

Local Government Innovation Program

PROGRAM POLICIES

Adopted by the Local Government Innovation Council: 12.1.11

Amendments: 1.31.12, 9.20.12, 8.28.13, & 12.3.15

The Local Government Innovation Program (LGIP) was established in HB 153 to provide loans and grants for local government innovation projects in accordance with Chapter 189 of the Ohio Revised Code.

Section A: Definitions

A.1: General Definitions

- A.1.1** “Applicant” means the authorized representative of the Eligible Project in all matters related to any funds awarded through the Local Government Innovation Program. The Applicant will be solely responsible for all project management responsibilities with respect to the Eligible Project.
- A.1.2** “Application” means the current Local Government Innovation Program Application form provided by the Ohio Development Services Agency as set forth in §189.06 of the Ohio Revised Code, and as more fully described in these Program Policies.
- A.1.3** “Awardee” means the Local Government Innovation Program Award recipient.
- A.1.4** “Collaborative partner(s)” means any political subdivision, nonprofit entity, or for-profit entity that is identified as a partner in the Applicant’s proposal for funding.
- A.1.5** “Council” means the Local Government Innovation Council defined in §189.02 of the Ohio Revised Code.
- A.1.6.** “Unique Eligible Project” means a project with distinct characteristics in terms of both scope and content. Applicants must demonstrate that each Unique Eligible Project will differ in their goals, customers, and locations.

A.2: Grant Definitions

- A.2.1** “Grant” means a Local Government Innovation Program Grant award as set forth in §189.02 of the Ohio Revised Code.
- A.2.2** “Eligible grant project” includes feasibility, planning, and management studies.
- A.2.3** “Eligible grant project costs” include soft costs associated with feasibility, planning, and management studies. Costs incurred prior to the Council Approval Date will not be eligible for reimbursement.

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A.3: Loan Definitions

- A.3.1** “Loan” means a Local Government Innovation Program loan set forth in §189.02 of the Ohio Revised Code.
- A.3.2** “Eligible loan project” includes demonstration projects.
- A.3.3** “Eligible loan project costs” include equipment, facilities, or systems, or project implementation costs (including reasonable consultant fees). Costs incurred prior to the Council Approval Date will not be eligible for reimbursement.
- A.3.4** “Demonstration Project” means an implementation project demonstrating shared services, collaboration, or merger of services by political subdivisions.

Section B: Eligibility

B.1: General Eligibility

- B.1.1** Eligible Applicants include a single political subdivision or a group of political subdivisions.
- B.1.2** Applicants identified as a Collaborative Partner on any one Application may not apply for funding as the lead Applicant on the same or a similar project. Should two Applications for the same project arrive for review, both Applications will be deemed materially insufficient and returned to the Applicants for further collaborative development.
- B.1.3** Applicants must demonstrate a match investment equal to at least 10% of the total cost of the Eligible Project. For purposes of the Local Government Innovation Program, the match investment may include any combination of local, public, or private funds. Projects with a higher proportional match investment are strongly preferred.
- B.1.4** Match investments may include cash or eligible in-kind contributions made during the two-year period prior to Application and over the course of the project. Match investments must be directly related to the completion of an Eligible Project.
- B.1.5** Applicants may apply in-kind labor, services or materials that were or will be contributed by the Applicants or a Collaborative Partner to their required matching funds. In-kind contributions may only be provided under the following conditions: the in-kind contribution of services is necessary and reasonable to complete the project, the in-kind contribution of services is adequately documented, and the in-kind contribution did not occur more than two years prior

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to the submission of the Application to the Council or will not be expended after the conclusion of the project term.

- B.1.6** Applicants must maintain a base score of 50 or higher to be considered eligible for an award.
- B.1.7** Applicants must have completed any previously awarded LGIP projects prior to approval of a new application.

B.2: Grant Eligibility

- B.2.1** Applications for grant awards cannot exceed \$50,000 in any case.

B.3: Loan Eligibility

- B.3.1** Applications for loan awards cannot exceed \$100,000 per Collaborative Partner, up to \$500,000 maximum. Applications for loan awards cannot exceed \$500,000 in any case.

Section C: Application Procedures

C.1: General Application Procedures

- C.1.1** An Application must be filed for each Eligible Project. The Application must clearly identify the lead Applicant and also document any Collaborative Partners.
- C.1.2** There is no limit to the number of Unique Eligible Projects that may be proposed by any Applicant. Applicants must demonstrate that each Unique Eligible Project will differ in their goals, customers, and locations.
- C.1.3** Applications will be in form and substance agreeable to the Council and the Agency.
- C.1.4** Applications for awards must be submitted in electronic format to the Ohio Development Services Agency. Hard copies may be submitted only in the event that the Applicant is unable to submit the application through the online application site.
- C.1.5** Applicants must provide executed partnership agreements or a memorandum of understanding with other participating entities and provide a resolution of support from a governing entity if applying for a Local Government Innovation Program award.

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- C.1.6** All performance audits that are submitted must have been completed within five years of the date of Application.
- C.1.7** Applications for Eligible Projects should demonstrate one or more of the following approaches to a targeted area of local government services;
- Shared Services:* More than one entity planning and/or implementing a project that is services oriented to achieve great efficiency in combined service delivery.
- Coproduction:* More than one entity planning and/or implementing a project that is service-oriented, requires greater capacity, and proves a savings over cost standards for the same service.
- Merger:* Consolidation of multiple entities to serve a greater service area at a lower provision of costs.
- C.1.8** As provided in §189.02 of the Ohio Revised Code, the Ohio Development Services Agency will provide administrative support to the Council. The support shall include, but is not limited to, reviewing and scoring of each Application using the criteria approved by the Council. The scoring results along with the Application summaries will be provided to Council members no later than seven (7) calendar days prior to the Local Government Innovation Council meeting at which funding decisions will be made. Supporting documentation will be available to Council members upon request.
- C.1.9** Following the Application submission period will be an Application review period. During this time, Applications will be reviewed and the Ohio Development Services Agency may request that Applicants provide additional clarifying information. Applicants will not be allowed to submit missing information during this period. Applicants may only provide clarifying information in direct response to written correspondence from the Ohio Development Services Agency. If the Applicant does not submit the requested information within 10 business days of the request, the Application will be evaluated as submitted and may result in a scoring reduction or ineligibility. If the information submitted in the Application is materially insufficient, the Director of the Ohio Development Services Agency shall notify the Applicant that the Application will not be considered during the Application period.
- C.1.10** The Council shall review the project materials and award funds projects using the selection process established by the Council and pursuant to Chapter 189 of the Ohio Revised Code.
- C.1.11** Local Government Innovation Fund awards are contingent upon approval of the Council.

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C.1.12 Any Applicant whose project is not selected for funding will be notified in writing within 30 days of the Local Government Innovation Council award decisions.

C.2: Grant Application Procedures

C.2.1 Grant applications shall be for the development of feasibility, planning, or management studies. No more than 10% of grant funds may be used for tangible costs necessary and reasonable to complete the eligible project.

C.2.2 Grant Applications for Local Government Innovation Program assistance must contain at minimum: a problem statement, the number of participating entities in the proposal, the percentage of local matching funds committed, whether the proposal is part of a larger consolidation effort by the Applicant or Collaborative Partners, whether the Applicant has successfully completed an innovation (efficiency, shared service, coproduction, or merger) project in the past, and whether and how the proposal is responding to changes in economic demand for local or regional government services.

C.3: Loan Application Procedures

C.3.1 Applications for loan awards shall be for projects demonstrating shared services, collaboration, or merger of services by political subdivisions.

C.3.2 Requested loan funds shall be primarily for hard costs related to the demonstration project, including equipment, facilities, or systems, or project implementation costs. Reasonable consultant fees are allowable.

C.3.3 Loan Applications for Local Government Innovation Program assistance must contain at minimum: a problem statement, the return on investment based on the ratio of expected savings, the number of participating entities in the proposal, the percentage of local matching funds committed, whether the proposal is part of a larger consolidation effort by the Applicant or Collaborative Partners, whether the Applicant has successfully completed an innovation (efficiency, shared service, coproduction, or merger) project in the past, whether and how the proposal is responding to changes in economic demand for local or regional government services, and three years financial history documents (budget documents, balance sheet, and statement of cash flows) for the Lead Applicant.

Section D: Awards

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- D.1** At least 30% of Local Government Innovation Program funds awarded across all rounds shall be awarded to political subdivisions that are not counties and have a population of less than 20,000 residents as determined in the decennial census conducted in 2010 or counties with a population of less than 235,000 residents as determined in the decennial census conducted in 2010.
- D.2** At least 30% of Local Government Innovation Program funds awarded across all rounds shall be awarded to political subdivisions that are not counties and have a population of 20,000 residents or more as determined in the decennial census conducted in 2010 or counties with a population of 235,000 residents or more as determined in the decennial census conducted in 2010.
- D.3** If a proposal includes participants from both sections D.1 and D.2 of these policies the award may be drawn from either or both tiers in the Local Government Innovation Fund.

Section E: Agreements

E.1: Grant Agreements

- E.1.1** Grant funds shall only be used for Eligible Grant Project costs associated with feasibility, planning, or management studies which were outlined in the Application.
- E.1.2** Ohio Development Services Agency may provide no more than 20% of funding to Awardee for the study upon execution of a contract.
- E.1.3** After the initial 20% payment, the Ohio Development Services Agency will provide grant payments on a reimbursement basis only. The Awardee will be required to submit disbursement requests containing proof of payment for work completed, as well as a progress report on the funded project.
- E.1.4** Ohio Development Services Agency may only pay the balance of the Award once the final deliverable has been adopted by all Collaborative Partners and provided to the Agency.
- E.1.5** Grant awards shall be made on a schedule to be determined by the Local Government Innovation Council.
- E.1.6** The grant shall be payable to the Awardee for Eligible Grant Project Costs, defined in the Agreement between ODSA and the Awardee. Eligible Project Costs will be paid as incurred and based upon the progress of the work, subject to policies E.1.2-E.1.4 set forth above, in

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accordance with the approved Project Budget, as may be amended, attached to the agreement as an exhibit.

- E.1.7** Awardee shall have two years from the Council Approval date to complete the project.
- E.1.8** Grant Agreements shall be in form and substance acceptable to the Local Government Innovation Council and shall be signed on behalf of the Council by the Director of the Ohio Development Services Agency.

E.2: Loan Agreements

- E.2.1** Loan awards may be made for Demonstration Projects and can be used for any Eligible Loan Project Costs.
- E.2.2** Loan awards shall be made quarterly beginning July 1, 2012.
- E.2.3** The Loan shall be payable to the Awardee as costs are incurred. Eligible Loan Project Costs must be defined in the Agreement between the Ohio Development Services Agency and the Applicant or will not be paid. Payments shall be based upon the progress of the work and in accordance with the approved Project Budget, as may be amended, attached to the agreement as an exhibit.
- E.2.4** Awardees must utilize a competitive and open selection process with respect to contractor or vendor selection. If applicable, Awardees should attempt to give preference to Ohio businesses.
- E.2.5** Awardees must have a contract with a contractor or vendor that states the final deliverable date.
- E.2.6** All Local Government Innovation Program loans will bear interest at a rate of zero percent.
- E.2.7** Loans will have terms not to exceed 11 years including a one-year grace period. Loans will be amortized over a period not to exceed 10 years. Repayments shall begin immediately following a one year grace period after the date of the final disbursement.
- E.2.8** Loans will be made subject to customary loan documentation in form and substance acceptable to both the Local Government Innovation Council and the Ohio Development Services Agency. Loan agreements shall be signed on behalf of the Council by the Director of the Ohio Development Services Agency.
- E.2.9** Loans may be secured by real or personal property as and to the extent the Local Government Innovation Council determines appropriate for the Eligible Loan Project.

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- E.2.10** Awardee will be responsible for entering into and managing all agreements as required under the Local Government Innovation Program or as otherwise necessary to complete the Eligible Loan Project, including binding agreements with third party project partners.
- E.2.11** Local Government Innovation Program loans shall be repaid by the Awardee using savings estimates in Loan Application. Should savings projects not be realized, Awardee should be prepared to find an alternative source of funding for repayment of the loan. Loans are to be repaid by the terms of the Loan Agreement. Repayments shall be made quarterly.
- E.2.12** Awardees shall have two years from the Council Approval date to complete the project.
- E.2.13** Should Awardee fail to complete the proposed project the balance of the loan shall be due immediately, or else subject to default penalties.

Section F: Reporting

- F.1** Awardees shall provide progress reports to the Ohio Development Services Agency with each request for payment. A final progress report, including the final deliverable as defined in the Grant or Loan Agreement, is due once the project is completed and before the final disbursement will be made.

Section G: Changes to these Policies

- G.1** These policies have been developed pursuant to Chapter 189 of the Ohio Revised Code. The Local Government Innovation Council reserves the right to amend these policies as necessary and without prior notice.