

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE JUNE 21, 2004 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 Randy Gardner, Representative Jim Hoops, Senator Tom Roberts and Representative Fred Strahorn.

The minutes of the June 7, 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 June 21, 2004, meeting agenda. President Dodge said Item 24, DAS475-05 has been deferred. Item 95, DRC453-04 has been revised to change the transfer and release amount to \$280,361.00. A motion for blanket approval of all items not held for questions was made by Senator Carey and seconded by Representative Calvert and approved by all Board members.

The following Items were discussed and acted upon as stated.

Items 1, AGO502-05 and Item 2, AGO503-05 were held by Senator Roberts. Senator Roberts asked why the backlog. Jim Canepa, Chief of the Criminal Justice Division, Attorney General's Office said the reason for the backlog is if they were to try to do the cases in-house they would compromise the core business in court cases so recognizing that, the federal government earmarked money. In 2002 they were approved and promised money for both programs. Senator Roberts asked why the money wasn't disbursed until 2004 when it was approved in 2002. Mr. Canepa said the money was promised in 2002 and every quarter the Department of Justice (DOJ) would say it's coming, but it didn't become available until March 2004. The items were approved without objection.

Item 7, CWR242-04 was held by Representative Hoops. Representative Hoops asked why the university was not aware that the state would not make a down payment to vendors. Eric Cottingham, Associate Vice President for Research, Case Western Reserve University said it wasn't until the university contacted State Accounting to submit a voucher for the down payment amount that they learned that the state wouldn't pay the vendor until the piece of equipment was on site. Representative Hoops asked whether the money would go back to the university's general fund when released. Mr. Cottingham said it would go back to an Ohio Board of Regents account that is used to pay for this. Representative Hoops asked if the university had the money to do this project from the beginning, why ask the state? Mr. Cottingham said the total project is about a \$14 million project and they are using money from NIH, the Cleveland Foundation and other sources as well. They don't have enough money to do the total project without the money from the state. The item was approved without objection.

Item 14, CTI031-04 was held by Senator Roberts and Representative Strahorn. Senator Roberts asked whether the Delaware Branch would cause either of the two storefront satellites to close. Val Moeller, President, Columbus State Community College said the satellite site that is in Westerville is growing faster than they expected it to grow and in four years it will not have capacity to take any more students. In that event it would be very prudent for the college to move that satellite into the new campus and not spend the monies for additional space. Senator Roberts asked whether the bulk of Capital funds in the

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next six years would be going toward the Delaware campus. President Moeller said that is the proposal. Senator Roberts asked what happens to the main campus if the university dedicates that kind of money to the Delaware campus. President Moeller said they would continue to develop the downtown campus. Representative Strahorn asked whether there is any other higher education institutions in closer proximity that could fill this niche or is this a very specific niche that Columbus State can most apply. President Moeller said there is no community college in Delaware County and the other institutions are private, a joint vocational school and a branch campus of Ohio State. Senator Gardner said that this request is in line with some of the goals established by the Governor's Commission on Higher Education and Economy which he served on and thinks there will be challenges but it is something that he would support and believes it does fit the mission as established by the commission. Representative Hoops asked whether the officials in Franklin County were involved in this. President Moeller said once it moved into the capital part they did have a meeting on campus where the entire delegation was invited to come from Franklin and Delaware Counties to hear about the capital plan as they presented it to the Board. Representative Calvert asked whether the creation of the Delaware campus would decrease enrollment in the Columbus downtown campus. President Moeller said she did not expect that to happen because when they opened the satellites in Delaware County and the one in Franklin County, nothing happened downtown. Rather enrollment increased and it continues to increase. The item was approved with Senator Roberts objecting.

Item 22, DAS468-05 was held by Senator Carey. Senator Carey asked why the department did not use the RFP process for these contracts. Ronald Remy, Office of Fleet Management, Department of Administrative Services said when this contract was initially looked at several years ago, the merits of both Right Express and Voyager were compared and at that time it was deemed that Voyager was the better selection in part because Right Express was asking for a fee for the issuance of every card where Voyager did not ask for a fee. Senator Carey encouraged the department to think very strongly about using the RFP process for fiscal year 2006 to make sure that there are not other companies out there that the department is not aware of. Senator Roberts said he shares Senator Carey's concerns about using the RFP process and asked whether employees are encouraged to find the cheapest gas and if their purchases are limited solely to gas. Mr. Remy said they have continually tried to encourage state agencies to seek the lowest cost fuel. The card can be used for other things that are vehicle related, for example a car wash or oil change. The item was approved without objection.

Item 26, DAS478-05 was held by Senator Carey. Senator Carey inquired about the difference in savings of about \$8,000.00 in the Chevron, Citimortgage bid and roughly \$200,00.00 from the Energy Solutions bid. Vijay Baluh, Department of Administrative Services said he did not know the answer. The gentleman that was supposed to represent the request is not in the office today. Senator Carey made a motion to defer the item to the July 12th meeting. The item was deferred by request of Senator Carey.

Item 27, DAS479-05 was held by Senator Carey, Senator Roberts and Representative Strahorn. Senator Carey asked since the current system does not work, why is the department buying another system from Maximus without doing an RFP. Ronald Remy, Office of Fleet Management, Department of Administrative Services said the department is not unhappy with the current system. This request is to purchase an enhancement to the current motor pool reservation system module that was not available when the original system was purchased in 1998. A Request for Proposal is not being done for this request because FleetOhio is proprietary software and cannot be competitively bid. Senator Roberts

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asked what four state agencies currently use the system. Mr. Remy said the agencies are the Department of Administrative Services, the Ohio Consumers Counsel, the Department of Agriculture and the Department of Youth Services. Senator Roberts asked what happens when the contract comes up for renewal. Mr. Remy said they would go into negotiations with Maximus and they would then be required to bring it to the Board. Representative Strahorn asked what the new system would do. Mr. Remy said with the enhanced motor pool reservation system customers will be able to make their own reservations anytime of the day and it will allow the department to generate motor pools and enhance motor pools without increasing staff. Representative Strahorn asked what kind of savings does this provide to the state. Mr. Remy said the savings is going to be in the reduction of state vehicles and greater utilization. The item was approved with Senator Carey objecting.

Item 82, DNR193-04 was held by Senator Roberts. Senator Roberts asked whether the department is borrowing from FY05 Capital. Chris George, Department of Natural Resources said yes, that is correct. Senator Roberts asked what happens in fiscal year 2005. Mr. George said it is the department's hope that this will be a very short term issue because of the timing of the upcoming Capital Bill that they can put the money back pending approval of the Capital Bill and they should be able to move through the Capital Biennium without any problems. The item was approved without objection.

Item 83, DNR 194-04 was held by Senator Gardner. Senator Gardner asked if the department is comfortable that this firm can do the work to carry out the request adequately and questioned the significant gap between both the estimates and the two bids that were received. Chris George, Department of Natural Resources said through the bid evaluation process with this firm, there were no issues raised that would give any reason to doubt that they could handle the work at the price that they had quoted so the department is very comfortable with this firm. The item was approved without objection.

Item 90, RAC242-05 was held by Senator Roberts. Senator Roberts asked how long Dr. Wright has performed his task for the Racing Commission. Tom Michael, Chief Legal Counsel, Racing Commission said Dr. Wright began in January 2004. Senator Roberts asked why the Commission has not established a "farm team." Mr. Michael said the Commission has an extremely difficult time getting veterinarians to fill these positions. The Commission conducted a survey of the nine veterinarians who practice on the track at Northfield and Thistledown and they gave several reasons for not having an interest which included the pay was not adequate and there are no state benefits attached to the positions. Senator Roberts expressed his concern of not having a pool of veterinarians at the racetracks and said the Commission really needs to take a look at how they address this issue in the future. Representative Strahorn asked whether any thought has been given to changing the compensation packages for track veterinarians. Mr. Michael said the Commission wants to avoid having veterinarians who treat horses that perform at a racetrack and by the same token going in that evening and representing the Commission as it is a built in conflict of interest. The item was approved with Senator Roberts objecting.

Item 97, DRC545-05 was held by Senator Carey, Senator Roberts and Representative Strahorn. Senator Carey asked whether it is the department's intention to transfer the remainder of the \$6.5 million by the end of the first quarter of fiscal year 2005. Scott Neely, Legislative Liaison, Department of Rehabilitation and Correction said that is correct. It will be the remainder of the \$6.5 million less the 1%

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cuts that were not applied to both the Halfway House and Community Based Correctional Facility (CBCF) line items. Senator Roberts said Senator Carey's letter answers his question and he is looking forward to the commitment by the department. Representative Strahorn asked for clarification on the Community Based Correctional Facility agreement. Mr. Neely said essentially the full amount was \$6.5 million that the department was going to divide equally in fiscal year 2005 between CBCF and Halfway House. The item was approved without objection.

Item 98, 546-04 was held by Representative Calvert. Representative Calvert asked why the department had on-going discussions before issuing an RFQ. Donna Lehner, Department of Rehabilitation and Correction said the institution had been in discussion with several vendors regarding their pricing for the laundry items. In order to assure that all vendors were working with uniform specifications the institution issued a fax quotation so the department could be assured that all vendors had the same information. Representative Calvert asked if there are only three companies that provide this type of laundry equipment. Ms. Lehner said yes, they are the only companies that carry this particular type of equipment. Representative Calvert expressed his concern that the department published something that says they negotiated a price before they issued an RFQ and urged the department to stick with the rules of the RFP/RFQ process on purchasing equipment. The item was approved without objection.

Item 110, DOT113-05 was held by Representative Calvert. Representative Calvert asked how much have the Columbus and Ohio River Railroad group been paying the state for use of the railroad. Matthew Dietrich, Ohio Rail Development Commission said the twenty-year Certificates of Participation were issued in 1992 under an entity called CAPRAIL 1, Inc. to save this panhandle line from abandonment and was approved by Controlling Board and the General Assembly. At that time a triple net lease from CAPRAIL 1 to the State of Ohio (at that time it was the Department of Transportation, Division of Rail and became the Rail Commission). We in turn sublease it through a subleasing agreement to the Columbus and Ohio River Railroad who pays the State of Ohio \$2,500.00 a month as a fee and then pays the \$58,000.00 necessary for the bond payments. The State of Ohio never sees the \$58,000.00, it goes directly to the trustee, which is JP Morgan Chase. Representative Calvert asked what the agreement with Columbus & Ohio River Railroad would be after the State pays off the balance of the bonds and owns this out right. Mr. Dietrich said since they are doing essentially a refinancing, they are trying to keep as much the same as possible. They will realize some savings through this and are looking at reducing not only the state reserve payments but also the debt service required to be paid by the railroad. It is our intent that the debt service payments are reduced in proportion to the savings. The way the original operating agreement is established is that the railroad pays the debt service. The item was approved without objection.

Item 121, DYS392-04 was held by Senator Gardner. Senator Gardner asked why an RFP was not done. Nathan Miner, Department of Youth Services said in the past these vendors have been on state term contract. They actually solicited quotes from more than three vendors for each item and it just so happens that the same vendor provided the best quote on all items. The item was approved without objection.

A motion to reconsider Item 26, DAS478-05 was made by Senator Carey, seconded by Representative Hoops and approved by all Board members. Sid Timbrook, Legislative Liaison, Department of Administrative Services said it is his understanding this is a time sensitive issue that if they wait past

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July 2 this would actually reduce the amount of savings and cost more in the long run. The department can provide the Board with the information Senator Carey is seeking. Senator Carey said he had no objections. The item was approved without objection.

President Dodge asked if there was a motion to waive the seven-day rule to add TAX006-05 to the agenda. Representative Calvert moved and Senator Carey seconded.

Item 125, TAX006-05. Kevin McNeal, Department of Taxation said the department missed the submittal date and appreciated the Board hearing the request. This request is for a continuation of the department's Disaster Recovery Services. This year DAS submitted an electronic Release and Permit process. This was the first request the department submitted and did not realize that there was a second approval process that was required. It was an oversight on their part. Representative Calvert asked whether there has been any effort to come up with a master contract to support this type of service for all of the agencies in Ohio. Mr. McNeal said the Department of Taxation has followed-up with DAS regarding that every year and they have also asked the company itself to attempt to resolve this issue. The item was approved without objection

With no further business before the board, the meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

06/21/04 Minutes approved by the Board: