



COUNTY ENGINEERS ASSOCIATION OF OHIO

Senate Local Government & Elections
Dean Ringle, P.E., P.S. Executive Director

HB 110 – State Budget

May 4, 2021

Chair Gavarone, Vice Chair O'Brien, Ranking Minority Member Maharath and members of the Senate Local Government & Elections Committee, thank you for the opportunity to provide testimony for Sub. House Bill 110 and to advocate for Force Account limit increases for county road and bridge projects.

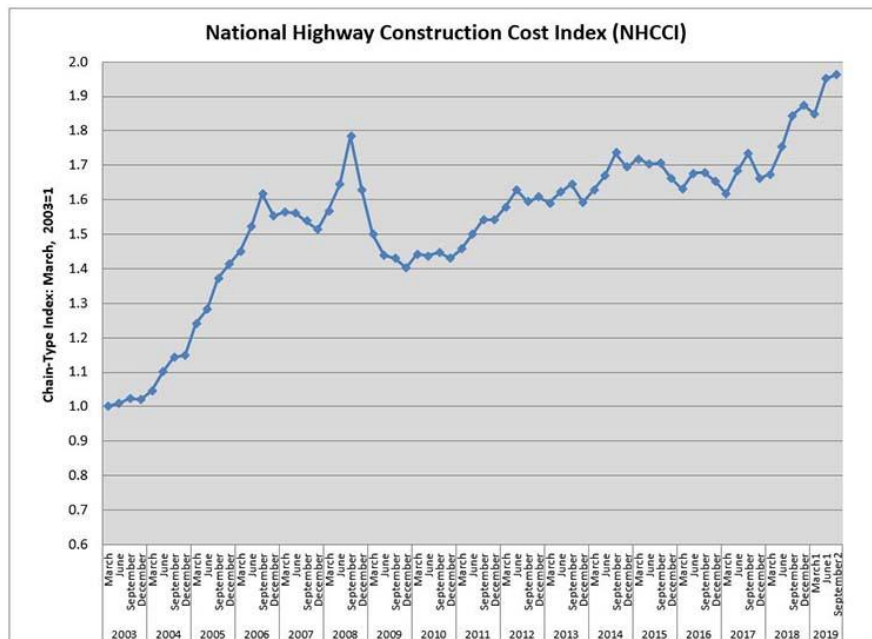
The term "Force Account" can mean several things, including work done by contractors outside their original bid, however in the current context of the discussion it is the ability of local branches of government to utilize their own personnel to complete various roadway and bridge projects. It has been a long-standing practice to have government forces utilize their own workers to perform smaller size projects, letting the medium size and large projects be tackled by private sector contractors. In 2003, limits were established on what defined the difference between small and medium size projects. For the next 18 years, with no indexing or steps to adjust those costs, inflation and cost of living has eroded what can be built with local forces.

The county force account limits currently are \$30,000 per mile for road construction and reconstruction, including widening and resurfacing and \$100,000 for all bridge and culvert force account work. Ohio's County Engineers collectively are requesting an increase to the force account limits to account for construction cost inflation since 2003.

According to the National Highway Construction Cost Index (it tracks material costs of highway construction in the construction industry) over the past 18 years the cost of doing business on roadway and bridge construction has doubled (chart is in my testimony). This effectively means a bridge built by county forces in 2003 could have been up to \$100,000, but that same \$100,000 limit in today's dollars is the equivalent of a \$50,000 bridge. We, the local governments, need to be able to build what we were able to build in 2003. This is not "project creep", this is being able to continue building similar size projects as established by the legislature in the past.

Outdated force account limits coupled with ongoing construction price increases have resulted in unreasonable and unnecessary limits on the amount of work counties can perform with their existing work force utilizing their existing fleet of equipment.

With budget constraints at all levels of government, it is imperative to get the greatest value for every transportation dollar the Ohio citizens investment. Material costs in construction have been incrementally increasing year over year. For the most part, rising material costs are out of everyone's control.



2003-2019 increase of 96%

The Value Of Using Force Accounts:

- 1) Typically lower in cost, less complex projects
- 2) Reduced local mobilization costs
- 3) Reduced Maintenance of Traffic
- 4) Ease of local crew interaction/integration; familiarity with local roadways and conditions
- 5) No contractor mark-up/multipliers
- 6) Substantially less paperwork/less advertising costs
- 7) Lack of competitive bidding on small projects results in unacceptable/high bids
- 8) Project implementation is typically more timely

It used to be that a road could be built for \$1 million a mile. Now that doesn't even cover 1/2 a mile of roadway. A typical intersection project could now cost \$1-2 million. Small projects are now considered under \$500,000, medium projects are ranging from \$500,000 to \$2 million, and large projects are over \$2 million. Rebuilding projects like the Ohio Department of Transportation's I-70/71 mega fix are into the hundreds of million dollars.

County Highway Departments are funded primarily by a share of the state fuel tax, motor vehicle registration fees and state and federal grants. County Highway budgets are fixed. They are constrained by their revenue sources. Limiting the availability of a county to use their own existing work force and equipment is an inefficient use of those resources.

Continuing to suppress force account work with artificially low limits does not create new contracting opportunities for the private sector. The projects get deferred to a later year or they displace another project that would have been otherwise awarded to a private contractor. Limiting county force account projects does not create a corresponding increase in funds available for private contracts.

Example: See Butler County's New London Bridge #2.858 Pier Rehabilitation Cost Estimate (included at end of testimony)

Private sector contractors are some of our most valuable partners. We couldn't make the kind of improvements demanded by our growing community without them. County Engineers are charged with the "Construction, reconstruction, improvement, maintenance, and repair of all bridges and highways within the engineer's county, under the jurisdiction of the board of county commissioners" (ORC 5543.01). In doing so, they employ a work force and maintain a fleet to provide the basic services related to owning and maintaining a local highway system. We are not asking to expand our role, increase our staff or expand our fleet of equipment. We are simply asking for the latitude to make decisions about the use of these existing resources in a way that maximizes the efficiency of taxpayer dollars. I strongly support increases in the county force account limits that have been eroded by construction cost inflation over the last 18 years.

TESTIMONY TO JOINT COMMITTEE ON FORCE ACCOUNT LIMITS INCREASE

IN FAVOR OF RAISING THE LIMITS

FORCE ACCOUNT

VERSUS

CONTRACT

ALERT NEW LONDON ROAD PIER REHABILITATION

MORE COST EFFICIENT



- **Saves money** - no contract administration costs.
- **Work can start faster** than scheduled.
- **Saves time** - no time spent preparing contracts and waiting for bids and contract to be awarded.

Labor + Materials
+ Equipment

FA Estimate:
\$121,007

COST INCREASE



96%



Inflation has limited the number of Force Account projects, reducing savings.

The National Highway Construction Cost Index (NHCCI) reports that costs have **nearly doubled** since 2003, the last time Force Account limits were raised.

Contract Estimate:
\$232,739

COSTING TAXPAYERS \$111,732

The increase of Force Account limits still allows the contractor to build the intermediate and larger projects while we can focus on smaller maintenance type projects.

Raising Force Account limits will allow us to better serve our citizens in a more efficient and fiscally responsible manner.