

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE NOVEMBER 3, 2003 MEETING

President, Lisa Dodge, called the Controlling Board meeting to order at 1:45 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 20, 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 November 3, 2003, meeting agenda. A motion for blanket approval of all items not held for questions was made by Representative Patton, seconded by Senator Harris and approved by all Board members.

President Dodge announced that Item 57, DRC465-04 has been deferred. The amount for Item 40, DOH105-04 had been revised to \$133,120.00 and the GSD Number for Item 54, DRC462-04 had been revised to GSD 501-2003-112.

The following items were discussed and acted upon as stated.

Item 1, AUD002-0405 was held by Senator Roberts. Senator Roberts asked if this contract was originally bid in 2001 and if not why. Mike Elrod, Auditor's Office said he did not believe this contract was competitively bid in 2001. In the mid nineties Northern Buckeye Education Council, a Council of Government in Northwest Ohio which is made up largely of school districts, was contracted with to make upgrades to the last accounting improvements. They have a unique understanding and expertise in how they account and prepare their financial statements. Senator Roberts asked if the Auditor's Office has a process for evaluating the job Northern Buckeye Education is doing. Mr. Elrod said there is not a formal evaluation process but they have completed phase one and made the last software upgrades. The department has not received any negative feedback and people seem to be fairly happy with the product they produced and the Auditor's Office has been pleased with it as well. The item was approved without objection.

Item 3, SOS044-04 was held by Senator Roberts. Senator Roberts asked how the Secretary of State's Office found itself in this situation. David Kennedy, Secretary of State's Office, said with the announcement of the grant availability two vendors subsequently made the business decision that they were no longer going to provide service and upgrades for the voter registration system to a total of 21 counties. Those counties now have to completely replace their systems so they applied for the replacement grant. Senator Roberts asked if the local counties have an agreement or a contract with these vendors. Mr. Kennedy said this is one of those spots where that contract is with the local boards of elections and not with the Secretary of State's Office. The county boards of elections and the county commissioners should be dealing with their county prosecutor to see if there is some sort of activity they want to take. Senator Roberts asked if ES&S and Accenture, had any contracts with other counties or if they had pulled out completely from the state. Mr. Kennedy said Accenture has pulled out and ES&S has the 20 remaining contracts. The item was approved without objection.

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Items 11, OSU883-04 and Item 13, OSU885-04 were held by Senator Carnes. Senator Carnes asked how a major university could spend this kind of money at a time when tuition costs are increasing and constituents want tuition caps reinstated. Wendy Patton, OSU, Real Estate Coordinator said they are buying more than just the land, they are buying an apartment complex and that accounts for the appraised value of the property. Senator Carnes asked if there were other bids on this property or if Ohio State paid the appraised price. Ms. Patton said Ohio State University had a full narrative MAI appraisal done and the seller had a full narrative appraisal done and they negotiated the price that was agreeable to both parties. Senator Carnes asked what the apartments are going to be used for. Ms. Patton said the property would be used as fully programmed college dormitories. Senator Carnes asked if the need for dormitories is the reason Ohio State decided to spend the additional five million dollars. Ms. Patton said the purchase of this complex is pursuant to a 2002 report on regional campuses in which the Ohio State Board of Trustees spoke strongly to the need for fully programmed dormitories to help students stay in school and enhance their academic performances. Senator Roberts asked if there is any correlation between the capital improvements on campuses and the increase in tuition. Judy Nodjak, Ohio State University said if they are doing expansions, renovations or capital improvements to academic buildings those costs are directly or indirectly passed on to students in the form of higher tuition. When it comes to student affairs governed buildings such as dormitories, those buildings are totally financed both the initial purchase and the renovation of them in the form of the cost that are charged to students to occupy those facilities. In no way do they get tuition payments at all. Representative Hoops asked if students at Ohio State would see an increase on their bill. Ms. Patton said yes, it would be in the form of housing costs. The items were approved with Senator Carnes objecting to Item 11.

Item 12, OSU884-04 was held by Senator Carnes and Representative Patton. Senator Carnes asked why during the interview process none of the six firms from Ohio were considered. Ms. Nodjak said there was one firm from Ohio that was included in that short list of ten. None of the local firms or Ohio based firms had really done any extensive studies with schools of music, which is what they were after. Senator Carnes asked why the percentage for sub-contract work is so high and what type of deliverables the sub-contractors will provide in this study. Ms. Nodjak said a good portion would be done by a local design group firm that is going to be doing the architectural and engineering work behind it. This is a technical specialist that specializes in just designing schools of music or music performance facilities so a good portion of it is in the actually architectural and engineering work. In addition they have sound specialists. Senator Carnes asked what the university hopes to gain by this. Ms. Nodjak said the school of music is currently housed in about six buildings on campus. And that most of the buildings that house the school of music currently at the university are very old. They need to take a look at the music program and what will best serve the student population. Representative Patton asked why an average architect couldn't be used since they already have the specifications in place. Ms. Nodjak said you want to get someone who can assess the condition of Ohio State facilities as compared to other universities in the country. Representative Patton asked if students can expect a tuition increase. Ms. Nodjak said indirectly every penny that the university spends is going to result in a tuition increase indirectly. The item was approved without objection.

Item 22, DAS393-0405 was held by Representative Calvert. Representative Calvert asked why the department has not been able to find a new site and why they need eighteen months to find a new site. Mark Half, Real Estate Services, Department of Administrative Services said he doesn't believe it is the

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case of not being able to find a new site, it is part of the programmatic investigations that the Rehabilitation Services Commission is doing to align their offices. They are planning to combine the Painsville and Ashtabula offices and the size and the staff is still being evaluated for that combination. Once that is done DAS will be able to do the real estate search for them. The item was approved without objection.

Item 24, DAS395-0405 was held by Representative Calvert. Representative Calvert asked how the cost qualification ratio was determined. Mike Jones, Education Director, OCSEA said they identified seven different criteria and for each of those criteria they put a percentage with that criteria. That criteria was size and scope, experience with public projects, personnel assigned to projects, experience with joint labor management projects, understanding of the scope of the services, evidence of creativity capability and resources and acceptable timeline ability to complete work within established deadlines. Therefore even though they had the lowest bid, by the time the cost qualification ratio was factored in they didn't have the capacity to do the work so they scored much lower. Representative Calvert asked whether in responding to the RFP, the vendors knew (1) the qualifiers and (2) the weighting of those qualifiers. Mr. Jones said the department did have a bidders conference where they brought people in and they had a very good turn out of about 35 to 40 vendors to come in to ask questions of a panel of about twelve people that worked on this project. The item was approved without objection.

Item 30, DEV569-04 was held by Senator Harris and Senator Roberts. Senator Harris asked why the state's share in these projects is in excess of 90%, which appears to be very high. Tom Johnston, Department of Development said with the million dollar 166 Direct Loan the department is committed to 21.3%. By statute they are limited to a maximum of 75% of the total project cost that is eligible to be financed. On the Bond they are at 73.6% of the total project cost which is within limits. The company intends to purchase the building that they are occupying. Senator Harris asked if the department is confident that Engineered Plastic Products, Inc. is going to be able to meet their obligation. Mr. Johnston said they will be a supplier to the Lordstown GM facility and they are also a supplier to the Jeep facility in Toledo. The department feels that the prospects for the company continuing on a profitable basis are very strong. Senator Roberts withdrew his hold on this request. The item was approved without objection.

Items 38, DOH103-0405 and Item 39, DOH104-0405 were held by Representative Hoops. Representative Hoops asked why the arrangement did not prove to be either cost effective or efficient. Sean Keller, Department of Health said historically this had been in the neighborhood of a \$600,000.00 program through the direct procurement and distribution out of the state warehouse. However, the department decided to procure this item on their own due to the overhead of the contractor and the fact that the department found out that these particular formula manufacturers would provide the contractor a higher price per case than the state was able to secure. In addition, the department thought they could recognize further cost savings as a result of third party billing, private insurance companies and through Medicaid. In the end, however, this did not prove to be the case. As a result they decided to bring it back into the department and projections are showing that based on procurement to date they are now back at about a \$600,000.00 or \$700,000.00 program which is a minimum cost savings of \$250,000.00. The department is aggressively pursuing some additional areas of savings. The department is still hopeful that they will be successful in getting them back on state term but due to the need for this product they felt they needed to come today to get authority so they don't run out of inventory.

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Representative Hoops asked if the department would have to hire more people to do this. Mr. Keller said no, that would be handled internally within the Bureau of Children With Medical Handicaps. The items were approved without objection.

Items 50, DHS666 and Item 51, DHS667-04 were held by Senator Harris and Senator Roberts. Senator Harris asked if the Board approves this transfer what would the balance be in the Automated Title Process System Fund. Frank Caltrider, Registrar, Bureau of Motor Vehicles said his records indicate that on October 20 there was a cash balance of approximately 48.5 million dollars in that account. This transfer today would reduce it by 3.5 million dollars. Senator Harris asked for an update on implementing the titling system in Ohio and why it has taken so long to move forward since the money is currently in the fund. Mr. Caltrider said when Senate Bill 59 was adopted it did not particularly address the details of how they would implement electronic titling at the dealership level. The titling law provides that the documents used to issue a title be filed with the county clerks of court offices. In proposing the electronic application process it did not do away with any of the paper documents that are required to be filed. The department was hoping to design a system that would eliminate a majority of the paper documents and that remains the critical stumbling block. They are working towards that study right now to bring the customers of the system together to come up with a design for a proposed system. Senator Harris asked what the department's time frame is for implementing and completing the electronic titling process. Walter Callahan, Chief Information Officer, BMV said the vendor has been selected and it is just a matter of acquiring the release and permit and the contract will start from there.

Senator Roberts asked whether it is within the clerks of court responsibility and right to spend the money for projects they want to do at the local level. Mr. Caltrider agreed it is appropriate to advance those programs as they are administered through the Bureau of Motor Vehicles. Senator Roberts said it is his understanding from talking with some of the clerks who had discussions with the department was that the implementation time frame for imaging of auto titles and the electronic titling system was between twelve and eighteen months. Mr. Caltrider and Mr. Callahan both acknowledged a meeting with the clerks of court to discuss auto title and electronic titling but that no specific time frame was mentioned. They spoke of the study being about six months and then whatever time it would take from that study to implement the system. Senator Roberts asked if the Board could get a commitment that the monies would be used for imaging of auto titles and electronic titling system purposes. Mr. Caltrider said that is their objective as a number of the improvements that they are asking for are contemplated in that system. In addition, a number of the things the clerks asked for in the meeting are either currently being implemented or are very far along. Mr. Caltrider indicated that they are aggressively working towards these things and it is their intent to implement the electronic titling with due speed. Senator Roberts asked how long the clerks have been collecting this money. Mr. Caltrider said it has been since 1990. Senator Roberts asked what the money was originally collected for. Mr. Caltrider said in his opinion it was to be used only for the automated titling processing system (ATPS). The fee was originally \$1.00 per title and at some point was raised to \$2.00 per title and it comes specifically to support ATPS.

Representative Hoops asked whether there needed to be any legislative changes or administrative rule changes to do any of these things in the future. Mr. Caltrider said it depends on the proposed design of the imaging system. A number of the things they will be able to do under current statute but that there may be the need for some bill relating to imaging. Representative Hoops asked with the dollars that have

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been removed from this fund and the things that are being discussed, is there enough funding left to do those things. Mr. Caltrider said he believes that there will be even with this transfer. The items were approved without objection.

With no further business before the board, the meeting was adjourned at 2:57 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

11/03/03 Minutes approved by the Board:
