

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE DECEMBER 1, 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 November 17, 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 December 1, 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 Item 1, CTC065-04 has been revised reducing the dollar amount to be released to \$566,758.25.

The following items were discussed and acted upon as stated.

Item 2, UCN335-04 was held by Senator Roberts and Representative Hoops. Representative Hoops asked why the contract is with Motorola and if they have special capabilities to do this type of project. Charles Darling, University of Cincinnati, said the Motorola Company is on state term contract and is compatible with the remaining infrastructure of their communication system. Representative Hoops asked whether the county coordinated the MARCS system with the state. Mr. Darling said the university has been in touch with the state's representatives for the MARCS system. Representative Hoops asked why the university is getting involved with this project with the state's budget the way it is. Mr. Darling said it is a security issue. The university has been in communication with local law enforcement agencies for a number of years and the university needs to upgrade their system so they can respond with each other. Senator Roberts asked if other universities are planning to implement this system as well. Mr. Darling said he knows of at least four other campuses that are on the 800 MHz system--Central State, Wilberforce, Wright State and OSU. Senator Roberts asked whether the 17 projects that they are transferring money from would suffer. Mr. Darling said no because they are projects that have been completed. Representative Patton asked whether there is any tie-in with Homeland Security. Ms. Dodge said the Board could have DAS do an update presentation on where they are with MARCS and how this project would tie in with Homeland Security. The item was approved without objection.

Item 3, UCN338-04 was held by Senator Roberts. Senator Roberts asked why the university is spending so much money to renovate offices for a temporary move and how long the temporary move will last. Mr. Darling said the temporary move is for offices as well as research laboratories. The amount of money being spent is relative to the size of the facility that is being renovated and the technical complications of the actual research that will be done. The research facility will be used until the renovation of the Medical Sciences Building has been completed which will be approximately ten years. Representative Patton asked for an estimated cost of the renovation. Mr. Darling said the renovations are on a 900,000 square foot facility. The university is still working on what the total estimate will be, but it is a multi-million dollar renovation project. The item was approved without objection.

Item 21, DAS407-0405 was held by Representative Calvert. Representative Calvert asked if the department had come to the Controlling Board for approval of the lease holdover. Mark Half, Department of Administrative Services, said no because for holdovers that are below the \$75,000.00 threshold the agency does not bring them to the Board. Representative Calvert asked if the starting date for the increase in square footage was July 1, 2003. Mr. Half said the new lease begins January 1, 2004. Representative Calvert asked for clarification regarding the

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statement on the first page of the Operating Request: “the amount of the request has been prorated to accommodate the effective date of the new lease.” Mr. Half said the amount of \$53,478.00 is for half a year beginning January 1 through June 30, 2004. The item was approved without objection.

Item 23, DAS409-04 was held by Senator Carnes and Senator Roberts. Senator Carnes asked why the project is not being administered through the Department of Development. Mark Smith, Department of Administrative Services, said the initial study, which kicked off this project by the Technology Policy Group, focused on leveraging market infrastructure because of the location of some of the towers to see who could get into some of the rural areas that were underserved by the primary providers. Because of the proximity of the initial study to the MARCS Program, it was felt that DAS was the best place to start that project. Senator Carnes asked whether any MARCS funds would be used for this project. Mr. Smith said there is no plan at the present time. Senator Carnes inquired about the new position to hire a full-time employee. Mr. Smith said this person would work with the Technology Policy Group to analyze whether communication towers and other infrastructure of the MARCS system could be used to help provide broadband services and to assist local communities and businesses throughout the Appalachia Ohio in applying for federal grants to do the pilot projects. Senator Carnes asked why it is necessary to spend \$4,500 to train this new employee. Ms. Isom, Department of Administrative Services, said that DAS has a departmental policy that 4% of an employee’s annual salary must be set aside for training purposes. Senator Carnes asked for a breakdown of travel and communication expenses. Mr. Smith said the department could expect rather high communication costs since this person would be traveling throughout the region. The same with the travel cost. The expense for the office and equipment are targeted primarily for the second year of the program. Expectation is the department may have to acquire some equipment as a result of implementation of some of the pilot projects. Senator Carnes asked what happens to the employee and/or this broadband initiative if money is no longer available. Mr. Smith said the employee would be hired with full knowledge that this is a pilot project and if there were a lack of funds the project likely would be terminated. The goal of the broadband initiative would be that the pilot communities who get the federal funds would have a self-sustaining nature to take these federal funds to initiate a program within their community that would encourage economic development within their areas. If funds were received, the goal would be to expand to other opportunities. Senator Carnes asked what types of coordination and accountability efforts are in place to ensure that this initiative will be administered properly. Mr. Smith said the Technology Infrastructure Group, which is a multi-agency initiative with private and public participants, would oversee the entire project. The Rural Ohio Technology Infrastructure Group is chaired by a representative of the Governor’s Office of Appalachia with the Department of Development so they would be over all oversights. All expenditures would be reviewed by State Accounting, the Office of Budget and Management and subject to audit by the Auditor of State. Ultimately, they would be required to report to the federal government quarterly on all expenditures related to this particular grant. Senator Carnes inquired about the general mission of this initiative. Mr. Smith said the mission would be to evaluate the existing state and other infrastructure in the Appalachian region, identify opportunities to encourage broadband access to local communities within the region, and ultimately to encourage economic development through utilizing broadband infrastructure and encourage growth within that particular region. Senator Carnes asked why the DSL is so specific with all the other connections such as broadband and wireless connections. Mr. Smith said that really is not intended to be specific. It would be an evaluation of all types of broadband access whether it would be cable or wireless satellite. This program director would evaluate all aspects of broadband within the region to see where the best fit would be within the communities that apply for the federal grant. Senator Roberts asked where the other money is coming from since no revenue has been received yet. Ms. Isom said the money is coming from the federal government. She said the department could not accept the grant without the appropriate fund and appropriation authority. Ms. Isom said if the Board approved the request at today’s meeting, DAS would send the official notification to the federal government that they are accepting the funds for this grant. The item was approved without objection.

