



The Ohio Public Works Commission

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Testimony of Michael Miller, Director Ohio Public Works Commission

Senate Finance Committee

May 16, 2011

Chair Widener and members of the Senate Finance Committee, good morning. I am Michael Miller, Director of the Ohio Public Works Commission. I would like to thank you for the opportunity to testify on behalf of the Ohio Public Works Commission's Fiscal Year 2012-2013 operating budget.

Operating Budget Overview

The Ohio Public Works Commission budget represents a continuation budget to maintain existing programs and staff. The FY 12-13 budget request is designed to maintain the program objectives for the State Capital Improvement (SCIP), Local Transportation Improvement (LTIP), and Clean Ohio Conservation Programs (COCP). House Bill 153 includes our operating request for the Clean Ohio Conservation Program and our debt service line items that were requested by the Office of Budget and Management. The remainder of the Commission's operating budget was included in the recently passed Transportation Budget Bill House Bill 114. This budget will allow the Commission to continue to respond to the needs of Ohio's local governments and efficiently and effectively monitor the use of public funds.

The Commission's operating budget is modest when compared to the size of the capital programs it administers and historical spending patterns. The Commission normally maintains an average capital project portfolio of over 1,600 active projects at any one time. The Commission processes an average of 3,200 individual payment requests per Fiscal Year and maintains

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a revolving loan portfolio of over 2,100 loans in billing status. For FY 12, the Commission is requesting 1.33 percent below its FY 11 appropriation levels and for FY 13 we are requesting a total operating budget that is 2.20 percent below our FY 11 appropriation. It is important to note that the administrative costs to deliver all of these programs are paid from interest income and/or bond proceeds and not the General Revenue Fund.

The Commission's budget request is based on a few principles. First, retention of existing staff. The budget request provides funding for (11) full-time positions. Second, the Commission aligned its budget request to reflect the administrative effort necessary to manage all of our programs. Administrative, maintenance, and equipment costs incurred by the Commission are shared between our various programs with 60% (SCIP), 20% (LTIP), and 20% (COCP).

The House passed version of House Bill 153 creates the Local Government Integrating and Innovation Fund and appropriates \$50 million dollars of commercial activity tax revenue in both FY 12 and 13. It also renames the nineteen District Public Works Integrating Committees Local Government Integrating and Innovation Committees. The purpose of this fund is to assist local governments in implementing or enhancing shared services. While this language is vague and lacks specificity, allowable expenses include costs of making the transition to shared services, establishing shared services, and paying for the initial operations of shared services. The nineteen Ohio Public Works Commission Districts would receive an allocation similar to the State Capital Improvement Program allocation and would select projects to be forward to the Ohio Public Works Commission for funding. This language was a last minute addition to House Bill 153 in the House and the Commission looks forward to working with the Administration and General Assembly to add functionality and clarity to this new concept.

I have attached to my testimony the Ohio Public Works Commission FY 10 - 11 Primary Accomplishments, our FY 12 - 13 Priorities and FY 12-13 Expected Program Outcomes.

Conclusion

Thanks again for giving me the opportunity to appear before you today. I would be happy to respond to any questions or concerns that you may have.

FY 10 - 11 Primary Accomplishments

- 1). **Implementation of Am. Sub. H.B. 554 (the Job Stimulus Bill), which provided additional funding for the State Capital Improvement and Local Transportation Improvement Programs.**

For the State Capital Improvement Program, over 1,033 projects were approved, which resulted in over \$456 million in direct infrastructure investment. This investment, when added to local and federal resources, was able to provide over \$918 million in total infrastructure investment in Ohio's economy.

For the Local Transportation Improvement Program, over 813 projects were approved, which resulted in over \$336 million in direct infrastructure investment. This investment, when added to local and federal resources was able to provide over \$832 million in total infrastructure investment in Ohio's economy.

- 2). **Implementation of Program Year 6 of the Clean Ohio Program.**

This resulted in the approval of 114 projects for local open space acquisition and riparian improvements.

- 3). **Completion of an independent Information System Assessment.**

The Commission contracted with an outside vendor to perform an information system assessment of its various IT related platforms. This assessment included: a review of all of the Commission's business processes, a SWOT analysis of the Commission's enterprises, a technical transition plan, and a roadmap for a future platform.

Agency Priorities - FY 12-13 Operating Biennium

- 1). **Implement Program Years 25 and 26 of the State Capital Improvement and Local Transportation Improvement Programs.**
- 2). **Implement Program Years 7 and 8 of the Clean Ohio Conservation Program.**
- 3). **Continue to invest in the Commission's design and development of a new IT system.**
- 4). **Continue to provide ongoing technical assistance to district integrating committees, natural resources assistance councils and local governments including improvements to Commission materials and information.**
- 5). **Operate the Commission with a high level of transparency and accountability to Ohio citizens.**

- 6). Continue fostering smart growth and making “fix-it-first” a priority for state investments.

Expected Program Outcomes - FY 12-13

- 1). Funding for Program Years 25 and 26 of the State Capital Improvement and Local Transportation Improvement Programs will result in over \$948 million in total infrastructure investment in Ohio’s economy. This will result in over 1,500 capital improvement projects in all 88 of Ohio’s counties. Eligible infrastructure improvements include road, bridge, water supply and distribution, wastewater collection and treatment, solid waste disposal and storm water systems. The Commission’s operating budget will provide funds for project administration as well as technical assistance to local governments and District Integrating Committees.
- 2). GRF supported Debt Service payments will be provided to support required payments on bonds issued to support the Commission’s capital programs.
- 3). Funding for Program Years 7 and 8 of the Clean Ohio program will result in over \$75 million in direct financial assistance for local open space acquisition and riparian improvement projects.
- 4). Improvement to Ohio’s infrastructure that will create an environment that fosters job creation and supports local business and industry.