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BOARD OF PUBLIC WORKS
GOVERNOR'S RECEPTION ROOM
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May 2, 2012

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P R E S E N T

GOVERNOR MARTIN O'MALLEY, Presiding;

HONORABLE PETER FRANCHOT, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

SHEILA C. MCDONALD, Secretary, Board of
Public Works;

ALVIN C. COLLINS, Deputy Secretary,
Department of General Services;

DAVID ROMANS, Deputy Secretary, Department
of Budget and Management;

BEVERLEY SWAIM-STALEY, Secretary,
Department of Transportation;

LISA WARD, Land Acquisition and Planning,
Department of Natural Resources;

ZENITA WICKHAM-HURLEY, Special Secretary,
Governor's Office of Minority Affairs;

MARY JO CHILDS, Procurement Advisor, Board
of Public Works; and,

MARION BOSCHERT, Recording Secretary, Board
of Public Works.

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P R O C E E D I N G S

GOVERNOR O'MALLEY: Good day, ladies and gentlemen, and welcome to May 2, 2012 here at the Board of Public Works. We have a fair amount of business to do today and we also have a bill signing here this afternoon on a lot of environmental legislation. The common good with Mother Earth. And the stormwater legislation, I believe the investment in sewer upgrades, and also stormwater, right? So all three of those we'll be doing later on today.

As I see Secretary Gary Maynard seated in the front row, I want to thank you, Gary, and the men under your temporary and permanent custody. Because I was out to receive an award in Omaha, Nebraska of all places on Saturday for the Arbor Day Foundation that recognized Maryland's leadership in environmental restoration, and in particular the trees. And they showed the whole clip of, not the whole clip, but they showed clips of your guys, our inmates, who planted a

million trees under Gary's leadership. Including the replacement of the East and West Woods at Antietam Battlefield, and stream buffers, and all sorts of other places. So annually we probably do about a, well 5 million is how many we grow. They all leave our nursery and they go to places, including to Delaware. Did you know we raise trees for Delaware?

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: How about that for Delmarva cooperation?

COMPTROLLER FRANCHOT: I hope you took some to Nebraska, though, because they need them.

(Laughter)

GOVERNOR O'MALLEY: They, and we also -- so anyway, that was a nice award and I just wanted to let you know. I'll send you the clip. But I really appreciate what you do on that, Gary, and we need to do even more. And also on the TREE-MENDOUS Maryland and the Marylanders Plant Trees, I think we're around

100,000 now with the coupons and the like. So each one matters.

I know, Secretary Foster, you need to either get out of here first or last, because you're on call as we finalize work on the 2013 budget which we hope to have some leadership agreement on shortly. So let me ask the Comptroller if he has any opening thoughts, then the Treasurer?

COMPTROLLER FRANCHOT: Thank you, Governor. I would just like to comment on the bittersweet news that we all learned the other day, that our Secretary of Transportation Beverley Swaim-Staley is stepping down in July. And obviously it's sweet because she's had a distinguished and extremely successful career and she has the rare opportunity in politics to go out when she wants to and to go out on top.

It's bitter for me, at least personally, because I know the State of Maryland is losing the talents and the positive leadership traits of really someone that I believe is one of the most

extraordinary public servants who has ever served in State government. As a Delegate I chaired the House Transportation Subcommittee. As Comptroller I've had to work with some tremendously distinguished Transportation Secretaries in Maryland's history. It started with Dick Trainor, and included nationally renowned leaders like John Porcari. And as great as they were and are, for my money there's never been anyone better than Bev Staley.

Her quiet yet determined style of leadership is always focused on getting things done and doing things the right way. If there was an emergency that affected Maryland's renowned transportation system from blizzards and hurricanes to human tragedies, Bev was always there in her own quiet and selfless way to ensure that MDOT's full complement of transportation resources was being utilized effectively and that the entire team was pulling in the same direction. If and when mistakes occurred within the department you never heard an excuse from Bev Staley. You just saw her

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determination to get to the root of the problem, fix it, and move on. And as someone who used to review and approve her budget I can tell you first hand she was always looking for ways to save the taxpayers money while preserving the quality of services that distinguish Maryland's transportation network from so many of our neighbors. While we didn't agree on department initiatives 100 percent of the time I never, ever questioned Bev Staley's motives or doubted her commitment to stretching taxpayer dollars as far as they can go.

She has served our State in many capacities through the years, culminating with her service as the first woman to ever head MDOT. Her exceptional legacy in government and as Secretary has been marked by her vision, her accountability, and her unassailable integrity. While she would be the last one to trumpet her achievements everyone of us in this room owes Bev Staley a debt of gratitude for her monumental role in MDOT's success through the decades. Whether it was

the successful completion of the ICC; her stewardship of a Port of Baltimore that grows faster every year than any other U.S. port; her leadership on BWI Marshall Airport, which consistently ranks among the best in the nation; Bev should claim due credit for her successful efforts to enhance the quality of life in the State that we all call home.

Bev, I wish you nothing but happiness and success. Obviously, I like you. I mean, it's an extraordinary record. And just I completely understand but I'm sorry that we're going to lose you in a couple of months.

MS. SWAIM-STALEY: Well, thank you. I've had the privilege of serving the State since I was 20 years old and it's, I wouldn't change a thing. And you all I've worked for, some of you raised me. I mean --

(Laughter)

TREASURER KOPP: I just obviously would like to endorse everything the Comptroller said. I

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actually chaired the, before you I chaired the Transportation Subcommittee very briefly when, or vice chair, when Harry Hughes --

COMPTROLLER FRANCHOT: Wow.

TREASURER KOPP: -- was the Secretary. And he did very well with it, too. But we have always had a unique department. But there have been times when it was troubled and it is very interesting how Beverley has come in and really helped it. Gone in and taken problems that were not of her creation and used them to make an even better Transportation Department and transportation services, from the Airport to the highways. It's going to be very difficult to think of Annapolis without you being here, although I will say we enjoyed having you in Rockville for a little while also. The county benefitted tremendously. And I trust however that you will be seen here again after July.

I don't have anything in writing. I will get something. You did very, very well, Peter. But

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it really, you've been, you are terrific. And you're young enough so that I know you're going to be even more terrific. But I just --

MS. SWAIM-STALEY: Well now that the world knows my age --

(Laughter)

MS. SWAIM-STALEY: I'm not so young. But I will be here, and I'm sure we'll have a, probably a problem or two to resolve in the next couple of months, so.

TREASURER KOPP: Well we always do.

MS. SWAIM-STALEY: I appreciate your continued support as we work through those issues.

GOVERNOR O'MALLEY: Beverley, thank you very, very much. You have a lot to be proud of. And I really want to thank you on behalf of everybody in the O'Malley-Brown administration. And I also want to congratulate you on one very momentous final accomplishment, and that is getting the Treasurer and

the Governor to both applaud unanimously every word of something the Comptroller said.

(Laughter)

GOVERNOR O'MALLEY: That has never happened before at the Board of Public Works.

(Laughter)

GOVERNOR O'MALLEY: And I will be preparing a proclamation duly --

(Laughter)

GOVERNOR O'MALLEY: -- to honor this occasion.

MS. SWAIM-STALEY: Well it's been my privilege to serve in your cabinet, Governor, thank you. And as I said, I'll still be around. And I'm sure we'll continue to work on some issues and push things forward.

GOVERNOR O'MALLEY: And when the snow falls you always have a seat at the Emergency Operations Center, okay?

(Laughter)

GOVERNOR O'MALLEY: I know you'll miss it.

MS. SWAIM-STALEY: That was fun. But that shows how sick I am.

GOVERNOR O'MALLEY: You'll be sitting home with your hot chocolate saying, "Ah, I wish I was there all night."

(Laughter)

GOVERNOR O'MALLEY: All right, we have --

TREASURER KOPP: Beverley, Governor may I --

GOVERNOR O'MALLEY: Sure.

TREASURER KOPP: You just relatively recently received a national, national recognition as well. What was, what was that?

MS. SWAIM-STALEY: It was the Conference of Minority Transportation Officials, which is a national group, obviously pushing forward minority and women. They selected 14 women for moving the nation forward and I received the Multimodalism Award for the country. So that was very nice.

TREASURER KOPP: That's great for you and great for the State.

COMPTROLLER FRANCHOT: Absolutely.

GOVERNOR O'MALLEY: And we will be doing something more formal and far more embarrassing for you here at the --

MS. SWAIM-STALEY: This was pretty embarrassing.

GOVERNOR O'MALLEY: Outlining all of those things, including a record high achievement on MBE/WBE awards across the modalities. So speaking of --

MS. SWAIM-STALEY: You're signing a great bill this afternoon in that regard under your leadership, so.

GOVERNOR O'MALLEY: Of the revised, revised --

MS. SWAIM-STALEY: Yes.

GOVERNOR O'MALLEY: -- revised, revised MBE/WBE. Well speaking of strong women, we are joined by Little Sisters of the Poor, three who have come

here very early. I want to thank whoever the wags were that vacated their seats finally to allow the Sisters to sit down. Al, I understand they are on your Agenda?

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: What item?

SECRETARY MCDONALD: Item 23.

MR. COLLINS: Item 23.

GOVERNOR O'MALLEY: Item 23? Sisters, do you want to come up and tell us what Item 23 is?

MR. COLLINS: CGL-23.

GOVERNOR O'MALLEY: CGL-23, taking one item from the Department of General Services.

SISTER ROSEMARY: It's a privilege to be here with Mother Lorraine, our provincial superior, and Mother Alice, our local superior. We're grateful to all the legislators for having sponsored Senate Bill 16 and House Bill 238, which secured funding for Little Sisters of the Poor St. Martin's boiler project. Our 42-year old boilers were old,

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inefficient, and increasingly unsafe. They were replaced by three new high efficiency gas boilers, so reducing energy consumption and ensuring a more controlled and comfortable environment for our needy residents at St. Martin's. We thank you for your support of this and your interest in our petition, and your assistance. And I have to take the moment to personally thank Comptroller Franchot for inaugurating the William Donald Schaefer Helping People Award, for nominating us, and for recently presenting that award. Thank you and God bless you all.

GOVERNOR O'MALLEY: Thank you, Sister.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Sisters, are you still supported by the Friendly Sons of St. Patrick?

COMPTROLLER FRANCHOT: Mm-hmm.

SISTER ROSEMARY: Very much.

GOVERNOR O'MALLEY: So Mr. Danny Meade?
Good. Good. The Treasurer wants to know if this one
is okay with the Bishop?

SISTER ROSEMARY: Oh he supports --
(Laughter)

GOVERNOR O'MALLEY: Good, we wouldn't want
to do anything that he wasn't supportive of.

SISTER ROSEMARY: And now we can give those
guys their seats back.

GOVERNOR O'MALLEY: Yes. Well we have to
vote first, Sister.

SECRETARY MCDONALD: Do you want to do a
separate vote on this one?

COMPTROLLER FRANCHOT: Yeah. Move approval.

GOVERNOR O'MALLEY: The Comptroller moves
approval, seconded by the Treasurer. All in favor
signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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GOVERNOR O'MALLEY: The ayes have it.
Congratulations, Sisters.

SISTER ROSEMARY: Thank you so much.

GOVERNOR O'MALLEY: Thank you. Let's go to
the Department of Budget and Management -- she already
left. So she was offended at not being first.

(Laughter)

MR. ROMANS: I'm sure she wasn't offended.

SECRETARY MCDONALD: That is the one with
the protest.

GOVERNOR O'MALLEY: She got called?

MR. ROMANS: Yeah.

SECRETARY MCDONALD: So maybe you want to
keep that Agenda at the end which has been suggested
before? Or do you want to do the protest now?

GOVERNOR O'MALLEY: Okay. All right. We're
going to hold off on DBM then, and we'll do it last.
Since, David you're not needed for the --

TREASURER KOPP: It's nothing personal,
David.

GOVERNOR O'MALLEY: Yeah, you're not needed for the Budget Secretary's negotiations?

MR. ROMANS: She's very capable.

GOVERNOR O'MALLEY: Okay. Let's go to the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor. We have a quick Agenda this morning probably. Madam Treasurer and Mr. Comptroller, there are seven items on the Secretary's Agenda and three reports of emergency procurements.

GOVERNOR O'MALLEY: Any questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: None for me. Move approval.

GOVERNOR O'MALLEY: Okay, the Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

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GOVERNOR O'MALLEY: And the ayes have it.
We move on to the Department of Natural Resources.

MS. WARD: Good morning, Governor, Madam
Treasurer, Mr. Comptroller. Lisa Ward representing
Department of Natural Resources. Today we have five
items for your consideration.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: It looks swell.

GOVERNOR O'MALLEY: The Treasurer moves
approval, seconded by the Comptroller. All in favor
signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We
move on now, we're skipping the Department of Budget
and Management, we go to the University System of
Maryland.

SECRETARY MCDONALD: Mr. Stirling is making
his way up here.

MR. STIRLING: Good morning, I'm Jim Stirling for the University System. We have 11 items. I'll be happy to address any questions. Mr. Comptroller?

COMPTROLLER FRANCHOT: I had a question on Item 7.

GOVERNOR O'MALLEY: Item 7?

MR. STIRLING: It's an athletic facility at Salisbury.

COMPTROLLER FRANCHOT: Right. I see that they are recommending award of an \$800,000-plus contract to a local vendor, Harkins Contracting, which is great, to construct a new team building on the ground of Salisbury's athletic complex. This new facility, according to my notes, will have rooms and plumbing facilities for athletic teams, officials, et cetera, for the general public. And I've gone down to that athletic complex quite a few times to watch baseball and other games. And that's a school that consistently ranks in the very elite in the country

for baseball and national champions in lacrosse and field hockey, et cetera. So I've always been struck by how great they are but how Spartan their facilities were. And I'm very pleased to see you investing dollars to modernize not just the academic facility down there but also the athletic amenities. It's --

MR. STIRLING: If you'll indulge me for just a moment, Jeff Downes from Salisbury, the Facilities Director is here and --

COMPTROLLER FRANCHOT: Oh good, great.

MR. STIRLING: I was just commenting to him about the master plan of development down there and how well it was moving along.

COMPTROLLER FRANCHOT: Well maybe he could say, tell me -- come on up. Maybe you could just describe the shortcomings of your current facilities and what this investment is going to do? And I guess you need to identify yourself.

MR. DOWNES: Good morning. Jeff Downes, Director of Facilities Planning and Capital Projects

for Salisbury University. You are correct, we've always had outstanding athletic teams and we've done that with minimal facilities. It's tough to recruit when you don't have the new gym, the new field house, et cetera. So we're trying to make strides on our east campus and this is step number one, the new athletic team building for soccer, men's and women's soccer, probably lacrosse. We recently completed a program and conceptual design of a new stadium. We're looking for funds for that but it's in our queue. Hopefully that will come soon, as well as a softball complex. We completed the programming phase for that and the conceptual for that. We're just waiting for funds to come. So thank you.

COMPTROLLER FRANCHOT: Well done. Thank you.

GOVERNOR O'MALLEY: Okay. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?
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(No response.)

GOVERNOR O'MALLEY: And the eyes have it.
We move on to the Department of Information
Technology.

MR. STIRLING: Thank you.

MR. DOWNES: Thank you.

MR. SCHLANGER: Good morning, Governor,
Madam Treasurer, Mr. Comptroller. Elliot Schlanger,
Department of Information Technology. This morning we
have four items on our Agenda and I'll be happy to
answer any questions at this time.

TREASURER KOPP: Is there anyone here from
the library, apropos of Item 4?

MR. SCHLANGER: Yes, I do think we have some
colleagues here from MSDE.

TREASURER KOPP: I just, I have one, I don't
have an issue about the, about the class KLAS system
or the contract. But just out of curiosity, and very,
very briefly, have you seen the movement from hard
copy to electronic books impacting you all in any way?

DR. SMEALLIE: Good morning, Madam
Treasurer, Governor, Mr. Comptroller. John Smeallie,
Deputy Superintendent of the Maryland State Department
of Education. Thank you for your question.

One of the things that we are observing as
we move from paper and pencil test booklets to online
testing and computer testing is the ability of our
providers to also provide analysis of, as we are
proposing with this contract, key strokes and things
like that give similar safeguards to the citizens of
Maryland for their investment in education as we
engage in assessment. If I understood your question
correctly?

TREASURER KOPP: That's 4-IT?

DR. SMEALLIE: I'm sorry, ma'am?

SECRETARY MCDONALD: This is the Maryland
State Library for the Blind and Physically
Handicapped?

TREASURER KOPP: Yeah.

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DR. SMEALLIE: I'm so sorry. I thought we were --

SECRETARY MCDONALD: Integrated library management --

DR. SMEALLIE: I'm so sorry, I thought we were on the Pearson contract. I beg your pardon.

TREASURER KOPP: Oh, okay.

DR. SMEALLIE: We have three items this morning.

TREASURER KOPP: Yes. Yes. Yes. No

DR. SMEALLIE: So let's shift back --

TREASURER KOPP: No this is the other one --

SECRETARY MCDONALD: Okay. This is --

DR. SMEALLIE: Thank you. Thank you.

SECRETARY MCDONALD: This is the IT one.

TREASURER KOPP: This is even more --

DR. SMEALLIE: Absolutely. They are both sort of IT but this is really --

TREASURER KOPP: Yeah.

DR. SMEALLIE: So could you state your question --

TREASURER KOPP: No my only question, and I assume the answer is no not yet but --

DR. SMEALLIE: Thank you for your help.

TREASURER KOPP: -- whether there has been any impact, whether you have perceived, or your colleagues around the country have perceived any impact on the services for the blind of the rather rapid shift from hard copy to electronic books in general?

DR. SMEALLIE: Absolutely. And if we want to go into depth I have the Assistant State Superintendent for Library Services. But I think I actually can answer that question because I'm involved very much with the Library for the Blind and the Physically Handicapped where this procurement takes place.

TREASURER KOPP: Right.

DR. SMEALLIE: We have active engagement for software that enables our population to read and engage, whether it's job training or whether it's recreation reading, using nonprint materials. So while our braille collection is still substantive and we do a lot of that, we also have materials that go out by mail and we have online applications that enable us to try to stay current, as do libraries around the country, in enabling all populations to take advantage of the resources available through nonprint media.

TREASURER KOPP: So basically the fact that there may not be hard copy books in the future is you think going to --

DR. SMEALLIE: We see a continuing, it's a shifting population of course, and this is true with, it's generational, you know?

TREASURER KOPP: Yeah.

DR. SMEALLIE: We have digital.

TREASURER KOPP: Right.

DR. SMEALLIE: And we have, right, technical innovators and then we have people like me that are nonnative but learn as we go along. We still have populations who really want print materials, who want braille, for example.

TREASURER KOPP: Right.

DR. SMEALLIE: And we want to provide that. So what will probably occur generationally, as it will with all materials, is that we may see a shift. But we'll probably see an expanding need and less of an elimination of any one media. I don't usually do crystal balling, but that's what we see.

TREASURER KOPP: So, and do you anticipate that the range of materials available in hard copy will be available in other accessible media?

DR. SMEALLIE: There is an increasing, as we see with Kindles and Nooks, there's an increasing tendency --

TREASURER KOPP: Right.

DR. SMEALLIE: -- to expand the range of materials available through all media. Whether that will translate into some diminishment in print material, I'd be hesitant to make a guess on that because it is emerging.

TREASURER KOPP: I'm just curious.

DR. SMEALLIE: It's a marketplace phenomenon.

TREASURER KOPP: Because a lot of us use Kindle, Nook, et cetera. And I, but using our eyes.

DR. SMEALLIE: Absolutely.

TREASURER KOPP: And the question was how this revolution --

DR. SMEALLIE: And yet there is assistive -- I'm sorry to interrupt.

TREASURER KOPP: Yeah.

DR. SMEALLIE: There is assistive technology that enables visually impaired patrons to use those resources with nonvisual interfaces that provide them to hear and take advantage of it.

TREASURER KOPP: So it's oral?

DR. SMEALLIE: Absolutely.

TREASURER KOPP: Okay. Thank you.

DR. SMEALLIE: Thank you for your question.

GOVERNOR O'MALLEY: Some good models around the country of elementary schools that are transforming the way they teach and also getting great results in improved student achievement with digital learning.

TREASURER KOPP: Oh, absolutely.

GOVERNOR O'MALLEY: With no additional expense, given the expense of textbooks.

TREASURER KOPP: Well it was very interesting, this is totally irrelevant, but very interesting the announcement yesterday of Barnes & Noble and Microsoft coming out with a new push through the Nook medium to recapture I think textbooks and the whole school population. And, but I was just curious about people who can't use one of the senses.

GOVERNOR O'MALLEY: Mm-hmm. Okay, anything else, Department of Information Technology? Hearing nothing, the Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

DR. SMEALLIE: Thank you.

MR. SCHLANGER: Thank you.

GOVERNOR O'MALLEY: Department of Transportation?

MS. SWAIM-STALEY: Thank you. For the record, Beverley Swaim-Staley representing MDOT. We have 15 items. Item 3-C has been revised. I'll be happy to answer your questions.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Just a comment on what I think is a great success story within the State's transit system. And that's the ongoing

popularity, it's reflected in Item 1 and Item 15, growing popularity and growth of the Southern Maryland commuter bus lines. I've been watching these services grow ever since being in the Legislature on the Transportation Subcommittee years ago. These routes, all of which I assume are still being provided by Keller Transportation in Waldorf, offer reliable, friendly, comfortable service for Southern Marylanders who work in Washington. Apparently the market has really taken off, so it's a great story to tell.

MS. SWAIM-STALEY: As many buses as we can provide, and as many park and rides as we can provide in Southern Maryland, I think they would fill them up quickly.

COMPTROLLER FRANCHOT: And so I'm, the parking is always the complaint that you hear. And so I'm pleased to see the contract award for construction of a 500-vehicle park and ride lot, and the acquisition of property in Dunkirk to, I guess for the same purpose?

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MS. SWAIM-STALEY: Mm-hmm.

COMPTROLLER FRANCHOT: So that could be 1,000 additional parking spaces. And I think that will actually significantly impact the congestion. When do you think they will be completed, Madam Secretary?

MS. SWAIM-STALEY: I'm not sure. Do we have Jim here? This is Jim Knighton.

COMPTROLLER FRANCHOT: Mm-hmm.

MS. SWAIM-STALEY: Procurement Director with the Transit Administration.

MR. KNIGHTON: Yes, good morning. For the record Jim Knighton, Director of Procurement at Maryland Transit Administration. Thank you for your question. I'm going to look here and see.

MS. SWAIM-STALEY: It looks like it's about a year, Jim.

MR. KNIGHTON: Yeah, that's right.

MS. SWAIM-STALEY: I didn't know if you had any specific information.

COMPTROLLER FRANCHOT: Okay.

MR. KNIGHTON: Approximately a year --

COMPTROLLER FRANCHOT: Okay. And just --

MR. KNIGHTON: -- from the notice to
proceed. COMPTROLLER FRANCHOT: -- a

procedural question on the Dunkirk space, while you're
up there. I notice that two appraisers appraisals
were far apart.

MR. KNIGHTON: Mm-hmm.

COMPTROLLER FRANCHOT: How do you explain
that if, you know, these are folks that I guess you
use frequently. But 31 percent difference, I think,
in their appraisals?

MR. KNIGHTON: Yeah. I'd like to ask Mr.
George Fabula from our Real Estate Office to come up
and answer that.

MR. FABULA: Good morning. George Fabula,
Manager for the Real Estate Division for MTA. It
basically comes down to an opinion of value as far as

the sales comparisons that the two actually go out and find --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. FABULA: -- and then come to a value on the property.

COMPTROLLER FRANCHOT: So these are two pretty well known appraisers?

MR. FABULA: Mm-hmm.

COMPTROLLER FRANCHOT: But one was in the \$300,000 range --

MR. FABULA: Yes, that's correct.

COMPTROLLER FRANCHOT: -- and one was in the \$200,000 range. That is something you see frequently, or --

MR. FABULA: Not very often. It just depends on the comparables that they do, and then also the adjustments that they make based on those comparables to come up to the final value for the offer.

COMPTROLLER FRANCHOT: Okay. Terrific.

Thank you, Governor.

MS. SWAIM-STALEY: We've been working on these park and rides in Southern Maryland for a very long time. And I know that the, it was something for several years it was a topic when I would go to tour meetings because between getting the real estate, and getting the owners, and getting the access, and the communities, it was one of those things that seemed like we should be able to do it very quickly but in some of these cases it literally took years. So we're pleased that we're finally able to do it.

MR. FABULA: And if I may add Dunkirk is anticipated for construction in March of next year with completion in Spring, 2014.

COMPTROLLER FRANCHOT: Good. Thank you very much.

MR. FABULA: Thank you.

GOVERNOR O'MALLEY: Okay, any other questions?

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COMPTROLLER FRANCHOT: Move approval.

GOVERNOR O'MALLEY: The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the Department of General Services. Beverley, can you do me a favor on that one? Make sure that the Southern Maryland Delegates and Senators are aware of it?

MS. SWAIM-STALEY: Absolutely.

GOVERNOR O'MALLEY: Because I too remember during two campaigns people asking about it. You know, it's important that they know these things don't happen by accident.

MS. SWAIM-STALEY: Absolutely. We'll do that.

MR. COLLINS: May I go, Governor?

GOVERNOR O'MALLEY: Al Collins?

MR. COLLINS: Yes, sir. Good morning, Governor, Madam Treasurer, Mr. Comptroller. The Department of General Services has 28 items on our Agenda, including one supplemental. Items 1 and 3 have been revised. And we'd be glad to answer any questions you have on any of these items.

SECRETARY MCDONALD: Do you want to withdraw

--

TREASURER KOPP: Eight was withdrawn, right?

SECRETARY MCDONALD: Well Secretary Collins, are you withdrawing Item 8? Are we, Item 8? No.

TREASURER KOPP: No?

SECRETARY MCDONALD: No? Okay.

MR. COLLINS: Item 8?

SECRETARY MCDONALD: The Agriculture Land Foundation?

MR. COLLINS: I'm sorry, yes. Item 8 will be withdrawn. I thought we had set that down before.

SECRETARY MCDONALD: Okay. All right. All right. Thank you.

MR. COLLINS: Sorry.

SECRETARY MCDONALD: No, that's okay. I just wanted to make sure it was --

MR. COLLINS: You're correct.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 3-M, please.

MR. COLLINS: Yes, sir. Item 3-M is the department's recommendation for a replacement of a comprehensive Statewide fueling system that we have in place. Mr. Comptroller, I know you have perhaps several questions on this. But if I might just editorial a second on this?

COMPTROLLER FRANCHOT: Sure.

MR. COLLINS: I am extremely pleased. Governor, you know I often walk around with this button that says, "Doing great service." One of the things that this administration inherited was a Statewide fueling system that I have lost sleep over

night after night, worrying that we will have total system failure. We were able to piece together the system that we're finally bringing to this Board, a change in the process, the system that we use, by this comprehensive proposal that's in front of you today.

Let me also add, Mr. Comptroller, that we included a 15 percent MBE goal on this particular project. And if you give this item approval it would add over \$45.7 million to the MBE outcomes for the State of Maryland. So we are very pleased that we are able to recommend to you a comprehensive change in what we do.

A number of factors were included in this particular procurement. We've studied this system. We've used a number of consultants. We think that we've achieved certainly outstanding socioeconomic goals as well as being able to supply first class service to all of the users of this system, which would be not only State agencies but local government and local 501(c)(3)s and others that use the fuels

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from the State of Maryland system. So I am very pleased and I want to thank my staff for outstanding pieces of work here for months to bring this in front of you today.

COMPTROLLER FRANCHOT: Thank you. And thank you for those comments. Thank you for your leadership. You do a great job. My question about this contract, obviously it's a big contract.

MR. COLLINS: Yes, sir.

COMPTROLLER FRANCHOT: It's \$305 million, plus four additional years in options. So we're talking about over half a billion dollars. And the fact that it's being given to Mansfield Oil Company of Gainesville, Georgia, which I assume is a great company, but it's a long way away. I've read the background materials which attempt to explain how in spite of our best efforts we were unable to entice a single qualified Maryland bidder. And obviously you run a great operation and I'm sure your procurement people had good intentions and they were technically

sound. But, and I also understand from the briefing that you're going to be adding Maryland based subs to the contract.

MR. COLLINS: That's correct.

COMPTROLLER FRANCHOT: Which I particularly applaud. But it's a contract that, let's be honest, it's going to last for nine years. As I said, it's a large amount of money. It's a big deal for the company that gets the awards. It means jobs for local people and revenue for the State, a significant economic boost. Yet for some reason we couldn't figure out a way to find one Maryland fuel supplier who could legitimately compete for the award. So I guess my question is, I don't want to antagonize the laws of interstate commerce by tilting the scales in favor of local companies, although frankly some days I think we should be doing more of that. But let's, we'll abide by the Constitution. But this situation is, you know, we're awarding this large contract to a non-Maryland firm. And I guess what I'm asking is,

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couldn't we have created a playing field where Maryland businesses could have been given every conceivable legal opportunity to compete and win this award? And keep our hard earned taxpayer dollars here in the State of Maryland?

MR. COLLINS: Mr. Comptroller, again, me just, I think we went in that direction specifically but we were not able to find a Maryland with the scale and capabilities to serve as prime here. As you indicated, a number of Maryland firms will be involved as subs on this contract. I think we sent the solicitation out to 113 companies. Nine Maryland firms received it. And we had three Maryland firms to respond. Two of the three of those firms quite frankly were ruled as what we call nonsusceptible, and certainly the lawyers here can explain that. Two we did not even rule in as being capable. The third one we looked at but finally ended up having to reject it because the capabilities certainly weren't there. So we did our best to support the Maryland firms. But as

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you know this is not one in which I could certainly make a specific, determine that it was only specific to Maryland firms. And I'm not able to certainly do that kind of possibility here.

So we did do every effort we could. And I think just by negotiating with the recommended firm that Maryland firms play an active role, is what we've done. And we have certainly a very active part of Maryland companies here. But I could not honestly bring forth a Maryland firm as being the prime leader on this contract.

COMPTROLLER FRANCHOT: Well if you have someone here who is expert I, you had mentioned the, that three of the nine Maryland companies submitted RFPs. One of them apparently was disqualified because I quote, in my notes it's, from your shop says, "the firm failed to submit a response to one of the three proposal combinations acceptable under the scope of work."

MR. COLLINS: Yes, sir.

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COMPTROLLER FRANCHOT: What does that mean in plain English?

MR. COLLINS: Let me introduce Debbie Pecora, who has led the outstanding work on this particular project and she can answer a specific question. Also our attorney is in the room if there are legal questions that we need to have answered. Deborah, would you respond to that?

MS. PECORA: Yes. Good morning, honorable members of the Board and colleagues, my name is Debbie Pecora. I'm the Deputy Director for Procurement with the Department of General Services. Good morning.

There were three firms. The one firm from Maryland that failed to submit on one of the scenarios. They were given three options for three different scenarios they could submit on. They didn't submit on the task two, it was the scenario for bulk fuel. So they were not reasonably susceptible for being awarded the project.

The other firm was our incumbent, who didn't provide us with a good technical proposal. Also in oral presentations he was not providing what was required in the scope of work.

In addition, there was a third firm that, what did they do? They weren't qualified. Maybe if I could have the procurement officer Joe Palechek come up? There was a third firm that was only submitting on the aggregate fuel and for the transport of the tank wagon. So this is Joe Palechek, he's our procurement officer.

MR. PALECHEK: Good morning.

COMPTROLLER FRANCHOT: Good morning.

MR. COLLINS: Joe, do you have anything to add on that third firm?

MR. PALECHEK: I'd just like to say that the firm that did not submit on the -- well actually maybe I should, so in the RFP there were three scenarios that they could bid on, that the offerors could bid on. There was the entire piece, there was the piece

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without the bulk fuel, and then there was just the bulk fuel. The company that didn't bid on task two was actually the supply of the fuel for the fuel management system, which was not an option. The other firm was the incumbent, and they, their, the issues in the RFP were too large to correct. And the third firm was not susceptible for being selected for award because their submittal was not, was actually also not correctable.

COMPTROLLER FRANCHOT: Okay. So you understand my complaint?

MR. PALECHEK: Yes, I do.

COMPTROLLER FRANCHOT: We end up with a pool of companies from Georgia and Virginia and Indiana and Pennsylvania, and none from Maryland. I guess my question is do you have any conceivable flexibility in being able to work with these Maryland based companies and perhaps rectify the issue that you addressed? Or legitimize? Or at least get their proposals brought into something where they could compete for this?

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MR. PALECHEK: No, we do not.

MR. COLLINS: That's why we ruled, Mr. Comptroller, those companies as being nonsusceptible. Meaning that even if we work with them and try to restructure their proposal and all, we could not get to a point where they could be, have the potential to be the prime on the contract. They were ruled nonsusceptible, which is a legal procurement term to say you couldn't get there even if you tried.

COMPTROLLER FRANCHOT: Okay. Well let me ask Ms. Childs, I guess, or I'm not sure who to ask. In situations like this where you find technical deficiencies that eliminate all the Maryland based companies, and we'd have a pool of out of state vendors left, what latitude do we have to throw the procurement out entirely and start over? Or extend the submission deadline? Or somehow improve our ability to recruit Maryland vendors? This is a huge contract. It's got a very large management fee associated with it. I don't have anything against

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Gainesville, Georgia, wherever that is. But I mean this is fuel. And lots of Maryland companies. I guess I don't understand, well I'm asking you what's our discretion if any?

MS. CHILDS: Yes, sir. At this stage of the process the agency's options are somewhat limited. The regulations do authorize an agency to reject all proposals and resolicit if it's fiscally advantageous or otherwise in the best interest of the State. So the agency does have a lot of discretion if they so choose to reject the proposals and resolicit. But at this stage there are not a whole lot of other options.

MR. COLLINS: And Mr. Comptroller let me point out that we did look nationwide at what other states were doing, and what other counties are doing, and other municipalities were doing. We had brought on a contractor to assist in that. So we think that the prices and the process is very, very competitive and we saw no reason to reject these bids. Because the chances of improving them without endangering what

we had was certainly, it was not advantageous to the State.

COMPTROLLER FRANCHOT: Okay. Well I'm probably going to vote against this just because I, I don't think that the procurement, although technically perhaps correct, I think it has a flaw in it. And I'm not sure how to correct it even, but I just want to make sure that people understand that this is important, to have these Maryland based companies competing on these contracts. I mean, we had a big contract that Catalyst lost. The, whatever it is, the pharmaceutical company. They're moving out of Maryland.

GOVERNOR O'MALLEY: I think they were bought.

TREASURER KOPP: Wait a minute.

COMPTROLLER FRANCHOT: Yeah, they were bought. They were bought by an Illinois based company and they --

GOVERNOR O'MALLEY: Thank you.

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COMPTROLLER FRANCHOT: -- are leaving. And you know, that's a different issue I understand because they competed and didn't succeed. But these contracts are important, and particularly for companies that employ people in our State. I hope we're doing everything possible within the constraints of, as I said, interstate commerce and also what's appropriate in procurement to get these companies in the process and when they're in the process at least be sensitive of the fact that they contribute a lot to the State. And you know --

MR. COLLINS: Well again, Mr. Comptroller, if you look at the depths here we believe that this proposal brings significant financial support to companies in the State through the sub process. But they simply didn't have a company available to be prime. And I'll also point out somewhat jokingly we don't have a bid protest on this, which is unheard of when you have this kind of value on the table. So I

think that speaks volumes as to what the possibilities are.

GOVERNOR O'MALLEY: Will this help us in converting more of our fleet?

MR. COLLINS: Yes, sir. We included all the ethanol and all the new changes that we need to move forward in the future. We included all --

GOVERNOR O'MALLEY: Natural gas?

MR. COLLINS: Yes, sir. And this, it's all the kinds of fuels. The oils, fuels, home fuel oils, and all are included in this. It's just not gasoline.

GOVERNOR O'MALLEY: Uh-huh.

MR. COLLINS: It's beyond what you normally see when you go up to refuel your vehicle. It's every type of grease or oil or all of that that we use in the State.

GOVERNOR O'MALLEY: I'd like an update from you, and the Board would like an update on where we are on, this would be a good forum in which to do it, where we are on converting our fleet.

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MR. COLLINS: Sure, glad to.

GOVERNOR O'MALLEY: Our whole fleet.

TREASURER KOPP: And not simply to ethanol,
or at least --

MR. COLLINS: The other possibilities,
electric and all that would be possible. So.

GOVERNOR O'MALLEY: Right. I mean I know
we're buying --

MR. COLLINS: Electric, biodiesel and all.

GOVERNOR O'MALLEY: I know we're buying
fewer vehicles.

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: I know we're driving the
vehicles we have longer because of the economy.

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: But I also know that we
are buying more flex fuel vehicles.

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: And I also recall one of the details in doing that more expeditiously was this fueling infrastructure, wasn't it?

MR. COLLINS: Yes, sir. That's been accomplished, sir. You asked us to make sure we had flexible fuels across the State.

GOVERNOR O'MALLEY: Right.

MR. COLLINS: It was a couple of years ago. That's been done. We've got those stations in place. The next major hurdle for us of course is being able to put in the electric charging stations across the State --

GOVERNOR O'MALLEY: Mm-hmm.

MR. COLLINS: -- and figuring out that infrastructure. But we're working on that as well.

GOVERNOR O'MALLEY: Particularly where it comes to converting fleets?

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: I understand it's a relatively inexpensive conversion process. And there were a lot of private sector partners like UPS --

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: -- that are already doing it. I'd like to throw ourselves into that --

MR. COLLINS: Okay.

GOVERNOR O'MALLEY: -- full bore.

MR. COLLINS: I understand.

GOVERNOR O'MALLEY: And the, but the private sector is doing it more quickly than we are. I'd like to learn what we can learn and do that ourselves.

MR. COLLINS: I'd be glad to do that.

COMPTROLLER FRANCHOT: I can appreciate that. Just while I've got you folks here, I'd also like to hear down the road what we can do as a State. These big contracts, once again this is a half a billion dollars going to a Georgia based company, what is there we can do that's appropriate and legal and ethical that would at least, maybe before the RFP is

put out, figure out whether or not there are Maryland based companies that should be allowed to compete.

I'm not talking about favored treatment. But what you end up with is potentially, or situations, and I mentioned Catalyst, how about HMS Host? Big company, located in Maryland, lots of employment, lots of history here, and they lose --

GOVERNOR O'MALLEY: A bid that was --

COMPTROLLER FRANCHOT: -- they lose the Airport contract --

GOVERNOR O'MALLEY: Right.

COMPTROLLER FRANCHOT: -- and then they lose the thing out there. That's fine. I understand that.

GOVERNOR O'MALLEY: It was a bid that was double the next bidder.

COMPTROLLER FRANCHOT: All I'm suggesting is that, you know, God forbid HMS Host gets up and leaves. I'm just saying isn't there some way we can make sure that people are allowed to compete in those, I think the Governor is right, on the competitive

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front they lost. But boy, I'd, I just think we need to appreciate and acknowledge what we have and to the extent possible let them compete.

MR. COLLINS: I understand, Mr. Comptroller. We're always, you know, the fundamentals of the procurement law does not allow preference, as you know.

COMPTROLLER FRANCHOT: I understand.

MR. COLLINS: And secondly we're always trying to figure out the balance between the cost. So that if we have to bring before you the balance between the cost and the efficiencies of what we're doing. So I understand what you are saying. But, and those are the things that we wrestle with and certainly in this procurement.

COMPTROLLER FRANCHOT: I have no complaints with you. I think you do a great job. I'm just saying --

MS. PECORA: And as part of the evaluation process we do have an economic benefit factor that's worked into --

MR. COLLINS: Right.

COMPTROLLER FRANCHOT: Okay, thank you.

GOVERNOR O'MALLEY: Thank you. Okay, any other questions on the, we're on Department of Transportation? No, General Services. Any other questions on any other items on Department of General Services? Do we want to call this one individually so you can vote against it, Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes.

GOVERNOR O'MALLEY: What number was this?

SECRETARY MCDONALD: Three.

GOVERNOR O'MALLEY: Item 3, the Treasurer moves approval, seconded by the Governor. All in favor signal by saying, "Aye." Aye.

TREASURER KOPP: Aye.

GOVERNOR O'MALLEY: All opposed?

COMPTROLLER FRANCHOT: No.

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GOVERNOR O'MALLEY: The Comptroller votes no on Item 3 and the item passes. We're now on the balance of the Department of General Services Agenda items. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: And the ayes have it.

We move on now to --

TREASURER KOPP: Governor, could I add when, Mr. Secretary, you come back with this report that I'm really looking forward to --

MR. COLLINS: Sure.

TREASURER KOPP: -- on alternative fuels, I don't support strongly corn ethanol.

MR. COLLINS: I understand.

TREASURER KOPP: I think it's a bad thing. But I do notice that there are a good number of flex

fuel cars already in our fleet, and my impression is they are flex fuel capable but use gasoline --

MR. COLLINS: That's --

TREASURER KOPP: -- almost all the time? Is that --

MR. COLLINS: That's an ongoing educational process --

TREASURER KOPP: So the question is, what are we doing to take advantage?

MR. COLLINS: Okay. Sure.

TREASURER KOPP: Yeah. Thank you.

GOVERNOR O'MALLEY: And I'm sure we have numbers on the gallons of gas?

MR. COLLINS: Oh, sure.

GOVERNOR O'MALLEY: Right?

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: Over time?

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: I'd love to see that graph, whether it's moving in the wrong or right direction.

MR. COLLINS: Yes, sir.

GOVERNOR O'MALLEY: Okay. All righty. We now are back on the Department of Budget and Management. I've received in the meantime some good news, that there's white smoke coming out of the College of Cardinals --

(Laughter)

TREASURER KOPP: All because of the Secretary?

GOVERNOR O'MALLEY: -- a vanless budget.

TREASURER KOPP: If they wandered by, Little Sisters of the Poor wandered by.

GOVERNOR O'MALLEY: They may have. So there is one, let's do, what item is the item that, where there is a desire to --

MR. ROMANS: Item 8.

GOVERNOR O'MALLEY: Item 8?

MR. ROMANS: Item 8.

GOVERNOR O'MALLEY: All right. Let's hold off Item 8. Are there any questions on the balance of the Department of Budget and Management Agenda items? Okay. The Comptroller moves approval of the balance of the items on the Department of Budget and Management Agenda, sans Item 8, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We're going to take a short two-minute break, and we will resume with the final item which is Item 8.

(Short recess).

GOVERNOR O'MALLEY: Okay. We are back on Item 8 of the Budget and Management Agenda items. This is one of those things where it is a relatively large contract, right, I'm guessing?

MR. ROMANS: Almost \$600 million.

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GOVERNOR O'MALLEY: For health services.

Either for prisons or State employees?

MR. ROMANS: These are, this is the inmate medical so --

GOVERNOR O'MALLEY: Inmate medical? Okay.

MR. ROMANS: -- about 26,000 people.

GOVERNOR O'MALLEY: And I'm guessing one side, who didn't get the contract and already has it, wants to have their advocates tell us that in the interest of due process and fairness that we absolutely, positively should hold off on this so they can continue to do the contract while this process is strung out and run out as long as possible. On the other hand, I'm guessing, there are four or five witnesses for the winning non-incumbent bid who are going to tell us it would be an outrage to allow this to be strung out and it would cost the State a whole lot more money. Am I right? Is that what we have?

MR. ROMANS: Just based on this contract is currently both companies, the vendor we've selected

and the other vendor, have contracts at Public Safety. We merged two different pieces of inmate medical into one contract in this case. So both are in a sense incumbents.

GOVERNOR O'MALLEY: I see. But we put together --

MR. ROMANS: We thought it was in the best interest of the State, we thought it would be better to combine the two pieces. There was a utilization management piece and the rest of the medical services.

GOVERNOR O'MALLEY: It probably makes sense.

MR. ROMANS: We believe it does, and Public Safety is prepared to talk about the great benefits they think that this contract will provide.

GOVERNOR O'MALLEY: Yeah. It's all about a movement from silos to systems, isn't it? In health and energy and education and public safety. So I don't know a better way to go about doing this. Maybe there's some way we adopt rules where if their items are going to the Board and people intend to appeal

they go and appeal. I don't know. Gary Maynard, Secretary Maynard, do you want to tell us what this one is?

GENERAL MAYNARD: Yes, sir.

GOVERNOR O'MALLEY: But I wasn't far off from the guess, right?

GENERAL MAYNARD: That's right.

TREASURER KOPP: So could I also ask, since I think the Governor was, and we all know historically pretty close to the situation as it is, what, why this revised way of doing it is better? And what the cost in health and safety? I mean, I think our principle is to not award a contract in the face of an appeal unless there is an adverse impact on the State health and, so why you all think it should be?

GENERAL MAYNARD: Yes.

TREASURER KOPP: And then --

GENERAL MAYNARD: And Madam Treasurer, we will address that issue. I have some people here who can speak to those issues. And if I could just give

the overview, Gary Maynard, Secretary of Public Safety and Correctional Services. I am here today to formally request an award in the face of a protest. I feel confident the evaluation committee reached the proper decision in the best interests of the State when it recommended the award of the inmate medical contract to Wexford. And I concur with this recommendation.

I'm here because the new contract, if awarded in the face of the protest, will have three overarching objectives and intentions. It will, one, reduce, result in improved medical care; two, increase public safety; and three, have a positive impact on public health and communities across Maryland. These three objectives will be accomplished through the provision of these five additional services to the inmate population. One is increased use of telemedicine; two is reentry planning; three is a violence prevention, or reduction program; four,

improvement in the electronic health record; and five, a biometric timekeeping system.

These significant improvements will not exceed our fiscal year 2013 budget allowance for inmate medical care. These improvements will address some long term service delivery gaps not included in the current contract, which do not just impact corrections but the State of Maryland.

I have with me today Sharon Baucom, MD, the Medical Director for the Department of Public Safety; and Tom Sullivan, CEO of Health Services Compliance for the department. And they can address, Madam Treasurer and Governor and Comptroller, any questions you might have. Thank you.

MR. SULLIVAN: Thank you, Secretary, and thank you, Board members, for giving us the ability to appear here today. And I fully support Secretary Maynard's request to award this in the face of a protest because there are significant public interests at stake here that are not just a matter of moving

into a new contract. There are services that will be rendered under this new contract that we don't have today.

In summary of the occurrences is we first, we did take a utilization management contract, which is an incumbent, and we did take the medical services contract, which is an incumbent, and we combined it into one service which we think is much more effective. However, now we have two incumbents, one of which will be awarded a new contract, not both.

In summary we received two proposals. Two are from incumbents with good service records to the Department of Public Safety. Utilization management is under Wexford and medical services are under Corizon. The new model did combine both of these services into one contract which gives us better management, gives us more cost effectiveness, and consolidates the services under one service. The award of this consolidated medical contract will address some long term service delivery gaps that we

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have in our department and they affect the public as well. As Secretary Maynard already stated, this is not just an impact on corrections, it is an impact on the whole society of the State of Maryland.

The top ranked technical proposal is from Corizon, an incumbent. The second ranked technical proposal is from Wexford. The ranking is the opposite when it comes to the financial ranking of these two proposals. Wexford ranked with the, ranked the top rank for the price proposal and Corizon was number two in the price proposal.

After careful review of the evaluation committee we concluded that the number one technical and number two technicals were very close, with little difference in the overall services rendered to the State. With two technical proposals so close and Wexford over \$20 million lower in price it was determined that Wexford did represent the maximum benefit to the State.

And this is important. In determining to come before the Board of Public Works and request an award in the face of protest, we concluded that we have to make this request based on significant factors. In Secretary Maynard's opening remarks, the immediate reward of this contract will improve public safety, will increase the delivery of health services to the inmate population, and will positively impact on public health in addition to overall improved contract management.

Now here are the items that Secretary Maynard named. I want to go into a little more explanation of them. The violence reduction program is a new program that was written into the specifications of this contract, so we don't have that program today, as are the five other areas I'm going to name. This program is designed to reduce inmate on inmate violence. It is designed to be specifically instituted at pretrial. It will also have a classroom aspect of it, where the inmates will receive improved

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skills in human communication, conflict resolution. So this has an impact on the guards. It has an impact on the safety of the institution. And it also will have an impact on these inmates upon release if they develop better coping skills while they are incarcerated. These programs have been used in other states and have been successful.

Improved baseline telemedicine. This will allow certain specialty consults to be performed inside the prison setting as opposed to transportation to an outside hospital or outside clinic. Again, an extremely important public safety issue. We all know that one of the highest risks during incarceration of an individual and one of the highest risks to our staff is when you transport an inmate to an outside medical facility. It's been in the news. It's well known I think to everyone here.

The next phase is to improve our release planning. Under these, under the new contract we have eight release planners. Under today's contract

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release planning is actually done by nurses that are on staff that have other functions and other duties to perform. So we really need to improve our release planning and the way to do it is to put these positions into effect. We have also studied and documented our release planning efforts and we know that we need improvement. Some of it is even covered under COMAR. COMAR requires a 30-day of release medication to every inmate upon release. When we've audited this our compliance is fair but it is not where we think it should be. And we know that it will be increased when we put these release planners in place that are trained specifically to do release planning.

This also impacts on the public. These inmates will have appointments. They will have release plans. They will have things that they take with them before they are released. One of the concentrated areas is our HIV population. We know that when people are actively involved in treatment,

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have follow up resources, and have follow up in the community that they actually decrease their risk behavior. So this will impact on our community health centers as well as on our facilities in supplying a better release plan to an inmate upon release.

We will also be implementing a biometric timekeeping system, fingerprint sensitive. This will improve our documentation. It will satisfy an Office of Legislative Audit finding over what we have today, which is signature books and sign in logs. It's a much superior system. This system is also designed to be utilized by other vendors. This system will be utilized by mental health, dental, and pharmacy. We implemented it under the RFP for the medical vendor because that's the largest contract and it made sense for a medical vendor with the largest contract to make that capital investment in scanners and other equipments rather than duplicating that system four times over. So it impacts on our other vendors and on

this legislative audit, as well as the medical vendor themselves.

We will be implementing an aggressive third party system primarily focused on reimbursement claims for medical and medical assistance, mainly Medicaid. Under some new federal guidelines some inmates who reach certain criteria are eligible for Medicaid. This was built into the new contract because frankly it's a fairly new development. So we didn't have it in our old contracts because it wasn't available at the time. But we need to take advantage of that and that has a potential savings of \$2 million to \$3 million annually, besides the fact it coordinates care better with the community again.

The new contract calls for two IT professionals to work full time here in Maryland. This will help improve our electronic healthcare system which we already have in place. But these trainers will uncover obstacles, will improve training, and will make this system more effective.

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We do have an electronic healthcare system but we don't have these two full time people dedicated to it.

In addition to improved services I would like to emphasize that the procurement process was characterized by integrity, fairness, and thoroughness of all the evaluation members and the assistance of the Department of Budget and Management. The evaluation committee included experts from the Department of Public Safety and Correctional Services. These experts are the most experienced professional staff available for this task. Dr. Sharon Baucom, Medical Director with over 30 years of experience in corrections and in medicine; myself, Tom Sullivan, Chief Executive Officer of the Health Services Unit with over 30 years of experience in health services and in corrections; Patricia Dove, Director of Nursing, over 30 years of experience in her field; Steve Bass -- Patricia Dove, Director of Nursing. Steve Bass, Chief Financial Officer of the Compliance Unit, also with over 25 years of financial experience.

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These were the members of this evaluation committee. These were certainly the best members to be on that committee that we have available. And I would say even from a national perspective these are some outstanding individuals.

On DBM there was Andrea Lockett, an experienced procurement officer; and Joel Leberknight, with over 30 years of experience in complex procurement issues.

The DBM procurement experts ensured that a thorough, fair procurement was conducted and the Department of Public Safety medical experts conducted a complete and detailed evaluation of every technical proposal, from receipt of the proposals on 12/13/11 to the award recommendation in late March. During that time period these proposals were thoroughly reviewed. There were three sets of cure letters that were sent to all offerors with three responses. Each offeror had a five-hour oral presentation of what their systems were and what they could do. Given these

efforts this was a very fair and thorough procurement project.

In closing, an award of this contract without delay is why we are here today, because there are substantial State interests at stake here. We improve our delivery of healthcare inside the wall. There are significant safety components in doing telemedicine and doing more consultations behind the wall. There is the release planning and the impact it will have on some of our most high risk populations such as the HIV population by improving their coordination with community based programs. We will improve compliance with DOJ consent decrees as well as the example I gave of the Office of Legislative Audits. And that audit did not just impact on the medical but it impacted on the others, which are the mental health, the dental, and the pharmacy contract.

An award of these enhancements as we just described, and as the Secretary just described, will come at no additional cost. The recommended award to

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Wexford is approximately the same as our current fiscal year spending in 2012. An extension of the existing contracts, in the existing contracts there is entitlement to the medical CPI, which is correct. I mean, that's how you formulate the original contract. But that would subject us to another increase in costs of about 3 percent or 4 percent a year, or about \$2 million to \$3 million a year. So there are cost implications here but I really wanted to stress the services aspect of the new RFP. And it's not to say anything about the incumbent two vendors. These are just new services that we incorporated into our request for a proposal. But they are not services that we have available to us today.

I could pause for some questions. I would also like to introduce your Medical Director, Sharon Baucom, at this time.

DR. BAUCOM: Thank you very much. Thanks for the opportunity to present some additional

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insights, I think, into why we should consider awarding under protest.

Both companies should be very proud of their submissions to the evaluation committee. There was no doubt among the members that each company had the ability to perform in a superior manner regarding the expectations. The technical proposals were extremely close. There are no ties in procurement, but if there were these companies certainly would have been candidates. The edge given to Corizon as an incumbent, and which led to their first place ranking, was very close. The edge to an incumbent who is currently doing the processes that are articulated in an RFP should be given some additional credit.

But the protest claims that the designation of Corizon as being ranked first in the technical proposal supports the assumption that it was a superior product that the State should be compelled to award the contract despite the \$20 million difference

was not something that the evaluation committee judged to be the case.

Mr. Sullivan articulated that the improvements related to the awarding of the contract would lead to some additional services that would come at no additional cost. And part of those were related to release planning. I concur that release planning should be thought of by this committee not as just a contractual mandate but a moral imperative. And my justification for that is simply the fact that Johns Hopkins in 2012 cited that Baltimore City had among African American women a rate of HIV seven times the national average. The 2009 Joint Chairmen Report on HIV Testing of Inmates at Release emphasized the need to improve release planning. We should get out of the comfort zone of reentry rhetoric and allow the additional services that are going to be achieved in this new contract to help the public health mission that the City of Baltimore has and needs in partnership with the department.

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In addition we talked a little bit about the multivendor model. Medical is the largest part of this contract. It's unfair to allow mental health, dental, and pharmacy to go forward with new contracts, to work under new contracts, and be held hostage by the fact that medical, who supports a number of their components, is still under the old contract. They are not able to express the full opportunities of patient care given the fact that they are held hostage by that component.

The utilization management component of this, obviously we want to have cost effective care. If you hold the utilization component separate from the medical, and we said that this is no longer a pass through but a fixed price, we should combine the utilization privileges of mother may I so that that company can fully exemplify all of the cost savings that they are capable of.

When you look at violence prevention we should be very, very impressed that other states have

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implemented similar reduction programs and have realized not only public safety but the fact that between 2005 and 2010 trauma represented 50 percent of the off site ER trips, totaling almost \$12 million. So not just a public safety, inmate safety, but a cost savings realized by having these inmates learn what violence reduction means.

We petition to be part of CRIS, which is the Chesapeake Regional Information System, for our patients. Corrections, this is a new model. In order to be competitive and a good partner in this initiative our electronic health record has to be able to interface not only with that system but with Hopkins, Bon Secours, and UMMS. This new proposal allows two full time experts dedicated to this purpose so that we can not only have inmates upon release have access to all of their records without having to go through paper trails, but when they come back to the system we also are privileged to have our opportunities to look at what testing has been done on

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those inmates while they were in the community. That's a cost savings because we won't duplicate those tests. And the release planners that we have can access that information and do better release and admission planning.

I think you should award under protest because applying the upgrades and the fixes that we talked about will change the dynamics of disease management, correctional care stereotypes that are embraced by the community incorrectly, the community linkages, the community based organizations that take care of our patients, and the partnerships necessary to keep inmates and citizens in better health and safety. As the Medical Director and the Clinical Expert for the department I am supporting the Secretary's request to award this contract in the face of a protest. Because we're already in the seventh year of a five-year contract and we're looking toward a fourth extension while we're already in the third. It was fair and square. It wasn't about clinical

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components per se, but the best deal for the department and for the citizens of Maryland. Thank you.

GOVERNOR O'MALLEY: Thank you. Okay, how about opponents?

COMPTROLLER FRANCHOT: I have a couple of questions.

GOVERNOR O'MALLEY: I'm sorry, Mr. Comptroller?

COMPTROLLER FRANCHOT: Not you, just for whoever is in charge. Because once again this is a big contract, \$598 million over five years. And Wexford is being awarded the contract. They are out of Pittsburgh, and this is the second procurement that we've gone through for these services. The first was administered by the Department of Public Safety and Correctional Services and was thrown out as a result of procedural missteps. And DBM apparently has been in charge of this procurement. I got confused here as

to who was evaluating and monitoring this. Are you, Mr. Assistant Secretary? Or --

MR. ROMANS: The evaluation team was made up of Public Safety's experts. We were providing the technical expertise in drafting the RFP, working with the experts and, you know, just supporting their decision process.

GOVERNOR O'MALLEY: And let me interject that the other three responsive bidders, one was from St. Louis, Missouri, the other from Birmingham, Alabama.

COMPTROLLER FRANCHOT: Okay. And the evaluation committee reached the same decision it had reached on the first one, which was Wexford was the, is that correct?

MR. ROMANS: That's true.

COMPTROLLER FRANCHOT: That's correct?

MR. ROMANS: Yes.

COMPTROLLER FRANCHOT: Okay. And Wexford, according to your testimony, they were slightly lower

than Corizon on technical considerations but offset that disadvantage by offering the services at a lower price. I guess I'd like to ask are they actually going to be able to pull this off, offering basically the same services as the incumbent but at a significantly lower cost? Is there someone here that can speak about Wexford's past body of work in correctional systems that are comparable to Maryland's, both in size and organizational structure? And have they managed to abide by the terms established in the original contracts without coming back for price modifications?

MR. SULLIVAN: The answer would be yes. We don't know every modification that every state may negotiate. But we do know that Wexford is in five large full state systems, and has performed well there. We know that they are in several hundred smaller jails, prisons, and some city department of corrections systems. We're one of the only contracts that has a city department of corrections and a state

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department of corrections under one contract. So actually it's a little bit of a challenge for any vendor that comes to Maryland. But they will meet that standard. All of their references were positive, and like I said, and they have served in some large state systems that are very comparable to Maryland.

COMPTROLLER FRANCHOT: Okay. And while we're talking about cost, could I just get a grasp on what the cost is for inmate medical care and mental health and dental and pharmaceutical? Are they separate from this contract?

MR. SULLIVAN: Yes.

COMPTROLLER FRANCHOT: How much are they, how much are we, I know we did mental health earlier in the day. But what are we talking about on a, let's say an annual basis I guess. We have 26,000 prisoners.

MR. SULLIVAN: Right.

COMPTROLLER FRANCHOT: So this contract is for \$120 million, ballpark, for one year.

MR. SULLIVAN: Correct.

COMPTROLLER FRANCHOT: What are the other mental health, dental, and pharmaceuticals? What are we paying for them on an annual basis?

MR. SULLIVAN: I'm just going by recollection. I believe dental is around \$14 million a year. Mental health is \$50 million? \$15 million. Yeah, approximately \$15 million. And pharmacy is about \$30 million.

COMPTROLLER FRANCHOT: Okay. So that's \$55 million, \$60 million, so it's \$60 million plus \$120 million? So that's an annual cost?

MR. SULLIVAN: An annual, our annual budget is approximately \$163 million, yes.

COMPTROLLER FRANCHOT: Okay. For all of those services?

MR. SULLIVAN: For all of them, yes.

COMPTROLLER FRANCHOT: Okay. And we have 26,000 prisoners?

MR. SULLIVAN: Correct.

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COMPTROLLER FRANCHOT: What is that per prisoner we're spending?

MR. SULLIVAN: I think it's around \$6,000 per inmate.

COMPTROLLER FRANCHOT: Okay. Let's take that as a figure, ballpark. I mean, I won't spend \$6,000 in four years. The average citizen in Maryland, I don't know, but the average citizen in Maryland would find that to be a very attractive program if they could get mental health, dental, pharmaceutical, and utilization and medical services. And all I'm, I don't want to get into a big emotional debate here.

MR. SULLIVAN: Mm-hmm.

COMPTROLLER FRANCHOT: But are we just paying for the Cadillac of systems here?

MR. SULLIVAN: No. As a matter of fact I would really have to do some appropriate research. But we are in the very middle of the pack when we compare ourselves to what other state correctional

systems spend. Now in state correctional systems you do have consent decrees, you do have other legal mandates. In a sense up until the Healthcare Reform Act corrections was only one of the places that you were entitled to healthcare according to the Supreme Court. So we've always had a standard of care that we've had to meet similar to the community. How our figures compare with HMOs is something that I could bring back, but I wouldn't want to quote, you know, numbers and data that I don't have in front of me. But it compares similarly. This isn't the Cadillac of systems, and it certainly is not a stripped down system of healthcare. It's in the middle.

COMPTROLLER FRANCHOT: Okay.

MR. SULLIVAN: And it's supposed to be commensurate with the community level of care.

COMPTROLLER FRANCHOT: Okay. What are, well I would be stunned if the average Marylander received, you know, \$6,000 worth of medical care on average.

But let me just ask this, what are we doing to save taxpayers' money here for getting efficiencies --

MR. SULLIVAN: Well a lot of --

COMPTROLLER FRANCHOT: -- in this prison care? I don't see, you said we're paying the same amount that we're paying this year.

MR. SULLIVAN: Correct. We've had --

COMPTROLLER FRANCHOT: Why aren't we saving money?

MR. SULLIVAN: We haven't reduced our spending but we've held our spending three years in a row with a zero percent increase, which in this arena is fairly good when you consider that the hospital rate setting commission, which is where we have to go when somebody needs to be hospitalized, has received increases in their rate structure. So we've been able to stay at a baseline for three years now and this new bidding process is also designed to be a very competitive bidding process, where we're asking for a company to give us an all inclusive rate as opposed to

what we have today which is a pass through cost. Which is somewhat unpredictable. So this was a better model, with more predictable costs, and more long term cost controls. And a lot of the things we talked about, violence reduction, telemedicine, coordination of care, all of these things are centered around cost controls.

And one other thing I think it's probably important for us to acknowledge while we're here talking about what it costs to care for inmates, is there is a higher prevalence of certain diseases within the population that we service. They are an underserved population before they come to us and sometimes they have typical diseases, just like diabetes and heart diseases, that went untreated for a number of years where they have the HIV or the Hepatitis infections. So we have a challenging population that we're taking care of in terms of healthcare, addictions, and other things that happened in the community before they came to Corrections.

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COMPTROLLER FRANCHOT: Okay. Well my point is that I think when you put out a five-year contract for prison healthcare that, you know, I appreciate the new services. But it's a lot of money. It's a lot more than the average Marylander gets, trust me. Maybe because of court decisions or whatever, but the idea that we're putting new bells and whistles onto, and we're not, and all I'm asking for in a new five-year contract is couldn't we have some efficiencies and some cost savings and some price modifications going down? Rather than --

MR. SULLIVAN: Well this is, to me --

COMPTROLLER FRANCHOT: This is usual.

MR. SULLIVAN: This represents an extremely competitive and extremely all inclusive contract which comes at no additional cost, which supplies us with these extra levels of care. And when you supply extra levels of care there is also the factor that we built in these claim reviews and the Medicaid eligibilities. When those things are done there is the possibility

that we will be reducing our overall healthcare expenditures in the next fiscal year. That's why that's part of a new contract, and that's why I want to move that new contract, that's one of the reasons why we want to do that new contract and do it right away. Because if we get those claims processed, and those claims are honored, that will represent a true cost savings to us.

COMPTROLLER FRANCHOT: Well what is that again, the Medicaid?

MR. SULLIVAN: The, we built into this contract that they will do claims reviews for Medicaid. And under some of the Healthcare Reform Act and some of the changes is inmates were not eligible for Medicaid up until a few years ago, and there's been new interpretations and new laws. So certain inmates that meet the Medicaid eligibility definition of being completely disabled because of their medical condition, not all inmates, and it's only inmates that are in outside hospitals, so there are parameters.

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But we will have in this new contract somebody who will review all of those parameters every time that someone is admitted to a hospital. And there is a potential large savings there.

COMPTROLLER FRANCHOT: Okay.

MR. SULLIVAN: And that will help reduce our overall cost.

COMPTROLLER FRANCHOT: But who pays for Medicaid?

MR. SULLIVAN: It's a 50-50 share between the State and the federal government.

COMPTROLLER FRANCHOT: Taxpayers?

MR. SULLIVAN: Yes.

COMPTROLLER FRANCHOT: So that's the cost saving --

MR. SULLIVAN: Well this contract is designed to be the best benefit to the State of Maryland. Now when we talk about coordinating the release care, and whether we should or shouldn't be doing that for inmates, HIV is a disease when you

treat it it goes into a type of remission, where the virus is not detectable and the people are healthier and they live longer, and they have less of an impact on healthcare dollars. So this contract is built upon the right things to do, is my belief, and why I'm here today.

COMPTROLLER FRANCHOT: Oh, I'm all for treating people with HIV. But this is a, to the average citizen out there this is a huge amount of money that's being allocated towards, you know, inmate care. And it may be completely justified based on your altruism, et cetera. I don't have a problem with that. All I'm suggesting is where are the savings? And Medicaid is, well whatever. I'm, you know I'm, generally I vote against these things because they are in, and there are bid protests. But I am interested in the experience of the other company, Corizon. Have they been in this situation before with Maryland? And have they been in this situation with other states,

where they have simply protested in order to extend their incumbent, take advantage of their incumbency?

MR. SULLIVAN: That's a question for these companies to answer. But there is one other cost savings that we should mention before I leave. With the telemedicine and more clinics behind the wall, there is a direct and true savings in custody coverage and custody overtime and transportation costs that was also built into this. This contract wasn't done just to be a wild give, you know, as much state of the art healthcare as we possibly could. This was done with cost savings in mind. We didn't do this, and I believe in any sort of way, to not take that into account as well.

COMPTROLLER FRANCHOT: I understand --

MR. SULLIVAN: We tried to balance.

COMPTROLLER FRANCHOT: -- but by your testimony we're not saving any money.

MR. SULLIVAN: No. This is not going to reduce costs, but it is certainly holding costs which

we have not done in the past. If you look at our budgets in the past in healthcare and inmate healthcare we've gone up by 6 percent or 7 percent a year in years past. So this is a managed care correct contract. This is a good contract.

COMPTROLLER FRANCHOT: Okay. Is there someone here from Wexford or what is this other group? Corizon? Or Mr. Secretary, that you know of?

GENERAL MAYNARD: Yes, sir.

COMPTROLLER FRANCHOT: What the experience of Corizon has been with bid protests, and whether they, you know, whether there have been any allegations that they just extend the clock in order to get a few extra months or a year of contract award and that it's --

GENERAL MAYNARD: I don't know that to be the case.

COMPTROLLER FRANCHOT: You don't know that?

GENERAL MAYNARD: For either company.

COMPTROLLER FRANCHOT: DBM, do you have any experience with Corizon's protests?

MR. ROMANS: We have no knowledge of what has happened in other states in terms of protests. There are representatives from both companies here to, who are available to testify.

COMPTROLLER FRANCHOT: Okay. And you commented about the substantial State interests?

GENERAL MAYNARD: Yes. I think that's both monetary and what Mr. Sullivan talked about, was the public health issue of inmates who leave the system who are in treatment for HIV or other illnesses that are followed up in the community.

COMPTROLLER FRANCHOT: Do you understand what I'm talking about? I mean --

GENERAL MAYNARD: Yes, sir.

COMPTROLLER FRANCHOT: -- I'm not trying to be Archie Bunker or something.

GENERAL MAYNARD: No, I understand. Right.

COMPTROLLER FRANCHOT: I'm just saying mental health, dental, pharmaceutical, utilization, medical service. My God. That's better healthcare than law abiding people get.

GENERAL MAYNARD: Oh, I understand. I understand. And I've been the Director of four state systems. In every state healthcare costs are a big, big, big portion of that state's budget in the correctional healthcare. As Mr. Sullivan mentioned, the health of the people that come into our system is far, far worse than the average citizen. They are some, they talk about somebody who is 50 years old, if they are in prison they are equivalent to a 70-year-old on the streets. Because they don't take care of themselves, they smoke, they drink, they run around with the wrong people, they do all of the wrong things, and never take care of themselves. So we get a population that is not in good health. And some people disagree, but when people leave our system, inmates leave our system we have gone through a lot of

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healthcare training and they probably take care of themselves better when they leave than when they came in. Well, I'm sure they do. And in better health. Which is a reduction in the cost to the taxpayer.

And I think too, something that wasn't mentioned, we, we started working with telemedicine a couple of years ago to try to increase the amount of telemedicine to do two or three things. One is to keep inmates off the highways and protect the public. The second was to reduce our overtime costs in the hospitals. When we take people to hospitals and they stay overnight, an inmate, it takes two officers, 24 hours a day, which works out to be ten officers in the staffing system we have. That's a lot of money. If we can use telemedicine and keep those people in the facilities, keep them off the roads, have consults from Johns Hopkins or from the University to treat them in the institutions we keep them off the highway, we save the officer cost, and we also save the public safety risk.

COMPTROLLER FRANCHOT: Okay. Well I'm not sure how I'm going to vote on this, but I would feel a lot more comfortable instead of \$120 million a year, which you are charging the taxpayers now for this service, it was \$100 million, or \$110 million.

GENERAL MAYNARD: I understand.

COMPTROLLER FRANCHOT: And there was some contraction there. Everybody else is doing that. But all of a sudden we've got, you know, biometric fingerprints, and telemedicine, and release, and I understand the policies. The release planning, you know, it's all commendable. But can't we have some efficiencies and save some money?

GENERAL MAYNARD: I agree. When I came five years ago I think our total healthcare cost was \$180 million a year. So it hasn't gone up.

COMPTROLLER FRANCHOT: Okay.

TREASURER KOPP: Could I just interject here? Actually 2009 HHS healthcare costs will top \$8,000 per person, man, woman, and child in this

country. That's a true cost. Most people don't really see the entire cost. But it's now up to \$8,000. 2009, \$7,492 in Maryland. In the D.C. area, \$10,000. Just so people understand the numbers.

GENERAL MAYNARD: Right.

TREASURER KOPP: And the other thing is is, as you know I'm on the Board of Advisors of the Institute for Human Virology that's been trying to work with the City and the Jax project, HIV, combating HIV in the City. HIV in Baltimore has a higher rate than most third world countries. It's a terrible, terrible epidemic. And one of our problems, I think, is that we haven't had enough prerelease --

GENERAL MAYNARD: Right.

TREASURER KOPP: -- training. And then post release follow up to support people to continue taking medication and observe good practices when they get out. Because most people do stay in the area. So to me that is a great savings, both financially and in terms of human health, safety, and quality of life.

GENERAL MAYNARD: Right.

TREASURER KOPP: I'm not saying that both companies wouldn't perform that.

GENERAL MAYNARD: Right.

TREASURER KOPP: I am saying it's an important change in our contract.

GENERAL MAYNARD: And Madam Treasurer, I think that's a good point. And if the tables were turned, and the contract was going to Corizon and Wexford had protested, we would still be making the same argument. Because both companies are very good companies. I've had experience with, they are nationally recognized. They are the largest companies in the country. They have good records. I've worked with both of them for years. I know them both. They have done, both have done an excellent job here. So it's simply a matter of this contract and what we think would be the best for the State.

COMPTROLLER FRANCHOT: Right. I have a generic objection which is, as I articulated is

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somewhat inchoate, I guess. But geesh, everybody else is pulling back. We're, you know, spending the same amount of money with all sorts of efficiencies. And anyway, I've made my point.

GENERAL MAYNARD: Sure.

COMPTROLLER FRANCHOT: I don't want to be redundant. I see the Governor has come back.

GOVERNOR O'MALLEY: I never left you.

COMPTROLLER FRANCHOT: I drove him out of the aisle --

GOVERNOR O'MALLEY: I never left you. I was over there talking to Secretary Foster.

COMPTROLLER FRANCHOT: But onward and upward.

GOVERNOR O'MALLEY: All right. I have a generic responsibility to get through this Board of Public Works meeting. So opponents, want to come up and have your say?

MR. ANDREWS: For the record, Phil Andrews. I'm counsel for Corizon, Inc. Governor, Madam

Treasurer, Mr. Comptroller, I appreciate the opportunity to be in front of you. Just to go to something that the Comptroller mentioned a moment ago in terms of Corizon's protest history with respect to this particular inmate health services. I can tell you that the last go round Corizon did protest. And as the Board recalls, and I think as you mentioned, Mr. Franchot, that procurement was thrown out. And we have protested here and we protest here because we believe there are serious grounds that should be heard by the Board of Contract Appeals and when I'd like to ask the Board respectfully to focus on its process. In the Board's own rules and the statutory scheme, and the rare, very rare, circumstances when this Board has seen fit, and it's less than a handful, seen fit to award a contract in the face of a protest. The enhancements that have been discussed today are fine. But the standard for awarding in the face of the protest, which is supposed to be the exception, the standard for doing so is to show that it's necessary,

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that an immediate award is necessary to protect a substantial State interest.

I'm not belittling enhancements. Every new contract ought to have enhancements. But that doesn't meet the standard and that's the Board's rule. And if you look back since this Board has been constituted with the three of you as members in January of '07 you'll see that it's perhaps four times when it's been approved in the face of a protest. And there was a potential loss of federal funding. You may remember the interoperability procurement, which had to do with the potential loss of federal frequency, that wouldn't allow our first responders to be in touch with each other. And it's that kind, it is that kind of situation, not enhancements. Not a, well we'll have a new contract and we'll move forward.

And the point is Corizon is asking for nothing more than the due process that it's entitled to have by statute, and that this Board has said it and other protesters in its circumstances are entitled

to. And it was three or four months ago the pharmacy contract, the inmate pharmacy contract was here before this Board. And this Board, after a long and contentious hearing, voted three, in favor of, unanimous, to let the appeal proceed.

Now it's a typical accusation that, "Well, the incumbent just wants the contract to continue." That's not why Corizon is doing this. There are serious questions that came up based on what we've seen in the debriefing and other information that's been provided to us. And it's for the Board of Contract Appeals, that's what they are there for, to sort that out. And as Treasurer Kopp noted during the inmate pharmacy discussion, information is developed at the Board of Contract Appeals in a way that it's not appropriate to develop here. And that's what the Board of Contract Appeals is for. And having that information inform this Board's better judgment for a very large contract where this Board has said repeatedly by its rulings, if you will, applying its

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own regulation that we don't award in the face of a protest or an appeal.

And in terms of cost, while the contract has been extended while these procurements have been going on, and my client has been performing it, Corizon, unlike the other contractors, has not requested any CPI increase. Mr. Sullivan mentioned a CPI increase. Corizon hasn't asked for that and hasn't had it for the last two years. And at the department's request Corizon added at no cost to the State, added additional personnel, 27 FTEs.

Now Corizon has been a State contractor for almost 25 years. It's been a good and dutiful contractor. They had the best technical proposal, that's what you've heard. And I would expect, although we should have the opportunity to test, I would expect the department to say, "Well, as it turned out the proposals were close." One of the issues for the Board of Contract Appeals is going to be whether or not there was improper guidance or

steering of the Wexford proposal during the procurement process. So then it came up to a level that now they say is a close number two. But that's not something for this Board to resolve, that's something for the Board of Contract Appeals to decide.

And to the extent that there is anything in the department's presentation to suggest, well, services will get better with Wexford, I don't understand how using an inferior technical proposal is going to result in better services. So I don't see where that's going.

But again, those are all enhancements. And this Board consistently has looked at is there an emergency? Is there some extraordinary circumstance? Is there some specific harm? And respectfully the comments of Mr. Sullivan and Dr. Baucom don't rise to that level. Because you are denying due process in a way that is unfair, contrary to what this Board has done consistently and did three and a half months ago with the pharmacy contract.

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In terms of the, the bases for the protest, and I know the Board doesn't want to try it here. But the Board is also not supposed to be a gate keeper for the Board of Contract Appeals. This is the system we have. There could be changes to the system. But to, frankly to punish Corizon and say, "Well, you know, we just, you know, we're just tired of hearing this sort of stuff," it's just, that is unfair and I know the Board doesn't want to do that. All we're asking is that the Board please apply its own regulation and not award this contract, and allow us to go to the Board of Contract Appeals.

We're happy to cooperate, to get the case heard in an expedited way. I've done any number of cases there. I think I know how to do that. We can work cooperatively with counsel. But it is absolutely unfair. And the precedent value, the precedent value if the Board, if this Board were to allow this contract to be awarded the precedent value will mean that every contract, every contract that comes up will

be in front of this Board with the procuring agency saying, "Look, it's an enhanced situation. It's going to be a better contract. And yeah, we thought we did a fair procurement. And so you should just go ahead and award it because it will be better." And the exception will swallow the rule. And this Board will be bogged down in these kinds of proceedings from here on to forever.

So we're simply asking for the due process we believe we're entitled to. We've been an excellent contractor in this State. And we believe it would be a serious mistake, unfair, and create a terrible precedent if this contract is awarded today.

Now I have here Mr. Campbell, who is the President and CEO of Corizon; J.M. Courtney, who is the Senior Vice President for State Operations for Corizon; Joy Lloyd, who is the V.P. in charge of the Maryland operations; and also Dr. Esherhagen, who is the head of Lakewood Associates. Lakewood is a Maryland company. It is Corizon's MBE, provides

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healthcare services. And if this Board today awards the contract in the face of the protest the impact on that Maryland company will be essentially to shut it down. Ninety percent of its business is this particular subcontract. And I would be pleased to have any of these individuals come up and answer any questions that the Board has on this matter.

And I should also point out one last thing. We didn't expect to be here today because at the debriefing we were told by the Chief of Procurement that what we're, that this would not happen. We were told, "We're not going to seek an award in the face of a protest." I don't know what changed. Dr. Baucom and Mr. Sullivan were sitting there, as was the Procurement Officer, as was Mr. Leberknight, and nobody said, "Oh, we have these enhancements. We have these substantial State interests." Nobody said that. And we found out about this the middle of last week. No one told us directly about it. We had to discover it, if you will. And now here we are. So that's

hardly the process of fairness and reliability and integrity that the Legislature put in place when it created the general procurement law. There's no downside to allowing us to continue. There's no change in price, you've heard that. Corizon does not insist on any CPI increase. Obviously it's an excellent technical in terms of its operations, in its technical abilities. And so we simply ask the Board to be consistent with due process, its own rules, the general procurement law, to allow the contract to continue. Not award it today, allow us to have our day in court. I appreciate your time and attention.

GOVERNOR O'MALLEY: Okay. Who's next?

MR. ANDREWS: I'd like to ask if I could Mr. Campbell, who is Corizon's CEO and President to speak for a second.

MR. CAMPBELL: Good afternoon, now. Stuart Campbell, President and Chief Operating Officer at Corizon. Members of the Board, just a couple of brief comments to augment Mr. Andrews' comments.

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First of all, we have been involved in contracting in the State in a variety of different configurations, over 25 years. We've been a good Maryland citizen and simply are hoping for the due process here. I do want to answer one particular question, Comptroller, regarding our protest history. As Mr. Andrews pointed out we did protest the last bid in Maryland, but that was ultimately thrown out due to process issues. We bid on scores of contracts across the country over the last five years, almost too many to count. And in the last five years we've protested five of those, including Maryland. So we are not the kind of company that wants to be known as a company that protests for the sake of extending a contract. We protest when we believe there are grounds and when there's something that needs to be looked into.

We certainly are also the kind of company that goes beyond the contract to try to serve our client. As Mr. Andrews pointed out we've waived our CPI increase for the last two years. We've added

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staffing on our own nickel. And are frankly willing to work with the department currently as this protest takes its natural course to save additional money under the current contract if that's where they would like to have those discussions. We've been willing to do that in the past. We're willing to offer that today. We don't want the potential lost savings that might, or additional services at a flat price that might accrue to the benefit of the State to drive the decision. And if there's a way that we can financially level the playing field so that that doesn't drive the decision to cut the protest short we're more than happy to have those discussions and to do that. Thank you very much. GOVERNOR

O'MALLEY: Thank you.

MR. ANDREWS: I just want to make certain the record is clear about something. Phil Andrews again for Corizon. Corizon protested the last go round but it actually withdrew its protest.

GOVERNOR O'MALLEY: After we pulled the bid back and --

MR. ANDREWS: No, it was before that, Governor. It was appreciably before that. I just wanted to be sure that record was clear. Thank you for the clarification.

MR. ROMANS: Governor, there are also representatives from Wexford here.

GOVERNOR O'MALLEY: From where?

MR. ROMANS: From Wexford, the winning bidder.

GOVERNOR O'MALLEY: Okay.

MR. WECKSTEIN: Ken Weckstein for Wexford, good afternoon. I'm going to try to answer some of the Comptroller's questions, some of the points raised by the Governor in his opening, and respond to some of the things Mr. Andrews said.

The history of this procurement is that it was awarded, there was a competition back in 2005 and the award was made to a company, to CMS. And CMS

bought another company in 2011 and now it has become Corizon. So we're talking about a contract that was awarded seven years ago and it was awarded for services that were procured and needed seven years ago. Well fast forward six years to 2011. We have had lawsuits against the State by inmates. We have had settlement agreements, consent decrees. We've had audits by legislative committees. We have found out and the State has found out that the contract awarded in 2005 has not been in the best interest of the State. So they decided in 2011 to procure a new contract with a new RFP with new additional services. And that's what we're talking about.

So we have an old contract that was awarded seven years ago to CMS' predecessor versus the new contract which was just competed competitively. And we had not one but two agencies who oversaw all of this. Two agencies who looked at this. Two agencies who decided it was in the best interest of the State to award a contract to Wexford and they made that

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recommendation that that's in the best interest. And they were selected.

We've had two protests that were filed, well Mr. Andrews alluded to the first one in 2010, where Wexford protested and they withdrew the protest and they ended up getting the contract for an additional two years. That's how Corizon has been there seven years now. But now in 2012 they filed two new protests. Those have been denied. So the agencies have looked at those two protests. They've evaluated the merits of those protests. This is after the evaluation, after the recommendation for selection. And they've decided to deny those protests. Yesterday we understand that Corizon did exercise its rights and file an appeal before the Maryland State Board of Contract Appeals, as is their right.

There was a question about Corizon's protest history, and their executive did answer that question in part. And they have the right to file protests in Maryland and all around the country, and they have

been vigorously exercising those rights. In the last six years we have seen protests in Michigan, New Jersey, West Virginia, Florida, Massachusetts, and a couple of weeks ago in Arizona against another award made to Wexford.

All of those protests and appeals that have been resolved have been denied. That doesn't mean that they don't have valid concerns. They may have valid concerns. But anybody can assert a protest and assert grounds. And that's not a reason to withhold award. The Board is aware of what COMAR says and if there are substantial State interests that need to be protected the agencies can ask for award and we've heard them very eloquently request that.

So here we have a procurement that's been really going on for seven years. Now what is the need going forward? The Corizon contract is going to end on June 30, 2012. The need for the inmates continues on July 1, 2012. Well who is going to provide those services? They haven't told you that. There are two

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ways of doing it. There can be approval of this award today to Wexford, in which event the agency will get the contractor that it recommended for award, that it selected for award after the evaluation including all of the new services which it says are necessary to provide. That's one way. And that was done after a competitive evaluation. The other way is that if that is, award is not approved today then somebody is going to be coming back here in a week, in a month and saying, "We want to make a sole source extension to Corizon for their old contract that they got in 2005 for those old services. We want a sole source award." No competition.

Those are the choices that you're really being asked to face today. So do you take the recommendation of these two agencies here, saying that there is a substantial need for these new services that was, after a competitively awarded selection and recommendation? Or should we award sole source to Corizon to continue their contract, their five-year

contract, for another year? And the Board is interested in procurement integrity, that's not procurement integrity.

The Comptroller raised some very good concerns about the cost of the contract. And I don't spend \$6,000 a year. The Treasurer said it's \$8,000 nationwide. And I think what we're missing here is that we're talking about what we pay when we go to physicians. So we pay copays, we pay deductibles. It doesn't include the cost of the insurance. So when you filter in and add in the cost of the insurance that we're all paying, we're all paying, and the citizens of Maryland are all paying more than \$6,000 a year. So I think that's where the disconnect may be because this program covers all of the needs of the inmates.

And there are real savings from this program, besides the fact that we're talking about a contract where you're essentially getting 20 or 25 percent more services for the same price. This is

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providing care to these inmates and people in pretrial detention who return to the communities. If they are returned in bad shape then they are a drain on hospitals, on emergency rooms, and the State of Maryland ends up paying for that as part of the Medicare/Medicaid services.

So here the State has, the two agencies have shown that this is necessary, the award to go forward, to protect substantial State interests. Here the only alternative would be to come back and award a sole source award to Corizon. Corizon has had due process on the protests so far. They've been denied. It will have its due process and it will have the right to have those protests heard at the Maryland State Board of Contract Appeals.

This contract, if it's awarded today, Wexford will immediately start contract performance and transition. It needs those two months to start work on July 1. And it will be doing that for the next months at no cost to the State. There will be no

cost for those transition services. But on July 1 it will be ready to take over the services and to perform all of the old services plus all of these new services that are going to end up saving the State money in the long run.

There was a point made about the MBE contractor, the minority contractor. Wexford has proposed five Maryland minority contractors that they are going to use. And they plan to hire the employees from the one MBE concern that were mentioned before. So we're hopeful that there will be no loss of MBE participation here. And in fact we hope that there will be enhancement.

We have with us several of the executives from Wexford. And I'd like to bring forward Mark Hale very briefly, who is the CEO of the company. Thank you very much.

MR. HALE: Hi, Mark Hale, President and CEO of Wexford. I really don't want to take much of your time. I want to say that we're very excited about

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this opportunity to continue to partner with Maryland. We obviously believe what the department said about it being, there is a significant State interest to move forward with this. And we hope to begin on July 1. Thank you. Any questions?

COMPTROLLER FRANCHOT: Can I just ask a question?

MR. HALE: Sure.

COMPTROLLER FRANCHOT: Do you, does Wexford protest contracts that you, around the country?

MR. HALE: We, not often. I've been with the company for, let's see, nine years now. I can remember one formal protest that we did. And there may have been others that we did informally.

COMPTROLLER FRANCHOT: And my comment about looking for efficiencies and cost savings, it's all we talk about in healthcare these days.

MR. HALE: Right.

COMPTROLLER FRANCHOT: We're, I read the articles about costs going down, et cetera. Here,

costs seem to be if anything staying exactly where they are. Where are the cost savings?

MR. HALE: I can only comment on the fact that we bid on the RFP as it was put together.

COMPTROLLER FRANCHOT: Exactly. Thank you. That's, that exactly goes to my point. Which is, you know, frankly I'm always in favor of due process historically. But I'm probably going to vote for this contract because I just don't see any, whoever wins it in my view the taxpayers have not been well served. Because there hasn't been a real effort to drive down the costs and get efficiencies. Yes, we need to take care of our prisoners' healthcare. Of course we do. But we certainly don't have to have all the bells and whistles that, you know, are implied in this. And we can save the taxpayers some money. And so what I get in response is that, "Oh, we're going to bill the taxpayers through Medicaid and make some savings there." Well that's, you know, still coming out of somebody's pocket.

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So I am going to vote reluctantly for awarding the contract in the face of a protest. Normally I don't. But it's basically because I don't see any difference for the taxpayer between the two contracts. And I wish I did. I wish the RFP said, "You know what? We're going to deliver better healthcare for a lot less money." Just like we keep reading about in the newspaper. But for some reason, it doesn't happen. And I don't think it's your fault. Wexford is a great company. The other company is good. I think it's somewhere in our procurement process, frankly, where people are not paying attention to getting the kind of savings that everybody else is wringing out of the system. So.

MR. HALE: Okay, thank you.

COMPTROLLER FRANCHOT: Thank you. Governor?

GOVERNOR O'MALLEY: Okay.

MR. ANDREWS: Before there's a vote may I say one more thing?

GOVERNOR O'MALLEY: Sure.

MR. ANDREWS: Thank you. This is, what I'm about to tell you is in our protest. And the Comptroller, this Board has consistently not voted to award in the face of a protest. The Comptroller said, "Well, Wexford is a great company," --

TREASURER KOPP: Except in exceptions where it makes a significant impact.

MR. ANDREWS: Understood. And I'm not going to repeat why I don't think that's the point here. But one of the items in our protest has to do with a lawsuit that involves Maryland procurement that Corizon brought against Wexford. Because in the last go around in the last procurement Wexford was responsible for the creation of a website with a lot of false information on it. A Lanham Act litigation, a false information website, and that lawsuit is going on. Some of the people in this room from Wexford have been deposed. But the point of this is, that's something in terms of Wexford's suitability to have this big contract that ought to be sorted out in the

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Board of Contract Appeals. Not here. People at the highest level of Wexford in their depositions have admitted they were involved with it.

Now again, this Board is not the place to decide those sorts of things. But before this half a billion dollar contract is awarded, before this Board goes against a lot of precedent and doesn't follow the due process rules that it has prescribed, the Board ought to be aware of that. Let the Board of Contract Appeals sort it out. I appreciate the opportunity to make that additional statement.

GOVERNOR O'MALLEY: Thank you.

MR. HALE: All right, I --

TREASURER KOPP: Oh, come on.

MR. HALE: Excuse me, this is Mark Hale. I have to comment. First of all, he said during the procurement process. That is not true. It was after the contract was awarded to Wexford, it had to do with the transition and trying to communicate with employees.

TREASURER KOPP: We have received all of the allegations and responses in writing regarding this and all the other issues. We have them.

GOVERNOR O'MALLEY: Thanks. Okay.

MR. HALE: Okay. It will be resolved in court. We think it's a nuisance lawsuit. Thank you.

GOVERNOR O'MALLEY: Thank you. Okay. The, anyone want to say, Madam Treasurer, anything you want to say before voting?

TREASURER KOPP: I just want to say that I think that we have two outstanding companies that have served Maryland and its citizens well. I think we have a process that is, takes a long time but that ultimately is fair. I think we do follow fair process. I think we usually do try to wait until every case has been taken to the Board of Contract Appeals, and perhaps thence to the courts. But I think there is a reason here that has been made clear by the department for awarding it because of the impact on public health, safety, and cause, and for

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going to the new contract. And that Wexford won the contested competitive fight. I'm sure they are going to go on to contest it. We have seen this process innumerable times. But I'm ready to cast a vote and to move Maryland ahead.

GOVERNOR O'MALLEY: Madam Treasurer, thank you. I do find that we have a compelling interest in not only avoiding costs but also providing care for the inmates in our custody, especially after the expiration of the current term of this contract which is fast approaching. The Treasurer moves approval --

TREASURER KOPP: And the impact on the community of these individuals when they come out.

GOVERNOR O'MALLEY: And on the impact on the community when these individuals when they come out and come back to neighborhoods, which is also a compelling State interest and also a compelling case for cost avoidance as well.

The Treasurer moves approval of this item, seconded by the Governor. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it unanimously. I see members of the media here. I'm not doing any stand up. I'm late for getting to something across the street. But I'll see you guys. We're going to do a bill signing at 2:00. And I understand you all got excited when I said there was good budget news? We take things, you know, one house, one budget committee at a time. Don't get too excited, we still have a ways to go. But thank you all, this concludes our meeting.

(Whereupon, at 12:26 a.m., the meeting was concluded.)

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