

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE JULY 12, 2004 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 1:40 p.m. Serving on the Controlling Board were Senator John Carey, Representative Charles Calvert, Senator Jeffrey Armbruster, Representative Jim Hoops, Senator Marc Dann and Representative Sylvester Patton.

The minutes of the June 21, 2004, meeting were distributed. A motion to approve the minutes was made by Senator Carey, seconded by Representative Calvert and approved by the Board members.

Attached is the July 12, 2004, meeting agenda. President Dodge said Item 40, DEV833-05 the fund has been revised to 5D2 and the ALI has been corrected to 195-650, Item 51, DMR393-05 has been re-numbered to DMR408-05, Item 64, PUB064-05 required explanation has been revised to correct a typo in one of the line items. The revised explanation should read: "Public Defender requests Controlling Board approval to transfer \$540,407.10 from line item 911-404, Mandate Assistance to line item 019-504, county reimbursement, Non-Capital Cases," and Item 70, DRC555-05 the required explanation section was revised to correct a typo in the name of the Water Tower Reconditioning and Painting project. A motion for blanket approval of all items not held for questions was made by Senator Carey and seconded by Representative Calvert and approved by all Board members.

The following Items were discussed and acted upon as stated.

Item 1, BGU078-05 was held by Senator Carey. Senator Carey asked whether the selected vendor meets the criteria for a drug free workplace and Workers' Compensation Certificate. Lise Konechy, Bowling Green State University said the paperwork is coordinated through the university's purchasing office and she is certain that they have received all the documentation by this time and will provide the information to the Board members. Senator Carey said it would be good to share that information with the Board. The item was approved without objection.

Item 2, BGU079-05 was held by Senator Carey. Senator Carey inquired about the selection process for the Minimailer 4 Plus equipment. Lise Konechy, Bowling Green State University said because it was below the bidding threshold the university went with the vendor that they were familiar with and had worked with in the past. The item was approved without objection.

Item 14, ADJ115-05 was held by Senator Carey. Senator Carey questioned the 35% difference between the two appraisals. Michael Snow, Adjutant General's Department said the department thought the asking price of \$148,000.00 for the parcel was too high and got a market comparison value which came out to be \$125,000.00 to \$135,000.00. They still thought that was high so the department got their own appraisal. The fair market value appraisal was \$65,000.00 and the owner thought that was low so he went out and had an appraisal done on his own and that appraisal came in at \$100,000.00. There were some problems with discrepancies that the department thought was justified and they decided that looking at the asking price and the two appraisals, it was a fair price. The item was approved without objection.

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Item 17, DAS465-05 was held by Senator Dann. Senator Dann questioned the arrangement of Ohio Housing Finance Agency (OHFA) leasing space authorized under a bill that is pending in the Senate. Marcey Early-Jeter, Department of Administrative Services said the additional space is going to be occupied immediately, it is not something that's going to be for a future use. Senator Dann asked whether additional space would be requested for staffing should OHFA become an independent agency. Ms. Jeter said no, there would not be additional space. They will be adding some space immediately, there is also an opportunity to add additional space in January 2005. If that space is not needed they will not take possession of the space. Senator Dann asked if some of the space would be empty for an undefined period of time even though the department will be paying rent. Tom Johnston, Department of Development said that is correct. Senator Dann asked whether the fact that the landlord had directed campaign contributions to the County Republican State Candidate Fund in Hamilton, Columbiana and Licking Counties have any influence over the decision to rent the empty space. Mr. Johnston said the answer is no. Senator Armbruster asked what the cost is going to be beyond this if the department doesn't lease the space now. Mr. Johnston said it would be difficult to know the cost without knowing the location that OHFA would potentially move to but believed there was a high likelihood the department would incur a greater expense. Representative Patton expressed concern with paying for space that the department is not using. The item was approved with Senator Dann objecting.

Item 30, DEV823-05 was held by Senator Dann. Senator Dann asked why Rubbermaid Home Products is included in the Business Development 412 loan program given the fact that they have moved over one thousand jobs out of Ohio within the last few months. Tom Johnston, Department of Development said Rubbermaid has done a major restructuring in their corporate entity and it is not limited to the state of Ohio. It makes sense to maintain the 570 jobs with the grant from the 412 Business Development fund in the amount of \$500,000.00. The item was approved with Senator Dann objecting.

Item 33, DEV826-05 was held by Representative Hoops. Representative Hoops asked what happens if the General Assembly does not appropriate money in fiscal year 2006. Tom Johnston, Department of Development said the commitment letter that the department issued on this project to General Dynamics Land Systems on page three references this exact issue with the phrase "Please also note that fiscal year 2006 commitments are contingent upon future appropriations to the program by the Ohio General Assembly." Representative Hoops asked whether the chances of getting this would be less if the department does not include that phrase for Fiscal year 2006. Mr. Johnston said yes, they needed one million dollars to make this happen and unfortunately it fell at a point in time where they were going to soon cross a biennium. Representative Calvert asked why the department is not funding the whole million dollars in fiscal year 2005. Mr. Johnston said it was a way to manage resources. The item was approved without objection.

Item 40, DEV833-05 was held by Senator Carey. Senator Carey asked if there is any assurance that by doing this project Kroger will maintain their headquarters in Cincinnati. Tom Johnston, Department of Development said yes, resolving the severe parking problem in downtown Cincinnati is a key point to Kroger committing to locating the headquarters there. Senator Dann asked if this is in writing. Mr. Johnston said it was based upon comments made by project representatives at the Development Finance Advisory Council meeting. The representation was not made by Kroger it was made by representatives of the City of Cincinnati. The item was approved without objection.

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Item 47, DMH436-05 was held by Senator Carey. Senator Carey thanked the Governor and the Department of Mental Health for making money available for children who have severe behavioral problems and said hopefully this will help more parents to avoid having to give up custody of their children. The item was approved without objection.

Item 50, DMH439-05 was held by Representative Patton. Representative Patton asked how many facilities are included in this project. Robin Cox, Department of Mental Health said there are nine campus facilities. Representative Patton asked if this is a timetable to check the emergency generators. Mr. Cox said there was not a major incident that happened but the department wants to make sure that all their systems are 100% reliable. The item was approved without objection.

Item 55, MIH501-05 was held by Representative Calvert. Representative Calvert asked if the State of Ohio is leading the effort to create the new State Offices of Minority Health. Cheryl Boyce, Executive Director, Ohio Commission on Minority Health said the Commission has been selected by the federal Office of Minority Health to lead the effort to create the National Association of State Offices of Minority Health that will affiliate with the Association of State and Territorial Health Organizations. Representative Calvert asked who made the decision to accept the request. Ms. Boyce said the Commission has an 18-member board appointed by the Governor and representatives from each of the major health serving departments of state and they voted on the contract and agreed to accept it. Senator Dann asked why Ohio was selected to do the coordination. Ms. Boyce said in 1986 when the Commission was established as a state agency they were the only agency of its kind in the United States. Today there are 34 state Offices of Minority Health. Most of them have patterned their operations after the Ohio Commission. One of the Commission's successes is that in 1989 the Commission created a health promotion campaign called Minority Health Month. There were 87 events throughout Ohio. This campaign became a national campaign in the year 2000. The Commission worked with other departments of state to develop innovative programming and turned those programs over so that they could create new funding streams for Ohio. The item was approved without objection.

Item 62, DNR474-05 was held by Senator Carey. Senator Carey asked why the Kentucky firm was selected. Chris George, Department of Natural Resources said the two out of state firms in the evaluation process rated significantly higher than the in-state firms based on the proposals that were submitted. Senator Armbruster asked whether it is necessary to go back and catalog 800,000 boat titles. Mr. George said this request is specifically to put ODNR, Division of Watercraft boat titles in an electronic format to make it easier for staff to do searches. Senator Armbruster asked whether there is a coordinated effort with the Department of Public Safety between the titling of boats and the titling of cars. Mr. George said he could not speak to how the Department of Public Safety is going about cataloging their back title records. Representative Patton asked whether a Request for Proposal was done. Mr. George said because of the factors that qualified this request for the DAS Request for Quote process the department chose to use the RFQ process. Representative Patton expressed his concern for agencies not using the RFP process. Representative Calvert said he had two questions (1) when did the department start doing electronic boat titling and (2) will ODNR reduce their staffing so that they will have real savings by implementing this contract. President Dodge asked if there were any objections to deferring this item to a future meeting. The item was deferred without objection.

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DNR476-05 was held by Senator Carey. Senator Carey asked why an RFP was not done. Chris George, Department of Natural Resources said the department did put together an RFP and put it out on the Department of Administrative Services' web site to make it available to the general public. They did get some inquiries on it but no one else chose to submit a bid. Senator Carey asked whether any contact has been made with Cleveland State or Ohio University regarding this project. Mr. George said to the best of his knowledge ODNR staff did not contact any of the universities on this. Representative Hoops asked if a new line item was being created in this request. Mr. George said the department is not creating a new line item with this request. This request is simply the waiver of competitive selection using some funds from two existing line items to cover the \$360,000.00 cost for the system. This project is something the locals are supporting through their association. Senator Armbruster asked who will maintain the system after implementation. Mr. George said after July 1, 2005, ODNR Soil and Water Conservation staff and ODNR Office of Technology staff will take full ownership of the system and will be responsible for the maintenance and upkeep and upgrades. They have examined the system, they know that it meets the department's needs and the needs of the locals and they feel it is a good system and a great opportunity to move forward. Senator Carey asked if delaying the request for two weeks will cause an undue burden on the department because he would like to at least contact Cleveland State and Ohio University before voting on this requests because they have a program similar to this one. Mr. George said the delay would not cause an undue burden on the department. Representative Patton said he also has concerns as to whether the department has the capability to update the software on their own and the expense they would incur should they have to go back to Linnet. Mr. George said to the best of his knowledge they will not be obligated to Linnet for any future upgrades. The department will own the source code for the system software. The item was deferred without objection.

Item 67, DRC552-05 was held by Representative Calvert. Representative Calvert asked for an update on the meat processing services for the institutions. Mike Randal, Deputy Director, Department of Rehabilitation and Correction said about eight months ago the Board approved the construction of a \$10 million meat processing facility. Currently the meat processing facility is scheduled for completion around mid to late October. The department intends to open the plant in early January. The reason for this request today is with the plant not being operational until January, there is at least a period of time from this point through January where at least a portion of the processing will continue to happen the way it presently happens. Representative Calvert asked if the department knew what the total contracts were for 2004. Mr. Randall said last year the total was about \$56,000.00, (\$535.00 per month) and in this current request this total will be \$56,961.00. This is slightly lower than what we are requesting in fiscal year 2005. Senator Dann inquired about the meat distribution to Youngstown and Trumbull Correctional Institutions. Mr. Randal said their farms grow the beef and the staff will pick up the beef and transport it to several different processors close to those farms where those animals have been raised. From there, when the staff pick-up the processed beef it may be transported to any number of prisons. The item was approved without objection.

Item 72, DOT228-05 was held by Senator Armbruster and Representative Hoops. Senator Armbruster inquired about the approval of the money coming in and going to the budget. Michelle Holdgreve, Department of Transportation said there is \$100 million that the department received in federal fiscal year 2004 that they would like to capture and an additional \$100 million in federal fiscal 2005. The federal FY05 Transportation Appropriations Bill has not been approved by Congress but the President's budgetary submittal to Congress includes a funding level that would anticipate Ohio receiving the

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additional \$100 million and the Congressional Budget Resolution that was passed by Congress is at a level that would again have Ohio receiving an additional \$100 million. Based upon those two items and the need to capture the additional \$100 million from federal fiscal 2004 and what we anticipate in FY05 is why we are here today. As far as the state budget, when we submitted House Bill 87, the federal picture was very unclear and basically we split the difference on the low amount that the federal bills were anticipating in the high amount. Senator Armbruster asked does this have any affect on the latest two cents increase in the gas tax. Ms. Holdgreve said there is no impact at all. They will use the additional state gas tax to match this federal appropriation. Representative Hoops asked if the department has any idea when Congress is going to authorize. Ms. Holdgreve said they are in their fifth extension of the previous bill and it expires at the end of this month. The Congressional Conference on the Transportation Bill has been meeting however, they can't come to agreement on an overall funding number. They hope it will be by the end of this year. The item was approved without objection.

Item 73, DOT269-05 was held by Representative Calvert and Senator Dann. Representative Calvert asked whether there is going to be a real payback for all the money they are spending with this consulting firm. Todd Neilson, Department of Transportation said yes, that this initial investment forward is going to add significant cost savings for the department. Representative Calvert asked if the department had any history with this company in terms of what they may have negotiated for other states. Mr. Neilson said he did not know the answer but will follow-up on that. Senator Dann inquired about the role of the consultant. Michelle Holdgreve, Department of Transportation said they are technical experts not the department's lawyers or representatives. They are technical experts that will act as an expert witness for the department during trial. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

07/12/04 Minutes approved by the Board:
