user fee in order to meet transportation demands. The governor then submitted his SFY 2020-2021 transportation budget, which includes this proposed increase in the state’s motor fuel user fee, with indexing for inflation in future years. Many states throughout the Midwest and beyond have raised their state user fees in recent years, and Ohio's current fee is lower than that of every adjoining state with the exception of Kentucky. At 28 cents per gallon, Ohio ranks 29th in the nation, while we are 6th in the country in total vehicle miles traveled.
NOACA recognizes the need for increased revenue to support the maintenance and enhancement of the state and regional transportation system. Therefore, NOACA strongly supports this opportunity to increase revenue to a sufficient level through an increase in the user fee or other alternate methods, but the understanding that such solutions also address the following:

- **Align the amount of the user fee appropriately to the demonstrated need.**

- **Distribute revenue in an equitable manner, using calculations that better ensure that it goes back to, or is expended in, the communities and regions where it was collected.** Current formulas, based on equal splits, registrations, and center line miles, may not provide a fair and adequate allocation of funds to cities, counties, and townships. These formulas are particularly detrimental to urbanized areas like Northeast Ohio. A more accurate method of distribution would be to use vehicle miles traveled (VMT), or perhaps some combination of VMT and other formulas. Comparing the current distribution formula to a VMT-based formula, the NOACA region loses 36% or $26 million of what it should receive annually.

- **Increase funding for public transportation at a level representative of the value that it provides to the entire transportation system.** This value includes important benefits to motorists, like reducing wear and tear on our roads (and associated maintenance costs), improving public safety, and reducing traffic congestion (and the cost of adding new roadway capacity).
  - Determine and codify an adequate percentage of total transportation funding that should be directed to transit to help Ohio achieve parity with per capita funding levels in other states. (Ohio is the 7th most populous state, but ranks in the bottom 5th for transit funding).
  - Increase FHWA flex funds to transit providers by an additional $22.5 million annually for transit vehicle replacements. The 2015 ODOT Transit Needs Study recommends flexing a total of $62.5 million to meet vehicle needs. The current budget proposal includes $40 million, an increase of $7 million over the $33 million contained in the SFY 2019 budget.
  - Continue to exempt transit systems from paying the motor fuel user fee.

- **Fund maintenance of both state and local owned roads and bridges to a state of good repair prior to directing additional funding to support major new capacity projects as contained in the Transportation Review Advisory Council (TRAC).** In Northeast Ohio, cost estimates for repair and maintenance of existing assets within the locally maintained non-interstate system reflect a backlog need of $892 million for pavements and $239 million for bridges. This deteriorating infrastructure poses critical safety concerns, and costs local residents an extra $887 per year for additional repair costs, accelerated deterioration and depreciation, increased maintenance costs, and additional fuel costs. Among metro areas with at least 500,000 residents, Cleveland ranks #7 in the country for highest extra costs.
  - Increase the percentage of total motor fuel user fee revenues that go to, or are expended in, counties, cities, and townships -- beyond the 31% currently allocated, and at least the 40% level as indicated by ODOT.
  - More investment is needed in cost-effective strategies aimed at improving efficiency and reducing congestion on the region’s transportation system, rather than increasing roadway capacity. New capacity induces demand, which creates more traffic congestion.
• Continue to explore the following:
  o Additional resources for public transit
  o Mechanisms to capture ways that electric and alternate fuel vehicles can pay their fair share to maintain the roads they use
  o Provision of additional permissive authority to local governments to increase registration fees.

FINANCIAL IMPACT
There is no financial impact.

CONCLUSION/NEXT STEPS
With Board approval, Resolution 2019-013 will be communicated to the state legislature, administration, and other external stakeholders.

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RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

WHEREAS, the Northeast Ohio Areawide Coordinating Agency (NOACA) is the Metropolitan Planning Organization (MPO) for the counties of Cuyahoga, Geauga, Lake, Lorain and Medina, and the City of Cleveland; and the areawide water quality management agency for the same region; and

WHEREAS, Ohio Governor Mike DeWine has demonstrated exceptional leadership by proposing a SFY 2020-2021 transportation budget that increases the state motor fuel user fee by 18 cents, from the current 28 cents per gallon to 46 cents per gallon, and indexed for future inflation; and

WHEREAS, the proposed increase is estimated to generate an additional $1.2 billion annually, approximately $67 million per cent increased, following existing distribution formulas to the State of Ohio and local governments; and

WHEREAS, the motor fuel user fee is the primary source of road and bridge funding in Ohio, which has not been adjusted since 2005 (Note that the current federal fee is $.18 per gallon)

WHEREAS, due to inflation, and the increased fuel efficiency of motor vehicles, Ohio’s fee is no longer adequate to maintain the state’s roads, bridges, and other transportation infrastructure in a state of good repair. Furthermore, past additional revenues experienced through the American Reinvestment and Recovery Act (ARRA) and borrowing via Ohio Turnpike bonds has been exhausted through the end of June 2019; and

WHEREAS, in Northeast Ohio, estimates for maintenance of existing assets within the locally maintained non-interstate system reflect $892 million of backlog pavement needs and $239 million of backlog bridge needs as identified in the NOACA Transportation Assessment Management Program; and

WHEREAS, in Northeast Ohio, cost estimates for transit assets reflect more than $400 million of backlog vehicle needs as contained in the NOACA AIM Forward 2040 long-range transportation plan; and

WHEREAS, in Northeast Ohio, cost estimates for the Ohio Department of Transportation (ODOT) unfunded existing major new project commitments reflect more than $1.7 billion as contained on the Transportation Review Advisory Council (TRAC) tiered priorities; and

WHEREAS, increased revenue, through user fees or other alternate methods, is needed to support these and other needs of the region’s transportation system; and

WHEREAS, the current distribution formula for Ohio’s motor fuel user fee does not represent actual utilization of the transportation network, thereby not providing maximum benefit; and

WHEREAS, the NOACA 2019 Legislative Agenda contains State priorities to 1. Improve the region’s rate of return from state allocated funds to meet regional asset management needs. 2. Advocate for the inclusion of multimodal transportation within state programs and funding; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Northeast Ohio Areawide Coordinating Agency, consisting of 45 principal officials serving general purpose local governments throughout and within the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina that:
Section 1. NOACA supports the Governor’s proposal to increase revenue to a sufficient level to achieve a state of good repair of Ohio’s transportation system, through user fees or other alternate methods, and the following additional recommendations:

1. Align the amount of the user fee appropriately to the demonstrated need, with a greater proportion to at least 40%, prior to the amount taken off the top for debt service, of all revenues going to counties, cities, and townships.

2. Index the motor fuel user fee for future inflation.

3. Distribute revenue in a manner consistent with usage, to reflect the true definition of a “user fee.” Revenues should go back to, and/or expenditures should be made in, the communities and regions where they were collected, such as a distribution based on vehicle miles traveled (VMT). This would ensure that higher utilized roadways would receive sufficient funding.

4. Increase funding for public transportation to at least the $120 million goal as contained in the 2015 ODOT Transit Needs Study, representative of the benefit that it provides to the entire transportation system.

5. Fund maintenance of both state and local government owned roads and bridges to a state of good repair prior to directing additional funding to support major new capacity projects.

6. Continue to explore additional resources for public transit; how electric and alternate fuel vehicles can pay their fair share to maintain the roads they use; and provision of additional permissive authority to local governments to increase registration fees.

Section 2. The Executive Director is authorized to transmit certified copies of this resolution to members of the legislature, and appropriate federal, state, and local agencies.

Certified to be a true copy of a Resolution of the Board of Directors of the Northeast Ohio Areawide Coordinating Agency adopted this 8th day of March, 2019.

Secretary: 

Date Signed: 3-8-2019