

October 20, 2010

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STATE OF MARYLAND  
BOARD OF PUBLIC WORKS  
GOVERNOR'S RECEPTION ROOM  
SECOND FLOOR, STATE HOUSE  
ANNAPOLIS, MARYLAND

October 20, 2010

10:07 a.m.

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, Secretary, Department  
of General Services;

T. ELOISE FOSTER, Secretary, Department  
of Budget and Management;

BEVERLEY SWAIM-STALEY, Secretary,  
Department of Transportation;

MEREDITH LATHBURY, Land Acquisition and  
Planning, Department of Natural Resources;

JOHN PETTY, Assistant Secretary, MBE  
Compliance, 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 morning, everyone.

AUDIENCE: Good morning, Governor.

GOVERNOR O'MALLEY: And welcome to the Board of Public Works for October 20, 2010. I would like to ask if the Treasurer or the Comptroller have any opening thoughts?

COMPTROLLER FRANCHOT: Madam Treasurer?

TREASURER KOPP: Yeah, I do. And I believe I speak for the Comptroller also in our roles as Chair and Vice Chair of the State Pension Board. Just to let everybody know, as you know our Chief Investment Officer in fact is exiting the State of Maryland today to take a new job, as was announced a couple of weeks ago, at Macalester College in Minnesota where his family has resided for the last two years. Mansco Perry did a wonderful job for both the employers, the taxpayers, and the State employees and teachers. In the last year he made more than half a billion dollars for us over what our goal was. We were in the top third of large public funds. And he leaves us with a much more diversified and stronger portfolio and a

much stronger investment staff than the system has ever had before. We're going to miss him. But as a proponent of small colleges I do appreciate, appreciate the pull, and as a native of the Midwest.

For the interim, we're starting, we're starting a search for a new Chief Investment Officer. But for the interim the Deputy Treasurer for Fiscal Policy, Dr. Melissa Moye, who is a former member of the Board of Trustees of the system, and a former actually CIO of an \$11 billion investment fund herself, has agreed to move to Baltimore. The State Treasurer's Office has already started missing her, of course. But it will be for the interim. We are on a steady course. We're going to continue to develop and build on the programs that Mr. Perry and the Board have created, and initiated, and sustained in the last two years. And we look forward to the completion of the search and a new CIO on board as soon as possible.

And I just wanted people to know how much we appreciated the work of our exiting CIO. How strong the staff and portfolio are, and how we are moving quickly forward to have a new permanent CIO.

GOVERNOR O'MALLEY: And your rate of investment return was much, our rate of investment return was much better last year.

TREASURER KOPP: Our rate of investment return was over 14 percent, which was quite good. It beat Harvard, I believe.

GOVERNOR O'MALLEY: Did it?

TREASURER KOPP: And actually the unofficial, unaudited numbers at the end of last month were back up to slightly over \$35 billion, which is a remarkable turnaround from a few months ago.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Thank you, Madam Treasurer, for your leadership as Chair of that Board of Trustees. The State is really in your debt.

TREASURER KOPP: Thank you, Mr. Vice Chairman.

(Laughter)

COMPTROLLER FRANCHOT: Governor, I, last week I mentioned how wonderful it was to have the Ravens and the Redskins both win. And I seem to have jinxed them both so I'm not going to comment about

Sunday's game. But I did want to bring up some good news, Governor, that my office has just recently released.

As you know, here on the Board we're very concerned with getting the most for the money we invest and we're seeing great returns on our investments in school construction, and land preservation, and green buildings, just to name a few. Another area where we're getting a tremendous return is in our enhanced tax enforcement efforts.

With your support, Governor, and with Treasurer Kopp, and legislative leaders, my office invested \$87 million to completely upgrade the Comptroller's Agency's technology and to create our new modernized, integrated tax system, or MITS, as we call it. I'm proud to report that in just the early stages of implementation, the first few months, we've already collected over \$63 million in heretofore essentially uncollectable revenues owed to the State.

GOVERNOR O'MALLEY: How much is that?

COMPTROLLER FRANCHOT: \$63 million in less than a year.

GOVERNOR O'MALLEY: Well done.

COMPTROLLER FRANCHOT: So we've almost paid for the whole system. We're well underway to hit our initial estimates of capturing \$200 million in delinquent taxes during the first four years. Once it's fully operational we anticipate capturing \$100 million heretofore uncollectable taxes in perpetuity.

This is truly another investment that is paying off for the people of Maryland. In fact, Governor, when you add the MITS collections to our overall efforts since January of 2007, we have captured over \$1.4 billion in delinquent taxes.

I want to thank the Governor, and the Treasurer, and the General Assembly for their support and for their partnership. I look forward to working with them and continue these efforts in the years to come.

GOVERNOR O'MALLEY: Great. Thanks, Mr. Comptroller. So often, some of these, the investments appear to be things we can't afford to do, but not to make these investments ends up being a lot more expensive over the long run. So congratulations to

you, your professional staff, and also to Elliot Schlanger with our Department of Information Technology.

COMPTROLLER FRANCHOT: Yes.

GOVERNOR O'MALLEY: Who I think worked very collaboratively with your staff in order to move forward with this. And boy, how many times do you make an investment where you realize the return on that investment within the first --

COMPTROLLER FRANCHOT: No.

GOVERNOR O'MALLEY: -- almost within the first year of operation? So it's a great thing.

TREASURER KOPP: Well, Governor, could I say also from a different perspective, as a housewife/taxpayer it does my soul good to know that other people who owe taxes and didn't pay them are being found and they're paying up.

GOVERNOR O'MALLEY: And you didn't put any new tax on groceries, did you?

(Laughter)

COMPTROLLER FRANCHOT: Yeah, no.

GOVERNOR O'MALLEY: I mean, we never have taxed those, right?

COMPTROLLER FRANCHOT: Correct.

GOVERNOR O'MALLEY: So this program didn't do that, right?

(Laughter)

COMPTROLLER FRANCHOT: We do not.

TREASURER KOPP: We don't do that.

GOVERNOR O'MALLEY: Okay. We're joined by Mayor Russ Brinsfield, who's here from the thriving metropolis of Vienna. And we're going to be hearing from Russ in just a second. And we do have one matter, though, that we wanted to, that we want to defer. And just to not have you cooling your heels here, we have a couple of contracts that have been among the most scrutinized in this four-year period. One is for the helicopters, and no doubt there are people that want to talk about the helicopters. The other one is for the interoperable communications. And the Comptroller has asked for a couple more weeks to review this. And given the size of this endeavor - - it's long overdue. I mean, since the attacks of

September 11th everybody has known we need to do, have interoperable communications. And yet few states have ever accomplished it. With this contract we are going to be able to accomplish it. And, but the Comptroller has asked for, that we defer this for two weeks. I think that's reasonable. And we're back here on November 3rd.

To the people who are here for this, I apologize for yet another delay. I know you've been to the Board of Contract Appeals. I know you've been to the Court of Special Appeals. I know that this one has been scrutinized. But rather than have you sit here for an hour and a half until we get on to you, I just wanted to, though we'd announce that here and then maybe we might be able to open some seats, if nothing else, and save you the balance of your morning. But we will be taking this up in two weeks. Madam Treasurer?

TREASURER KOPP: As I understand it, there is a deadline for receiving federal funds.

GOVERNOR O'MALLEY: Right.

TREASURER KOPP: This will not endanger that, I trust? I mean, it's a very important project. I believe very strongly in interoperability because we've seen the problems without it when in an emergency people can't talk to each other. But I have no problem deferring it for two weeks if it doesn't adversely impact the progress of getting our people to be able to talk to each other.

GOVERNOR O'MALLEY: Right. I don't think two weeks will hurt that January deadline, as I understand it, for the match for the first phase. Isn't that right, Elliot? Okay. And given the size of this I think it's reasonable to take another two weeks.

COMPTROLLER FRANCHOT: No, Governor, thank you for that. I was Chair of the Appropriations Subcommittee that looked at this issue. Obviously, we all support it. But you're right, it's a big complicated, expensive contract. And my office received it on Friday, the data. And I am much more comfortable if you allow another two weeks for due diligence and review, because it's a fifteen,

potentially a fifteen-year contract at \$485 million.

And so I really appreciate the fact that you're deferring it for two weeks and let us take a look at it.

GOVERNOR O'MALLEY: Good. It's our top Homeland --

SECRETARY MCDONALD: For the record, that's Item 4-IT on the Department of Information Technology Agenda --

COMPTROLLER FRANCHOT: Correct.

SECRETARY MCDONALD: -- being deferred. 4-IT.

GOVERNOR O'MALLEY: So 4-IT. Do we need to do a motion or anything?

SECRETARY MCDONALD: Actually, if you are deferring it, the Board, I would appreciate a motion.

GOVERNOR O'MALLEY: Okay.

SECRETARY MCDONALD: If you want Mr. Schlanger to withdraw it --

GOVERNOR O'MALLEY: The Comptroller moves, seconded by yours truly. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

SECRETARY MCDONALD: Thank you.

GOVERNOR O'MALLEY: This will come up in two weeks. It's our top Homeland Security priority, is interoperable communications. And Chief Lehr, if you could make yourself available to the Comptroller? It's kind of a busy couple of weeks for him as well. And, but so if you could make whatever adjustments you need to in your schedule to meet with the Comptroller and his staff to work through this. And I thank you both for your good work on this. There are not a lot of other states that are accomplishing this. Thank you.

All right. It was moved, it was seconded, that one is deferred. Now we go to the Secretary's Agenda?

SECRETARY MCDONALD: Good morning, Governor. We can probably get through the Secretary's Agenda pretty quickly. We have twenty-two -- and good morning, Madam Treasurer and Mr. Comptroller.

TREASURER KOPP: Good morning.

SECRETARY MCDONALD: We have twenty-two items on the Secretary's Agenda. We are withdrawing Item 16. We have two reports of emergency procurements.

GOVERNOR O'MALLEY: All right, any questions on the Secretary's Agenda? 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.  
Program Open Space? Mayor Brinsfield?

SECRETARY MCDONALD: Actually, he's here for the Department of General Services.

MR. COLLINS: He's with me, Governor.

GOVERNOR O'MALLEY: Oh, I'm sorry.

MS. LATHBURY: Governor, you could probably go to his Agenda.

MR. COLLINS: I have a very short Agenda. Governor, may I go next? I have only seventeen items today.

SECRETARY MCDONALD: Yeah.

GOVERNOR O'MALLEY: Sure. We're calling then the Department of General Services, rather.

MR. COLLINS: And the Mayor's item is item 5-RP.

GOVERNOR O'MALLEY: Mayor, come on down.

MR. BRINSFIELD: Governor --

GOVERNOR O'MALLEY: Yes, sir?

MR. BRINSFIELD: -- Mr. Comptroller, Madam Treasurer, I wasn't expecting to have this opportunity to speak. But on behalf of the Town of Vienna I want to thank you for all that the State of Maryland has done for the little village of Vienna, Maryland. The item today, 5-RP, is the remaining small parcel that's located on our waterfront. The purchase of this parcel will allow us more access for Vienna residents to the Nanticoke River. But equally important, it will allow us to extend our Riverwalk south to connect up with the Greenbelt that the State purchased for us a couple of years ago. There again, I'd like to thank the Department of Natural Resources, Meredith, and Tim Brower, and others for their support. And Vienna is

most appreciative of all of your support for a little village.

And sometime I'd like to get you down on the River, Governor. We had some of your staff and others on the River about a week and a half ago, including Tom and Jerry. I'd like to get you down there and show you all the great work that the State of Maryland has done in protecting the Nanticoke River so that it will be pristine and also be as close as possible to what John Smith saw when he navigated that national treasure.

GOVERNOR O'MALLEY: I've been over it many times.

MR. BRINSFIELD: You need to get on it.

GOVERNOR O'MALLEY: And I will be on it sometime shortly after thirteen days.

(Laughter)

MR. BRINSFIELD: Can I have the honor of joining you?

GOVERNOR O'MALLEY: Yes, sir.

MR. BRINSFIELD: Okay. I'm going to take that as a commitment.

GOVERNOR O'MALLEY: Yep, I'm coming.

MR. BRINSFIELD: And I'd be willing to answer any questions that you may have on the item.

GOVERNOR O'MALLEY: Now the ecological score that this received was a 105?

MR. COLLINS: 105, yes, sir.

GOVERNOR O'MALLEY: Which is pretty good.

MR. COLLINS: Very good.

GOVERNOR O'MALLEY: We never had an objective scoring of Open Space parcels until this administration. And you can see why it scored so high. What is that little part? How much is it really?

MR. BRINSFIELD: It's very small, sir.

GOVERNOR O'MALLEY: Uh-huh.

MR. BRINSFIELD: Less than an acre in size, I believe.

GOVERNOR O'MALLEY: What was on it? Is there anything on it now?

MR. BRINSFIELD: There is a structure on it now. There was, there is an apartment in the top that

we hope to convert to a small visitors center for the town.

GOVERNOR O'MALLEY: Got you.

MR. BRINSFIELD: So it is improved with a small apartment.

GOVERNOR O'MALLEY: Okay, but it consolidates your whole Greenway there?

MR. BRINSFIELD: Yes, sir.

GOVERNOR O'MALLEY: Okay. Anything else on Department of General Services Agenda items?

MR. COLLINS: Governor, may I introduce the other sixteen items?

GOVERNOR O'MALLEY: Sure.

MR. COLLINS: Governor, good morning again, Governor, Madam Treasurer, Mr. Comptroller.

GOVERNOR O'MALLEY: Thanks, Mayor. I think this one is going to be okay.

MR. BRINSFIELD: Thank you, Governor.

MR. COLLINS: We have seventeen items on our Agenda. Items 4,5,6, and 7 have been revised. And we'd be glad to answer any questions on any of the items.

GOVERNOR O'MALLEY: And any questions? The Comptroller moves approval, seconded by the Treasurer. All in favor of the Department of General Services Agenda items signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We now go to Program Open Space.

MR. COLLINS: Thank you.

GOVERNOR O'MALLEY: Thank you, Al.  
Brilliantly done.

MS. LATHBURY: Good morning, Governor.  
Meredith Lathbury for the Maryland Department of Natural Resources.

GOVERNOR O'MALLEY: And there's also, for those of you following along at home who are in these things, there's also a great Open Space that was just part of 4-RP, which is another example of why that GreenPrint is important as you look and see at the way that that parcel creates contiguous Open Space for

habitat in that Allegany County purchase. So, I get into things like that. I'm sorry.

MS. LATHBURY: Good morning, Meredith Lathbury for the Department of Natural Resources. Good morning, Governor, and Madam Treasurer, and Mr. Comptroller. We have twelve items on the Program Open Space Agenda this morning. There are three Local Projects, five Rural Legacy easements, and four Conservation Reserve Enhancement Program easements. I'll be happy to answer any questions you might have.

COMPTROLLER FRANCHOT: I'm fine, Governor.

GOVERNOR O'MALLEY: Okay. What's your favorite one on this?

MS. LATHBURY: Well, this is the first crop of the Conservation Reserve Enhancement Program easements that you've seen since the Board approved that program last September, September, 2009. And just to refresh your memory, this is the State counterpart to the federal program that pays farmers to restore streamside buffers by planting trees and shrubs and grasses in order to protect the Chesapeake Bay and improve water quality. So using the same

scientifically based data that created GreenPrint we've identified some priority counties for where we're trying to enroll landowners and we've seen a tremendous response. And you're going to see a whole bunch more of these between now and the end of the year.

GOVERNOR O'MALLEY: That's great. Because these were the ones that President Obama and Secretary Vilsack helped us to make more current in terms of rate of reimbursement --

MS. LATHBURY: Exactly.

GOVERNOR O'MALLEY: -- within days after the administration changed. It was barking up this tree under the former administration, and it was a matter of talk to the hand, not to mix my tree and hand metaphors here. But then they got this done. So the CREP, the Conservation Reserve Easement Program, is moving forward again? People are enrolling?

MS. LATHBURY: Precisely. We've had a tremendous landowner response. We sent letters out to about 1,700 landowners.

GOVERNOR O'MALLEY: Great. Because he asked me, I mean not the President but Secretary Vilsack, when I see him always asks what's happened on that that was so urgent to you?

MS. LATHBURY: Yeah, we've had a tremendous response. And the landowners, currently I think about 70 percent of the landowners who are eligible to enroll in CREP are enrolling now. So --

GOVERNOR O'MALLEY: Seventy percent of the owners --

MS. LATHBURY: Mm-hmm, who are eligible.

GOVERNOR O'MALLEY: -- who are eligible are enrolling?

MS. LATHBURY: Are enrolling, which is a tremendous turnout.

GOVERNOR O'MALLEY: That's great. Boy, it took a while.

MS. LATHBURY: It sure did. One of the --

GOVERNOR O'MALLEY: What was the key? The letter and the outreach? Or the repeated letters? Or what?

MS. LATHBURY: The letter and the outreach. In addition, in order for landowners to be eligible for the easement program they had to first enroll in the federal contract to sign up for the restoration practices. And those contracts were just finalized in September.

GOVERNOR O'MALLEY: So this was a USDA thing?

MS. LATHBURY: Correct. I mean, the contract portion of it, to restore those lands.

GOVERNOR O'MALLEY: Nothing is easy, huh?

MS. LATHBURY: So it took a little while for those contracts to be completed.

GOVERNOR O'MALLEY: But it's happening again?

MS. LATHBURY: It's happening.

GOVERNOR O'MALLEY: This is one of those goals among the actions underneath the agricultural and best management practice, this is one of those goals on the BayStat website that, where we have had a real hard time moving the needle even though we'd

gotten this approval. So I'd love to see from you some sort of graphic.

MS. LATHBURY: Absolutely.

GOVERNOR O'MALLEY: You know, just a simple bar graph, monthly basis, moving forward, sort of?

MS. LATHBURY: Absolutely. Yeah, we can provide you a running tally of who is in progress right now.

GOVERNOR O'MALLEY: And the acreage, and --

MS. LATHBURY: We have 1,500 acres in progress at the moment.

GOVERNOR O'MALLEY: That's great. That's really, really good. You hear that, Russ?

MR. BRINSFIELD: I sure did.

GOVERNOR O'MALLEY: How about that ag community responding? We'll hit our two-year milestones, and then we'll ask the EPA to take another look at Virginia and Pennsylvania and see how they've done, right? Okay. And did we approve this yet, or are we just yakking? All right. We have, 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 now to the Department of Budget and Management.

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are five items on the Department of Budget and Management's Agenda. I'll be happy to answer any questions you may have.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Next we go to the Department, or University System of Maryland.

MR. STIRLING: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Jim Stirling for the University System. We have five items on today's Agenda, and I'd be happy to answer any questions.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay." The ayes have it.

MR. STIRLING: Thank you.

TREASURER KOPP: Not that they aren't all very important. It's very well done.

GOVERNOR O'MALLEY: Well, it's a reflection that you did your work up front, when there's no question about it. Thank you. School of Pharmacy. All right, we move now to the Department of Information Technology.

TREASURER KOPP: Governor, could I just point out --

GOVERNOR O'MALLEY: Sure, Madam Treasurer?

TREASURER KOPP: -- having left the University, but it just hit me that we don't have any meetings, I don't remember any meetings recently at which there was not a major energy saving project before us. I mean, in this case it's the University.

Sometimes it's the State buildings. Sometimes it's Transportation. But I think the way that we are now taking it for granted that we invest in energy savings is, it's a big change. Sorry, Elliot.

MR. SCHLANGER: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Elliot Schlanger, Department of Information Technology. With the deferral of Item 4-IT we now have three items on our Agenda this morning. And I would be happy to answer any questions at this time.

GOVERNOR O'MALLEY: None? The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. SCHLANGER: Thank you.

GOVERNOR O'MALLEY: We move now to the Department of Transportation, which I think is our last Agenda item, isn't it?

SECRETARY MCDONALD: It's our only Agenda left, yes.

GOVERNOR O'MALLEY: It's going swimmingly.

TREASURER KOPP: So far.

GOVERNOR O'MALLEY: So far.

MS. SWAIM-STALEY: So far.

GOVERNOR O'MALLEY: And now we hit the helicopters, right? Is this where the helicopter is?

MS. SWAIM-STALEY: Yes, it is.

GOVERNOR O'MALLEY: All right.

MS. SWAIM-STALEY: All right. Good morning. For the record, Beverley Swaim-Staley representing Maryland Department of Transportation. We have thirteen items today, as Item 13-C was previously added as a supplemental item. For the record, Item 10-E and 13-C have been previously revised.

GOVERNOR O'MALLEY: Which one is the helicopter item?

MS. SWAIM-STALEY: 10-E.

GOVERNOR O'MALLEY: 10-E? We're going to hold 10-E aside just for the time being and consider the balance of the Department of Transportation Agenda

items. Are there any questions on the balance of the Department of Transportation Agenda items? That is, everything but the long debated and looked at helicopter contract?

TREASURER KOPP: I have, I had one quick --

GOVERNOR O'MALLEY: Sure, Madam Treasurer?

TREASURER KOPP: The procurement of the commuter locomotive? Item 12-E?

MS. SWAIM-STALEY: Yes?

TREASURER KOPP: This is a change order. But what is the timing on that? I mean, how are we doing with --

MS. SWAIM-STALEY: Of the twenty-six?

TREASURER KOPP: Yeah.

MS. SWAIM-STALEY: I believe --

GOVERNOR O'MALLEY: Describe what you mean by the twenty-six.

MS. SWAIM-STALEY: Yes. She's referring to the procurement of the locomotives for the MARC train service.

TREASURER KOPP: Right.

GOVERNOR O'MALLEY: And how many have we purchased?

TREASURER KOPP: I just wondered how we were doing.

MS. SWAIM-STALEY: We have purchased, this item is for the twenty-six of those, and I believe we have nineteen of those in service and we are continuing to get two every month.

TREASURER KOPP: Excellent.

GOVERNOR O'MALLEY: And it's primarily the purchase of these, as well as the additional double decker passenger cars --

MS. SWAIM-STALEY: And some other --

GOVERNOR O'MALLEY: -- that led us to double our capital investment in MARC service over these last four years.

MS. SWAIM-STALEY: That's correct, along with other procurements you made with regard to other types of locomotives and overhauls.

GOVERNOR O'MALLEY: Okay. I'm sorry --

MS. SWAIM-STALEY: Absolutely. Almost \$200 million in investment in the past four years.

TREASURER KOPP: Yeah. Yeah. No, I just wondered how --

GOVERNOR O'MALLEY: I'm glad you brought that up. So this is the final one?

MS. SWAIM-STALEY: This is a change order to complete, because of some refurbishing that had not been anticipated. A small change order.

GOVERNOR O'MALLEY: Okay. The Treasurer moves approval of the balance of the Department of Transportation Agenda items, 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 now to our final item of the day, which is the MEDEVAC helicopter system. I know we have a number of leaders of Maryland's first-rate first responder teams that are part of this MEDEVAC system that is the envy of the world, really. We have the, we have saved so many lives as Marylanders over the years in that chain of cooperation and lifesaving expertise from the

volunteers on the ground, to the State Police, to the pilots, back to Shock Trauma. And if you have never, ever tuned in to see, I don't even know if they put these online afterwards, they probably should, the gala at Shock Trauma every year that describes, picks, focuses in on two lifesaving operations where citizens in our State without, were all but dead. And were resuscitated and rescued by our MEDEVAC system.

We've, it has been a system that was marked by tragedy not too very long ago in a horrible evening that none of us will ever, ever forget. But this contract has been looked at, I think, by more eyes and been the subject of more General Assembly debate than any procurement issue, it's safe to say, over these last four years. Probably only the Bay Bridge in the history of Maryland received more debate and study. So here we are.

Mr. Comptroller, questions?

COMPTROLLER FRANCHOT: I'd love to, is someone going to explain what we're voting on? Being asked to vote on?

MS. SWAIM-STALEY: Yes, if I, I would ask Jim Haley, the procurement officer who did this procurement on behalf of the State Police, and we have Colonel Sheridan here as well --

COMPTROLLER FRANCHOT: Excellent.

MS. SWAIM-STALEY: -- to introduce the item.

GOVERNOR O'MALLEY: Colonel, good to see you, and Frank Underwood, good to see you, and all our volunteers here.

MR. HALEY: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. I'm here to answer any questions you may have.

MS. SWAIM-STALEY: Do you want to introduce the --

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: Why don't you talk about what this is, and what we're doing, and --

MS. SWAIM-STALEY: Information on the amount, and the number of helicopters we're procuring, and --

MR. HALEY: Certainly. The request for proposal called for up to twelve helicopters be

purchased. Due to the fiscal amount of money that we had to purchase the helicopters we were able to negotiate with the contractor to procure six helicopters now with an option to procure six, up to six more, as funds become available through the Legislature.

It was a long process which started out with a request for information that was sent out approximately two years ago, where we had a very detailed specification where we asked any of the four major known manufacturers at that time to provide us with information that may cause them concern relative to whether or not we would have an open, full competition on this procurement. The reason that was done is because twenty years ago, or twenty-five years ago, when the original helicopters were purchased there were two protests on that procurement. We wanted to make sure we gave everybody an ample opportunity to tell the State where their specification may not be able to be complied with with respect to their aircraft. That was in the request for information process.

Based upon that, we went forward and took all of the comments that we had received from the four major manufacturers. We revised the specification and developed a request for proposal, at which time we sent it back out to those four individual manufacturers known to produce helicopters of this type. We also put it on eMaryland Marketplace.

We then held a pre-proposal conference where again we solicited questions from the four known manufacturers to tell us where in the detailed specification, which was over 110 pages long, where their aircraft may not meet any of the specifications. They responded with their questions and their indications of where they may have had a problem. We again, once again, a second time, we put those changes into the specification and then we put it out, and then we requested the proposals to be received.

It was unfortunate that on the day the proposals were received that we only received one proposal for the requirement. And the day before, as everybody is probably aware, we received a protest from American Eurocopter, which is the incumbent.

MDOT at that time denied the protests and subsequent to that American Eurocopter said they would not pursue any further legal action. So that's where we, that's the basis of the procurement and that's where we are today.

In the absence of competing proposals on price we determined that what we needed to do was to ensure that the State was going to receive the best possible deal they could on the helicopters. We did a detailed price analysis and price investigation based upon the helicopter that was going to be presented to us, or that was proposed. And as a result of that we were able to negotiate a deal for the State of Maryland that is approximately 13 percent less than a similar deal on the same helicopter that was recently procured in the State of New Jersey.

So that's why we came forward with this. We feel that we did everything possible over the last two and a half years to make sure that this was an open and competitive procurement. Questions?

COMPTROLLER FRANCHOT: Okay, well that's excellent. Thank you for that statement. You can imagine how hard it is talking to the public

describing this size contract, which is I guess \$72 million with an option for another \$72 million so it's almost \$150 million.

MR. HALEY: Yes.

COMPTROLLER FRANCHOT: When you say to members of the public in a highly competitive industry we received one bid. And, you know, that's always a problem, no matter the size. But in this instance it's a big contract. And we're not just buying helicopters. We're also committing ourselves to, I take it, a significant increase in operating support costs. And we're doing a, this is a new shift that we're moving to, I guess, with these different missions. And I think the public can justifiably say for such a lucrative contract in such a competitive industry, why did we just have one envelope? And I understand what you're saying, but it doesn't resonate with me because as you mentioned, all the technical requirements were baked into the RFP, and they're all compatible. But I've got to assume that the three other companies have helicopters that are, that meet the technical requirements. And for, sitting from my

standpoint it's a mystery why they didn't, why we only ended up with one bid.

MR. HALEY: Well I can respond to that by saying that I can't stand here and tell you why they didn't submit proposals. All I can say is it's unfortunate they did. Because had they submitted proposals then we would have been able to evaluate whether or not their aircraft could or could not meet the specifications, and how well it may have met the specifications. This was not a bid per se where we're looking for meeting the specification with a low cost, there was a best value award. And without having those competing technical proposals on competition on price, and without knowing, not being within the manufacturers' organizations themselves, I can't really say why they elected not to --

COMPTROLLER FRANCHOT: Okay, but you --

MR. HALEY: -- submit a proposal.

COMPTROLLER FRANCHOT: That's fair. But you testified that we, you made a whole bunch of outreach efforts to the companies.

MR. HALEY: That's correct.

COMPTROLLER FRANCHOT: And if you could elaborate a little bit on that, as far as your conversations with industry representatives in developing those specs? And it just amazes me that despite all that outreach and all that input that you cite that one, two, or three of the folks that didn't bid cite the fact that the RFP was so narrowly drawn from the start that they couldn't even make a bid.

MR. HALEY: Again, Mr. Comptroller, I mean, the only thing I can say with respect to that is that we attempted to get as much competition as we possibly could. I cannot say why they did not bid, whether they had bid and proposal money that they didn't want to put into this. I can say that the New Jersey bid, which was done twelve months previously to this one, there were only two bidders. And that was the incumbent contractor at the time, which was Sikorsky, and Augusta Aerospace Corporation. American Eurocopter and Bell did not elect to bid that one either.

GOVERNOR O'MALLEY: How much more did New Jersey pay than what we've gotten them for?

MR. HALEY: About \$1.6 million per helicopter.

GOVERNOR O'MALLEY: Per helicopter?

MR. HALEY: Mm-hmm.

GOVERNOR O'MALLEY: Thank you.

COMPTROLLER FRANCHOT: If, I mean, here's the problem. Your explanation is perfectly cogent. You can understand and follow it. But what if during these negotiations the State inadvertently or proactively changed the criteria so that three of the four companies decided they couldn't bid? And I'm specifically referring to these specifications. I understand that the State is entitled to state the specifications as required. But if you have at the out front a weighted advantage for speed and size to the point where the other bidders say we can't even, we're out at the start, how can we have any confidence in that? And obviously, I appreciate the fact that you did some negotiating. But the public is never going to know whether we're getting the best deal because you basically had one bidder. And thank you for getting a \$1.6 million savings on each of the

birds, but you know, who knows what we could have done if we'd had competition? And my concern specifically is that the RFP was put out ultimately in such a way, despite all the consultation, that there was only one realistic response.

MR. HALEY: Again, I can only respond that we did everything we possibly could to have that happen. And since, since we're not a part of the manufacturers we do not know why they, why they made the decisions not to submit proposals.

GOVERNOR O'MALLEY: But can I ask if in the course of your outreach, you indicated that there was some back and forth with people saying this shouldn't be in the specs, this should be in the specs, and --

MR. HALEY: Yeah, we had a detailed specification, again, two years ago that we sent in a request for information which is not a normal process.

GOVERNOR O'MALLEY: Right.

MR. HALEY: It's an unusual process. But it's one that's used to make sure that we are --

GOVERNOR O'MALLEY: Unusual --

MR. HALEY: -- putting together --

GOVERNOR O'MALLEY: Unusual in the extent that the outreach up front and the dialogue in crafting the specs?

MR. HALEY: That's correct. And the reason for that was to make sure that we were putting something together that everyone that we knew of at the time could compete. We got their responses. We revised the specification. We put together the RFP. We gave them another opportunity in the pre-proposal conference to tell us again. We revised the specification again. They had at least two bites at the apple, I guess is the way to put it, to tell us where they may have had concern. And we did everything that we possibly could.

COMPTROLLER FRANCHOT: If I could, Governor? When did you weight the speed and size to be more than the other specifications?

MR. HALEY: That was as a result of the pre-proposal conference.

COMPTROLLER FRANCHOT: But who suggested that?

MR. HALEY: Who suggested that? The technical people.

COMPTROLLER FRANCHOT: What technical people?

MR. HALEY: The technical people in the Maryland State Police.

COMPTROLLER FRANCHOT: And did any, or maybe Colonel Sheridan could comment, did anybody know that as a result of that we were probably excluding three of the four bidders?

MR. HALEY: No. No one knew at that time that that was a possibility. No one even suggested it at the time.

COMPTROLLER FRANCHOT: How many other states, Colonel Sheridan, use helicopters of this size for emergency response and MEDEVAC uses? And how many of them use helicopters similar to what we have now?

SECRETARY MCDONALD: Would each of you introduce yourself for the record?

COLONEL SHERIDAN: Yes, Terrence Sheridan, Superintendent of State Police. And with me is Captain Mark Gibbons of the --

COMPTROLLER FRANCHOT: And I ask this, Colonel if I could interrupt, I'm not, you know, I'm a huge supporter of MIEMSS, I'm a huge supporter of Shock Trauma, huge supporter of the State Police. But, you know, we have a responsibility to get the best deal for the taxpayer. And this just, you know, it may be innocent but it looks odd that we have this situation after all of the work of everybody over the years. So -

COLONEL SHERIDAN: Mr. --

COMPTROLLER FRANCHOT: --thank you, please go ahead.

COLONEL SHERIDAN: Mr. Comptroller, answering I think your previous question about who came up with the specifications, I think it was the Executive Helicopter Committee.

CAPTAIN GIBBONS: Technical team, yes, sir.

COLONEL SHERIDAN: Yes. And that's a group from outside the State Police also.

CAPTAIN GIBBONS: Yes, sir.

COLONEL SHERIDAN: Yeah but, just not to beat a dead horse, but where did they come up with it? And do they know, do they realize, or did they

realize, that in so doing, you know, you limited the number of bidders?

CAPTAIN GIBBONS: Well Mr. Comptroller, first and foremost to address your last question, as the Governor said when we look at ourselves compared to other states, there's no other state that does what we do. We have a world-renowned system and the reason that we have it is because of the support that we have. So there are other states that are using the proposed aircraft. Los Angeles Fire, I believe is one of the examples that uses it. But it's difficult to compare because we have such a unique mission. We do our multi-mission profile with one aircraft and that's what our goal is. And I would invite Director of Operations Bill Barnard, who chaired the technical team, to address any questions that you have on how the technical specifications were brought up.

COMPTROLLER FRANCHOT: So are there any other states that use this size helicopter?

CAPTAIN GIBBONS: New Jersey State Police, as well.

COMPTROLLER FRANCHOT: New Jersey?

CAPTAIN GIBBONS: Yes, sir.

MR. HALEY: They recently purchased five.

COMPTROLLER FRANCHOT: And what's going to happen to the helicopters that are being replaced? I understand they have some value still?

CAPTAIN GIBBONS: Yes, sir. We've already discussed with DGS the disposal of those. Pending the approval of the new fleet we'll start working towards phasing those aircraft out based on our operational needs. And they'll be sold by DGS. And the money will come back to the State.

COMPTROLLER FRANCHOT: And is it true that the Coast Guard and the federal government may be purchasing them for use as --

CAPTAIN GIBBONS: I wouldn't be surprised if they wouldn't be interested in them, sir. They have the largest fleet of Dauphins in the country.

COMPTROLLER FRANCHOT: How much does a new Dauphin cost? If I could ask?

COLONEL SHERIDAN: They didn't propose so we can't answer the question what a new Dauphin would cost.

COMPTROLLER FRANCHOT: No. I mean, is there

--

CAPTAIN GIBBONS: \$18.8 million was what came back in the RFI. I believe our proposals all came back in the RFI from \$14.9 million upwards to \$18.8 million.

COMPTROLLER FRANCHOT: So I was just trying to get an apples to apples comparison about how big an upgrade the new helicopter is versus the helicopters we have. And the new helicopters are going to cost what?

CAPTAIN GIBBONS: \$11.7 million, sir.

COMPTROLLER FRANCHOT: \$11.7 million?

CAPTAIN GIBBONS: Yes, sir.

COMPTROLLER FRANCHOT: And what would you, is there any rough estimate of what the, it would cost to replace the Dauphin?

CAPTAIN GIBBONS: Do you want to talk about the --

COMPTROLLER FRANCHOT: I mean, I don't need a, I'm not going to hold you to it. I just want to know whether we're, it's the same amount.

MR. HALEY: Somewhere around \$9 million and \$10 million per aircraft.

CAPTAIN GIBBONS: Per aircraft, to retrofit what we have. In addition to that, we anticipated each aircraft to be out of service over six months.

TREASURER KOPP: You're talking about to retrofit? Not to --

COLONEL SHERIDAN: Replace with new.

CAPTAIN GIBBONS: Yes, ma'am. Retrofit our current fleet was upwards of \$10 million with each aircraft being out of service for six months.

MR. HALEY: And I might add if I will, too, that that would only bring the current Dauphin up to 80 percent of what the current, AW139 is the aircraft that we want to buy, technologically. It would only be 80 percent of what the specification says.

COMPTROLLER FRANCHOT: Okay. Okay, that's fair. And the operating costs? What's the operating cost per new helicopter, additional to what we have now?

CAPTAIN GIBBONS: I've got it. Actually, sir, over the first five years it's a 24 percent

decrease in operational cost when you compare maintenance, fuel, and insurance. Certainly we're going to have a slight increase in fuel, insurance because we have increased whole value, and maintenance costs are going to go down substantially.

COMPTROLLER FRANCHOT: And increased personnel, etcetera? What is that --

CAPTAIN GIBBONS: Well sir, based on the House EMS Work Group recommendations, certainly the recommendation came out of there to pursue the second pilot and the second medic to the, for the CAMTS accreditation, and the second pilot for all the advantages of that that will give us operationally as well as safety. And those issues will be coming before the Legislature this year.

COMPTROLLER FRANCHOT: And ballpark what is that going to add to the operating cost for, what are the operating costs now for, annual for a Dauphin, and what are the new operating costs going to be for the AW-139?

CAPTAIN GIBBONS: I'm going to ask Tom Williams from our, who's sitting in for John Draa, our CFO for the Department, to come up and address that.

MR. WILLIAMS: Hi, I'm Tom Williams, Maryland State Police. There are two issues. One is because of the purchase, my understanding the contract is going to be, they are phasing in the purchase of the helicopters. So if you're looking completely at the out years when it's all, we've purchased all eleven, assuming you buy eleven, you purchase eleven, the assumption is your total operating costs are going to be somewhere around, adding, I mean additional cost, is going to be an additional \$9 million in operating costs. And that's when you add in, if you do the second medic, the second pilot, and also purchase all eleven at the out years. But that won't occur in the first few years because the contract itself is going to require two purchases, my understanding is the contract allows for the delivery of two in the first year and then it's incremented out over the next few years.

So, but right now we're looking at, it's twenty-five, if you add in the new ship, you add in the dual fleet. Right now you're looking at about operating costs, total, this is everything, personnel, fuel, everything, is about \$25 million with the new. With the old, with the current fleet that you have right now if you don't make any purchases you're looking at about \$24 million. And that's if you continue with the Dauphin that you have now.

COMPTROLLER FRANCHOT: So you're stating for the record that the operating costs of the new fleet are similar, in the same range, as the current fleet that we have?

MR. WILLIAMS: Yes, sir. And I can --

COMPTROLLER FRANCHOT: With the new personnel?

MR. WILLIAMS: Well with the new personnel, when you get to the entire, the entire twelve, you're going to be pretty close in terms of operation costs, yes, sir. You're, what's going to, operationally, personnel costs, as I said, are going to go up by about, in the end now, we're talking fiscal, if you

want to talk fiscal 2017 which is when this whole thing we estimate will be completely in, and again things change, fuel costs, personnel, salary, I mean, all that changes. But roughly you're talking about an increase overall of about \$10 million in the out years. It's \$9.6 million. Total operating is about \$38 million for the whole new fleet, and I'm talking fy, this is after everything is delivered, after everybody has been hired, and after everybody is on board. Compared to if you just stayed with the Dauphin, without making any changes, you're looking at about twenty-eight and some change. So the difference is a little less than \$10 million when it's fully implemented.

COMPTROLLER FRANCHOT: Okay. And --

TREASURER KOPP: Can I just --

COMPTROLLER FRANCHOT: Sure.

TREASURER KOPP: There's, you can do this with a one-person --

MR. WILLIAMS: One pilot, you mean?

TREASURER KOPP: One pilot?

CAPTAIN GIBBONS: Yes, ma'am.

TREASURER KOPP: It's a question of what the Transportation Safety Board recommended --

CAPTAIN GIBBONS: Yes, ma'am.

TREASURER KOPP: -- and what the Executive Committee, and whether it's approved through the budget process or not that you would --

MR. WILLIAMS: Absolutely.

CAPTAIN GIBBONS: Yes, most correct. However, I see it as our script. The recommendations from the House EMS Work Group is kind of the way we projected this out.

TREASURER KOPP: No, I understand. But they can be operated with --

CAPTAIN GIBBONS: Yes, ma'am.

MR. WILLIAMS: Absolutely.

CAPTAIN GIBBONS: If we were asked to perform the mission in our current configuration we could.

COMPTROLLER FRANCHOT: They're all going to have autopilots?

CAPTAIN GIBBONS: Yes, sir.

COMPTROLLER FRANCHOT: Because I think that's what, Madam Treasurer, the NTSB said, either a second pilot or an autopilot.

CAPTAIN GIBBONS: Yes, sir.

COMPTROLLER FRANCHOT: It could have prevented, you know, a majority of the tragedies around the country over the last few years. Let me just ask, if I could, about the mission expansion and growth that's going to be accommodated over the next twenty-plus years. What are we, what does that refer to? What kind of mission expansion and growth are you anticipating?

CAPTAIN GIBBONS: Well I was going to say one of the things, and I'll hand it over to Director Barnard, one of the things that we see, sir, in our business is called mission creep. And that's where our mission constantly changes, due to the nature of the threats, due to the nature of our society, and the things that are going on. Who would, you know, after 9/11 we took on an important role in Homeland Security which is ever increasing. The beauty of the proposed aircraft is it's going to give us the technology to be

able to do a lot of things regarding Homeland Security. Such as on the way back from a mission being able to survey railroads and be able to send that information directly back to MCAC, the Maryland Coordination Analysis Center for intelligence stuff. So mission creep is one of those things that always occurs.

GOVERNOR O'MALLEY: Members of the Board, one way to say it is mission creep. Another way is consolidation. I mean, we eliminated the DNR helicopter, members of the Board may recall. And we're looking to the State Police to pick up the slack there as we build out our surface radar system. And in essence --

CAPTAIN GIBBONS: Yes, sir.

GOVERNOR O'MALLEY: -- that's the sanctuary areas we're going to be counting on State Police to coordinate with DNR in operations.

CAPTAIN GIBBONS: Yes, sir.

GOVERNOR O'MALLEY: Sorry, I didn't mean to interrupt.

COMPTROLLER FRANCHOT: No, that's fine.

GOVERNOR O'MALLEY: But mission creep and consolidation.

CAPTAIN GIBBONS: Yes, sir, and moving us forward.

GOVERNOR O'MALLEY: When your neighbor is consolidating you've got to creep over and pick up what they can't do anymore.

CAPTAIN GIBBONS: Yes, sir.

COMPTROLLER FRANCHOT: And, you know, just let me reference again the fact that I have great respect for what you and your colleagues do. This questioning is more fiscal than it is anything directed at first responders, and the whole MIEMSS system that we're very proud of. Are there new protocol that have been adopted as to transporting trauma victims? For example, if you're less than a thirty minutes drive from the --

CAPTAIN GIBBONS: Yes, sir.

COMPTROLLER FRANCHOT: -- hospital?

CAPTAIN GIBBONS: New protocols have been in effect and they've actually impacted us operationally as far as more patients are going by ground. Our

MEDEVACs are down. We'll probably just be over 2,000 MEDEVACs this year.

COMPTROLLER FRANCHOT: As opposed to what?

CAPTAIN GIBBONS: Upwards of 4,000.

COMPTROLLER FRANCHOT: And the result of that is what as far as our citizens?

CAPTAIN GIBBONS: Well, we would turn to Dr. Bass to look at the data. I know that they look at the data pretty heavy as far as the impact on the outcome of the patient. Because that's ultimately at the end of the day what we focus on, and that's that patient, that's that patient that's lying in the street. I think that we have some inertia with the new protocols. I don't think that we're going to settle in where we are. I think we're seeing a lot of counties and jurisdictions that are having some challenges with the new protocols, and we're working with them to make sure that the patient gets to the right place the first time. So yes, the new protocols have impacted the system. The crash of Trooper 2 impacted the system.

COMPTROLLER FRANCHOT: Sure.

CAPTAIN GIBBONS: The system virtually shut down. And I think that we're going to see that inertia slowly get back in to where we're moving those patients that need to get to the right place the first time.

COMPTROLLER FRANCHOT: Well, if other people have questions I'm happy to yield.

GOVERNOR O'MALLEY: Treasurer?

COMPTROLLER FRANCHOT: So we've had no decline in the patient treatment I take it because of the new protocols?

CAPTAIN GIBBONS: No, sir, by no means.

COMPTROLLER FRANCHOT: Great, thank you.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: No, I appreciate it. The Comptroller asked many of the questions which many of us who started out somewhat skeptical and spent a lot of time pouring over this had. I would like to publicly thank our procurement advisor for her multi-page analysis of this, as well as you all.

CAPTAIN GIBBONS: Thank you, ma'am.

GOVERNOR O'MALLEY: There are few procurements that have received this sort of scrutiny, and for good reason.

COLONEL SHERIDAN: Thank you.

GOVERNOR O'MALLEY: Thank you. All right, we have a request from a Mr. Dick Johnson to speak against this item. Mr. Johnson, come on up. I've seen that helicopter.

MR. JOHNSON: Well, this is your friend's helicopter, President Barack Obama's. This is --

GOVERNOR O'MALLEY: Actually, I think it belongs to us. He just uses it in trust.

(Laughter)

MR. JOHNSON: Well, this is a Sikorsky S-61. His Sikorsky fleets are 1961 through 1965. He is currently using this Sikorsky fleet of Marine Ones. He has canceled the Augusta Aerospace VH-71 procurement. As he stated, that procurement went amuck.

First, I want to thank the members of the Board of Public Works for giving me the opportunity to

express my concerns regarding the procurement of new multimillion dollar helicopters.

GOVERNOR O'MALLEY: And Mr. Johnson, who are you with?

MR. JOHNSON: I am a citizen living in Catonsville, Maryland.

GOVERNOR O'MALLEY: Got you.

MR. JOHNSON: And I have researched helicopters for about a decade.

TREASURER KOPP: And we appreciate the communications from you. I just want to thank you.

MR. JOHNSON: Thank you. And I remember when you were a member of the House of Delegates. You had an open door policy and I want to thank you for that.

TREASURER KOPP: Thank you.

MR. JOHNSON: I just want to comment on the State Police remarks in reference to complements on the AW-139 in reference to pilots. It does require two pilots for IFR. I picked up the FAA certificate type for pilots on the AW-139. If they want to fly in

IFR conditions by FAA standards they must have two pilots on board.

GOVERNOR O'MALLEY: And IFR conditions for those listening at home would be?

MR. JOHNSON: One.

GOVERNOR O'MALLEY: What does that stand for, IFR conditions?

MR. JOHNSON: Instrument flight rules. In other words, you're in the night, you're flying at night.

GOVERNOR O'MALLEY: Okay.

MR. JOHNSON: You're flying by your instruments at night. So you will need two pilots for that. I respectfully request from the members of the Board of Public Works to cancel the procurement of the new Augusta Aerospace AW-139 helicopters with dual pilot and dual flight paramedics. What is very relevant with my request for the cancellation of the helicopter procurement, our State economy is unstable. Procuring new helicopters will be physically advantageous to the taxpayers of Maryland. Taxpayers

and citizens across our State are faced with limited financial resources and their money is running out.

We in Maryland are taxed beyond our means. I believe members of the Board of Public Works have a duty to be good stewards of the taxpayers' hard earned by easing the tax burden on the citizens.

Unfortunately, procuring new Augusta Aerospace AW-139 helicopters with dual pilots, dual medics, and a helicopter plagued with mechanical and instrumentation problems, and increasing MVA surcharge fees for the operation of these new helicopters will do the opposite. I feel that we should President Barack Obama's lead and the United States Coast Guard lead. Refurbish what we have.

I have the U.S. Coast Guard's 2007 upgrades of their Dauphin fleet. \$3.8 million, I don't know where they're coming up with \$9 million. But in 2007-2008 it was \$3.8 million to refurbish their Dauphin fleets.

In the United States Marine Corps that I served in the helicopter that I was on, the Boeing CH-46 you see in Iraq right now today. It's a 1968

model. The Marine Corps still has the 1974 Bell Hueys in service. The United States Navy has 110 1961 S Sikorskies in service today. A couple of months ago our Secretary of Defense, Mr. Bill Gates, has ordered the United States Navy to upgrade the S-61s and turn them over to the defense contractors. We can refurbish these Dauphins. We can make them more economical at a less cost than what we're doing with the purchase of new helicopters.

And I have documentation to support my presentation with you all here today. But the AW-139 is in fact plagued with multiple mechanical and instrumentation problems. I've followed what has happened over in Europe with the AW-139s. As well just recently in 2009 the *Aviation Law Enforcement* magazine had a page and a half of accidents and incidents and most of the helicopters listed were AW-139s. Now, I have a copy of the magazine here. I have a copy of the *Vertical* magazine in reference to the upgrading of the 1984-5 U.S. Coast Guard Dauphin fleet.

It's more economical to update than to buy, especially in this economy that we're in. And this economy is going to be stale for at least another five years. This is not the time to buy new helicopters.

GOVERNOR O'MALLEY: Thanks, Mr. Johnson.

MR. JOHNSON: Governor, I thank you.

GOVERNOR O'MALLEY: Absolutely.

MR. JOHNSON: Mr. Comptroller.

GOVERNOR O'MALLEY: Thanks. I appreciate the presentation, appreciate the time and your interest in this matter.

COMPTROLLER FRANCHOT: Is that how, is that how big the helicopter is going to be?

MR. JOHNSON: Well, the AW-139 is a monster. This is a Sikorsky, but the AW-139 is not going to be too big. There's only one helipad that can handle the AW-139. That's another expense we have to look at.

SECRETARY MCDONALD: We need you back at the speaker, if you want to speak that's fine, but we need you at the microphone to record --

MR. JOHNSON: Oh, my apology.

COMPTROLLER FRANCHOT: Yeah, take that, take that with you. Thank you.

GOVERNOR O'MALLEY: Colonel, what about the, what about the assertion that it can't land anyplace?

COLONEL SHERIDAN: Mr. Johnson, thank you for your service to your country.

MR. JOHNSON: Sir, thank you.

COLONEL SHERIDAN: Thank you for bringing those items up for discussion. I'm not a pilot. But I will say that the, as I testified to, the AW-139 is certified for IFR flight two pilots, he is correct in when he says that. But our missions we fly as a VFR program, visual flight rules. The only time that we go in IFR conditions is inadvertently. In other words, we don't punch into it. In 2009 we did that eight times. We've revised our policies even tighter, and year to date three times. We try not to get into those situations. We don't want to get there. And that's why we follow all the FAA and NTSB recommendations on weather minimums. All the 135 standards that we can meet. We don't want our pilots in IFR conditions.

Now certainly, last year I think fifty-two, fifty-three days we had some down full weather days, some partial, some complete. You know what? With an IFR aircraft, should we go with two pilots, there are patients that we can move from the far east or far west to trauma centers. And ultimately, we talk about mission creep, we'd like to do that. Because there are patients at outlying trauma centers that we can get to Baltimore to get to the care that they need under IFR conditions. But currently the way we operate our program now is VFR, visual flight rules, and those are the rules that we abide by. Bill?

MR. BARNARD: Visual flight rules, Governor you earlier asked, is not flying at night. Basic VFR or visual flight rules is the way they keep it for airplanes is less than 1,000 feet ceiling and three miles. Anything less than that is basically your IFR. And you get in the IFR system, you're basically up with the airliners and you can't expedite to get where you need to go.

Also, we do off-road MEDEVACs that don't allow us to go IFR because there is no instrument

landing system in the middle of Route 1 and Route 152 when we land to pick up a patient. That's why we operate visual flight rules, even in marginal weather, to get that patient from that scene to a hospital.

GOVERNOR O'MALLEY: How about the assertion that they're too big to land anywhere?

MR. BARNARD: It's six feet bigger, sir. The rotor diameter is approximately six feet bigger, and it's six feet longer.

CAPTAIN GIBBONS: And Governor on that question right now we request of our fire/rescue, when they're setting up our landing zones, one hundred by one hundred. That's what we ask for. That's not going to change. We still will be asking for that same size. And actually this, the proposed aircraft gives us more power to get out of those holes.

GOVERNOR O'MALLEY: And how about the refurbishing, the \$3.7 million versus the amount that you gave us which was substantially more than that?

CAPTAIN GIBBONS: Governor, one of the nice things about our military is that they don't have to have an airworthy certificate for their aircraft at

the end of the day. As we, as we operate under, and our Director of Maintenance here, Toby Barnard, probably can address it better than I, but we operate a part 145 repair station. Everything that goes on that aircraft must be approved by the FAA and STC to go on that aircraft. When you start talking about military, they don't follow FAA regulations. The government is responsible to ensure that those aircraft are airworthy. That's what they say as they build them. When Major McAndrew and company went down to, or went down to the Coast Guard station, they build a lot of their own components for their Dauphins. We don't have that luxury. Every component we put on there has to meet FAA regs.

GOVERNOR O'MALLEY: Okay. Anything else on this? Anyone? Okay.

CAPTAIN GIBBONS: Thank you, sir.

GOVERNOR O'MALLEY: Thanks. Let me say in conclusion, we have cut State government spending, general fund spending, by \$5.6 billion over the course of these last four years. It's the largest amount of cuts and spending reductions in a four-year period

that any administration has ever undertaken. We have submitted a budget this year, actually every year, that comes in within spending affordability guidelines. And for the first time this year State spending was 3 percent less than it was four years ago. We have actually even in the course of all of that been able to reduce taxes for 41 percent of Maryland families. We've increased the earned income tax credit for middle income people, and the so called working poor. We have increased exemptions for senior citizens. We so far this year, even with all its ups and downs, have so far this year had the best year of net new job creation that we've achieved since the year 2000. It is a rate of new job creation that is twice the national rate of job creation, and it's a rate of job creation that is greater than our neighbors in Virginia. And some months when the nation is losing jobs Maryland counter cyclically, or maybe as a leader, is actually creating jobs while the rest of the nation is losing them. So we're one of only eight that still has a AAA bond rating.

But there is more to the protection of life and the protection of the things that make Maryland Maryland than simply balancing the budget. And there is no clearer example of our shared belief in the dignity of every individual than in the courageous service of all of those involved in our MEDEVAC system. We never know when it might be our daughter, our son, our wife or husband that's one of those human lives being pulled from a crumpled wreck on the side of the street, taken into a field, and rushed by MEDEVAC to Shock Trauma in that golden hour.

So that's why leadership is about more than simply the budget cuts and balancing the budget, though that is critically important. It's also about protecting our priorities and it's about investing accordingly. There are very few things that have seen increases in their budgets these years. One of those things is public education. The other is public safety. And this investment is one of those things. The moment we allow a recession to take away from us our belief in the dignity of every individual is -- let me say it more positively. We will never allow a

recession or anything else to take away from us our belief in the dignity of every individual.

This investment, while it comes at a tough time, is something that's heartfelt. The Comptroller had the responsibility to ask questions, as did I, as did Colonel Sheridan, as did the Comptroller, and many members of the General Assembly. There are few procurements that have received as much scrutiny as this one has.

When, I attended each and every one of those line of duty funerals and in Trooper 2. And every family member asked of me the same thing when I said, "Is there anything I can do for you?" And they said, "Make sure you get these guys the best, most modern and safest helicopters you can moving forward." And that's what we intend to do.

Is there anyone else who wants to speak to this matter? Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes. Thank you for, thank you for those comments, and I share many of them. I'm conflicted on this, obviously, from my questions. I, obviously all of us support MEDEVAC,

and MIEMSS, and Shock Trauma. It's nationally if not globally regarded as the finest system in the world. And, you know, the Maryland State Police Aviation Command is absolutely outstanding. I do have my own personal reservations about this dual mission, choppers of this size and expense, and ultimately I'm frankly, because of my support for Shock Trauma, I'm just a layperson. I appreciate Mr. Johnson coming down and speaking on behalf of taxpayers because I think we have a responsibility here.

But on the technical issues I'm going to have to defer to the State Police and law enforcement community, because they're the ones who had to go through the recent tragedy, which is a backdrop for all of this.

But I am not happy at all with the procurement process. I think in the process of procuring these helicopters, frankly, we've done a disservice to the mission of MEDEVAC and the heroic service that all of you provide first responders. And obviously there are persuasive arguments on both sides of the issue. But I still believe that for a

procurement of this size and significance we just can't end up with only one bid envelope on the table. That to me is a failure of the procurement process. And I'm deeply concerned that three of the world's biggest and most recognizable helicopter manufacturers say that they decline to compete because they feel as if they were excluded by the narrow bid specs. I don't believe that reflects well on our procurement climate as a whole. I think it sends the wrong message to taxpayers, and to the business community.

That said, I'm going to vote to support the contract, Governor, because at the end of the day the consequences of rejecting it for everyone whose lives have been touched by Maryland's MEDEVAC services, or will be touched in the future as you mentioned, are far greater than my frustrations that I feel today with the procurement process. This contract will frankly pay for itself every time a person's life is saved and so I'm going to vote yes. And we'll keep an eye, Mr. Johnson, on the costs, and try to make savings where we can and efficiencies.

MR. JOHNSON: Thank you.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed, "Nay."

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Thank you very much. And that concludes our meeting.

(Whereupon, at 11:13 a.m., the meeting was concluded.)

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