

Chairman: David Vaught

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

**Minutes – April 2, 2009 Meeting**

Present in Springfield: David Vaught  
Ed Bedore  
Mike Bass

Present in Chicago: Carmen Triche-Colvin

Absent: Rick Morales

The Board started the meeting by confirming attendance at 11:30a.m.

Member Bass wanted to request that he be put down as an “Aye” vote for the resolution for Terry Healy from the previous meeting.

A motion to approve the minutes for February 5<sup>th</sup> and March 5<sup>th</sup> was made by Member Bedore and seconded by Member Bass. The motion was unanimous.

First on the agenda was CDB. Director Matt Brown explained that this portion of the meeting will serve as the public hearing for the approval of single prime contracts for New Construction of Metro East Forensic Lab in Belleville and the Construction of a Performing Arts Center at Western Illinois University. In attendance for CDB were Construction Administrator Ron Wright, Project Manager Robert Bauer and Project Manager Rich Meyer. CDB is asking for the Board’s consideration for the use of single prime with protected sub alternative delivery method as allowed by the Procurement Code. The total cost of this project would be \$36 million and its construction cost would be \$27.5 million. This would be a new free standing Forensic Laboratory for the Illinois State Police of approximately 64,000 sq ft and associated site work on 2.42 acres in Belleville, Illinois. Spaces to be provided include testing laboratories, offices, conference rooms, employee facilities, vehicle bays, firearms testing areas, training facilities, lobby and mechanical & electrical spaces. The site will be developed with landscaping and parking. This project shall comply with the Business Enterprise for Minorities, Females and Persons with Disabilities Act and the equal employment practices of Section 2-105 the Illinois Human Rights Act. Mr. Wright said he would be happy to answer any questions.

Member Bedore stated that in the past the Board questioned the development of the Springfield ISP lab for the State Police and wanted to know what was going on with that. Mr. Wright replied that to his knowledge this forensic lab in Belleville and the Codis DNA lab in Springfield is somewhere in the priority list, but does not believe it is being funded. Member Bedore asked how it is that CDB has come up with \$36 million for the project in Belleville, but did not have the funds for the Springfield Codis lab. Mr. Wright replied that CDB is being funded for design of the Belleville lab with construction funds to follow. They have gone more than two calendar

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years with Illinois State Police and with the review of the Governor's Office; that process tells CDB what is the best option to fund. Mr. Wright is asking for the Board's permission today so they can prepare the specifications. Member Bedore asked to know why CDB has not come to the Board with permission for design for the Springfield lab. CDB keeps telling the Board that there are no funds, but found some design funds and anticipate getting funds to build this lab in Belleville. He asked CDB to review and return with an answer at the next meeting. A motion to approve this project was made by Member Bass and was seconded by Member Triche-Colvin. It was unanimously approved. The next request from CDB was the approval for a new performing arts center at Western Illinois University in Macomb. The total project cost is \$71.8 million and construction costs are \$60.3 million. This reflects base bid, all known alternates and contingency would be the maximum money spent. CDB also wanted to mention to the Board that the cost of both projects will keep them under the \$100 million cap and allow a little for inflation in case something changes. This is a 127,000 sq. ft performing art center on the west side of campus and features 1,400 seat Proscenium Theater, 250 seat thrust theater, a 150 seat experimental theater, 2 dance studios, 1 jazz studio, performance support and rehearsal spaces, scene shop, offices and mechanical/electrical support spaces. Mr. Wright asked if the Board had any questions. Member Bedore asked about the construction cost and total cost and wanted to know if the furnishings were the difference there. Mr. Wright responded affirmatively. Chairman Vaught asked if the Leadership in Energy and Environmental Design (LEED) certificate was driven by the user or CDB. Mr. Wright responded that WIU is an advocate for environmental sustainability and insisted that it be a LEED's standard. Member Triche-Colvin made a motion to approve this project and was seconded by Member Bedore.

Next on the agenda was Higher Education. In attendance representing the Chief Procurement Officer of Higher Education was Bob Baker. Mr. Baker wanted to make a recommendation for an amendment to the Procurement Code to increase the small purchase maximum for Professional and Artistic Services to \$50,000. It is currently set at \$20,000. An increase in the small purchase maximum would decrease the number of award notices currently being advertised on the Higher Education Bulletin by approximately 45%, but would only decrease the total dollar amount of all Professional or Artistic awards advertised by approximately 7%. The PPB would continue to review 55% of the Professional or Artistic awards currently being advertised, but would see 93% of the dollar value, retaining almost the same level of financial review and control. The benefit to Higher Education and the State Agencies is greater flexibility to direct more purchases to minority, women, and physically disabled business enterprises would greatly help in support of the State Business Enterprise Program. Mr. Baker said he would answer any questions the Board might have. Member Triche-Colvin stated that in the State of Illinois \$50,000 is a low threshold, but is concerned with how it will be measured to make sure that the business practices awarding these contracts are done in a manner that is diverse and fair to the entire community of the State of Illinois. Mr. Baker replied that State Universities are subject to the goal set by the Business Enterprise Program. The State Universities are subjected to the same 19% goal. There is a considerable incentive to seek out firms in these categories. Member Bass stated that he would like to see something similar in this area similar to the Board establishes other small thresholds in the Code; up or down the Board reviews and recommends the level.

Chairman Vaught stated that the Board just received the Illinois Reform Commission initial recommendations. In their procurement section, they call for the cutting back of loopholes and exemptions to the Procurement Code and seems to be implying a hold at \$25,000 and above and having those contracts at \$25,000 and above be subjected to tighter requirements which exist under the current law. Member Triche-Colvin asked if Director Brown could do some research

and see if the Board was to approve this and put a piece of legislation out there if it would die or is it viable. Director Brown will do some research and come back to the Board in May with some possible solutions. No further questions were asked.

Next on the agenda was CMS. In attendance was Deputy Director of Property Management Nick Kanellopoulos and CMS State Architect Ron Wheeler. Mr. Kanellopoulos wanted to give a brief overview since last meeting and answer a few questions. CMS has terminated 18 leases Statewide, which brings the total number of terminated leases to 35 since September 2008. Last month Member Morales asked for a breakdown of agencies. Of the 35 terminations 21 are DHS leases the rest are a mix, DOT, FPR DCFS, DCEO, and AGE. What this means for the State and CMS is that the first years savings of these terminations is \$5.47 million. Also there is a reduction in 273,605 sq. ft. of leased space. Member Bedore asked if they were moved into State owned facilities or other leased facilities. Mr. Kanellopoulos replied that it is a mix of both. Mr. Kanellopoulos stated that Member Bedore also had a question from last meeting about the RFI on AGE that CMS had issued. Of the 50,000 sq. ft there are 199 employees that work for AGE and would come out to 251 sq. ft. per employee. Chairman Vaught also requested a list of leases that are over 6 months in holdover. Of the 106 holdovers there are 95 that are older than 6 months.

Giving the presentation on space standards was CMS State Architect Ron Wheeler. Mr. Wheeler passed out a handout of the presentation, which provided much more detailed information. Mr. Wheeler stated that his acting role with CMS is manager of Strategic Planning and Space Management Division. At CMS they are developing new standards for planning and managing property in their consolidated portfolio. One of the main issues that CMS has in managing property is the information issue. There is a great deal of information to manage and those pieces of information come together in their strategic planning and analysis tool, which is used to compare properties in the portfolio. Once that information is put together, CMS begins to compile performance metrics and look at the performance of each property. Whether they are looking at total cost of the facility or cost per sq. ft., deferred maintenance cost, headcount or population of those facilities, the cost per person in the facility, building area, potential vacant space or looking for a strategy for consolidation; this analysis tool assists in this process. Mr. Wheeler wanted the Board to be aware that CMS is not limited to the 800 facilities in their consolidated portfolio. Out of the other 10,000 facilities available statewide there are 1,700 that may have potential for redesign, whether it is current use or adapted use. CMS just wants the Board to know they are looking at other State owned facilities in the State first before leasing. One of the primary uses of this tool is to determine what the sq. ft. per employee is, using 300 sq. ft. per employee as a hypothetical benchmark, and see where they might have vacant space.

Mr. Wheeler stated that every year the data is refreshed in an annual plan process which agencies report back to CMS in July of every year and learn from experience what information to track. Mr. Wheeler stated that in CMS's portfolio, they focus primarily on office space. When comparing performance at a facility, they compare like facilities. In their portfolio, 75% are client service types that need to be compared against like facilities to be accurate. Once all the data is together and have like facilities, they are establishing a mid-range of performance within each sub type. Mr. Wheeler stated that CMS can program all new leased space below the current median area per person for all office occupancy sub-types. That is better than 50% of the portfolio. They can program most leased facilities below the mid-range level for office occupancy sub-types and particularly for client service facilities, which means that CMS can produce new space requirements that perform in the top 25% in their portfolio from each occupancy sub-type.

Member Bedore asked what the standard is for square feet per person. What is being recommended? Mr. Wheeler replied that CMS is in the process of setting benchmarks of where they will target their performance. Today he is prepared to say that the 50% of the mid-range CMS will always be in that range, but when new space is programmed CMS will be below that range. Director Sledge commented that Member Bedore has previously been concerned on CMS's jurisdiction over other agencies to meet standards and it is an issue which is being discussed with the Governor's office and user agencies to address that issue. The space planning issue was requested to be on the agenda in two months. Specifically to have new rules proposed as well as modern philosophy on break rooms, conference rooms and video equipment. CMS is going to field verify everything that an agency programs.

Next on the agenda was DCFS lease 5121 at 500 42<sup>nd</sup> Street in Rock Island. Mr. Kanellopoulos stated that Steve Bradford and Chris Powers are in Springfield to represent DCFS on any questions that might come up. Mr. Kanellopoulos stated that this lease is 16,400 sq. ft. office space, with 309 sq. ft per employee. First two years the base rent is \$10.50. Once the lease is signed the lessor will carpet, tile and paint the interior and do work on the parking lot, which is to be completed within four months of the commencement of the lease. Mr. Kanellopoulos asked for the Board's approval and would be happy to answer any questions. A motion was made by Member Triche-Colvin to accept this lease and was seconded by Member Bedore. The motion was unanimously approved.

Next on the agenda was DCFS lease 5501 at 800 Roosevelt Road Building-D in Glen Ellyn. Mr. Kanellopoulos stated that this lease is 17,922 sq. ft. facility housing 58 employees which come to 309 sq. ft. per employee. This is a five year lease that includes the landlord repainting the entire office and doing some other work within 90 days after the commencement of the lease. First year base rent is \$18.25, which is a reduction from \$19.16 in the previous lease. Mr. Kanellopoulos said he would be happy to answer any questions the Board might have. Member Bedore asked if this was a negotiated lease. CMS responded affirmatively. Member Bedore made a motion to accept this lease and was seconded by Member Bass. The motion was unanimously approved.

Next on the agenda was DHS lease 5510 at 501 W. Washington Street in Bloomington. Mr. Kanellopoulos stated that Henry Johnson from DHS is in Chicago to help answer any questions on the lease. Mr. Kanellopoulos stated that this is a three year lease at 10,840 sq. ft. The white papers provided to the Board were inaccurate and the total number of employees at the facility was 27 with 5 community partners, which brings the sq. ft. per employee down to 338. The base rent in the first year is \$9.41. During the negotiations, CMS was able to reduce the base rent down from the previous lease, which was at \$11.30. Mr. Kanellopoulos believes that this is a good lease at a good rate and asked the Board for their approval. Chairman Vaught wanted to know why the vacant space due diligence does not include the whole metropolitan area and also why is the janitorial is \$2.45 per sq. ft. Mr. Kanellopoulos replied that when CMS looks at vacant space due diligence to take into account the facility closure act, which 25 employees have to move more than 10 miles there would be COGFA issues. Member Bedore commented that the due diligence is to include searching for 25% smaller locations. Mr. Kanellopoulos affirmed that. This is why there is a five mile radius as a benchmark for vacant search. The janitorial at this facility is provided by a State Use Workshop. These are severally disabled people who provide the janitorial. Mr. Kanellopoulos stated that this does not mean that State use vendors are going to get paid what they want, but they have a preference and if a workshop can serve; CMS has the ability to look at the value of that contract and can work with that amount it does not get bid out. Chairman Vaught asked if there were any other DHS leased facilities in the area to consolidate.

Assistant Secretary of Operation with DHS Jerome Butler, replied that there is a DORS office in the area, but does not know if there is availability there or anywhere else in Bloomington. Henry Johnson stated that DHS has looked at all DHS offices in the Bloomington area for possible consolidation and was not able to find a facility consolidation opportunity to meet their requirements. Chairman Vaught asked if DHS thought about consolidating with other agencies. Mr. Johnson replied that they did not. Member Bass questioned Mr. Kanellopoulos about the three year lease and what will happen since there is a termination clause after the 36<sup>th</sup> month. Mr. Kanellopoulos replied that three years was all CMS was able to negotiate with the landlord at this time. Member Bedore asked if DHS would furnish their strategic plan to the Board on how it plans to over view its upcoming needs. A motion to approve this lease was made by Member Triche-Colvin and was seconded by Member Bass. Member Bedore abstained. The motion carried.

Next on the agenda was DHS Xerox Copier R & M Services, but Member Triche-Colvin requested to have legislation moved up because she was unable to stay for the entire meeting.

Director Brown stated that there were two legislative items he would report on. One was the liability of the Procurement Policy Board being involved in the voiding of contracts and he noted that piece of legislation has not advanced. If it were to pass, it would create a large increase in Board's budget needs and staff responsibility. At this point, Director Brown stated that he does not see this piece of legislation moving forward. Next, there were discussions placing limitations on contract execution and an implied limit of 30 days. At this point that piece of legislation is not moving forward and he does not expect it to move at this time. The last item was the discussion the six month holdover provision and protections that might prevent someone from immediately being refused payment as the law was applied. That bill is currently sitting in the House on second reading and has an amendment attached to it. It sets out six months holdover limitation an effective date of January 1, 2010 and established that the Comptroller shall only begin his withholding payments on those leases in July 1, 2010.

Next was Xerox Copier R & M Services. In attendance was Assistant Secretary of Operations with DHS Jerome Butler. Mr. Butler was under the impression that the services up for discussion needed the Board's approval. Director Brown stated that since the services have already been performed the Board's approval is not needed, but the Board wanted to make comments and recommendations so this would not happen in the future. The Board was concerned with the policy of engaging vendors with no written contract in place and subsequently requiring vendors to pursue payment through the Court of Claims. The Board is examining how this lack of procurement activity prior to acquiring goods or services is possible without competitive selection and how the using agency is prepared to issue procurements in advance of anticipated need. The Board has reviewed these transactions and has considered them to be regular, frequent and routine types of service engaged by agencies and wants to find out what the remedy is for this situation. Director Brown stated that the Board's recommendation to DHS was to implement controls to insure that vendors do not perform work without a contract in place. DHS was also advised to adopt business practices to anticipate these types of regular procurements and was also advised that procurement life cycles be assigned as well. DHS agreed to adopt the recommendations.

Next on the agenda were administrative rules. Director Brown stated that the first administrative rules were DOT – Contract Procurement. That rule is in accordance with this Board recommendation to increase the small purchase and construction thresholds. It will go before

JCAR by the end of this month and these conforming changes are in line with the Board recommendation.

Director Brown continued with CMS – Emergency Rule for standard procurement specific for the application of Public Act 95-971, which restricts political contributions by vendors and affiliated entities and requires registration with the State Board of Elections and requires that a copy of the certificate to be submitted with or must accompany bid proposals. Contracts that require solicitations to include compliance processes and contract certifications must be filed at the Comptroller relative to the requirements of the law. It also established a staggered implementation process, which allows a five-day grace period on filing the registration certificates with the bid proposals and that is applicable up until August 2009. Member Bass commented the vendors in Higher Education don't get a grace period and that this has become very confusing for vendors. Some vendors have been rejected for non responsiveness. The Board reiterates their concerns and reminded CMS to disclose this event prominently. No other discussion occurred.

Last was State Board of Elections – Campaign Financing – Emergency Filing. Director Brown explained that this does not fall under the jurisdiction of the Board but he requested the State Board of Elections to be present and explain where they are going with their process so additional confusion might be alleviated. In attendance was Assistant Executive Director Rupert Borgsmiller. Director Brown stated that Mr. Borgsmiller anticipated comments on the timing of when the electronic database might be available, how that database will be integrated into the process and what those possibilities are. Mr. Borgsmiller stated that the BOE has 4,500 business entities that have registered with them and generally turn around the registration the day they are received. BOE is working on electronic registration and are looking at one of the early prototypes and actually put on it some of the registrations that BOE has gotten back to see if they get the information they require from the business entities. BOE has every intention of meeting the August 1, 2009 deadline as far as the electronic registration and also understand the seriousness of this and the procurement process with the State of Illinois. The only pull back on this is once BOE get the electronic registration running it is going to fall upon the business entities to re-register with them electronically. That language is in the legislation and in their emergency rules. No questions were asked by the Board.

Next on the agenda was the Procurement Policy Board's Annual Report. Director Brown stated that the Board was given a draft of the annual report and asked the Board to examine and make any recommendations that might be incorporated in this year's publication upon the Board's review.

The next Board meeting is set for May 7 at 11:30 a.m. in Springfield.

With no further business Member Bedore moved to adjourn, seconded by Member Bass. The motion was unanimously approved.