

MINUTES
OF THE
GOVERNMENT CONTRACT
REVIEW COMMITTEE

January 12, 1999

The Government Contract Review Committee met on Tuesday, January 12, 1999 at 10:00 AM, in Room 131 of the Capitol Annex. The meeting was called to order, and the secretary called the roll.

Present were:

Members: Representative Brent Yonts, Chairman; Representatives Bob Heleringer and Jesse Crenshaw; and Senators Marshall Long and Bob Jackson.

Guests: Attorney General Ben Chandler, Robert Bullock, John Cubine, Dennis Taulbee, Debbie McGuffey, Rex Hunt, Secretary John McCarty, Karen Powell, Marcie Chess, Charles Raymer, Steve Williams, Ron Bingham, Christopher Black, Burl Lawson, Secretary Carol Palmore, and Charity King.

LRC Staff: Michael Meeks, Joseph Hood, Kim Eisner, and Nancy Smith.

After preliminary remarks from Senator Long, Mr. Michael Meeks, Committee Staff Administrator, commended his staff and asked for nominations for chairman of the committee. A motion was made by Senator Long and seconded by Representative Crenshaw to elect Representative Yonts as chairman of the committee. Representative Yonts was elected unanimously. Chairman Yonts expressed his appreciation for being placed on the committee and for being elected chairman, and commented his wish that every election was as easy.

A motion was made by Senator Long and seconded by Representative Heleringer to approve the Minutes of the December 8, 1998 meeting. The motion passed unanimously.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the Routine Contract list with the exception of #6, between the Eastern Kentucky University and Edward Brodt, PS# 99-099; #33, between the Kentucky Community and Technical College System and Deters, Benzinger & Lavelle, PS# 990357; and #35, between

Kentucky State University and Student Information Systems, Inc., PS# 99-10. The motion passed unanimously.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the Routine K.A.P.S Contract list with the exception of #1, between the Department of Education and National Study of School, PS# 995363; and #5, between the Finance and Administration Cabinet and Stoll, Keenon & Park, PS# 995359. The motion passed unanimously.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the Routine Memoranda of Agreement list with the deletion of #23, between the Finance and Administration Cabinet and Lexington-Fayette Urban County Airport Board, #21265; the addition of MOA# EDC-8, between the Economic Development Cabinet and the Warren County Fiscal Court; and the exception of #6, between the Corrections Cabinet and Communicare, Inc., #21359; #37, between the Personnel Cabinet and Pacificare, #BP010606; #38, between the Personnel Cabinet and Advantage Care, #BP010573. The motion passed unanimously.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the Amendment list with the exception of #3, between the Council on Postsecondary Education and Dr. George P. Connick, PS# 990274; #16, between the Finance and Administration Cabinet / Finance Engineering and Peck, Flannery, Gream, Warren, Inc., PS# 985057; #18, between the Cabinet for Health Services and the Kentucky Disabilities Coalition, PS# 990153; #19, between the Kentucky Employers' Mutual Insurance Corporation and Underwriters Safety and Claims, PS# 99USC001; #25, between the Revenue Cabinet and C. Christopher Trower, PS# 990176; and #27, between the Transportation Cabinet and Presnell Associates, PS# 539293. The motion passed unanimously.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the K.A.P.S. Amendment list with the exception of #3, between the Finance and Administration Cabinet and Deloitte and Touche, PS# 995239; and #5, between the Cabinet for Health Services and John D. Tarrant DMD, PS# 995175, CO033500. The motion passed unanimously.

A motion was made by Senator Long and seconded by Representative Crenshaw to approve the Memoranda of Agreement Amendments. The motion passed unanimously.

The following ROUTINE contracts
were APPROVED:

EASTERN KENTUCKY UNIVERSITY:

Janet Wilder, 99-080; REACH of Louisville, 99-100; Steve Rinehart, 99-079; Dorothy Coleman/Diversified Consultants, 99-090; Spalding University, 99-101; New Perspectives of Indiana, Inc., 99-095.

FINANCE AND ADMINISTRATION CABINET,

DIVISION OF ENGINEERING:

Chrisman Miller & Woodford, Inc., 995353; Collignon & Nunley, 995361; Clotfelter / Samokar, 995375; James B. Evans & Associates, 995360; MULTI (Civil Engineering), BP009592 - BP010410; MULTI (Mechanical/Electrical), BP009593 - BP009991; DCT Design Group, 995356; MULTI (Structural Engineering), BP009680 - BP010396; Arrasmith Judd Rapp, 995355; Myers Jolly Architects, 995362; Louis & Henry Group, 995354; Nolan & Nolan, 995352; Scott Klausung & Company, Inc., 995351; Ross Tarrant Architects, Inc., 995350; J. Patrick Kerr Architect, 995349; Biagi, Chance, Cummins, 995348; MULTI (Architectural Services), BP009597 - BP010511; MULTI (Subsurface Investigations), BP009735 - BP009988; Commonwealth Technology, 995373; Law Engineering & Environmental Services, Inc., 995372; Voelker Winn Architects, 995374; Ekhoﬀ, Ochenkoski & Polk, 995376; MULTI (Site & Boundary Survey), BP001002 - BP010003.

KENTUCKY COMMUNITY AND
TECHNICAL COLLEGE SYSTEM:

Doe-Anderson Advertising, 990207.

KENTUCKY LOTTERY CORPORATION:

Bearden Group, 99-102.

MURRAY STATE UNIVERSITY:

Luckett & Farley, 019-99-2; Luckett & Farley, 018-99-2.

NATURAL RESOURCES AND
ENVIRONMENTAL PROTECTION CABINET:

Diamond Engineering, 990360.

TRANSPORTATION CABINET:

GRW Engineers, Inc., Ag# 349899; Palmer Engineering Company, Ag# 379899; Ag# 359899; James-Winstead and Associates, Inc., 981398; American Consulting Engineers, 981396; Brighton Engineering Company, Ag# 309899; Robert W. Hunt Company, Ag# 319899; H. E. Rudy Consulting Engineers, Ag# 339899; Birch Trautwein & Mims, Inc., Ag# 329899; Brighton Acquisition Company, 981397.

UNIVERSITY OF KENTUCKY:

Doucet & Mainka PC, A991170.

The following ROUTINE K.A.P.S. contracts
were APPROVED:

FAMILIES AND CHILDREN, CABINET FOR:

Carroll, Wanda, PS991223; Faith Community Task, PS995343; Pikeville College, PS995344.

JUSTICE, DEPARTMENT OF:

Law Enforcement Services Inc., PS995364.

The following ROUTINE MEMORANDA OF AGREEMENT
were APPROVED:

ADULT EDUCATION AND LITERACY, DEPARTMENT FOR:

Bell County Council on Literacy, 21201; Perry County - KVEC, 21262; Pulaski County Board of Education, 21264; Pike County Board of Education, 21345; Oldham Co. Board of Education, 21346.

DEPARTMENT OF TECHNICAL EDUCATION:

Department of Education, 21350.

ECONOMIC DEVELOPMENT CABINET:

Warren County Fiscal Court, EDC-8.

EDUCATION, DEPARTMENT OF:

Workforce Development Cabinet, 21229; Jessamine County Board of Education, 21250; Kentucky Educational Development Corporation, 21253; 21271; Northern Kentucky Educational Cooperative, 21256; Fayette County Board of Education, 21259; Kentucky Community Education Association, 21260; Hopkins County Board of Education, 21269; Henry County Board of Education, 21270; West KY Technical College, 21274; Rockcastle County Board of Education, 21364.

FINANCE AND ADMINISTRATION CABINET:

Lexington-Fayette Urban County Government, 21246; Floyd County Fiscal Court, 21247; Mercer County Fiscal Court, 21266; Perry County Fiscal Court, 21267; KY Turnpike Water District - Bullitt County, 21325; Lex-Fayette Urb Co. Airport Bd.; Aviation Museum KY, 21326.

HEALTH SERVICES, CABINET FOR:

City of Louisville, 21245; Bell County Board of Education, 21363; Lexington Fayette County Government, AP-98995000.

LOCAL GOVERNMENT, DEPARTMENT FOR:

City of Winchester, 21268; Calvert City, 21285; City of Campbellsville; Taylor County, 21373; Harlan County, DLG310504; DLGCS018.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET:

Pike County Fiscal Court, 21282; Division of Forestry, NREPC0045; U. S. Geological Survey, NREPC0046.

POSTSECONDARY EDUCATION, COUNCIL ON:

Department of Education, 21251.

REVENUE CABINET:

Scan Optics Inc., BPO10633.

TRANSPORTATION CABINET:

Kentucky River Foothills Development Council, 21327; Louisville-Jefferson County Community Action, 21328.

VOCATIONAL REHABILITATION, DEPARTMENT OF:

Transportation Cabinet, 21249.

WORKFORCE DEVELOPMENT CABINET:

Pike County Board of Education, 21287.

The following AMENDMENTS
were APPROVED:

AGRICULTURE:

Miss Kentucky Scholarship Organization, 990135.

ATTORNEY GENERAL, OFFICE OF THE:

Tichenor & Associates, 990332.

EASTERN KENTUCKY UNIVERSITY:

Social Services Associates, 99-036; Harold Cottrell, 99-021; Jefferson County Board of Education, 99-082.

FINANCE AND ADMINISTRATION CABINET,
DIVISION OF ENGINEERING:

Collignon & Nunley Architects, 985020; Scott Klausing & Company, Inc., 995332; 985027; Scruggs & Hammond, Inc., 985139; Coblin, Porter & Associates, Architect, 985099; Sherman, Carter, Barnhart, 985056; 985173; Godsey Associates, Architects, 985076; James B. Evans & Associates, 985095; Arrasmith, Judd, Rapp, Inc., 985102; Luckett & Farley, 985013.

KENTUCKY REAL ESTATE APPRAISERS BOARD:

M. Wilson & Associates, 990093.

KENTUCKY STATE BOARD OF REGISTRATION
FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS:

Robert S. Thompson, III, 990092.

KENTUCKY STATE UNIVERSITY:

Price Waterhouse Coopers LLP, 99-05.

MOREHEAD STATE UNIVERSITY:

Forward Edge Associates, 99-021.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET:

Pacific Environmental Services, 990217.

TRANSPORTATION CABINET:

Haworth, Meyer & Boleyn, Ag# 329394; Baker Engineering Unlimited, Inc., Ag# 199495; TRW, Inc., Ag# 419394; Municipal Engineering Co., Ag# 359394; H. E. Rudy, Ag# 069394; GRW Engineers, Inc., Ag# 489091; James-Winstead and Associates, Inc., Ag# 089495; William C. Mason, MAI, 10867; J. M. Crawford & Associates, Ag# 389697; Davidson, Nash, 70276; Presnell Associates, Inc., Ag# 309798; Dames+Moore/Hazelet+Erdal, Ag# 449697; Johnson, Depp & Quisenberry, Ag# 509798; Wicker & Associates, 980646.

UNIVERSITY OF KENTUCKY:

Parrott, Ely, & Hurt (PEH) Engineers, A93-127; CMW, Inc., A94107; Pearson / Bender Associates, PLC, A981260; Affirmative Medical Staffing, K99-118.

UNIVERSITY OF LOUISVILLE:

Luckett & Farley, 97-49.

The following K.A.P.S. AMENDMENTS
were APPROVED:

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:

Cottrell Consulting, PS995300 CO033627.

EDUCATION, DEPARTMENT OF:

Hayden And Company, PS995286 CO032504.

HEALTH SERVICES, CABINET FOR:

ATC Healthcare Svcs Inc., PS995048 CO033225; Myers And Stauffer LC, PS995225 CO033062.

The following MEMORANDA OR AGREEMENT AMENDMENTS
were APPROVED:

ADULT EDUCATION AND LITERACY, DEPARTMENT FOR:

Carroll Co. Board of Education, 20769.

AGRICULTURE:

Purchase ADD, 19718; Northern Kentucky ADD, 19719; UK Research Foundation, 20754.

EDUCATION, DEPARTMENT OF:

Ohio Valley Educational Cooperative, 19463F-1; 19463G-1; Kenton County Board of Education; James Spaw, 19613; Mayfield Independent Schools; Ruth Ann Harrell, 19650; Johnson County Bd. of Education; Brenda Blackburn, 19659; Daviess County Board of Education, 19663; Calloway County Board of Education; Joy Waldrop, 19666; KY

Valley Education cooperative, 20571; Hancock Co. Board of Education, 20581; Corbin Ind. Schools, 20589.

FAMILIES AND CHILDREN, CABINET FOR:

Fayette County Public Schools, 19685; Harlan County BOE, 19696; Lincoln County BOE, 19760; Barren River ADD, 19852; Gateway ADD, 19859; Cumberland Valley ADD, 19860; KIPDA, 20012; FIVCO Area Development District, 20143; Community Action Council, 20178; Kentucky River ADD, 20200; Lake Cumberland ADD, 20201.

FINANCE AND ADMINISTRATION CABINET:

Pennyrile ADD, 20140.

HEALTH SERVICES, CABINET FOR:

Eastern Kentucky University, 19828.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET:

University of Kentucky, 17682; City of Owensboro, 19098; Division of Forestry, NREPC0044.

OFFICE OF SCHOOL TO WORK:

Badget Center, 20861; Lake Cumberland Community Service organization, 20862; Providence Independent Schools Board of Education, 20863; Clark County Board of Education, 20865; Rockcastle County Board of Education, 20866; Cumberland Valley Area Development District, 20867; Kentucky Educational Development Cooperative, 20868; Buffalo Trace Area Development District, 20869.

WORKFORCE DEVELOPMENT CABINET:

Dept. for Employment Services, 19068.

Attorney General Ben Chandler, Mr. Robert Bullock, and Mr. John Cubine from the Office of the Attorney General testified on an impending legal contract. Attorney General Chandler stated that his office was in need of legal representation to assist the Commonwealth with negotiations that will be held the week of January 18, 1999, in Durham, NC, relating to the tobacco settlement and Phase II of that tobacco settlement, which specifically relates to farmers. Attorney General Chandler stated that negotiations had begun with the first negotiation having taken place on December 18, 1998. The Governor, the Agriculture Commissioner, several farm leaders, and the Attorney General attended a meeting in Durham, NC which set into motion, negotiations on behalf of tobacco farmers. The tobacco settlement agreement called for tobacco companies to meet with farm leadership in tobacco growing states to address economic concerns that tobacco growers had as a result of the agreement. The group quickly discovered that there were important issues which must be considered and, if the Commonwealth was to be properly represented in this effort, assistance must be sought to provide expertise with anti-trust and bankruptcy issues.

The Office of the Governor, the Office of the Attorney General, and the Department of Agriculture has established a process to select a law firm to represent the Commonwealth. Over eighty (80) letters were mailed to various law firms, including every law firm in the Commonwealth of Kentucky with over 15 lawyers on staff, and to many of the larger firms in the Eastern United States. There were 9 firms that had the potential for obtaining the contract. However, the anticipated rate that the Commonwealth will pay for this service will, without question, exceed the \$75/hr. maximum rate as established by the committee. The current testimony is intended merely to inform the committee of this contract and need for emergency approval. Mr. Cubine, stated that 3 firms have been selected for interviews and one will be chosen from this pool. Attorney Chandler stated that the reason for the selection process was so the Commonwealth will have as much expertise as possible in order to attempt to get the best deal possible for Kentucky farmers.

Senator Long stated his concerned that the group was going down to Durham with a law firm and no bargaining chips. He stated his view that nobody has a bigger interest in the farmers getting a settlement than he does, because of his representation of a large group of tobacco farmers in his district. He pointedly asked whether the Commonwealth was going to the table with virtually nothing to negotiate with. General Chandler stated that this fact has always been the problem. In all of the dealing with the tobacco companies, including the talks of law suits, the Kentucky tobacco farmers have not had a strong negotiating position because there is no legal claim of relief on behalf of farmers that has been identified against the tobacco companies. Senator Long asked whether several tobacco companies had already pulled out of the agreement? General Chandler stated that several companies have pulled out of the 5.15 billion dollar tentative trust agreement that Phillip Morris was urging.

Senator Long asked if the group would consider two things: first, consider taking some tobacco farmers who are knowledgeable and second, consider be cognizant of when to end the negotiations and go home. Attorney Chandler stated that it was his understanding that the Governor was going to lead the negotiating team and he and his team would be there to support him. Senator Long wished them the best of luck. Chairman Yonts reminded the committee and General Chandler that both the House and Senate passed a resolution urging the inclusion of Legislative representatives in the group attending the meeting. General Chandler stated that they were aware and would be pleased to do so.

Chairman Yonts asked the panel about the total estimated cost of the contract. Mr. Cubine stated tentatively, from January 15, 1999, to June 30, 1999, approximately \$300,000.00, however the final costs would depend on the hourly rates charged. Chairman Yonts asked if the Commonwealth would be reimbursed in some manner. General Chandler stated that all three agencies have agreed to share the cost of the contract. Chairman Yonts reminded the committee that the Attorney General was merely providing preliminary information about the contract, and not asking that the committee take action. General Chandler stated that to the best of his ability, he has kept legislative leadership informed

throughout the process. Chairman Yonts stated that Senator Pendleton and Representative Thomas have been asked to attend the meeting.

Representative Heleringer asked questions related to the hourly rate schedule, assurances that this contract was not based upon any contingency fee arrangement, and the nature of the agreement. General Chandler explained that Phase I of the overall agreement provides for the Commonwealth to receive approximately \$3.35 billion dollars over a period of 25 years, unless the federal government is successful in an attempt to recoup some of these funds. These funds are to be paid to the Commonwealth on an annual basis for 25 years, and the legislature will determine how it is spent. There is no agreement in Phase II, the representatives of the Commonwealth are trying to get the companies to agree to compensate the tobacco farmers, however they could easily decline. Representative Heleringer asked whether other tobacco growing states pursuing Phase II of the negotiations were utilizing law firms. General Chandler stated that he didn't know if any of the other states were bringing counsel. Representative Heleringer suggested a collective effort from all the states involved. Chairman Yonts on behalf of the committee, wished General Chandler and the team the best of luck in the negotiation of Phase II of the tobacco settlement.

The following CONTRACT was PULLED
from the ROUTINE CONTRACT List:

COUNCIL ON POSTSECONDARY
EDUCATION:

Jeff Hockaday, PS# 990361.

Mr. Dennis Taulbee and Ms. Debbie McGuffey, Council on Postsecondary Education, discussed the contract with the committee. Representative Heleringer asked exactly whom Mr. Hockaday was assisting. Mr. Taulbee stated that he would be assisting both Mr. Gordon Daviess, President of the Council, and Mr. Mike McCaul, the incoming President of the Kentucky Community and Technical College System. He will also be working with the regional universities that are involved in the centers. Ms. McGuffey explained that Dr. Hockaday is the immediate outgoing interim president of the Kentucky Community and Technical College System, who has served on an interim capacity until Dr. McCaul was named. Representative Heleringer questioned the need for assistance to those individuals previously named, who are knowledgeable and experienced people, when the council has staff to assist. Mr. Taulbee stated that Dr. Hockaday as the interim president was working on the regional centers from the perspective of Kentucky Community and Technical College System, and rather than bring Dr. McCaul up to speed on these centers, that Dr. Hockaday's expertise and knowledge should be utilized. Representative Heleringer asked several more follow-up questions concerning the hiring of Dr. Hockaday. Representative Crenshaw questioned the hourly rate and Representative Heleringer questioned the need for the contract. A motion was made by Representative Heleringer to

reject the contract. The motion dies for lack of a second. A motion was made by Senator Long and seconded by Representative Crenshaw to approve the contract. The motion was withdrawn by Senator Long. A motion was made by Senator Long and seconded by Representative Crenshaw to defer the contract. The motion passed unanimously.

The following CONTRACT was PULLED
from the ROUTINE K.A.P.S. CONTRACT List:

FINANCE AND ADMINISTRATION CABINET:

Stoll, Keenon & Park, PS# 995359.

Mr. Rex Hunt, Finance and Administration Cabinet, discussed the contract with the committee. Representative Heleringer asked if the Office of the Attorney General was provided the opportunity to take this case and why was a firm retained that exceeds the hourly guidelines. Mr. Hunt stated that Mr. Cubine in the Office of the Attorney General was contacted, but deferred the services to outside counsel. In this type of litigation, it is very difficult to find a firm for \$75.00 per hour with the expertise to do this type of representation. Mr. Hunt utilized the opportunity to discuss the issue of attorney's fees. He went on to state that Senator Long had asked Michael Meeks, John Cubine, the Finance and Administration Cabinet, and some representative agencies approximately nine months ago, to look and try to determine what is a fair amount for a state agency to pay an attorney on an hourly basis. Representative Heleringer stated that he would be glad to vote to increase it to \$95.00 to \$100.00 per hour if state agencies would reduce the need for outside counsel that the committee seem to so easily certify. A motion was made by Representative Heleringer and seconded by Representative Crenshaw to approve the contract, contingent upon Mr. Hunt presenting Mr. Meeks with additional information to the contract. The motion passed unanimously.

The following AMENDMENTS were PULLED
from the AMENDMENT List:

COUNCIL ON POSTSECONDARY EDUCATION:

Dr. George P. Connick, PS# 990274.

Mr. Dennis Taulbee and Ms. Debbie McGuffey, Council on Postsecondary Education, discussed the contract with the committee. Senator Long stated that he had pulled this contract because of a letter he received in December from Ameritech expressing dissatisfaction with the council and the procurement process. Senator Long stated that he had met with Mr. Taulbee and Ms. McGuffey prior to the meeting. He stated that the contract in question was one signed by the University of Louisville and made available to the other universities. Senator Long removed his objections to the contract. A motion was made by Senator Long and seconded by Representative Crenshaw to approve the contract. The motion passed unanimously.

FINANCE AND ADMINISTRATION CABINET /
FINANCE / ENGINEERING

Peck, Flannery, Gream, Warren, Inc., PS# 985057.

Secretary McCarty and Ms. Karen Powell, Finance and Administration Cabinet, discussed the contract with the committee. Secretary McCarty stated that the cabinet had entered into a settlement agreement with Peck, Flannery, Gream, Warren, Inc. This contract is a price contract, but the vendor has not been awarded any work. Senator Long cautioned the secretary, stating that the Commonwealth has had a lot of trouble with this firm and the committee has approved a number of contracts on the condition that the vendor try to fix the problems that they later admitted were partially their responsibility. Senator Long went on to say he didn't know what good it would do to continue to approve contract to this vendor, and he expressed desire that this vendor would be removed from the list of companies utilized by the Commonwealth of Kentucky. Secretary McCarty stated that under the price contract, there is a limited amount of work that they might even be qualified for and agreed to contact the committee with the exact sequence of events, but expressed his understanding of the guidelines for state price contracts. Representative Yonts asked about any efforts to seek damages and whether there are punitive damages built in to the contract in regard to vendors that do defective work. Secretary McCarty stated that in this specific instance, the Commonwealth entered into negotiations with this firm and did in fact receive a substantial settlement from the firm. A motion was made by Senator Long and seconded by Representative Crenshaw. The motion passed unanimously.

KENTUCKY EMPLOYERS' MUTUAL
INSURANCE CORPORATION:

Underwriters Safety and Claims, Inc., PS# 99USC001.

Ms. Marcie Chess, Kentucky Employers' Mutual Insurance Corporation, discussed the contract with the committee. Chairman Yonts asked why KEMI was asking for another \$300,000.00 on this contract since the committee approved \$300,000.00 in July on this contract. Ms. Chess stated that this contract originally handled KEMI's claims management and managed care. At this point KEMI has taken most of the claims handling in house and the vendor is providing managed care and electronic data reporting to the Department of Workers' Claims for KEMI. The contract dates were from July until the end of the year. A request for proposal (RFP) was submitted and KEMI has been negotiating with some other managed care companies, however the negotiations are not complete so the contract is being extended until July, thereby justifying another \$300,000.00. Chairman Yonts said that in fact it is an annual contract of \$600,000.00. Ms. Chess stated that KEMI has contracted with this company since KEMI was created in 1995. A motion was made by Chairman Yonts and seconded by Representative Heleringer to approve the contract. The motion passed unanimously.

TRANSPORTATION CABINET:
Presnell Associates, PS# 539293.

Mr. Charles Raymer and Mr. Steve Williams, Transportation Cabinet, discussed the contract with the committee. Senator Long stated that he had pulled this contract because he wanted some explanation as to why the committee is being asked to increase the contract when the project has been delayed for four years. Chairman Yonts stated that he had pulled this contract for the same reasons. Mr. Raymer stated that the Transportation Cabinet entered into a contract with Presnell Associates back in 1993 to develop plans for the widening of I-71 from a point in Oldham County to downtown Louisville. They actually began working on the project and had done some preliminary plan work for widening the interstate. There was an additional federal requirement that came about called major investment study which put the project on hold, in addition a major investment study was initiated on this project. There was a major investment study initiated on the proposed TARC improvements in the area as well, so in all there were three major investment studies in the immediate area that would potentially effect the decisions on the widening of I-71. As a result of the additional requirement, the cabinet was instructed to place the consultant on hold pending resolution of the study. Mr. Raymer informed the committee that the major investment study on the Ohio River crossings has been completed and the cabinet has initiated a contract on the bridges for that area. The Tarc study has also been completed or at least to a point where it has allow the resumption of the I-71 project. The cabinet is in the process, through the local planning or KIPDA organization, of getting a language in the documents that will allow resumption of the I-71 MIS. He emphasized that Presnell Associates had started to work on the project, preliminary work, so they are in a position to resume and complete the project.

Senator Long stated the cabinet was paying the vendor for increased wages over that four year period, not for sitting around for four years. Mr. Raymer stated that this was correct, wages were being increased during the time the vendor was placed on hold by the cabinet. Senator Long asked if these rates were the going rates in the engineering business. Mr. Raymer stated that according to auditors, he was correct. A motion was made by Senator Long and seconded by Representative Heleringer. The motion passed unanimously.

The following AMENDMENT was PULLED
from the K.A.P.S. AMENDMENT List:

FINANCE AND ADMINISTRATION CABINET:
Deloitte and Touche, PS# 995239.

Mr. Ron Bingham, Finance and Administration Cabinet, discussed the contract with the committee. Senator Long stated that he met with Mr. Bingham, who assured him that this was the final payment on the contract. Mr. Bingham made statements about being more self sufficient in government and developing project managers who can run their projects

without consultants. He provided a historical overview of the contract, expressed his understanding that this contract was not an annuity, and explained that Empower Kentucky was working diligently to insure that the Commonwealth was self sufficient. Senator Long asked if the money in this contract would close out the contract. Mr. Bingham stated that this was correct. A motion was made by Senator Long and seconded by Representative Crenshaw to approve the contract. The motion passed unanimously.

The following AGREEMENTS were PULLED
from the ROUTINE MEMORANDA OF AGREEMENT List:

CORRECTIONS CABINET:
Communicare, 21359.

Mr. Christopher Block, Corrections Cabinet, discussed the contract with the committee. Senator Jackson asked whether this \$151,000.00 contract was to provide residential substance abuse for 22 class D felons at Hardin County Jail, and expressed his concern that mathematically it would equate to about \$7,000.00 for each inmate. Mr. Block stated that this was a four year federal grant, that there are three programs this grant funds, and that the RFP process was followed when his agency decided to extend treatment services to Class D offenders. The decision was made to extend treatment services to such offenders because by statute those individuals serve their time in county and regional jails and do not have access to substance abuse treatment services, yet this group represents a disproportionate number of drug and alcohol related offenders who enter the criminal justice system. This was a population of offenders that his agency wanted to target and offer treatment.

The RFP process was followed, requests bid from various community agencies were received, and Communicare won the contract to operate in Hardin County. The money was divided three separate ways. The first year grant total was \$328,947.00 with a 25% match from the General Assembly of \$82,000.00, the second year grant was \$368,599.00 with a state match of \$122,866.00. The funds were divided so as to fund programs in Hardin County, Christian County, and Pike County. The Pike County program has closed and that money used to start a six month residential treatment program at Luther Lockett Correctional Complex. The bulk of that money goes to salaries and benefits of the staff of those programs. Senator Jackson asked if this was a one time service to twenty-two felons. Mr. Block stated that the \$151,188.96 goes to each program with the program in Hardin County having a treatment capacity of 22 inmates and Christian County having a capacity of 31 inmates. Senator Jackson stated that \$7,000.00 per felon was a large amount of money for a single inmate. Mr. Block encouraged the Senator to compare the amount of money the state spends treating offenders in prison against letting those individual out to receive after care treatment services and supervision in the community. He testified that the state save thousands of dollars by offering them treatment while they are incarcerated. Senator Jackson stated that he understood, and that this was an intangible that no one could place a

price tag on, but Charter Hospital treats people for less. Mr. Block stated that he couldn't speak for Charter, but actually the actual cost per inmate runs about \$12.00 per day over the six month period, the rest of the costs are administrative, salaries, things of that nature. Senator Jackson asked if this was pilot program at Hardin County, Pike County, and Christian County. Mr. Block stated that these were the only programs specifically for Class D offenders in the state. Chairman Yonts asked if Christian and Hardin Counties were collection points for drug and alcohol abusers and whether the inmates were brought from the different parts of the state. Mr. Block stated that the inmates were brought from all parts of the state. Chairman Yonts asked about transportation for inmates from Muhlenburg, Hopkins, or Calloway counties. A motion was made by Senator Jackson and seconded by Representative Heleringer to approve the contract. The motion passed unanimously.

PERSONNEL CABINET

Pacificare, BP010606, and Advantage Care, BP010573.

Mr. Burl Lawson and Secretary Palmore, Personnel Cabinet, and Ms. Charity King, Finance and Administration Cabinet, discussed the contract with the committee. Chairman Yonts asked about the nature and amount of the contracts. Ms. Palmore stated that these two contracts covered in-state public employees and retirees and offered to give a fairly accurate total amount for each contract. She stated that there was no way beforehand to determine how many public employees in each service area would choose to select Advantage Care or Pacificare as opposed to the other types of insurance that were offered in those areas. Through the imaging and data processing system that the legislature appropriated, offered the following information: a breakdown of how many policies with each company; a breakdown of how many policies are single, parent plus, couple, and family; and totals. Ms. Palmore provided the committee with facts and figures on the two contracts.

Chairman Yonts asked about the choice of provides and the areas' location, and questioned Ms. Palmore about the \$100 million dollar per contract estimate. Ms. Palmore stated that the figures previously provided ought to be the amounts authorized under these contracts. Chairman Yonts summarized one of the problems as expressed by his constituency. Ms. Palmore expressed some of the problems encountered by the Health Purchasing Alliance. She assured the committee that she is attempting to solve problems as they arise. On thing that her agency is doing is providing 888 and 800 numbers for any person having difficulties with hospitalization, physician treatment, or getting prescriptions filled. Her agency will intervene on that persons behalf with the carrier to make sure they are enrolled and that any emergency services are taken care of. Beginning Monday, January 4, 1999, her agency has been receiving approximately 1100 calls per day. Senator Jackson questioned whether the committee should approve the contracts at the estimated \$100 million as requested, or whether the committee should request a more accurate amount. Secretary Palmore stated that her staff would work to get a more accurate rate to the committee staff. Ms. King stated that the information that Secretary Palmore provided to

the committee was just made available within the past several days and a correction will be processed. A motion was made by Chairman Yonts and seconded by Representative Crenshaw. The motion passed unanimously.

Senator Long stated that he had three legislative committee meetings going on at the same time and I would like the staff to poll the members to see if the committee could meet on a different day or the afternoon of the same day.

A motion was made by Representative Heleringer and seconded by Senator Long to defer the following contracts. The motion passed unanimously.

The following AGREEMENTS were DEFERRED
on the ROUTINE CONTRACT List:

COUNCIL ON POSTSECONDARY EDUCATION:

Jeff Hockaday, PS# 990361.

EASTERN KENTUCKY UNIVERSITY:

Edward Brodt, PS# 99-099.

KENTUCKY COMMUNITY AND

TECHNICAL COLLEGE SYSTEM:

Deters, Benzinger & Lavelle, PS# 990357.

KENTUCKY STATE UNIVERSITY:

Student Information Systems, Inc., PS# 99-10.

The following AGREEMENT was DEFERRED
on the ROUTINE K.A.P.S. CONTRACT List:

DEPARTMENT OF EDUCATION:

National Study of School, PS# 995363.

The following AMENDMENTS were DEFERRED
on the AMENDMENT List:

HEALTH SERVICES, CABINET FOR:

Kentucky Disabilities Coalition, PS# 990153.

REVENUE CABINET:

C. Christopher Trower, PS# 990176.

The following K.A.P.S. AMENDMENT was DEFERRED
on the K.A.P.S. AMENDMENT List:

HEALTH SERVICES, CABINET FOR:

John D. Tarrant, DMD, PS 995175 CO033500.

The meeting was adjourned at 11:30 a.m.