

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE OCTOBER 20, 2003 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 1:47 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 October 6, 2003, meeting was distributed. A motion to approve the minutes was made by Senator Harris, seconded by Representative Patton and approved by the Board members.

Attached is the October 20, 2003, meeting agenda. A motion for blanket approval of all items not held for questions was made by Representative Calvert, seconded by Senator Harris and approved by all Board members.

President Dodge announced that the amount for Item 20, BOR120-04 had been revised to \$49,613,589.00 and the amount for Item 38, DMH393-04 had been revised to \$41,548,928.62. A letter from Mayor Paul Jones requesting the Board to allow him to address Item 57, DOT255-04, was distributed to Board members.

The following items were discussed and acted upon as stated.

Item 24, COM406-0405 was held by Senator Harris and Representative Calvert. Senator Harris asked why the projections used during the recent budget were in excess of \$1.8 million dollars short. Cheryl Lyman, Department of Commerce said the department separated the Information Technology Line Item and created a new Line Item with the approval of the legislature but in projecting those calculations they had a spreadsheet error. Senator Harris asked why it has taken so long to identify the discrepancy. Ms. Lyman said the department was hopeful that they would be able to find cost savings throughout the year in order to rectify the error but because of the significant amount they had to wait until actual payroll posted and once they saw actual payroll post they were able to identify the issue. Senator Harris asked what measures the department has taken to preclude this from happening in the future. Ms. Lyman said the department has set-up two different areas having multiple review processes within the department. Representative Calvert asked what would happen if they can't find savings in other programs to make this up. Ms. Lyman said the department would be looking at potential layoffs within the division. The item was approved without objection.

Item 31, DEV567-0405 was held by Senator Harris. Senator Harris asked what the bid amount was for the seven proposals that were received. Tom Johnston, Department of Development said they responded to an RFP that was issued by the department in the Travel and Tourism Division, to provide inbound calling service. The contract was awarded to CallTech who were equipped to obtain demographic information on the callers. Senator Harris asked how the per call fees in this contract compare with the current contract. Mr. Johnston said the costs are the same as under the current contract. Senator Harris asked what coordination is being done by the Department of Development to coordinate the efforts with the upcoming on-line campsite registration system. Mr. Johnston said the department presently has the ability to route callers that are requesting information on lodge reservations to the 1-800-ADA-P ARK.

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At this point in time the campground reservation system is not up and running but when those details are ironed out the department will be in discussions with them as it relates to linking inbound callers to that system. The item was approved without objection.

Item 34, EP A404-0405 was held by Representative Hoops. Representative Hoops asked for information about the lateness and incompleteness of the second bid. Jennifer Klein, Legislative Liaison, EP A, said the department did receive the bid late. It was due at 1 :00 p.m. and it was received later in the afternoon. To ensure that it wasn't the mail system the department did go down to the front desk and the mailroom at 1 :00 p.m. to make sure that there were no letters waiting. Someone from the company hand delivered the bid later in the afternoon after the 1 :00 p.m. deadline and that automatically disqualified the bid. The department did go ahead and review the bid for completeness and it was missing five out of the ten items that were required in the RFP. The EP A did send a letter to the president of the company outlining those five items so that in future bids they know to include those items as they were outlined in the RFP. The item was approved without objection.

Item 35, EXP013 was held by Senator Carnes and Representative Patton. Senator Carnes asked why a ninety-day extension is needed for this contract and what caused the delay. Doug Smalley, Expositions Commission said the contract was given to the vendor approximately early August and it took approximately a month for them to return the contract. The negotiations hit a snag when they returned the contract changing some of the language within the contract. The Commission then decided to reevaluate whether to continue with this vendor or to go with the second selection for a food and beverage vendor. Senator Carnes asked where the Commission is in the reevaluation selection process. Mr. Smalley said the Commission would meet again this week to decide if they will continue to negotiate with the current vendor or whether it is in the best interest of the Commission to go with the second selection. Senator Carnes asked what happens if the Board does not approve this request today. Mr. Smalley said the vendor would not be able to be the food and beverage vendor as of October 31. Representative Patton asked if the Commission has had problems with renewals for this vendor before. Mr. Smalley said no. Representative Patton asked if this contract had been competitively bid since 1996. Mr. Smalley said there was an RFP process done and this vendor is one of three companies brought in for several interviews. Senator Roberts asked what is the intent after the three months has expired. Mr. Smalley said at the end of the three months the intent is that there will be a new contract signed for a food and beverage vendor for the Ohio Expo Center whether it be the current vendor or the second vendor from the initial RFP process. Senator Roberts asked how many responses the Commission received from the RFP process. Mr. Smalley said they received six and interviewed three. Senator Harris asked if the Board concurred to extend the contract for ninety-days and the Commission identified the vendor and felt that they had the best bid, could that be implemented within two weeks or would it have to go out to the end of the ninety days. Mr. Smalley said it would go to the end of the ninety-days and the vendor would start February 1. The ninety-days is in essence so the Commission can get the contract before the Board at the December meeting. The item was approved without objection.

Item 37, JFS043-04 was held by Representative Hoops. Representative Hoops asked if the department had ever received private foundation money before. Christopher Carlson, Department of Job & Family Services said the agency has received private foundation money in the past however not in the Medicaid program. The Office of Legal Services looked at the language and determined that these were not funds that could be deposited into the Medicaid Administrative Fund and it was thereby determined that it wasn't an appropriate line to put these private foundation funds into.

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Representative Hoops asked what the funds would be used for. Mr. Carlson said the funds would be used to draw down some federal money as well as to do a survey that is part of a four state consortium to compare access for children to Medicaid. The item was approved without objection.

Item 43, DNR402-04 was held by Representative Patton. Representative Patton asked if an RFP was done for this request. Chris George, Legislative Liaison, Department of Natural Resources said the original contract was done through a competitive process for this contract. Representative Patton asked if cost was a factor with the change. Mr. George said yes the cost was a factor in awarding the contract. Representative Patton asked if Stockmeister was still the lowest bidder with the change order. Mr. George said yes, they are still lower than the other two bidders. Representative Patton asked if the change order would have any effect on the other bids as far as in presenting the bids. Mr. George did not believe so. The item was approved without objection.

Item 44, DNR406-0405 was held by Representative Patton. Representative Patton asked how many departments receive these grants. Mr. George said the subsidies cover several areas including the local volunteer fire department grants in the areas prone to wild fires in addition to some inner-city tree planting projects. He didn't have a number as far as how many departments receive assistance through the Division of Forestry but will get that information from the division for him. The item was approved without objection.

Item 49, DRC459-0405 was held by Representative Calvert, Senator Carnes and Representative Patton. Representative Calvert asked how the department decided that Positive Solutions was the only contractor that could do this program. Rod Francis, Operations Manger, Ohio Central School System said Positive Solutions is the only authorized and licensed distributor of materials and training items. Representative Calvert asked whether there are additional states using other companies for this same type of work in their prisons. Mr. Francis said yes, Positive Solutions is active in Ohio and three other states as well. Senator Carnes asked why an RFP has not been done since 1995. Mr. Francis said throughout the course of business they have actively sought other firms that fit well in a prison environment and to date they have not found any. Senator Carnes asked why this program is so limited among the states. Jennifer Groves, Academic Director, Ohio Central School System, said other state correctional facilities are not using character education in their curriculum because it is a relatively new concept. Eight years ago when they started using it they did so as a result of a Legislative Office of Education Oversight recommendation for them to implement it. Other states however have not made that same type of recommendation for their school systems. Senator Harris asked if the department has any data on the impact this particular program has had on individuals. Ms. Groves said they have some data that shows that the Positive Solutions program itself does help with recidivism. They have also found that even with recidivism there is an additional value of positive change in the attitude and behaviors of the inmates not only within the prison system but also outside of the prison system. Senator Harris asked why other states don't recognize the benefit as Ohio does. Ms. Groves said a lot of them were not aware of this particular program as Ohio was really the pioneer in correctional education with this program and it wasn't until after Ohio started this program with corrections that Maryland, Minnesota and Iowa came on board. Senator Harris asked if an RFP was put out there were not enough programs similar to this that the department would receive a favorable bid from anyone except the company that they are currently using. Ms. Groves said yes, she believes Positive Solutions to be a sole source vendor. The item was approved with Representative Calvert objecting.

Item 52, SFC 149-04 was held by Representative Patton. Representative Patton asked how during the design phase a measurement error in the square footage resulted in a three million dollar mistake. Eric Bode, School Facilities Commission said that when the initial assessment was done

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with what was thought to be the correct square footage it looked like that ratio was such that it would make more sense to renovate the building. When the actual square footage was determined and corrected it really didn't change the renovation assessment but because of the different size it made more sense at that point to build new. Representative Patton asked what the cost would have been if this was not an error and they had decided to build a new school from the beginning. Mr. Bode said there would not be a difference in the price. Representative Patton asked if this change put an undue burden on the school district. Mr. Bode said there was an additional 15% cost related to the new build compared to the renovation. Representative Patton asked whether or not the assessment firm would be responsible for the increased cost. Crystal Canan, School Facilities Commission said because the assessment process is a budgeting process as opposed to a planning tool, it has not been the Commission's position to assign damages and recover those from any assessment firm.

Senator Harris asked what the criteria are for renovation verses new construction. Mr. Bode said they have a two-thirds guideline. When you compare the renovated cost for a facility that is part of a master plan with a build new cost then you do the ratio. If the renovation were typically more than two thirds of new build cost, you would say even though the new build is more expensive it makes more sense to go ahead and do that for the longer-term investment. Senator Roberts asked if there was a physical on-site measurement or inspection of the building and if so, how they could miss a second floor. Mr. Bode said there was a physical inspection done. He doesn't know how to characterize it other than an error in doing the gross measurements of the outside of the building. Senator Roberts asked if the person who did the assessment is someone they use on a regular basis. Mr. Bode said he is not sure which of the assessment firms did the assessment but can find out. The item was approved without objection.

Item 53, SFC150-04 was held by Representative Patton. Representative Patton asked how the Commission got in the situation of finding out they have toxic mold, to an addition to an existing building, and now to a new building altogether. Mr. Bode said there was an initial assessment of the building, during the renovation project and it was at that point that the mold was discovered. Mr. Bode pointed out that mold is a difficult thing to judge and often it is hidden. Representative Patton asked why they don't check for mold as they go through the old buildings. Ms. Canon said the mold in the New Lebanon Elementary School was in the roof structure between materials thereby not easily detected. SFC has an enhanced environmental assessment protocol that they dispatch on any building that they are going to renovate. That protocol evaluates primarily the common known hazards in the facilities across Ohio such as asbestos and any other hazardous materials that need to be abated or removed. The protocol would not be for invasive testing of a roof structure to see if there was material matching in a roof that would be a mold incubator. The item was approved without objection.

Item 57, DOT255-04 was held by Senator Roberts. Senator Roberts asked at what point the decision was made to move beyond the Portage County line and what was the thought process behind the move. Michele Holdgreve, Department of Transportation said the decision to purchase an existing building happened in July of this year with all the flooding that occurred in the district. The need to find a new facility has always been there but three spring floods that required the removal of carpeting and drywall from the basement of the current facility and the relocation of some employees accelerated the decision. Senator Roberts asked at what point did the department determine that the Summit County site was the proper place to move. Mohamed Darwish, Deputy Director, ODOT District Four said the decision was made in August when the department called the Central Office and the State Architect's Office to come and make an assessment of the facility.

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Senator Roberts asked how the site was located. Mr. Darwish said he contacted the Governor's Regional Economic Development Office for assistance. Senator Roberts asked why the department wants to purchase a building when the seller is going to make a substantial profit on a building he paid five million dollars for in June. Ms. Holdgreve said the five million dollar transaction was not an arms length transaction. That the current owner developed a new Fed Ex facility in the area and was given consideration on that facility for the facility at 2088. ODOT has had three appraisals done, the first appraisal came in at a value of \$6.8 million, and another at \$6.45 million and the third appraisal came in at \$10 million. ODOT's offer is \$6.7 million. Senator Roberts asked if the space for the new facility meets the department's needs. Ms. Holdgreve said yes, the current facility does not have a cafeteria, conference rooms, computer training facilities, or storage and there is not adequate parking. This new facility is larger and will meet all those needs. Senator Roberts asked whether it is the responsibility of the Governor's Office to assist the regions in looking for property for the state. Ms. Holdgreve said it is her understanding that the Governor's Economic Development Offices are there to assist the state in local communities. Representative Hoops asked for clarification as to the ten million dollar savings through purchasing this facility for taxpayers. Mr. Darwish said they had initial studies done on renovating the existing facility vs building a new one. The cost of building a new facility was around \$19 million and renovating was around \$16 million. To purchase the Fed Ex building plus renovations is \$10.5 million. Ravenna Mayor Paul Jones asked to speak but was told that Controlling Board procedures only enabled agency representatives to speak to their individual requests. The item was approved with Senator Roberts objecting.

Item 58, OBM405-05 was added to the agenda with a motion to waive the seven-day rule by Representative Calvert and seconded by Senator Harris. Paul Marshall, Governor's Blue Ribbon Task Force (BRTF) said this request is for a contract with a consultant to help the task force with crafting its message and writing the final report for the Governor's Blue Ribbon Task Force on Financing Student Success. The reason for this add-on is that the time frame is short for the work of the Task Force. Representative Calvert asked why the request is not in the range of the bidder. Mr. Marshall said as they constructed the proposal, they had some things they knew they wanted to do and some other things that they thought they might want to do so the structure of the RFP was left open. After reviewing the proposal they had proposed some things that the BRTF decided they did not want to do. After looking at what they proposed and what the BR TF felt they wanted them to do, they came up with a lower dollar amount. Again the \$250,000.00 was always intended to be a maximum so they put it out there so that they would not exceed that amount. Representative Calvert asked what dates the task force is using for this contract. Mr. Marshall said the end date of this process is still indefinite. The target is sometime in the winter of 2004. Representative Calvert asked how one staff member would attend all task force meetings when the task force is broken into three sub committees that meet at different times. Mr. Marshall said they should have said one member per meeting. There are actually two people who are available to attend meetings. Representative Calvert asked why the task force didn't contract for this service from the beginning. Mr. Marshall said he started with the Attorney General's office the very first week he took the position trying to craft the RFP, putting it on the web site, reviewing the proposals, and negotiating the contract. They actually started this in early August but the process took a couple of months. Representative Hoops asked who decided what should be in the contract and what should have been taken out. Mr. Marshall said that was largely his judgment in consultation with the chair of the Task Force, Bill Wilkins. The item was approved without objection

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With no further business before the board, the meeting was adjourned at 3:35 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

10/20/03 Minutes approved by the Board:
