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P R E S E N T

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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: My goodness, what a crowded room we have!

(Laughter.)

GOVERNOR O'MALLEY: This is no doubt to celebrate the championship victory of the Towson Tigers baseball team, right?

(Applause.)

GOVERNOR O'MALLEY: Go Tigers.

(Applause.)

GOVERNOR O'MALLEY: By God, we knew they could do it.

(Laughter.)

GOVERNOR O'MALLEY: Madam Treasurer, Mr. Comptroller, any opening thoughts?

TREASURER KOPP: Not I. It's a beautiful morning. I'm glad to be here.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. I just wanted to say I believe everybody had a great Memorial Day weekend and we barbecued in the backyard. We watched the ball game with friends. We went to the

movies with the kids. And I hope we all take a moment, if we could, just to reflect upon the heroic service of the men and women who have made the ultimate sacrifice in defense of our freedoms throughout the generations. And that we took a minute to thank those men and women who continue, frankly, putting their own safety in harm's way on our behalf.

But Governor, you mentioned a situation that occurred over the weekend. And speaking of Memorial Day movies, we have the makings of a Hollywood script right here in Maryland which occurred over the weekend. As the Governor mentioned, it was the Towson Tigers baseball team who captivated the entire community, State, and frankly the whole sports world, if you were watching some of the national shows, by capturing the Colonial Athletic Conference championship baseball victory as a complete underdog. Came from nowhere, won the conference championship, and now have earned an automatic NCAA tournament bid.

So for those who are familiar with what has transpired up there over the past few months, you have to appreciate the incredible display of guts and

tenacity and perseverance that this victory by this baseball team represents. Because frankly it has been on death row, let's be honest. The whole team was put through an emotional roller coaster through no fault of their own. And yet they rallied together and won the conference title. I mean, I mean it when I say some day they are going to make a movie about that team and this season.

Anyway, it wasn't written by a Hollywood script writer. It was written by a group of young men, their coaches, and the families around them who refused to let the ongoing saga off the field affect the way they played on it. Young men who used the adversity as motivation rather than an excuse. I salute Coach Gottlieb and his players. They demonstrated the character we hope to instill in all of our young children, young people. These student athletes embody the very best of amateur athletics.

Personally I have had the pleasure to see them play, to meet these outstanding young men like Academic All American third baseman Zach Fisher, the MVP of the entire tournament. Who by the way

graduated from Towson with a 3.95 GPA. Junior left fielder Dominic Fratantuono. This is a season I'm sure these players, their coaches, and the Towson community will never forget. And let me tell you, I won't forget the season either.

So congratulations to these outstanding young men, to Coach Gottlieb, on a season for the ages. You have made yourselves and the University and the State of Maryland proud. And as the Governor said, one Tiger, one fight, one heart. It's a great, it's a great story.

GOVERNOR O'MALLEY: That is great. I didn't really say that, but I liked it. What --

(Laughter.)

COMPTROLLER FRANCHOT: One tiger, one fight, one heart.

GOVERNOR O'MALLEY: One tiger, one fight, one heart. I like that. There, now I've said it.

(Laughter.)

GOVERNOR O'MALLEY: The great number of people I think who are here on here on the issue, this is the County Executive of Prince George's County, are

here on the issue of the long anticipated, often announced move of the Department of Housing and Community Development to a transit oriented development site. Correct? Is that what everybody is here for?

SECRETARY MCDONALD: Yes.

GOVERNOR O'MALLEY: Where does that fall?  
Is that in the --

SECRETARY MCDONALD: That is on Secretary Collins' Agenda, Item 11-LT of Secretary Collins' Agenda.

GOVERNOR O'MALLEY: Okay. All right.

SECRETARY MCDONALD: It's normally at the end, but it can be moved up.

GOVERNOR O'MALLEY: All righty. Geeminy, and we also have that great oyster presentation we were going to start the morning with. Huh?

MR. BAKER: Are there free oysters?

(Laughter.)

GOVERNOR O'MALLEY: Why don't we do, why don't we do the DGS item and get people underway? Do you think? Or --



TREASURER KOPP: That's fine with me.

COMPTROLLER FRANCHOT: I'm fine --

GOVERNOR O'MALLEY: Okay. Department of General Services, let's do yours first. Secretary Collins?

MR. COLLINS: Good morning, Governor.

GOVERNOR O'MALLEY: Why don't we start with the balance of your Agenda? What item is this, that people are here on?

MR. COLLINS: Item 11-LT.

GOVERNOR O'MALLEY: Okay. Does anyone, we're going to hold that one aside. That is 11?

MR. COLLINS: Yes, sir. Item 11-LT.

GOVERNOR O'MALLEY: 11-LT. Is there anyone here on, or is there any comments or questions that the Board has on the balance of the DGS Agenda items? By the way, I like that tie, Al.

MR. COLLINS: Thank you, sir.

GOVERNOR O'MALLEY: I've got that one. Is it Jos. A. Bank?

MR. COLLINS: Yes, sir.

(Laughter.)

GOVERNOR O'MALLEY: Okay.

MR. COLLINS: We shop at the same place.

(Laughter.)

MR. COLLINS: Governor, I have 32 items on the, items on my Agenda. We are withdrawing Item 7. So with removing the one that you talked about, it would be 31 items.

GOVERNOR O'MALLEY: Okay. Any questions on the other DGS Agenda items? No? 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.)

GOVERNOR O'MALLEY: The ayes have it. Now we go and focus in on Item 11-LT.

MR. COLLINS: May I introduce it?

GOVERNOR O'MALLEY: Sure. Thanks, Al.

MR. COLLINS: Again, good morning, Governor, Madam Treasurer, Mr. Comptroller. 11-LT, as the Governor indicated, is the long awaited item associated with the moving of the Department of

Housing and Community Development into Prince George's County. What the Board has before it is an intensely negotiated lease with the proposed developer that will move this particular organization there into the county. And I'll bring up Mr. Michael Gaines and we have a number of team members that can walk through all of the details on this item. We have spent considerable time talking with a number of individuals about it, but we will hear, have Mr. Gaines briefly introduce it and answer any other questions that might be relevant to the topic. Mr. Gaines?

MR. GAINES: Thank you, Secretary Collins. Michael Gaines, Assistant Secretary of the Department of General Services, Office of Real Estate. We are happy to introduce this item today. As you know, it has been a long time coming. We have a few slides that I would like to go through if you don't mind, and we have a copy of members of our team here that would like to make comments as well. And you know, we would be open for any questions.

The background of this lease procurement is couched in the idea that economic development in the

State of Maryland under the O'Malley - Brown administration is focused on recognizing the needs of various communities. Some communities desiring vibrant, dense development, smart growth, other communities looking for low density and more conservative development. And so this project in relocating DHCD to Prince George's County is in the spirit of economic development that will benefit both Prince George's County and Anne Arundel County as well.

The process overview, there was great competition for this procurement. We had 16 offerors that bid for the lease. The primary criteria for selection included the economic proposal for the State lease, the developer's ability to deliver. It included criteria regarding mixed use development. We were looking for not just a lease, but we were looking for a development that would provide for retail, residential components that would be vibrant, dense, and build on the idea that transit in the State of Maryland is very important.

Out of those 16 we narrowed it down --

TREASURER KOPP: Michael, could I just ask one --

MR. GAINES: Sure.

TREASURER KOPP: When you were doing that, were there other transit oriented development models in the State that you were looking at? I mean, I can think of in my district, but beyond, you know, Rockville and White Flint, is that the sort, I mean --

MR. GAINES: Well we were looking actually for a developer. We crafted a fairly broad structure in the RFP allowing the developers and the ultimate builder to tell us what they thought would work based on their investment. And we got a variety of proposals from, again, 16 entities. A number of them were for existing facilities as well as new construction.

TREASURER KOPP: I was thinking more of the vision of the transit oriented development. Maybe the economic development?

MR. GAINES: Well, again, the vision that we laid out is taking advantage of the infrastructure that exists in Prince George's County and looking for

a developer to lay out their vision for how a mixed use project would work on a specific property. And so out of those 16, not everyone, not all of them were the same, and they were different.

We narrowed down to a short list of six, which included one existing building in that BAFO round. And we were able to improve the offering by going through that best and final round of negotiations.

The, after going through that process we identified the high score proposer, which is Berman Enterprises. We do have representatives of that firm and family here this morning, and we're going to ask them to make a few comments. The ownership structure that they have presented us with includes a minority partner, African American, member of their team, which we are very excited about. We also understand that they will, their builder, lead builder on the project is an African American owned company in Prince George's County.

The lease that they have proposed, and which is being presented here today, is a 15-year lease, a

flat base rent of \$39.71 per square foot on a net usable basis, which is different than how the market, the commercial real estate market looks at these kinds of transactions. Typically they will look at these transactions on a rentable or a total square footage basis. And so if we were looking at this on a rentable basis the rent would be about \$34.00 per square foot.

There will be 350 spaces provided for the agency for the first five years of the lease. Those spaces will be free to all current employees, all employees of DHCD for the first five years. In that this is a transit oriented development, the parking allotted to the agency will decrease after the fifth year to 200 spaces. During that time the agency will work on a developing a new policy for parking which respects the TOD nature of the project.

Total estimated first year costs are about, nearly \$4.5 million. We believe that this project leverages State investment to provide for this mixed use project.

A number of goals have been achieved in this project. Again, Prince George's has one of the greatest infrastructures for TOD and yet does not really have a lot of development going on around its TODs, around its transit sites. And so we believe that this is a transformational project and will set an example to other developers and agencies about how TODs can be done.

There is a net public benefit to the State, county, and the city in this project projected at about \$8 million. There will be annual new taxes to the State of about \$2 million, and \$1.7 million to Prince George's County. The project will create 325 construction period jobs and permanent jobs, 132.

The time frame for the project includes a groundbreaking that will occur in the first quarter of 2014 with an expected occupancy in June of 2015. The developer is working very closely with the county, Prince George's County. County Executive Baker and his team have been absolutely phenomenal in helping to move this project along.



The next set of slides here give you a sense of what the developer is proposing on the site. They will include 500 units of residential housing. And in the initial phases about 65,000 square feet of retail. And the next slide simply demonstrates that.

A key component of this project, if you could flip to the last slide, Kevin? A key component of this economic development initiative is that we recognize there are two communities that stand to benefit from what we are doing here. Prince George's County will be getting an agency that will leverage development for now and for the future. And I believe our selected developer will speak to the value of having the State anchor a project like this. And yet at the same time we have a community in Anne Arundel County in Crownsville that, you know, sort of likes to have things not as dense, not as vibrant. And so we have an opportunity to repurpose and reposition the 100 Community Place building which is currently the offices for DHCD, along with the 400-acre site at Crownsville Hospital Center. We believe in a collaborative effort with the county that we will be

able to establish a master plan for those two properties that will generate economic benefit and impact positive for the county as well. So we feel positive about what is happening here, that it is a direct benefit for the State and for both Anne Arundel and Prince George's County.

I'll stop here and if I may introduce Brian Berman, who is a member of the Berman family, third generation developers, for him to give you a few thoughts about how they feel about the project and their company.

MR. BERMAN: Good morning, Your Honors, Governor O'Malley, Treasurer Kopp, and Comptroller Franchot. I thank you for affording me the opportunity to present before you today.

My name is Brian Berman. I am one of the six members of the third generation of Berman Enterprises. One hundred years ago my grandfather, Melvin James Berman of blessed memory, hitchhiked from DeFuniak Springs, Florida to this great state without a dime to his name. First selling cheesecakes through the Baltimore-Washington corridor, and then developing

a dairy farm in Scaggsville, Maryland, where I was born, he was a self-made man. My grandfather Wolford, also of blessed memory, into the business and after serving in World War II they turned their interest to real estate approximately 60 years ago. They developed shopping centers in Laurel, Maryland and the surrounding area. My grandfather was one of the founding members of the Rouse Company and helped make Columbia the successful place that it is today. They were men of their word, men of action, men with enduring relationships with tenants that would stay with our family for generations.

Approximately 30 years ago my father Dennis and his first cousin Gary added the crown jewel of the family's real estate holdings to our portfolio, the land surrounding the New Carrollton Metro Station, Metroview as they called it. You see, they had a vision well before their time of the great benefits of transit-oriented development. And no site in their minds was as great as this one, with Metro, Amtrak, MARC, a bus hub, and surrounded by 28 lanes of highway including routes 495, 95, 410, 450, and 50.

Our family are long term holders. We think and operate on a multi-generational timeline and we believe strongly in the potential for this area. We live in Maryland. I was educated in Maryland, go Terps. We work in Maryland. And we have grown as a family and as a company in Maryland. The Metroview site has sat largely undeveloped for all of these years because our fathers would not settle for single story suburban development on this property when they knew in their hearts that smart growth meant density at major transit sites. They worked very hard and invested a substantial portion of their equity by selling half of their property to the federal government for what would become the IRS facility and plowing every dime back in to infrastructure for the future. That deal and the CSC office building that followed laid the groundwork for all of the infrastructure that they invested as well as the acquisition of the final ten acres that would make the site complete, connected route 450 to the Metro.

After three decades of waiting for the proper catalyst for the mixed use to move forward, the

time for this site is now. The time for smart transit-oriented development at Maryland Metro sites is now. The time for this area of Lanham to see high quality development, smart growth that will raise the bar for development and redevelopment of this entire area, is now. The purpose of all that I have said is to convey that partnering with the great State of Maryland, and our dear friends in Prince George's County, and the City of New Carrollton, the relocation of the Department of Housing and Community Development is the catalyst for this great vision to take its next and most important step forward. But for the DHCD relocation none of this would be happening. We thank you.

GOVERNOR O'MALLEY: Thank you.

MR. BERMAN: Any questions?

GOVERNOR O'MALLEY: Okay. How about, do we want to hear from the County Executive?

TREASURER KOPP: Do we know who is going to be doing the building? Who, how --

MR. BERMAN: Who is going to be building the building?

TREASURER KOPP: Yeah, how is it going to be developed?

MR. BERMAN: So the building will be developed by Berman Enterprises and --

TREASURER KOPP: That's -- okay.

MR. BERMAN: -- Andre Gingles, our partner. Gilford Construction is the construction company we've used. And we'll be starting that as soon as possible.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Mr. County Executive?

MR. BAKER: Thank you. I have a number of members of the delegation that are here. Why don't we --

GOVERNOR O'MALLEY: Please, if you want to bring everybody up? Could all the Prince Georgians come up around your County Executive?

(Laughter.)

GOVERNOR O'MALLEY: All of the Prince Georgians and elected officials. And Mr. County Executive, I will defer to you for the introductions.

TREASURER KOPP: It's a test.

MR. BAKER: It's a test --

(Laughter.)

MR. BAKER: Since I was very, very attentive  
on Appropriations --

GOVERNOR O'MALLEY: Including that delegate  
--

MR. BAKER: -- I'm going to give everybody a  
chance to say their name as they come up.

(Laughter.)

MR. BAKER: And then I'm going to save  
Darren for last.

DELEGATE BRAVEBOY: Delegate Aisha Braveboy,  
District 25.

DELEGATE VALENTINO-SMITH: Delegate  
Geraldine Valentino-Smith, District 23A.

DELEGATE HOLMES: Delegate Marvin Holmes,  
District 23B.

DELEGATE SWAIN: Delegate Darren Swain,  
District 24.

MR. BAKER: And Darren, why don't you come  
on up? If the panel doesn't mind, if I could have  
Dereck just say a few words? Since he is the standing

chair of Economic Matters? Mr. Chairman? Did I say that?

GOVERNOR O'MALLEY: Yes --

DELEGATE DAVIS: He has said a lot worse, so I'll take that. Good morning, everybody. Oh, it's going to one of these kind of mornings --

TREASURER KOPP: Good morning.

(Laughter.)

DELEGATE DAVIS: Thank you very much. I appreciate that.

GOVERNOR O'MALLEY: I knew we should have begun with the oysters.

(Laughter.)

DELEGATE DAVIS: Right, yeah. It's a little unsettling for me to be on this side of the microphone. I'm used to -- no, it's a wonderful opportunity, yeah, it's a wonderful opportunity to be here with you all today. Certainly I'm excited about the possibilities by the proposed relocation. And I know the County Executive is going to detail that, our excitement, our enthusiasm. But what I wanted to say to you all today, and certainly to my colleagues, and



fellow Marylanders from Anne Arundel County, and I wanted to emphasize that this, I want everybody to understand this isn't about taking from someone else, or doing something at someone else's expense. And certainly I know if I was in their position I would be here opposing the move.

But what I wanted to say and what I think we need to sort of get our arms around is that we really are one Maryland. And oftentimes I think that's a trite statement that's trotted out for political expediency. But in this particular case I sort of look at this as an opportunity. Prince George's County has a lot of undeveloped potential around its Metro stations. There's going to be a lot of talk about cost, but we also have to look at benefit, at revenue that's going to come in both to the State and the county as well. And we need to keep that in mind, the vast potential we have at any number of Metro stops that we have that we are working on. So certainly I want us to keep that in mind.

I also want us to keep in mind that there are different things that we can do. I know some of

the employees are not too thrilled about the move. But as a former State worker myself who drove an hour, or nearly an hour, everyday to Baltimore, and for those who drive to other locations around the State, workers from Prince George's County, they make those same sacrifices that we are asking others to make as well. So again, we have to keep in mind that we are one community. That we are trying to do what's best for the State of Maryland, first and foremost, to generate economic activity, to bring more revenue into our coffers to pay for some of those wonderful ideas that all of us have from time to time.

But again, I did want to say to my colleagues in here that I don't want them to think, or anyone in this room to think, that it's about taking from someone else. Because that's not what we're about. What this is about is an opportunity to expand, for all of us to grow the revenue base, the tax base, for all of us so that all of the citizens of the State will benefit. And with that I thank you for your time.

GOVERNOR O'MALLEY: Thank you.

MR. BAKER: Thank you. Mr. Governor, Madam Treasurer, Mr. Comptroller, I want to thank you for having us here today. I also want to thank Secretary Collins and Michael for their hard work on this project. Certainly I want to thank Secretary Skinner. I know it's been alleged that he wants it to come there because it would be a shorter commute. That is not true.

(Laughter.)

MR. BAKER: You know, I think, I think Mr. Berman actually summed it up. When you look at the sites in Prince George's County, and I think Treasurer Kopp you are absolutely right. You look at what we want to do in Prince George's County, and you look at some of the development in Montgomery County, whether it's Bethesda or Rockville, and you look at the District of Columbia, and where they have been able to anchor around the Metro centers. This right here is the most attractive site in the Washington metropolitan area. Because you not only have the Metro, you have Amtrak that's right there. So just think about the millions of people that you get going

into the District of Columbia who now just pass through Prince George's County and the State of Maryland, who once this anchor development when we get DHCD there, will help us turn this into a place where people will actually stop, stay, shop, work, and spend money, and bring resources to the State of Maryland.

It also will be the first transit-oriented development that has taken place in a major way in Prince George's County in a consistent development way. We develop around our Metros but it's usually one hit. So we'll put an IRS building and then we'll leave the rest of it vacant and call that development. It isn't. The idea is how do you concentrate? And that's what I've tried to do in this administration, is take the limited resources we have, team them with what the State has, and attract not only federal but dollars outside. This is a key development for us in the county.

Certainly on a political note, you know, there was great excitement about having DHCD move to Prince George's County. Many believed that it would not happen, we would not get a State agency to move

there. So when we had the initial groundbreaking everybody was excited. We'll be really excited at this next groundbreaking, that it will really come here. But I think it's important, as Delegate Davis said, not just for Prince George's County. This really is about the State of Maryland. If we're going to grow in the ways that I think we want to grow in this State, both in terms of population and in terms of economic development, this is just the first of many developments that we can do in the county. If we want to attract people to the county that are going to live there, like young Mr. Berman. Every time I meet with him I always feel very old. But that type of excitement and development are exactly the people that we want to, that we want to see come to Prince George's County and live in Prince George's County and grow. And this will help do it.

I don't know if you will get a chance to hear from Mayor Andy Hanko, but he has been working on developing around the New Carrollton Metro in New Carrollton City for a number of years. I know at least since the time that I've been a Delegate, and

that was in 1994, he has been working very hard. This will not only do development around the Metro but it will anchor an overall development reaching into the New Carrollton City. And so this is very important to us in Prince George's County. That's why you see the number of us here today. We ask that you help us move this forward. This is a great development. We're excited.

And I'll end on this note. We're so excited about this development that on July 1 we have restructured Prince George's County permitting. We now have DPIE, which is our Permits, Inspections, and Enforcement. Did I get that right? A new department that will help us streamline development in the county and permitting in the county. We also developed the Department of the Environment. So we've turned a whole Department of the Environment where we look at transit-oriented development, look at how we can get the permitting process to move faster. And this will be one of those first test projects for us to work on. So we're excited about that. I thank you for your time and your consideration.

GOVERNOR O'MALLEY: Thank you, Mr. County Executive.

TREASURER KOPP: Governor, could I just add? Mr. County Executive, I want you to know that we also received today a letter, or yesterday I think, a letter signed by the Chairs of the House and Senate Prince George's County delegation in strong support.

MR. BAKER: Thank you. Thank you. Yes, they are, we are excited about this.

TREASURER KOPP: On behalf of the delegation.

MR. BAKER: On behalf of the delegation, I want to thank --

GOVERNOR O'MALLEY: Mayor Hanco?

MR. HANKO: Yes --

Mr. HANKO: Governor, Board members, County Exec, I am Andy Hanco, the Mayor of the City of New Carrollton. And I want the Board to know how happy we are in New Carrollton that there is a possibility of the Department of Housing and Community Development coming to New Carrollton. We encourage your vote in the positive. And having served as the Mayor of the

City of New Carrollton for 29 years, I've waited 29 years for development of something down there. Don't make me wait any longer, please.

(Laughter.)

MR. HANKO: So I can assure the employees that will be transferred to New Carrollton that I will personally see that they are welcomed and well taken care of, as I have for the past 29 years in New Carrollton, Maryland. Thank you.

GOVERNOR O'MALLEY: Thank you, Mr. Mayor.

(Applause.)

GOVERNOR O'MALLEY: Is there some issue about parking for new employees?

MR. GAINES: Yes.

GOVERNOR O'MALLEY: Do you want to address that, Michael?

TREASURER KOPP: Yeah.

GOVERNOR O'MALLEY: Mr. Gaines?

MR. GAINES: Michael is fine.

(Laughter.)

MR. GAINES: Yes. There was an issue as to whether or not the employees were going to have to pay



for parking. But DHCD, the agency, the State of Maryland, will be paying for parking for the employees through the first five years of the lease so they won't have to pay for their parking.

GOVERNOR O'MALLEY: And what happens to the current campus, the wooded campus off in the woods away from people?

MR. GAINES: We believe that there is an opportunity to repurpose, if you will, both the Crownsville Hospital site along with 100 Community Place. And in working collaboratively with the County Exec and her staff we think that we can arrive at a plan that meets the needs of this community for low density development. We think that there is interest in the hospital site to do that. There are a number of nonprofits currently on the site that will continue to be there. There are others, particular from the veterans, various nonprofit veterans associations that desire to develop buildings on the site. And so we think that there is an opportunity here to redevelop Crownsville and 100 Community Place that will bring about a public benefit in the millions of dollars.

And we have two years between now and the time DHCD moves to work on this plan. So we anxious to get started and to sit down with the county and to begin those discussions.

GOVERNOR O'MALLEY: Okay. Great. Thank you. How about in opposition? How about the, let's start with Anne Arundel elected officials first? And then I know we have a group of employees here so we'll take you as the third and final panel, the employees. Delegate, good to see you.

DELEGATE GEORGE: It's good to see you, sir.

GOVERNOR O'MALLEY: All of you.

DELEGATE GEORGE: And --

GOVERNOR O'MALLEY: I've missed you.

DELEGATE GEORGE: You know me, I try to be constructive. This is a map, I'll just hand this out to you, of where employees now live who work at the Department of Housing and Community Development. As you see on that map, it shows that most of these live in the Annapolis, Broadneck, and Pasadena peninsulas, as well as the Crofton areas. Out of nearly 400 employees only 22 live in Prince George's County right

now. DGS owns the current location. Parking is free. And I do understand, I thank the Assistant Secretary and the Secretary for speaking with me beforehand about what changes they've done with the parking, which I understand is just for five years.

I think moving to this new location will add to the congestion on Route 50. I think it does the reverse of what we hope that the public transportation will do. It will cost these employees additional money, not the first five years in parking, just in gas alone, another \$120 on average per month. Instead of paying \$1.5 million a year to operate DHCD at the State owned building in Crownsville that they are currently at, taxpayers will pay, and according to what we have seen, \$3.8 million per year to lease the space. And if we go by the figures from the last move, when the thought was to move it to the Carl Williams developer location, they said it would take \$3 million to move it. So if you add that together, the first year alone is \$3.8 million.

If you think about it, I mean we know, and Governor I know you are well aware that the employees

have not had a raise in four years. There is the cost of hospitalization, gas, heat, taxes have all risen. It seems we cannot take care of these State employees yet we can suddenly waste an additional \$6.8 million in the first year alone to move and lease this space and force the employees to pay more for the things I've just mentioned.

Public transportation for them is not a viable option. It's not existent in their current communities. I understand the need for economic development in Prince George's. It's something I would be very excited about. But I think there are other ways to go about this and to encourage that development. And there are ways to do that.

I think we need to look at who else is affected outside of the DHCD employees. For instance, Opportunity Builders. You know, they provide jobs for people in need. They have the cleaning contract at the current building. I had a woman call me on Monday last week. She cares for her sister who works for OBI, Opportunity Builders. If the agency moves OBI has already said they would not be able to move with

DHCD due to the distance they would need to travel. I have another letter from a constituent, and I have many. A woman writes that her husband was forced to retire at age 62 from DNR in order to protect his family's benefits. He takes social security. He was forced to take it at age 62. They had two in college. He can only find occasional work, and she says she only makes \$47,000. She has already had to cut groceries, heat, and prescriptions. She cannot afford how much more this is going to cost and the distance involved.

I also have not seen that the State has started an impacting employee initiative as they did with the move with MDE when it separated from DNR and moved to Baltimore. In that initiative they found jobs close to home for employees. They took their time for the switch.

And finally I don't think it's right during a campaign to talk about moving a department. Because there is a lot more ramifications. It's not a way of creating new jobs, it's moving these jobs around. It's almost treating the employees as if they are part

of an imaginary Sim City computer game. Years ago Noah Hillman, the father of the former Mayor of Annapolis, fought the move of the Treasury Department, Madam Treasurer, and the Comptroller, Mr. Comptroller. And they were able to stay here in Maryland because of that fight. I mean, stay here in Annapolis because of that fight. I don't think having the departments scattered around the State benefits anyone. And Prince George's County, I'm very sensitive to my colleagues, and they are good people, and we get along very well, and there is always decorum. But there seems to be this need and this cry to have a State agency headquartered there. And I just want to remind people that they do have a tremendous commodity in the University of Maryland, who is the largest employer of State employees.

For all of these reasons, I ask you to please reject this move. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you, Delegate.

DELEGATE MCCONKEY: Governor, Comptroller, State Treasurer, Delegate Tony McConkey. The current building resides in my district and I would just like

to argue process with you. I have sat through many hearings with Secretary Collins and Assistant Secretary Gaines and have asked the same question: if this is such a wonderful deal, show us the numbers. And at each point they have said, you know, we can't release the number, we can't release the feasibility study because we're in negotiations, we have bids out. And so, but we promise you, we promise you that when it comes time to go before the Board of Public Works, that 45 days in advance we will release this information to you. Well here we are. I haven't seen the feasibility study yet. I would urge you to postpone this decision until we have a proper chance to look at all the numbers.

Secretary Gaines said in his presentation just now that there is a net gain of \$8 million. Well that has changed dramatically from the original gain, which I think was twenty-some million dollars. Show us the numbers. Release the feasibility study. I think there was an agreement made with the Legislature, and in fact the House of Delegates passed in the 2013, fiscal year 2013 budget language saying

that this information would be released to the Legislature 45 days in advance. That hasn't been done. I would urge you to postpone this decision until everybody has a chance to look at it. If it's a wonderful deal, the numbers will prove it themselves. But let everybody have a chance to look at the numbers. Thank you.

GOVERNOR O'MALLEY: Thank you.

DELEGATE SCHUH: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Delegate Steve Schuh, I chair the Anne Arundel County delegation. But I'm here today in my individual capacity as a delegate from District 31 in Anne Arundel County.

I oppose the project for two reasons. Number one, it's uneconomic. And number two, it adversely affects Maryland taxpayers generally and specifically the employees at DHCD who reside in Anne Arundel County.

Regarding the economics, as you know the current facility has no lease, no mortgage, it's bought and paid for. So occupancy costs are very, very low. This new facility in New Carrollton will



carry with it a very large lease that you heard about this morning, a substantial expense. Now that's been justified using an economic analysis that I think is deeply flawed. And the reason I say that is because the entire full economic benefit, all the retail, all the residential, all the commercial space, the entire economic benefit is being used in that calculation to offset the cost of this lease. In other words, even though the State is only occupying ten or 15 percent of the square footage of this project, about 100,000 square feet of a one million square foot project, the economic analysis takes the benefit of the whole kit and caboodle and pretends that it's available to offset the cost of this lease. It's an absurd analysis and should be completely redone on a more reasonable basis.

The other problem with the project is that -

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GOVERNOR O'MALLEY: So you have seen an analysis?

DELEGATE SCHUH: No, I know only what I've seen in the slides today.

GOVERNOR O'MALLEY: Okay.

DELEGATE SCHUH: But it's about a million square feet, roughly speaking. We have 100,000 square foot amount of that million square feet being contributed to the State offices, to DHCD's offices. So to me, to take the entire economic benefit and to declare it economic on that basis is unsound. It just, it really doesn't make any sense.

GOVERNOR O'MALLEY: Got you.

DELEGATE SCHUH: The other issue is that the cost of the move, the cost of the lease, and for the first five years the cost of parking are all going to be borne by taxpayers broadly and I believe unnecessarily. And with respect to Anne Arundel County employees they are going to be subjected to a much more substantial commute than they have today, which is ironic because this is a TOD and yet we are going to have a group of employees commuting great distances to go to work. And after the fifth year they will have to bear the cost of parking. The consequences of that, of course, over time will be that Anne Arundel County employees will be gradually

forced out of their jobs and replaced by others. So for both of those reasons I would ask that the Board please reject this proposal. Thank you for listening.

GOVERNOR O'MALLEY: Thank you, Delegate.

Okay. How about, shall we hear from the --

COMPTROLLER FRANCHOT: Governor, can I ask -

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

Comptroller?

COMPTROLLER FRANCHOT: If I could ask a couple of questions? I'm not sure who to ask them of, Mr. Secretary. Is there anyone from DHCD here?

MR. GAINES: Secretary Skinner is here.

COMPTROLLER FRANCHOT: Oh great, Secretary. Come on up. I want to ask a question of you, if I could? Mr. Secretary, could I just ask whether your current location has compromised your ability over the past 20 years or so to carry out the mission of your agency? And if so, how has it compromised?

MR. SKINNER: No, I don't believe so.

COMPTROLLER FRANCHOT: And obviously you are off, there a little bit off the beaten path. But it's

not likely, you know, you have to take camping gear up there to find you. But the thing that strikes me in this, and it's a, obviously a very complicated issued with a lot of different agendas going on here. But the bottom line is we own the building that you are in right now. Is that --

MR. SKINNER: That's correct, yes.

COMPTROLLER FRANCHOT: -- correct, Mr. Gaines?

MR. GAINES: Yes, sir.

COMPTROLLER FRANCHOT: And it's a perfectly good, attractive, 83,000-square foot building on 57 acres of prime real estate. And it's bought and paid for and owned by the State of Maryland. So the plans for that particular parcel are what? I know you mentioned it in passing. But there's nothing in this plan, I take it, that addresses the disposition of the property that we own that we are leaving. Is that --

MR. SKINNER: That's, yeah, I mean as Mr. Gaines said, the idea is that we would work with other State agencies, work with the county, Anne Arundel County, and come up with an overall plan for the

potential disposition of not only 100 Community Place, which is our building, but the entire Crownsville Hospital site. Which in total I think is close to 500 acres.

MR. GAINES: That's correct.

COMPTROLLER FRANCHOT: But haven't, isn't the normal process to have a decision about relocating to a new location coupled with the plan for the disposition of the current property? Didn't the previous proposals that came before us, didn't they have something in there?

TREASURER KOPP: No.

MR. SKINNER: Do you want to --

MR. GAINES: Yeah. It is not normal or typical that, certainly you could. But it is not always part of a plan to have a resolution for a facility that you are leaving before you have moved. However, in this case we have a little over two years to work with Anne Arundel County. In fact the prior administration of Anne Arundel County, we have had a number of discussions with the Economic Development Director, Planning Directors of Anne Arundel County

about this move and the prospect of having a plan developed for the reuse of 100 Community Place and Crownsville. Which if I could say here, you know, they have been, or were, very excited about that opportunity. We reached an understanding for what could happen on the Crownsville Hospital site. We understand what future development could be. We understand the process for doing a small area plan in conjunction with the community. And I think development works today better in fact if you work with a community on the front end and do bottom up planning rather than we do the planning inside our offices and we take the plan to the community and tell them this is what is going to happen.

COMPTROLLER FRANCHOT: Okay.

MR. GAINES: And so the process is to work with, collaboratively with the community and the county to develop an acceptable plan.

TREASURER KOPP: For the total site?

MR. GAINES: And we've got two years to do that. I'm sorry?

TREASURER KOPP: You are going to be looking at it in terms of the total site?

MR. GAINES: The total site. The Hospital site and the 100 Community Place. So together you've got about 500 acres that really could be of a tremendous benefit to the county.

COMPTROLLER FRANCHOT: But if I could, Madam Treasurer, just continue my questions? I take it we don't have a, any idea of the appraised value of the building that we own and the land upon which it sits? Have you conducted independent appraisals of that property?

MR. GAINES: We have not done a recent appraisal. We have done market assessments and, you know, we estimate the value on a vacant basis to be somewhere between \$25 and \$40 a square foot. So you are talking, you know, \$2 million to \$3 million for the property.

COMPTROLLER FRANCHOT: But potentially it's a very desirable piece of commercial real estate, assuming the zoning gets changed in Anne Arundel County?

MR. GAINES: And I think that's a plus. That, you know, to the extent that it's desirable and, you know, you've got plenty of parking, and it's a, you know, functional building. It needs some work, like most buildings do. But we do believe that in these two years we will be able to identify and new use and a new user.

COMPTROLLER FRANCHOT: Help me understand this because I'm really torn on this. Because obviously I have great respect for Prince George's and the County Executive, and understand transit development from Montgomery County, how successful that can be. And I'm a big fan of it. I really appreciated hearing from Chairman Davis that this is, you know, One Maryland, etcetera. But let's be honest. There is a, turned into a bit of a political football. And you know, the finances tend to get put to one side. And I respect the delegates from Anne Arundel County who are here.

But it strikes me from a financial standpoint that if I were comparing this to my own situation in Tacoma Park, if I owned my house, and I



had paid off the mortgage, which I haven't. But let's assume that I had better ability to pay off the mortgage, and I was living in my house mortgage free, paying simply the maintenance and upkeep. And there's zoning for that house, that mandated that only I or my family could live in it. But I woke up one morning and said I'm going to leave my house and I'm going to rent the house next door, to pick a number \$5,000 a month for 15 years. And so I just pick up, move over. I can't rent or sell the house I'm in because of the zoning. And you are, I guess, telling me today that you are going to change the zoning down the road. But how does that make sense when the State is being asked to spend approximately \$58 million for a 15-year lease and we're leaving a building that we own that is perfectly appropriate? And where your agency has managed to fulfill its mission comfortably? I mean, how does that make sense from a financial standpoint?

I understand the transit development. I understand the desires of Prince George's to have a State agency. I have no problem with that. My problem is that we're moving from something that makes

sense to something that is quite speculative. And using taxpayers' dollars, as you say, as the anchor.

MR. GAINES: Well --

COMPTROLLER FRANCHOT: So help me. Help me understand that.

MR. GAINES: Sure. I think the way we look at it, which is one of the reasons I really do enjoy working for the O'Malley administration, is that there is forward thinking about the future. And looking at a project like this from a macro level, considering an investment that will lay the groundwork for future development. And so I think if you look at it from that perspective what you understand is that an investment today will generate growth and development for the future in both communities.

When we talk about the finances, yes. This will cost DHCD and the State twice as much in rent. But it's not simply an expense, and it's an investment in jobs. We're talking in the two years that the building will be built, 325 construction jobs. Once the facility is up and running you've got 125 permanent. The new personal property taxes and new

real estate taxes, sales taxes, we're talking about the expanding the tax base of the State of Maryland. That to me is an investment that I would make everyday to get \$8 million return over 15 years on a net present value basis. And so I think when you look at the finances from a macro level, considering that there is economic benefit to both communities, once a redevelopment of Crownsville is done we're talking multiple millions of dollars going to Anne Arundel County and the State because you are starting from a basis of zero. None of that 400 acres is currently on the public tax, on the tax rolls. So you put that on the tax rolls, you now have an economic benefit to Anne Arundel County. It makes sense to do that.

COMPTROLLER FRANCHOT: And if I could just for the record, how many State employees are currently at the site in Crownsville? And where do those individuals come from? And I'm specifically interested in whether they hail from Anne Arundel or from Prince George's?

MR. SKINNER: Mr. Comptroller, today we have approximately 380 employees. About 40 percent live in

Anne Arundel County. Another 27 percent live in Baltimore City, Baltimore County. About ten percent live in Prince George's County.

COMPTROLLER FRANCHOT: And your assessment of the commutes that those employees will have to make now? How much longer will they be? Or shorter will their commutes be?

MR. SKINNER: Well again, we're talking about a two year time period for the actual move. In that time frame, you know, some employees will leave, we will hire new employees. So we can't say when we move exactly what that situation is going to be. But if we are talking about the current employees it's another 15 to 20 minutes down Route 50 to get to the New Carrollton site from Annapolis.

TREASURER KOPP: Could I ask a question --

COMPTROLLER FRANCHOT: Sure, Madam Treasurer.

TREASURER KOPP: -- at that point? Of the Department of Transportation. Is there, is there any movability or need to look at MTA and other schedules

to see whether that will help the, ease the problem of the present employees at DHCD?

MR. MOBLEY: I'm sorry, Madam Treasurer, you said --

TREASURER KOPP: I said MDOT because I get all confused with the different parts of your organization. Whether it's MDOT, MTA or whomever.

MR. MOBLEY: As far as the commuting situation with the commuter parking?

TREASURER KOPP: Yes.

MR. MOBLEY: Is that what you are referring to? We do have Simon Taylor who is the Director of that department, that can speak to that, and he will be able to just a second speak to the community bus service.

MR. TAYLOR: Simon Taylor of the MTA. We used to run a commuter bus, the 921, between Annapolis and New Carrollton. But about four years ago we had to discontinue the service due to very low ridership. We haven't been approached recently about, you know, looking at that again. We certainly, you know, could work with the department to reconsider that. But as I

said, previously we had to discontinue the route due to low ridership. Dillon's Bus Service did continue the route on its own privately for a few months but couldn't make a go of it financially without government subsidy. But I think --

TREASURER KOPP: Because of the ridership. But presuming in fact, building on what the Comptroller had asked, that there are people who are now going to be going from Anne Arundel County to New Carrollton, is there the ability, if the ridership is there obviously, to do that?

MR. TAYLOR: Certainly we could reconsider a possible route. It was, you know, like all our commuter bus routes they are subsidized routes. So there would probably be some subsidy involved for the route. But we can certainly, you know, look into that as a possibility.

TREASURER KOPP: Okay, thank you.

COMPTROLLER FRANCHOT: Well, thank you, Madam Treasurer. I think that is a great point. There are obviously not good options right now. So --

TREASURER KOPP: Well there was not the ridership now --

COMPTROLLER FRANCHOT: Exactly.

TREASURER KOPP: -- for that option. But if it develops --

COMPTROLLER FRANCHOT: Terrific. Let me just ask if I could, because you know, the reason I'm a little bit torn on this whole issue is because we're put in a position of choosing Prince George's over Anne Arundel, or Anne Arundel over Prince George's. Everybody is very emotionally involved. And there are, you know, pleas made to me on both sides saying, you know, you've got to do this, or you can't let this happen. And I listened very carefully to what Chairman Davis said and I appreciate his sentiments. But fundamentally we've got two jurisdictions basically being pitted against each other. And I'd like to ask about the State of Maryland's facilities master plan, assuming we have one.

It seems as if this decision is made on a very case specific basis that we're looking at. I remember a year ago we had a different case, where we

were moving the Maryland Higher Ed offices from rented space just up the road just up the road to a State owned building. And that kind of actually made some sense from a financial standpoint. Here we're doing the opposite. And I guess I'm looking for some kind of guidance as the context which you make these decisions in, and some assurance that these moves as we look at them have some kind of guiding principles to them. And we're not just moving agencies around like pieces on a chessboard based on statements that are made. I mean, what happens if the person who wins the next election has made a commitment to Charles County to move something from Montgomery down there? And, or somebody, you know, there's some other election result? What protects the people of the State of Maryland? And do you have a, as I said, a facilities master plan? Does that exist?

MR. GAINES: We, that's actually a great question, when the O'Malley-Brown administration came into office one of the mandates that was given to Secretary Collins and to the Office of Real Estate was



to do real estate differently, and stop doing the onesies and the twosies.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. GAINES: And so we went out and hired a broker. We did a competitive process to identify a commercial broker that would understand commercial real estate and the kinds of decision that we make on a day to day basis. And two of those gentlemen are here today, Pete Larkin with CB Richard Ellis, and Maurice Walker, his partner from Birch Advisors. And over the last three, three and a half years they have helped us craft a strategy about making real estate decisions that are based in lowering occupancy costs. Sometimes that means moving from an owned facility into a leased facility. Sometimes that means going the other way. But it's based on the idea that we're going to have a more efficient operating portfolio that we look at, again, from a macro perspective to understand first the mission of the agency. And we do that. We have a book about this thick where we spent months talking to every agency, finding out why do they make real estate decisions. These guys have

actually staff members that sit in our offices and we look at these decisions, you know, from a broader perspective to your point.

The decision about relocating DHCD to Prince George's County is based in economic analysis that demonstrate to invest these dollars over the next 15 years has a direct benefit not only to Prince George's County but the Anne Arundel County and the State as a whole. Critical mass is very important when you are looking at commercial real estate. One of the reasons New Carrollton has not taken off is that the federal government has done onesies and twosies. This project will bring critical mass. And to the Treasurer's point about Rockville and other TODs, you've got critical mass. That's what will attract other people to come to your site.

I used to work for the Rouse Company, just to take a little bit of detour. And I managed shopping centers. And I wondered, why do they have so many jewelers in a shopping center? Well it's critical mass. People want to go where there are other people shopping. And that's what's going to

happen in New Carrollton. People want to be there because there is activity going on. And we make these decisions based on good economic analysis, good professional assistance, good hardworking State employees that look at these issues everyday.

COMPTROLLER FRANCHOT: Okay. So there is a master plan that serves as a ballast and a check and balance to just random decision making that I mentioned, such as someone saying Howard County is the center of Maryland, we're going to put a new State agency up there if, you know, I win the election. Is that, is there some protection against that?

MR. GAINES: We make decisions in my shop based on good information, good data, and what makes sense for the State of Maryland.

COMPTROLLER FRANCHOT: Okay. So I understand --

GOVERNOR O'MALLEY: If I could just add since you are, since your comment is directed towards me and I've been patiently listening to your insightful line of questioning these many minutes, I think you are papering over the smart growth

imperative that we have as a State. I think you are not taking into account the mission we have to grow in more sustainable ways. I think you are making light of the advantages of transit oriented development and the benefits of transit oriented development for our entire State, not only for the immediate affected county that has the greatest opportunity for that which happens to be Prince George's County. And if, there's a whole room full of people here. There are employees that would like to have their say. And I'd encourage you to move it along. And if you'd like to run for Governor, you are welcome to do that yourself.

COMPTROLLER FRANCHOT: If I could? The \$1 million that's been put aside with the Treasurer as a deposit on this, or a bond I take it from the developer, that makes a lot of sense. But even if this were to stumble, as the Governor was saying it's an extraordinarily important transit oriented development, if this stumbles we're going to be in a world of hurt as far as this particular site. So let me just ask whether you read the recent *Washington Business* article about the decision by the adjacent

building to where apparently we're going to build this, with the developer, this new facility for planning, apparently there is an 11-story building adjacent to that that the main tenant has announced, at least the tenant that is on ten floors, that we may be leaving by the end of the year. How does that impact the viability of this particular project?

MR. GAINES: I'd like to answer that and then ask the developer themselves. I'll answer it initially and then I'll ask Brian if he would address it as well. From our perspective the relocation of CSC from the building next door to this development is unfortunate. However I think what the benefit is in New Carrollton is that this project will go forward and demonstrate to the marketplace that there is viable development going on. And when you have amenities such as this mixed use project along with the transit infrastructure, it will be more attractive and actually help the folks at the CSC building release their facility. Because there will be shopping. There will be an opportunity to live there. You will be able to get on transit. And so marketing

that building will be a greater opportunity. Brian,  
do you have a --

MR. BERMAN: Just to echo what Mr. Gaines  
said, I, the first thing is is that the building we're  
going to be building hopefully for DHCD is going to be  
leading to the next level of development. The CSC  
building, regardless of whether CSC decides to stay or  
leave, will not immediately impact future development.

The second thing I would say is we know that  
building intimately. We built it with Gilford. We  
leased it to CSC and we have them in three or four  
buildings of ours. And we own 30 acres right next to  
it, all of the acres, including their --

COMPTROLLER FRANCHOT: I'm sorry, I missed  
that. You own that --

MR. BERMAN: We built the building.

COMPTROLLER FRANCHOT: Right.

MR. BERMAN: We have all of the land around  
it.

COMPTROLLER FRANCHOT: Do you currently own  
it?

MR. BERMAN: We don't currently own it. We sold it to --

COMPTROLLER FRANCHOT: Who owns it?

MR. BERMAN: Urban American. This is my point. And they are great folks, wonderful folks, but they are not local. And they don't have the relationships with CSC that we do. And they also have a much higher basis in the property. And so our plan, to be frank with you, is to actually engage CSC about staying on the property and staying in the site. Share with them our plans for the additional development and make our contacts, which I think are more intimate because we've had a 25-year relationship with that company, to get them to stay. Because even though we aren't the owner we don't want to see them leave either. But, so I think that hopefully answers part of your question.

COMPTROLLER FRANCHOT: Well if I could just, thank you, you can stay up there if you want, but I just wanted to ask Mr. Gaines, I appreciate all of the discussion about your company, and my appreciation for your economic success, and I guess you are based in

Rockville, my home county. So, you know, God bless America, please make a lot of money. We need you. But have we thoroughly vetted this whole proposal from a standpoint of the Berman Company's ability to deliver what they state here today?

MR. GAINES: We have.

COMPTROLLER FRANCHOT: Because remember when we had this project a year or so ago, or a year and a half ago?

MR. GAINES: Yes, sir.

COMPTROLLER FRANCHOT: And it ran into the rough because of the financial problems of some of the participants. I take it none of that exists --

MR. GAINES: None of that exists with this company and this family. As Brian has said, they are a third generation, very successful build to own real estate, commercial real estate company. There are no questions, absolutely none whatsoever that they have the ability to deliver, and deliver on time, on budget.

MR. BAKER: If I could just say --

COMPTROLLER FRANCHOT: Please.



MR. BAKER: Mr. Comptroller, one of the things that we like about the Berman Company is that we're thoroughly committed from the administration's standpoint of helping them. We had the same question you did, and I think we asked both Michael and Ray I think they got a good questioning from me. Listen, I went out there and told these folks we're going to do this and this company is going to go forward, and they didn't. So we wanted to know whether this company had the wherewithal financially to make this work before I committed any dollars from the county. I did not commit dollars to the last project because I had some questions.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. BAKER: I said I want to see things going forward. On this one we have. We believe that this is going to be a great project for us. It's going to spur economic development. And if you, you know, I heard the line of questioning. If you think about in D.C. on U Street, and Ray remembers this, when Mayor Barry moved the office over to, what was the, the Reeves Center. Everybody thought he was

crazy. And they were like, why would you move a government building into a rented place on U Street? Twenty years later, he looks like a genius. None of my kids want to go to New Carrollton, but they go to U Street. That's what this will be, the economic engine for the State. That means we will have a chance here to not only help in Anne Arundel County, but to help in Prince George's County, but 20 years from now people will be saying who thought of this great idea of anchoring development right here in New Carrollton?

That's really what this is about. It's how do we make the best, not for Prince George's County but for the State? How do we invest? That's what I ask myself everyday and I ask our people. Because there are plenty of folks who want us to invest county dollars. But we're not investing everywhere. We're making strategic decisions based on what this county will look like and what the State will look like in the next ten years. We have a chance to get the market share that we now see in D.C. to come to Prince George's County and come to the State of Maryland.

COMPTROLLER FRANCHOT: Mr. County Executive, I think that's a terrific statement. And I am very strongly in favor of State investment, particularly around transit facilities. The question, and it's not your responsibility here really, is what exactly are we leaving behind? I hear the hopeful statements that there is going to be a rezoning of the Crownsville property. And I can see that as potentially economically beneficial. But the fact of the matter is, we're moving from a building we own to a building we rent. It's not, I'm not sure what the Reeves Center dollar amounts were. But when we get up into the \$58 million range that's a significant allocation of rental income from the State when we don't have to pay that, number one, for this agency. And you know, number two, my goodness, for half that we could probably build a building. And own it as a State in that area. And you know, partner with Berman on other projects. But it's the question of the economics of this that really troubles me. But I'm happy to defer generally to the Governor's desire to move the

calendar along, unless Mr. Berman wants to make a statement.

MR. BERMAN: I just wanted to point out that one of the things that I, we find most exciting about the property, the project, is the Crownsville site. We are as a developer very interested in the potential for that site as well. You know, for purposes of moving this along and because the New Carrollton project is so large and has to move through a lot of processes, we've bifurcated it. But just so you understand --

COMPTROLLER FRANCHOT: Yeah.

MR. BERMAN: -- our fathers, my father Dennis, and Adam's father Gary, some of their first projects were repurposing schools in Laurel, Maryland and Beltsville, Maryland from old unused schools that were dilapidated and no longer in use to commercial developments that are vibrant, bring jobs, and bring tremendous economic development to those areas. So just as a developer I can say to you we are very interested in that site. And just to add one more additional point about the economic study, I would say

to you that the site has sat for 30 years. It has infrastructure unparalleled, you know, from what you have heard. It sat for 30 years without the real main catalyst to move it forward. And just in the recent ten years we have purchased the ten acres upon which DHCD will go and that's going to be that catalyst to drive major transit oriented development, which goes from the mid rise into the high rise. And so I think there is a very clear path of this being that and providing that for the State.

GOVERNOR O'MALLEY: How about the cost benefit analysis that the delegates were talking about, Mr. Gaines?

MR. GAINES: We have, well let me go back to one of his statements. It was the, I believe it was the 2012 legislative session where there was budget language that required DHCD and DGS to provide a report on this project following approval by BPW. And we have communicated with DLS that we intend to do that. In addition to that we met with both Senator Kasemeyer and Delegate Conway, Budget Chairs, briefed them on the project, got their consent. That report

was then submitted to DLS. DLS has the information, has subsequently I believe issued a letter indicating their approval or support for the project because the economic analysis made sense. They believe that the repurposing of Crownsville made sense. And so we're happy to make the delegate aware of the DLS information and provide other information as needed.

GOVERNOR O'MALLEY: And the cost benefit analysis, is it in the book here? I mean --

MR. GAINES: It's not. We have not provided that. We're happy to do that following the meeting.

GOVERNOR O'MALLEY: Okay. And --

TREASURER KOPP: Could I ask a couple of questions?

GOVERNOR O'MALLEY: Madam Treasurer? Sure.

TREASURER KOPP: I think this presentation has been excellent. I look forward to hearing from the employees. I have one overall question about New Carrollton, that is the time frame. I see this as the basis for economic development, which includes immediately the office, retail, and residential. What's the time frame?

MR. GAINES: We are expecting that a groundbreaking will happen first quarter of 2014. And so the first building that will get started is the DHCD building. Shortly after that the retail and the residential. And so they will be running concurrently.

TREASURER KOPP: Right. So the three parts of the project should all be in place by --

MR. GAINES: The occupancy for DHCD is 2015. The retail and the residential will follow shortly beyond that. But not beyond, what is it, within the next six months after that? Four months.

TREASURER KOPP: Okay.

MR. GAINES: Yeah.

GOVERNOR O'MALLEY: Oh I'm sorry, Delegate, you want to be heard again?

DELEGATE MCCONKEY: I just, Governor --

GOVERNOR O'MALLEY: Sure.

DELEGATE MCCONKEY: -- I'd just like to correct it. The economic analysis was supposed to be released before it came before the Board of Public Works, so everybody could see it and could understand

it, and understand all the numbers that are being thrown out to sell the project. We'd like to see the numbers ahead of time. So I disagree with the Secretary. We were supposed to see the numbers in advance.

GOVERNOR O'MALLEY: How about that, Mr. Secretary?

MR. COLLINS: Michael?

MR. GAINES: Well I can only go by what was in the budget language.

GOVERNOR O'MALLEY: Mm-hmm.

MR. GAINES: But we'd be happy to provide the Delegate with the budget language. We review that, we'll be happy to do that.

GOVERNOR O'MALLEY: Okay.

TREASURER KOPP: Another question of the Secretary or the Governor or DBM, I don't know who. My basic concerns were the employees, and you have taken care of one of them with parking. A second one with the ability of looking at mass transit, if there is the ridership. The third one, it was mentioned when we have made moves before there has been an



effort made for those who cannot move for one reason or another, and I recognize this is a different situation because the jobs are moving and people can follow their jobs. But is there any way for those who cannot to help them search out alternatives?

MR. SKINNER: We have not specifically talked about that. But I certainly do imagine that's something that we could talk about with DBM.

TREASURER KOPP: As I say, it's not the same thing --

MR. SKINNER: Right.

TREASURER KOPP: -- as closing an institution.

MR. SKINNER: Yeah, the --

TREASURER KOPP: But still, if you can reach out and help people --

MR. SKINNER: That other thing that I've talked with my employees about is enhancing our telework policy. In fact, I met yesterday with some union representatives and we talked specifically about that idea, of enhancing the telework policy to allow some employees, depending on what their positions are,

to be able to work from home. We also have two  
satellite offices --

TREASURER KOPP: -- environmental benefit --

MR. SKINNER: Yes. We also have two  
satellite offices. We have an office on the Eastern  
Shore in Cambridge. We also have an office in  
Baltimore City. So we are looking at other options  
for employees to either telework or work from one of  
our satellite facilities.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: I'd also like to let  
the County Executive know he made a very telling point  
when he spoke about U Street. Because my son rented  
an apartment there for two years at 13th and U Street.  
And it is an, you're right, it is an absolutely gold  
mine. So speaking as the tax collector, please  
replicate that if you are able to. And but I hope  
that we can continue this discussion of a master plan  
at some point. Because obviously the process despite  
all of our good intentions is susceptible to just some  
random ad hoc decisions. And we need to make sure

that the State of Maryland has got a, you know, a proper approach. I mean, I would have no problem with this if the State agency was not moving from a facility that we already own and that we're not paying any rent for. But that's not the case here. So whether this is a transit development, or whether we're locating a State agency in a jurisdiction that deserves to have some, in the future what I hope is that there is much more of a fiscal approach to how these decisions are made and that there is some context of a master plan that everything fits into. And thank you very much. And Mr. County Executive, you made some really, a tremendous presentation. And members of your delegation are, you know, have really done an impressive job. But thank you. Because I was, I'm obviously torn on this and I'm really appreciate of your substantive comments.

GOVERNOR O'MALLEY: Madam Treasurer?

TREASURER KOPP: Thank you. Actually it's of Michael, Mr. Secretary, thank you. Just because of the size and the importance of the move from Crownsville, the development of the Crownsville

property, could you keep us informed? I assume everybody, the Governor will be, the Comptroller, periodically? I don't know, a quarterly basis, of how negotiations are going and what is happening with the Crownsville site?

MR. GAINES: We'd be happy to. You know, frankly, we love partnering. And we look forward to partnering with Anne Arundel County to address that redevelopment.

TREASURER KOPP: I think maybe a little sunshine and pushing would be helpful.

MR. GAINES: Absolutely. Yes. I'd be happy to do that.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Okay. It's 11:40. Let's hear from the employees who are understandably the ones being most directly impacted by this. Any employees from DHCD? No? I thought for sure there were employees here. Yes? No? Maybe? Sure, come on up. We're still on the first Agenda item.

(Laughter.)

MS. SLOCUM: I'm not an eloquent speaking, and I don't know Roberts Rules of Order so --

GOVERNOR O'MALLEY: That's all right. That never bothers us here, either.

MS. SLOCUM: My maiden name is Roberts, but my husband --

SECRETARY MCDONALD: Would you introduce yourself for the record?

MS. SLOCUM: My name is Jane Slocum. I work for DHCD. I'm an asset manager. And my husband grew up in P.G. County in New Carrollton. And when we first got married in 1992 we lived in Greenbelt, Maryland. And when I got pregnant we decided we needed a home and we couldn't afford to live in Greenbelt so we moved to Anne Arundel County.

I love my job. I started with DHCD about three years ago and I love what I do. And I think that \$3.8 million could go to house low income families. And although it's exciting to me to have a brand new building to work in as opposed to the one we're in now that has issues, I personally feel like

it's a better use of my tax dollars to help people who are poor. That's all I have to say.

GOVERNOR O'MALLEY: Okay. Thank you.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Anyone else? Any employees from DHCD? Anybody want to be heard? Okay. The item is before us. I guess the Governor moves approval.

TREASURER KOPP: Second.

GOVERNOR O'MALLEY: Seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

TREASURER KOPP: And with the understanding that we're going to look at transportation and job placement and updates on Crownsville.

GOVERNOR O'MALLEY: And the ayes have it, and unanimously. We now go on to the Secretary's Agenda.

SECRETARY MCDONALD: Good morning Governor, Madam Treasurer, Mr. Comptroller. I first would like to provide everyone with a reminder that the next Board of Public Works meeting on June 12th is at 1:00

p.m. We have a 1:00 p.m. start time two weeks from now in this same room. This morning we have 24 items on the Secretary's Agenda. We are withdrawing Item 5.

GOVERNOR O'MALLEY: Yeah, let's just give a little bit of time here. I thought for sure all those people against the portraits were here from DHCD. We're going to let people switch out a bit.

SECRETARY MCDONALD: I think --

GOVERNOR O'MALLEY: Joe is here on what?  
The --

SECRETARY MCDONALD: On Item 4, which is a wetlands license. The wetlands administration Mr. Doldon Moore is recommending that the Board of Public Works grant a wetlands license to the Department of Natural Resources.

GOVERNOR O'MALLEY: Is that the one that everybody is here on?

SECRETARY MCDONALD: I don't know if that's the one everybody is here on. But I do know that that is the one that there is apparently a presentation ready to go on. So yes.

GOVERNOR O'MALLEY: Okay. So item number?

SECRETARY MCDONALD: Four.

GOVERNOR O'MALLEY: Four. Mr. Moore, come on up.

SECRETARY MCDONALD: Mr. Moore is here but you probably just want to hear the presentation, and just real quickly go into it, real short, real short, as in --

MR. MOORE: I will be brief and I can say I don't have a group of people standing behind me that don't like this project, which is a change for me up here. Good morning, Governor, Madam Treasurer, and Comptroller, for the record I'm Doldon Moore, Wetlands Administrator to the Board. Before you today is Wetlands Case No. 12, 1231, Department of Natural Resources --

GOVERNOR O'MALLEY: How many people are here on this one, by the way? A show of hands? Okay. A couple of people. All right.

MR. MOORE: Okay. This project is to restore a natural and self-sustained oyster population by creating hard bottomed habitat on 134 acres of natural oyster bars in Harris Creek, Talbot County,



with alternative materials and seeding with oyster spat. There will be approximately over 300,000 cubic yards of various materials, including oyster shell, clam shell, stone, marl, brick, and crushed cinder blocks, and slag to be deposited for the hard bottom. This is the first project of its kind for the Department of Natural Resources in an attempt to restore oyster habitat to an entire creek system. The project is part of President Obama's May 29th Chesapeake Bay Protection and Restoration Executive Order, and also Maryland's Oyster Restoration and Aquiculture Development Plan announced by you, Mr. Governor, in December of 2009. Partners in project are the U.S. Army Corps of Engineers, NOAA, and the Chesapeake Bay Foundation, and the Corps started their phase of the project last year and will continue in cooperation with DNR this year. And I understand that Secretary Gill has a presentation for the Board.

MR. GILL: Secretary Joseph Gill of Natural Resources. Good morning. Good morning, Governor, Mr. Comptroller, Madam Treasurer.

TREASURER KOPP: Welcome.

MR. GILL: It's a -- I'm sorry?

TREASURER KOPP: Welcome.

MR. GILL: Thank you.

TREASURER KOPP: This is your first --

MR. GILL: Oh yes, thank you very much.

It's actually a pleasure to be here. The item is a wetlands license for 184 acres. But it's really the context and the enthusiasm around this project, how it got here, that's a story worth telling.

This is the largest oyster restoration project in Maryland history, the largest in Chesapeake Bay history. Oysters as we know are a keystone species. They provide habitat. They filter the water for nutrients. They also taste very good. We are as many of you know at a place where we are, the population is at less than one percent of historic levels. We have engaged in restoration efforts for many, many years. In Harris Creek alone there have been 50 years worth of restoration efforts. Why have they failed? Several reasons. They have been small scale. They have been in areas where harvesting has

been allowed to continue. They have been scattershot all across the Bay.

Something changed in 2009. What changed was the Governor introduced a ten-point Oyster Restoration and Aquiculture Development Plan. Ten points to move us forward and provided the investments behind it to make it happen. We have a short video which we will show in a few minutes. But here is a essence of it.

Number one, focus on targeted restoration strategies. That tied in with President Obama's goal of restoring 20 tributaries with oysters by the year 2025. Expanding the sanctuary program; increasing hatchery production; doing something in a big way to give the oysters a chance that they have not had before. Harris Creek is 600 acres. The intent is to restore the entire creek by providing 371 acres of good oyster habitat.

With the Corps of Engineers we are constructing reefs. With the Oyster Recovery Partnership, a nonprofit, we are seeding these reefs with seed produced by the University of Maryland Center for Environmental Science at Horn Point. The

cost is \$31 million. It's very conservative, highly conservative according to the Corps. We expect to reduce that cost during the planting efforts. In part the costs assume that there would be no natural spat set, no natural oysters reproducing in Harris Creek. That in fact is now occurring.

The most important point here though is that the State's investment in this project has been \$21 million, \$21 million of the estimated \$31 million. Fiscal year 2013 the capital budget of the Governor provided \$8.1 million, fiscal year 2014 \$9.5 million.

Two final points. I work at Natural Resources so the idea of investing in an oyster is a great idea. Talking to people around the rest of the State, they love oysters but they do not necessarily know what it takes to restore them. We, this Governor through this plan has made an investment to restore the oyster. It's a good choice. It's a good choice for the future of this species. It's a good choice for the future of the culture of the watermen here, and the culture of the people here that embrace the oyster as part of our heritage.

My last point is the enthusiasm that surrounds this project. People are beginning to believe for the first time that the oyster species in Maryland may in fact be restored. The video would be good to see now.

(Video plays.)

(Music.)

GOVERNOR O'MALLEY: William Brooks, William Brooks in 1905 wrote these words. The oyster grounds in Virginia and North Carolina and those of Georgia and Louisiana are increasing in value, and many of our packing houses are being moved to the house. But there is no oyster farming in Maryland. And our oyster beds are still in the state of nature affording a scanty and precarious livelihood to those who depend on them.

Well, that was 100 years ago. Now we are finally we are a century later, while those words still ring true, the regulations we are putting forward, it's the turning point here.

(Music.)

VOICE: In 2009 the Governor initiated the Oyster Restoration and Aquiculture Development Program. This has resulted in an order of magnitude increase in oyster aquiculture that has resulted in the protection of 24 percent of Maryland's oyster habitats and in the long run has resulted in a three-fold in oyster harvest over that same time period.

VOICE: The State of Maryland has enhanced and augmented what was there before. I mean, the capital funds that have been made available, the budgets to really focus on how to speak and have a measurable impact, you know, can't be described.

VOICE: Harris Creek is one of our best remaining oyster rivers. We are trying right now to restore Harris Creek to something of its former glory by restoring over 100 acres of oyster reef directly through the creation --

(Music.)

VOICE: Harris Creek is the first tributary of 20 that's being restored, if you will, within the Chesapeake Bay as a result of the Presidential executive order from '09.

VOICE: The Governor's Oyster Restoration and Development Plan was instrumental in allowing us to secure funding for Harris Creek.

VOICE: Because of the leadership, though, and the funding that the O'Malley administration has provided, and especially under the leadership of the Governor, has really kind of jump-started the whole, in my opinion the whole Bay restoration and focus on oyster recovery. What has happened on Harris Creek is turning into the blueprint, if you will, for not only other tributaries within Maryland but it's also being looked at within Virginia and up and down the East Coast for other ways of conducting oyster restoration.

VOICE: The future is bright for oyster populations in the State of Maryland. We're at a point of relatively low natural disease pressure and we're having unprecedented in oyster reefs. The future is very bright.

GOVERNOR O'MALLEY: Now oysters are important to our commercial fishing industry, they also help filter and clean our waterways. All of you know that. But despite their importance our oyster

population has been suffering from the human choices. From the runoff, from the loss of habitat, from the disease. But we're making progress and today --

(Music.)

MR. GILL: So Mike Naylor is here, our Shellfish Director. Mike is the guy you saw in the video --

GOVERNOR O'MALLEY: Good job, Mike.

(Applause.)

MR. GILL: -- and her staff for putting that video together. It's pretty inspiring. So we ask your, unless there are questions which any of us can answer, we would ask your approval.

TREASURER KOPP: I have a question.

MR. GILL: Sure.

TREASURER KOPP: The bars that showed I think, it was '08, '10, and '12, 2008, 2010, went up to 24 percent, 24 percent of what?

MR. GILL: It's the restorable oyster bottom in the Chesapeake Bay. We used to have nine percent of that restorable bottom set aside for restoration.



We moved that to 24 percent as a sanctuary area, where no wild harvesting is allowed.

TREASURER KOPP: Twenty-four percent of the restorable bottom?

MR. GILL: Bottom, yes, good bottom. Some of the bottom of the Bay is mud. Some of it is actually a substrate. So we set that aside to --

TREASURER KOPP: And that, that, what is restorable stays permanent? I mean, it's not shifting --

MR. GILL: The bottom is always shifting.

TREASURER KOPP: Yeah.

MR. GILL: It's a matter of having, constructing the reefs that will stay in place over time. It's a work in progress. Mike, do you want to add anything to that?

MR. NAYLOR: I'd just add that we have --

SECRETARY MCDONALD: You need to come to the microphone --

TREASURER KOPP: I just want to understand what it was I just saw.

MR. NAYLOR: No, that's a good question. So we're trying to restore between 30 percent and 50 percent of the restorable bottom in each tributary. And we have some new tools at our disposal that allow us to measure that directly through the use of wider ray sonar. So we actually take a boat --

TREASURER KOPP: Okay.

MR. NAYLOR: -- working together with NOAA and go back and forth. And we can really --

TREASURER KOPP: So you can look at a snapshot in time. At any point the goal is to have at any point 30 percent to 50 percent?

MR. NAYLOR: Yeah. Yeah. You have to pick a starting point somewhere. So as we move from creek to creek we pick a starting point and we set up and do the work.

GOVERNOR O'MALLEY: So that graph we saw was total Bay bottom?

MR. NAYLOR: Yes, it was percent of available habitat. There has been a synoptic survey that's a census of the entire Bay, and that was used for the basis to set that percentage.

TREASURER KOPP: And what proportion is restorable?

MR. NAYLOR: It depends on the tributary. Some tributaries are almost --

TREASURER KOPP: Well but you got, you had a number 24, so it's got to be 24 percent of something.

MR. NAYLOR: Twenty-four percent of the total restorable bottom --

TREASURER KOPP: Right.

MR. NAYLOR: -- is permanently protected in sanctuaries where there is no oyster harvesting.

TREASURER KOPP: And what proportion of the total bottom resting unrestorable is the restorable part?

MR. NAYLOR: The restorable part? It depends on the sanctuary. It could range from probably below five percent to approaching 50 percent. It depends on the area, the percent that is restorable. You go into each area. You do a complete mapping of it. And you see how much is restorable currently. That varies from tributary to tributary.

So if like you are going to build a house and you have a plot of land --

TREASURER KOPP: Right.

MR. NAYLOR: -- you look at the parcels of land that pass the perc test, that have adequate --

TREASURER KOPP: And that's the buildable part out of a total.

MR. NAYLOR: Yes. Yeah.

TREASURER KOPP: Yeah, and that's what I'm asking.

MR. NAYLOR: I don't have any idea of the entire Bay what percentage is restorable. But I'm sure it's quite low. It's probably below ten percent of the entire Bay.

TREASURER KOPP: Okay.

MR. NAYLOR: It was probably always that way.

TREASURER KOPP: Okay. I'm just trying to get some idea of dimension.

MR. NAYLOR: Yeah.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: I have a question.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: How much did this inspiring infomercial cost to make?

(Laughter.)

MR. GILL: Oh, our staff did it. We love doing this stuff. It's great. It tells the story.

GOVERNOR O'MALLEY: I think, I think there's like too much Governor in that one.

(Laughter.)

MR. GILL: This is my first time here, come on. I'll scale it back for the next time.

(Laughter.)

MR. GILL: The first time --

GOVERNOR O'MALLEY: Put some --

MR. GILL: I got it.

(Laughter.)

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

MR. GILL: Thank you.

GOVERNOR O'MALLEY: Thank you. And how about the balance of the Secretary's Agenda? Anything else? Any other questions on the balance of the Secretary's Agenda? Good to go? 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 Budget and Management. Oh, I'm sorry. Department of Natural Resources Real Property.

MS. WILSON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with the Maryland Department of Natural Resources. We do have seven items on our Agenda today and I'll be happy to try to answer any questions. Thank you.

GOVERNOR O'MALLEY: Any questions?

Department of Natural Resources budget items? Hearing none, 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 to the Department of Budget and Management.

MS. WILSON: Thank you.

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are 19 items on the Department of Budget and Management's Agenda for today. I'll be happy to answer any questions the Board may have.

GOVERNOR O'MALLEY: Any questions? Mr. Comptroller?

COMPTROLLER FRANCHOT: One question on Item, let's see, Supplement B, DBM Action Agenda. The last page in my briefing book. Item 18-GM, I believe. Supplement B, Department of Budget and Management

Action Agenda. And the item I'm looking at is \$8,000 for increased funding to provide coordinated closed circuit T.V. equipment and installation in the Baltimore City Detention Center. What is that project?

MS. FOSTER: So this is basically just a budget amendment that was money that was in the department. So we are moving it for a different purpose and just repurposing it as indicated. That \$8,000 is to provide for closed circuit T.V. equipment.

COMPTROLLER FRANCHOT: At the Detention Facility? Madam Secretary, I assume there is no one from Corrections here. But if there is, is there anybody from -- well, if you could communicate just my personal perspective that I hope at the Detention Facility we will as quickly as possible polygraph as many employees as worked in the security of that prison to find out who is, I don't know what the right words are, but who is involved with illegal practices and who isn't. And secondly, the folks that have been forced into retirement apparently because of



allegations of illegal activity, I hope someone can at some point provide a summary for us of what exactly is happening to those employees who have been, I guess the word is not terminated, but they have been asked to retire which is an odd form of disciplinary action. And I'd like to know whether they have been rehired, whether they are receiving pensions, whether they are receiving healthcare. What is the situation with people that have been terminated through forced retirement? And but thank you for bringing this item before us. And maybe the task force that has been announced is the right group to send something to. But --

GOVERNOR O'MALLEY: We'll be glad to get you an update.

COMPTROLLER FRANCHOT: Thank you.

GOVERNOR O'MALLEY: We've made a lot of strides, we still have a lot of work to do. And keeping the closed circuit cameras in good working order is part of that. A part of that, as was the training of a K-9 unit, the first in our State's history that's actually trained to sniff out cell

phones. As will be the Tecore work to reroute cell signals. All of these things are part of the actions that we take in order to restore security and the integrity within our corrections system. And I'm not sure I've had the opportunity to talk about it here at the Board of Public Works. But my colleagues should know that two years ago it was the State of Maryland that initiated the MOU with our federal partners. And there was only one sentence in that mission statement, and that was to go after corruption in our correctional services. We did that. We initiated that. We went looking for this because we had every reason to believe it was there. And we're going to continue to go after it. The Governor 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 University System of Maryland.

MR. STIRLING: Good morning, Governor Madam Treasurer --

GOVERNOR O'MALLEY: Good morning.

MR. STIRLING: -- Mr. Comptroller. Jim Stirling from the University System. We have six items on today's Agenda. I'll be happy to address any questions you have.

GOVERNOR O'MALLEY: Any questions, University System of Maryland? Did you get to catch the Towson baseball finals?

MR. STIRLING: I didn't see it, but I heard about it.

GOVERNOR O'MALLEY: Okay. Any questions?

COMPTROLLER FRANCHOT: Question.

GOVERNOR O'MALLEY: Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 5-S.

MR. STIRLING: That's the Towson dining services contract. I'm going to ask Lucy Slate to come over, the Procurement Director from Towson.

COMPTROLLER FRANCHOT: Excellent.

MS. SLATE: Good morning, Mr. Governor, Madam Treasurer, Mr. Comptroller. I'm Lucy Slate, Director of Procurement for Towson University.

COMPTROLLER FRANCHOT: Thank you.

MS. SLATE: And a proud graduate, class of 1978, Towson State University.

COMPTROLLER FRANCHOT: Excellent, yes.

MS. SLATE: Go Tigers.

COMPTROLLER FRANCHOT: Yes, go Tigers.

Thank you for being here. Okay. So we're being asked to approve a five-year contract with the Compass Group --

MS. SLATE: Yes.

COMPTROLLER FRANCHOT: -- to provide campus dining services at Towson University. It's a single bid contract that's expected to generate nearly \$90 million in gross revenues for the winning company. And this interests me for a couple of reasons. One, it looks as if you worked very hard to generate competition.

MS. SLATE: We did.

COMPTROLLER FRANCHOT: So that it wasn't a sole bid, and I applaud you for that.

MS. SLATE: Thank you.

COMPTROLLER FRANCHOT: But the one bid that you did end up with was submitted by the incumbent vendor. Given the length and the, of this contract, and the dollar amount involved, and the fact that you are a major metropolitan university, I would assume that vendors would have been crawling all over your procurement to compete for this contract. And what in your view is the problem here?

MS. SLATE: Not a problem, Mr. Comptroller, but really we were victims of several circumstances, both pro and con. First of all, Compass Group North American, Chartwell's division in various corporate names, has been the incumbent on this contract at Towson for 35 years.

COMPTROLLER FRANCHOT: Mm-hmm.

MS. SLATE: It's an award winning installation. Clearly it was an account they were very interested in keeping so they worked very hard on their proposal. We did advertise on eMaryland

Marketplace and on our bid board. But the reality is there are really only three major higher education focused dining services organizations that operate east of the Mississippi. And we, so we were one of, you know, looking for one of those three primarily. Start up costs in terms of changing out a contract like this are huge. Staffing up, bringing in new equipment, training new employees, it takes quite a while for them to recover start up costs.

The up shot of that discussion is that the industry always knows itself and its competitors better than we ever will. There were at least six other good sized universities in the region out for new dining contracts at the same time as Towson. American, George Mason, Shippensburg, and Clarion, as well as St. Mary's and Montgomery College in Maryland. Since it's so expensive, probably upwards of \$100,000 or more, just to respond to an RFP of this magnitude, they are going to focus those resources on accounts they believe they can win. They looked at Chartwell's longevity, at the quality of the program which is award winning at the universities, and the students'

and the parents' satisfaction with the program, and said it would be a huge obstacle to try and displace them. And we really believe that is the reason why.

COMPTROLLER FRANCHOT: Thank you. And that is an excellent response. And I guess my question is, if it is a matter of several universities simultaneously opening their services to procurement -

MS. SLATE: Yes. And actually three were awarded, or notice of award, was issued from Towson, Shippensburg, and Clarion the same day.

COMPTROLLER FRANCHOT: Is there any point in the University System, I understand some of them are not in Maryland, is there any point to the System trying to be air traffic controller for these procurements? And say, look, we're not going to have two or three out on the street at the same time. We're going to stagger them so that there is a chance for competitive bids?

MS. SLATE: Only one was part of USM and that was us. UMBC's last week was a renewal of something that was competed five years ago.

Montgomery College, CCBC, different, you know, we are really in different places. St. Mary's is independent. I actually didn't know St. Mary's was out until we were on the street. It would have been, it probably would have been good if we had timed it differently. But what drives the timing on this is expiration --

COMPTROLLER FRANCHOT: Sure.

MS. SLATE: -- of the existing contract.

COMPTROLLER FRANCHOT: Okay. Let me just ask about all the sweeteners, as I call them --

MS. SLATE: Okay.

COMPTROLLER FRANCHOT: -- in the contract because --

MS. SLATE: We like to call them other values.

COMPTROLLER FRANCHOT: Other values? Okay. Well this is loaded with other values. Apparently there is a commitment on the part of the vendor to spend more than \$5 million in capital investments, a \$500,000 gift to the new Uinitas Stadium, a \$50,000 unrestricted gift each year, a \$50,000 annual campaign



contribution, \$75,000 for marketing and promotion, the list goes on and on and on.

MS. SLATE: Mm-hmm.

COMPTROLLER FRANCHOT: Can you just help me understand how these value, added values or whatever you call them, how they are added? Are they, do other institutions that solicit dining service bids do this kind of I guess addition of, I call them Christmas ornaments, I guess. But, I mean, how exactly does the process work as far as the timing of when you negotiate these add ons?

MS. SLATE: Okay.

TREASURER KOPP: And why?

COMPTROLLER FRANCHOT: Yeah.

MS. SLATE: Okay. First of all to answer your question, yes, these do happen at other universities. And remember too this is a revenue generating resale contract. It is for, totally or virtually all of it is auxiliary services revenue from student board fees, athletic concessions, catering, retail sales. It is, this is resale revenue generating. And of course our auxiliary services

operations at the universities are tremendously important in terms of funding the overall program, especially services to students. So when we go to the street with an avowed revenue generating resale situation we are looking to maximize revenue to the universities. And we hope that is, we hope that is something you'll endorse.

COMPTROLLER FRANCHOT: No, I guess, following up on the Treasurer's thing, how does it fit into the procurement process? I mean, is --

MS. SLATE: It, actually we don't, we do not of course directly solicit this support. It is a feature of the current contract. Actually a very similar structure was put in place in the contract that the Board approved in 2003. We, like I said, we do not directly solicit gifts on behalf of the University, if that's, to make it, to put a very simplistic response on it. In the competitive spirit these are authored. And of course in an RFP process, as you know, even though this was a single response they weren't necessarily aware during evaluation and the pendency of the award that they were working

alone. This is all offered up as part of their narrative. Of course the proposal is this thick. A lot of it is in an effort to simply offer the best possible program.

Be aware too of a couple of details. First of all, the capital campaign gift goes directly to the TU Foundation. Some of the, some of the investments really are investments in shared success. The program, the dining program at Towson is very successful. It's part of making us competitive for the best students. Because, you know, there are endless blogs and writing systems out there and students and parents are concerned about food. You know, they want to make sure that their students are getting healthy and nutritious food and at a good value. In the program last year the board plan actually increased less than \$100 per year. And they are holding board plans level pricing for the upcoming academic year.

As far as the investment in equipment and the facilities, this benefits the University, of course, who owns the facility and retains those

improvements at the end of a contract, but also helps the dining services contractor be both more efficient and more successful. Because the point is sell board plans. You know, and sell as much food as possible. When you are a guest at one of our athletic events --

COMPTROLLER FRANCHOT: Sure.

MS. SLATE: -- you are dining on Chartwell's food. We had the Board out in March of 2007 to tour Towson and look at some of our new development, and we offered them a modest lunch, also provided that way. So those are --

COMPTROLLER FRANCHOT: No, just a free review, you have fantastic food up there. So don't I'm not complaining about the quality.

MS. SLATE: And we want to keep it that way.

COMPTROLLER FRANCHOT: I guess --

MS. SLATE: The whole point of university feeding, dining services, changed remarkably over the last 15 to 20 years. It's very different than when we went to college.

COMPTROLLER FRANCHOT: If I could ask Mr. Salt? Is this the normal procedure for -- Stirling, I'm sorry, Mr. Stirling.

MR. STIRLING: Happens all the time --

COMPTROLLER FRANCHOT: Salt, yeah, sorry about that. What, is this normal procurement process for food services at the University System's members?

MR. STIRLING: I would say it's not unusual. I believe we had a similar arrangement up at Frostburg with an investment in capital improvements. Not a dining services contract, but when we did the bookstore at College Park we were in the middle of the renovation of the Stamp Student Union and the contractor contributed \$500,000 as I recall towards the cost of the renovations. So it's, I had a discussion with Mr. Bedward a while back about this. And you know, my comment was revenue is revenue. They bring it to us in different forms, but it's not unusual.

COMPTROLLER FRANCHOT: Sure. But that's the, I guess the concern I have. Is it possible that this procurement process we have, which I take it is

used by almost everybody, scares away the competition? Because obviously the incumbent has a list of incentives to be selected. Are those used in, do you evaluate them in the procurement process?

MR. STIRLING: What --

COMPTROLLER FRANCHOT: What exactly is being offered by the vendors? Whether it's altruistic or just part of their, I guess they are just generous.

MR. STIRLING: We certainly look at it in the evaluation of price, I'm sure you took all that into consideration.

MS. SLATE: Mm-hmm. Yes, absolutely. And -

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COMPTROLLER FRANCHOT: But you understand what I'm driving at.

MS. SLATE: Yes, absolutely.

COMPTROLLER FRANCHOT: Which is that it's, it's a little bit, I mean not to beat a dead horse, but this is a little bit outside of normal bidding parameters. And it's not nickel and dime promises that are being made here. They are significant. And

the question is, is it contributing to a lack of competition? And I'm open to your response.

MS. SLATE: Well the program at Frostburg is Aramark, it's a different vendor. So certainly that's not an issue.

MR. STIRLING: I was just going to say that I don't think that in particular scares anybody away from competing. I mean, the kinds of things that we are talking about are the inherent advantage that an incumbent has in any situation. They've got superior knowledge of, you know, the goings on, the day to day, and the delivery of services. So there is a built in advantage for an incumbent.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. STIRLING: That doesn't necessarily scare other people from taking a shot at it.

COMPTROLLER FRANCHOT: Okay. If you could just let us know what the competitive situation is with these food contracts at other systems, that would be great. And I do just want to mention once again before you, the System leaves, how pleased I was with the Towson baseball team. But I was frankly thrilled

with the fact that Mike Waddell, the Athletic Director who was primarily responsible for creating this mess at Towson, has left. Apparently he has packed his suitcase, he is heading out to the University of Arkansas. And frankly I think it's fitting that the same institution that would hire a scoundrel like Bobby Petrino, for those of you that are in the sport world know what this guy is like. And the fact that he is no longer at Arkansas.

But I hope the fine folks in Razorback Nation know who they are bringing into their athletic program. This is a gentleman who inherited a considerable budget surplus within the athletic department and in two years turned it into a million dollar deficit. He with the support of the President cynically concocted the federal Title IX laws, an excuse for eliminating two of Towson's oldest and most successful men's athletic programs. He covered up the overspending. He attempted to justify his decision by repeatedly misinforming the public. Unable to accurately count the roster sizes he conveniently forgot to count the women's indoor and outdoor track



programs as two separate entities. And this is a person who gave his players and coaches less than an hour's notice that they were eliminating these programs. That's a heck of a way to communicate with people that gave their heart and soul to Towson, or their families.

And people wonder why I'm dredging this thing up again. I think there is a normal tendency to look at Towson now and say, gee, the baseball team had a great victory at the CAA Tournament. We're just going to assume that this story at Towson has had a happy ending with Waddell's departure and the good guys are going to ride off into the sunset. Well, it isn't Hollywood up at Towson and the truth is a lot murkier than that. The baseball program is on life support. They have to raise \$400,000 over two years. Players and coaches and families are in a state of continued uncertainty. This Dominic Fratanuono, their star right fielder, has left, announced he is leaving Towson, his home State of Maryland. He's going to go down to Coastal Carolina. The soccer

program apparently right now is history. Their folks didn't have the clout that the baseball guys did.

And now of all things the very person, this Mr. Waddell, who is at the center of all this unfortunate controversy hightailed it out the backdoor throwing Towson's athletic program maybe into even more confusion and uncertainty just as the new state of the art athletic arena, built with taxpayers' money, is being opened up. So this does not have a happy ending. Unless the new athletic director, and I hope Chancellor Kirwan and the regents get involved in this, along with President Loeschke, and I hope they bring in someone that has the integrity to run an athletic department in a manner that's consistent with the true purpose of intercollegiate athletics and with the ethics that we should expect from a taxpayer funded institution of Towson's caliber. And I really expect the new AD to come into Towson and reinstate without conditions the men's baseball and men's soccer team. Huge mistake. And the fact that this gentleman has left such a mess behind him is really regretful.

But I move approval of the dining contract.

(Laughter.)

MS. SLATE: Thank you, Mr. Comptroller.

GOVERNOR O'MALLEY: 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. Now how about the balance of the University System of Maryland? 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 that one as well. Can, I'd like to send those remarks on to the Board of Regents. Can we do that? Let's, Madam Secretary, if you could send the Comptroller's remarks on to Chancellor Kirwan and the members of the Board of Regents? Okay. The Department of Information Technology.

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

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

Department of Transportation?

MR. MOBLEY: Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. For the record, Acting Secretary Darrell Mobley. MDOT is presenting 27 items. Items 22 and 23 have been revised. I'll be happy to answer any questions that you may have.

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

All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And that concludes our meeting of the Board of Public Works.

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(Whereupon, at 12:20 p.m., the meeting  
was concluded.)