



STATE OF ILLINOIS PROCUREMENT POLICY BOARD

Terrence Healy, Chairman

Members: Michael Bass, Ed Bedore, Ricardo Morales, Carmen Triche-Colvin

Minutes – October 23, 2008 Meeting

Room 9-036 at the James R. Thompson Center in Chicago
Connected via video to
Room 115 at State Capital Building in Springfield
11:30 a.m.

Present in Chicago: Terry Healy
Rick Morales
Carmen Triche-Colvin

Present in Springfield: Ed Bedore
Mike Bass

The Board started the meeting by confirming attendance at 11:35 a.m.

The minutes of the September 24, 2008 meeting were approved as amended by Member Bedore and seconded by Member Morales. The minutes were unanimously approved.

First on the agenda was CMS for lease# 4924 at 401 Main St. in Peoria – In attendance was Deputy Director of Property Management, Marcia Armstrong along with representatives from IDOT to address any concerns. Ms. Armstrong stated that this lease was a 60 month term originally anticipated to start October 1, but was amended to start November 1 since it wasn't posted in time for the Board's September meeting. Square footage for this facility is 58,600 sq. ft. Headcount is understated here. The tool that is used to have headcount reported to CMS by the agency stated 142. In discussions with IDOT CMS is now aware of as many as 233 headcount at this facility, primarily seasonal workers. The average budgeted headcount is about 190 and CMS will be looking to put this facility out for bid in the future with a targeted headcount of about 200 for the facility and this is why the out clause has been negotiated at 24 months. This negotiation has also reduced the total overall cost by about \$2.70. The base rate is staying the same, but the operating expenses were reduced from \$5.40 to \$2.62 for an estimated savings of about \$158,000 per year. In addition, this had a ten year term since the Procurement Code was enacted into law so without this new agreement the Comptrollers Office will not allow CMS to make lease payments on this contract and CMS has not been able to pay this landlord since the beginning of this fiscal year. This is something that occurred for the first time this year. There are two other leases that the Comptroller would not pay because they were over 10 year periods since the Procurement Code has been enacted and next year there will be potentially 35 that will be in that same situation and will need to be re-negotiated before the Comptroller's Office will allow CMS to obligate. Chairman Healy wanted to know how soon those 35 leases will be done. Ms. Armstrong replied that their goal is to have them done by July 2009. Chairman Healy wanted to know how the number of leases in holdover will be coming down if CMS only brings one or two to the Board each month. Ms. Armstrong replied that CMS has already re-negotiated some other leases that were not Board agenda times. Since the Board is only seeing a

limited number of leases on the agenda, CMS has already gotten about 20 leases out of holdover since Ms. Armstrong has taken over for the Bureau and are targeting another 6 or 7 alternate RFIs for the November meeting. They are targeting 10-12 per month, but not all will be on the agenda. Member Morales wanted to know how comfortable she was to reaching that goal. Ms. Armstrong replied she felt very comfortable reaching that goal because 35 in 8 months is very doable. Member Bedore wanted to clarify that this lessor has not been paid since July 2008. Ms. Armstrong replied affirmatively. Member Bedore wanted to know if there was going to be an additional cost of \$13,000. Ms. Armstrong replied that the \$13,000 was the cost of changing the term from October 1 to November 1. Chairman Healy wanted Ms. Armstrong to explain where the \$13,000 came from again. Ms. Armstrong replied that CMS hoped to start the term of this lease on October 1, but her understanding was that the Procurement Policy Board did not want it to start October 1 because it had not yet been on the agenda. CMS planned to do an affidavit, turn it in and begin the contract on October 1. Moving it to November 1, the rate is higher because they negotiated the decrease so moving it to November 1, that one month will cost the State \$13,000 more over the term of the lease. Chairman Healy wanted the record to show that Member Triche-Colvin is present. Ms. Armstrong stated that the Comptrollers Office did not alert CMS to the fact that they would not allow obligation until about three months into the fiscal year. So, unless they allow CMS to amend the terms and file an affidavit that will be an issue that will need to be worked through the Comptrollers Office and the landlord. This is the first time that this has happened.

Member Bedore wanted to the Board to look at the pictures provided by IDOT of the facility. The last page shows really nice offices and as Ms. Armstrong stated that 233 people including seasonal such as laborers and mechanics, he does not picture them in this building. Member Bedore continued that there was no way that IDOT has outside labor type people in this building. A representative from IDOT James McDaniel wanted to state for the record that the seasonal individuals that come in there are not just laborers. They are construction engineers and all the guys that are out doing road projects during the summer months return and are assigned to different groups during the winter months. They usually bring everyone in who is typically assigned to road projects whether it is engineers or maintenance people or highway maintainers who would not be assigned to snow and ice removal. When they are brought in they do other jobs in that office during those winter months. Member Morales wanted to know if CMS was expecting an average of 200 for a headcount and who would provide those numbers. Ms. Armstrong replied affirmatively and they would get those numbers from Mr. McDaniel and District 4 in Peoria. Member Bedore wanted to know how much space was unoccupied. Mr. McDaniel stated that he was not sure exactly how much was unoccupied, but the seasonal workers are on a constant rotation and do have people to work in those areas, but there are more people during the winter months. No other questions were asked and a motion was made to approve this lease by Member Morales and was seconded by Member Triche-Colvin. The motion was unanimously approved.

Next on the agenda was legislation – Director Matt Brown stated that the six month holdover proposal was tabled at the last two meetings. The Board has for its consideration; proposing legislation for the upcoming General Assembly. The particular piece of legislation to be considered was the limitation of holdover leases for a period of not more that six months. Historically, this is a piece of language that was inserted into several bills in the past two General Assemblies and has never been introduced as a stand alone bill. At this time, Director Brown does not believe it is being considered by members of the General Assembly for inclusion in other bills, it would be proposed as a stand alone initiative. Member Bass made a motion for approval and was seconded by Member Triche-Colvin. The motion was unanimously approved.

Next on the agenda was the staff report – Director Brown stated that in the August meeting the Board had on the agenda to be examined, a transaction beginning June 6, 2008, for private process servers for HFS. The Board determined the selection criteria and award methodology for how many vendors could be selected to provide the service was unclear. The agency agreed to go back and do two things; one, retain the incumbent vendor in the interim while the new solicitation is let; two, create a new solicitation that very clearly demonstrates how many vendors would be utilized and how the award would be constructed. As PPB staff saw the conclusion of that transaction occur, they analyzed the values of the new contract vs. the originally proposed contract that the Board put under review and found that there was an approximate savings of \$515,000 to the new contract. PPB staff verified those savings with the agency which confirmed those numbers. Staff believes that it is an ancillary result of being very clear in how we choose vendors and giving those vendors the best opportunity to assign pricing knowing how the State intends to buy the service.

Member Bedore stated that he was surprised that since they have a new Director of CMS he has not come to any of the Board meetings yet to introduce himself to the Board. He wanted to know if a formal invite should be sent to the new Director at CMS. Director Brown stated that an invitation at staff level had gone out two weeks ago for the November 17 meeting.

The future Board meeting dates have been set for November 17 and December 12.

As no other items of business were to be considered, a motion was made to adjourn at 12:05 p.m. by Member Triche-Colvin and was seconded by Member Morales. The motion was unanimously approved.