

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE MARCH 28, 2005 MEETING

President, Michele Hulse, called the Controlling Board meeting to order at 1:40 p.m. Serving on the Controlling Board were Senator John Carey, Representative James Hoops, Senator Robert Spada, Representative Tom Raga, Senator Ray Miller and Representative Sylvester Patton.

The minutes of the March 14, 2005, meeting were distributed. A motion to approve the minutes was made by Senator Carey, seconded by Senator Spada and approved by the Board members.

Attached is the March 28, 2005, meeting agenda. President Hulse said Item 34, EXP069-06 has been deferred. Item 1, AGO528-05 has been revised to remove Assignment Number AGO3528 reducing the requests to \$1,128,500.00, Item 16, DAS532 revised page 15, section 14.7 of Ohio Best Rx Disclosure of the Integrated Prescription Drug Program Master Agreement and Item 16, DHS736-05 revised page three to correct vendor numbers for Crossbow Systems and MRS Industrial.

A motion for blanket approval of all items not held for questions was made by Senator Spada and seconded by Senator Carey and approved by all Board members.

The following Items were discussed and acted upon as stated.

Item 1, AGO528-05 was held by Representative Hoops and Senator Miller. Representative Hoops questioned whether the special counsel would help the Secretary of State with campaign issues. Kari Hertel, Director of Special Counsel, Attorney General's Office said none of the counsel on today's request are helping the Secretary of State in his individual capacity or in a campaign capacity. Senator Miller questioned the varying rate of \$150.00 per hour and \$175.00 per hour for the School Facilities Commission. Ms. Hertel said the varying rate is called tiered rate, is for different expertise within the firm. Generally and in this case the higher rate is for more seasoned members of the firm, partners, the lower rate is for the less seasoned members of the firm, associates. Senator Miller questioned the increase of \$100,000.00 to the law firm of Chester, Wilcox & Saxbe for two issues that have been resolved, the sales tax repeal and Issue One and asked if they are still paying for the two issues. Ms. Hertel said she was not sure but will provide his office with a list of cases that Mr. Brey and Mr. Saxbe are working on within that firm. The item was approved without objection.

Item 2, UAK204-05 was held by Senator Carey. Senator Carey said traditionally the architectural and engineering fee is about 15% of the project and this request is about 17% and asked why the fee is so much higher than normal. Misty Villers, Fiscal Officer, University of Akron said the request is 8.1% for the architectural design. The construction manager performs a different function and they have a different fee. Some projects are performed with just an architect design and some will have a construction manager if it is a very large project. The construction manager does not perform any engineering function they manage the project. The item was approved without objection.

Item 7, OSU075-05 was held by Senator Carey and Representative Raga. Senator Carey asked what's the life expectancy of the chillers and why something wasn't done to hold the company accountable. Anne Pensyl, Special Assistant, Ohio State University said the normal life span is over ten years. The chillers were installed in 1994 when the building was renovated. The chillers have been unreliable and problematic for the

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

past ten years frequently requiring that they be taken out of service and repaired. Because of this the university decided it would be better to install the new type of technology. Representative Raga questioned whether the projects were completed over ten years ago and still have money in the accounts. Ms. Pensyl said the university has savings from eight different projects and the funds were all released previously. The university thought at the time that they were going to need those funds and held on to them for change orders or field conditions. Now the projects are closed and they would like to have those funds moved over to the Mendenhall Lab Chiller Replacement project. Representative Raga asked if it is normal for universities to hold on to project money for five to seven years after completion. Ms. Pensyl said not as a general rule. Representative Raga asked if the university would provide the Board members with a list of completed projects that have outstanding balances. Ms. Pensyl said yes. The item was approved with Representative Raga and Representative Hoops objecting.

Item 8, YSU65-05 was held by Senator Carey. Senator Carey questioned the selection of the only out of state company from the list of twenty proposals received. Dennis Clouse, Director of Planning and Construction, Youngstown State University said Thornton-Tomasetti Group, Inc., Chicago, Illinois, was the best firm out of the twenty. They were prepared, professional and made a tremendous presentation for the university and they were clearly the best firm that applied. Senator Miller inquired about the minority business participation of Thornton-Tomasetti Group, Inc. Mr. Clouse said they are a very large firm with 390 employees. The percentage of women working for this firm is 20% and the number of minorities is 32%. The item was approved with Senator Carey objecting.

Item 11, ACC001-05 was held by Senator Spada. Senator Spada asked how the scholarships are awarded. Ronald Rotaru, Executive Director, Accountancy Board said they use federal guidelines based on a family's income and savings to award the scholarships. Senator Spada asked why the scholarship awards were not provided in their current budget. Mr. Rotaru said the number of applicants increased dramatically this fiscal year and the result is that the current appropriation authority has already been used for scholarship payments. The money is there now and it would be helpful to the student if they received the money this fiscal year. The item was approved without objection.

Item 16, DAS532-0607 was held by Senator Spada. Senator Spada questioned the five million lives restriction for the proposal with Medco Health Solutions, Inc. Scott Johnson, Director, Department of Administrative Services said the purpose of the restriction is to ensure that they are able to contract with a firm that has the necessary economy of scale to provide the rebates, the rates and the amounts that will save money. Senator Spada asked how many of the 12 companies that responded to the Request for Proposal were qualified and made the final cut. Director Johnson said a total of five, Prescription Solutions, Medco Health Solutions, Inc., Express Scripts, Catalyst Rx and Anthem. Senator Spada asked why there is a mandatory mail order requirement in this rather than having the option to go to a local drugstore and obtain some of the prescriptions other than the first time from the local pharmacy. Director Johnson said that is a requirement of the collective bargaining agreement and that question will be a matter of collective bargaining in the next process but at this point it is not a part of this agreement first because they have no information indicating that it would save money and secondly because they are prevented from doing so by the collective bargaining agreement. Representative Hoops asked if the department found working with the consultants that having a one-year verses a one year with renewals they would get a better price from companies bidding on this. Director Johnson said that is not the conclusion they reached from dealing with a consultant, it is a happy result of what they did this time. It is not often that the department is able to reduce the cost of any health care item and in this case they should be able to reduce the cost of providing prescription benefits.

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

That is the result of some increased competitiveness in this market. The item was approved with Senator Spada objecting

Item 33, EPA509-05 was held by Senator Spada. Senator Spada asked what caused the agency to spend more than projected. Jennifer Klein, Legislative Liaison, Environmental Protection Agency said this particular request is a federal grant that the department receives every year. The grant spans two state fiscal years, which they then have to appropriate accordingly based on those two years. The department typically anticipates spending two thirds in the year they receive the grant and one third the second state fiscal year. In federal fiscal year 2004, the department received the grant much later than they had in previous years so unfortunately they had less time to spend in state fiscal year 2004 and the money was carried over into state fiscal year 2005. The department ended up spending the two thirds in the second half of state fiscal year 2005 and now they have been awarded the federal fiscal year 2005 grant and unfortunately with the lateness of the previous grant they now have to seek an appropriation increase. They are now back on schedule and the FY0607 projections should be on track. The item was approved without objection.

Item 35, EXP075-05 was held by Representative Raga. Representative Raga asked whether the Masonry Renovations project would be completed. Doug Smalley, Finance Director, Expositions Commission said they determined that it is not best to go forward with Phase 2 of that project because that would entail tearing up portions of another project. The item was approved without objection.

Item 38, DMH481-05 was held by Representative Raga. Representative Raga asked if the request is retroactive. Dalon Myricks, Department of Mental Health said yes. The department was in the process of working with DAS in terms of a Master Maintenance agreement and when that was no longer possible between the two parties it was then left on the department to come to the Controlling Board. At that point they were well into the year. The item was approved without objection.

Item 43, PRX001-05, Item 44, PRX002-05 and Item 45, PRX003-05 was held as a group by Senator Spada, Representative Hoops, and Representative Patton. Senator Spada asked if a Request for Proposal was issued for the surveillance system. Tim Benedict, Assistant Director, Pharmacy Board said the computers were not on State Term Contract so DAS required the Board to obtain three quotes and the lowest bid was from Brown Enterprise Solutions. As for the surveillance equipment there were no commercially available products to meet their needs. The Board went to SecureLink in Cleveland who has worked with them over the last year in trial and error to put together a system that would work for them. Representative Hoops asked why the Board couldn't wait until after the budget, July 1 to see where the Board and other Boards are going to be placed. Mr. Benedict said of all the Boards that are being looked at to be moved into Commerce or the Department of Health, they are the only agency that has law enforcement authority. Other surveillance equipment was purchased in 1994. They purchased four complete units and on a good day they may have two units working. The computers were bought in 1987 and are dying very quickly and if they wait 15 months or a year and a half down the road they will be back to pencils and paper. It doesn't matter whether they are a single board or combined with another board they will still need this equipment. The Board is paying for this out of the 4A5 Fund, which can be used for law enforcement purposes only. Representative Patton asked why it is such a dire need now to purchase the equipment. Mr. Benedict said because they have been working with this company for over a year to create a system that meets their specific needs. Now they have finally reached the point where everything will be compatible with each other and they will all be able to work in concert. The items were approved without objection.

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

Item 53, DRC621-05 was held by Senator Carey. Senator Carey asked if the department considered bidding out the contract to get more bids closer to their projection. Stuart Hudson, Department of Rehabilitation and Correction said yes. In this case the project was bid out by the State Architect's Office and they were fortunate enough to have the general construction bid to come in \$100,000.00 less than what they had anticipated. Two plumbing contractors picked up prints to bid this contract out but only one company bid and they came in approximately \$45,000.00 over budget. The department had only one electrical contractor pick up the prints in this case. After they tallied up all the numbers they saw that they were still under budget by about \$50,000.00 so they decided to proceed rather than risk putting it back out for bid and running the risk of the general construction bid being higher at a later date and having to add more money to the project. The item was approved without objection.

Item 56, SFC237-05 was held by Senator Miller and Representative Patton. Senator Miller asked whether the Commission is double paying Ruscilli Construction Company. Jerry Kasai, Chief Legal Council, School Facilities Commission said that is correct. Two of the three wings of a high school building were installed correctly, one wing was not. The contractor did not install the insulation the way it was supposed to be and that caused the wing to get cold in the winter and it never cooled in the summer. Ruscilli is being compensated for the additional time involved. The Commission is involved in litigation in Clermont County Common Pleas Court attempting to recover the additional costs for the roof insulation. Representative Patton said his questions had been answered. The item was approved without objection.

Item 59, DOT300-05 was held by Senator Miller. Senator Miller asked what the department is doing to ensure that they have adequate MBE participation. Michele Holdgreve, Department of Transportation said she did not have the department's overall goals and initiatives that has been enacted to increase minority participation with her but could provide that information later. Senator Miller asked where Dick Corporation and Star Consultants are located. Ms. Holdgreve said Dick Corporation is located in Pittsburg and Star Consultants is on Bethel Road, Columbus. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 2:55 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

03/28/05 Minutes approved by the Board: