



Joint Committee on Force Accounts

Informational Report
May 2021



To: Matt Huffman, Senate President
Robert Cupp, Speaker of the House of Representatives
Kenny Yuko, Minority Leader, Ohio Senate
Emilia Sykes, Minority Leader, Ohio House of Representatives

From: Co-Chair Senator Kristina Roegner, Co-Chair Representative Mark Johnson

Date: May 13, 2021

RE: Joint Committee on Force Accounts

The Joint Committee on Force Accounts has actively engaged with local officials and members of the construction industry to discuss the limits on force accounts in Ohio.

Over the course of three meetings, the members heard testimony from twenty-eight individuals who reviewed and deliberated the issue of force accounts.

Attached for your review is the report of the committee.

Contents

I. Statutory Authority and Committee Membership

II. Public Hearings

III. Attached Testimony

I. Statutory Authority and Committee Membership

The Joint Committee on Force Accounts was created in statute by Amended Substitute House Bill 74 of the 134th General Assembly in an effort to study, take testimony regarding, and discuss the issue of force accounts as applied to local political subdivisions.

Pursuant to the Ohio Revised Code Section 755.90:

(A)(1) There is created the Joint Committee on Force Accounts composed of the following members:

(a) Three members of the Senate appointed by the President of the Senate, two of whom are members of the majority party and one who is a member of the minority party;

(b) Three members of the House of Representatives appointed by the Speaker of the House of Representatives, two of whom are members of the majority party and one who is a member of the minority party;

(c) One industry representative appointed jointly by the President and the Speaker of the House of Representatives;

(d) One member appointed by the Ohio County Engineer's Association;

(e) One member appointed by the Ohio Township Association;

(f) One member appointed by the Ohio Municipal League;

(g) One member appointed by the County Commissioners Association of Ohio.

(2) From the members appointed under divisions (A)(1)(a) and (b) of this section, the Speaker shall appoint one member of the House of Representatives as co-chairperson and the President shall appoint one member of the Senate as co-chairperson.

(3) Not later than April 2, 2021, the organizations appointing members under divisions (A)(1) (d) to (g) of this section shall notify the President and the Speaker in writing of their appointee.

(B)(1) The Committee shall study, take testimony regarding, and discuss the issue of force accounts as applied to local political subdivisions. The Committee shall examine the force account limits specified in statute for all of the following political subdivisions:

(a) Unchartered municipal corporations under sections 723.52 and 723.53 of the Revised Code; (b) Counties under section 5543.19 of the Revised Code;

(c) Townships under section 5575.01 of the Revised Code.

(2) As part of the study, the Committee also shall examine the following issues related to the above force accounts:

(a) What highway projects a local political subdivision is capable of completing under the current limits;

(b) What highway projects a local political subdivision would be capable of completing if the limits were increased; (c) The impact on the cost of construction materials resulting from the current limits.

(C) Not later than May 15, 2021, the Committee shall complete an informational report that includes the Committee's findings and a summary of the testimony provided to the Committee. On that date, the Committee shall submit the report to the President of the Senate, the Speaker of the House of Representatives, and the Minority Leaders of the Senate and House of Representatives.

(D) After the submission of the report, the Committee shall cease to exist.

The President of the Senate appointed the following members to the Joint Committee:

Senator Kristina Roegner, <i>co-chair</i>	R-Hudson
Senator Tim Schaffer	R-Lancaster
Senator Nickie Antonio	D-Lakewood

The Speaker of the House appointed the following members to the Joint Committee:

Representative Mark Johnson, <i>co-chair</i>	R-Chillicothe
Representative Scott Oelslager	R-North Canton
Representative Michael Skindell	D-Lakewood

The President of the Senate and the Speaker of the House jointly appointed:

Christopher Runyan	President, Ohio Contractors Association
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The Ohio County Engineer's Association appointed:

Dean Ringle	Executive Director, County Engineers Association of Ohio
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The Ohio Township Association appointed:

Heidi Fought	Executive Director, Ohio Township Association
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The Ohio Municipal League appointed:

Mayor Mike Barhorst	Mayor of Sidney
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The County Commissioners Association of Ohio appointed:

Commissioner Steve Hambley	Medina County Commissioner
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II. Public Hearings

Date	Presenter	Topic
4.20.21	Introduction of committee members and procedural conversation.	
4.29.21	Fred Wachtel Coshocton County Engineer	Increasing the current force accounts limit.
	Brion Rhodes Allen County Engineer	Increasing the current force accounts limit.
	Mike Pniewski Lucas County Engineer	Increasing the current force accounts limit.
	Doug Reinhart Auglaize County Engineer	Increasing the current force accounts limit.
	Cornell Robertson Franklin County Engineer	Increasing the current force accounts limit.
	Greg Wilkens Butler County Engineer	Increasing the current force accounts limit.
	Morrow County Commissioners	Increasing the current force accounts limit.
	Bryan Dhume Madison County Engineer	Increasing the current force accounts limit.
	Chris Bauserman Delaware County Engineer	Increasing the current force accounts limit.
	Gary Scherer Pickaway County Commissioner	Increasing the current force accounts limit.
	Mike Musto Columbia Township Trustee, Lorain County	Increasing the current force accounts limit.
	Shelby County Commissioners & Engineer	Increasing the current force accounts limit.
	Doug Cade Hancock County Engineer	Increasing the current force accounts limit.
	Christopher Gilbert Springfield Township Administrator, Hamilton County	Increasing the current force accounts limit.
5.6.21	Brett Boothe Gallia County Engineer	Increasing the current force accounts limit.
	Andrea Ashley Vice President of Governmental Relations, Associated General Contractors of Ohio	Maintaining the current force accounts limit.
	Bryan Dhume, Chris Wallace Madison County Engineer Madison County Commissioner	Increasing the current force accounts limit.
	Oliver Turner Township Administrator, Sylvania Township	Increasing the current force accounts limit.
	Matthew Szollosi	Maintaining the current force accounts limit.

	Executive Director, Affiliated Construction Trades Ohio Foundation	
	Christopher Runyan President, Ohio Contractors Association	Maintaining the current force accounts limit.
	Meg Reitschlin President, Rietschlin Construction Inc.	Maintaining the current force accounts limit.
	George Palko President & CEO of The Great Lakes Construction Co.	Maintaining the current force accounts limit.
	Associated General Contractors of Ohio Mechanical Contractors Association of Ohio National Electrical Contractors Association, Affiliated Construction Trades of Ohio, Ohio Laborers' District Council, Indiana-Kentucky-Ohio Regional Council of Carpenters	Maintaining the current force accounts limit.
	Kenny Holland Laborers' District Council of Ohio	Maintaining the current force accounts limit.
	Ed Good Township Trustee, Mead Township	Increasing the current force accounts limit.
	Patrick Ginnetti Mahoning County Engineer	Increasing the current force accounts limit.
	Darke County Board of Commissioners	Increasing the current force accounts limit.
	Dean Ringle Executive Director, County Engineers Association of Ohio	Increasing the current force accounts limit.
5.7.2021	Richard Dixon International Union of Operating Engineers, Local 18	Maintaining the current force accounts limit.
	County Commissioners Association of Ohio County Engineers Association of Ohio Ohio Township Association Ohio Municipal League	Increasing the current force accounts limit.

III. Attached Testimony

April 28, 2021

Chris Bauserman, PE, PS, Delaware County Engineer

To the Joint Committee on Force Accounts:

I am the County Engineer in Delaware County, where we are experiencing very rapid urbanizing growth. Most of our population increase is in our southern half, while the northern part of our remains largely rural and agricultural. Our county is a microcosm of the diverse land development patterns around our State. The challenges from each area can be different at times, but they both share a common need for a safe and efficient transportation system that impacts the economic health of our businesses and the quality of life of our residents. The 2020 Census in Delaware County is expected to show our population over 215,000 people, twice what it was in 2003 when Ohio's force account limits were last adjusted.

Ohio's County Engineers collectively are requesting increases to the force account limits to account for construction cost inflation since 2003. The National Highway Construction Cost Index (chart attached) shows a 96% increase from 2003 to 2019. 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.

I was the county engineer in 2003 when the force accounts limits were last adjusted. I distinctly remember the predictions that increasing the limits would result in counties hiring more people and buying more equipment. That did not happen in my county and it didn't happen statewide. I have fewer employees in my highway department now, than I had in 2003. I have less construction equipment in my fleet today than I had in 2003. The same is true statewide. Counties do not have an interest in competing with the private sector. We do have an interest in making the most cost effective use of our existing resources.

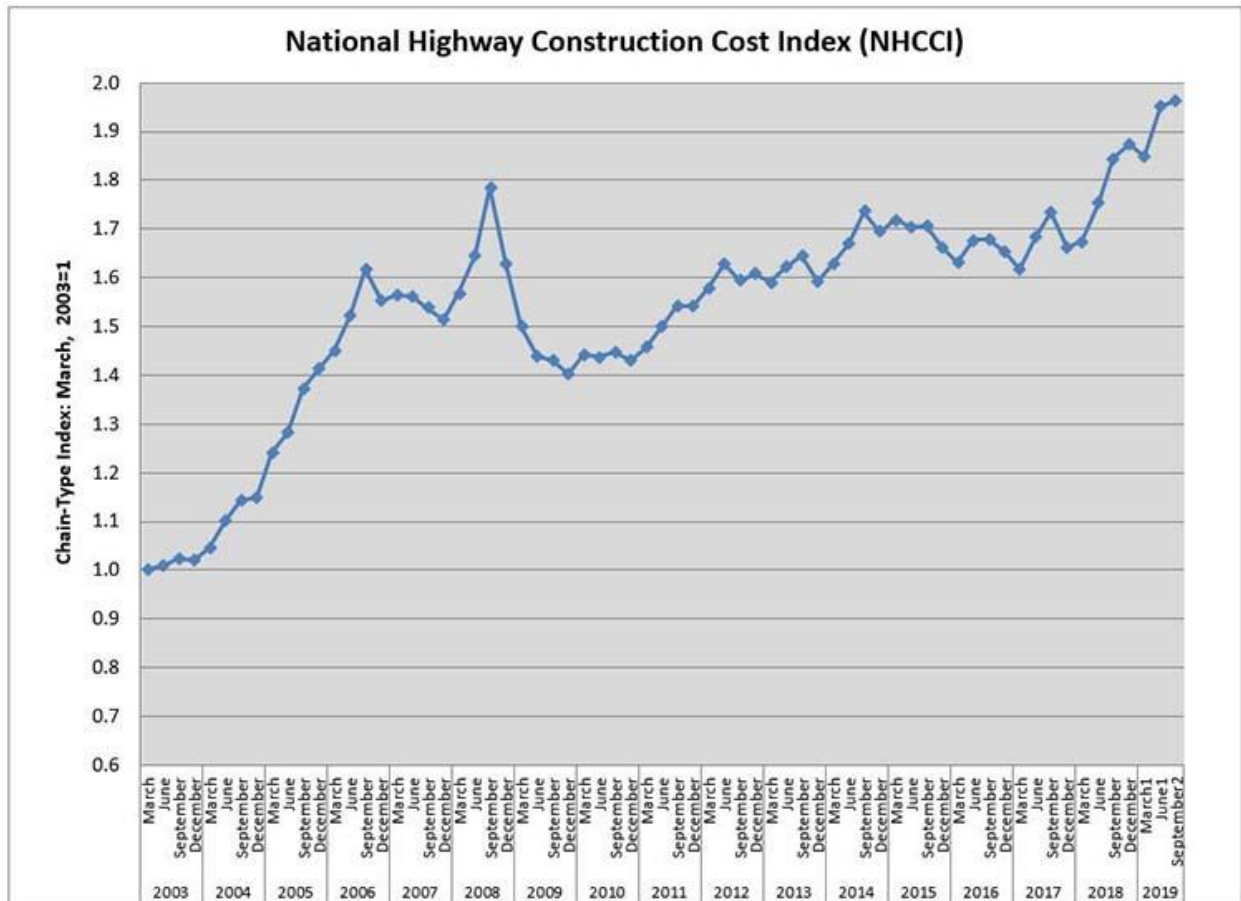
County Highway Departments are funded primarily by a share of the state fuel tax, motor vehicle registration fees and state and federal grants. County Highway budgets are fixed. They are constrained by their revenue sources. Limiting the availability of a county to use their own existing work force and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

Continuing to suppress force account limits does not create new contracting opportunities for the private sector. Last year Delaware County awarded \$35M in road and bridge construction contracts to private contractors. That number was limited by the available funding sources. There were certainly more projects that we needed to build. Force account projects that could have been built in 2003 (but now can't due to inflationary constraints) don't get added to that \$35M program. They 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.

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, we 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.

Respectfully Submitted,

Chris Bauserman, PE, PS
 Delaware County Engineer





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April 29, 2021

To the Members of the Joint Committee on Force Accounts:

Good afternoon, and thank you for the opportunity to speak with you today. My name is Bryan Dhume, and I am currently serving my 6th year as the elected Madison County Engineer. I am here in support of increased force account limits for county engineers. It is my belief that we have more in common than not, and that there is a constructive path forward on this issue that would benefit the residents of Ohio.

As Madison County Engineer, I manage an annual budget of \$6 million, and maintain a network of 342 miles of county roads, 189 bridges, and 200 miles of ditches on county ditch maintenance. We have a population of 44,000 people. Our regular road and bridge funding consists entirely of gas tax and license plate fees. We receive no county general fund, property tax, or sales tax revenue.

I have a 25-year professional background in this industry that includes work in other county engineer's offices, a private consulting firm, and even a heavy civil construction company. I've worked on roads, bridges, and drainage systems my entire career. I've also worked on locks and dams, oil refineries, and river barge loading facilities. The background of my staff is equally extensive. All of my deputy engineers have significant experience in private industry; my Chief Deputy owned his own construction company for 23 years, building bridges, schools, and land development projects. My highway workers also have a varied mix of industry experience; my team comes from construction companies, trucking companies, factories, and other public agencies. They like working for the Madison County Engineer because of the stability of the job, the variety of year-round work we do, the ability to sleep in their own bed at night, the competitive pay and benefits we offer, and the opportunity to serve their community. They are a trained, competent team that takes great pride in their work.

I am statutorily obligated to maintain a network of roads and bridges, and I take very seriously the stewardship of our public tax dollars. My philosophy has been to perform our work in-house, both operations and engineering when prudent to reduce costs. I want to take full advantage of our experience and expertise first. We then contract work out as operational efficiency dictates, or as required by law. There is work that we are better off contracting out, whether it be due to competency or schedule constraints, and we routinely contract over \$1 million in projects annually. We have a core group of local contractors we work with, and our larger federal aid road and bridge projects regularly attracts contractors throughout the central Ohio region.

I am dealing with a significant backlog of road and bridge work that needs done in my county. We have 39 bridges rated a 4 or less that are in poor condition. These all need

replaced in the next 4 years. Most of these are bridges that can be built efficiently with our crews, and we are constantly taking steps to reduce our costs and improve our speed. We've started casting our own concrete beams, which we produce in our indoor facility in the winter months. This saves fabrication and transport costs of \$20,000 per bridge, and makes us more productive in the winter when not plowing snow. We started driving our bridge piling, which saves us \$10,000-\$15,000 in mobilization costs per bridge, because we can move our own crane and pile driver in county for a few hundred.

Over half of our 342 road miles are less than 20' in width, and we need to widen these roads to standard for safety reasons. To contract this work out would cost in the neighborhood of \$150,000-\$200,000 per mile. We are working on a process to complete the work in-house that will cost us a fraction of that, again because we can mobilize our own cold planning equipment in county at minimal cost.

On both of these examples above, we are up against a wall on the current force account limits, and our hands are getting increasingly tied. In the examples above, if I can't build the project by force account, it's likely not getting done. The bridges that we can build and amount of road we can improve are less than in 2003, when these limits were last increased. Labor, fuel, and materials have all gone up, with the National Highway Construction Cost Index showing 96% overall in that time. My own material costs have increased significantly just in the last year, with my last order of steel bridge piling being 35% higher than the same order a year prior.

Please, give me the authority I need to use my tax dollars as efficiently as I can, making the most use of the work force I already have and the equipment I already own, by either increasing these limits or abolishing them altogether. Artificial limits do not increase the amount of work I build by contract, they only serve to reduce the total amount of work I can complete. Let the schedule and the money dictate which method is more effective, not an artificial limit. I would ask you – if you were in my shoes, how would you do it?

Thank you for your public service, your service on this committee, and for your time and attention to this important matter.

Respectfully Submitted,

Bryan D. Dhume, PE, PS
Madison County Engineer

Office of the Lucas County Engineer

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Holland, Ohio 43528

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March 22, 2021

Senator Christina Roegner, Co-Chair
Representative Mark Johnson, Co-Chair
Joint Committee on Force Accounts

RE: Testimony of Lucas County Engineer Mike Pniewski P.E., P.S.

Dear Co-Chairs Roegner and Johnson and the Members of the Joint
Committee on Force Accounts,

I am testifying today to express my support increasing the limits on Force
Accounts. I would like to bring your attention to the following items:

- 1) Language in the Transportation Budget proposed by the Senate included an increase in the force account limits. I want to bring your attention to the fact that the last time the force account limits were raised was in 2003, at the same time as an increase in the gas user fee.

In the last transportation budget, the gas user fee was raised based on the realization that the purchasing power of the funds raised by the fee have been eaten away by significant increases in the price of construction. The force account amounts are no different. We are at a point in time where many of the small scale projects we perform by force account are running into the existing limit. Many of these projects are such that it is more efficient in terms of time to perform the work with our own forces and are generally not the type of work where it is more efficient to perform the work through competitive bidding.

Most of our projects are large in scale and we anticipate that over 98% of our work will be performed by trades workers and contractors through competitive bidding. In many cases, we have increased the amount of work we placed into competitive bidding over the last five years as we recognize that for many projects,

contractors are the more efficient method for performing the large projects in our office. But we recognize that there are many types of projects where the most efficient choice is to perform the construction by our own forces with equipment that we already own and utilize every day for our maintenance activities.

Since 2003, according to the National Highway Construction Cost Index, the cost of highway construction has doubled while the Force Account Limits have remained the same. In Sub. HB 74, a provision was included in the passed bill to provide for an increase in the force account limits every 2 years based on several inflationary factors. If the force account limits had this provision in 2003, we would not be here asking for an increase in the limit to allow our forces to do the same work that was done in 2003.

- 2) It is important to note that this provision does not provide for an increase in funding. Funding for road and bridge improvements come from gas user fee and license plate fees. The recent increases in funding through the increase in the gas user fee in 2019 as well as the Permissive License Plate Fee in 2017, only provided for a 23% increase in our dedicated funds while our costs have doubled. Our office receives no other sources of dedicated funding for road construction or maintenance. To say that not raising the force account limits will result in more work being contracted will generally not be the case. What will result is that more of these small projects that are critical to keep our transportation system in good working order simply won't get done.
- 3) There have been arguments made that not increasing the force account will result in more work being contracted, or consequently increasing the force account limits will result in County Engineers drastically increasing their workforce, equipment and scope of work. The truth is that County Engineers make decisions every day to allocate our funding in a way that best meets the needs of our community.

Private construction contractors have the ability to scale the size of their workforce to available work that public employers do not. Each time we hire an employee, we are making a \$3.2 million investment as in most cases, employees will stay in public employment until they retire.

Therefore, we have been very judicious in the people we choose to work for us. We pride ourselves on being an employer of choice that provides benefits and pay that rival the best in the private construction sector, but offering the stability that the private sector does not provide. As a result, over 70% of our road maintenance workforce has private construction sector experience with the most of them being former member of trade unions. They are highly skilled union employees and the conditions of our roadways show their dedication.

Increasing our workforce above the number required for snow and ice control or purchasing expensive pieces of construction equipment that will only be utilized a brief period of time is not the best use of scarce resources. Force account work for our office means using the employees and equipment we have. In our case, this has resulted in our road maintenance workforce decreasing by half since 2003 to the level needed for snow and ice control. Raising the force account limits will not cause us to increase the number of our employees because we cannot afford to have a workforce that is not fully utilized throughout the year.

In closing, raising force account limits to the extent to permit the same level of work performed in 2003 will result in the most efficient use of scarce resources by our dedicated, highly skilled road maintenance workforce.

Thank you for your consideration today, and I look forward to your questions.

Respectfully Submitted,

Mike Pniewski, P.E., P.S.
Lucas County Engineer



AUGLAIZE COUNTY

Engineering Department

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Douglas Reinhart
COUNTY ENGINEER

To the Members of the Joint Committee on force Accounts

April 29, 2021

I am Douglas Reinhart, and just completed my 37th year as the Auglaize County Engineer. Prior to becoming County Engineer, I held the position of Assistant County Engineer for nine years prior. I am here in support of Sub. HB 74 and the amendment to increase force account limits for local governments.

The last time the Ohio General Assembly increased the force account limits was 2003 and for one reason or another, construction inflation began in 2004 at double digit rates. Over the past 18 years, this increase has drastically reduced the size of the road or bridge improvement local governments can complete with their own forces. Listed below are just a few of the main construction materials used for road and bridge improvements and their corresponding inflation factors since 2003. Those numbers are based upon bids awarded by the Auglaize County Commissioners and can be documented if necessary.

CONSTRUCTION MATERIALS

<u>ITEM</u>	<u>2003 COST</u>	<u>2020 COST</u>	<u>INFLATIONARY FACTOR</u>
Hotmix Asphalt in Place	\$ 27.40/ton	\$ 87.59/ton	3.2
Hotmix Asphalt at Plant	\$ 25.50/ton	\$ 70.00/ton	2.75
#8 Aggregate @ quarry	\$ 5.15/ton	\$ 11.75/ton	2.28
Redimix concrete (Class S)	\$ 64.95/cu.yd.	\$ 113.00/cu.yd.	1.74
Reinforcing Steel	\$ 386.00/ton	\$ 819.12/ton	2.12
Prestressed concrete beams	\$ 37.98/sq. ft.	\$ 78.64/sq.ft.	2.07

CONSTRUCTION EQUIPMENT (ODOT 2021 EQUIPMENT RATES)

Excavator	\$19.19/hour	\$ 58.21/hr.	3.03
Tandem Dump Truck	\$ 1.50/mile	\$ 4.27/mile	2.85
1 ½ ton truck	\$ 0.82/mile	\$ 2.44/mile	2.98
Crane	\$ 31.69/hr.	\$ 70.92/hr.	2.24
Asphalt paver	\$ 34.89	\$ 95.10/hr.	2.73

My predecessor began precasting concrete bridge beams in 1967 with county forces to address the need for replacing short span bridges in this county. Since I became County Engineer in 1984, we further streamlined the casting operations and in 1997 began casting 3-sided concrete boxes with up to a 16' wide opening to address the multitude of WPA era bridges in excess of 60 years of age. With the money saved from each structure, we were able to construct another bridge that year or move those dollars towards the cost of matching either Ohio Public Works or federal grants of the much larger structures that were contracted out. As a result of this aggressive force account work, out of the 348 bridges under this departments jurisdiction, Auglaize County is one of the few counties in Ohio that has no bridges closed and just one posted for legal load restrictions. That \$1 million dollar structured is planned to bid out for replacement next year. School buses, farm to market and fire/rescue equipment can traveling freely throughout Auglaize County with no restrictions.

Similarly, this department has aggressively completed road improvements using county forces. As a result, all 349 miles of County maintained roadways have been resurfaced with hotmix several times and 99% of the system have pavement widths of 20' or wider. Currently, Auglaize County has the 4th lowest crash rate in the State of Ohio. The vast majority of the increased revenue generated by the fuel tax increased approved by the 133rd General Assembly and the Governor, is being dedicated for roadway resurfacing being contracted out to better increase our pavement conditions.

Even with the aggressive force account program in this county, each year well over a million dollars worth of projects are bid out to contractors. In 2021, over \$2 million in road and bridge projects (31% of the estimated 2021 budget) will be bid and awarded by the Auglaize County Commissioners and paid for from this departments funds. In 2022, along with an estimated \$1.5 million dollar paving bid, the previously mentioned \$ 1 million dollar bridge will also be let by the Commissioners.

In 2003, force account limits were increased in conjunction with an increase in the motor fuel tax. Those associations now against this proposed increase in the force account limits claimed at that time county highways departments would spend vast sums of money on increasing the number of employees and new equipment and put contractors out of business, which is exactly the opposite of what occurred. This department now has exactly the same number of employees as existed in 2003. If a poll were taken across Ohio, County Engineers will report that their staff is either the same or less than 18 years ago as we are trying to streamline our operations and become even more efficient.

The Auglaize County Highway Department does not justify its existence by providing snow and ice control four months a year for the safety of our citizens. We need to be productive 12 months a year by providing safe structures and roadways for the taxpayers. My crews have the knowledge, skills and equipment to provide such services and I am asking the Ohio General Assembly to allow us the option to either construct safety improvements or bid out the work regardless of the size or cost.

Most importantly, the raising of the force account limits will not cost the taxpayers of Ohio a penny.
I appreciate the opportunity to testify in favor of the proposed force account limit increases.

Respectfully submitted,

Douglas Reinhart, P.E., P.S.
Auglaize County Engineer



April 28, 2021

Senator Christina Roegner, Co-Chair
Representative Mark Johnson, Co-Chair
Joint Committee on Force Accounts

Re: **Joint Committee on Force Accounts**
FORCE ACCOUNT limits increase – SUPPORT

Dear Joint Committee Members:

County: Allen County
Budget: Approx. \$8.0 Million

As the Allen County Engineer, my job is to administer all aspects of design, construction, repair and maintenance of our local roads and bridges here in Allen County, which includes 353 miles of roads and 377 bridges. With help from my staff, our goal is to provide the safest and most efficient roadway system possible. Unfortunately, maintaining this system has become increasingly difficult due to inflation. **Over the last eighteen (18) years, inflation has increased the costs of labor, equipment and materials, easily doubling the cost of construction⁽¹⁾, yet Force Account limits have remained the same.** *As a local example, contract paving costs in Allen County have increased an average of 10.6% per year over the last 26 years (see attached sheet).* Inflation has continually reduced the amount of work we can do by Force Account, hence forcing counties to fall behind on replacement schedules and adding to the continuous decline of our transportation infrastructure.

While the 133rd General Assembly recently increased the state fuel tax, funding never seems to match the need. Therefore, as County Engineers we must constantly prioritize our projects and utilize tax revenue as efficiently as possible. Part of this efficiency includes utilizing our staff year-round, performing snow and ice control in the winter and helping to rebuild and maintain our infrastructure in the summer. While we can do smaller projects, we rely on contractors to perform the majority of our construction work. However, not every project can be contracted out, because designing plans, preparing bid documents and advertising a project is costly and add months to a project timeline. Hence, many smaller bridge and roadway projects are more economical to be done in house, by Force Account. This is our niche, and our skilled employees are trained and ready to continue performing the work we've always done, while avoiding additional costs and unnecessary delays. So, we are not seeking to increase the size of our staff, nor are we looking to increase the scope of the work that we do. Rather, we simply need the ability to perform the same size projects as we did in 2003, before inflation.

Our bridge program is a good example of how inflation has *severely* reduced our ability to do work. During the eighteen years from 1985 to 2002, Allen County replaced 75 bridges; 28 by contractors and 47 by force account. However, in the last eighteen years (2003-2020), Allen County has ONLY replaced 31 bridges; 25 by contractors and 6 by force account.

While this doesn't tell the entire story, it does paint a pretty good picture. Contract work has remained the same, but Force Account work has been reduced by a factor of 8. Ultimately, it means our smaller bridge projects are NOT being replaced. Therefore, more bridges are being posted with load limits, which hinders commerce, development and delays emergency response times. Currently, we have 42 bridges in Allen County with posted load limits.

Allen County Bridges with Load Limits

377 Total Bridges, 197 bridges ≤ 30' (52%)

3	CLOSED
18	SHV (Special Haul Vehicles)
<u>21</u>	<u>EV (Emergency Vehicles)</u>
42	Total LOAD LIMITS

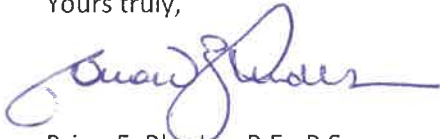
With the current Force Account limit of \$100,000, we can ONLY replace 7% of our posted bridges. However, in 2003, we would have been able to replace 18/42 (43%) of these bridges by force account.

As for road paving projects, we also rely on contractors to perform the majority of our construction work. However, we do use Force Account work to prepare roads for contract paving. Since roadways don't crumble and fall apart all at once, we utilize Force Account work to maintain, repair and pave sections of the pavement until the entire road can be re-paved by contractors. This enables contractors to be efficient, paving more miles and completing more jobs. Unfortunately, inflation has reduced the amount of prep work we can perform, where now it takes 2 or 3 years to prepare a road for contract paving. Therefore, that means more planning, reduced efficiency and ultimately, less work gets done.

Local Road Example: *This week our contractor completed a \$330,000 (full width) paving project, which is four (4) miles in length. The contractor was efficient and produced a smooth asphalt surface, but only because we prepared the road in advance by making spot improvements with our force account labor. While the contractor completed the work in 2 ½ days, it took my staff 3 separate years to prepare the project due to the effect inflation has made on the \$30,000 Force Account Limit. (see attached picture)*

After eighteen (18) years, I believe increases to the Force Account Limits are long overdue. I urge the committee to consider increasing them to 2021 construction costs along with an annual adjustment tied to a construction cost inflation index. Thank you for hearing my testimony today. Should you have any questions, please feel free to give me a call.

Yours truly,



Brion E. Rhodes, P.E., P.S.
Allen County Engineer

(1) National Highway Construction Cost Index (NHCCI) has charted a 96% increase in costs from 2003 to 2019.

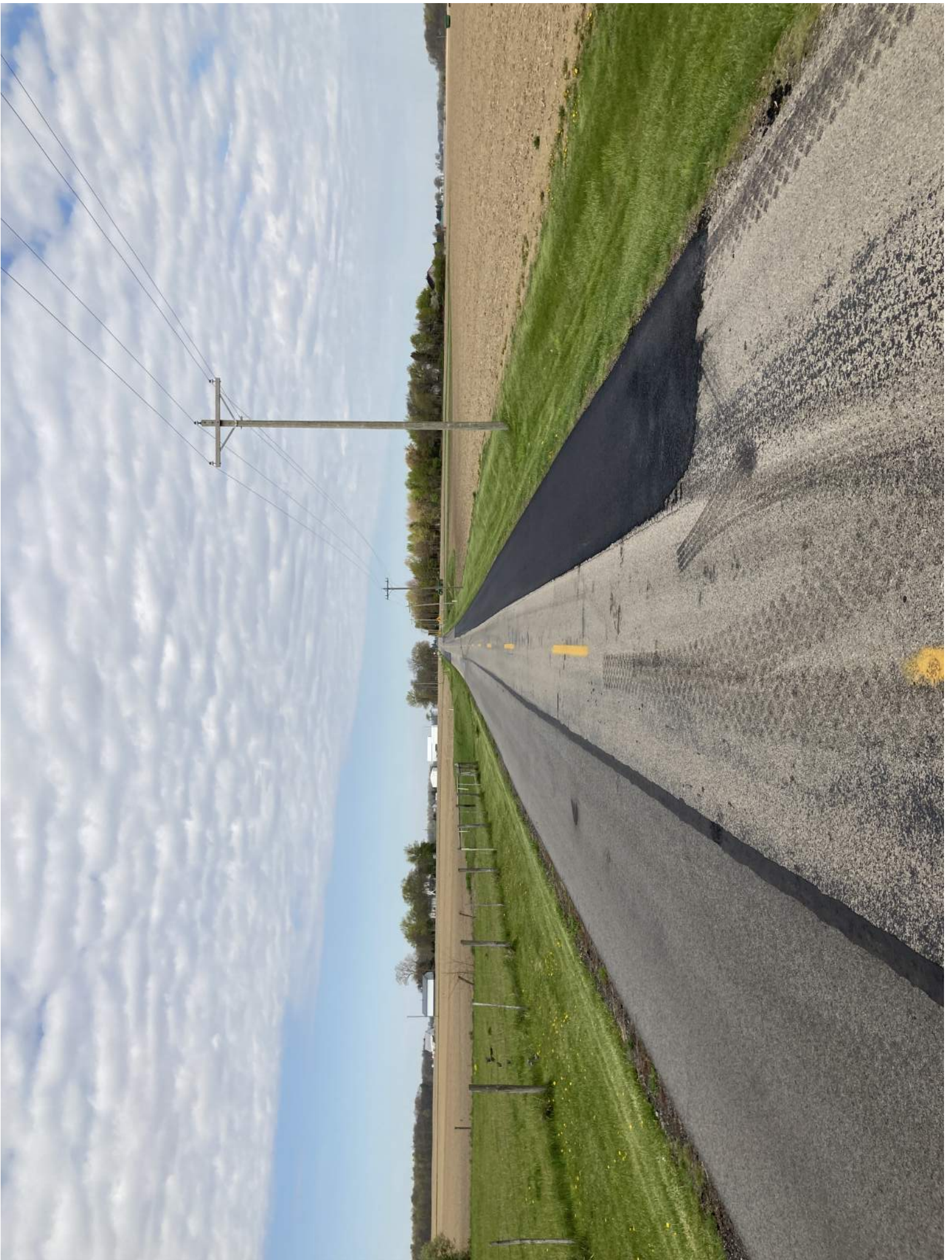
Allen County - Contract Paving Costs 1994 thru 2020

<u>Year:</u>	<u>Total In-Place Cost Per Ton of 448 Mix:</u>	<u>Cost Per Mile:</u> (1-3/8" of 448 mix)
1994	\$ 19.71	\$ 17,670
1995	\$ 22.91	\$ 20,540
1996	\$ 21.46	\$ 19,240
1997	\$ 24.52	\$ 21,980
1998	\$ 24.53	\$ 21,990
1999	\$ 25.68	\$ 23,020
2000	\$ 28.08 (9.4% increase)	\$ 25,175
2001	\$ 29.34 (4.5% increase)	\$ 26,303
2002	\$ 26.60 (9.3% decrease)	\$ 23,845
2003	\$ 32.91 (24% increase over 2002)	\$ 29,500
2004	\$ 36.30 (10.3% increase over 2003)	\$ 32,540
2005	\$ 37.56 (3.5% increase over 2004)	\$ 33,673
2006	\$ 49.86 (32.8% increase over 2005)	\$ 44,699
2007	\$ 55.65 (11.6 % increase over 2006)	\$ 49,890
2008	\$ 59.37 (6.6 % increase over 2007)	\$ 53,213
2009	\$ 66.00 (11.2 % increase over 2008)	\$ 59,155
2010	\$ 69.23 (4.9 % increase over 2009)	\$ 62,050
2011	\$ 75.41 (8.9 % increase over 2010)	\$ 67,590
2012	\$ 72.93 (3.3 % <u>decrease</u> from 2011)	\$ 65,367
2013	\$ 69.53 (4.7 % <u>decrease</u> from 2012)	\$ 62,319
2014	\$ 95.68 (37.6 % increase from 2013)	\$ 85,770
2015	\$ 72.43 (24.3 % <u>decrease</u> from 2014)	\$ 68,115
2016	\$ 65.04 10.2 % <u>decrease</u> from 2015)	\$ 56,318

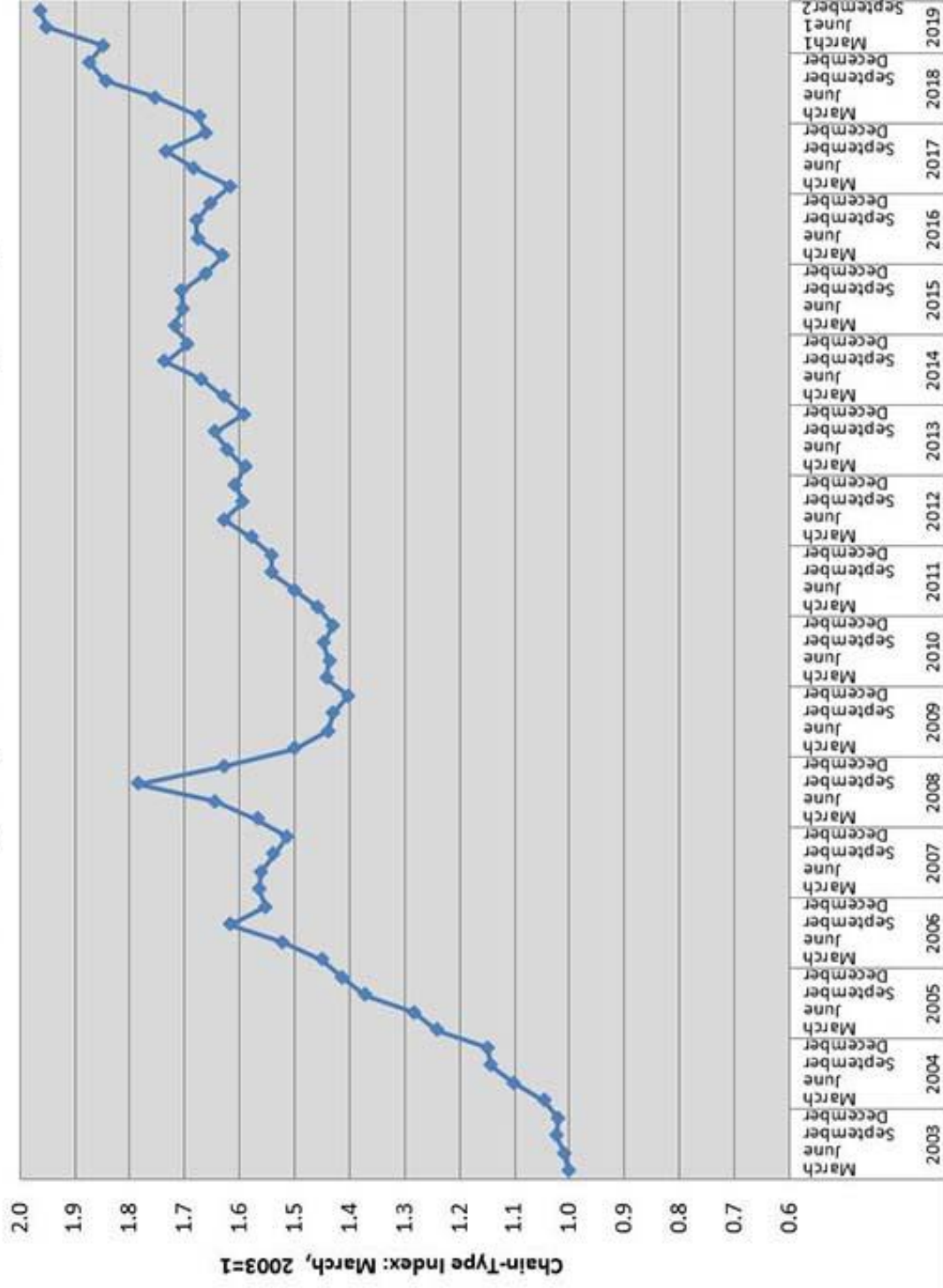
<u>Year:</u>	<u>Total In-Place Cost Per Ton of 404/448 Mix:</u>	<u>Cost Per Mile:</u> (1-3/8" of 448 mix)
2017	\$ 72.47 11.4 % <u>increase</u> from 2016)	\$ 66,616
2018	\$ 87.90 21.3 % <u>increase</u> from 2017)	\$ 93,630
2019	\$ 84.27 4.1 % <u>decrease</u> from 2018)	\$ 78,929
2020	\$ 74.18 12.0 % <u>decrease</u> from 2019)	\$ 69,589

(In the last 26 years, 1994 - 2020, the *contracted, in-place hot-mix prices* in Allen County have increased **276%**, that's an average increase in price of **10.6% per year**).

Note: In-Place costs also includes incidental items such as maintaining traffic, premium on contract bond, temporary centerlines, and mobilization.



National Highway Construction Cost Index (NHCCI)



2003-2019 increase of 96%



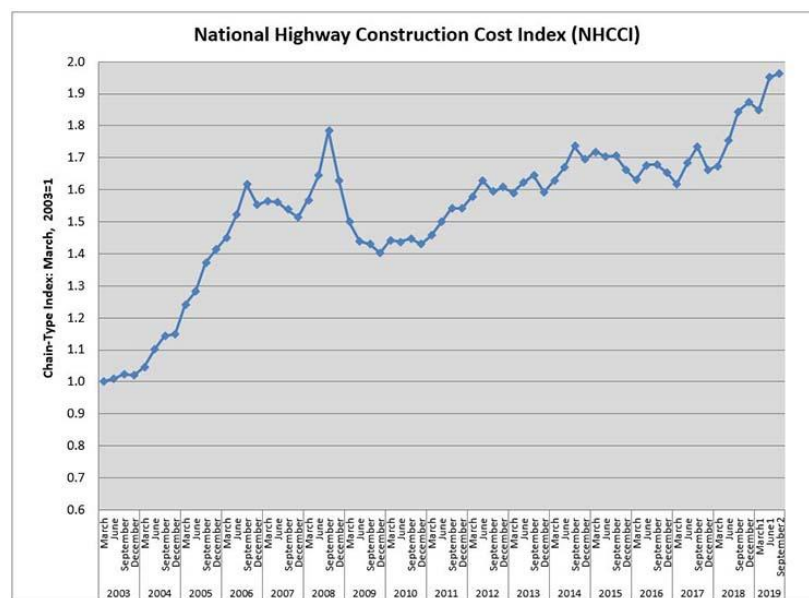
CORNELL R. ROBERTSON, P.E., P.S.
FRANKLIN COUNTY ENGINEER

April 28, 2021

The Honorable Kristina D. Roegner, Co-Chair
The Honorable Mark Johnson, Co-Chair
Members of the Joint Committee on Force Accounts

Thank you for your service to our constituents and for this opportunity to testify before this Joint Committee to consider raising Force Account limits for counties and other political subdivisions. My name is Cornell Robertson, Franklin County Engineer. As county engineer of the most populous county in Ohio, I manage the use of and prioritize \$30M/year of license plate fees and \$4M/year of gas tax revenue to design, build, and maintain Franklin County's 800 lane miles of roads and 360 bridges. Raising Force Account limits is extremely important not only for large urban counties, but also important for small rural counties, and counties of all sizes in-between.

Local government Force Account limits have not been increased for 18 years, since 2003. We are simply trying to get back to the same purchasing ability as in 2003. Inflation rates have increased year after year, with the National Highway Construction Cost Index doubling over that same amount of time. County engineers are not in the business of making a profit, but we are in the business of right-sourcing for our constituents and selecting the best tool from the toolbox for any given project. Large projects are best done by out-sourcing via the competitive bidding process. But other projects are best done in-house with our own crews. Right-sourcing ensures that we use taxpayers' dollars most efficiently and that we get as much out of their funds as possible. Increasing the Force Account limits to reflect constructing today what we were able to construct in 2003 is the most efficient use of our taxpayers' dollars. After 18 years local agencies need to be able to build the same bridges and the same roadways that we were allowed to build in 2003 with our very competent, trained, and efficient work force.



2003-2019 increase of 96%

I have the following specific, real-life examples to illustrate the need for the increase:

Example 1 in 2019:

- Braun Rd over Snyder Ditch Bridge Replacement in Madison Township
- As Franklin County Engineer, my Force Account Estimate was \$160,000 to build with our own crews. Therefore, too expensive for us to build being above the current \$100,000 limit.
- We put it out for competitive bidding and received bids ranging from \$297,000 to \$394,000. More expensive by \$137,000 and 1.9 times as expensive on the lower end of the competitive bid range.

Example 2 in 2020:

- Ridpath Rd over Stanford Smith Ditch Bridge Replacement in Jackson Township
- As Franklin County Engineer, my Force Account Estimate was \$178,000 to build with our own crews. Therefore, too expensive for us to build being above the current \$100,000 limit.
- We put it out for competitive bid and received bids ranging from \$339,000 to \$394,000. More expensive by \$161,000 and 1.9 times as expensive on the lower end of the competitive bid range.

Another comparison for my force account request is to that of home improvements. Small home improvements are best done by the homeowner, and would be very costly to hire out to a remodeling company for every little project. However, large home improvements are undoubtedly best done by hiring a remodeling company. A bridge culvert that we could build with Franklin County Engineer crews, equipment, and materials could cost taxpayers almost twice as much via the competitive bidding process, and would take more than twice as long to complete. I agree that it's best to use the competitive bid process for the larger bridges that require a larger labor force and equipment larger than what we have on-hand. The Franklin County Engineer's Office is capable of completing additional force account work using our existing crews and equipment, while still maintaining our current roles and responsibilities.

We have a wide variety of project sizes so we will still have plenty of road and bridge projects to put out for competitive bidding. Over the past three years, the two bridges noted above could have been built by the Franklin County Engineer Bridge Department if the Force Account limits reflected what we were able to build in 2003. Notably, however, there were 9 other bridges, that we put out for competitive bidding over those same years totaling \$17M. Had we been able to build those two bridges noted above with our own crews, we could have used the savings to put out another big bridge for competitive bid or built two additional smaller bridges by our own crews giving our constituents one to three new, safe bridges for the same total amount of their hard-earned tax dollars.

It is incumbent upon us to right-source projects and spend taxpayers' money most prudently. In closing, I respectfully request that Force Account limits be raised for counties to help us get back to the same purchasing ability and to enable us to build the same bridges and the same roadways that we were allowed to build in 2003. Thank you for taking my comments into consideration.

Sincerely,



CRR
Cornell R. Robertson, P.E., P.S.
Franklin County Engineer

CRR:cr



Stronger Counties. Stronger Ohio.

209 East State Street • Columbus, Ohio 43215-4309
Phone: 614-221-5627 • Fax: 614-221-6986
Toll Free: 888-757-1904 • www.ccao.org

Cheryl Subler, Executive Director

JOINT COMMITTEE ON FORCE ACCOUNTS

April 29, 2021

Gary Scherer
Pickaway County Commissioner

Good afternoon, Co-chair Roegner, Co-Chair Johnson, and members of the Joint Committee on Force Accounts. My name is Gary Scherer, and I am in my first term as Pickaway County Commissioner. Previously, I served for eight years as a Representative from the 92nd Ohio House District, which includes Fayette County, and portions of Pickaway and Ross counties. Thank you for the opportunity to share my views on issues related to using a force account process to undertake road and bridge construction. I am here today on behalf of Pickaway County and the County Commissioners Association of Ohio (CCAO) to express support for increasing force account limits to account for construction cost inflation since 2003. Raising the threshold will allow Pickaway County and other CCAO members to achieve cost savings and to greatly improve the efficiency and speed of our construction and maintenance projects.

Pickaway County residents expect us to be good stewards of their tax dollars and to use public resources in the most efficient manner possible. We are a small county with approximately 58,000 residents and a limited budget for road and bridge projects. In 2020, we received \$3.6 million from the state motor fuel excise tax; about \$1.6 million from state license fees; and about \$780,000 from local permissive license fees. With these funds and occasional grants from the state and federal government, we need to maintain 224 miles of roads and 273 bridges.

For many years, state law has recognized that certain projects can be done more efficiently and effectively without resorting to competitive bidding. In order to accomplish this goal, state law establishes “force account” cost thresholds. Projects with estimated costs below these limits are exempt from competitive bidding. For counties, these thresholds, or “force account limits,” are \$30,000 per mile for road work and \$100,000 for bridges (R.C. 5543.19). Unfortunately, these limits were established in 2003 and have not been adjusted since, despite significant increases in construction inflation. The National Highway Construction Cost Index shows a 96% increase since 2003 (see attachment).



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Cheryl Subler, Executive Director

Working with our County Engineer Chris Mullins, we understand the need to control costs and improve efficiency to maintain vital road and bridge infrastructure for our county. Chris estimates that increasing the road and bridge force account limits would allow his office to lower project costs by up to 50% for a \$200,000 project due to mobilization costs, materials and subcontract mark ups, and profit factors. Just as important, higher force account limits will save time and labor in the engineer's office by removing the administrative hassle associated with preparing bid specifications, advertising, and reviewing bids. A project using force accounts can get done 4 – 5 weeks sooner than a project using competitive bidding. When these administrative efficiencies are spread across multiple projects, it allows the county engineer to plan and undertake more projects and to better serve our residents.

In conclusion, I believe that the county force account limits should be doubled, at a minimum, to account for construction inflation since 2003. These changes will allow Pickaway County and other counties to improve efficiency and lower costs. I would like to express my gratitude to the co-chairs and committee members for allowing me to testify today. I would be pleased to answer any questions that you may have.



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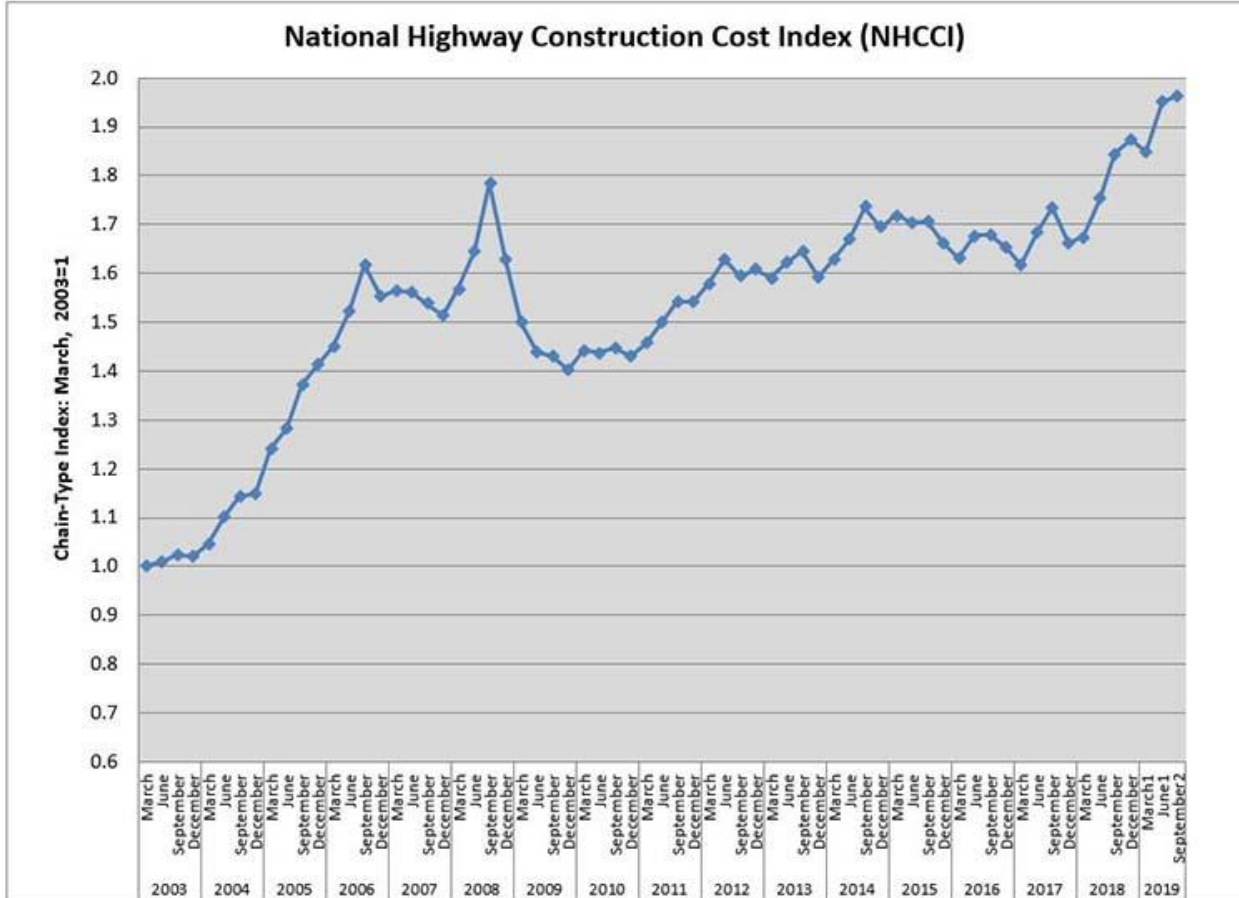


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Commissioners
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Cheryl Subler, Executive Director



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Joint Committee on Force Accounts
Frederick T. Wachtel, P.E., P.S., Coshocton County Engineer
2021 President, County Engineers Association of Ohio
April 29, 2021

FORCE ACCOUNT limits increase – SUPPORT

Co-Chairs Sen. Roegner, Rep. Johnson and members of the Joint Committee on Force Accounts, thank you for the opportunity to provide support testimony for an increase in Force Account Limits for local road and bridge projects.

I am Fred Wachtel, the Coshocton County Engineer, and have served in this capacity since January, 1993. I also have the honor of serving as the 2021 President of the County Engineers Association of Ohio. Ohio County Engineers are required to be licensed professional engineers and licensed professional surveyors. Eighty-seven are elected and one, Cuyahoga County, is appointed. Collectively, we are responsible for 26,859 bridges and 29,088 miles of urban and rural roadways that are vital to the continued growth and prosperity of state. Although Ohio is ranked 35th in the nation by geographic size, it has the fourth largest interstate network that carries the fourth largest amount of truck traffic.

County: Coshocton

Budget: \$4,131,000 -average from 2007-2020

Coshocton County is a rural county of 36,000 citizens in East Central Ohio. As Coshocton County Engineer I am responsible for 269 bridges and 350 miles of road. Our work force, represented by A.F.S.C.M.E., consists of 14 highway maintenance workers and two mechanics. In addition, we have 10 staff to handle the administrative, engineering, supervisory, and the GIS Tax Map duties. For comparison, in 1980 the Coshocton County Engineer's Office employed 60 people – today I have 24 total employed.

The men and women serving in local government are talented and trained to perform these tasks. Many of you have served in local government and know the professional abilities these workers have, and the pride they exhibit in putting public service first to the taxpayers. The county workforces are professional and well trained.

During my tenure we have rehabilitated or replaced over 170 bridges. Ten percent of these were built totally by contractors because they were either major structures with spans up to 400 feet or were funded with Federal Dollars. The other projects completed by Force Account ranged in size from 10 feet to 40 + feet span. Many of these force account projects include tasks subcontracted out because we do not have the equipment necessary to lift and place concrete beams or 4-sided concrete box bridges.

Rural Counties

Ohio's rural roads and bridges have significant deficiencies. When they are rated in poor/structurally deficient condition, it means there is significant deterioration to the major components of the bridge

or road. Poor/structurally deficient bridges and roads are often posted for lower weight or closed to traffic, restricting or redirecting large vehicles, including agricultural equipment, commercial trucks, school buses and emergency services vehicles. Many times, we are seeing a doubling of the cost on rural smaller projects that have to be let out for bid because they exceed the current Force Account limits in statute. Additionally, these smaller projects are not cost effective for private contractors. Worst case scenario, these rural counties cannot afford to pay more for the smaller projects – being forced into making the decision to not repair or update the infrastructure at all.

Reasons For Using Force Accounts:

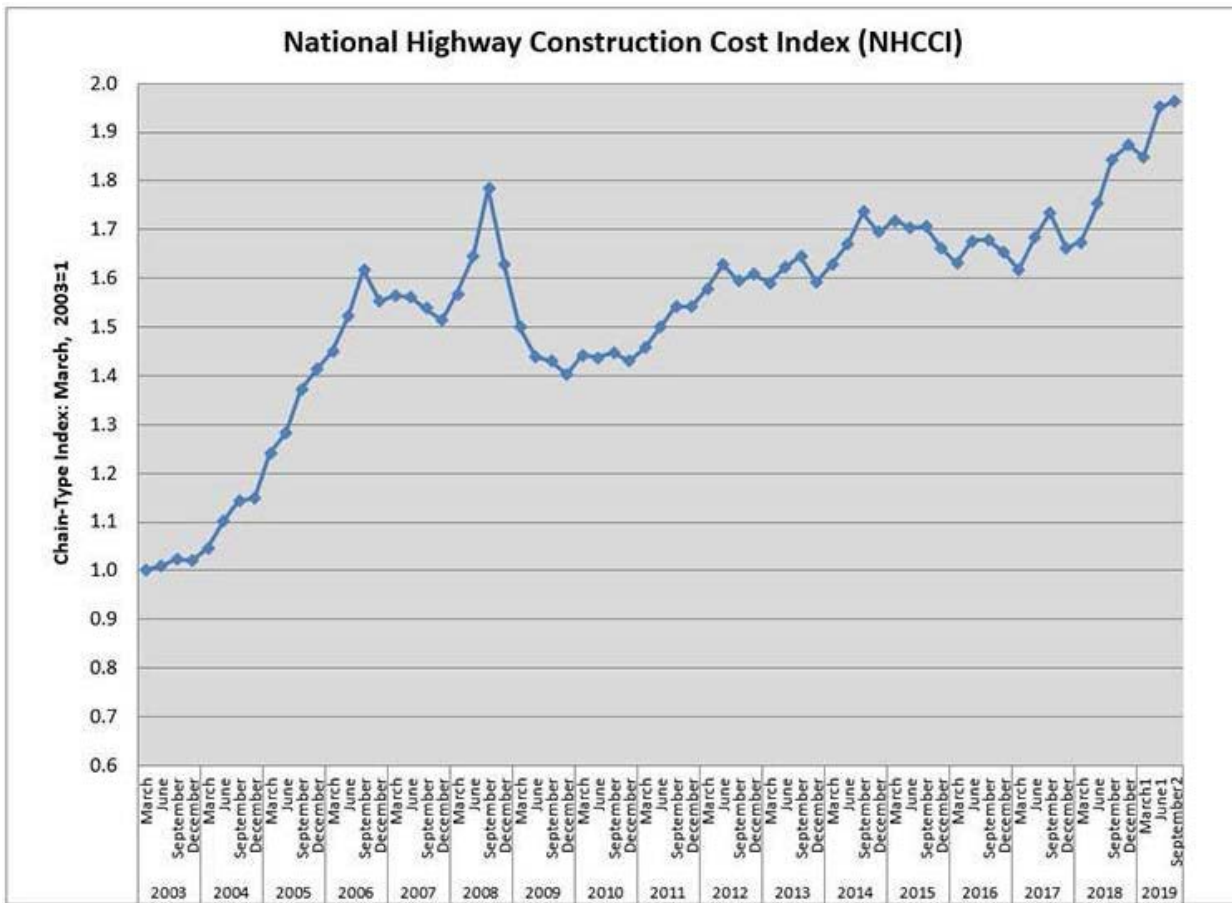
- 1) Typically lower in cost, less complex projects
- 2) Reduced local mobilization costs
- 3) Reduced Maintenance of Traffic
- 4) Ease of local crew interaction/integration; familiarity with local roadways and conditions
- 5) No contractor mark-up/multipliers
- 6) County crew salary versus contractor rates
- 7) Substantially less paperwork
- 8) Opportunity for In-house CEI
- 9) Lack of competition resulting in unacceptable/ high bids
- 10) Project implementation is typically more timely

Budget Constraints

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.

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. 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. And that only looks at material costs, not personnel costs which have continued to rise over these past 2 decades. We, the local governments, need to be able to build what we were able to build in 2003. This is not “project expansion” or “project creep”, this is being able to continue building similar size projects as established by the legislature in the past. Without an increase, we are actually incurring “project constriction”.

It used to be that a road could be built for \$1 million a mile. Now that doesn’t even cover ½ 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.



2003-2019 increase of 96%

You will be hearing from a number of my colleagues explaining the county specific needs and cases on why building smaller structures by Force Account allows to us be flexible with our construction schedule and to respond quickly in the event of rapid deterioration of a structure. It also allows us to fully utilize our work force year-round since we have to have adequate staff to handle weather events. Finally, we are NOT in the business of making a profit – we are in the business of being cost effective in the use of taxpayer’s dollars to build and maintain our transportation infrastructure. A reasonable Force Account Limit increase in combination with the biannual indexing (just passed in the recent transportation budget) should grant Ohio’s County Engineers the ability to keep building, maintaining and repairing our roads and bridges at the 2003 level and well into the future.

Thank you for your time and I am here to answer any questions you may have.



Joint Committee on Force Account Limits
Greg Wilkens, P.E., P.S. – Butler County
FORCE ACCOUNT limits increase – SUPPORT
April 29, 2021

Co-Chairs Sen. Roegner and Rep. Johnson and members of the Joint Committee on Force Accounts thank you for the opportunity to provide support testimony for an increase in Force Account Limits for local road and bridge projects.

My name is Greg Wilkens, and I am the Butler County Engineer. Butler County is a rapidly urbanizing county with 611 lane miles and 408 bridges located north of Cincinnati and home to 383,134 residents. I am here to testify in support of raising the Force Account limits. While we are ensuring motorist safety, a critical part of the mission of the Butler County Engineer's Office is to be "fiscally responsible and accountable to the public for projects completed and dollars expended." The present force account limits diminish the efficiency of providing our taxpayers the best return on their tax dollars.

When reviewing Force Account limits, a less apparent restraint of the current limits is the **time delay**. To prepare and bid a contract in our county takes a minimum of nine weeks from the time the plans are complete to the time the contractor can mobilize. This process entails creating a legal ad and proposal, securing a date on the Commissioners' meeting agenda to advertise, advertising for two or three weeks, receiving the bid, checking the bid for accuracy, and receiving the Resolution to award the bid and contract.

Let me put this in perspective; in 2020, we closed a bridge due to a potential structural steel failure. The detour around the closure **delayed the EMS and Fire Department ten minutes** in emergency response time in that area. As we have all heard, minutes can make the difference between life and death. Preparing this project to bid took eleven weeks from the time the plans were completed until the construction started; **nine weeks longer** than if we started with our own maintenance crews. We were fortunate there were no life-threatening emergencies during this time.

Another consideration when reviewing the Force Account limits is **hidden costs in contract work**.

- Design costs are approximately 50 percent higher for a contract job than a force account job because of the plan detail.
- Administrative costs in bidding are an added expense not found in Force Account projects.
- Construction management costs for a contract job range from five percent to ten percent of the total contract price.

Let me cite an example: We are presently advertising for a bridge repair. Our Engineer's estimate for the contract is \$232,739. Our Force Account estimate for the same project is \$121,007, therefore costing the taxpayers of Butler County an additional \$111,732. And this does not account for administrative and construction management costs. This project would have fallen within the force account limit in 2003.

The increase of Force Account limits still allows the contractor to build the intermediate and larger projects while our crews can focus on smaller maintenance-type projects. The request to raise Force Account limits IS NOT intended to hire more people or build larger projects. It is solely to keep pace with construction inflation. Thank you for hearing my testimony today. Should you have any questions, please feel free to give me a call.

Respectfully,

A handwritten signature in blue ink that reads "Gregory Wilkens". The signature is written in a cursive style with a small dot above the 'y'.

Gregory J. Wilkens, P.E., P.S.
Butler County Engineer



Douglas E. Cade, PE, PS
County Engineer
1900 Lima Avenue
Findlay, Ohio 45840
419-422-7433

To: Joint Committee on Force Accounts

From: Douglas E. Cade, PE, PS

Date: April 27, 2021

RE: FORCE ACCOUNT Limits Increase - SUPPORT

County: Hancock

Budget: \$ 6.79 million

I write in support to increase the County and other local government force account limits. This will allow our County workforce to construct projects that are within our capacity to more efficiently utilize the existing financial resources that we have been given to maintain our local roads and bridges.

As may have stated, the last time local Force Account Limits were increased was 2003 and several aspects of construction have changed since that time, namely the cost of labor, equipment and construction materials. In fact, the National Highway Construction Cost Index has increased by over 96%, while the Force Account Limit has seen no increase. We have worked hard to be as efficient as possible and work within the limits that were given to us in 2003, but with construction and material cost inflation, we have gradually reduced the size of project that our team members can undertake. This reduction has gotten to the point that we cannot build a 20-foot bridge or widen 1-mile of narrow rural roadway without exceeding these limits.

For example, we have been working with ODOT to improve safety at intersections along State Route 15 east of Findlay. As part of those safety improvements, we are directing traffic from the small local roads to the nearest interchange along narrow County and Township Roads. We had planned to undertake some of these widening projects, but when putting the required Force Account Estimate together, we found that we exceed the \$30,000 per mile limit. This means that we are required to develop a full set of plans, advertise, bid and contract the project that lengthens the time to get the project constructed. In this particular example, the estimated cost to bid the project is \$132,430. If we were to utilize our own team members to construct this 4-day project, it would cost \$49,658, with only \$8,729 being our labor cost and \$40,929 in materials.

Another example is a project that is being bid near the Village of Vanlue in Amanda Township at a cost of \$268,910 to construct simple cul-de-sacs. The Township could have under taken this project at a cost of \$94,754 and significantly saved the taxpayers the cost of the project and nearly a year of design and construction to build this simple safety improvement.

Project Name	Local Force Account Cost	Time (Start to Completion)	Contract Cost	Time (Start to Completion)
Amanda TR 198 Cul de Sac	\$94,754	2 Months	\$268,910	20 Months
County Road 172 Widening	\$49,568	4 Months	\$132,430	12 Months
Portage TR 137 Bridge	\$204,762	6 Months	\$319,233	15 Months
Union TR 41 Widening	\$38,000	2 Weeks	\$70,940	5 Months

I have many other examples of projects, both roadway and bridge, that we have had to defer over several years due to the limits that were place on projects in 2003. We are not in the business of taking work away from construction contractors, but we are in the business to utilize the tax dollars that we have been given to maintain and improve our rural roadway system. We will continue to competitively bid our nearly \$3.8 million resurfacing program that is done cooperatively with the 17 Townships in Hancock County and bid out nearly \$1 million in bridges that we are responsible for on the County and Township Road system. With this proposed Force Account Limit increase, we will utilize our 23 team members to widen our narrow rural roads and build single span bridges that contractors cannot cost effectively construct due to their small size and small profit margin to construct.

We need this Force Account Limit Increase to allow our County to efficiently utilize the resources that we are given and stretch those dollars to continue to maintain and improve our local road and bridges, while still utilizing contractors for those projects that are beyond the capability and size of our team members.

I ask for your support to increase the County and other local government force account limits.

Respectfully,



Douglas E. Cade, PE, PS
County Engineer



Springfield Township Elected Officials

Mark Berning, Trustee
Kristie Dukes Davis, Trustee
Joseph Honerlaw, Trustee
Dan Berning, Fiscal Officer

ADMINISTRATION DEPARTMENT

www.springfieldtwp.org

513 522 1410

Testimony of Christopher D. Gilbert
Before the Joint Committee on Force Accounts
April 29, 2021

Good afternoon, Co-Chair Roegner, Co-Chair Johnson, and Members of the Joint Committee on Force Accounts. My name is Christopher Gilbert, and I am the Township Administrator for Springfield Township in Hamilton County. Unfortunately, I am unable to attend the Committee Meeting in person, but I felt compelled to provide this written testimony on behalf of Springfield Township in support of increasing the existing force account limits.

Springfield Township is a first ring suburb in Greater Cincinnati area, consisting of approximately 16 ½ square miles and nearly 40,000 residents. The Township is a home-rule, full service provider of important local services to its residents such as Police, Fire/EMS, Public Works, Parks, Planning and Zoning, and Senior and Community Services.

As with most local governments across the State, Springfield Township lacks adequate funding to maintain and repair its more than 400 streets and approximately 100 lane miles of roadway. In 1995, the Township passed a 1 mill road levy that, at the time, generated \$500,000 annually. As you know, property tax revenues in the State, especially for bedroom communities such as Springfield Township, do not increase with new property valuations. Therefore, the Township still receives the same \$500,000 it did 26 years ago when the levy was passed.

In 1995, the Township could perform approximately one mile of road reconstruction with that revenue and 26 years later it will pave less than half of a mile due to cost increases for materials and labor. Several years ago, the Township attempted to pass additional road levies to generate the necessary revenue to maintain the roads it's obligated to under the Ohio Revised Code. However, residents rejected that attempt on three different occasions. As a result, in order to meet its statutorily required obligations, the Township is now utilizing tax assessments of property owners in order to partially fund road repair and resurfacing.

The construction companies and contractors will attempt to explain that they can do this work cheaper and better than the public sector. Not only is this disingenuous, but it's mathematically impossible for these companies to perform resurfacing work cheaper than Springfield Township. I specify resurfacing because the Township doesn't have the resources, both manpower and/or equipment to complete new road construction or perform major rehabilitation of streets. However, we do have the capability and expertise with existing Township Public Work's staff to perform street resurfacing and preservation work. Unfortunately, due to the current limits on force account

work, the cost of materials alone will not enable tax payers to see the benefit of reduced costs for this work if performed “in-house” rather than being contracted out.

For years, local governments were asked to be more efficient and operate more like the private sector. Yet, we’re being asked to do that with restrictions, regulations, and laws to which the private sector isn’t required to adhere. For example, competitive bidding doesn’t necessarily achieve the lowest price for the tax payers. It does, in theory, prevent ethical issues associated with providing work to companies for political reasons, but the private sector is able to negotiate with different companies to achieve the lowest possible price for a project. The public sector is forced to take the lowest price from the companies that happen to bid on that particular project. Additionally, the private sector, for non-government work, isn’t required to pay prevailing wage for labor as local government are mandated to do. By way of information, Township Public Work’s staff is paid an hourly rate that is significantly less than prevailing wage. This fact alone would enable most local governments to be able to perform some resurfacing work at a reduced cost to taxpayers as compared to hiring private companies.

It is public sector employees that are on site inspecting these projects because they have the expertise and experience. A significant portion of public sector employees in public works departments used to work in the construction industry and for the companies that are opposing increases in force account limits. Therefore, knowledge and technical abilities to complete the work isn’t a legitimate reason to prevent the public sector from performing this work. This is especially true in Townships as this work is generally approved by the County Engineer’s Office. Moreover, local governments do not have a profit motive, which when removed from a project’s budget significantly reduces the overall construction costs.

As the Committee reviews and considers increases to the force account limits, I think the question that must be asked is: Do we want to reduce road repair costs for our constituents and tax payers? If that answer is yes, then consider the economies of scale utilizing already existing local government employees that are paid at a rate less than prevailing wage and the fact that local governments will not have a profit built into the cost.

As mentioned previously, the Township isn’t interested in large-scale road construction. However, I firmly believe that local governments, with significant increases in the force account limits, can and should be allowed to perform repair and resurfacing work with existing staff to dramatically reduce costs for tax payers and allow them to complete more of their statutorily required obligations to maintain roads.

I thank you for your time and consideration and appreciate your willingness to make meaningful changes which enable the State’s local governments to be more responsive to constituents.



MORROW COUNTY COMMISSIONERS

80 North Walnut Street, Suite A
Mount Gilead, Ohio 43338

Commissioners:

Thomas E. Whiston
Timothy D. Abraham
Timothy R. Siegfried

Phone: (419) 947-4085
Fax: (419) 947-1860
www.morrowcountyohio.gov

April 28, 2021

Dear Study Committee,

The Morrow County Commissioners are in favor of and support the raising of the Engineer's Force Account limits. The County Engineer has voiced his support and states that it will be beneficial by saving time and money with projects and purchases. We would request the passage of the increase.

BOARD OF MORROW COUNTY COMMISSIONERS

Handwritten signature of Tom E. Whiston in blue ink.

Tom E. Whiston

Handwritten signature of Tim D. Abraham in blue ink.

Tim D. Abraham

Handwritten signature of Timothy R. Siegfried in blue ink.

Timothy R. Siegfried

MCC/ch



**SHELBY COUNTY
BOARD OF COUNTY COMMISSIONERS**

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Fax No. 498-1293

Shelbycountycommissioners@shelbyco.net

ANTHONY J. BORNHORST

JULIE L. EHEMANN

ROBERT A. GUILLOZET

PAMELA STEINKE, Clerk of the Board

April 27, 2021

Members of the Joint Committee on Force Accounts
Kristina D. Roegner and Mark Johnson, Co Chairs

RE: **FORCE ACCOUNTS Limits Increase - SUPPORT**

To all members of the Joint Committee on Force Accounts Limits we thank you for the opportunity to provide support for Sub. House Bill 74 – Force Account Limits Increases.

Force Account work occurs when a road or bridge project is conducted by a public office using its own labor, material and equipment. The last time force account limits were updated to reflect the cost of doing business was in 2003.

The construction cost index over the past 18 years has doubled affecting our ability to do roadway and bridge construction. 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. And that only looks at material costs, not personnel costs which have continued to rise over these past 2 decades. 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.

In Shelby County, the Engineer is tasked with maintaining 332 bridges and 383 miles of roadway. To keep them in good condition, 4-5 bridges are replaced every year and over 60 miles of roads are paved or chip sealed. Many of the structures are smaller projects and best suited for force account. By replacing many of these structures through force account, the County is not only able to do them efficiently but also cost effectively. During the winter, the Engineer's staff of thirty work to ensure roads are kept clear in a safe and efficient manner. We need to be able to keep those same employees productive in the summer months. By increasing the force account limits, our crews will be able to be utilized year-round.

We respectfully ask that you consider increasing the force account through support of HB 74.

Sincerely,

The Board of Shelby County Commissioners

Shelby County Engineer


Anthony Bornhorst


Robert B. Geuy


Julie Ehemann


Robert Guillozet

To: Co-Chair Roegner, Co-Chair Johnson, Joint Committee on Force Accounts
From: Dean Ringle, Executive Director, County Engineers Association of Ohio
Date: May 6, 2021

At the request of the committee from our last session, I have compiled some information indicating inflationary costs from around Ohio, along with a chart showing the impact of that inflation to overall construction costs.

Inflation Numbers from around the State of Ohio

Over the last 18 years (2003 – 2020) in Ohio, Asphalt prices have risen from 2.35 – 3.15 times, with an average overall increase of 2.76 times.

Over the last 18 years (2003 – 2020) in Ohio, construction costs (roads and bridges) have risen from 1.8 – 2.45 times, with an average rate of 2.2 times.

Sources: County Engineers

**Auglaize County Bridge Construction Cost Comparison
2003 vs 2021**

		2003	2021	Inflationary Factor
<u>AUG-070-01.99</u> County manufactured 14' span, 48 lineal ft. of precast 3-sided box/footers installed	Labor	\$13,144	\$19,901	1.51
	Equipment	\$8,266	\$16,958	2.05
	Materials	\$15,719	\$30,249	1.92
	Total	\$37,129	\$67,108	1.81

		2003	2021	Inflationary Factor
<u>AUG-210-06.20</u> County built 2 new abutment walls & received bids for prestress box beams (50.5' span x 24' wide) set in place	Labor	\$16,844	\$25,160	1.49
	Equipment	\$12,215	\$29,223	2.39
	Materials	\$17,417	\$37,129	2.13
	Purchased beams	\$30,320	\$94,451	3.12
	Total	\$76,796	\$185,963	2.42

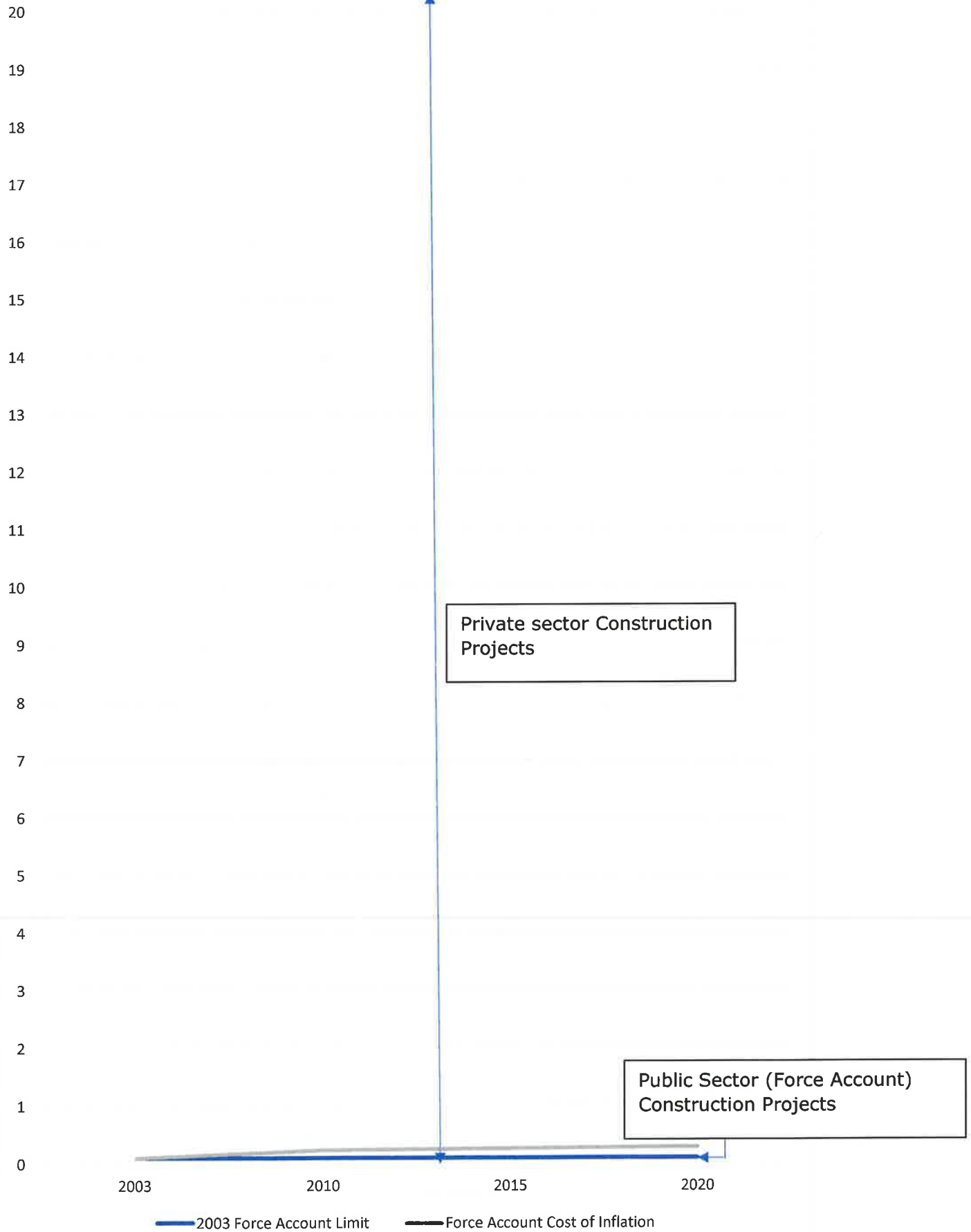
Notes:

Labor includes 30% & 38% for fringe benefit costs

ODOT Equipment rates used

2021 Purchased beam price based on \$/sq. ft of low bid received on 4/15/21

Size of Construction Projects (in \$ millions)





JOINT COMMITTEE ON FORCE ACCOUNTS TESTIMONY

Presented May 6, 2021 by:

**Andrea Ashley, Vice President of Government Relations
Associated General Contractors of Ohio**

Thank you for the opportunity to address force accounts. The Associated General Contractors of Ohio (AGC) represents large and small, union and open shop (non-union), commercial building and industrial contractors from across the state. Our members primarily construct hospitals, offices, schools, wastewater treatment plants, warehouses and manufacturing facilities, mixed-use developments, and a host of other vertical structures. AGC also has some members that perform horizontal work like roads and bridges. While most of the discussion before this committee has focused on horizontal construction, we should note that there are also statutory force accounts involving some public building projects.

Before this committee even begins deliberating force accounts, members should take into consideration two fundamental questions: (1) what is the role of government, and (2) should government be in the business of construction?

AGC appreciates the role of our county engineers and township administrators, their workforce, and the services they provide to our communities. We also understand there are instances where force accounts are warranted, such as certain maintenance and minor or emergency repairs. However, we firmly believe government should not be in the building business.

It was very alarming to hear some of the examples provided last week that crossed the line, essentially creating quasi-construction companies out of local governments. Some examples:

- A county engineer stated his “first priority” was to perform the engineering and operational work in-house.
- A county engineer boasted that his county built a facility where public employees can construct concrete forms.
- A township administrator wants to resurface his small bedroom community’s roadways with the township’s own paver and roller.

During other testimony today, you will hear about how ODOT worked with the highway industry to change its approach to force accounts. ODOT’s force account structure is no longer solely based on a monetary threshold, but also takes into consideration the type of work being performed. This format makes more sense and addresses the appropriate roles of government and private industry for road and bridge work.

Everyone who testified last week supported increasing force account limits. Most said they save money by performing the work inhouse with their own forces. One engineer stated he does not have to cover project management and design costs when performing bridgework with public employees. In actuality, the county is paying for those costs; it simply is not reflected on the force account assessment forms that local governments are required to complete. (Unless this engineer is constructing bridges without plans, and does not have anyone overseeing the workers to ensure it is being constructed safely and appropriately – both which should cause significant concern.)

Many engineers discussed the types and amount of equipment they own and operate. There are significant costs associated with purchasing and storing equipment, idle time (not utilizing equipment on a regular basis), depreciation, maintenance, insurance, operator training, etc. Most of these equipment costs are also excluded from the force account assessment form.

In actuality, the purported “cost savings” to local governments by using force accounts compared to bidding a project to the private sector is not a true apples-to-apples comparison. The force account assessment forms do not include money the local governments spend on training its workers, schedule compliance costs, storage of equipment, equipment idle time/utilization, material testing, risk/insurance/bonds, office overhead, plans and specifications, project management, and permit compliance. All of these factors must be considered in a contractor’s bid. Simply put, the assessment forms are a disingenuous gauge of taxpayer dollars spent on a project. Additionally, the forms put private industry at a competitive disadvantage.

Instead of focusing on thresholds, AGC encourages this committee to consider the application of force accounts in general. What should the role of government be in relation to the use of force accounts? Would it make more sense to move to a force account model similar to ODOT’s? What changes should be made to ensure private industry is not put at a competitive disadvantage against local governments when determining the use of force accounts?

Until all these issues are considered and appropriately addressed, AGC of Ohio opposes any efforts to increase force accounts.



Joint Committee on Force Accounts
Brett A. Boothe, P.E., P.S., Gallia County Engineer
FORCE ACCOUNT Limits Increase - SUPPORT
May 6th, 2021

Good morning Co-chair Roegner, Co-Chair Johnson, and members of the Joint Committee on Force Accounts, and thank you for the opportunity to provide support testimony for force account increase.

My name is Brett Boothe and I currently serve as the Gallia County Engineer, County Engineers' Association of Ohio's 2nd Vice President, and County Engineers' Association of Ohio's Government Affairs Co-Chair. Before becoming the county engineer in 2009, I worked in the private sector and also worked as a Transportation Engineer with ODOT. On behalf of Gallia County, one of the 52 rural counties in Ohio, I manage and invest nearly \$10 million in infrastructure annually.

The Problem: Road and Bridge Projects Not Being Completed

Gallia County has 453.567 miles of roads to maintain. This is broken down into 207.92 miles of asphalt; 127.887 miles of chip and seal, and; 117.76 miles of gravel.

- Asphalt Roads (15 year life)*
 - $207.92 \text{ miles asphalt} / 15 = 13.9 \text{ miles need paved every year in order to maintain cycle.}$
 - Currently, Gallia County averages 4 miles per year (not including grants), thus resulting in a shortfall of 9.9 mile every year. At a cost of \$70,000/mi, this is an annual shortfall of \$693,000/year for just asphalt roads
- Chip and Seal (5 year life)*
 - $127.887 \text{ miles chip and seal} / 5 = 25.6 \text{ miles need chip and sealed every year to maintain cycle}$
 - Currently, Gallia County averages 7 miles per year (not including grants), thus resulting in a shortfall of 18.6 miles every year. At a cost of \$18,000/mi, this is an annual shortfall of \$334,800/year for just chip and seal roads
- Gravel to upgrade to Chip and Seal
 - $117.76 \text{ miles} \times \$150,000 = \$17,664,000$. Over 10 years, the shortfall is \$1,766,400/year in order to simply upgrade aggregate roads to chip and seal.

* Assumes solid base, no extra work, and no road damage by heavy vehicles.



Additionally, Gallia County has 277 bridges, of which 26 are structurally deficient and another 164 are functionally obsolete. Historically, on a 10-year replacement plan, Gallia County is able to replace 4 bridges a year (for a total of 40 bridges every ten years). This leaves Gallia County a full 150 bridges behind in necessary improvements and/or replacement over that 10-year period. Gallia County would need to replace 19 bridges a year for 10 years, to meet the current needs of our county. This equates to a shortfall of \$3,110,300 per year, which does not even include more bridges becoming deficient over that 10 year span

Cost Increases

Since 2003, labor, material and equipment costs have continued to escalate. #57 stone has increased 49% since 2008, which has a bearing on a county with approximately 130 miles of stone roads. The last six months, plastic pipe alone has increased 40% in cost. These steady increases lead to higher project costs and are eroding the capabilities of County Highway Employees due to abutting the force account limits.

In Gallia County, I have always taken the approach if the work can be less expensive by putting out to contractor, then we bid out. If the project can be completed less expensive with Gallia Highway employees, then we do the work ourselves. Except in Gallia County, highway employees are not doing the projects we can do less expensive due to the force account limits.

What “Force Account” means to Southeast Ohio? Without grants, Gallia County does not have the funds to pave roads. In order to apply for these grants such as OPWC, Gallia County must have match money. With out force account saving money, Gallia County will have a hardship coming up with the match money. Gallia County Engineer has used OPWC funds mostly for resurfacing, with these paving projects going exclusively to contractors. Force Account means paving roads and building bridges in Gallia County, without force account we lose both.

Even with the additional revenue from the 2019 gas tax increase and an increase on force account limits this year, Gallia County will not have the ability to upgrade the approximately 130 miles of stone roads to asphalt and upgrade deficient bridges, but it helps. That is why the Ohio Legislature increasing force account limits the last time the gas tax was increased in 2003 was so important.

Gallia County has highly skilled employees and equipment to safely and cost effectively provide the services the public expects. Since the last force account increase, Gallia County has less employees, less equipment, and not built any more facilities.

Employees

Gallia County Engineer as employed highway workers with a cross trained set of skills. A focus on experience for new hires has been primarily on heavy equipment operations, then secondly another trade such as welding, steel work, concrete finish work,

Safety Matters

- Drug/Alcohol Testing - New Hire/Random
- Background Checks
- Tool Box Talks
- PERRP Inspections
- PERRP Trainings
- Snow and Ice Training

1167 State Route 160 • Gallipolis, OH 45631

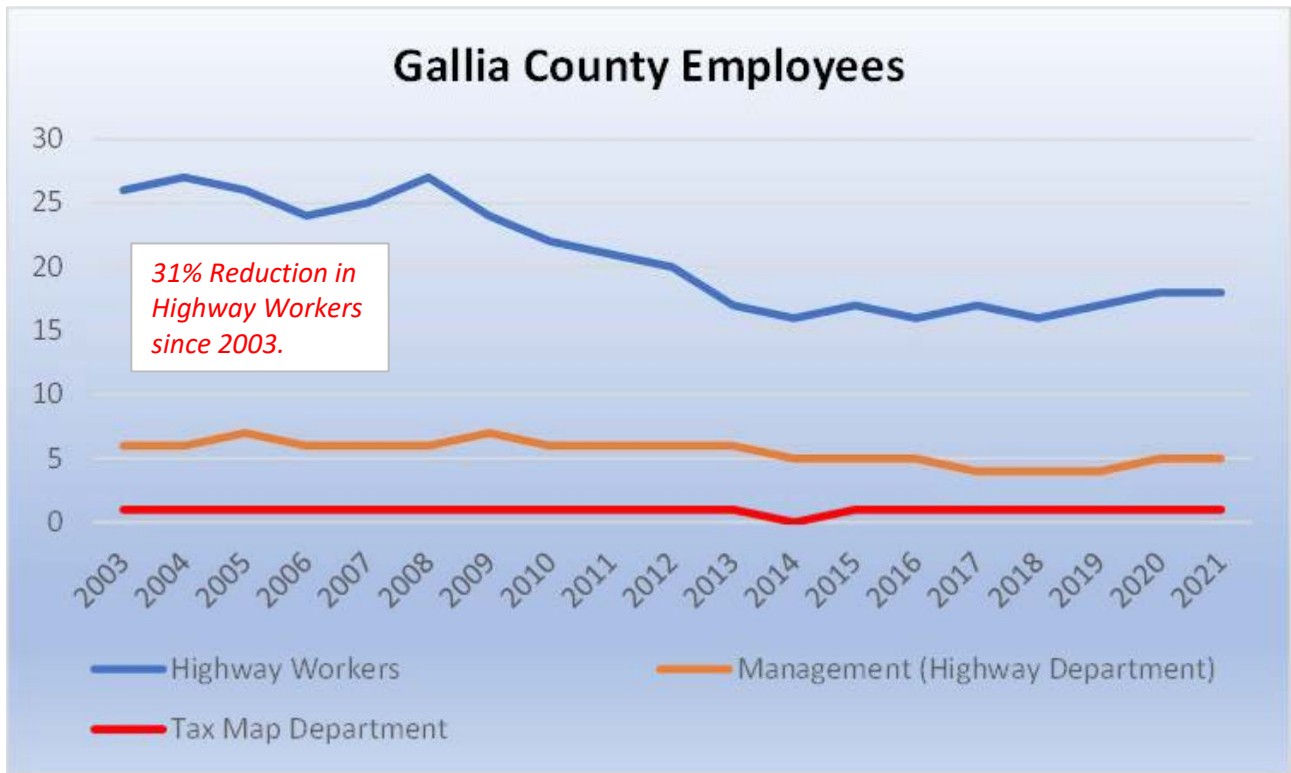
740-446-4009 • www.gallianet.net

COVID Protocols

See Something, Say Something



commercial driver’s license, hazmat certification, diesel mechanic trade schooling, etc. Gallia County requires all new hires to complete CDL class A and Hazmat Certification by the end of probation or they will be let go. Requiring all employees to have CDLs provides the needed operators for the 14 snow/ice routes. The safety culture at Gallia County is, We walk the walk, not just talk the talk because SAFETY MATTERS. Our employees are well suited to handle any highway project in Gallia County with the cross trained staff.



Highly Skilled Gallia County Highway Workers

CDL Class A	14
CDL Class B	4
Tanker Endorsement	11
HazMat Certification	10



Equipment Inventory

14% Reduction in Equipment since 2009.

	2009	2021
Passenger Vehicle	16	13
Dump Trucks*	24	20
Road Graders	5	4
Loaders	1	2
Track Excavators	1	2
Wheel Excavators	4	2
Trailers	8	9
Cranes	2	1
Other Equipment	9	7
Total	70	60

* Includes 2 Distributors, Water Truck, Low Drag, Wrecker

Gallia County Highway Facilities

	2003	2021
Highway Garage Built in 1948	1	1
Salt Bin Built in 1998	1	1
Porta Pug Mill Built in 1974	1	1

No new facilities since 1998.



PATRICK T. GINNETTI, P.E., P.S.
MAHONING COUNTY ENGINEER

Joint Committee on Force Accounts
Patrick Ginnetti, P.E., P.S., Mahoning County Engineer
FORCE ACCOUNT Limits Increase - SUPPORT
May 6th, 2021

Good morning Co-chair Roegner, Co-Chair Johnson, and members of the Joint Committee on Force Accounts, and thank you for the opportunity to provide support testimony for force account increase. Although each county has differences (i.e. union, non-union, rural, urban, etc.), each county also has similarities in the type of work that can be accomplished with its own forces.

Force account limits have been the same since 2003, yet material costs have risen approximately 96% since that time according to the National Highway Construction Cost Index. Asphalt costs in Mahoning County ranged from \$31.00 - \$35.00 per ton in 2003 to \$55.00 - \$82.00 per ton in 2020. This increase in materials alone makes it extremely difficult to stay within the allowable limits on even simple road repairs. The increase in force account limits would permit the county to continue to perform work on the smaller emergency projects and routine repair projects that need completed while allowing local contractors to perform the larger scale projects.

The proposed increase in force account limits is not to be mistaken as an increase in the annual budgets of the County Engineers. This increase is not an influx of money, rather it would enable the counties to perform the necessary work on our roadways and bridges. Most (if not all) County Engineers are running their offices with fewer staff members than were employed a decade ago. Mahoning County for example, had 123 employees in 2003 (31 non-union and 82 union employees) compared to 68 today (21 non-union and 47 union employees). That is a difference of 57 employees in less than 2 decades. In fact, Mahoning County has ten fewer employees than in 2013.

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. I am proud of my team and employee's ability to adapt to doing more with less as a result of stagnant budgets.

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, we 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.

Again, this proposal is not a budget increase. We are attempting to perform the work that we are statutorily obligated to perform in order to provide a safe roadway network for the traveling public. All Counties have work not being completed that should be. The current force account limits are restraining our ability to make the kind of improvements demanded by our communities and tax payers.



**2020 - 2021
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Tiffin, OH 44883

Ed Huff Jr., 1st Vice President
P.O. Box 306
Ansonia, OH 45303

Scott Fabian, 2nd Vice President
126 Montgomery Lane
Mingo Junction, OH 43938

Ron Miller, Secretary-Treasurer
1371 Lemert Road
Bucyrus, OH 44820

**2020 - 2021
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New Matamoras, OH 45767

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Ed Good
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Joint Committee on Force Accounts May 6, 2021

Good afternoon Co-chair Roegner, Co-chair Johnson, and members of the Joint Committee on Force Accounts. My name is Ed Good, and I am a trustee in Mead Township, Belmont County. I have served as a township official for 25 years and have also served as a member of the OTA Board of Directors for over three years. I am here on behalf of Mead Township and the Ohio Township Association in support of an increase to township force account limits in the Ohio Revised Code.

Currently, R.C. §5575.01 sets township force account limits at \$45,000 per project for road maintenance and repair and \$15,000 per mile for road construction and reconstruction. As you've heard, these figures have not been increased since 2003, but the cost of materials and labor have continuously risen.

Road maintenance is a mandated duty for townships. Townships are responsible for over 41,000 miles of road and over 80,000 lane miles. While townships are responsible for the largest portion of road miles in the state, we receive the least amount of funding. Therefore, the burden of maintaining township roads falls primarily at the local level.

An increase to the statutory force account limits is not about townships getting into the construction business. It's about allowing townships to do required road work in the most cost-effective manner and with the resources that we have readily available.

Mead Township, which was established in 1815, is situated eight miles south of I-70 on the Ohio River near Wheeling, WV. Many recall the devastating flood our township experienced on June 14, 1990, where 26 souls were lost. The township is 32 square area miles with 47 miles of township roadway. Our population in 2010 was 5,967 with over 2,500 homes.

Many of our roads appear mountainous to visitors. This contour makes general road repair and snow removal more expensive and challenging. We also care for and maintain 14 cemeteries, some of which have as few as six graves, while others have a couple hundred. All this work is done with only three fulltime employees.

Most recently, we have awarded projects just under the force account limit of \$45,000. These projects were done by local contractors, which allowed us to maintain our core work, but at the same time, get projects done without delay. We simply do not have the equipment or staff to do some of these repairs. However, an increase in the force account limit will allow us more flexibility, resulting in better service to our constituency. To put it plainly, the increased cost of doing business while working under a 20-year-old statute is extremely difficult.

In addition, the Ohio Township Association has collected information from across the state on what an increase would mean in specific areas. Here is some data demonstrating the impact that increased road maintenance costs have had over the years:

- Steubenville Township in Jefferson County could chip seal a road for \$8,500/mile in 2013. In 2021, that cost would be \$19,500/mile.

- Sylvania Township in Lucas County maintains 133 miles of roads. In 2005, they completed a storm sewer project (300 ft of 12” conduit replacement and repairs) at \$12,450 and a road resurfacing project (mill & fill of 1,284 ft by 16 ft) at \$12,658. Today, those projects would have cost \$21,480 and \$27,080, respectively.
- Plain Township in Stark County completed a storm sewer project (1050 ft of 12” ADS culvert pipe) in 2004 at \$15,400; this project would cost double at today’s rates. The Township also completed a box culvert project (75 ft of 6 ft x 8 ft concrete box culvert) in 2018 at \$37,524; at today’s cost, this project would exceed the current limits.

The Ohio Township Association and Ohio’s 1,308 townships are requesting that force account limits be increased to reflect the rise in construction costs and be indexed to the construction price index so that the limits keep up with inflation in the future.

Updating the force account limits in law would reflect the increased cost of doing business today and allow townships to better utilize their own resources for smaller projects. Co-chairs Roegner and Johnson, thank you for the opportunity to testify. I would be happy to answer any questions.



LABORERS' DISTRICT COUNCIL OF OHIO

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Vice President: Anthony Liberatore Jr.
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John Eddleblute
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David Fleetwood

Affiliated with:
Laborers' International Union of North America-AFL-CIO
Ohio State Building & Construction Trades Council
Ohio AFL-CIO



Ralph E. Cole
*Business Manager/
Secretary Treasurer*

Joint Chairs Senator Roegner, and Representative Johnson thank you for allowing me to testify on behalf of the Ohio Laborers' District Council which represents over 20,000 working men and women throughout the state of Ohio that builds, maintains and repairs Ohio's infrastructure. My name is Kenny Holland and I am the past Secretary-Treasurer for the Council. Our mission is to work collectively with our signatory contractors and our Union affiliates in the on-going efforts of providing the best trained, experienced, and most reliable work force possible. We are committed to providing the Laborers needed to build a better tomorrow. We stand for a fair day's work, fair wages, fringe benefits and retirement security for all workers.

The Laborers train our members at the Drexel J. Thrash Training Center at our own expense. The Training Center sits on 119 acres in Howard Ohio, complete with dorms for up to 108 trainees, classrooms, over 18,000 square feet of all-weather training bays. The Center also includes an environmental training building with a 19 station decontamination line and hazardous waste mock sites, a 7200 sq foot training building for gas pipeline and distribution worker classes for hands-on training, a soft ground tunnel "hands-on" building, and a combination gunite/hard rock tunnel building with two tunnels 80-100 feet long.

The Council offers training to Laborers and Apprentices in basic construction skills, advanced construction skills, environmental remediation techniques, and most importantly safety regulations and awareness. Several witnesses have testified that municipal, county and township workers go through the same instruction as the private sector laborer. The Laborers District Council finds that hard to believe as we have invested millions of dollars annually with our contractors to train our infrastructure workforce and frankly this is what we do, we do not spend the winter driving snowplows, we spend our time training those who will be building, repairing, and maintaining Ohio's infrastructure.

Raising these force account limits does not make sense to the District Council. In doing so it takes food off the plates of our members and their families who perform this work in all 88 counties. One of our members could be sitting at home collecting unemployment and be forced to watch less trained and less qualified people perform the work which has been historically done by them. Additionally, the manhours being lost by not performing this type of work will impact our health and welfare, pension and training funds.

Increasing force accounts will clearly allow local government public employees to perform more work traditionally done by the private sector employees, while adding additional government costs associated with purchasing, and maintaining equipment. It prohibits competitive bidding for Ohio's public works contracts and raises the price of public improvements. The increased costs waste taxpayers' hard-earned money and ultimately reduces the number of road and bridge projects that can be done.

Simply put, the private sector is more efficient than the government. That is because private contractors and their workforce are experts and expertly trained at efficiently and safely constructing infrastructure projects.



Darke Co. Board of Commissioners

Matthew W. Aultman
Larry Holmes
Michael E. Stegall

Robin R. Blinn, Administrative Clerk/Secretary
Karen M. Avore, Assistant Clerk/Secretary

May 5, 2021

Members of the Joint Committee on Force Accounts
Kristina D. Roegner and Mark Johnson, Co Chairs

Re: FORCE ACCOUNTS limits increase- SUPPORT

To the members of the Joint Committee on Force Account Limits, thank you for this opportunity to encourage support for Sub. House Bill 74 – Force Accounts Limits Increases.

Force account work is the option for a public office to perform bridge and/or road construction projects using its own equipment, labor and purchased materials. The use of this procedure varies widely among Ohio counties. While rarely used in those of higher populations, it is widely practiced and crucially necessary to the rural Counties.

The revised dollar limits, set in 2003 and now neutered by inflation, are now devastated by very recent spikes in the prices of steel, concrete, aggregates, and other components. This has and will continue to jeopardize the ability to legally use the force account procedure.

Darke County is charged with maintaining 523 miles of road and 517 bridges, with a population of 53,000.

We maintain this inventory, with limited revenue, only by heavily utilizing local personnel and equipment. Further erosion of the force account will confine our options to either allow the degradation of local infrastructure, or to become lawbreakers.

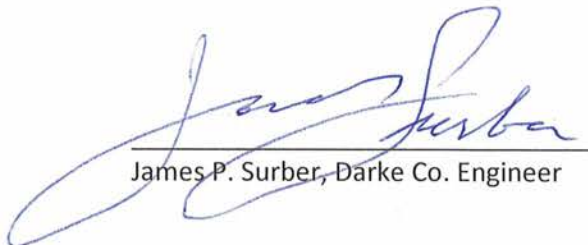
It would seem reasonable that laws passed to prohibit the efficient use of tax dollars are an insult to common sense, and we trust that you will share this opinion.

Sincerely,


Matthew W. Aultman

ABSENT
Michael E. Stegall


Larry Holmes,
Board of Darke County Commissioners


James P. Surber, Darke Co. Engineer



**JOINT COMMITTEE ON FORCE ACCOUNTS
Construction Coalition Written Testimony, May 6, 2020**

Co-Chair Roegner, Co-Chair Johnson and Members of the Joint Committee on Force Accounts:

Our organizations—Associated General Contractors of Ohio, Mechanical Contractors Association of Ohio, National Electrical Contractors Association (Ohio), Transportation Advocacy Group of Northwest Ohio, Construction Employers Association, Affiliated Construction Trades of Ohio, Ohio Laborers’ District Council, International Union of Operating Engineers - Local 18, Ohio State Building and Construction Trades Council, and the Indiana-Kentucky-Ohio Regional Council of Carpenters—represent commercial construction contractors, subcontractors and specialty trades, and workers. Our members build schools, roads, bridges, office and medical complexes, pipelines, industrial and manufacturing facilities, wastewater treatment plants, mechanical and electrical systems, and a host of other vertical and horizontal structures.

We are collectively opposed to any increases to force accounts, particularly since they were already indexed in the Transportation budget.

A force account limit is a monetary limit established in the Ohio Revised Code for counties, townships, municipalities and ODOT. If one of those governmental entities wants to perform construction work with their own workers and their own materials and equipment, an estimate of the project cost must be completed. If the estimate comes in under the statutory force account limit, the government entity may proceed on its own without putting the project out for a competitive bid. If the amount is over the estimate, the project must be put out to bid for private sector contractors to compete on.

Raising force account limits takes work away from private sector contractors and their workforce, while expanding the projects local governments can do without competitive bidding. Simply put, it expands government at the detriment of private construction businesses and taxpayer dollars.

Increasing force accounts allow local government’s public employees to perform more work traditionally done by the private sector employees and businesses, while adding additional government costs associated with purchasing, housing and maintaining equipment. It prohibits competitive bidding for Ohio’s public works contracts and raises the price of public improvements. The increased costs waste taxpayers’ hard-earned money and ultimately reduces the number of road and bridge projects that can be done.

Additionally, the way in which local governments assess the dollars used on force account projects does not consider the full costs of that project. It puts private industry at a competitive disadvantage and is a disingenuous gauge of taxpayer dollars spent on a project.



The private sector is more efficient than the government. **That is because private contractors and their workforce are experts at efficiently and safely constructing infrastructure projects because that is what we do, every day.** Local government employees are not trained construction professionals, and this is “mission creep” at its worst. It comes at a high cost to taxpayers who’ll end up paying more so their local governments perform the work that private sector contractors should be allowed to compete for.

Protect private sector jobs and Ohio taxpayers; do not increase force account limits. The matter requires a thorough review to ensure full transparency, as well as protect private sector employers and workers and the overall public interest.



THE GREAT LAKES CONSTRUCTION CO.

GEORGE J. PALKO
President & CEO
Direct: (330) 220-3952
gpalko@GreatLakesWay.com

May 4, 2021

To the Members of the Joint Committee on Force Accounts,

I am George Palko, President & CEO of The Great Lakes Construction Co. (Great Lakes). I am here to voice my opposition in exponentially increasing the Force Account limits for local governments.

Located in Hinckley, Ohio, our company has focused on public infrastructure construction for over 70 years. We are an employee-owned company (owned by an ESOP). The key ingredient for our success and the success of any privately held company is to work as efficient as possible. We currently bid and self-perform projects ranging from \$50,000 to \$100M. Great Lakes owns our own equipment and has a comprehensive staff of trained professionals to perform bridge work, culvert work, ditch cleaning, treatment plant work, and roadway construction across the entire State of Ohio.

Ohio is fortunate to have a robust heavy/highway construction industry with an abundance of qualified bidders. The quantity of bidders in today's environment will occasionally be a deterrent for our company to pursue every available project. Another challenge is to be informed about all the local government projects that are available. The process of advertising bids varies by each county, township, and local municipality. The continued transportation budget trimming, a state and federal motor fuel tax that is not indexed for inflation and local counties and townships self-performing their own bridge and culvert construction has forced our company to look for work beyond just northeast Ohio and expand to other locations throughout the State of Ohio.

While you have heard testimony from local government officials about potential cost savings from them self-performing work, I contend that the taxpayer's money is more efficiently spent with an experienced contractor who has the trained personnel and equipment to perform this work when a true "apples to apples" comparison is made. Increasing the local government force account limits exponentially will simply create bigger government and take away opportunities from local private sector companies. I will provide a few examples:

THE BID PROCESS:

The argument is being made by some county and township officials that they can self-perform a bridge, paving or culvert project in durations up to several months shorter than a private sector contractor. The private sector has no control over the public entity's lengthy and sometimes cumbersome procurement process, nor does the contractor add any cost to this lengthy duration. Most, if not all, public agencies can advertise and sell a project if it is an emergency within days. Using this as an excuse for the length of time it takes for a private sector company to perform a project should be addressed within the government's procurement process, not increasing force account limits thus allowing government to become bigger. Due to the resources employed by a private sector company, it is difficult for a government entity to perform work in a shorter working duration or with a more aggressive schedule.

MATERIAL STANDARDS:

Several Ohio townships and counties are currently using their employees to cast or fabricate concrete bridge box beams and 3-sided concrete box culverts that will be used in force account projects. When this work is performed by county or township forces, in their publicly subsidized garages, there are no

outside design costs, no outside inspection costs to make sure bridge specifications are followed and no construction management costs. These costs are required in private sector bids by the government entities. Private sector could undoubtedly perform similar work and the entire project most cost effectively if they did not include these costs in their public bids. Why are the government entities not held to the same standard when making materials in-house?

MATERIALS COST:

When a county or township makes components of a bridge or culvert in their local garage, the true cost of the force account work is not being compared accurately to the cost presented by the private sector. There is not an accurate cost of the government's total cost being done when materials are being fabricated in-house. Government is not accurately comparing the subsidized cost for overhead, building, equipment, support staff, no inspection, no outside design, or supervision of the work to a private sector company's comparative cost. Does the public realize the government forces are held to a less scrutinized design, construction, and inspection process when they fabricate bridge or culvert components with government employees?

Only when advertising time, award time, in-house fabrication of bridge components and subsidized equipment, property and staff are taken into account, can a true "apples-to-apples" comparison be derived. And I'm confident it would show private sector's quality and efficiency outweigh those of the public sector.

If you read the Mission Statement of most counties and townships, they state their mission is to serve the residents and businesses of their communities by maintaining its infrastructure and facilities - not building infrastructure.

I urge the Committee to consider all the facts being presented in the discussion of increasing Force Account limits for local governments before making any decision. An understanding of the true cost to simply perform the work will show that the taxpayer truly benefits when infrastructure projects are built by the private sector.

Thank you for serving as part of this Committee and for taking the time to understand the facts.

Sincerely,

THE GREAT LAKES CONSTRUCTION CO.



George J. Palko
President & CEO



Rietschlin Construction Inc
4240 Baker Rd
Crestline, Ohio 44827
Telephone: 419-347-4341
May 4, 2021

Senator Christina Roegner, Co-Chair
Representative Mark Johnson, Co-Chair
Joint Committee on force Accounts

A small construction company is a business, not a concept. It is made up of an owner who has invested real money, hired real people, gained real experience, and purchased real capital equipment. The goal is, has been and will be to keep building. The ability to make profit is always kept in check by competitive bidding, which I hope remains open and fair.

As an owner of a small construction company, I wear many hats. Managing a company is not for the risk adverse. With each passing month, there is more regulation and a compliance bucket that we must drop time and effort and money into. (All regulations and compliance requirements are the creation of government bodies.) Becoming qualified to perform bridge and culvert work, obtaining the insurance and bonding to meet the requirements to perform highway work, advancing skills and knowledge to meet compliance are just three elements required to even be able to compete for such work. I must be engaged in learning and adapting to demanding requirements.

I remember the year 2008 well. It seemed that opportunities to bid work became few and far between. When a bid was successful, the prices seemed to be as low as they could go. I remember a salesperson from a supplier telling me that he felt sorry for "you guys", meaning small contractors. He knew the big contractors could last the industry depression as they probably had enough backlog to work thru the slump. Small contractors often bid and build their projects in the same year. But the 2008 slump did not last for one year. It lasted for several. 2020/2021 are feeling very much like 2008 despite promises. In a perfect world I would be able to increase my sales/revenues by 300% to 1000% with the stroke of a pen as was being considered for the local governments in House Bill 74.

It was not until two weeks ago, that I realized part of the reason 2008- 2011 were like they were. The local agencies could exclude major items of work in calculating force account assessment values allowing them to perform more work in house. I had not known where the opportunities to bid on bridge and culverts went. I was just aware that there were fewer and fewer projects to bid. I had assumed that money had just dried up.

I always voted for the issues that funded the Ohio Public Works Commission. I felt that funding would help keep work opportunities flowing especially to the rural areas as well as improving infrastructure. It did keep money flowing but not necessarily to fund competitively bid projects.

I subscribe to the Builders Exchange which is a subscription platform that lists newly posted bidding opportunities from many agencies. The bidding documents including plans, specifications, addendums and bid results can all be conveniently placed on the platform. I closely monitor the ODOT letting lists which provide info on projects out for bid, plans, proposals, addendum, and prebid questions and answers. Those are the two places where I can track projects to bid. There are other such platforms that have broad exposure.

In addition to the notification platforms. There are bidding platforms. There is the BidExpress platform where legal notices can be posted, the plans and specs can be posted, and contractors can be alerted that a project opportunity is out for bid. The bids are submitted electronically. The results are posted shortly after the bid is closed. I do pay an annual fee to use this platform. But the cost is more than reasonable. I wish that all local agencies utilized this service.

There are two Ohio's. There is the suburban/urban with universities/convention center/stadiums/centralized government offices/large companies and great shopping and all the financial and cultural goods that come with that. Then there is the rural area absent those same economic engines. A skilled construction craftsman who lives in a large city area could work within a convenient radius of that large city and his/her residence. That is becoming increasingly challenging for small contractors and their employees in rural area. To get up on Monday at 2 or 3 am, drive however long and return that evening or even stay overnight can be part of the opportunities available. People do not complain about the travel, they are happy to be working. The search for work away from home radius is complicated. But it is a direct result of work opportunities not available within reasonable distance.

I take issue with increasing the force account limits as recently proposed in the House Bill 74 language. This will disproportionately affect small contractors and/or those new people who wish to start a company. Not even Ohio's many fine large highway contractors started at the size they now are. Many began as small family companies. But they had opportunity to become what they are without having to compete with a subsidized government work force for project opportunities.

There is another aspect to this issue that begs to be mentioned. To explain my position and that of others like me, we must make explanations at a public forum. I am speaking out on an issue in which the very people/agencies I am opposing are the same people/agencies that I want to work for. I do not wish to alienate them, but I must defend my company's ability to secure work. In fact, we have enjoyed working for the local agencies.

Respectfully submitted,


Meg Rietschlin, President



CASE STATEMENT:

There Is A Better Way To
Define Force Account Work



Prepared by: Ohio Contractors Association

For: Joint Committee on Force Accounts



A BRIEF HISTORY AND PURPOSE

Force account provisions for road and bridge work have been in place for nearly a century, but the debate regarding the need for these statutes dates back decades prior to that. In the *State of Ohio Report for the Department of Highways* in 1928, a section was devoted to “Contract vs. Day Labor Operations.” At that time, government operations were termed “Day Labor.”

It is pointed out here that those in charge of direct day labor operations for the State are only human and endeavor to promote their own interests. That is, they like to see direct day labor operations extend farther and farther because they believe in their own abilities and naturally desire to handle larger and larger work and thus increase their own compensation. A consistent watch must be kept on this tendency by the Director of Highways. These conditions whereby day labor operations tend to be extended much farther than is justified must be remedied, if remedied at all, by orders from the top down, for they never will be corrected by initiative from the bottom up.

-State of Ohio Report, Department of Highways (1928)

In the intervening years, legislative leaders have recognized that government, with their own labor force, and private sector entities each have roles to play in the construction and maintenance of Ohio’s highway transportation system. Knowing the natural tension between both parties, force account thresholds were created, as a *political construct*, in an attempt to establish a dividing line whereby government’s desire to perform work should be turned over to private sector providers via competitive bidding. While force account concepts are about the scope of work required for any given project, in Ohio and many other states, these thresholds were established via an arbitrary monetary limit. These limits were established by the legislature with an eye on:

- the benefits and disbenefits afforded to government and private sector operations and management structure;
- scope of work activities that are anticipated to be performed by government and the private sector work forces keeping in mind the perceived roles of both; and
- the multiple layers of government with their needed capabilities (i.e., state, county, township, unchartered cities, and villages).

Monetary limits were first established by the General Assembly in 1968 and modified in 1972 and 2003. The 2003 legislative action is notable because the same legislation that increased the force account thresholds

also established a Force Account Assessment Form (FAAF). Under the cloud of accusations that government was performing work in violation of threshold values, this form was to bring greater uniformity and accountability to the process of estimating costs for force account compliance. In the Auditor of State bulletin announcing the new form, Auditor Montgomery wrote, "We are well aware that the new law may not be particularly popular among all parties. However, the legislative intent with regards to the new law is clear: the General Assembly wants to ensure that competitive bidding occurs in certain circumstances and that when force account projects are conducted, strict guidelines are adhered to."

The 2003 guidance on FAAF's issued by the Auditor held sway until 2006 when the Auditor of State issued an opinion, based on language in the 1968 law, which defined force account, in part, as excluding any work and placed materials on a project which were competitively bid. While it was always clear that, by definition, force account was not competitive bidding, this interpretation resulted in a loophole in the law for creating a force account estimate that allowed major, actual costs to be excluded from the FAAF. That interpretation was affirmed by the trial court and the Court of Appeals resulting in a de facto increase in the force account threshold by omission. From that day, the transparency and validity of the Force Account Assessment form in assessing threshold limit compliance as established by the legislature has been in name only.

WHAT THE FORCE ACCOUNT ASSESSMENT FORM IS...

The FAAF as directed by the General Assembly and created by the State Auditor's office is a tool to determine conformance by local governments to allow them to construct a project that is estimated to be less than a maximum threshold amount.

In the Auditor of State bulletin announcing the introduction of the FAAF, it was stated, "The General Assembly has required that the assessment form account for all of the following in estimating the cost of a project:

- Employee salaries and benefits, and other labor costs;
- Material;

State of Ohio ex rel Larry Renwand v. Board of County Commissioners, Huron County, Ohio et al.

In September of 2007, Huron County requested funding from the Ohio Public Works Commission (OPWC) so that it could construct three bridges. In requesting funding, the County Engineer submitted a cost estimate of \$216,500. OPWC subsequently awarded funding for the project. In December of that same year, the County recalculated the cost of the project for the purpose of determining whether it could proceed by force account, or whether it was required to competitively bid the entire project. In this second estimate, the County claimed the total cost of the work would be only \$84,603. Surprisingly absent from the Force Account Estimate were the roughly \$139,000 in material/labor costs associated with the concrete beams and guardrails. With these items included, assuming the remainder of the estimate was correct, the total estimated cost of the work would have increased slightly to approximately \$223,603. The courts ruled in favor of the County and the work was done via Force Account with the beams and guardrail being competitively bid but the total project cost being grossly under-reported. And thus, the threshold amount for bridges was conveniently subverted.

- Freight, fuel, and hauling;
- Overhead expenses;
- Workers' compensation premiums; and
- All other items of cost and expense, including a reasonable allowance for the use of all tools and equipment used and for the depreciation on the tools and equipment."

WHAT THE FORCE ACCOUNT ASSESSMENT FORM IS NOT...

What was created as a tool to calculate costs that a government anticipates to incur on a project-specific basis for making a bid/no-bid decision, has been presented as a tool that compares project specific costs incurred by the government against bid amounts of a private sector

contractor. And, because it works to the benefit of the narrative for government to perform work, the perspective of the FAAF being equivalent to a bid amount is perpetuated by government. Both pay salaries with fringes. Both purchase materials from the same suppliers. Both operate equipment. But that is where the similarities end.

Each entity is very different in mission, organization, accounting practices and culture. Any attempt to point to the FAAF and claim it proves government-performed construction is less costly is avoiding very inconvenient truths. This goes to the tension that first created debate over "Day Labor" that continues to this day.

In a bid, the contractor must include all costs of the project along with costs for operating a business. The sole source of revenue for a contractor's business venture must be included in a bid and spread over all of the projects that contractor wins. The FAAF merely reflects direct costs associated with this singular project, but all of their administrative tasks, as well many project-specific costs, come from other parts of their overall budget.

Local governments have no need to address certain project-related costs because they either don't incur these costs or they are addressed in some manner elsewhere in their budget. Some examples are shown in the table below. Still, all government costs are supported by taxpayer funds and are accounted for somewhere in their budget. In actuality, local governments have no idea what these costs amount to. Unlike contractors, government does not have to spread these costs over projects. The accounting structure of both bear no resemblance to one another.

Take for example the land purchased for government buildings. That is not written into project costs for government but it must be addressed in the contractors bid. Construction and maintenance of those buildings, similarly. Project design, bid advertising, communication equipment, secretarial support...the list goes on and on to include salary costs for showing up for hearings like this. It's just part of the job. For contractors the revenue comes from projects. For government, the funds come through tax payers.

Force Account Assessment Form vs. Actual Project Costs

Costs of Performing Work		Included in a Competitive Bid	Included on the Force Account Assessment Form
Labor	Salary	✓	✓
	Fringe Benefits	✓	✓
	Training	✓	✗
	Schedule Compliance Costs	✓	✗
Equipment	Purchase/Lease	✓	✓
	Storage	✓	✗
	Idle Time: Full Utilization	✓	✗
	Fuel	✓	✓
Materials	Purchase	✓	✓
	Testing	✓	✗
Miscellaneous Items	Insurance	✓	✗
	Bonds	✓	✗
	Business Overhead	✓	✗
	Plan, Specification & Permit Compliance	✓	✗
	DBE & EDGE Program Administration	✓	✗
	One year Maintenance Warranty	✓	✗
	Profit	✓	✗

Source: OCA

What happens to workers at the conclusion of a project? If there is no next job, the construction worker is laid off. The government employee generally stays on the payroll performing other tasks.

What makes a used piece of equipment available to the government at such a great deal? It's because a contractor has purchased it new, depreciated the value to zero and sold it or determined it was not being used enough to be a profit center and sold it.

Does government look at a piece of equipment as a profit center? No, because they don't need profit when they have the tax payers covering their bill.

This is not to say that these operational costs for either party are improper. What it does point out that government operations, revenue, accounting, and culture are so very different from private sector construction firms that to compare the cost identified in the FAAF and a bid tab from a contractor is misleading. It will never be a debate that is resolved by either party because each receives revenue and addresses costs in very different ways.

Bottom line – force account is not a comparison of the FAAF or the contractor's bid amount to determine which can construct a project at a lesser cost. Nor is it tied to the amount of revenue being received. Force account is a political decision on where government work stops and competitive bidding begins. As was recognized in 1928, that is a top-down decision, not a bottom-up decision.

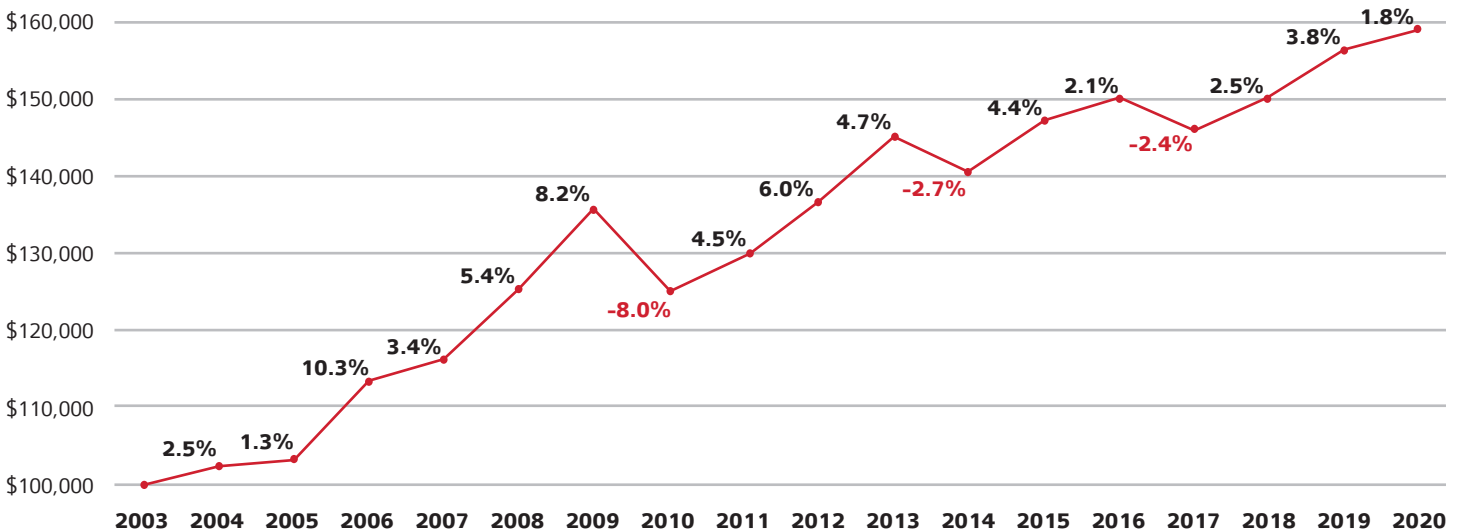


INFLATION IMPACTS

In Ohio, force account limits have historically been defined by some dollar amount. Because of that, inflation has and will play a role in determining purchasing power for everyone over time. Because of this historical cost definition for the threshold, everyone asks the question, "What do you think the number should be?" Some would point to a national index. OCA believes an Ohio-specific number is superior when looking at inflation's impacts.

Governments look for the ability to "do what they were doing in 2003" when local governments' force account limits were last increased. This has been a recurring theme in attempts to increase threshold amounts. All companies and organizations in both the public and private sectors have adapted to the level of resources they need resulting in staffing levels, equipment inventories and work products that reflect the realities of the present day. In past budget cycles, local governments initially identified the magnitude of needed

Application of ODOT's Construction Cost Index



Source: ODOT



To Further Illustrate the Factors to Determine Proportionality of Work Types Used to Calculate the Annual Change

Item Class	2021 Period Weight
Aggregate Base	1.0 %
Asphalt	23.4 %
Barriers	0.8 %
Bridge Painting	3.2 %
Curbing	1.0 %
Drainage	4.4 %
Earthwork	4.7 %
Erosion Control	1.0 %
Guardrail	2.1 %
Landscaping	0.9 %
Lighting	2.2 %
Maintenance of Traffic	7.5 %
Pavement Marking	4.2 %
Pavement Repair	8.0 %
Portland Cement Concrete Pavement	1.3 %
Removal	3.8 %
Signalization	1.8 %
Structures	23.5 %
Re-bar	4.8 %
Steel and Concrete Piles	0.9 %
Structural Concrete	7.7 %
Structural Steel	1.7 %
Unclassified Structures (other)	8.4 %
Traffic Control	1.2 %
Unclassified Construction (other)	4.1 %

Source: ODOT

The Ohio DOT Construction Cost Index is computed using the Chained-Fisher Index method.

increases for force account thresholds to be in the range of 300% to 1,000%. These increases were rejected and instead, a biennial inflation factor was approved in House Bill 74.

The inflation factor is based on ODOT's Construction Cost Index (CCI). Since 2007, this index, calculated by the Chained-Fisher Index method, addresses highway construction labor, equipment, and materials and in proportion to the sum total of work performed across the State of Ohio. Unlike a national index of which Ohio is only a small portion of the data set, ODOT's CCI focuses solely on Ohio highway construction results. We are not like California, Texas, Florida and all the other 46 states. For years 2003 to 2006, ODOT utilized information from the Bureau of Labor Statistics to arrive at an inflation index. When going back to 2003 and applying ODOT's Indices, the compounded inflationary increase is 58%.

Regardless of statements that there is no desire to take work from private contractors, it has already occurred. With the disregard of current threshold limits, culvert replacement work and small bridges for private sector companies have dried up. Raising limits means removing projects and jobs from the private sector and growing the government workforce. In lieu of living in 2003, the definition of maintenance work must recognize current realities.

THERE IS A BETTER WAY...

On projects that approach the force account thresholds, the debate will forever be, are all costs included in arriving at a true and accurate estimate of the expenditure of taxpayer funds? In addition, the repetitive cycle of adjusting those thresholds in the future will again be a burden on both government and contractors given their disparate perspectives on the issue. To bring this never-ending cycle to an end for projects that approach what is now a cost-defined limit, **the Ohio Contractors Association proposes that, for specific work types, the thresholds be defined by size and not cost.**

Going forward, for the following work types, the dividing line would be tied to a fixed dimensional measurement:

- Bridge construction, replacement and widening - tied to deck area; (see the table to the right)
- Culvert construction, replacement and lengthening - tied to waterway opening area;
- Asphalt pavement patching and repair - tied to tons of asphalt per lane mile; and
- Chip-seal overlays - tied to pavement area.

These are the work types where the majority of the debate and disagreement lie. There are several distinct advantages to adopting the scope of work thresholds:

- Create objective, dimensional limits in lieu of subjective cost limits;
- No more Force Account Assessment forms for these items of work;
- Includes built-in inflation factor; and
- Removes the larger items of work from a threshold cost analysis.

Because not all work types can be articulated in law, the current cost definition would remain. However, by removing the most costly and contentious items from the cost definition, these "other" activities will generally fall well below current thresholds. Cost increases in these areas will be adjusted going forward based on ODOT's Construction Cost Index as already enacted in HB74.

This methodology was adopted for ODOT in 2012. As established at that time, ODOT may, without being subject to a Force Account analysis:

- Replace or widen any single span bridge up to 700 square feet in deck area;
- Replace the superstructure of any bridge up to 800 square feet in deck area;
- Construct or replace any single cell or multi-cell culvert with a waterway opening of less than 52 square feet; and
- Pave or patch an asphalt surface if the operation does not exceed 120 tons of asphalt per lane-mile.

The dollar thresholds for ODOT in place in 2012 were the starting point for work not addressed by the work types listed. These thresholds have been increased every two years in accordance with the inflationary clause.

County & Township Bridges by Deck Area

Deck Area	% of Bridges Below	# of Bridges Below	% Increase
300	4.7 %	950	4.7 %
400	14.2 %	2891	9.5 %
500	23.7 %	4812	9.4 %
600	32.6 %	6638	9.0 %
700	40.2 %	8170	7.5 %
800	47.4 %	9650	7.3 %
900	53.3 %	10836	5.8 %
1000	58.0 %	11802	4.7 %
1100	62.5 %	12720	4.5 %
1200	65.9 %	13412	3.4 %
1300	69.4 %	14118	3.5 %
1400	71.9 %	14629	2.5 %
1500	74.5 %	15153	2.6 %
1600	76.8 %	15616	2.3 %
1700	78.5 %	15978	1.8 %
1800	80.1 %	16285	1.5 %
1900	81.5 %	16579	1.4 %
2000	82.8 %	16834	1.3 %

Source: ODOT

Total County Maintained bridges = 20,343

County culverts over 10 foot spen = 5779

Using an estimated ratio of culverts over 10 feet and those under 10 feet on ODOT's network, it can be estimated that there are over 115,000 culverts and pipes, collectively, on the county and township highway networks.



RECOMMENDATIONS

The Ohio Contractors Association offers the following recommendations for changes to force account requirements:

1. Adopt Scope-of-Work Assessment on Specific Work Types

OCA believes that establishing bright lines to make bid/no-bid decisions on projects through thresholds that are defined by specific dimensions in the case of bridges and culverts and asphalt quantity for pavement repair will cure a number of ills created by the monetary definitions currently in place. This improvement will lighten the administrative burden on local governments for calculating costs for major work types for force account assessment purposes, ease the audit burden, and will assure limits are reflective of the inflationary impact for labor and materials. It best represents the purpose of legislating force account threshold from an ongoing debate over price to a simple definition of scope of work.

2. Mandate the Inclusion of All Work Incorporated Into a Project of the Force Account Assessment Form

In instances where a Force Account Assessment is required, that estimate must include all labor, materials, equipment and appropriate overhead markups including those provided through third party contracting or sub-contracting arrangements. True and accurate total project costs must be rooted in any endeavor conducted by government for both reporting and analysis purposes. Anything less places the entire process into question.

3. Quality Control

Work that is performed by government forces must be in compliance with any contract requirements and specifications as if it would have been performed via competitive bidding. All records documenting materials

testing compliance, materials placement compliance, actual personnel and equipment hours usage, and all other documentation that would have been required should the project have been let by competitive bid shall be retained in the project record. There should not be two standards of quality for force account work versus competitive bid work.

4. Require a Single Clearinghouse For All Local Government Project Advertisements

Advertising practices differ by county, township and municipality. Some elected officials incorporate progressive, open practices. Some remain less receptive to casting a wide net to solicit bidders. It is our recommendation that local governments establish a centralized clearinghouse that publishes bidding opportunities for construction projects and material supply contractors.

5. Prohibit "Piecemealing" Work

No governmental entity should be permitted to "piecemeal" or segment work solely for the purposes of avoiding force account threshold limits if the project are inter-related and can best be construction in a single operation. As stated in ORC Section 723.52 for villages, "It shall be unlawful to divide a street or connecting streets into separate sections for the purpose of defeating this section and section 723.53 of the Revised Code."

6. Ability to Correct the Estimate if Errors are Found

Local governments, if asked, are required to make available the project cost estimate during the bidding process. This discourages bidding if the estimate is viewed to be excessively low. If that is the perspective, contractors tend not to bid on the job knowing their bid will be rejected. At present, there is no opportunity for the engineer to compare bid prices against the estimate to further determine if the estimate is accurate and make justifiable adjustments.



Senator Roegner, Co-Chair, Joint Committee on Force Accounts
Representative Johnson, Co-Chair, Joint Committee on Force Accounts
Joint Committee on Force Accounts

We, the County Commissioners Association of Ohio, the County Engineers Association of Ohio, the Ohio Township Association and the Ohio Municipal League, collectively support the request for increasing the Force Account Limits for local entities.

As the committee has heard, force account limits have not been raised since 2003 and no longer reflect the cost of road work today. The committee has also heard several arguments against increasing force account limits that our associations feel compelled to address.

Inflation

Inflation has eroded the ability of local governments to build in 2021 - with their own forces - what they could in 2003. The private sector has been able to adjust their costs to reflect inflationary changes throughout this same time period. The private contractors are not expected to hold their prices from 2003, and neither should the public sector be expected to do so. The only organizations opposed to adjusting the force account limits to account for inflation over the past 18 years are the same organizations that stand to benefit from suppressing, reducing or eliminating force account work.

Records from national highway organizations and from agencies around Ohio show that inflation has doubled nationally for highway construction costs since 2003 and in Ohio those actual costs have more than doubled. The facts support this increase. It is simply not possible for construction rates to have doubled nationally but to have only increased by 58 percent in Ohio, as claimed by the opponents of changes to the limits. The historic numbers presented by county engineers and township trustees comparing 2003 to 2020 show that Ohio is actually above the national inflation rate. Recognizing accurate inflation history in this situation is only fair and proper. We are not asking to take away from the private sector's work by having limits higher than inflation; we are simply asking for a reinstatement of our ability to build what we were authorized to in 2003. This means recognizing and incorporating those inflationary numbers into the limits since they were last adjusted in 2003. Dollars saved in using the local work forces for these smaller projects can then be used to match OPWC and other funding programs to help get larger projects out to bid.

Quality of Work and Quality of Workers

While some industry representatives have stated that government employees are not qualified and are less trained than industry employees, we respectfully disagree. Public sector employees receive similar training to their private sector counterparts. Further, many private sector

workers are hired by local governments. Rather than losing industry knowledge after leaving the private sector, these workers actually become cross-trained in additional areas, ultimately making them more valuable public employees.

When we are building and maintaining our transportation system, quality and safety have to be maintained, whether the public is driving over a small bridge or a multi-million dollar roadway or structure. This includes providing a trained workforce.

Expansion of Government

The committee has heard that local government would expand and hire more workers if the force account limits were adjusted. These claims were also made in 2003 but never materialized. Facts show that almost every county engineer's office has fewer highway workers than in 2003. Rather than growing government, this is good government – managing tasks and projects that are small enough to be done quickly, efficiently, and with quality workmanship. This is serving the public and their tax dollars wisely.

Service to the Public

Local governments are mandated by the Ohio Revised Code to maintain roads for the safety and convenience of the traveling public. The dedicated public officials in these local governments have an obligation to spend taxpayer money wisely. Bidding out projects does not always save money, time, or resources – in fact, sometimes it produces the opposite effect. Today, local government officials can bid out all projects if they so choose. The force account limits were put in place to allow local governments some flexibility to do their own road work, but to still avoid substantial competition with private businesses. Higher costs in 2003 dictated an increase after 30 years for counties, 14 years for municipalities, and nine years for townships, respectively. Now, 18 years later, higher costs dictate another increase to allow local governments to continue to do some of their own road work and utilize their taxpayers' money efficiently and effectively.

Please support local governments' need to keep up with inflation and allow the road and bridge projects that were possible in 2003 to be possible today, with their own workforces. This would recognize the inflationary doubling of costs over the past 18 years. We're asking for the flexibility for local governments to choose to use their own work force labor or contract labor for small projects, utilizing tax dollars wisely. Contractors will continue to build the medium, large, and extra-large projects.

Thank you for your consideration.

Cheryl Subler, Executive Director
County Commissioners Association of Ohio

Dean Ringle, Executive Director
County Engineers Association of Ohio

Heidi M. Fought, Executive Director
Ohio Township Association

Kent Scarrett, Executive Director
Ohio Municipal League

Affiliated Construction Trades Ohio Foundation

Matthew Szollosi, Executive Director
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To: Co-Chair Roegner & Co-Chair Johnson
From: Matthew A. Szollosi
Date: 5/6/21

Re: Testimony Regarding Force Accounts

Co-Chair Roegner and Co-Chair Johnson:

Please be advised that ACT Ohio is a 501(c)(5) organization created by the Ohio State Building & Construction Trades Council to encourage economic and industrial development opportunities, and to promote industry-best practices for Ohio's public and private construction. For the reasons that follow, I offer this testimony as our organization's position regarding force accounts.

Our 137 local affiliates, along with our 14 regional councils represent approximately 95,000 skilled construction workers. At more than 80 state-of-the-art training facilities across the state, Building Trades apprentices are acquiring the knowledge and skills necessary to produce high-quality craftsmanship in every area of the construction field.

The Building Trades invest collectively over \$50 million per year on apprenticeship training, helping create the next generation of construction professionals. These state of the art apprenticeship training centers are all 100% privately funded through employer contributions and member deductions. (The total taxpayer investment in Building Trades apprenticeship training programs is \$0). Critical to our industry approach are the state and local construction projects which put our members to work each and every day and allow for our workforce development efforts.

Right now, the Ohio Revised Code offers public authorities an array of procurement options: single prime bidding, separate prime bidding; design build; construction manager at-risk; and others. All are designed to provide the best value with regard to public improvement projects. What is the common thread in all of these alternatives? Each of these procurement options involves a competitive approach involving private sector contractors utilizing private sector construction workers that have the requisite skill levels, experience and training to offer the best possible work product for the taxpayer dollar.

In short, we see force account increases as streamlining construction projects from the procurement alternatives described above to the public sector. The result is less opportunities for our contractors to compete for work which costs our members their jobs.

Accordingly, ACT Ohio is opposed to any further increases beyond the inflationary measures taken in the Transportation Budget.

Thank you for your consideration of this very important issue.

Joint Committee on Force Accounts
Thursday, May 6, 2021

Honorable Co-Chair Roegner, Co-Chair Johnson, and Members of the Joint Committee on Force Accounts:

My name is Oliver Turner. I serve as the Township Administrator for Sylvania Township (Lucas County). Thank you for the opportunity to submit written testimony in support of increasing statutory force account limits.

Sylvania Township is responsible for servicing 133 miles of roadway with a population of approximately 48,500 (unincorporated and incorporated). The Township team is fully equipped and professionally staffed to perform a wide array of maintenance and construction activities in a cost-effective, service-oriented manner.

The Township supports an increase in force account limits so it can best serve its citizens and strategically invest in its infrastructure. By way of example, in 2005 Sylvania Township completed a storm sewer project (300 feet of 12" conduit replacement and repairs) at a cost of roughly \$12,450 including labor, materials, and equipment. Completing the same project in 2021 would carry an estimated cost of \$21,480.

Similarly, in 2005 Sylvania Township completed a road resurfacing (mill & fill) project for 1,284 feet of roadway at a cost of roughly \$12,658 including labor, material, and equipment. Completing the same project in 2021 would carry an estimated cost of \$21,480.

An increase in the force account limits would support Sylvania Township in its ability to maximize the return on investment for our taxpayers while ensuring quality when completing such projects. Presently, simple preventative maintenance such as crack sealing and ditch cleaning can no longer be performed by Township employees in an impactful manner.

Of note, raw materials, petroleum, and supplies have increased between 40% and 120% percent since the 2003 increase in the Force Account threshold. In addition, employee compensation has increased since 2003. For example, a Sylvania Township Utility Worker earned \$13.30 per hour in 2003 and now earns \$28.23 per hour. These types of cost increases demonstrably limit the scope of work that can be performed within existing force account limits.

In closing, we appreciate your consideration of this matter and welcome the opportunity to serve our citizens and stakeholders more effectively should force account limits be increased.



BRYAN DHUME, PE, PS - COUNTY ENGINEER

825 US 42 NE
LONDON, OHIO 43140
T: 740-852-9404 | F: 740-852-9530

May 5, 2021

To the Chairs and Members of the Joint Committee on Force Accounts:

Thank you again for the opportunity to provide testimony to you last week on behalf of Madison County and county engineers across the state. I and the Madison County Commissioners would like to provide follow up testimony to you, in support of increased force account limits, having heard your questions and concerns last week.

For your reference, I have included a force account estimate that we prepared for a bridge project constructed by Madison County crews last year. This was a 50' span x 28' wide prestressed box beam bridge on concrete capped pile abutments. All but the bridge beams were built by county forces; in this case the beams were subcontracted out and completed by a private contractor. I have also included a force account estimate for that same bridge, however using labor and equipment rates and material pricing from 2003. Below is a summary comparison:

Bridge MAD-8-5.62 (2020 Dollars)

<u>Labor:</u>	<u>Materials:</u>	<u>Equipment:</u>	<u>Beams:</u>	<u>Force Account Est.</u>	<u>Total Est.</u>
\$34,729	\$40,487	\$12,860	\$98,350	\$88,076	\$186,426

Bridge MAD-8-5.62 (2003 Dollars)

<u>Labor:</u>	<u>Materials:</u>	<u>Equipment:</u>	<u>Beams:</u>	<u>Force Account Est.</u>	<u>Total Est.</u>
\$29,302	\$24,823	\$6,815	\$29,375	\$60,940	\$90,315

If you are looking to answer the question of what the limits should be raised to today versus 2003 buying power, I draw the conclusion that this data supports the limits for bridge work should be at least doubled, and asphalt work tripled. However, 2003 limits aside, I will continue to contend that our forces could efficiently and competently construct projects in the half million-dollar range. Other points on this are that it's important for any limits to be indexed for inflation, and that a change from dollar limit thresholds to scope of work thresholds would be overly cumbersome and further tie our hands on our professional decision making than currently.

I would also like to stress that we regularly contract work out for dollar amounts well below the current force account limits, and will continue to do so in cases where it is

advantageous for us. We have a core group of local contractors that we depend for this, particularly for excavation type work.

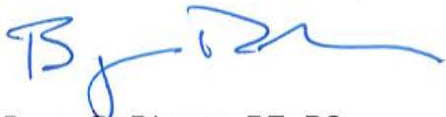
Regarding bid advertising, in addition to print media and our county website, three years ago my office began utilizing Bid Express, an electronic bidding platform used by the heavy highway construction industry. This change was met with good results and we will continue to utilize it. When we bid projects out, I am looking to attract as many competent bidders as possible so that we are getting the best pricing.

In closing, as elected county engineer, I want to provide the best service to my tax paying constituents as I can. One way I do that is by managing their tax dollars wisely, and as efficiently as possible. There is no motivation for me to do otherwise. My ask of your committee is that you find it reasonable for me to use my professional judgement in determining the most cost effective and feasible way to construct these road and bridge projects I need to, utilizing all available resources at my disposal. You can do this by finding that either an increase in force account limits or elimination of them is justified.

Again, I would ask you to consider – if you were in my shoes, how would you do it?

I appreciate your public service, your service on this committee, and for your time and attention to this important matter. I hope this testimony has been helpful to you, and please do not hesitate to let me know if I can answer any questions.

Respectfully Submitted,



Bryan D. Dhume, PE, PS
Madison County Engineer



Chris Wallace
Vice Chairman
Board of Madison County Commissioners

ESTIMATED EQUIPMENT (please complete the shaded fields)

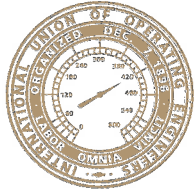
Each piece of equipment used in a project must be assigned an hourly rate. For equipment owned by the public entity, this rate must reflect the

Description	Rate per Hour		Hours	=	Total
Bridge Superintendent #30	\$7.50	X	80	=	\$600.00
Bridge truck #3	\$7.50	X	80	=	\$600.00
Dump Truck	\$22.00	X	80	=	\$1,760.00
Excavator #48	\$34.00	X	60	=	\$2,040.00
Excavator #57	\$18.00	X	40	=	\$720.00
Tractor Trailer (low boy and tractor) #26	\$34.50	X	30	=	\$1,035.00
Air Compressor #54	\$6.00	X	10	=	\$60.00
		X		=	\$0.00
		X		=	\$0.00
		X		=	\$0.00
		X		=	\$0.00
Total Equipment Estimate					\$6,815.00

TOTAL ESTIMATED PROJECT COST \$60,940.29
(labor + materials + equipment)

	Other items		
Gasoline	\$ 0.93 /	gal	
Diesel	\$ 0.69 /	gal	
Type I post	\$ 162.50 /	EA	
7-50' Prestressed Box Beams (subcontract)	\$ 29,375.00 /	Total	

TOTAL ESTIMATED PROJECT COST \$90,315.29
(labor + materials + equipment + subcontracted beams)



International Union of Operating Engineers

LOCAL 18 AND ITS BRANCHES • SERVING OHIO

THIRTY-FIVE FIFTEEN PROSPECT AVENUE • CLEVELAND, OHIO 44115-2648

(216) 432-3138

FAX: (216) 432-0370

Richard E. Dalton
Business Manager

To: Co-Chair Roegner & Co-Chair Johnson

From: Richard E. Dalton

Date: May 7, 2021

Re: Testimony Regarding Force Accounts

Dear Co-Chair Roegner and Co-Chair Johnson:

I am Richard E. Dalton, Business Manager of the International Union of Operating Engineers, Local 18. I represent the 15,500 men and women Operating Engineers that operate the heavy equipment in the Highway, Heavy, Building, Pipeline, Industries in Ohio and Northern Kentucky. These individuals are highly skilled and trained in the operation of heavy equipment. The members have spent their careers in equipment operation.

Local 18 operates four state-of-the-art apprenticeship training centers in Ohio, 100% funded by the membership through a monetary check off from their paycheck. If you remember, former President Trump rolled out his Infrastructure plan at our Richfield Training Center a few years back. To give you a visual picture of the size and magnitude of our training facilities, Local 18 receives \$0 tax dollars, grants, or federal funding to operate these facilities. Local 18's apprenticeship budget is approximately \$11 million per year, devoted entirely to training and retraining of the membership in safe operation of heavy equipment for our signatory contractors.

Our membership and contractors do the largest percentage of all roadwork in Ohio for the state, county, city, and townships. The reason why is simple, this is what they do, day in and day out every day. Professional contractors are competitively bidding roadwork with a highly skilled professional workforce building Ohio's roadways on time and budget.

Signatory contractors employ our members, and when the project they are working on is completed, they are either taken to another project by the contractor or laid off and return to the union hall to register on an out of work list to go to work for another contractor.

Unlike the employees of the county, townships, and municipalities, our members do not get paid vacations, paid holidays, they do not earn sick days or personal days, and in

inclement weather, the member does not work or get paid for the day. Also, our members do not stay on the payroll when there isn't any work, whereas the employees of these government entities continue on the taxpayer's dime whether there is work or not.

Also, our members drive directly to the project in their own vehicle. They show up before starting time, work on the project until quitting time and then drive home. Usually, the state, county, city, or township employees start their day at the shop. Then they drive in a government vehicle to the job site. They then start to work and leave the job site early to get back to the shop by quitting time to avoid overtime.

This type of work schedule makes it impossible to get a normal 8-hour workday on a project. Obviously, our contractors get much more production from their workforce and finish these projects on time, allowing the traveling public and businesses to get back to normal much sooner.

These are just a few examples of why we think the current force account laws are the best value for Ohio taxpayers.

On behalf of the membership of the International Union of Operating Engineers, Local 18, we are opposed to any changes in the current force account laws beyond the inflationary measures in the Transportation Budget.

Thank you for allowing me to provide written testimony on this critical issue to our membership.

Please contact me if you have any questions or comments.

Fraternally,

A handwritten signature in black ink that reads "Richard E. Dalton". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Richard E. Dalton
Local 18 Business Manager

/cg