

**Testimony of Michael Miller, Director
Ohio Public Works Commission
Senate
Finance – Workforce Subcommittee
May 12, 2015**

Chair Beagle and members of the Senate Finance – Workforce Subcommittee, 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 2016 – 2017 operating requests contained in House Bill 64.

Operating Budget Overview

The Ohio Public Works Commission budget represents a continuation budget to maintain existing programs and staff. The FY 16 – 17 budget request is designed to maintain the program objectives for the State Capital Improvement (SCIP), Local Transportation Improvement (LTIP) and Clean Ohio Conservation (COCP) Programs. This budget will allow the Commission to continue to respond to the needs of Ohio's local governments and conservation organizations while efficiently and effectively monitoring 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 a revolving loan portfolio of nearly 2,500 loans in billing status. For FY 16 the Commission is requesting 1.18 percent below its FY 15 appropriation levels and for FY 17 we are requesting a total operating budget that is equal to our FY 15 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% from SCIP, 20% from LTIP, and 20% from COCP.

House Bill 64 – Operating Budget Overview

House Bill 64 includes the Clean Ohio Conservation Program Operating line item which will allow the Commission to continue to administer the vital functions of this Program. It also includes the debt service line items to service bonds issued under the State Capital Improvement and Clean Ohio Conservation Programs. Finally, it includes new language creating the Clean Ohio District Administrative Cost Recovery Program. This language is permissive and will allow the Natural Resources Assistance Councils to use up to \$15,000 of its annual allocation to recover administrative expenses incurred in the rating and ranking process. This language is modeled after the District Administrative Cost Program that the District Public Works Integrating Committees have used over the years.

Capital Budget Overview

The Transportation Bill contained the FY 16 – 17 capital requests for the Local Transportation Improvement program which will support Program Year 29 projects being released on July 1st of this year and Program Year 30 to be released July of 2016. This enacted legislation also included the operating line items for the State Capital Improvement and Local Transportation Improvement Programs. Capital appropriations for the State Capital Improvement and Clean Ohio Program will be requested in the FY 17 – 18 Capital Bill.

Conclusion

I have attached the Ohio Public Works Commission, FY 14-15 Primary Accomplishments, FY 16-17 Agency Priorities, as well as the FY 16-17 Expected Program Outcomes as outlined in the Red Book for your Review. Thank you 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 14 – 15 Primary Accomplishments

- 1). Implemented Program Years 27 and 28 of the State Capital Improvement Program. The Commission released 992 projects which resulted in over \$440 million in direct infrastructure investment. This investment, when added to other resources was able to provide over \$1 billion in total infrastructure investment for Ohio's economy.
- 2). Implemented Program Years 27 and 28 of the Local Transportation Improvement Program. The Commission released 319 projects which resulted in \$143 million in direct infrastructure investment. This investment, when added to other resources was able to provide over \$387 million in total infrastructure investment in Ohio's economy.
- 3). Implemented Program Year 8 and 9 of the Clean Ohio Program. We expect this program to result in over 200 projects for local open space acquisition and riparian improvements with at least \$75 million in direct investment.
- 4). Revised the Commission's web sites for both infrastructure and open space improving functionality and usability.
- 5). Revised program application into an electronic format and streamlined the processing of the project agreements.
- 6). Enhanced our loan programs to include online loan information and consolidated invoicing.

Agency Priorities – FY 16 – 17 Operating Biennium

- 1). Operate the Ohio Public Works Commission with a high level of transparency and accountability to Ohio citizens.
- 2). Continue fostering smart growth and making "Fix-It-First" a priority for state investments.
- 3). Support collaboration across government by bringing together all levels of local government during the project selection process.
- 4). Promote regional cooperation and empower local governments to address their most critical infrastructure needs through our state-local partnership.
- 5). Continue to promote reinvestment in Ohio's communities by emphasizing repair and replacement of existing infrastructure versus new and expansion.

- 6). Improve Ohio's infrastructure to create an environment that supports local businesses and industry.
- 7). Continue to invest and modernize the Commission's design and development of a new IT system.

Expected Program Outcomes FY 16 – 17

- 1). Funding for Program Years 29 and 30 of the State Capital Improvement and Local Transportation Improvement Programs will result in nearly \$1 billion in total infrastructure investment in Ohio's economy. This will provide funding for 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 projects. The Commission's operating budget will provide funds for project administration as well as technical assistance to local governments and District Public Works Integrating Committees.
- 2). Debt Service payments will be provided to support required payments on bonds issued to support the Commission's capital programs.
- 3). Improvement to Ohio's infrastructure that will create an environment that fosters job creation and supports local business and industry.
- 4). Implement Program Year 10 and 11 of the Clean Ohio Conservation Program.