

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE JANUARY 12, 2004 MEETING

President, Tim Keen, 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 Jay Hottinger, Representative Jim Hoops, Senator Robert Hagan and Representative Sylvester Patton.

The minutes of the December 15, 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 January 12, 2004, meeting agenda. President Keen said Item 66, EDU315-0405 has been deferred. 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.

Item 134, SOS046-04 was added to the agenda with a motion to waive the seven-day rule by Representative Calvert and seconded by Senator Harris.

A motion to amend the House Bill number for Item 1, SOS045-04 and item 134, SOS046-04 to HB95 was made by President Keen and seconded by Representative Calvert.

The following items were discussed and acted upon as stated.

Item 1, SOS045-04 and Item 134, SOS046-04 were held as a group by Representative Calvert, Senator Harris, Senator Hagan, Representative Hoops and Representative Patton. Representative Calvert asked whether there is a budget for this project. David Kennedy, Secretary of State's Office said the preliminary budget for this project was published as a part of Ohio State Plan has been provided to the Controlling Board as a portion of the documentation at the very beginning of this process. Representative Calvert asked approximately what percentage of funds to date has been used in the Secretary of State's Office verse that which has been distributed to contracts or other county agencies. Mr. Kennedy said based on the information that has been provided by the finance staff that number is in terms of personnel about \$350,000.00 for administering the program over the biennium and has not changed since the initial request. This request and the subsequent requests have all been for activity to support implementation at the county level. Representative Calvert asked whether the electronic voting machines would be in place for the general election in 2004. Mr. Kennedy said absolutely not. The secretary has announced his decision to apply for a waiver at the end of last year meaning that no county will be forced to deploy for the November election in 2004. Some counties that wish to deploy early will have the opportunity to do so beginning in the August special election based on the availability of funds and the approval of this Board. Representative Calvert asked if the Secretary of State would have the necessary funds to implement the purchase of the machines. Mr. Kennedy said yes they do as those funds are going to be coming from the federal government and there is no requirement for state funds other than the \$5.8 million total state match that is required for the purchase of the machines. Representative Calvert questioned the need to waive competitive selection with this vendor. Mr. Kennedy said this vendor was selected on merit. InfoSentry Services bring unique qualifications in the area of elections and elections security; they also have contracts with a dozen of Secretary's of State's and major boards of elections throughout the nation. The skills that they brought to the table through a recommendation from the National Association of Secretary's of State were such that the Secretary of State's Office believed the merit and qualifications of this vendor warranted selecting them at that initial stage and particularly they needed to move forward over any other vendor.

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Senator Harris asked whether the Secretary of State is planning to come back to the Controlling Board with a specific budget to cover the next year of the implementation and if so, what is the time frame. Mr. Kennedy said absolutely. The Secretary of State's Office is in the process of finalizing a series of negotiations with the voting machine vendors. Before they can bring the contracts before the Board they need to be finalized. The intentions are for consideration next month. Senator Harris asked how much more money would be needed for security assessment. Mr. Kennedy said he did not have a precise number at this time. The only thing that remains is a re-testing of the four systems. Senator Harris inquired about the impact the security assessment will have on the Secretary of State's budget. Mr. Kennedy said because all of this technically falls under the Secretary of State's budget and whatever it is will be an increase but all those funds are drawn from the Election Assistance Fund and the federal dollars that are set aside for that without the expenditure of state dollars required.

Senator Hagan questioned whether the Secretary of State has a plan together since they are going to spend the next year coming in under the threshold to spend the \$40 million now and the \$60 million later. Mr. Kennedy said the scope of work and the quoted price was below the threshold so they didn't have to bring that one forward. The entire process has involved competitive bids as much as possible. Throughout this process the Secretary has had his eye on the ball for the need for competitive selection but still then respecting some of the critical time elements that were involved in trying to balance this before coming to the Board and respectfully they have been very open and very honest about this process, have disclosed fully what the process would be, what the budget was and how these items would be handled. Senator Hagan said you hire a company that is suppose to bring confidence to the system yet four of the largest counties in the state of Ohio have opted out. How do we give them the feeling that we are doing a better job for them so that another county doesn't opt out. Mr. Kennedy said there are four counties that have not yet made a selection on what voting system they are going to choose and they do have until the 15th of this month to choose the voting system that they want. Senator Hagan questioned the additional security assessments to extend the administrative security analysis of voting machines beyond the four vendors. Mr. Kennedy said the \$191,000.00 is to deal with the administrative procedures and security for voting systems that are currently approved. They are currently deployed in six counties and they will be coming back at the next request with the full package that outlines the complete budget, the deployment schedule and everything else for the funds to retest those four vendors. Senator Hagan expressed his concern with unbid contracts and consistently coming in under the threshold.

President Keen asked for clarification on the additional request that might be forthcoming in the future and whether it will be a waiver of competitive bidding, require an additional increase in appropriation authority or both. Mr. Kennedy said it would require both. President Keen asked whether the Secretary of State had submitted the budget that was part of the published plan. Mr. Kennedy said what they submitted was a copy of the state plans that outlines how they are going to implement the Help America Vote Act and within that is a very general budget. President Keen asked whether the original budget estimate the state fiscal year of expenditure of the resources. Mr. Kennedy said no, it was more general and the Secretary of State had actually anticipated at the time of writing the plan to be done in FY05. State funds were not in the budget; they included federal funds and the state match of the federal funds for doing the voting machines deployment itself.

Representative Hoops asked whether it is possible to produce a list of past and future expenditures approved by the Controlling Board. Mr. Kennedy said yes, he would be happy to break the information down anyway they want and will be happy to sit down with Board members and staff members to outline what the next Controlling Board request is going to entail. Representative Hoops asked if this will make the budget appear inflated or exaggerated. Mr. Kennedy said yes.

Representative Patton asked what security issues are of concern at this time and inquired about the requirement of the vendors and whether security was anticipated. Mr. Kennedy said the primary concern of the Secretary of

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State's office in this matter is a question of public confidence in the machines themselves. Every one of these machines in order to make it into the RFP process had to be certified by the State of Ohio. One of the State of Ohio requirements is that the machines must be able to securely record someone's vote in a secret manner, a manner that cannot be tampered with. Up until the point of some published studies by a gentleman from John Hopkins University named Abbey Rubin and another gentleman from Stanford University named David Dill there hadn't been any wide spread concern about whether the machines are secure or not. They created a public concern over the security of the machines The Secretary of State's Office looked at the machines and determined what the problems were, created a mitigation strategy, these are the things that need to be done in order to securely deploy these election machines. They gave the documents back to the vendors and dealt with them in an open and honest process the whole time. They are in the process of implementing the mitigation strategy to fix any security flaws that has been identified by the Secretary of State's Office analysis. Representative Patton questioned how they would know that they have a foolproof system. Mr. Kennedy said there is absolutely no way to be 100% certain that every machine that every election does not have some instance of error or some instance of fraud. All you can do is put extensive efforts to make sure that the people that are validating the elections at every stage of the game are capable of detecting instances of fraud and keeping them from happening. Representative Patton asked how many vendors would the 88 counties choose from. Mr. Kennedy said the counties would choose from one of four vendors that have been through the process.

President Keen suggested that the Secretary of State's Office and the Office of Budget and management get together in the near future to put together the information on past and future expenditures to come up with an estimate of the expenditures for the remainder of this fiscal year and for future fiscal years. Mr. Kennedy said they would be happy to do that. The items were approved with Representative Hagan voting no.

Items 6, MUN047 and item 8, MUN049 were held as a group by Representative Calvert. Representative Calvert asked if the High Voltage Electric project had been completed and whether the University will have additional request for the High Voltage Electric project at Miami University. Robert Keller, University Architect, Miami University said yes, there will be additional requests in the future biennium for the High Voltage Electric project because with the approval and implementation it has shifted the timing and urgency of the utilities so that it now makes sense to proceed with the sewer project and the data telecommunications project. The University intends then to do the High Voltage Electric and the other projects they had originally requested the money for in the next biennium. Representative Calvert urged the University to discontinue this process and come to the Board in the Capital Budget to request what they really want to do with funds rather than coming back to the Board for High Voltage Electric upgrades because it puts the Controlling Board members in a very awkward position. The items were approved without objection.

Item 9, MUN050-04 was held by Representative Hoops, Representative Hoops asked would the amount released cover all the expenses. Robert Keller, University Architect, Miami University this request will fund the project completely. The item was approved without objection.

Item 12, OSU904-04 was held by Senator Hagan and Representative Patton. Senator Hagan asked why is there such a difference between the appraisal value and the appropriation requested. Ann Kelly, Ohio State University said the current appraisal for the property is for \$85,000.00. Senator Hagan said the appraised value information from the Franklin County Auditor is \$41,600.00. Ms. Kelly said the Auditor's Office appraised value is not the market value so the market value based on this appraisal is \$85,000.00. Senator Hagan questioned the appraised value at \$85,000.00 and one property that sold for \$3,500.00. Ms. Kelly said the three comparative sales that the appraiser chose that were representative of this particular property was at \$77,900.00, \$93,000.00 and \$85,400.00. Representative Patton asked who purchased the properties. Ms. Kelly said the appraisal does not contain the name of the purchaser of the property but she will find out and get that information. The item was approved without objection.

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Item 27, DAS424-0405 was held by Senator Harris and Representative Patton. Senator Harris asked for additional information on the purpose of this contract. Bruce Curtis, Department of Administrative Services said there are two primary assignments to the tasks that the department has asked this consultant to approach. One is and update of the manual Standard Practice for the office and (2) is to address a certification program for state colleges and universities. The certification program is a program to train, test and certify state college and university staff for purposes of local administration under the manual and to replace the current process, which requires these entities to apply for local administration on a pro project basis. With the agreement of the Board of Regents and based on some other legislation the department is moving to this certification program to replace the current process to make it a little more streamlined to get local administration approved. Senator Harris asked what other purposes would these manuals be used for. Mr. Curtis said the manual standard to practice is used by the office to verify policies and procedures in statutory requirements in the completion of capital projects and will also be used on local administered projects by state agencies, state colleges and universities and also stands as a guideline for counties, municipalities and townships to demonstrate compliance with Revised Code 123 and 153. Senator Harris asked if manuals are currently used, and what potential cost savings are expected. Mr. Curtis said the department is currently using a manual that was last updated in 1994 of a similar nature. A lot of things have changed since 1994 not the least of which is the fact that many of our policies and procedures are now communicated on the web site. So one of the things we have to tackle in the updating of this manual has to go electronic with the manual and that has introduced a whole new realm of issues to be dealt with. As far as cost savings, the whole reason for having a manual standard of practice is to try to get everyone on the same page, acting in a similar fashion and to be in compliance starting with state law and on down the way with policies and procedures. Senator Harris asked when the manual would be completed. Mr. Curtis said the time frame is to have both the manual and certification program in place by July1, 2004. Representative Patton asked for clarification on the total price of \$175,000.00 for completion of the manual. Mr. Curtis said that is correct. Representative Patton asked whether Regency Construction Services is providing consulting services or doing the manual. Mr. Curtis said it is a collaborative effort with the office and we do work with consultants on a regular basis and have selected from among a number of consultants who are also experts in this area to try to bring someone on board who could assist us in facilitating that process, test our theories with the industry to make sure that the manual is representative of the way things really are. Representative Patton asked if the \$175,000.00 is for the consulting fee or the cost for producing the manual Mr. Curtis said the cost for their assistance in producing both the manual and the certification program is included in that consulting fee. The department does not have a breakdown between the advice and the assistance that they might give during that process verses any physical effort they might produce. President Keen asked if a value could be assigned to that work. Mr. Curtis said we have not established that value, but will be happy to arrange to have someone provide that information to you. Representative Patton said he would appreciate a breakdown of what is the cost of DAS in man-hours and materials to put this together. The item was approved without objection.

Items 33, DEV627-04 and DEV628-04 were held as a group by Senator Harris. Senator Harris asked what the deliverables are for these two separate marketing projects. Tom Johnston, Department of Development said it is a marketing advertising program, which is stipulated in HB 95 and section 3805 First Frontier Match. We provide 50% of the funding for advertising, marketing activities and 50% comes for the local level through contributions into one of the department's rotary funds set up for this purpose. There is a stipulation that the targeted counties (counties with a population of less than 175,000 residents). Senator Harris asked how the two vendors were selected. Mr. Johnston said in the required questions on the Controlling Board form the response to question 1A addresses the fact that this was not a selection process using an RFP. There are two primary fundamental reasons for that. We selected each of these vendors based upon the market that they touch, the types of people that look at the publications. Senator Harris asked if there are other marketing firms or vendors that were considered and what was the determining factor. Mr. Johnston said there were no other marketing firms considered for this particular wave of marketing activity. The items were approved without objection.

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Item 46, DEV640-04 was held by Representative Calvert. Representative Calvert asked whether the senior center is being operated by a government entity or private entity. Tom Johnston, Department of Development said it is a facility that is operated by a quasi-governmental entity. It is not government but is not private entity either. Representative Calvert asked if the quasi group would be paying any real estate taxes on this property. Mr. Johnston said no, the library would not be a taxable entity or pay taxes on the real estate. Representative Calvert asked whether the library would go out of business and how 39 jobs are being retained. Mr. Johnston said no the library would not go out of business. They are suggesting that the clean-up of the asbestos and other items in the building that are deemed to be detrimental to public occupancy of the building will allow the library to stay in the building. Representative Calvert said in doing your evaluation did you evaluate this project as retaining the 39 jobs. John McGill, Department of Development said they evaluated only the seven newly created jobs by the expansion, 39 were going to exist this will be included as a point of reference to the size of the facility that we're moving from one location to another. The item was approved with Representative Calvert objecting.

Item 58, DEV652-04 was held by Representative Calvert. Representative Calvert asked whether there are any matching funds from these communities. Tom Johnston, Department of Development said yes there would be significant matching funds. Subject to the approval of the Board today of the request as presented we will begin negotiating grant agreements with the communities focusing on no less than a one to one local dollar match into the projects. The item was approved

Item 68, EDU317-0405 was held by Senator Hagan. Senator Hagan released the hold. The item was approved without objection.

Item 72, EXP022 was held by Representative Patton. Representative Patton said the request is for a three-year contract and it is my understanding that there are no three-year contracts. Doug Smalley, Expositions Commission said this is a revenue contract and not an expense contract. Expense contracts are just two years. The contract is written so that at the end of the three-year period the department would have to come back to the Controlling Board for an extension if it was agreed upon by both parties. The item was approved without objection.

Item 75, OHS402 was held by Representative Hoops. Representative Hoops asked why is this request considered an emergency. Charles Repuzynsky, Ohio Historical Society said the network system is comprised of several hubs and these hubs have several switches associated with them that go bad over time anywhere from six month to a few years. All the switches that did go bad a few months ago were replaced and we are getting indications that more switches are going bad and have used completely our reserve of those switches. The intent is to get these new switches and then hold the old ones that are being replaced in as reserved to be used also in an emergency nature. The item was approved without objection.

Item 76, JFS048-04 was held by Senator Harris and Representative Hoops. Senator Harris asked if this is a retroactive request. Christopher Carlson, Job and Family Services said this item is indeed a request for these entire years worth of maintenance on this type of software. As has happened in the past two fiscal years we have purchased these maintenance services off of DAS State Term Schedule and at the end of last fiscal year made that same request of DAS to continue purchasing the maintenance off the state term schedule however we were informed later in the fall that that state term schedule had not been able to be renewed with this vendor. As a result of that they continued to try to work with the vendor to try to reach an agreement on the terms of the state term schedule but it became apparent that that was not going to happen at any time that was acceptable to the vendor to continue to allowing this maintenance and licenses to continue and therefore we were asked to take it to the Controlling Board. Representative Hoops asked if it is cheaper to stay with this program. Mr. Carlson said at this point we believe the cost benefit is to continue operating CRISI in this environment. The item was approved without objection.

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Item 77, JFS049-0405 was held by Senator Harris. Senator Harris asked whether the department considered reissuing the RFP or was there something wrong with the specifications. Chris Carlson, Department of Job and Family Services said this RFP was released to a list of vendors that was obtained from the Department of Administrative Services site listing of all vendors that was possible in this arena plus other vendors that were known to the department. This RFP while requiring some rather general services in the field of quality assurance and external quality review to ensure the adoption program and continuing to try to improve it also required five years of experience working with Ohio adoption. This is the second time this RFP has been released. Last time it was distributed to 250 vendors still receiving only these two vendors. The last time the vendor who did not pass the minimal qualifications this time was in fact the winning vendor. The item was approved without objection.

Item 98, DNR168-04 was held by Representative Hoops. Representative Hoops asked why hire a consultant. Steve Manilla, Department of Natural Resources said the department found over the years through discussion with client divisions that they prefer variations of the different types of structures that they build for them. There is no set standard that they are all completely comfortable with using. A part of this process once we get standards developed is going to be to get those divisions to use the standards that we come up with and they were a part of the development of this entire proposal. They were invited in to meet with us, they were explained to them that our end goal is to develop a limited number of standard designs that they can use and they can build upon but they had to work with us to use them once we develop them. Historically we would have a whole building that we would design for them or even standardize for them but they would want us to tweak this or tweak that and it drove the cost up. So yes we do have the expertise, we have used it but what we are trying to get at here is a coupling of development of the standard designs for use and the use of them by our land holdings divisions out there. Representative Hoops asked if outside expertise was needed. Mr. Manilla said yes they do to a certain extent. The department has staff on board that could do this work but it's a matter of how much time the department wants to devote to it. If they wanted to develop this as time allows, it would probably take a good five years to get to where they are going to get to within one years of using a consultant. Representative Hoops asked for an estimate on cost savings per year. Mr. Manilla said that is hard to determine but he is confident that they can make their money back in five years. The item was approved without objection.

Items 126, DOT230-04 and item 127, DOT231-04 was held by Representative Calvert, Senator Harris and Senator Hagan. Representative Calvert asked what the difference in cost is. John Ray, Department of Transportation said a Twin Otter that is in excellent condition is approximately 2.5 to 3 million dollars and when they looked at the option of seeking that aircraft verses the new Cessna aircraft it was a no brainer. Representative Calvert asked why the department want to do aerial photogrammetry when other states are not doing it. Mr. Ray said this is information that was collected approximately two years ago and at that time only these states responded to the requests for information and at that time California indicated that they were only flying a beach aircraft and that they did not have an aerial camera in that plane. Representative Calvert asked why the department needs this plane. Mr. Ray said obviously the State of California is performing similar work and how they are getting that work done I am not sure however the reason why we are attempting to acquire this aircraft and implement this technology is to number one save money, we have estimated the savings to be approximately five million dollars. It will allow them to expedite projects, the unique LIDAR technology that the department is acquiring is in the development efforts that they have put forth, will allow them to shorten the duration on projects, especially the larger projects several months, it will reduce the amount of ground surveying that is required which is a major part of the cost savings on the projects, those are the key elements for us wanting to acquire this technology. Representative Hoops asked if the cost is five million per year. Mr. Ray said this would be an annual savings of up to five million dollars per year. Representative Hoops asked would the use of this airplane butt heads with the private sector. Michele Holdgreve, Department of Transportation said no it will not. This aircraft will be used solely for the department's purposes and based upon the project demand that they have they will still have to seek help from private consultants because of the workload that is involved. Senator Harris asked what assurance could the department provide that that saving is going to be achievable. Mr. Ray said they intend to use this on those projects where they can indeed recoup these types of savings. The larger projects

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especially those interchanges, anytime you have a by-pass type project it requires a tremendous amount of surveying effort and if they use this type of technology on those types of projects they easily save hundreds of thousands of dollars per project and the department intend to fully document those cost savings and make those available. Senator Hottinger asked how much time would be saved to plan a project. Ms. Holdgreve said based upon this new technology they can shave six months off of the aerial engineering time involved in a project. The items were approved with Senator Hagan objecting.

With no further business before the board, the meeting was adjourned at 3:50 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

01/12/04 Minutes approved by the Board:
