

Local Government Innovation Fund

PROGRAM POLICIES

Adopted by the Local Government Innovation Council: 12.1.11

Amendments: 1.31.12

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.

All parties desiring to participate in the Local Government Innovation Fund Program are encouraged to review its enabling statutes, located in Chapter 189 of the Ohio Revised Code.

Section 1: Definitions

- 1.01 “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.
- 1.02 “Awardee” means the Local Government Innovation Fund award recipient.
- 1.03 “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.
- 1.04 “Council” means the Local Government Innovation Council defined in §189.02 of the Ohio Revised Code.
- 1.05 “Eligible project” includes, but is not limited to, feasibility studies and demonstration projects. All projects must include a problem statement, strategy, scope and have specific endpoints.
- 1.06 “Eligible project costs” include equipment, facilities or systems, or project implementation costs (including reasonable consultant fees).
- 1.07 “Grant” means a Local Government Innovation grant award as set forth in §189.02 of the Ohio Revised Code.
- 1.08 “Loan” means a Local Government Innovation loan as set forth in §189.02 of the Ohio Revised Code.
- 1.09 “Political subdivision” means a municipal corporation, township, county, school district, or other body, corporate and political, responsible for governmental activities in a geographic area smaller than that of the state.
- 1.10 “Total project costs” means all dollars expended (or to be expended) for eligible activities.

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Section 2: Eligibility

- 2.01 Eligible applicants include a single qualified political subdivision or a qualified group of political subdivisions.
- 2.02 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.
- 2.03 Applications for Local Government Innovation Fund grant awards cannot exceed \$100,000 and may only be used for feasibility studies, planning and management purposes. Applications for Local Government Innovation Fund loans awards cannot 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. Awarded loan funds may be used for Eligible Project Costs.
- 2.04 Applicants must demonstrate a match investment equal to at least 10 percent 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.
- 2.05 Match investments may also include eligible financial or in-kind contributions made during the two-year period prior to of application and over the course of the project.
- 2.06 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 is necessary and reasonable to complete the project.
 - The in-kind contribution of services is adequately documented. Adequate documentation of in-kind services includes, at a minimum:
 - Name, address, phone number, and occupation of person;
 - The date and actual time that the services were provided;
 - The specific type of service provided;
 - The rate of pay for the service (based on the service provided, not the individual's rate of pay in his/her profession); and
 - A notarized signature and date line for the person attesting to the validity and accuracy of the expense.
 - The in-kind contribution of goods is adequately documented. Adequate documentation of in-kind goods includes, at a minimum:
 - Name, address, and phone number of the person or entity that is making the contribution;

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- The date of the contribution;
 - A detailed description of the contribution, including the number of units, the price per unit, and extended price. The price per unit should be the fair market value of the item on the date of the contribution; and
 - A notarized signature and date line for the person or representative of the entity making the contribution attesting to the validity and accuracy of the contributed items.
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- 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 grant or loan term.

Section 3: Application Procedures

- 3.01 An application must be filed for each Eligible Project. The application must clearly identify the main Applicant and also document any Collaborative Partners.
- 3.02 There is no limit to the number of unique Eligible Projects that may be proposed by any eligible Applicant.
- 3.03 Applications will be in form and substance agreeable to the Council.
- 3.04 Applications for grant 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.
- 3.05 Applications for loan 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.
- 3.06 Prior to an Applicant submitting applications for loan awards, Development shall provide a determination that the Applicant's 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) (LGIF funded or otherwise) provide appropriate recommendations for project implementation. Deadlines for the submission of study and plan determinations are set forth in the LGIF program calendar.
- 3.07 Eligible applications may be for project related soft costs or hard costs both of which are outlined below:
- Grant Applications shall only include 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).
 - 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

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to a service or its delivery, is predictably replicable, and scalable for the inclusion of other collaborative partners.

3.08 Each application for Local Government Innovation Fund assistance must contain at minimum:

3.08.1 Grant Applications:

- 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 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
 - Applicants must provide executed partnership agreements with other participating entities and provide a resolution of support from a governing entity if applying for a feasibility study or demonstration project;
- Whether the proposal is to implement a performance or any other audit recommendations including those under §117 of the Ohio Revised Code
 - All audits that are submitted must be within five years of the date of application;
- 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.

3.08.2 Loan Applications:

- A problem statement including information regarding any funds spent on goods and services;
- The expected 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;
 - Applicants with collaborative partners must provide executed partnership agreements with other participating entities and provide a resolution of support from a governing entity if applying for a feasibility study or demonstration project;

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- Whether the proposal is to implement a performance or any other audit recommendations including those under §117 of the Ohio Revised Code
 - All audits that are submitted must be within five years of the date of application;
- Whether the Applicant has successfully completed an innovation (efficiency, shared service, coproduction or shared 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;

3.09 Applications for Eligible Projects should demonstrate one or more of the following approaches to a targeted area of local government service:

- 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 service oriented to achieve greater 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 saving over cost standards for the same service
- Merger: Consolidation of multiple entities to serve a greater service area at a lower provision of costs

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

3.11 As provided in §189.02 of the Ohio Revised Code, the Ohio Department of Development, established in Chapter 122 of the Ohio Revised Code and hereby referred to as “the Department,” 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.

3.12 Following the application submission period will be an application review period. During this time, applications will be reviewed for completeness and Department and/or the Council may request that Applicants provide additional information. Applicants can only submit additional information in direct response to written completeness review correspondence from the Department. 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 Development shall

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notify the Applicant that the application will not be considered during the application period.

- 3.13 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.
- 3.14 Local Government Innovation Fund grants and loans approved by the Council are contingent upon approval of the State Controlling Board.
- 3.15 Any applicant whose project is not selected for funding will be notified in writing.

Section 4: Awards

- 4.01 At least 30 percent 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.
- 4.02 At least 30 percent 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.
- 4.03 If a proposal includes participants from both section 4.01 and 4.02 of these policies the award shall be drawn from either or both tiers in the Local Government Innovation Fund. For scoring purposes, the Applicant or Collaborative Partner within the smaller of the two tiers will be selected providing higher preference to applications from or including small political subdivisions.

Section 5: Grant Agreements

- 5.01 Grant funds shall only be used for costs associated with feasibility studies, planning or management.
- 5.02 Awardees may provide no more than 20 percent of funding for the study upon execution of a contract.
- 5.03 Awardees may provide no more than 50 percent of a contract payment at the delivery of the first draft.
- 5.04 Awardees may only pay the balance once final deliverable has been adopted by all partners.
- 5.05 Grant awards shall be made biannually beginning July 1, 2012. Proposals for grants shall only be accepted twice per year.

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- 5.06 The grant shall be payable to the Grantee for Eligible Project Costs, defined in Agreement between the Department and the Grantee. Eligible Project Costs will be paid as incurred and based upon the progress of the work in accordance with the approved Project Budget, as may be amended, attached to the agreement as an exhibit.
- 5.07 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 Development.

Section 6: Loan Agreements

- 6.01 Loan awards may be made for Demonstration Projects and can be used for any Eligible Project Costs.
- 6.02 Loan awards shall be made quarterly beginning July 1, 2012.
- 6.03 The Loan shall be payable to the Borrower as costs are incurred. Eligible Project Costs must be defined in the Agreement between the Department 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.
- 6.04 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.
- 6.05 Awardees must have a contract with contractor or vendor that states the final deliverable date.
- 6.06 All Local Government Innovation Fund loans will bear interest at a rate of zero percent.
- 6.07 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.
- 6.08 Loans will be made subject to customary loan documentation in form and substance acceptable to both the Local Government Innovation Council and the Department. Loan agreements shall be signed on behalf of the Council by the Director of Development.
- 6.09 Loans may be secured by real or personal property as and to the extent the Local Government Innovation Council determines appropriate for the Eligible Project.
- 6.10 The 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 Project, including binding agreements with third party project partners.
- 6.11 Local Government Innovation Fund loans shall be repaid by the Applicant using savings achieved from the project. Repayments shall be made quarterly.

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Section 7: Reporting

- 7.01 Applicants shall deliver a quarterly status report of the project throughout the term of the agreement. Applicants shall also provide status reports as requested by the Department or the Council.

Section 8: Council Report

- 8.01 Not later than January 31, 2013, the Council shall submit a report to the governor, president and minority leader of the senate, and speaker and minority leader of the 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 program that the council determines necessary to include in the report.

Section 9: Changes to these Guidelines

- 9.01 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.