

Local Government Innovation Fund

PROGRAM POLICIES

*Adopted by the Local Government Innovation Council: 12.1.11
Amendments: 1.31.12 & 9.20.12*

Overview

The Local Government Innovation Fund (LGIF) was established in HB 153 to provide direct financial resources for planning and short-term financing to implement planned projects.

The Local Government Innovation Fund consists of \$45 million to be awarded in the form of grants and loans to political subdivisions for local government innovation projects. Of the \$45 million, \$9 million is available for grant awards and \$36 million is available for loan awards. Funds will be awarded to projects that promote efficiency, shared services, coproduction, and mergers among local governments. Projects are also expected to facilitate improved business environments and promote community attraction.

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 Fund Program. The Applicant will be solely responsible for all project management responsibilities with respect to the Eligible Project.
- A.1.2** “Awardee” means the Local Government Innovation Fund Award recipient.
- A.1.3** “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.1.4** “Council” means the Local Government Innovation Council defined in §189.02 of the Ohio Revised Code.
- A.1.5** “Application” means the current Local Government Innovation Fund 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.2: Grant Definitions

- A.2.1** “Grant” means a Local Government Innovation 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.

A.3: Loan Definitions

- A.3.1** “Loan” means a Local Government Innovation loan set forth in §189.02 of the Ohio Revised Code.

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- 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).
- A.3.4** “Demonstration Project” means an implementation project demonstrating efficiency, shared service, collaboration, or merger of services by political subdivisions.

Section B: Eligibility

B.1: General Eligibility

- B.1.1** Eligible Applicants include a single qualified political subdivision or a qualified 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 Fund, 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 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 validated base score of 50 or higher to be considered eligible for an award.

B.2: Grant Eligibility

- B.2.1** Applications for grant awards cannot exceed \$100,000 in any case.

B.3: Loan Eligibility

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- 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 main 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 eligible Applicant.
- C.1.3** Applications will be in form and substance agreeable to the Council.
- C.1.4** Applications for awards must be submitted in electronic format to the Department of Development. Hard copies may be submitted only in the event that the Applicant is unable to provide a PDF version of the Application.
- C.1.5** Applicants must provide executed partnership agreements or memorandum of understanding with other participating entities and provide a resolution of support from a governing entity if applying for a Local Government Innovation Fund award.
- 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;
- Efficiency: One entity that is planning and/or implementing a project that employs process improvements to reduce the expenditure of resources on specific responsibilities at the same level of effectiveness as in the past three years.
 - 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.

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- 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 fourteen (14) 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 for completeness and the Ohio Development Services Agency and/or the Council may request that Applicants provide additional information. Applicants may only submit additional information in direct response to written completeness review 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 approved by Council are contingent upon approval of the State Controlling Board.
- 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.1.13** All projects must include a problem statement, strategy, scope, and have specific endpoints.

C.2: Grant Application Procedures

- C.2.1** Grant applications shall be for soft costs such as feasibility studies, process implementation, cost benchmarking, planning or a management investigation targeting service (or services) provided (or to be provided) by the Applicant(s). 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 Fund assistance must contain at minimum: a problem statement including information regarding any funds spent on goods and services, the return on investment desired, the number of participating entities in the proposal, the probability

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of the proposal's implementation, the percentage of local matching funds committed, the ability to replicate or scale the proposal to allow for the inclusion of other political subdivisions, 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 current substantial changes in economic demand for local or regional government services.

C.2.3 Requested grant amounts shall not exceed \$100,000 in any case.

C.3: Loan Application Procedures

C.3.1 Applications for loan awards shall include a feasibility study, process implementation strategy, cost benchmarking, planning or management investigation targeting service (or services) provided (or to be provided) by the Applicant(s) (LGIF funded or otherwise) that provides appropriate recommendations for project implementation. These submissions shall be in form and substance agreeable to Ohio Development Services Agency for the purposes of determining if an Application is eligible for award.

C.3.2 Loan applications shall only include hard costs such as demonstration projects that implement recommendation(s) of a feasibility study or performance audit, that identifies the project using a specific approach for a more efficient alternative to a service or its delivery, is predictably replicable, and scalable for the inclusion of other collaborative partners.

C.3.3 Loan Applications for Local Government Innovation Fund assistance must contain at minimum: a problem statement including information regarding any funds spent on goods and services, the return on investment based on the ratio of expected savings, the number of participating entities in the proposal, the probability of the proposal's success based on need defined in a feasibility study, process implementation strategy, cost benchmarking, planning or a management investigation targeting service or services provided (or to be provided) by the Applicant(s), the percentage of local matching funds committed, the ability to replicate or scale the proposal to allow for the inclusion of other political subdivisions, 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 current substantial 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.

C.3.4 Requested loan amounts shall not exceed \$100,000 for a single Applicant and \$500,000 for an Applicant with Collaborative Partners. Award amounts for Applicants with Collaborative Partners are limited to \$100,000 per Applicant and \$100,000 for each Collaborative Partner up to \$500,000. No loan shall exceed \$500,000.

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Section D: Awards

- D.1** At least 30% of Local Government Innovation funds 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 funds 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 4.01 and 4.02 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 studies, planning, or management investigations 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** Ohio Development Services Agency may provide no more than 50% of a contract payment at the delivery of the first draft of the study.
- 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.
- E.1.5** Grant awards shall be made semi-annually beginning July 1st, 2012. Proposals for grants shall only be accepted twice per year.
- E.1.6** The grant shall be payable to the Grantee for Eligible Grant Project Costs, defined in the Agreement between ODSA and the Grantee. Eligible Project Costs will be paid as incurred and based upon the progress of the work, subject to policies 5.02-5.04 set forth above, in accordance with the approved Project Budget, as may be amended, attached to the agreement as an exhibit.
- E.1.7** Grantees shall have two years from State Controlling Board Approval date to complete the project.

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- 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.1.9** Ohio Development Services Agency shall be a percentage funder of the Eligible Grant Project. ODSA's percentage based award shall be defined by the Applicants' proposal and memorialized in their executed agreement.

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 Fund 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.
- E.2.10** Awardee will be responsible for entering into and managing all agreements as required under the Local Government Innovation Fund program or as otherwise necessary to complete the Eligible Loan Project, including binding agreements with third party project partners.

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- E.2.11** Local Government Innovation Fund loans shall be repaid by the Applicant using savings estimates in Loan Application. Should savings projects not be realized, Applicant 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 State Controlling Board 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.
- E.2.14** Ohio Development Services Agency shall be a percentage funder of the Eligible Loan Project. ODSA's percentage based award shall be defined by the Applicants' proposal and memorialized by their executed agreement. **Section F: Reporting**

- F.1** Applicants shall provide progress reports to the Ohio Development Services agency with each request for payment. If no request is submitted within any three-month period during the term, Applicant shall submit a quarterly progress report to the Ohio Development Services Agency. Applicants shall also provide status reports as requested by the Ohio Development Services Agency or by Council. Failure to provide status reports may result in non-payment of future disbursements requests until reporting requirements are met.

Section G: Council Report

- G.1** Not later than January 31, 2013, the Council shall submit a report to the Governor of the State of Ohio, President and Minority Leader of the Ohio Senate, and Speaker and Minority Leader of the Ohio House of Representatives outlining the Council's activities for the preceding year, including a listing of recipients of grants and loans, if any, made to political subdivisions, the amount of such grants and loans, and any other information about the Local Government Innovation Fund Program that the Council determines necessary to include in the report.

Section H: Changes to these Guidelines

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