

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE OCTOBER 6, 2003 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 1:40 p.m. Serving on the Controlling Board were Senator Bill Harris, Representative Charles Calvert, Senator James Carnes, Representative Jim Hoops, Senator Tom Roberts and Representative Sylvester Patton.

The minutes of the September 22, 2003, meeting were distributed. A motion to approve the minutes was made by Senator Harris, seconded by Representative Calvert and approved by the Board members.

Attached is the October 6, 2003, meeting agenda. President Dodge said the following item was deferred: No. 18, DAS389-0405. A motion for blanket approval of all items not held for questions was made by Representative Hoops, seconded by Senator Harris and approved by all Board members.

The following items were discussed and acted upon as stated.

Item 1, SOS042-0405 was held by Representative Hoops. Representative Hoops asked why the request is retroactive. David Kennedy, Secretary of State's Office said the request is retroactive because during the contracting process SAIC disclosed that they had a potential conflict of interest. One of their holding companies owned a significant number of shares in one of the companies that they would be evaluating. As a result of that the Secretary of State and SAIC agreed that they would not move forward with that contract. The department had to quickly find another vendor that would be able to do this work and to move forward in order not to jeopardize the opportunity for the 16 or 17 counties that want to deploy their systems in March of next year. Representative Hoops asked if the department would be bringing any more retroactive contracts before the Board. Mr. Kennedy said he didn't foresee any. Senator Harris asked for an update on the implementation of the program and the status of the amount of federal money to be received by the state. Mr. Kennedy said to date the State of Ohio has received about \$41 million dollars of the total \$156 million that is anticipated from the federal government. Another \$32 million is currently in limbo. It has been appropriated by the federal government but is waiting the formation of the Elections Assistance Commission following the confirmation process from the U. S. Senate. There is an additional \$20 million that's currently contained in next fiscal year's transportation budget and there are negotiations surrounding an additional \$1.86 billion to finish out that appropriation in the supplemental bill over the next two years. What we do know for certain and what actually exists in the bill and what has been passed by at least one house of the legislature is a total of \$93 million Ohio specific dollars at this point. The item was approved without objection.

Item 4, UAK186-04 was held by Representative Calvert. Representative Calvert asked why there wasn't a performance bond for these contracts from the beginning. David Pierson, University of Akron said when the university first awarded these contracts it was done on an emergency basis. This was not done by conventional bid process which listed that requirement. The requirement for the performance bond was actually caught by the purchasing department shortly thereafter so they are adding these items by change order. Representative Calvert asked why there is a 30% increase in the cost of both of these change order contracts. Mr. Pierson said the project is a deteriorated concrete wall 80 feet high. It is impossible without scaffold to inspect the wall so they have erected the scaffolding to perform the work.

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Representative Calvert asked when the two projects would be completed. Mr. Pierson said they are expecting the two projects to be completed toward the end of October. The item was approved without objection.

Item 13, BOR118-04 was held by Senator Carnes. Senator Carnes asked for additional information regarding the new programs that the Board of Regents would like to expand under the Ohio Tech Prep pilot projects. Nick Wilson, Assistant Director K-16, Ohio Board of Regents said some of the projects they are looking at are to continue the work on teacher education in the fields of math and science. They are also looking at additional pilot sites in research, in emerging technologies such as fuel cells, material science, optics, and biotechnology. Senator Carnes asked if this amount was carried forward from previous programs. Mr. Wilson said these are unspent funds from the federal appropriation. Senator Carnes asked if Regents anticipates the Perkins Program to become a competitive grant program in the future and if so, how does the Regents plan on addressing this change. Mr. Wilson said at this time the Perkins Program renewal is still set for later on this year at the federal level. They anticipate that there will still be approximately the same allocation granted to Ohio as in the past, however it could become competitive at the state level. This year during FY04 Tech Prep is using a portion of the expanded enrollment money to provide the consortia a chance to use visioning and planning grants where they will work together to deliver new program options, delivery methods, and broader collaborations among Tech Prep consortia to leverage existing resources. Should these become more competitive they would be in a position where they could work in larger consortia groups. Senator Roberts asked why money was left over. Mr. Wilson said most of the money was earmarked for the Teacher Education project. The consultant they had hired unfortunately became ill shortly after the contract and was unable to carry out the project assignments. Senator Roberts asked if the Teacher Education project needs are met by other funding. Mr. Wilson said those needs are going to be met through other initiatives and the Regents anticipates all those needs to be met this year and in the future. Senator Roberts asked if the self-study will be done in-house or if someone else will do the study. Mr. Wilson said the self-study is being conducted jointly with the Ohio Department of Education and the Ohio Board of Regents and they have enlisted an external consultant to oversee the entire process. Senator Harris asked whether the Tech Prep program is a pilot program or a pilot of the Tech Prep consortia. Mr. Wilson said it is a pilot of the Tech Prep consortia. The item was approved without objection.

Item 17, DAS388-0405 was held by Representative Calvert. Representative Calvert asked why the department would take a good lease and pay more for it. Marcey Jeter, Real Estate Administrator, DAS said the increase in cost per square foot was provided to the landlord to offset the cost of the renovations of the new space. The department elected to amortize those cost in the rate rather than pay an upfront lump-sum payment to the landlord. Representative Calvert asked how both the square footage and the cost per square foot went up but the total contract went down. Ms. Jeter said that amount shown in item 8 is pro-rated from October 15, 2003 through June 30, 2004 so the new rate is not effective until October 15, 2003. Representative Patton asked what the total cost of the up front lump-sum payment amount would be. Ms. Jeter said the cost of the renovations are estimated at over \$50,000.00. The increase in the per square foot rate averages out to approximately \$22,000.00 per year with the increase in the rental rate. Representative Patton asked if there is an automatic renewal with this increase. Ms. Jeter said the department does have the option to renew. She indicated that they have reduced the rental rate in the next biennium and provided only an increase to cover the cost of utilities and maintenance. The item was approved without objection.

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Item 19, ADA003-0405 was held by Senator Harris and Senator Roberts. Senator Harris asked why the need for a fifth pilot project and the need for a statewide seminar were not discussed during the budget process. Bob Field, Legislative Liaison, Alcohol and Drug Addiction Services said during the budget process the department and the Lottery Commission were still in the process of hammering out the final inter-agency agreement and that the agreement had not been finalized until the conclusion of the budget. The fifth pilot was done at the request of the Lottery Commission because of what they saw as an excessive need in Cuyahoga County. Senator Harris asked whether the four projects that were approved in the budget have been successful. Mr. Field said they have been successful and are making progress. Senator Harris inquired about the statewide seminar and further fiscal year funding being determined based on the fiscal position of the Ohio Lottery Commission. Mr. Field said the department conducted a statewide seminar with Lottery last year. There were about 200 participants and they expect to have more this coming year. Last year they spent approximately \$7,200.00 on the statewide conference. The department had budgeted \$10,000.00 for this. All the funding for these pilots and for this effort come from Lottery and in the department's inter-agency agreement with Lottery it is stipulated that the amount that Lottery contributes to this project, which in this case is 100% will be adjusted based upon Lottery's intake in terms of proceeds from purchases of Lottery ticket sales. Senator Harris asked how the project would be monitored to ensure that a shortfall is not created in the Lottery for primary and secondary education. Mr. Field said the department is aware that if Lottery is not able to support these programs that Lottery has the ability in the annual interagency agreement to lower the dollar amount as it needs to fulfill its mandated obligations for school funding and other areas. Senator Harris asked what happens if Lottery says they don't think they will be able to fund it at this level. Mr. Field said the pilots for this effort would not receive funding from Lottery. If for some reason the department had to end the pilot there are licensed professionals in the state who can still address the addiction needs for this population. Senator Harris asked about the reference in the request to the Lottery Commission's liaison and questioned if this is a new position. Mr. Field said this is not a new position but just existing staff that are going to have additional responsibilities. Senator Harris said he would like the department to interact with the Lottery Commission to explain to the Board how they are going to monitor the issue of revenue so that there is some oversight at least and everyone is aware of a potential shortfall. Mr. Field said they would discuss the matter with Lottery and try to identify a trigger mechanism that would satisfy the Board's concern.

Senator Roberts inquired about the history on the kind of funding the four counties received over the last two years. Mr. Field said in the last biennium each of the four pilots received \$50,000.00 for this effort. The total during the biennium last year was a total of \$200,000.00 for this pilot project. \$140,000.00 for FY02 and \$60,000.00 for FY03. Senator Roberts asked if there is a need to change the job description to address someone who has a gambling problem as opposed to a dual prognosis. Mr. Field said yes because the statute does not include ODADAS having the authority to address gambling addiction as a primary condition. Senator Roberts asked whether there is a statutory provision or if the department needs authority to address gambling addiction. Mr. Field said they do not have specific authority to deal with gambling as a primary condition. In current statute which is why in these pilots someone has to enter the program with alcohol or substance abuse addiction first and have a concurring gambling addiction. The item was approved without objection.

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Item 21, DEV559-04 was held by Senator Harris. Senator Harris asked if the intent of this money is for the renovation and construction of this facility to create retail space. Tom Johnston, Department of Development said the Housing Trust Fund dollars and the financing of the project will only go toward housing tax credits and the ground floor of the building would be non-eligible cost for housing dollars because it is strictly retail. Senator Harris asked for confirmation that any square footage that would be used for retail or commercial space would be paid for with federal tax credits and there would be no Housing Trust money invested in that process. Mr. Johnston said that is correct. The item was approved without objection.

Item 26, EDU307-0405 was held by Representative Patton. Representative Patton asked why the West Virginia (AEL) Company did not receive the bid. Anne Skaggs, Department of Education said when they looked at the AEL proposal it was missing several components of data collection which would have meant the department had to do it. The cost for the department collecting that data added to the cost of their proposal would have exceeded the cost of the Indiana proposal. Representative Patton asked why the two higher bidders were disqualified. Ms. Skaggs said the proposal that came from North Central Region Education Laboratory lacked details. They basically said we are a national, regional laboratory, we are wonderful, you should hire us and by the way it is going to cost this much. The OMG Center for Collaborative Learning had excessive cost for the individual people conducting the research. Specifically, Indiana was charging \$30.00 per hour and OMG would have charged about \$130.00 per hour. Representative Patton asked if the RFP is written clear enough for an outside vendor to respond. Ms. Skaggs said she thought the RFP was fairly clear and that potential bidders had access to all the data that was on the department's web site. Further, if they had questions about data availability they could call the department. The item was approved without objection.

Item 32, DMR351-04 was held by Representative Calvert. Representative Calvert asked how many points the second low bidder scored and why they did not get information on the second low bidder. Jeff Davis, Department of Mental Retardation and Developmental Disabilities said HMA received a score of 94 out of 100, and APS received a score of 91 out of 100. The item was approved without objection.

Item 37, DNR409 was added to the agenda with a motion to waive the seven-day rule by Senator Harris and seconded by Representative Calvert. Chris George, Department of Natural Resources said this item was deferred at the last Controlling Board meeting dealing with the online and phone-in camp ground reservation system for Ohio's state park campgrounds. At the request of the Board members, the department has made two changes to the contract. (1) On any fee increase for Spherix who is the vendor on this contract, the department will come back to the Controlling Board to seek approval before any fee increases will be implemented. (2) Spherix will amend their cancellation and they are fine with the changes requested for the cancellation policy to say there will be no fee for cancellations more than 30 days from the start of the reservation. Any cancellation 30 days or less will be a \$10.00 cancellation fee. In any case if you are unable to attend the campground on the reserved dates, you do have the option of moving the reservation to another date that suites your calendar and matches with park availability at no cost. President Dodge asked for a brief explanation of the JCAAR approval. Mr. George said they did have the fee increases before JCAAR. They were submitted with the intent of the overall budget numbers for the biennium included in the calculations. It was made known to JCAAR who inquired about the rates that the \$2.00 fee was there to help offset the cost of a reservation system. Senator Roberts asked about the time frame of the contract. John Hunter, Department of Natural Resources said

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the contract allows one million dollars in revenue for the first year and includes one full calendar year from the start of the contract. Representative Calvert asked whether it impacts the fees for the lodges. Mr. Hunter said it does not affect the lodge fees. Representative Calvert asked when the department went before JCAAR if they got approval for a rate increase on cottages also. Ron Kus, Department of Natural Resources said yes. Senator Harris asked for clarification on whether the \$8.00 charge is for each camping site day or if it's for one time reservation for camping. Mr. George said the \$8.00 charge would apply per reservation whether you use the system to reserve two nights or 14 nights, which is the minimum or the maximum, you will pay the \$8.00 fee. If you reserve three sites for the same period of time that will be considered three reservations because you are using three sites but that would just total \$24.00. So, it is \$8.00 per reservation, per site, not per night. Senator Harris asked if the amount reserved for walk-ins is 10% or 15%. Mr. George said that amount is between 10 and 15% based on the patterns of that particular park. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 3:10 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

10/06/03 Minutes approved by the Board:
