



Chairman: Frank J. Vala

Members: Ed Bedore, Bill Black, Larry Ivory, Ricardo Morales

Minutes – April 24, 2019

Present in Springfield: Frank Vala
Larry Ivory
Ed Bedore
Bill Black

Via Telephone: Rick Morales

Chairman Vala called the April meeting of the Procurement Policy Board to order.

Member Bedore made a motion to accept the meeting minutes from the February meeting as printed. Member Ivory seconded the motion all members voting “aye” the motion carries.

Next on the agenda was a lease for Children Family Services in Urbana. Allison Grady, Acting Deputy Director for Property Management was present for Central Management Services. Mrs. Grady stated that the first lease we have today is DCFS in Urbana this is an alternate RFI and the last rate increase on this Lease was 2015 following a 12.7% decrease in 2013. This is space for approximately 184 staff and the using agency has occupied this location since 1989.

Member Black says I assume this office gets into more than Champaign County. Ms. Grady replies its Champaign, and Ford County. Member Black says I wonder why it doesn't go to Macon or Piatt I suppose there already covered. Ms. Florence replies they have an Office in Macon and I'm not sure about Piatt. Chairman Vala asks are there more physical room for employees at this location? Ms. Florence says there tight at 184sq ft a person. I don't think there are recorded vacant offices there. Chairman Vala says my question is based on a future problem with DCFS having problems with there Children there. I'm sure the Legislation is going to give them some more money. Ms. Florence says that they are hiring and have submitted a number of space requests around the State to relocate in offices where they don't have the space for people. This is actually one of them we will be putting this out on the street. Member Morales asks when will the improvements be done? Ms. Florence replies that she doesn't have the lease in front of her. But things like painting, and carpet we usually give them 4 months or so to get that done. Member Morales says so within the year. Member Bedore says Chairman with these questions were asking here would be very wise for us in the future to have a representative from Children and Family Services, and from all agencies here. We don't expect you to have all the answers. Member Bedore makes a motion that we accept this lease as presented, with Member Ivory seconding the Motion all parties voting “aye” the motion carries.

Next on the agenda is Harvey for the Department of Employment Security. Ms. Grady says the lease as this one has been discussed, there haven't been any changes from the last meeting I will

defer questions to IDES in Chicago. We have occupied this Building since 2007 as it was constructed as a built to suit for IDES. We did consolidate multiple offices into this building, and the amortization off of the initial lease was retired in August of 2017 and that was \$7.91 a sq. ft.

Member Bedore says well your going from \$18 a sq. ft to \$23.45 sq. ft. But it doesn't change the fact that this lease is more expensive then you can rent Downtown Chicago. We have leases that are on State St. in Chicago that are cheaper in the \$23.45. How can your agency justify being at this expensive location? Mr. John Rodgers from DES replies well obviously we can refer back to Mr. Edgar explanation to you gentlemen about the taxes situation. He was expert, and you guys are the expert, and I thought all this was hashed out at the last meeting, and we were going to just put it back up for bid, the savings was described to you in detail by Mr. Edgar I certainly can't come back and try to repeat his presentation to explain what your asking. We probably could have had Mr. Edgar here again if he knew these were going to be the questions. Mr. Augusta from DES replies one of the things that is an added value to that location is the area that it is serving there is no other Unemployment Office/ Employment Agency that is in the vicinity, and they are also co-house with we owe a Partner that is mandated by Federal guidelines for both agencies to be co-housed. So, not only does it provide services, for unemployment it also provided services to help individuals find employment. There has been a drastic increase of job fairs in the vicinity. Ford Motor Companies one of biggest employers in the southeast side that's been working with that location so, not having that office would be a detriment to a lot of the employers in southern suburbs because that is the main location and working Partners they are assisting us as far as sending people back to school. There paying these individuals to be trained to go back into the workforce. So, not only is the facilities providing unemployment services it's providing employment services, and that has been the shift over the last few years at that location. And because of the added services the is more staff on location. Also, there was a reference about other locations in the city, that building is specially built for IDES. There are security measures at that location that no other office that I've been around has that. The only other location that has security is the central office downtown, but if you walk into any other unemployment office on the south suburbs in the city no one has security like that location. Mr. Rodgers states that another thing that was brought up at the last meeting that \$23 was discussed at the last meeting we finally got an agreement with the Partners to pay a percentage of that rental, what that percentage is I don't know don't have those figures again that was going to be taken care of with a governmental agreement. Mr. Augusta replies that the Partner Agency is willing sign a MOU with IDES once they know an exact dollar amount that the rent will cost. That \$23.00 amount your looking at will not be fully paid by IDES the cost shared would be with the other Partner.

Chairman Vala asks is that a private or federal money that would be coming in here? or is that just State money and we just take it out of their pocket? Mr. Augusta replies its all Federal money sir. Chairman Vala replies great, at least it's a reduction just don't know that number yet. How does that work do it come back to the general revenue funding? Ms. Grady replies it will come into our facility revolving fund and it helps us with our operation and managing all the facilities things that we pay. Chairman Vala says on other questions.

Member Bedore says I just don't agree with the gentlemen on what there saying, that is building has everything we need. Well sure it does, we paid \$7.91 for 10 years to help build this facility

so, don't be patting this gentlemen on the back. We the taxpayers paid for this. We paid for the improvements in this building. so, don't give me this its great security in the building we paid \$7.91 times whatever the sq. ft is for 10 years. So, gentlemen up there don't give me the argument, and don't give me the agreement about he's saving us. The deal he's made with the real estate taxes, and everything. That's fine and good, it still does not justify going up \$5.36 a sq. ft I know he has a gun at out head, and I understand all that, but don't justify it.

Member Morales replies at this point I don't disagree with the comments that Ed is making. But it seems like we need to move forward. Yes, we paid for much part of that Building and we need to take advantage of that it would cost, us a lot of money to move, and as Ed says it is a gun to our head as Ed mentioned, and at this point we need to make sure we get the best lease as possible at this point. So, we can go ahead and move forward. With the consolidation of offices, the location which serves almost over three hundred thousand customers. I do have a question on the Department of Veterans Affairs what does that office do? Ms. Florence replies that's a field Office that DVA has field offices scattered all over the State usually one, or two Employees. Its Client Service they served Veteran's in whatever service area that is usually the County. Member Ivory says in reference to the potential rate reduction do you have any ideal of what ball park of where that would be? Mr. Rodgers says that is between the Partners, and them. I know its not going to be something that is just minimal, were going after them the best we can. Knowing how hard we fought for this so there going to pay their fair share. Director von Behren replies why don't we make that a follow up item and I'll follow up with IDES once they get a final agreement. Chairman Vala says can I have motion with Member Morales saying so move, and Member Ivory seconding the Motion. Four Members voted "aye" and Member Bedore voted "no" and motion carries four to one.

Next on the Agenda is DHS Westchester Suburban Chicago. Ms. Grady says DHS has occupied this location since 2007 when it was remodeled the initial 10-year Lease expire in 2017 and the amortization of \$11.01 was retired at that time. The base rent under the proposed lease is a 1.5 percent annual increase during the initial term and in years one, three, and five of a renewal terms the base Rent is \$15.27 a sq. ft. Member Bedore says since you been in this building in 2007 and I guess you remolded. Are there any other improvements that are going to be made by the owner? 12 years of carpeting and painting I think things wear out in 12 years. Ms. Florence says they are painting, and cleaning the carpet, and the carpet was replaced 5 years ago this building really well maintained by the owner and they do regular up keep and maintenance, so it really wasn't a lot that needed to be done. Member Bedore makes a motion we accept the lease as presented With Member Morales seconding the motion, all parties voting 'aye" motion carries.

Next on the agenda is a presentation on the new lease procurement process. Director von Behren says the CPO's Office and CMS have been working on updating their documents, policies and procedures on how they are going to go and procure leases moving forward. CMS is providing the Board an update on this process and will highlights of some of the changes there making. Ms. Grady says where we are right now to date with this we have the RFI documents which are the documents we use to procure the leases have been updated. We were working on the revisions to those documents and our processes with conjunction with all of our Partners on this during that time we did not process any RFI's until we got these documents updated. Were at a point now

with the CPO's Office that we are putting out the new documents and we have a draft process were moving forward with this. We're still calling it draft because though we have worked through all of this with them, we have a good ideal. But until we test it out, we don't want to say its final because there still may need some adjustments and changes in there. A few things we did change in the RFI document is to make this even better for vendors to understand and do. The Lease its self is attached to the RFI for reference and for them to be able to note any inclusions that they need to for, and of the general terms. We are not asking vendors to fill out that information. There is a response document for them to fill out, and to send back in to us. So, were not dealing with that question or issue on the lease there. We have changed how were putting the tenant requirements into the RFI the mandated requirements are within the RFI document itself. The other thing we're changing about the process that I think is going to be a big benefit is we're going a two-step physical analysis on the offers now. One will be done early in the process, looking at major responses, and a second analysis will be done once we have a better understanding of cost on potential offers that we can move forward. It gives us a better idea where were not basing everything on one number, where we may not have all the factors. This will allow us to get more information as we move through the process and take a second look from a financial processive of the lease offers coming.

Chairman Vala says you understand that we haven't had a chance to read all of this. Matt will keep us update. Ms. Florence says we did find after we published a number of RFI's we discovered something that we missed, but we have corrected that I'll send updates on that. Ms. Grady says this is why we keep saying were in a draft process with this. we will continue to be in contact with Matt in this process. Member Bedore asks can you walk me through the process? Say if they're going to remodel an office and its four, five thousand dollars, and the work is done by the owner correct. What do we do to check to make sure is five hundred thousand dollars, and not his Brothers, and Sisters doing the work, and its really not three hundred thousand what inspection do you do? And what inspection do you do for minority, Female, Veterans for a million dollars' worth of work.

Ms. Florence replies to address our RFI's don't have a BEP goal that's not part of our process. As far as the cost of the improvements the Landlords have to provide us a breakdown cost and we have someone on staff that does that fairness reasonability assessment. Member Bedore says have there been any changes made by CMS. Ms. Florence says all the time. Chairman Vala says do you require the paid bills that release a lean, so you know that the work was completed and that price if a guy is bidding it out. Ms. Grady, we make inspections to make sure the work was completed as purposed. Now as to the cost in making sure that is in line. Now that is an area where we have had discussions on how to address, but that's part of what is still in a draft form on how to address that or not with a final process on that yet. Mr. Chairman says are you considering lien waivers? Because we don't want to pay for five hundred thousand dollars' worth of remodeling and the guy didn't pay anything, and we get thrown out. Ms. Grady says that's an issue what we are aware of.

Member Morales says something to consider is that they use a Title Company to make sure that these improvements are completed is that something being considered. Ms. Grady replies it's not an option that's been considered, but we will look into it.

Member Ivory asks how often do you encounter where they say its going to be a half a million, but somethings changed and it's an increase, does that happen often? Ms. Florence says not unless the build out changes sufficiently. We do try to include a general allowance. So, if the tenant's base configuration for five offices, and RFI can take a year or more from start to finish and in that time, they may have hired five or six additional people in other offices with more cubicles. We can use that general allowance or do a change order. Member Ivory says that doesn't happen often because it's in construction. Ms. Florence says no not major changes, it might be a small minor thing. And most of our general allowances are about twenty thousand. Ms. Grady says during her 10 year she's not seen it unless it was a major change. Member Ivory says is there any particular reason why when we do have sufficient improvement that we don't have a BEP goal attached, and I could understand if its small, but small contracting is a great opportunity for small vendors. Ms. Florence says its up to the Landlord to hire those vendors. We don't get involved in that process. in Chicago they have their own entities and people that they use. They don't go out for bid on those. They have their own staff. Ms. Grady says it's not a Procurement for that work from the State. Our procurement is with Landlord, but who he is hiring to do the improvements is on him. So, I'm not sure it has to be an initial discussion with the agency. Chairman Vala says but it is State money. So, in the bid you can require that they comply with their other standards in bidding, and contracts awards.

Ms. Florence says that can get tricky because we don't pay the full build out cost. We only pay what are known as temporary improvements as defined as the administrative code. So, then you get into if its temporary improvement that the State is paying for it. But then you have to go out and include BEP but on this part of the build out you don't. It can get complicated in the process but it's something we can look into and talk about it.

Member Bedore says the other thing that is a little concerning to me is say its five hundred thousand dollars and they hire their own company? How do we really make sure that when they hire their own company to do the work that then, the foremen get a bonus of a hundred thousand. How do you watch when it's their own company? Ms. Grady says that comes out that fair and reasonable analysis that we do. Because we are asking for all the information, and all the improvements that are going in there, we are checking to make sure it is within fair, and reasonable of general standards practice for the region. So, we make that check. Member Bedore says so what do you do if its five hundred thousand and it come in they do all the work, and they went out to bid, and it's only four hundred thousand? Ms. Grady says that's one on the issues were still working through. Member Bedore says so you are already adverting at the higher rate. Ms. Grady replies yes, and that's an adjustment that we need to look at. So were still working through that, and that is a known issue that were working on. Member Morales says so your process of adjusting a lot of these concerns we just discussed. Ms. Grady replies yes.

Chairman Vala says Ed you brought up about requirements of other agency representatives. Member Bedore says well we had questions. But they didn't have all the answers. So, I would think in the future that whenever a lease comes up that a representative from the agency who knows about the lease be present when a lease concerning their Department is before us. It should be mandated that they should be here along with CMS. They don't have all the answers. Director von Behren says what he will draft up a formal policy for the Board to review at the next meeting that we have a representative at each meeting. I believe CMS is in agreement, they

would also like to have them here, so they can get those questions answered. CMS is going to provide me with a contact person for each agency and will make sure to let them know when a lease is going to be on the agenda, so they can have someone present. Member Bedore says I would put some teeth into, and if there is not a representative here we will not approve the Lease.

Next on the agenda is a couple of updates from pervious items says Director von Behren. One of the issues the Board always talked about was, at one-point CMS had an individual but they were digitalizing records. They were always coming to the Board giving updates about how records were being digitalized trying to save space. The individual is no longer employed with the State and I talked to CMS and they currently don't have anyone in that position. I don't know now if this administration is planning on bringing that type of position back. The digitalizing of records is now being delegated back to each Agency. Another follow up item was some staffing levels at each University and what kind of contract administration they were doing, and the back ground of those individuals. After having some discussion what we found out is contract administration is not actually done by procurement staff. It's done by each department. Member Bedore says this whole Higher Ed thing we have to really get into this. because you can tell us the number of employees, but it doesn't answer the question of who the heck is looking at these contracts and who is doing what. Director von Behren says the CPO office is struggling because it's not in their jurisdiction once the contract is signed. It's hard to find justification in the statue to tell the Agency or the University how to administrator the contracts once they have been procured. We might get some push back from the University or Agency on whether we have the authority to tell them how to do the work. Chairman suggest Legislation that would give the CPO's more authority.

Next on the agenda is Legislation. Director von Behren stated that at the last meeting we spoke about a Senate bill that was proposing reducing the Boards lease reviews from 30 days to 14 days. The staff put in witness slips which opposed that portion of the bill. We answered questions in our appropriation hearings and an amendment to that bill that has taken that section out. So currently the way the bill is written it will stay at 30 days. Chairman Vala entertains a motion to adjourn the meeting with Member Morales so move Member Bedore second the motion, and with all Members voting "Aye" motion carries.