

Public Works Commission

Jonathan Lee, Senior Analyst

- The budget allows for implementation of program years 19 and 20 of the SCIP and LTIP programs, and program years 3 and 4 of the Clean Ohio program
- Current service and staffing levels will be maintained over the biennium

OVERVIEW

Duties and Responsibilities

The Public Works Commission (PWC) administers the State Capital Improvement Program (SCIP), the Local Transportation Improvement Program (LTIP), and a portion of the Clean Ohio Conservation Program (COCP). These programs provide grants and loans to local governments for local infrastructure projects, as well as brownfields revitalization and open space acquisition. The SCIP receives funding from infrastructure bonds, the LTIP receives funding from one cent of the motor fuel tax, and the COCP receives funding from Clean Ohio bonds. Administration of the programs requires coordination among local government officials, landowners, metropolitan planning organizations, and various state agencies.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
12	\$241.90 million	\$256.85 million	\$174.42 million	\$189.31 million	Am. Sub. H.B. 66 Am. Sub. H.B. 68

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

Summary of FYs 2006-2007 Enacted Budget Issues

The enacted budget provides \$242 million in FY 2006 and \$257 million in FY 2007, for a total of \$499 million over the biennium. GRF appropriations are the lion's share of PWC's budget and are used solely to service the debt on SCIP bonds and Clean Ohio bonds. Overall, GRF funding in FY 2006 increases 10.8% above FY 2005 spending, and FY 2007 levels increase 8.5% above FY 2006 appropriations. Non-GRF funding largely supports the LTIP program, which received level funding at \$66 million each year of the biennium. The enacted budget also provides approximately \$3 million in non-GRF appropriations to support the operating expenses of the SCIP, LTIP, and Clean Ohio program.

Overall, the enacted budget will allow the PWC to maintain current service and staffing levels, as well as provide for a 4% cost of living adjustment, merit increases, healthcare costs, travel, and bond counsel fees.

Funding Sources

PWC's funding is appropriated in several bills. The main appropriations bill contains the debt service appropriations for the SCIP and the COCP, as well as operating dollars for the latter program. The transportation budget bill, Am. Sub. H.B. 68 of the 126th General Assembly, contains the operating dollars for the LTIP and the SCIP, as well as the capital dollars for the LTIP. Also, the capital bill and the capital reappropriations bill contain the capital dollars for the SCIP.

State Issue 1 and Future SCIP Funding

State Issue 1, a \$2 billion funding issue on the November 2005 ballot, authorizes the state to issue general obligation bonds for the purposes of local government public infrastructure capital improvements, research and development, the development of certain sites and facilities, and to expand state and local government authority regarding economic development. A total of \$1.35 billion in general obligation bonds with a maximum of 30 years' maturity period may be issued for local government public infrastructure capital improvement purposes.

The new issuances are estimated to start in December 2009 and continue each year until 2018 (or later). These new bonds will not be issued until the prior constitutional authority for the same purpose has been exhausted. There is approximately \$240 million in remaining authority to be issued. The proceeds will continue to be distributed to each of the PWC's 19 District Public Works Integrating Committees (DPWIC) through the SCIP program, and debt service on the bonds will be paid from the General Revenue Fund.

Vetoed Provisions

The Governor did not veto any provisions affecting the Public Works Commission.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Public Works Commission is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

Aid to Local Government Improvements

Purpose: To provide grants and loans to address Ohio's local public infrastructure needs.

The following table shows the line items that are used to fund the Aid to Local Government Improvements program series, as well as the enacted appropriation levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	150-904	Conservation General Obligation Debt Service	\$13,687,300	\$17,168,800
GRF	150-907	State Capital Improvements General Obligation Debt Service	\$160,731,400	\$172,145,100
General Revenue Fund Subtotal			\$174,418,700	\$189,313,900
Clean Ohio Revitalization Fund				
056	150-403	Clean Ohio Operating Expenses	\$298,245	\$311,509
Clean Ohio Revitalization Fund Subtotal			\$298,245	\$311,509
Local Transportation Improvement Fund				
052	150-402	LTIP-Operating	\$294,245	\$306,509
052	150-701	Local Transportation Improvement Program	\$66,000,000	\$66,000,000
Local Transportation Improvement Fund Subtotal			\$66,294,245	\$66,306,509
Local Infrastructure Improvement Fund				
038	150-321	SCIP-Operating	\$891,324	\$919,397
Local Infrastructure Improvement Fund Subtotal			\$891,324	\$919,397
Total Funding: Public Works Commission			\$241,902,514	\$256,851,315

The Aid to Local Government Improvements program series includes three programs:

- **Program 1.01: State Capital Improvement Program (SCIP)**
- **Program 1.02: Local Transportation Improvement Program (LTIP)**
- **Program 1.03: Clean Ohio Conservation Program (COCP)**

Program 1.01 – State Capital Improvement Program (SCIP)

Program Description: The SCIP uses infrastructure bond proceeds to provide grants and loans to local governments for improvement of their infrastructure systems. Bond issuing authority is provided in Section 2m, Article VIII of the Ohio Constitution. Each year approximately \$120 million in bonds are issued to provide the grants and loans. Eligible projects include improvements to roads, bridges, culverts, water supply systems, wastewater systems, storm water collection systems, and solid waste disposal systems. The SCIP also has two subprograms, the Small Government Program, which sets aside \$12 million each fiscal year for villages and townships less than 5,000 in population, and the Emergency Assistance Program, which provides \$2.5 million for infrastructure emergencies.

Funding Sources: Bond issuances; GRF used for debt service

Implication of the Enacted Budget: The enacted budget will allow debt service payments to continue as scheduled, and will allow the PWC to implement program years 19 and 20 of the SCIP. The PWC estimates they will approve over 1,144 projects over these program years, resulting in over \$276 million in financial assistance.

Program 1.02 – Local Transportation Improvement Program

Program Description: The LTIP provides grants to assist in the costs associated with local road and bridge projects. Grants are distributed on a per capita basis and are used to make cash payments to consultants and contractors for work performed on behalf of the local government. The majority of grants are distributed to cities and counties.

Funding Source: One cent of the motor fuel tax

Implication of the Enacted Budget: The enacted budget will maintain current program and staffing levels and allow the PWC to implement program years 19 and 20 of the LTIP. The Commission estimates this will result in the approval of 220 projects representing over \$132 million in grants over the biennium.

Program 1.03 – Clean Ohio Conservation Program

Program Description: The Clean Ohio Conservation Program (COCP) was created by Am. Sub. H.B. 3 of the 124th General Assembly. This program provides grants for brownfields revitalization projects and open space acquisition. The COCP consists of two funds: the Clean Ohio Revitalization Fund (which is administered by the Department of Development and the Ohio Environmental Protection Agency) and the Clean Ohio Conservation Fund (which is administered by the Public Works Commission).

Grant funding is from bond sales, of which 75% is used for open space acquisition, 12.5% for agricultural easements, and 12.5% for recreational trail construction. One bond is usually issued in a calendar year and the funds are disbursed over a two-year program. The COCP provides cash payments to various property owners to acquire and provide access improvements to open space and enhance riparian corridors. The program primarily services local governments in Ohio, nonprofit organizations, and consultants and contractors hired to perform work on approved projects.

Funding: GRF and investment income; the GRF supports the program's debt service payments and bond investment income pays for the program's operating expenses.

Implication of the Enacted Budget: The enacted budget will allow debt service payments to continue as scheduled and will allow current service and staffing levels to be maintained. The PWC will implement program years 3 and 4 of the COCP over the biennium. The PWC estimates they will approve over 250 projects over these program years resulting in over \$75 million in financial assistance.