Item 24, DAS410-04 was held by Senator Roberts. Senator Roberts asked what the money would be used for. Nancy Isom, Department of Administrative Services, said the grant would be used by the IT Governments

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Division of the department to offer training and technological updates related to information technology security. Senator Roberts asked how this fits with the intent/mission of the Byrne Grant. William Yang, IT Policy Officer, Department of Administrative Services, said the intent is to prevent the crimes from occurring and building more resilient systems. Senator Roberts asked what the Byrne Grant is usually used for. Mr. Yang said typically it is used for drug related-crime. The item was approved without objection.

Item 25, DAS412-0405 was held by Representative Calvert and Senator Roberts. Representative Calvert inquired about the operating cost. Mark Half, Department of Administrative Services, said the \$2 building operating expense is still applied during this six-month holdover period. The request seeks approval for a \$2 per square foot operating expense which would be added to the \$14.60 per square foot for a total of \$16.60 per square foot. Representative Calvert asked if the operating expense for July 2005 through July 2013 will remain \$2 or if it will be renegotiated. Mr. Half said the \$2 building operating expense does apply to these periods; however, it is anticipated that Job and Family Services will be vacating this location after the new location is secured. Representative Calvert asked why there is not a breakdown between lease and improvements. Mr. Half said some of the leases did not separate rent and tenant improvements when they were first negotiated. Since this is one of the older leases the request did not break out how much of the rent was going for improvements. Representative Calvert asked if this location is the one-stop center with lots of empty space. Christopher Carlson, Department of Job and Family Services, said yes that this is the current lease JFS has for staff in the one-stop center. When JFS finds an adequate facility to house the entire staff that will be located in Montgomery County some staff will remain in the one stop center. This is not a sufficient site to house the remaining staff that is coming in from the other counties. This is why JFS is looking for additional sites in Montgomery County. Senator Roberts asked if the county is aware of the potential move of some of the offices out of the building. Mr. Carlson said yes, that this has been an active process within Montgomery County and JFS has been in full disclosure with the county about their intentions. Senator Roberts said he would like an update on this and any other moves that will be happening with other buildings. Mr. Carlson said JFS recognizes that an update had been requested and they will be getting that to his office as soon as possible. The item was approved without objection.

Item 26, AGR070-04 was held by Representative Calvert. Representative Calvert asked when the program was started. Todd Dickson, Department of Agriculture, said in July 1969. Representative Calvert asked if the new computers the department is buying are more efficient than the ones they are replacing. Mr. Dickson said yes, that laptops they have now are five years old and running on the Windows 2000 system. For the department to be on the same tracking system with other states and with the USDA they need to upgrade their system. The item was approved without objection.

Item 33, DEV595-04 was held by Senator Harris. Senator Harris asked about the Housing Trust Fund Grants bid process. Tom Johnston, Department of Development, said as far as the selection process goes Development has a long-standing experience with the Ohio CDC Association and Co-Ohio. It is Development's understanding that although the statute switched from temporary law to permanent law, it was the intent that the process be continued and that there would be continuity in the delivery of those services that had previously been provided for through GRF funds and now through the permanent resource of the Housing Trust Fund. Senator Harris asked if the Department of Development is putting bids out to other agencies since they were not given the opportunity to bid prior to going to the permanent funding source. Mr. Johnston said no that they are not going to take bids from other agencies. Senator Harris asked what the objectives and intent are of the two-day training sessions. Lisa Patt-McDaniel, Chief, Office of Housing Community Partnerships, Department of Development, said the series of two-day trainings provided through the Ohio Community Development Corporation are different trainings to help Community Development Corporations, which are non-profits primarily in the entitlement areas, to do different aspects of community development that can be related to low to moderate income housing development as well as community economic development projects. Senator Roberts asked if this is the state's investment into leveraging

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money to draw dollars from other sources to use for this type of training. Ms. Patt-McDaniel said yes. The item was approved without objection.

Item 34, DEV596-04 was held by Representative Hoops. Representative Hoops asked if 90% is the amount usually given for a 629 Grant. Tom Johnston, Department of Development said no, the department usually does not provide that amount of assistance. The people in Warren County will incur a substantial cost in the area of water and sewer facilities if Sumco decides to select Warren County for their expansion. The department has encouraged the county to apply to the Ohio Water Development Authority for a low Economic Development Fund loan. Recognizing that the department did not have any other financial resources, Development opted to provide more funds for roadwork. Representative Hoops asked when all of this will take place. Mr. Johnston said the company should make a decision in early January. The item was approved without objection.

Item 36, EDU313-0405 was held by Representative Calvert and Senator Harris. Representative Calvert asked how the proposal was evaluated to determine whether four million dollars is needed when a lot of areas are not yet defined. Alyson DeAngelo, Project Manager, Department of Education, said the department wrote this RFP and chose a contractor by first bringing together some technical experts from within the department to determine what they needed to get from the evaluation and then had external national experts review it along with people from the US Department of Education. After the RFP was released the department convened a technical advisory panel of experts throughout the county in reading research, research and evaluation in general. They read all the proposals and rated them. Westat was the one that came out far above the rest. Representative Calvert asked what percentage of this survey is in response to what the US Department of Education is requiring and what percentage is in response to things the Ohio Department of Education believes they need. Ms. DeAngelo said the feds require an annual report due around this time. They also require that the department have a set of comparison schools. Senator Harris inquired about the evaluation process and whether historical data are included. Ms. DeAngelo said all the elements that the feds were requiring in the No Child Left Behind were included in the RFP. Westat will look at historical data as well as collected data from this point forward. Senator Harris asked if Westat would also develop techniques for evaluation and then evaluate what success has been gained. Ms. DeAngelo said the RFP included four research questions. The last research question was the test data, what was the ultimate effect of the intervention. The other three questions were more formative in that they looked at how the department develop teachers to teach reading, how they develop students to learn reading, classroom condition, and the support mechanisms needed in each school building that is necessary. What the department needs to give to the feds is that fourth research question. The other three questions are what the department wants to learn so they can maximize and leverage this program throughout the state. Representative Calvert commented that all through this Leave No Child Behind monies, the department kept doing more than what they were asked to do with the money. Going back to the diagnostic test, the department had to rewrite them. There is a whole litany of things that they have done and here again you are testifying that the Department of Education wants more than what the U S Department of Education asked them to do and they are using Leave No Child Behind monies for that. At some point there is not going to be enough money and I hope the department really understands the decisions they are making because it is going to be very difficult to get through the budget. The item was approved without objection.

Item 38, JFS042-04 was held by Representative Calvert and Representative Hoops. Representative Calvert asked for an update on the status of the program. Christopher Carlson, Department of Job and Family Services, said Jobs for Ohio Graduates is a program run at the local level and there was a commitment by JFS in FY03 and FY04 for some state funding on this project. If it is determined that this project is effective at the local level, then local funds will continue to support it in the future. Representative Hoops asked when it will be completely phased out as a state funding program. Mr. Carlson said this funding will continue to the end of this fiscal year. The item was approved without objection.

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Item 40, JFS045-04 was held by Representative Calvert. Representative Calvert asked whether there are data for what the county commissioners are putting into this one-stop system. Christopher Carlson, Department of Job and Family Services said yes, Cuyahoga County and the local Workforce Investment Act (WIA) funds are going to be contributing over \$265,000.00 in its cost sharing, JFS's contribution is nearly \$130,000.00. There are other funding streams: Rehab Services Commission is going to be contributing almost \$34,000.00, there is some federal Title V money, Cuyahoga Community College and Cleveland Public Schools all are contributors. Mr. Carlson said he would provide a copy of the spreadsheet. The item was approved without objection.

Item 41, LRS004-04 was held by Representative Hoops. Representative Hoops asked if the increase in appropriations are going to be used for payroll. Jeffrey Folkerth, Legal Rights Services, the money will be used to cover payroll cost, normally covered by the Developmentally Disabilities Grant which is part of the federal budget not yet passed. The money has been appropriated. The Developmentally Disabilities Grant has not issued the award yet. Representative Hoops asked when that would happen. Mr. Folkerth said they do not know. Representative Hoops asked what the original intent of the \$71,000.00 was. Mr. Folkerth said the original intent was to promote Protection and Advocacy for individuals with developmental disabilities. The item was approved without objection.

Item 52, DNR163-04 was held by Representative Hoops. Representative Hoops asked why this project is taking so long to complete since it was started in 1996. Chris George, Department of Natural Resources, said this project has taken so long for two reasons: (1) the funding to accomplish a project this large is not something the department could do all at one time and (2) the desire by the Division of Parks and Recreation to keep the West Branch State Park open to the public and maintain it as a revenue stream. Had they done this all at once it is a good possibility that they would have had to close the park for upwards of two years. Representative Hoops asked when the project would be completed. Mr. George said this request for the Campground Launch Ramp project should be the last phase of the project. The item was approved without objection.

Item 54, DNR398-04 was held by Senator Roberts. Senator Roberts asked for an update on the appraisal value of the coal. Chris George, Department of Natural Resources, said the actual value of the coal in the RTG Case is still being determined. Both the Division of Mineral Resources Management and the plaintiffs have hired appraisers to estimate the value of the coal so there should be a decision in a matter of months. Senator Roberts asked if the department is keeping the leadership of both the House and the Senate apprised as to what is going on with this case. Mr. George said that since the last Controlling Board request for the release of the attorney fees, the basic phase has been the determination of the value of the coal. They are still unsure of what the final outcome will be. There will be discussions between the Director and Legislative leadership as well as with the Administration and the Governor to alert them to the status of this because it could be a very serious problem for the coal regulatory program. The item was approved without objection.

Item 58, DNR428-04 was held by Representative Calvert. Representative Calvert asked if the department should spend \$1,500,000.00 now to change the parkland areas along the Cleveland lakefront only to have it torn down or something else done with that property. Chris George, Department of Natural Resources, said this request is for \$1,500,000.00 through the City of Cleveland. It is a pass through of a legislative earmark in the last Capital Budget. The city planner of Cleveland has informed the department that this is within their framework for their Lakefront Development plan. The item was approved without objection.

Item 59, PUB058-0405 was held by Senator Carnes. Senator Carnes asked what has occurred that lead to the need for an additional appropriation. John Alge, Public Defender's Office, said revenue from this account generally is generated by Interest on Lawyers Trust Account (IOTA) and Interest on Real Estate Account. In both cases the amount of revenue generated is largely tied to interest rates. When the budget process was beginning, interest rates were down as compared to historical levels so they estimated a revenue level based on that. Since the beginning of that process, the Ohio Legal Assistance Foundation (OLAF) has issued and begun enforcing some

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new rules and regulations on the banks on what interest rates they can pay on these accounts. Historically, IOTA and OLAF accounts have received less interest rates than comparable accounts in other areas. The rules and regulations were designed to improve that to bring those accounts up on a level playing field with comparable accounts. With those rules and the compliance at the bank, revenues have come up considerably from what they had originally estimated. Senator Carnes asked for an explanation of the \$91,000.00 transfer from Object Code 90. Mr. Alge said that transfer probably could have been avoided had they submitted a SAD form prior to filing the request. What happened was in their allotment plan for the category 90 transfers for the beginning of the year, they had plugged in \$800,000.00 as an estimate for how much money they were going to be transferring to OLAF and that was too high. With the amount of money they had originally allotted in FY03 it was probably an oversight to allot that amount of money. In this request the department is showing that if this request is approved when they file the SAD Forms, it will reduce the appropriation authority for that category by \$91,000.00 and OLAF really is not going to receive any less money than they would have otherwise. They are just making an adjustment within their allotment plan. The item was approved with Senator Roberts abstaining.

Item 63, DRC473-04 was held by Senator Roberts. Senator Roberts asked how the other two bidders could be that far off on their bid for this project. Dave Calhoun, Department of Rehabilitation and Correction, said the department had utilized the services of State Purchasing to handle the bidding and purchasing for this project. They also questioned why the other two bidders were so far off this bid. Their first concern was to evaluate whether or not this particular bidder, the \$75,000.00 bid, is appropriate. Do they understand the scope of the work and will they be able to perform this work for the price offered. The department feels confident that is the case. Regarding the amounts of the other two higher bidders, it would be speculation as to how they arrived at their pricing. Whether they did not understand it, they missed the bid somehow or overestimated in some way. The department will contact State Purchasing to review this process with them to see if they can clarify this issue. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 3:20 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

12/01/03 Minutes approved by the Board:
