



Ohio Legislative Service Commission

Tom Wert

Fiscal Note & Local Impact Statement

Bill: H.B. 238 of the 131st G.A. **Date:** June 25, 2015
Status: As Reported by Senate State & Local **Sponsor:** Reps. Sears and McColley
Government

Local Impact Statement Procedure Required: No

Contents: Authorizes the transfer of money from the Adult and Juvenile Correctional Facilities Bond Retirement Fund to any fund administered by DRC or DYS and authorizes land conveyances

State and Local Fiscal Highlights

- The bill specifies the terms of various real estate transactions in which the state is authorized to convey state-owned property to designated parties for a specified amount or by auction to the highest bidder. In total, the bill contains 19 proposed land conveyances.
- The bill expands the purposes for which the money in the Adult and Juvenile Correctional Facilities Bond Retirement Fund (Fund 7097) may be transferred by the Director of Budget and Management to include any fund created in the state treasury administered by the Department of Rehabilitation and Correction (DRC) or the Department of Youth Services (DYS).
- The bill creates the Community Programs Fund and requires DRC to use the money in the fund for specified community corrections programs and grants.

Detailed Fiscal Analysis

Summary of land conveyances

The bill provides for the conveyance of state-owned land to various parties and specifies the terms of these transactions. The table below identifies the section in the bill containing the proposed transaction, the state agency that uses or superintends the property currently, the grantee, a brief property description, the county where the property is located, the financial or other consideration related to the transaction, and, where applicable, the state fund that is to receive the proceeds of the various conveyances. Following the table are more detailed descriptions of each of the proposed transactions.

Summary of Land Conveyances Included in H.B. 238

Bill Section	Agency	Grantee	Description	County	Consideration	Fund
3	Department of Rehabilitation and Correction	High bidder of sealed bid auction	North Central Correctional Institution and the North Central Correctional Institution Camp	Marion	Price determined by auction	Adult Juvenile Correctional Facilities Bond Retirement Fund (Fund 7097)
4	Department of Rehabilitation and Correction	High bidder of sealed bid auction	Turtle Creek Community Based Correctional Facility	Warren	Price determined by auction	Adult Juvenile Correctional Facilities Bond Retirement Fund (Fund 7097)
5	Ohio University	High bidder of sealed bid or public auction	22 acres at 366 Richland Ave., Athens encumbered with a ground lease with Housing For Ohio, Inc. and improved with 182 unit residential complex	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
6	Ohio University	High bidder of sealed bid or public auction	15.2 acres at 739-903 East State St., Athens encumbered with a ground lease to Chesapeake Realty, Ltd. and improved with the Athens Mall	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
7	Ohio University	High bidder of sealed bid or public auction	7.5 acres at 919 East State St., Athens encumbered with a ground lease to Chesapeake Realty, Ltd. and improved with various retail outlets	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
8	Ohio University	High bidder of sealed bid or public auction	41.3 acres at 929-983 East State St., Athens encumbered with a ground lease to Continental Fund 72 and improved with various retail outlets	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
9	Department of Job and Family Services	High bidder of sealed bid auction or public auction	200,000 sq./ft. office building situated on 1.2 acres at 145 South Front St., Columbus	Franklin	Price not less than 15% below appraised value determined by auction	Unemployment Compensation Special Administrative Fund (Fund 4A90)
10	Ohio University	High bidder of sealed bid or public auction	4.5 acres at 24 Home St., Athens encumbered with a ground lease to Putnam Square, Inc. and improved with 79 residential apartment units	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
11	Adjutant General	Ottawa County Commissioners	Title cure affecting 1.8 acres along County Rd. 171 in Port Clinton	Ottawa	\$1	Armory Improvements Fund (Fund 5340)

Summary of Land Conveyances Included in H.B. 238

Bill Section	Agency	Grantee	Description	County	Consideration	Fund
12	Bureau of Workers' Compensation	City of Columbus	0.8 acres at the Northwest corner of Front St. and Long St., Columbus	Franklin	130 parking spaces in a parking garage planned for this property	N/A
13	Department of Mental Health and Addiction Services	City of Massillon	0.8 acres of vacant land at 3000 Erie St. South, Massillon	Stark	To be determined by appraisal	Mental Health and Addiction Services Trust Fund (Fund 4P90)
14	Ohio University	City of Dublin	Title cure affecting 3.0 acres vacant land south State Route 1612 at the Industrial Parkway roundabout	Franklin and Union	\$1	GRF
15	Ohio State University	Ohio State University	9.0 acres of vacant land at the Don Scott Airport, 2160 Case Rd., Columbus	Franklin	Land exchange	N/A
16	University of Toledo	City of Toledo	0.7 acres of unimproved land at the intersection of Fearing Blvd. and Hill Ave., Toledo	Lucas	\$34,500	GRF
17	University of Toledo	City of Toledo	0.8 acres parking lot near the intersection of Hill Ave. and Parkside Blvd., Toledo	Lucas	\$42,000	GRF
18	Ohio University	High bidder of sealed bid or public auction	2.1 acres at 357 East State St., Athens encumbered with a ground lease to Bob Evans Farms and improved with a 5,700 sq./ft. restaurant	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
19	Ohio University	High bidder of sealed bid or public auction	3.3 acres at 20 Home St., Athens encumbered with a ground lease to Athens Investors, LLC and improved with a 26,600 sq./ft. hotel	Athens	Price determined by auction	Appropriate university accounts for the benefit of Ohio University
20	Ohio History Connection	City of Piqua	Perpetual easement on 0.2 acres of vacant land along State Route 66 at the Johnston Farm and Indian Agency property	Miami	\$610	Not specified
21	Department of Mental Health and Addiction Services	Quest Recovery and Prevention Services, Inc.	7.9 acres containing 2 buildings totaling 45,532 square feet	Stark	\$150,000	Department of Mental Health and Addiction Services Trust Fund (Fund 4P90)

Property and transaction details

Section 3 – North Central Correctional Institution and the North Central Correctional Institution Camp, Marion County

The bill authorizes the Governor to execute a deed conveying the North Central Correctional Institution and the North Central Correctional Institution Camp in Marion (Marion County). The bill requires the Director of Administrative Services to offer the property for sale through a sealed bid auction or public auction. Under the bill, the highest bidder from each auction bidding a price acceptable to the directors of Administrative Services and Rehabilitation and Correction is required to pay 10% of the purchase price within five business days of being notified that the bid has been accepted and pay the balance of the purchase price within 60 days of such notice. In the event that the high bidder fails to complete the conditions of the sale, the bidder would forfeit the 10% payment. Under these circumstances, the Director of Administrative Services would be permitted to accept the next highest acceptable bid, or if no bids are acceptable, to repeat the sealed bid auction.

Under the bill, the state reserves the right to house inmates, and operate and manage the facility as a correctional institution either with its own employees or through an operations and management contract. If the facility is operated and managed through an operations and management contract, the bill requires that the contract not be awarded to the purchaser of the property without the state having rebid the operating and management contract for a term commencing after any then-current term expires. The bill also specifies that any bid that seeks to combine the purchase of the facility with the right to operate and manage the facility be conditioned upon the operations and management contract not becoming effective until the expiration of the current operations and management contract. The bill requires the state to reimburse reasonable costs associated with ownership of the facility in exchange for the right to house, operate, and manage the facility. Additionally, the bill requires the contract and conveyance to be subject to an existing operation and management contract with the Management and Training Corporation.

If the property is conveyed, the bill requires the real estate purchase agreement to include an agreement for the sale to the purchaser of the state's right, title, and interest in the facility, and authorization for the transfer of any supplies, equipment, furnishings, fixtures, or other assets of the state located at the facility considered necessary by the directors of Rehabilitation and Correction and Administrative Services for the continued operation and management of the facility. The bill also requires the terms of the real estate purchase agreement to include a binding commitment that irrevocably grants the state a right to repurchase the facility upon certain triggering events specified in the bill. Additionally, the bill requires the real estate purchase agreement be subject to the existing operation and management contract between the Management and Training Corporation and the Department of Administrative Services.

The bill requires the Department of Rehabilitation and Correction (DRC) to pay all advertising costs incident to the sale and requires the purchaser to pay all costs associated with the conveyance including title evidence, title insurance, transfer costs and fees, recording fees, and other costs. The bill requires proceeds of the sale to be deposited to the credit of the Adult Juvenile Correctional Facilities Bond Retirement Fund (Fund 7097) to be used to redeem or defease bonds in accordance with section 5120.092 of the Revised Code and provides that any remaining moneys subsequent to bond redemption or defeasance be transferred to the GRF. The bill authorizes the sale for three years after the bill's effective date.

Section 4 – Turtle Creek Community Based Correctional Facility, Warren County

The bill authorizes the Governor to execute a deed conveying approximately 5.5 acres improved with the Turtle Creek Community Based Correctional Facility in Lebanon (Warren County). The bill requires the Director of Administrative Services to offer the property for sale through a sealed bid auction or public auction. Under the bill, the highest bidder from each auction bidding a price acceptable to the directors of Administrative Services and Rehabilitation and Correction is required to pay 10% of the purchase price within five business days of being notified that the bid has been accepted and pay the balance of the purchase price within 60 days of such notice. In the event that the high bidder fails to complete the conditions of the sale, the bidder would forfeit the 10% payment. Under these circumstances, the Director of Administrative Services would be permitted to accept the next highest acceptable bid, or if no bids are acceptable, to repeat the sealed bid auction.

If the property is conveyed, the bill requires the real estate purchase agreement to include an agreement for the sale to the purchaser of the state's right, title, and interest in the facility, and authorization for the transfer of any supplies, equipment, furnishings, fixtures, or other assets of the state located at the facility considered necessary by the directors of Rehabilitation and Correction and Administrative Services for the continued operation and management of the facility. The bill also requires that if the current operation and management contract between DRC and Talbert House, Inc. is terminated, the purchaser of the halfway house facility may enter into an agreement with the Talbert House, Inc. to purchase their equipment, supplies, furnishings, and consumables.

Under the bill, DRC is required to pay all advertising costs incident to the sale and the purchaser is required to pay all costs associated with the conveyance including title evidence, title insurance, transfer costs and fees, recording fees, and other costs. The bill requires proceeds of the sale to be deposited to the credit of the Adult Juvenile Correctional Facilities Bond Retirement Fund (Fund 7097) and authorizes the sale for three years after the bill's effective date.

Sections 5, 6, 7, 8, 10, 18, and 19 – Ohio University property auctions, Athens County

The bill authorizes the Governor to execute the deeds to seven properties in Athens County currently overseen by Ohio University. As shown in the table above, each of the properties is encumbered with ground leases and contains various improvements including residential apartment units and retail shopping complexes. The bill requires the Director of Administrative Services to offer these properties for sale through a sealed bid public auction. Under the bill, the highest bidder from each auction bidding a price acceptable to the Director of Administrative Services and Ohio University is required to pay 10% of the purchase price within five business days of being notified that the bid has been accepted and pay the balance of the purchase price within 60 days of such notice. In the event that the high bidder fails to complete the conditions of the sale, the bidder would forfeit the 10% payment. Under these circumstances, the Director of Administrative Services would be permitted to accept the next highest acceptable bid, or if no bids are acceptable, to repeat the sealed bid auction. Alternatively, if no bids are acceptable after the subsequent auction, the Director of Administrative Services may use an alternative sale process acceptable to Ohio University. Under the bill, the buyer is to pay all costs of purchase and conveyance. Proceeds of these sales are required to be deposited to appropriate university accounts for the benefit of Ohio University. Authorization to execute the deeds to these properties expires three years after the effective date of the bill. Under the bill, Ohio University is required to pay advertising and other costs incident to the sale of the real estate and the purchaser is required to pay all costs associated with the purchase, closing, and conveyance including surveys, title evidence, title insurance, and any other fees, assessments, and costs that may be imposed.

Section 9 – Department of Job and Family Services office building, Franklin County

The bill authorizes the Governor to execute the deed to a 200,000 square foot office building situated on nearly 1.2 acres at 145 South Front Street in Columbus (Franklin County). The bill authorizes the Director of Administrative Services to offer the real estate through a sealed bid auction or public auction at a price acceptable to the directors of Administrative Services and Job and Family Services but not less than 15% less than the property's appraised value as determined by an external appraisal. Under the bill, auction terms for this conveyance are the same as those under the auctions for Ohio University properties discussed above. Under the bill, the Department of Job and Family Services is required to pay advertising and other costs incident to the sale of the real estate and the purchaser is required to pay all costs associated with the purchase, closing, and conveyance including surveys, title evidence, title insurance, and any other fees, assessments, and costs that may be imposed. The bill requires proceeds of the sale to be deposited to the credit of the Unemployment Compensation Special Administrative Fund (Fund 4A90)

Section 11 – Adjutant General title transfer, Ottawa County

The bill authorizes the Governor to execute a deed conveying 1.8 acres along County Road 171 in Ottawa County to the Board of County Commissioners of Ottawa County. The conveyance will correct a title defect created in 1945 when Camp Perry East Road (County Road 171) was relocated by the state on to state property instead of its intended location on property owned by Ottawa County. Consideration for the conveyance is \$1, which the bill requires to be deposited to the credit of the Armory Improvements Fund (Fund 5340). The bill requires the Board to pay all costs associated with the purchase, closing, and conveyance.

Section 12 – Bureau of Workers' Compensation property, Franklin County

The bill authorizes the Governor to execute a deed conveying 0.8 acres overseen by the Bureau of Workers' Compensation to the city of Columbus. Currently the property, located at the northwest corner of Front Street and Long Street in Columbus (Franklin County), is used as a parking lot. Consideration for the conveyance is 130 parking spaces in a parking garage that the city plans to construct on the property. Under the bill, the city of Columbus would be required to pay all costs associated with the sale including surveying, appraisal, closing, and deed recordation fees.

Section 13 – Department of Mental Health and Addiction Services, Stark County

The bill authorizes the Governor to execute a deed conveying 0.8 acres located on the northwest corner of the Department of Mental Health and Addiction Services Heartland Behavioral Healthcare facility in Massillon (Stark County). The city will use this property to construct an access road to an adjacent property. The bill requires consideration for the conveyance to be at a price acceptable to the directors of Administrative Services and Mental Health and Addiction Services pursuant to a real estate purchase agreement. Under the bill, the city of Massillon would be responsible for all costs associated with the purchase, closing, including appraisals, surveys, title evidence, title insurance, transfer costs and fees, and recordation costs and fees. The bill requires proceeds of the sale to be deposited to the credit of the Mental Health and Addiction Services Trust Fund (Fund 4P90).

Section 14 – Ohio University title transfer, Franklin and Union counties

The bill authorizes the Governor to execute a deed conveying approximately 3.0 acres of land located south of State Route 161 at the Industrial Parkway roundabout (Franklin and Union counties) to the city of Dublin. The property is part of a larger tract currently overseen by Ohio University that is being developed as a medical campus. Under a joint economic development agreement, the city of Dublin will construct an access road to the campus on the tract conveyed by the bill. Consideration for the conveyance is \$1. Under the bill, the city of Dublin is required to pay all costs associated with the conveyance including surveys, title insurance, transfer fees, and recording fees. Proceeds of the sale are required to be deposited in the GRF.

Section 15 – Ohio State University land exchange, Franklin County

The bill authorizes the Governor to execute a deed conveying 9.0 acres of vacant land at the Don Scott Airport, 2160 Case Road, Columbus (Franklin County) to the Ohio State University (OSU) Board of Trustees. Consideration for the conveyance is 9.0 acres of vacant land on an adjacent tract. Although both tracts are currently overseen by OSU, the tract being conveyed by the state is currently titled to the state of Ohio for the benefit of OSU rather than to the Board of Trustees. The conveyance to the Board will allow reconfiguration of the airport's boundaries as directed by the Federal Aviation Authority (FAA). Under the bill, OSU would be responsible to pay all costs associated with the conveyance including surveying, closing, and recording fees.

Section 16 – University of Toledo property, Lucas County

The bill authorizes the Governor to execute a deed conveying 0.7 acres of vacant land situated on the southwest corner of the intersection of Hill Avenue and Fearing Boulevard in Toledo (Lucas County) to the city of Toledo. The property, which is currently overseen by the University of Toledo, will be used by the city to house a water utility pump station to improve water pressure in the vicinity of the University. Consideration for the conveyance is \$34,500. Under the bill, these proceeds would be deposited to the credit of the GRF. The bill also requires the city of Toledo to pay all costs associated with the conveyance including surveys, title insurance, and recording fees.

Section 17 – University of Toledo property, Lucas County

The bill authorizes the Governor to execute a deed conveying 0.8 acres overseen by the University of Toledo to GT Technologies, Inc. The property, located at the northeast corner of the intersection of Hill Avenue and Parkside Boulevard in Toledo (Lucas County) has been used by GT Technologies as a parking lot since 1971 under a lease agreement with the University. Consideration for the conveyance is \$42,000, to be deposited to the credit of the GRF. The bill also requires GT Technologies to pay all costs associated with the conveyance including surveys, title insurance, and recording fees.

Section 20 – Ohio History Connection perpetual easement, Miami County

The bill authorizes the Director of Administrative Services to execute a waterline easement granting the city of Piqua a perpetual easement on less than one acre of state property located east of State Route 66 at the state-owned Johnston Farm and Indian Agency property in Miami County. Under the bill, consideration for the easement is \$610. The bill also requires the city of Piqua to pay the costs to record the easement with the Miami County Recorder.

Section 21 – Department of Mental Health and Addiction Services property, Stark County

The bill authorizes the Governor to execute a deed conveying two buildings totaling 45,532 square feet situated on 7.9 acres at 1660 and 1680 Nave Road in Massillon (Stark County) to Quest Recovery and Prevention Services, Inc. The property, currently overseen by the Ohio Department of Mental Health and Addiction Services (ODMHAS) has been occupied by Quest Recovery since 2005 under a lease agreement for \$1 per year. Under the bill, consideration for the conveyance is \$150,000. The bill requires the sale proceeds to be deposited to the credit of the Department of Mental Health and Addiction Services Trust Fund (Fund 4P90). In the event that Quest Recovery does not complete the purchase the bill authorizes the Director of Administrative Services to use any reasonable method of sale considered acceptable by ODMHAS to locate an alternate grantee willing to purchase the real estate. Under these circumstances, the bill requires ODMHAS to pay all advertising costs, additional fees, and other costs incident to the sale of the real estate. In either case, the bill requires the purchaser to pay all costs associated with the purchase, closing, and conveyance including costs of appraisal, surveys, title insurance, and recording fees and requires that the purchaser's use and possession of the property be governed by an existing interim lease between DAS and Quest Recovery. The bill provides three years from the bill's effective date to complete the sale.

Adult and Juvenile Correctional Facilities Bond Retirement Fund

The bill expands the purposes for which the money in the Adult and Juvenile Correctional Facilities Bond Retirement Fund (Fund 7097) may be transferred by the Director of Budget and Management to include any fund created in the state treasury administered by DRC or the Department of Youth Services.¹ The fund was created, effective June 30, 2011, to receive the proceeds derived from the sale of state adult and juvenile correctional facilities.

In FY 2012, \$72.8 million was deposited into the fund from the sale of the Lake Erie Correctional Institution to the Corrections Corporation of America (CCA) and subsequently transferred out. Since that transfer, the fund's remaining cash balance has been accruing interest. As of June 4, 2015, the fund's available cash balance was \$81,079.

Community Programs Fund

The bill creates the Community Programs Fund and requires DRC to use the money in the fund for specified community corrections programs and grants.² The

¹ The bill also repeals a provision in current law requiring the fund be abolished upon the completion of any such transfer.

² Specific purposes include: (1) halfway, re-entry center, community residential center, transitional control, community-based correctional facility, and community nonresidential programs, and (2) probation improvement/incentive grants.

source of the money to be deposited into the fund is not specified. The fund also retains investment income from money in the fund.

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