

# CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

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## MINUTES OF THE AUGUST 18, 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 August 4, 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 18, 2003, meeting agenda. President Dodge said the following items were deferred: No. 31, DEV485-04; No. 80, DHS655-0405; No. 90, DOT204-04; No. 91, DOT205-04; and No. 95, DYS361-04. 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, AGO009-04 was held by Senator Roberts. Senator Roberts said several contracts, appears to be at a disproportionately high rate. Matt Cox, Attorney General's Office, explained that since these are highly specific matters involving the FCC or the FAA, a Washington DC council offers a higher and unique expertise. Senator Roberts asked if the agency will use the entire amount and if this is an open ended contract. Mr. Cox said that the amount is anticipated to be needed for the fiscal year, but that every effort is made to keep the bill as low as possible for out of state firms. Senator Roberts asked why did the agency select an out of state attorney for this one and another out of state attorney for the Department of Job & Family Services. Mr. Cox said the case was filed in West Virginia and the agency needed local counsel to represent the University of Miami in this case. For ODJFS, it is because the firm is doing work on the Medicaid program setting rates for reimbursement for Medicaid and the agency needed an expert in Washington DC to do that work. The item was approved without objection.

Item 2, AUD001-0405 was held by Senator Roberts and Representative Patton. Senator Roberts asked why was the Huntington contract, which is \$22,000.00 higher, accepted over the BankOne contract. Mike Elrod, Liaison with the Auditor of State, said of all the proposals were reviewed based on experience, qualifications, expertise and cost; Huntington's bid for this work came out on top. Representative Patton said that he believes that almost any bank could do the job and that he doesn't think the rationale is valid. He also expressed his concerns that agencies should always be cognizant of the fact that they are spending taxpayer's money. The item was approved with Senator Harris abstaining.

Item 3, SOS041-0405 was held by Senator Roberts. Senator Roberts asked why the department is hiring 11 contractors to provide for the local boards of election. David Kennedy, Secretary of State's Office, said this request represents two different functions to be required under the Help America Vote Act. The first is the building and deployment of a statewide voter registration system. Also contained in this request is a series of administrative costs that are going to be required for the secretary to build the

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contracts and agreements with vendors for the voting systems, to evaluate those systems, and document the costs and plans that are associated with the deployment of those systems. Senator Roberts asked why the department needs a project manager for voting systems and three contract negotiators. Mr. Kennedy said it's a massive undertaking and incorporates not just the purchasing and deployment of these systems but the testing of those systems to make sure they have been delivered successfully to the county boards of elections. It's a very specialized process that calls for very a specialized and talented individual. The department engaged a series of individuals with excellent credentials to bring various components, an understanding of the process, and the technology that was involved to the table.

Representative Patton asked why the department is negotiating another contract with Accenture when the Department of Job and Family Services ended its five-year relationship with them in July and Accenture is now going through a civil law suit with another state agency. Mr. Kennedy said the department is aware of the problems they have had with the Department of Job & Family Services and the understanding is that those issues have now been resolved. In this entire process, the Secretary has required that conflict of interest clauses be included in all of the. The item was approved without objection.

Item 9, MUN041-04 was held by Representative Calvert. Representative Calvert questioned whether the two other projects from which this money is being taken, Safety Upgrade and Storm Sewer Renovations, are complete or will the department be coming back later for money for the two projects. Robert Keller, University Architect, Miami University, said the projects are not complete at this time but the university doesn't feel taking this money will jeopardize their completion. The item was approved without objection.

Item 11, OSU842-04 was held by Representative Calvert. Representative Calvert asked whether the OARDC has been doing design build contracts. Judy Nodjak, Ohio State University, said it is her understanding that this is one of the first design build contracts done through the university at OARDC. Representative Calvert asked if she could verify that. Ms. Nodjak said she would. Representative Calvert asked whether the university has taken a look at their long-range issuance of bonds so that this will not jeopardize future bond issuance and thus cost the university additional significant dollars. Ms. Nodjak said she was not the best person to talk about the bond rating review process but would have someone contact his office with regard to those concerns. The item was approved without objection.

Item 12, OSU844-04 was held by Senator Harris. Senator Harris asked why the university paid above the highest appraised amount for this property. Wendy Patton, Real Estate, Ohio State University, said the appraisal is within the "legitimate range." The appraisal estimates market value but true value is established by the transaction. The property was listed at \$2.2 million and under active marketing therefore the university was not able to go into contract with the owner for anything under \$1.975 million. Senator Roberts asked who knows about the master plan. Ms. Patton said the master plan is submitted and prepared by the campus planning department and is presented to the Board of Trustees annually. Representative Patton asked whether the seller offered this price or whether the university made the offer. Ms. Patton said in the negotiation the university offered \$1.9 million. The seller came back and said you either hit it at \$1.975 or it will be placed back on the open market. The negotiating goes back and forth. The item was approved without objection.

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Item 23, DAS370-0405 was held by Representative Patton. Representative Patton asked how the department is going to save \$465,000.00 annually by moving from one building to another. Mark Half, DAS, said the savings come from the actual reduction in the square footage. There is a reduction of about 17,000 square feet from what BWC is currently using to the new space. Representative Patton asked why the department didn't consolidate into one building in Canton. Sandy Blunt, BWC, said ideally it would have been best had they been able to be in the same building but with the space requirements needed that building didn't have the square footage necessary. The item was approved without objection.

Item 24, DAS371-04 was held by Representative Patton. Representative Patton asked if the request was an RFP. Nancy Isom, IT Service Delivery Division, DAS, said the agency did not do a formal RFP. What they did in effect do was a formal RFI (Request For Information). Part of the reason why they choose the RFI process versus the RFP process is because they were unsure of the information that they would get back and whether or not that information would be sufficient to meet their requirements and award a contract. Once they had determined that they had selected the appropriate vendor pool and received the information back that they were looking for then they proceeded to do a formal structured evaluation and select the contractor that best met their needs at the lowest cost. The item was approved without objection.

Items 53, EDU299-0405; and 54, EDU300-04 were held as a group by Senator Carnes. Senator Carnes asked if the department will use the federal dollars to supplement the programs or can the money be used for different purposes. Dr. Marilyn Troyer, Associate Superintendent, Department of Education, said the Math Science Partnerships which is within the Honors Scholarship program, is a very restricted grant program to the states from the US Department of Education. It calls specifically for developing and providing professional development for mathematics and science teachers. The funds are being used to develop the content modules for academies to train teachers who are currently teaching math and science. It will be coordinated with other mathematics initiatives that we have in the state as well. Senator Carnes asked how the department anticipates using the Teacher Quality Enhancement Grant to encourage math and science teachers locate in low-income areas. Dr. Troyer said there is priority given to districts and schools that are in low-income areas. With the Teacher Quality Enhancement Grant for example, the teaching fellows that are at the universities that will be funded through this grant are required to partner with high poverty schools and districts in doing their work. Representative Patton asked if there is a blueprint of what to teach. Dr. Troyer said they do have specific criteria. The academic content standards act as the framework and the guide so the mathematics academic standards for K-12 for example provide the foundation for what then is developed at the university setting. The items were approved without objections.

Item 56, DOH095-04 was held by Representative Calvert. Representative Calvert asked if a grand plan document is available. Steve Wagner, Department of Health, said yes, the document is available. Representative Calvert suggested that before there is another issue before the Controlling Board it would be helpful to see that plan. Mr. Wagner said he would certainly do that. Senator Harris asked how administrative costs are determined. Mr. Wagner said there are very specific guidelines from the federal government with regard to the allowable amount of administrative cost. The department is allowed 10% on the Hertilizer slide and they came in at 6.1%. The 6.1% is for the entire program not just the contract currently before the Board. Senator Harris asked if there are other costs that are administrative. Mr. Wagner said yes. Senator Harris asked what percentage of this money is left after all the dollars are pulled out as it filters down to different agencies. Mr. Wagner said within this contract 2.6 million

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dollars goes to the hospitals. There's \$450,000.00 of this total that is about the regional planning and the creation of the state's plan that goes through the Hospital Association to the allies that are creating the regional plans and creating community level plans. Then there is \$40,000.00 for OHA to take those regional plans and create them into a state plan to provide the oversight on getting these funds out to set up a web site or training information. The item was approved without objection.

Item 57, DOH096-0405 was held by Representative Hoops. Representative Hoops asked what type of oversight the department would have by way of how the Cleveland Clinic performs this contract. Shawn Keller, Department of Health, said the candidates who take the test have to demonstrate to the Department of Health that they possess the necessary skills and education and the Department of Health indicates to the Cleveland Clinic Foundation who is on the slate for the next exam. Representative Hoops asked if there will be any cost to the department in the future. Mr. Keller said for this particular contract there is no cost. Representative Hoops asked whether the x-ray machine operators have to take the test more than once. Mr. Keller said the individual is permanently certified once the individual demonstrates to the Health Department that they possess the necessary skills and education. They are required to renew the license every two years. In order to renew the license they have to demonstrate that they worked toward continuing education over the last two-year period. The item was approved without objection.

Item 58, INS402-04 was held by Representative Hoops. Representative Hoops asked how the department got into a position where as soon as the application was implemented, it did not fulfill the needs of the department. Jerry Howard, Assistant Director, Department of Insurance, said the Department of Insurance was looking for an application because the department's applications were distributed over three different computer systems and did not meet their needs. They had put out an RFP and this application was already in two other states. The State of Ohio was different because they did monthly revenue billing and the other states did not. They had to develop a revenue module and there had to be some additional enhancements to make it work. It was the best the market had to offer at that point in time. Representative Hoops asked whether the department is taking steps to make sure that when they implement a program again, it does fulfill the needs for a longer period of time. Mr. Howard said yes, they are taking this application over. It's a five-year agreement that once the five years are up we own the product. The department intends to do preventive analysis and make sure they plan ahead. The item was approved without objection.

Item 71, DMR344-04 was held by Senator Harris. Senator Harris asked whether the Center on Self Determination be able to perform the requirements of the bid with only two employees and is the department satisfied with the bid. Jeff Davis, Deputy Director, MR/DD, said yes, on both accounts. Senator Harris asked whether the sub-contractors will be from Ohio and are they familiar with the Ohio circumstances. Mr. Davis said one of the sub contractors is here in Ohio and knows the personalities and players in Ohio. Senator Harris asked once the training is completed and the data compiled, will the department be able to conduct a collaborative self-determination program in the future. Mr. Davis said one of the things built into this proposal is a component that will accomplish a train-the-trainer piece. They will come in and train specifically department staff so they can carry the ball when this program is finished. Senator Harris asked if the local boards are able to provide input and also be a part of the implementation of these strategies. Mr. Davis said yes, this absolutely is a collaborative project with county MR/DD boards in all 88 counties. The item was approved without objection.

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Item 79, DNR 396-0405 was held by Senator Roberts. Senator Roberts asked what the economic benefit is to the state for spending \$200,026.00 on trout food. Chris George, Department of Natural Resources, said the department has found this food to be the most beneficial in achieving the goal of a healthy rainbow trout population and a healthy steelhead population. The benefit is when we put these catchable rainbow trout into the rivers folks know that there will be fish there. There is no monetary benefit here but there certainly is a recreational benefit. Senator Roberts asked what are the diseases the trout are getting. Mr. George said he did not have specific information on that but would arrange to get that information to his office. The item was approved without objection.

Item 81, DHS656-0405 was held by Representative Hoops. Representative Hoops asked why the request is retroactive, why this happened and how is the department going to keep this from happening again. Kathy Ludewese, CFO, Department of Public Safety, apologized on behalf of the department for the fact that it is a retroactive request. Although the department has a database to keep track of all of their contracts, it did not keep track of them in the pending stage, only in the executed stage. That is how the mistake happened but it has since been corrected. They did have a database that was in process for all executed leases but now even when they are in the pending phase, they will be put into the database to alert them when the leases are about to exceed the threshold. The item was approved without objection.

Item 96, DYS362-04 was held by Senator Carnes and Representative Hoops. Senator Carnes asked whether the funds in the request are reimbursement for expenses for the Community Corrections Facility. Ann Liotta, Department of Youth Services, said yes that is correct. Senator Carnes asked what occurred to cause this particular project to go over budget. Ms. Liotta said the department was not notified until after the facility was finished with construction that there was an outstanding debt. Once the department realized there was an outstanding bill, they sat down with the county and went over each one of the items until they felt it was an amount that they both were comfortable with. Senator Carnes asked for the specifics on the water softening equipment, the exterior signage and the furniture. Ms. Liotta said the exterior signage was just things that were needed within the building of the facility that would help meet code. The softener system needed to be installed to make sure the water was useable for the facility and the furniture was needed for the daily operations of the facilities. Senator Carnes asked when local authorities administer projects, what type of oversight does the department have in ensuring that the state reimbursement dollars are spent appropriately. Ms. Liotta said the department instituted two changes. The first change was to do a monthly update with each of the outstanding capital projects with counties to make sure they are keeping better tabs on what the costs and the outstanding balances are. The second change was to institute a new policy that basically says that any change orders that come from a county project have to be run through the office of Facilities, Plan and Equipment, and the department gets the final signoff.

Representative Hoops asked who had the final ok and did they contact the department when they made the final ok. Ms. Liotta said it was her understanding that they did have discussions. Representative Hoops asked who gets stuck with the bill if we do not approve this request. Ms. Liotta said the county would have to take the \$87,000.00 and absorb it as part of their operational costs. Representative Hoops asked if this has ever happened before between a county and a state project. Ms. Liotta said not that she was aware of.

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Representative Calvert asked when the department found out about the outstanding bills and whether they could have put in a request at that point in time. Ms. Liotta said the department could have at that time but they took the time between getting the bill and deciding to come forward with all of these costs to go through and look at everything on the list to make sure that they were comfortable that it went appropriately towards the Community Corrections Facility operations. Representative Calvert asked how long they have had the outstanding bills. Ms. Liotta said it's been a year or a little bit more. The item was approved with Representative Calvert voting no.

President Dodge asked if there was a motion to waive the seven-day rule to add DOT223-04 to the agenda. Senator Harris moved and Representative Patton seconded.

Item 98, DOT223-04 Michele Holdgreve, DOT, said the department would like to have the request amended. Required information, question #7 shows duration of this contract from July 1, 2003 through June 30, 2004. The department would like it to say September 1, 2003 with Controlling Board approval, through June 30, 2004. Motion to amend the request was given by Representative Calvert and Representative Patton seconded.

Representative Calvert asked why the department is trying to create a database of locations where there are no archeological sites. Frank O'Fennie, Ohio Historical Society, said this project looks at areas that have been surveyed by particular projects. The other databases contain about 120,000 known specific sites however, if an agency is planning a project and they search that database, what they may find in an area in which they are looking is that there are no sites that have been found for that project. This can occur even in locations where a survey may have been conducted. This proposal will produce records/surveys for sites that may otherwise have not shown on a register. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 3:43 p.m.

Respectfully submitted,

Francene Johnson  
Controlling Board Executive Secretary

*08/18/03 Minutes approved by the Board:*