

CONTROLLING BOARD

OHIO OFFICE OF BUDGET AND MANAGEMENT

MINUTES OF THE SEPTEMBER 27, 2004 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 John Carey, Representative Jim Hoops, Senator Tom Roberts and Representative Fred Strahorn.

The minutes of the September 13, 2004, 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 September 27, 2004, meeting agenda. President Dodge said Item 18, COM504-05 and Item 53, TAX007-05 have been withdrawn. Item 27, DEV881-05 has been revised to change company name to Lenhart Frauenberg Partnership, and Item 32, OIC052-05 has been revised to correct the waiver amount on the agenda to \$631,741.00.

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

The following Items were discussed and acted upon as stated.

Item 1, UCN394-05 was held by Senator Carey and Representative Hoops. Senator Carey asked what the eight 42" Plasma monitors will be used for. Chuck Darling, University of Cincinnati said the monitors would be used as part of the central security system for the medical center campus to monitor the closed circuit televisions to watch various entrances for security purposes. Senator Carey asked what the cost of each unit is. Mr. Darling said he did not know the exact cost but would find out and forward the information to him. Representative Hoops asked whether the system would be used for security only. Mr. Darling said the system is not hooked up to cable or satellite television, it is a closed circuit system. Representative Hoops asked whether the university looked at other systems that may cost less. Mr. Darling said they did look at other television systems, the Plasma monitor gave a much higher resolution and better distance viewing. President Dodge said it would be helpful for the Board members if the university could do a little more work on how they selected the Plasma televisions and to see if other universities are implementing similar security systems. Also, to outline the benefits and cost comparisons of Plasma versus other options. Mr. Darling said they would be more than happy to provide the information on comparisons, actual costs and the justification of the design. The item was deferred.

Item 3, UCN396-05 was held by Senator Carey. Senator Carey questioned the high percentage of the construction budget being used for design services for the Dyer Hall Rehabilitation project. Chuck Darling, University of Cincinnati said this is not only the design of Phase II but also the conceptual and preliminary design for Phase III so that they will have an integrated design for the follow-up. The Phase III portion of the project is going to be a larger cost, approximately \$35 to \$40 million so that portion of the design fee is coming in on this particular project. Senator Carey asked whether the university has the funding for Phase III of the project. Mr. Darling said yes. Representative Strahorn asked how much of the contracting is being conducted by firms from Ohio. Mr. Darling said all of the design work is being done in the state of Ohio. The item was approved without objection.

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Item 5, UCN401-05 was held by Senator Harris. Senator Harris questioned when the feasibility study would be completed. Chuck Darling, University of Cincinnati said the completion of this particular phase of the project would take approximately six to eight months. Senator Harris asked whether two and one half years is a normal period of time that elapse during the feasibility study. Mr. Darling said to some degree but not normally. This is a very tight site and it is very critical that the university place the expansion of the science building in the proper location because it has an effect on the central library as well as the School of Art, architectural and planning, and the future expansions for those buildings as well. The item was approved without objection.

Item 8, LCC017-05 was held by Senator Harris and Senator Carey. Senator Harris expressed his concern for renovating a basketball court. Larry Howell, Director Facilities Management, Lakeland Community College said the primary reason for wanting to do this project is one of safety for those who use the court. The court is over 30 years old and over a period of time the pads, which cushion the playing surface, have deteriorated and is really hard on players shins and bones when they jump. It is also hard on the volleyball players who use the full extent of the facility. That is why the project was expanded beyond the playing court for the basketball team into the areas adjoining where they can also use it for credit and noncredit instruction and volleyball. Senator Harris asked what is the anticipated life of the new renovation. Mr. Howell said the anticipated life of the new floors is beyond thirty years. Senator Carey said his questions have been answered. The item was approved without objection.

Items 11, STC042-05 and STC043-05 were held as a group by Representative Calvert and Senator Harris. Representative Calvert expressed his concern of paying more than the appraised value for the two properties and asked whether the university is sending a message to property owners of the other seven parcels to look for amounts greater than the appraisal. Jack Kurtz, Vice President for Information Technology, Lakeland Community College said the two properties were for sale for significantly more than the appraised value and the university hopes to purchase the other properties at the appraised values. Representative Calvert asked whether the university looked at other options for expanding parking. Mr. Kurtz said the university looked at two other options. (1) A parking garage and (2) off-site parking. The parking garage had significantly higher cost per parking space than purchasing the land and building a surface lot. Purchasing off-site land would require shuttle service and a fleet of at least three vehicles and the cost associated with that. The university determined that this was the most expeditious route to go. Senator Harris expressed his concern of universities continuously coming to the Controlling Board and attempting to justify paying over the appraised value for property with the same justification, that if they don't buy it now someone else will. Senator Harris said that in the future this Board is going to look very carefully at how much over the appraised value the school is proposing to pay. Representative Strahorn asked why this particular property is more of a premium for the university. Mr. Kurtz said the technical college has grown over fifty percent in the last three years in terms of head count and full time students. This has created a serious issue with parking as well as classroom space. This land is the only land that is adjacent to the campus that is available and the university desperately needs it for parking and other future expansions. Representative Strahorn asked whether there is any way to quantify the value of the \$26,000.00 over the appraised value of the property. Mr. Kurtz said the university predicts a double-digit increases in head count for the next several years. If they are to serve the service area, they need to be able to support that increase in students. The items were approved without objection.

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Items 21, DEV867-05 and Item 27, DEV881-05 were held as a group by Senator Roberts. Senator Roberts asked what other business is Lenhart Frauenberg Partnership in other than Buckeye Check Cashing. Tom Johnston, Chief Fiscal Officer, Department of Development said the partnership was established to own the real estate. It is in no other business. The principals of the partnership are the principals of Buckeye Check Cashing, which operates under the name doing business as Check Smart. Senator Roberts questioned whether the 159 jobs are all full time positions. Mr. Johnston said there are 93 retained positions and 159 new positions to be created which totals 252 positions. It is a corporate headquarters for a company that operates in six states and has 125 stores. The pay that was represented on the jobs creation tax credit application averaged an hourly rate of \$27.64 plus benefits. Senator Roberts asked whether the tax credit is tied to creating new jobs. Mr. Johnston said yes, the Jobs Creation Tax Credit is to award a credit for the creation of jobs. Representative Strahorn asked if there is anything in the agreement for the tax credit that would require the company to pay anything back if they did not create the number of jobs that they predicted. Mr. Johnston said the tax credit is an incentive based credit. If they claim the credit they have performed so there would be nothing to repay. If they claim the credit on jobs and relocate outside of the compliance period (18 years), the Department of Taxation would be required to deal with that and evaluate the situation. The items were approved with Senator Roberts and Representative Strahorn objecting.

Item 32, OIC052-05 was held by Senator Roberts. Senator Roberts asked whether the state is moving towards a more coordinated effort in putting Information Technology systems together for state agencies. Randy Webber, Fiscal Officer, Industrial Commission said he could not answer that question but could speak only on what the Industrial Commission is trying to do with their in-house system. DAS and FileNet are continuing their dialogue to get FileNet back on State Term Schedule. Senator Roberts asked how much was the original contract. Mr. Webber said the original contract under State Term Schedule was \$549,865.00. Senator Roberts asked how much has the Commission paid for the two completed deliverables. Mr. Webber said \$174,502.00. Senator Roberts asked how much extra money is being charged because of the expired State Term Schedule. Mr. Webber said there is no increase in the request itself however, the change order is necessary due to the State Term Schedule expiring. They are asking for continuation of the deliverables that were part of the statement of work with FileNet. The item was approved without objection.

Items 56, DOT288-05 and Item 57, DOT 289-05 were held as a group by Representative Hoops. Representative Hoops inquired about the 30% of work that will be done by subcontractors. Todd Neilsen, Legislative Liaison, Department of Transportation said the department has a lot of mega projects and all of these projects are moving forward simultaneously. They are asking the team of consultants that are hired to do all phases of the project development process in one contract. This basically results in very large contracts and requires a wide range of skills and staff resources that not all consultants have available at one time. The department encourages the consultant's team agreements to bring on subcontractors. Representative Hoops asked whether sub-contracting ends up costing the state more. Mr. Neilsen said the alternative would be to have smaller contracts breaking up the project development process with different consultants. That could lead to project management issues down the line where they could have modifications to the contracts and that could cause delay and further cost. The items were approved without objection.

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Item 58, DOT316-05 was held by Senator Harris. Senator Harris asked why the department is paying 23% above the original proposal to Pathway Services Inc. Todd Neilsen, Legislative Liaison, Department of Transportation said vendors have the ability to offer options with whatever they are bidding on. These options are not considered when they choose a vendor, they are just additional items and in this particular instance, Pathway in their bid submission gave ODOT six options and they choose two of them. Senator Harris asked how Pathway was selected for this project. Mr. Neilsen said the department had two vendors that submitted their bids who said they would be able to meet all of the design specifications. However, they did not do so and were found to be in default. There were two other bid submissions that did not meet the basic requirements so they were considered non-responsive and thrown out of the process. Then ODOT came to Pathway and they had a particular set of options, two of which they felt would enhance the overall performance of the vehicle that they chose. Senator Harris asked if ODOT made any payments to the previous vendors. Mr. Neilsen said no they did not. Senator Roberts questioned why ODOT did not do a new RFP. Mr. Neilsen said Pathway was the only responsive bidder that met the required contract specifications and delivery requirements. Also, they were the only remaining bidder who had experience in integrating the transverse profiling equipment and capability. The item was approved without objection.

Item 59, DOT317-05 was held by Representative Calvert. Representative Calvert asked how many years was the original Bond issuance for the by-pass. Todd Neilson, Legislative Liaison, Department of Transportation said he did not know the answer but would provide the information later. Representative Calvert asked the number of miles that are in the by-pass. Mr. Neilson said the by-pass is approximately 1.3 miles. Representative Calvert asked whether the state is going to have significant cost to maintain bridges or to upgrade the by-pass. Mr. Neilson said the by-pass is only ten years old and they do not anticipate any major maintenance problems for a good amount of time. Representative Calvert asked whether the State looked at taking over paying the bonds off rather than paying Clermont County. Mr. Neilson said their legal counsel that drafted the agreement made a determination that it was not legally feasible for ODOT to make a direct payment on the bonds with the local sub-division. The item was approved without objection.

Item 60, DOT318-05 was held by Senator Carey. Senator Carey asked for the status of the US 33 Nelsonville Bypass. Tim Hill, Department of Transportation said currently they are in an environmental phase and have a draft environmental impact statement that is out for public review. The closing comments are nearing completion for that document and they expect to finish the environmental document by early next year and move forward with the right-of-way and design. They are scheduled for construction in 2008 for the first section and 2010 for the second section. Senator Carey asked why the contract for one staff position with the US Department of Agriculture, Forest Service, is so much more expensive in fiscal year 2005. Mr. Neilson said a primary project coordinator and additional staff from the Forest Service are needed. The cost will include legal staff, biologists, basic overhead expenses, and travel and office set-up. The office set-up is the reason for the up-front cost in FY05 to transfer the person from the Forest Service to ODOT, set them up in an office, and provide office supplies and office equipment. That is a one time administrative cost that ODOT will not have to pay again for this individual. The item was approved without objection.

Item 64, DYS401-05 was held by Representative Calvert. Representative Calvert inquired about the number of people being trained in the pre-service training class. Kevin Miller, Chief of Staff,

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Department of Youth Services said the number in the request should reflect 24 individuals. The maximum is 30 but the average that they are looking at is 24. Representative Calvert questioned why the department couldn't continue to train at the Department of Rehabilitation and Correction (ODRC) Training Academy. Mr. Miller said ODRC went through a series of downsizing and their space has become limited so they notified the department that they needed to find another place to do their training. Since that time, the department has done regionalized trainings in various parts of the state and done RFP's to contract out that service. Once the Riverview Juvenile Correctional Facility was closed, that allowed the department to have the space available to modify this, thereby they are not paying rent to hold the training. Senator Roberts inquired about training for current employees. Mr. Miller said the pre-service training is the focus of the request, however, industry standards through the American Professional Associations refer to pre-service training and also what they call post-employment training, which is about 40 hours. Most of that is done by on the job training, however having the academy that we are establishing will provide the opportunity to bring individuals back in on a continual basis. It will give us an opportunity to centralize the training where everyone can hear the same thing at the same time so it will provide an additional opportunity to make sure that continual training occurs. The item was approved without objection.

With no further business before the board, the meeting was adjourned at 3:05 p.m.

Respectfully submitted,

Francene Johnson
Controlling Board Executive Secretary

09/27/04 Minutes approved by the Board:
