

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE MAY 9, 2005 MEETING

President, Michele Hulse, 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 April 25, 2005, meeting were distributed. A motion to approve the minutes was made by Representative Calvert, seconded by Senator Carey and approved by the Board members.

Attached is the May 9, 2005, meeting agenda. President Hulse said Item 31, DEV239-05 has been deferred. Item 13, OSU114-05 and Item 46, MED101-05 have been withdrawn.

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

The following Items were discussed and acted upon as stated.

Item 3, UCN502-05 was held by Representative Calvert and Senator Carey. Representative Calvert asked whether all of the contracts listed have been bid out. Ray Renner, Assistant Vice President Finance, University of Cincinnati said all of the items on the list that are being refunded were bid and the lowest bids were accepted. Senator Carey asked if the state is paying double interest on the projects. Mr. Renner said no, the university is the only entity issuing the Bond Anticipatory Notes so the only interest paid is by the university. Senator Carey asked if the projects are new Capital projects or deferred maintenance projects. Mr. Renner said it's a combination of rehabilitation of existing capital projects and new projects. The item was approved without objection.

Item 4, JTC101-05 was held by Representative Patton. Representative Patton asked why the renovation of the five HVAC units was not included in the original scope of the project. James McGrail, Jefferson Community College said once the architects and engineers began to review the systems they had two concerns. (1) The systems were close to the end of their estimated useful life and (2) the units were in concealed spaces between the ceiling and the roof deck. They felt it was not a good thing to renovate the spaces and two years later when the units reached the end of their estimated useful life have to go back and remove the units. They have identified those units because they are at the end of their estimated useful life and because of the difficulty of accessing them. The item was approved without objection.

Item 11, OSU109-05 was held by Senator Carey. Senator Carey asked why the university chose the most expensive of the three bids. Jenna Campbell, Ohio State University said J. A. Woollam was chosen because they met the specified operational requirements and offered the exact requirements that the university was looking for. Senator Carey asked if the university would let the Board members know whether there are any vendors in Ohio that could provide the specific equipment. Ms. Campbell said yes. The item was approved without objection.

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

Item 16, YSU103-05 was held by Representative Calvert. Representative Calvert asked for clarification on two different answers for the most recent sale of the property. James Mineo, Youngstown State University, said the person completing the form made a mistake on the request. The Foundation purchased the two vacant land parcels from the City of Youngstown at a Sheriff's sale on November 3, 2004, in the amount of \$4,144.00. This request is to repay the Foundation for the parcels that they purchased from the Sheriff's sale. The item was approved without objection.

Item 19, BOR206-05 was held by Senator Carey. Senator Carey questioned the fund code for the Ohio Dentist Loan Repayment Program. Charles Shahid, Director, State Grants and Scholarship, Ohio Board of Regents said the fund code is 5Z7 as opposed to GRF. Senator Carey asked whether a provision is in House Bill 66 for the fund. Mr. Shahid said yes, a provision is in House Bill 66 and they will provide a copy of the provision to the Board members. The item was approved without objection.

Item 23, COM603-05 was held by Senator Miller. Senator Miller asked what's the distinction on the Personal Services line. Tim Hoag, Chief Financial Officer, Department of Commerce said the Personal Services line is the payroll cost for State of Ohio employees. Senator Miller asked if there are auditing firms in Ohio that do this type of work. Mr. Hoag said no. Senator Miller asked if the department is looking at developing their ability to move into this kind of work. Mr. Hoag said yes, the department is always looking to do business with Ohio companies first. The item was approved without objection.

Item 38, INS602-05 was held by Senator Spada. Senator Spada asked whether the project between the department and the foundation has started. Gretchen Margrat, Department of Insurance said the department has done some preliminary planning teleconferences but the deliverables have not been worked on. Senator Spada asked if there are any firms in Ohio that do this kind of work. Ms. Margrat said no. The item was approved without objection.

Item 39, JFS202-05 was held by Representative Calvert and Senator Miller. Representative Calvert asked if Marco International, Incorporated was the lowest bidder. Christopher Carlson, Deputy Director, Department of Job and Family Services said yes. Senator Miller asked whether additional credit or points are provided to instate firms. Mr. Carlson said he could not speak to this particular contract on how the scoring structure was established. Senator Miller expressed his concern for encouraging Ohio colleges and universities to bid on these kinds of contracts because they have the capacity and the interest. The item was approved with Senator Miller objecting.

Item 40, JFS203-06 was held by Senator Miller. Senator Miller asked what efforts were made to encourage Ohio based companies to bid on contracts. Christopher Carlson, Deputy Director, Department of Job and Family Services said because federal funds are involved the department is restricted by a provision of the Code of Federal Regulations from showing a geographical preference. They did require in this RFP that the winning vendor have or establish an Ohio presence within a thirty-mile radius of Columbus. This Company, while not an Ohio based company, has established an office in Dublin to do all of the work and all of the 35 employees except for the project manager are Ohio residents. The item was approved without objection.

Item 42, LOT107-0607, Item 43, LOT108-0607, Item 44, LOT109-0607 and Item 45, LOT110-0607 were held as a group by Senator Spada and Representative Patton. Senator Spada asked how much the

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

Lottery Commission spend on advertising and marketing services annually. Michael Farley, Legislative Liaison, Lottery Commission said the appropriated line item is approximately \$20 million per year. Senator Spada asked how much of a retainer is paid monthly. Mr. Farley said request numbers LOT107 and LOT108 have an \$18,000.00 monthly retainer for creative advertising. Requests numbers LOT109 and LOT110 are actual media buys, the TV and radio time. Senator Spada asked how the Commission rates the effectiveness of the firms. Mr. Farley said periodically they do an evaluation and compare games to make sure they are putting quality resources where they are best suited. Representative Patton asked if the Lottery Commission will provide the Board members with a copy of the evaluation with the up and downs of the sales at the time of the renewal of contracts. Mr. Farley said Lottery would come up with a document with the required information. Senator Miller asked if any of the firms are minority owned. Mr. Farley said he did not have that information with him today but will provide the information later. Senator Miller asked that the information also include whether the firms subcontract with minority companies and the percentage of minorities that they hire. The items were approved without objection.

Item 54, DHS808-05 was held by Representative Calvert and Senator Carey. Representative Calvert asked why the department issued three Requests for Quote instead of Request for Proposal. Robert Bill, Public Safety, Emergency Management Agency said there were three different focuses in the proposal and one vendor couldn't supply the three different types of equipment so the proposal had to be sent out to three different types of vendors. Representative Calvert asked why all the Requests for Quote were sent only to out of state vendors. Mr. Bill said they had a vendor in Cincinnati, Cartwright Communications that they dealt with quite frequently but five years ago they were bought out by a large corporation and shortly there after they were closed. The department has not been able to find another vendor that could provide the amount and type of equipment that they need. Senator Carey said his questions had been answered. The item was approved without objection.

Item 58, DYS507-05 was held by Senator Spada. Senator Spada asked if the department feels comfortable the bid is in the right range. Kevin Russell, Department of Administrative Services, State Architects Office said it was certainly a concern to the State Architects Office but they recommended the contract be approved based on Section 153 of the Ohio Revised Code and because the contract came in within one percent of the estimated budget. Representative Patton asked what is the final result if the company does not perform to the standards that is required. Mr. Russell said if a contractor fails to perform they will involve their bonding company to correct their work and they would also put in their permanent file information that would deem them not responsible and would not allow them to perform on future projects. The item was approved without objection.

Item 60, DYS509-05 was held by Representative Raga. Representative Raga questioned the construction contingency being exhausted. Kevin Russell, Department of Administrative Services, State Architect's Office said as this project began they found the existing facility in a terrible state of disrepair. Many areas that they had begun selective demolition on needed additional repair work that was outside the scope of the anticipated project. Representative Raga asked if there is a reason why the architect could not have anticipated these issues. Mr. Russell said at the time this project began, they didn't have access to existing drawings. Those drawings simply don't exist. They have run into the problem that this is an occupied prison and it is very difficult to get an architect or contractor to do work in an occupied space. Representative Raga questioned why the department has put the gymnasium expansion project on hold to use the money for the Dormitory Restroom Renovations project. Nathan Minered, Legislative

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

Liaison, Department of Youth Services said what they are putting on hold indefinitely is some additional recreation space because there is adequate recreation space at this time and the showers and restrooms are a priority. Representative Raga asked why the gymnasium expansion was requested from the General Assembly. Mr. Minered said he did not have that information with him but will provide the information later. The item was approved with Representative Calvert and Representative Raga objecting.

Item 62, DYS511-05 was held by Representative Raga. Representative Raga inquired about the miscalculation on the revenue formula by Ohio Department of Education. Nathan Minered, Legislative Liaison, Department of Youth Services said this was a simple calculation error. They calculated the appropriation based on a 0% poverty level when in reality what they normally calculated it on is a 100% poverty level. The item was approved without objection.

President Hulse asked if there was a motion to waive the seven-day rule to add LLC102-05, OSU110-05 and OSU111-05 to the agenda. Senator Spada moved and Representative Calvert seconded.

Item 63, LLC102-05. Representative Raga questioned the increase in the contingency and pre-bid expenses. Mike Mayher, Vice President, Lakeland Community College said the master plan and study was finalized and approved by the Board of Trustees a year ago and they recognized that they needed to incorporate waterline work into this project and that is what increased the scope of the project. The item was approved without objection.

Item 64, OSU110-05, and Item 65, OSU111-05. Senator Spada asked why the requests were added to the agenda. Leeann Chandler, Project Coordinator, Ohio State University said both requests were submitted electronically on time for this agenda but due to a glitch in the new system did not get scheduled to be on this agenda. The items were approved without objection.

With no further business before the board, the meeting was adjourned at 2:47 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

05/09/05 Minutes approved by the Board: