

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE AUGUST 4, 2003 MEETING

President Lisa Dodge called the Controlling Board meeting to order at 1:35 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 July 21, 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 August 4, 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.

The following items were discussed and acted upon as stated.

Item 1, BGU056-04 was held by Senator Carnes. Senator Carnes asked why the university paid more than the highest estimate. Bob Waddle, Assistant Vice President for Capital Planning, Bowling Green University, said the university felt the value was worth more to them for a couple of reasons. Dr. Panksepp is a university professor and he purchased the property years ago. The JP Scott Center is a part of the psychology area and Dr. Panksepp lets the university use it on an informal basis to allow visiting scholars to come in as well as for meetings and gatherings. Dr. Panksepp is retired and is moving to Chicago and has put the property up for sale. He had an offer for \$150,000.00 from one of the local landlords and the university felt it was important to keep the property in the university's hands. The item was approved without objection.

Item 24, JFS030-0405 was held by Senator Harris. Senator Harris asked what was the advantage of the Ohio Access project to the state. Christopher Carlson, ODJFS, said the contract with Easter Seals Central and Southeast Ohio will develop a protocol of procedure to effectively move individuals who are currently institutionalized under the Medicaid program into a community-based setting. Senator Harris asked if the state would be paying for certain types of materials and equipment like lap top computers, overhead projectors etc. Mr. Carlson said a federal grant is funding these specific materials and allowable equipment. Senator Harris asked if the items would be bid out or how would they be procured? Mr. Carlson said, no, the agency is purchasing these items separately. The Office of Management and Budget requires that these items belong to the state. Senator Harris asked if this equipment will become the property of the state at the end of the program. Mr. Carlson replied yes. The item was approved without objection.

Item 32, DMR342-0405 was held by Senator Carnes. Senator Carnes asked why the department is coming before the Board with an amendment to increase the contract amount to \$1.8 million. Rick Wymer, Department of Mental Retardation, said the department is adjusting the contract to their budget line item. The department wanted to have the contract in place by July 1 but at the time they went to the Controlling Board in June they did not know the dollar amount that would be approved in their budget line item. There were increases in that line item and this addendum is increasing the contract to accompany the dollar amount. With this money the agency will increase these guardianship by 885 clients. Senator Carnes said we are talking about a 37% increase. He felt that it was held purposely low when the Board approved it in June and then to have this amount of an increase now. Mr. Wymer

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

said it is his understanding that the department had asked for additional funds during budget hearings. The department is currently taking care of 3,011 clients; with this dollar amount this will increase the clients by 29%. Senator Harris asked how will they accommodate these additional clients. Mr. Weimer said with the additional funds, DMR would hire more personnel to be able to take their caseload up 800 or so clients. Senator Harris said he understood there was a hiring freeze and wondered if the freeze didn't apply because of the additional dollars. Mr. Wymer said APSI is a non-profit organization that would be hiring the people. Senator Harris asked that the department verify that there are no restrictions and if the hiring freeze applies to APSI. The item was approved without objection.

Items 34, DNR148-04; and 35, DNR149-04 were held as a group by Representative Calvert. Representative Calvert asked why the department decided to issue two contracts rather than one contract for this service. Chris George, Department of Natural Resources, said the department decided to go with two contracts because they did not want to over tax the resources of a single firm. By splitting the state contract, one contract is for the northern part of the state and one is for the southern part. The department feels it will be able to have a consultant closer to the work and will reduce travel cost and allow them to get on the job quicker. Representative Calvert asked if the department had any contracts of this type last fiscal year. Mr. George said no they did not. Representative Calvert asked what is meant by emergency and urgent or is the department going to be using this for routine work. Mr. George said the types of work the department will be doing under these contracts are improperly functioning or failed wastewater systems or water supply systems, heating and air conditioning systems, minor structural damage, leaking roofs, maintenance issues that are going to impact the use of the facilities that will make them unsafe for employees or visitors to the parks. The department is not going to be doing this for general upgrade; it will be for emergency repairs and maintenance that impacts the function of the facility. Representative Patton asked how would anyone know that you are not doing routine work. Mr. George said he could assure the Board that their chief of the division of engineering would be very careful in monitoring this money. The items were approved without objection.

Item 38, DNR393-0405 was held by Senator Harris and Representative Hoops. Senator Harris asked what was the department's objective in moving the sale of hunting and fishing licenses to the Internet. Mr. George said the agency would like to join 48 other states that either are currently offering these wildlife hunting and fishing licenses on line or are in the process of doing that. DNR feels that it will be a convenience to the sports men and women of the state of Ohio as well as out of state sportsmen. The impact on the local retailer would be about 5% of wildlife license sales which will go to the Internet base system based on the experiences of greatLodge.com. Senator Harris questioned whether the 5% would be lost to the retailers to Internet sales or if it grows over time? Mr. George said the 5% is based on the initial year. Senator Harris asked if Mr. George could give the Board an estimate of what states have been on the Internet for some time selling these licenses and approximately what is their percentage of penetration. Mr. George said he did not have that data available but would be happy to get that data for the Board. Representative Hoops asked if there was any opposition in the other 48 states? Mr. George said to the best of his knowledge there was none. The reports received were all favorable. Representative Hoops asked how did you contact the shops to let them know that this was going to be done over the Internet. Mr. George replied the personnel of the Division of Wildlife notified them at a mandatory meeting that each local vendor is required to attend. Representative Hoops asked if it was taken into consideration vendors would be losing money in other purchases when an individual buys a license. Mr. George said that was not part of this equation; it was not figured in as far as the extra sales as to what they might be losing. The 5% figure is strictly a projection on the Internet license sales. Representative Patton asked when it comes time to replace this system if it would be

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

replaced with the Internet system and all purchases be made on the Internet? Mr. George said the Division of Wildlife does not intend to go to a system where an individual can only purchase from his home computer or computer at the library. There is no intention to pull license sales from the local vendors. Senator Roberts asked if GreatLodge.com offers other sporting equipment or items for sale. Mr. George said I am not aware if they do or do not. I cannot answer that question. The item was approved without objection.

Item 40, DRC439-04 was held by Senator Harris and Representative Hoops. Representative Hoops asked how many cattle and swine the department expect to process. Mike Randle, Assistant Deputy Director, Department of Rehabilitation and Correction, said approximately 11,662 head of beef cattle and the same amount of swine will be processed every year through this plant.

Senator Harris asked why the Department was doing this and what had been done to ensure that the department would realize a return. Mr. Randle said the project is a partnership between Ohio State University's College of Veterinarian Sciences, Department of Agriculture and the Department of Rehabilitation and Correction. The department's goal is to produce their own beef and pork and process them through the processing plant for the offenders' consumption. The department is presently spending \$5.2 million on beef and pork which is coming from large meat processors out West. DRC is proposing that instead of spending that money outside of Ohio to purchase five or six hundred head of beef from Ohio cattlemen instead. The department would save \$3.2 million a year on the cost of meat.

Senator Harris asked of the approximately 6,000 head of cattle and swine that will be purchased each year, if these cattle and swine would be fed and developed prior to slaughter on the prison farms. Mr. Randle said the five to six thousand head that the department will be buying are in addition to what the prison farms have capacity to raise. The animals will be bought for market in the final stages just before slaughter.

Senator Harris asked what assurance is there that the purchase will be made from various auction houses as opposed to one or two. Mr. Randle said the department has been in discussion with the Department of Agriculture and, if this request is approved, they plan to talk with State Purchasing about the possibility of setting up co-ops where smaller cattle farmers can enter into co-operatives and collectively bid on this type of contract. This would offer an excellent opportunity for a number of small cattlemen to collectively bid on this opportunity.

Senator Harris asked how many prison farms are there. Mr. Randle said the department currently has one prison farm with ten sites. Senator Harris asked how would the animals be raised. Mr. Randle said in various stages for various locations. The northern prison (Grafton) and the southern prison (Lucasville) will be the primary operations where smaller animals are raised up to five or six hundred pounds. As those animals get older, they will be moved to prison farms closer to the interior of Ohio, like Mansfield or Lebanon and when they get to the final stages they will be at the Pickway Correctional Institution farm, which is the last stop before they go through the slaughter plant.

Senator Harris asked if the transportation of these animals would be done through private sector industry or if the Department of Corrections has a fleet of trucks to transport the animals to the different locations. Mr. Randle said currently the department has a small number of transport vehicles that could be used to transport animals. The item was approved without objection.

Item 43, DOT193-04 was held by Representative Hoops. Representative Hoops asked why there is a \$20,000 contingency fee. Mr. Todd Neilson, ODOT, said the \$20,000 contingency fee represents 10%

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

of the proposed contract agreement. Representative Hoops asked what it is going to be used for. Tom Parrett, ODOT, said the contract anticipates Applied Research Associates will investigate approximately ten states but the counsel has sought to allow up to 15 states to be analyzed. The contingency of \$20,000 is there if another five states need to be analyzed. Representative Patton asked what the lowest bid was for this contract? Mr. Neilson said there were ten parties with letters of interest from across the country. Representative Patton asked how the agency came up with the price of \$200,000. Mr. Neilson said that after the director met with the engineers and legal counsel that it was determined the requirements for this contract would encompass a good deal of travel by the neutral third party of engineers and experts to meet with not only individuals from departments of transportation across the country but also internally with ODOT and with the concrete and asphalt industries. Given their best effort, they arrived at a \$200,000 contract. Representative Patton asked how you get people interested when there are no figures involved. Mr. Neilson said ODOT typically has engineering charges in the range of \$100.00 to \$140.00 per hour. The department got a ballpark figure of what they thought the amount of hours it would take to accomplish this, including the department travel, that is essentially the way the fees were broken down.

Senator Harris said in order to vote to pass the item at this time, the Board would need a commitment from ODOT that any use of the contingency would be reported to the President of the Controlling Board in writing, and made available to the members of the Board. Mr. Neilson said they would be happy to do that. Senator Harris said this should be a very specific report addressing this issue so if it appeared that the contingency was going to be exceeded at least the Board would be aware of it and what the circumstances were. Ms. Dodge clarified that a report would be issued to the Controlling Board but that no action necessarily needed to be taken. A report would be issued so the members could see if and how the department spent the contingency. The item was approved without objection.

Item 44, DEV550-04 was added to the agenda. Senator Roberts asked why the change was being made. Tom Johnston, Department of Development, said at Sajar Plastics the new controller had a different perspective on how to do business and preferred a shared first lien as opposed to a letter of credit. Ms. Dodge asked if that is the standard way that the letters are done. Mr. Johnston said, yes, that the department generally takes secured collateral positions on assets providing that they believe the market value of the assets is sufficient to liquidate and pay off the loan. Senator Roberts asked how it changes the state's liability. Mr. Johnston said he is not sure it changes their liability, it changes their collateral position but the department thinks it is an equal change. Representative Calvert asked if the loan was for the purchase of equipment or for other expansions. Mr. Johnston said this was for the purchase of equipment. The item was approved without objection.

Item 45, DHS640-0405 was added to the agenda. Representative Hoops said that since the county has the D.A.R.E. program that goes through the county sheriffs, if there would be some friction with the sheriffs. Staff Lieutenant David W. Dicken, Public Safety, said he didn't believe so, this was to augment D.A.R.E., not to compete with it. This program would give the troopers some visual aids and some give away items as they do their speech details in the schools. Representative Hoops asked if DHS had talked with the County Sheriffs Association about this program and what was the response. Mr. Dicken said he was not aware that it had been discussed with them; however, DHS has been doing this for the last several years and he felt it was a complementary program to D.A.R.E. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 2:45 p.m.

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

08/04/03 Minutes approved by the Board:
