

# CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

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## MINUTES OF THE JANUARY 24, 2005 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 1:40 p.m. Serving on the Controlling Board were Senator John Carey, Representative Charles Calvert, Senator Robert Spada, Representative Tom Raga, Senator Ray Miller and Representative Sylvester Patton.

The minutes of the December 6, 2004, meeting were distributed. A motion to approve the minutes was made by Senator Carey, seconded by Representative Calvert and approved by the Board members.

Attached is the January 24, 2005, meeting agenda. President Dodge said Item 83, DMR431-05 has been withdrawn. Item 1, AGO519-05 has been revised to remove assignment number AGO3628 reducing the request to \$615,000.00.

A motion for blanket approval of all items not held for questions was made by Representative Calvert and seconded by Senator Spada and approved by all Board members.

The following Items were discussed and acted upon as stated.

Item 1, SOS045-04 was held by Senator Spada and Senator Miller. Senator Spada questioned why the \$125.00 an hour fee is exceeded for some attorneys. Kari Hertel, Director of Special Counsel, Attorney General's Office said the Attorney General's Office exceeds the \$125.00 per hour fee on a case-by-case basis. A number of factors go into it but generally expertise is the primary factor. Senator Spada asked whether the money for the Tobacco Master Settlement Agreement comes out of the administrative monies that were appropriated for that settlement processing. Susan Walker, Attorney General's Office said the Attorney General's Office received an appropriation amount during the Tobacco Budget Bill and then the office budgeted that amount for the different procedures that run the unit plus any litigation costs. Senator Miller expressed his concern with paying outside contractors when the Attorney General's Office has employees with the specific responsibility to perform those tasks. Senator Carey asked whether there is a timeline on litigation of the Tobacco Master Settlement. Ms. Hertel said it may start in early 2006. Representative Patton asked if the Attorney General's Office would send him a list of cases that are done in house. Ms. Hertel said they would send him a list. The item was approved without objection.

Item 5, MUN079-05 was held by Representative Calvert. Representative Calvert asked why the property value increased so dramatically in ten months. Robert Keller, Architect, Miami University said the parcel of property was not sold as an individual parcel but sold as an additional 73 acres for a total of 75 acres at a lump sum amount. Representative Calvert asked who is Knightsbridge Ltd., L.L.C. Mr. Keller said they are a developer, purchaser, and investor in the Hamilton area that purchased the entire property from Champion International Paper Corporation. Representative Calvert asked if the university is comfortable with an arms length transaction between the university and the Knightsbridge Ltd., L.L.C. over the purchase of this property. Mr. Keller said the university is comfortable. The item was approved without objection.

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Item 6, OSU039-05 was held by Representative Patton. Representative Patton questioned the purchase of 12.41 acres of real estate for almost \$19,000,000.00 without first doing an environmental study or soil test. Pam Hausey, Director of Real Estate, Ohio State University said the university did have a phase one environmental performed and no problems were noted on the report. The diesel generator fuel is still utilized because there is a generator in house that the fuel is used for. The other underground storage unit is no longer used. Sensors are connected to the underground tanks that would alert the university if there was any kind of leak. The item was approved without objection.

Item 24, AGE028-05 was held by Senator Carey and Senator Miller. Senator Carey asked why the original contract was raised from \$90.00 per hour to \$150.00 per hour. Sharon Evanich, Project Manager, Department of Aging said in the initial contract with North Light, Inc., there was a budget line for program costs which included the software development modifications and implementations of the website and there was another budget line with project management cost. They were two separate lines. With this amendment the department put both costs together. Senator Carey asked when the web site would be up and running. Ms. Evanich said the web site would be publicly released on May 11, 2005. Senator Miller asked for the total cost of the contract and whether there will be additional costs for development of the site once it is up and operational. Ms. Evanich said the initial contract was around \$700,000.00 and they will have to come back to the Controlling Board because the contract continues into the next biennium and there will be additional modifications in FY2006-2007 to the site. Senator Spada asked whether the dollar amounts increased by adding the two line items together. Roland Hornbostel, Deputy Director, Department of Aging said the hourly rate has not increased, what they are actually purchasing is additional deliverables but they are purchasing them for the same rate that they did initially. The department is adding additional customizations to the original software and that is why the overall appropriation line increases. President Dodge said that some members have some outstanding issues that they would like to see addressed and perhaps this item should be deferred to the February 7<sup>th</sup> meeting. The item was deferred without objection.

Item 25, AGR102-05 was held by Senator Carey. Senator Carey asked if the department would still have to cut \$35,000.00 in the up-coming budget. Todd Dickson, Department of Agriculture said the ultimate plan is to maintain the current service levels. They are also in the process of looking at the fee structure to raise fees so that in the future they can maintain current service levels at this rate. The item was approved without objection.

Item 26, AGR103-05 was held by Senator Carey and Representative Raga. Senator Carey questioned the promotion of two employees to Deputy Directors before the budget process. Todd Dickson, Department of Agriculture said the main reason for the promotion of the two employees to deputy director at this time is because of the recent loss of the assistant director and with the department being very concerned with homeland security issues and food safety the department wanted to ensure that they had proper controls and oversight of all the divisions reporting back to the director. Senator Carey asked how many deputy directors there are at the department of Agriculture. Mr. Dickson said two. Representative Raga asked how would the two new hires be paid. Mr. Dickson said they would be paid out of the Indirect Cost fund. Representative Raga asked what confidence level the department has that they will be able to carry through with these new costs. Mr. Dickson said the department has done projections through fiscal year 2007 as part of the budget process in anticipation of the director filling these slots and they feel

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they can maintain these positions utilizing the Indirect Cost fund. The item was approved without objection.

Item 44, DEV971-05 was held by Senator Spada and Senator Miller. Senator Spada asked how would the department make sure the money from the Third Frontier Action Fund grant would be allocated to Ohio firms. Mike Suver, Deputy Director, Department of Development said that there actually is a provision in the proposal that will be developed into a grant agreement. The proposal required and the company has agreed to give every dollar of that one million dollars to Ohio companies and to Ohio projects. Senator Miller asked why the department couldn't find a company in Ohio to do this project. Mr. Suver said this project was bid out and they received four applications from various companies and Draper Triangel Partners II was best qualified for this particular project. Representative Patton questioned how the RFP was written. Catherine Lester, Department of Development said the RFP is done through a process internally within the Department of Development. It goes through a variety of approval levels within the Department including Legal. The policy and focus direction for the RFP's are signed-off on by the Third Frontier Commission who has the authority over the Third Frontier Action Fund which is where these grants are funded. They do have outside reviewers, who have expertise in looking at investment companies and the history of the company that's proposing to do this investment fund. The item was approved with Senator Miller objecting.

Item 51, DEV979-05, item 51, DEV980-05, item 53, DEV981-05, Item 55, DEV983-05 and item 61, DEV991-05 were held as a group by Representative Calvert. Representative Calvert questioned whether the department asked the villages, townships and cities to contribute to the Development activities since they now are receiving more money through the Gas Tax. Mike Suver, Deputy Director, Department of Development said he did not see anything in the policy or guidelines that would indicate that there is a requirement that the locals chip in as part of the project. Representative Calvert asked if the Department would be willing to look at their current policy based on the fact that they are now putting additional funds into villages, townships, cities, etc. for road construction. Mr. Suver said yes. The items were approved without objection.

Item 64, EDU374-05 was held by Senator Carey and Senator Spada. Senator Carey asked what would the Council of Chief State School Officers do that is so unique that a company in Ohio could not do. Mitchell Chester, Assistant Superintendent, Department of Education said the survey was developed under the auspices of the Council of Chief State School Officers involving the University of Wisconsin Center for Education Research. They developed the survey protocols and training around them. They are proprietary at this point. The department is proposing through this contract to scale up to four hundred schools, almost 7,000 teachers in Ohio this spring the use of the survey and the only way they can do it is through this entity because it is something that has been developed by them and it is administered by them. Senator Carey asked how the schools are selected. Mr. Chester said they are aiming for schools that are struggling but they are also including schools at all points of achievement. Senator Spada questioned why the department has to pay if Ohio is a member of the state agencies of education. Mr. Chester said the membership buys an exploratory level of participation. It sponsors about 200 teachers per year participating in the project so it is in scaling it up to almost 7,000 teachers and 400 schools that the cost is incurred. Senator Spada asked whether the department uses these curriculum type surveys. Mr. Chester said they have piloted them over the last four years. Senator Spada asked if participating in the surveys and doing the expanded surveys would help the high school graduation rate. Mr. Chester

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said they do hope that this will lead to changes in curriculum that helps students be more successful against the kinds of expectations that are covered on Ohio's graduation test and thus lead to higher graduation rates. The item was approved without objection.

Item 85, DNR497-05 was held by Senator Spada. Senator Spada asked if the department is working within the spirit of budget constraints in trying to keep costs down. Chris George, Legislative Liaison, Department of Natural Resources said the department is nearing the close of negotiations with the coal industry to come forth with legislation that will make changes to the funding structure and regulatory programs to make it a more stable funding system for the department and a more predictable structure for them. Senator Spada asked whether any of the employees have ever been funded through the General Revenue Fund. Mr. George said these employees are funded through the federal and state Regulatory Fund. The item was approved without objection.

Item 86, DNR500-05 was held by Representative Calvert. Representative Calvert asked why the amount for purchasing a hydraulic suction dredge in this requests is different from the original amount in Controlling Board Release Number DNR395. Chris George, Legislative Liaison, Department of Natural Resources said he did not have Controlling Board Request Number DNR395 in front of him and therefore was unable to speak specifically to that issue and the difference between the two. Representative Calvert asked if the item could be deferred to give the department time to provide the Board members with data on the utilization of the equipment, how many hours they use it a year and how much dredging is actually done. The item was deferred without objection.

Item 97, DRC596-05 was held by Representative Raga. Representative Raga asked whether other institutions could provide some of the services in light of the increases in cost at the Ohio State University Medical Center. Doug Forbes, Department of Rehabilitation and Correction said the current contract with the Ohio State University Medical Center will end on June 30, 2005, and the department is beginning to explore entering into negotiations with them as well as looking elsewhere. Representative Calvert said some of the news media have suggested that the department is looking to increase the budget but it is his understanding that they are not increasing their budget but just moving things within line items. Mr. Forbes said that is correct. The item was approved without objection.

Item 98, DRC597-05 was held by Representative Calvert. Representative Calvert asked whether the installation of the emergency generator project was complete and if this is money left over from that project. Stuart Hudson, Chief of Construction, Department of Rehabilitation and Correction said yes, the money has been left over from the Emergency Generator Improvement line item. It was a project that was completed in February 2004. The item was approved without objection.

Item 100, DRC599-05 was held by Senator Carey and Representative Raga. Senator Carey asked why a personal services contract with an independent contractor is needed to provide administrative support. Doug Forbes, Department of Rehabilitation and Correction said this is a pilot project for one year and hiring a Civil Service employee would be prohibited. Senator Carey asked for status of the Talbert House, Hamilton County, investigation of Temporary Assistance for Needy Families (TANF) funds. Mr. Forbes said the actual audit is an audit of Hamilton County Job and Family Services and they have subpoenaed records from Talbert House as a part of that audit and it is related to foster care services. Senator Carey asked whether the audit has any potential impact on the state's allocation for TANF

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funds. Mr. Forbes said the Department of Rehabilitation and Correction would not have any knowledge of that. Senator Carey asked that the item be deferred to contact the Department of Job and Family Services. The item was deferred 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

*1/24/05 Minutes approved by the Board:*

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