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

**June 3, 2015**  
**10:12 a.m.**

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# **PRESENT**

**HONORABLE BOYD RUTHERFORD**

Lieutenant Governor

**HONORABLE NANCY KOPP**

Treasurer

**HONORABLE PETER FRANCHOT**

Comptroller

**SHEILA C. MCDONALD**

Secretary, Board of Public Works

**C. GAIL BASSETTE**

Secretary, Department of General Services

**DAVID BRINKLEY**

Secretary, Department of Budget and Management

**JAMES PORTS**

Deputy Secretary, Department of Transportation

**EMILY WILSON**

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# PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Well good morning.

AUDIENCE: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: I apologize for being a couple of minutes late. Please don't tell Governor Hogan when he gets back.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: As you can tell, I am not Governor Larry Hogan. I'm Boyd Rutherford. The Governor is on an Asia trade mission and he asked me to sit in for him today. And of course, that trade mission is focusing on developing business opportunities for Maryland businesses and investment here in Maryland, and strengthening ties between the state and Maryland.

I am one of the perhaps few who really enjoy this process.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So I guess here are about six or seven other people that feel the same way I do. I used to, a couple of years ago, sit there where Secretary Bassette is sitting and I, I always felt that when the Board of Public Works is used appropriately it provides a

transparency of government that we all seek. You get a real opportunity to see the inner workings of government, and what goes into supporting the programs that service the people and how the State is able to deliver those services. It can be a bit nerdy, I guess, to a certain extent. But I think if anyone who studies government should really take a look at how we do it here in terms of the Board of Public Works. And it all starts with buying goods and services. And that is the point, the reason that we're here, is for procurement and improving, approving or not approving, contracts and procurement of goods and services for the State.

Not long ago the Governor had asked me to look into our procurement process and start by looking at our State agencies to improve the process of, particularly as we bring matters to the Board of Public Works, but to then go through a process of possibly improving our procurement system. Next week we will be meeting with the senior officials of all the executive agencies, senior procurement officials of all the executive agencies. We had planned to do that a couple of weeks ago but the events in Baltimore required that we had to change that. So we will be talking to them next week as well as the control agencies.

I think we're all in agreement that there's a need for improvement in our procurement process. Not just from the execution aspects of the executive departments but also to take a close look at our regulations and possibly even

legislation. And I know the Comptroller is very interested in this. And the meeting with the departments is the first step in terms of taking a closer look at our procurement process and laws and regulations in the State. And we hope to have the involvement, I expect to have the involvement of the Comptroller and the Board of Public Works as we go through and review -- and the Treasurer, excuse me.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Excuse me, and thank you. As we go through it. The Treasurer is not always as vocal about procurement matters, whereas the Comptroller tends to be a bit more vocal about that. So that's why I left it out. It wasn't intentional.

But there are a number of challenges, and I'm going to ask a little bit about some of the contracts today because there's been a consistent pattern. For those who don't know the internal operations of our administration, the Hogan-Rutherford administration, we do operate as a team. I sit in on the Board of Public Works review with the Governor. I have my separate little book that I review and when we sit in, and along with Roy McGrath, the Advisor, we talk about issues that we see. But there's been some consistent problems and a couple of the items today I'm going to raise issues in terms of what I think is poor planning that takes place. Where we see contracts that are about to expire and

we're asking, we're being asked to extend these contracts, it puts us in a difficult situation. Us, the Board, it puts us in a difficult situation where we have to approve these or cause major disruption. And I think there's a planning issue involved with that that we need to take a closer look.

Another thing, and I have seen, I noticed this before but I didn't raise it with the Governor. But I was very disappointed to see a number of typographical errors in the Agenda. And this is a reflection of State government, of our administration. And I hope that we'll get those things corrected so I don't have to necessarily point it out, which departments had typos and which ones didn't. I did teach a class at one point and I was a stickler on those types of things. But it's a question of paying close attention to these matters.

So with that said, I just will say that it is important to our administration that procurement, procurement's process be improved and we're going to be working as the summer comes about on improving that process. And we'll have involvement of a number of people in this room and entities. So thank you, and I'll turn it over to my colleagues on the Board. Madam Treasurer?

TREASURER KOPP: Thank you, Governor. First of all, it's a pleasure to be here with, it's a pleasure to be here, period, and an honor. And with the Lieutenant Governor chairing the committee, the Lieutenant Governor was among other things an outstanding secretary of a very --

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: -- tough and absolutely critical department who really did know both procurement and personnel and State issues inside and out. And it's really a pleasure to have him here.

I must say that we were looking at this Agenda and I'm sure there's a reason for every one, but there are almost 20 items that are either sole source, retroactive, or extensions for time to complete procurements. And I do think that that indicates a number of things. Perhaps insufficient resources devoted to this internal process which doesn't hit the public immediately and directly, although very, very significantly and deeply. So there's a question of resources. It's a question of training, consistency of training. And who knows what other things? But I'm sure that there's nobody who is, who is happy, especially the folks who are out there today with the items, who is happy about this situation. And I know the Comptroller has spoken on it many times. I have not spoken as often, but believe me it's a shared concern that not only because the process should run smoothly if it's properly structured, if the process is proper, if the training is proper, if the personnel are sufficient. But it also has an impact on people's trust of and respect for State government.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: And that has got to be of utmost importance to everybody in this room. And I couldn't let a moment pass if I didn't recognize a former colleague of mine, by the way, from Montgomery County, sitting there, one of your secretaries, Mr. Lieutenant Governor, the former Senator from Montgomery County, and representative of an outstanding Maryland family, Rona Kramer.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER KOPP: I just looked up and saw her. Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question for her. Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you. And thank you, Lieutenant Governor Rutherford, and Madam Treasurer, thank you for those comments. It's a pleasure, Lieutenant Governor, to have you here today. You're a seasoned veteran of the Board of Public Works from your days as Secretary of General Services. And I consider you one of our State's most thoughtful and knowledgeable voices on procurement reform. So thank you very much for chairing the hearing. I've long forgotten why I called for your resignation as the Secretary of DGS.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I haven't.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: But I don't hold it against you.

COMPTROLLER FRANCHOT: Well, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: I don't hold it against you.

COMPTROLLER FRANCHOT: That's when I was young and irresponsible.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, when you're young and irresponsible you do irresponsible things.

(Laughter.)

COMPTROLLER FRANCHOT: But I would like to just take a minute and mention the passing of Beau Biden. He was the father of two young - you know, Vice President Biden has these amazing kids. We all have amazing kids. And I just can't imagine the pain of losing one of them. So my heart goes out to the Vice President and his family and we'll long remember Beau as a great man who gave his life to serving his community, his country, his state, and was

taken from us far too soon with his best years still ahead of him. And it really makes us pay attention to the here and now.

So, but on a slightly different note I'd like to congratulate Governor Martin O'Malley on the launching of his presidential campaign. Those of you who have participated in the Board meetings over the previous eight years recall that the Governor and I always didn't see eye to eye on the issues of the day. But fundamentally I believe Martin O'Malley is a good man who served his State honorably through some exceedingly difficult times and he has remained consistent and true to his values. And these national primary elections serve as the platform where Democrats and Republicans alike engage in a serious conversation about their vision for the country, and also about the direction in which they wish to take their respective parties. I believe that Governor O'Malley by virtue of his experience and talent will bring an important perspective to the Democratic Party's public debate. And while I haven't endorsed a candidate and I have no plans to do so, I sincerely wish the Governor and his family safe travels on the campaign trail. And trust me, it's not easy to engage in this kind of campaign. And you know, there's that old saying that in Major League Baseball there are no bad players because you get to that elite level and you deserve respect. And Martin O'Malley is at a very elite level right now in American politics. And I wish him well and recognize the difficulties of accomplishing that.

And then finally, Lieutenant Governor, I wanted to wish, you mentioned our current Governor is in Asia. I'd like to wish him a belated happy birthday. You're right, he's overseas promoting our great State, building relationships in Asia and elsewhere. And I wish him the best of luck in his travels. I look forward to having him back in Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. We all do. It's been quite interesting here without the Governor around. So with that said, I guess we'll get started with the Secretary's Agenda. Madam Secretary, good to see you, as always.

SECRETARY MCDONALD: Good morning, Lieutenant Governor Rutherford. It is good to see you sitting at that table. This morning on the Secretary's Agenda we have 14 items and two reports of emergency procurements.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I do have a question.

SECRETARY MCDONALD: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Surprise, surprise. Item 13, Stadium Authority.

SECRETARY MCDONALD: We have, Mr. Frenz is here from the Stadium Authority. These, are 13 and 14 are the OMBA, the Operating and

Maintenance Budget Amount that the State gives for the Convention Center in Baltimore City and Ocean City. There's a representative from each Convention Center here as well, specifically 13 is the Baltimore City Convention Center.

LIEUTENANT GOVERNOR RUTHERFORD: Good to see you. And I just want to state that I appreciate your sitting down with myself and Roy this week. We went to the Stadium Authority to talk about your efforts with regard to the nearly billion dollar school construction program in Baltimore City. I mention that because I guess it was a week ago -- these days all run together for me. It's been, I mean since last year, it's one long day. But I believe it was a week ago there was a little bit of a kerfuffle with some people who were complaining about funding and they never mentioned the billion dollars of taxpayer dollars that are going into Baltimore City school construction that your department is leading that effort. So thank you for the presentation and helping us understand a lot more of what's going on with that project.

MR. FRENZ: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Now my question though with the Stadium Authority, I understand that it's bringing the operating expenses before the Board for the, the two convention centers. What is the revenue number for the Convention Center? The expenses for Baltimore are \$20.7 million approximately, and I believe it's \$5 million for the Ocean City.

What are the revenue figures for those two, approximate, estimated revenue figures?

MR. FRENZ: David, I'm here with David Raith, our CFO, who I believe has those numbers at his fingertips. David?

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you, David. Good to see you again also.

MR. RAITH: Good morning. David Raith, Chief Financial Officer for the Maryland Stadium Authority. For the Baltimore City Convention Center, the annual revenues are around \$10 million, and that's what creates a \$10 million deficiency and the State is required under our statute to pay two-thirds of the operating deficiency.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. RAITH: And with Ocean City it's around \$3.5 million. Again, the State is required to pay a half of the operating deficiency for Ocean City Convention Center under our statute.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now maybe this is, these are questions for the Convention Center in terms of what are they doing to try to at least break even with the Convention Center?

MR. RAITH: Well, I can start off by saying that typically Convention Centers are loss leaders. They are not there to make profits.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. RAITH: They are there to generate economic benefits. It's all about bringing people into the hotels, going to the restaurants, visiting the local attractions. Part of our responsibility on an annual basis is that we do economic impact updates on each of these facilities.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. RAITH: For Baltimore City for fiscal '14 the State's impact from the taxes alone were between \$30 million and \$35 million, and for Ocean City I believe the impact was between \$7 million and \$8 million. And we can certainly provide those reports if you would like to see them.

LIEUTENANT GOVERNOR RUTHERFORD: That's very informative. Again, that's why we have these Board meetings.

MR. FRENZ: And in fact, this year in Baltimore, in fact, that multiple will be greater because the debt service for the Baltimore Convention Center, the State's portion of the debt service was paid off in December of 2014. So that multiple will effectively double this year, David.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's very good. Thank you. Any questions? Questions?

COMPTROLLER FRANCHOT: Yes. Thank you very much. And I had a, since you're here, the Stadium Authority, the, recently Senator

Rosapepe in Anne Arundel County and Prince George's asked the Lieutenant Governor and myself to come over and visit a new school, the Monarch Charter School. And it was specifically on school construction and I'm asking this because of the billion dollar program that you're embarking on up in Baltimore. And the Monarch folks met with us and they said one of the advantages of our program, first of all they use, this is all compatible with the current system. It's not a charter school issue, necessarily, it's a construction issue. But they said you're sitting in a building where we are educating, or going to educate, 800 kids, and relatively close to us is a similar school that the county, Anne Arundel County, constructed. We constructed this one, they constructed that one a year or so ago in a different area, but very close and very comparable, same size. We built our school for 61 percent of the cost that Anne Arundel County paid for their school, same facility, same number of students, same standards. Well, I said, really, the same standards? How did you save so much money? Because it was, you know, more than \$10 million.

They said they had basically built their school to office standards. They used prefabbed steel instead of concrete. They built it to last 30 years, not 100 years. They were able to telescope the timing and the design thing. They also didn't exercise prevailing wage. But, and I'm a huge fan of prevailing wage. The Lieutenant Governor has a different opinion. But prevailing wage was only,

if you're paid prevailing wage it would have been 65 percent. So they built the same school that it cost Anne Arundel County \$28 million to build, they built it for \$17 million.

MR. FRENZ: Wow.

COMPTROLLER FRANCHOT: Are we exploring how that could be replicated in your billion dollar program?

MR. FRENZ: We will now.

(Laughter.)

MR. FRENZ: You know, that's a joke. But two weeks ago we met with representatives of BUILD, the community development organization in Baltimore who, they've been vocal about the number of schools that we're estimating and the number of schools that they would like to see built. And they referred to a building program in Greenville, South Carolina. So we met with BUILD representatives and representatives from the consultant from Greenville to try to come up with ideas for us to become as efficient as possible. So we're more than happy to meet with representatives from this charter school to get ideas for becoming more efficient and getting as many schools as we can out of this program.

COMPTROLLER FRANCHOT: Well I'm going to yield to the Lieutenant Governor because he was there. He has tremendous credibility and

experience in the private sector. And it just seemed to me that with certain adjustments, steel rather than concrete, and 30 years rather than 100 years, there are lessons to be learned not just for you but frankly other systems around the State.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Yeah, we discussed a little bit about this on Monday. But the Comptroller of course has more detailed information. But we talked a little bit about it. What I'd like to do is put you in touch, we'll schedule a meeting with the builders of the Monarch school, Monarch Academy, with your staff, and just discuss what they've done and how they were able to do it. And we can see if it fits with what you're doing with the billion dollar project.

MR. FRENZ: Absolutely. We're open to new ideas.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

TREASURER KOPP: Could --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, I'm sorry.

TREASURER KOPP: -- I ask one question about this?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, absolutely.

TREASURER KOPP: It seems to me that from what I've heard about it, and I agree it's very interesting and I agree it should definitely be looked

into, a lot of this focus is on the markets for concrete versus steel at any particular point in time. I mean, the markets like that. And the question of the expected life span --

MR. FRENZ: Mm-hmm.

TREASURER KOPP: -- of a building. Have you looked, as you look at your program, at what sort of difference, factor, those factors, for instance, would make? Or have you just taken, you know, what you were given and not looked at that?

MR. FRENZ: We haven't looked at that issue specifically. But our construction professionals are aware of the relative cost differences between a building expected to last 30 years, say, and a building expected to last 50 years. Or construction standards for an office building relative to a school building. So it's something we're familiar with. But absolutely, we're willing to meet with anyone who might have ideas about how to, how we can be more efficient in our program.

TREASURER KOPP: Let me just say personally, I chaired, I chaired a commission, was it 15 years ago? Something like 15 years ago, looking at school construction. And even at that point we thought there have got to be other better ways out there to do it than where we're doing it, but working within the constraints, here's what we recommend and here's what the State is going to

need in terms of space for students and children. But after 15 years the technology has changed very significantly, I would think, and the markets have changed. And I really think that looking, again, our goal is to educate students. And you need a certain number of seats, and for a number of teachers, etcetera. And the school system sets the criteria for how many teachers per student, all that. But the sort of thing you do, and the sort of thing that the IAC by contract with construction people do, really it seems to me ought to change with technology.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: I don't understand why it wouldn't. So it, maybe taking advantage, because we all have great faith in the Stadium Authority, taking advantage of your position here right now in the school scheme as opposed to just the traditional way we've done the IAC school construction program, would be an opening to really looking --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I hope you don't mind me working with you on that.

MR. FRENZ: Of course not.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I mean, and you're in the design phase on most of these schools. So it's probably a good opportunity to explore this. And I think many of us, particularly many of us of a

certain age, we went to schools that were these large kind of solid brick and concrete buildings. My elementary school was probably 50 years old when I went there. It's closed now. You would not build a building like that school. I mean, it was built like a fort. It was great when I was in elementary school. But the super high ceilings were there because there was no air conditioning. And the windows were made very differently than how you would do it now. And so, you know, I think that there's a certain mind set with a lot of the designers for schools that are still based on these big concrete, you know, castles that were built at a certain time. And if you look at some of the modern schools, they're made a little differently. And you probably don't have to build it to a 50-, 60-year standard because parents now probably looking at a 50-year-old school are probably not very happy with it.

So thank you. And I know this wasn't all that you thought it might be, but we wanted to use the opportunity to talk about these areas. So thank you.

MR. FRENZ: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions?

TREASURER KOPP: Governor, just --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, I'm sorry --

TREASURER KOPP: No, no --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, thank you.

TREASURER KOPP: I just would recognize Item 7, and Mr. Hutchinson. I can't see him but I can see his hair back there. I know --

(Laughter.)

TREASURER KOPP: -- and just wondering how the Zoo, this is a --

LIEUTENANT GOVERNOR RUTHERFORD: A grant.

TREASURER KOPP: -- an annual grant to the --

LIEUTENANT GOVERNOR RUTHERFORD: The Maryland Zoo.

TREASURER KOPP: And the last of this series.

MR. HUTCHINSON: Thank you, Madam Treasurer. And Governor, it's good to appear before you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. HUTCHINSON: Mr. Comptroller, thank you very much for your support in the past and to the Treasurer as well. And also a very great thank you to Sheila, Ms. McDonald, who has been a great partner with us.

To answer your question, and just very, very briefly talk about our history, we are in our 23rd year of a 40-year lease. The State of Maryland is in its 23rd year of a 40-year lease with the City of Baltimore to operate the Zoo on their

behalf. The Maryland Zoological Society, the not for profit that all of the Zoo employees work for, have been contracted by the State to run the Zoo in their behalf. To answer your question directly, I've been in communications directly with one of my colleagues who have a not, runs a not for profit that depends upon visitors to his facility. I'm very aware of the circumstances in two other facilities downtown.

The Maryland Zoo of course is adjacent to Mondawmin Mall. The day after the disruptions that took place -- by the way, just, I want everybody to understand and put everything into perspective. You didn't ask this question but I'm going to tell you that the evening of April 27th I was getting off an airplane from London. My daughter lives in London. By the way her little boy is going to school this year and all the elementary schools in her region have one class of each grade, one through five, no bigger, no smaller. He will go to school for the first time this year. But the pilot came on the air when I, as I was getting off the airplane at twenty of eight at night, as all the disruption was taking place. I was with, in an airplane with 50 percent British folks, British Airlines flying into BWI. And the pilot came on the air and said, ladies and gentlemen, we've been told by our central office to tell all of the visitors to Baltimore that there is civil disruption taking place in the streets of Baltimore. For those of you that are going into Baltimore for the first time should be aware of the disruption. That was their

greeting to America when they walked in the door. A very, very devastating thing for us to hear, who were born and raised here, in our town.

I received a phone call from my controller as I was driving home, my chief financial officer, asking me if we should open the Zoo the next day. We are, as I said, one half mile from Mondawmin Mall. I said, yes, we will open. We were scheduled to have 3,000 people in the Zoo that day, we had 70. We had 70. I walked through the Zoo that day, it was a beautiful day, if you recall, the 28th of April, just an absolutely beautiful day. There were two women walking down the street, a mother and daughter, one 30, one 60, and the 60-year-old looked at me. She didn't know me from Adam, she had no sense of who I was. She said, mister, is this Zoo always this empty? And I said, no, it's not. And she said, well, we're from Delaware, and we don't know why it's so empty. And I had to explain to her what was going on. I didn't tell her how close she was to what was going on, but I told her what was going on in town.

What I know is, here's the bottom line for us. We have a \$14.5 million budget. The State provides us through this grant about \$5.1 million. The question that's before you today is the final \$250,000 payment. In that \$14.5 million budget we also receive about \$550,000 from Baltimore City. We also receive \$400,000 from Baltimore County. The rest of the money we have to generate ourselves.

Right now we're in our budget process and we are trying to project what next year will bring. We were about to hit our 500,000 attendance mark for the first time in 25 years. On April 28th, nobody came to the Zoo. Nobody came for ten days. All groups, I communicated with the six superintendents of the school systems in Baltimore and the surrounding communities about bringing their groups back. The head of the department in Baltimore County, Dallas Dance, who I know in part because I, there's a history that I have in Baltimore County --

(Laughter.)

MR. HUTCHINSON: -- as the former County Executive. But Dr. Dance is the one that explained what was going on. And he said all of the superintendents have agreed that we will not have one group return to Baltimore City until the Governor removes his emergency status for the City. We will not allow one child to go back into the City. And they didn't. And we in May, it's our biggest month of the year, for all attendance we anticipated 90,000 people. We realized 72,000 people. We lost 18,000 overall. And school groups began to come back after the school, after the emergency was lifted.

Finally the paid attendance is what we have lost, and that's the people who make the decision to come to the Zoo the day of or the day before they want to come. Our families have come. Our family members have come.

We have 12,000 family members. They are coming back to the Zoo. Our family membership sales have slowed, have slowed significantly for the next year. Our predictions for next year are uncertain. One of my colleagues who runs an organization not unlike mine have said they've delayed their budgeting process three months because they want to be able to determine what the trends are for their organization. We're almost in the same situation.

TREASURER KOPP: Like yours in, in being in Baltimore?

MR. HUTCHINSON: Well, they are in Baltimore City, they're in the central part of Baltimore City. I don't want to speak for him.

TREASURER KOPP: No --

MR. HUTCHINSON: That's why I'm not mentioning the name. But they are in Baltimore City --

TREASURER KOPP: Not another zoo, you are saying?

MR. HUTCHINSON: Not another zoo, no. But they are in Baltimore City and they have daily attendance and daily family members that come to their facility and they are right in the heart of the City. He has also told me that he has lost his evening event business. We have a, we, all of us that are in central Baltimore, have a big event business. We haven't seen that at our Zoo. Our events are still very, very popular. We had an event two weeks ago. We have an annual event every Memorial Day weekend, it's called Brew at the Zoo.

It's a beer fest for local breweries to come and people can sample their brew. We netted \$80,000 more this year than we did last year. Our net income for two days was about \$430,000. Our gross revenue for the two days will be about \$320,000. It's our biggest fundraiser of the year.

TREASURER KOPP: This was about three weeks after the --

MR. HUTCHINSON: This was, yeah, this was Memorial Day weekend. Now the story there is the millennials don't care.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I was going to say, beer overcomes everything.

MR. HUTCHINSON: They're going to show up.

(Laughter.)

MR. HUTCHINSON: The millennials, the millennials flat out don't care. That's the demographic on that event. On the other hand, the person who is making the decision to come to the Zoo on a daily basis is the mom between the ages of 23 and 40 who have children between the ages of four and 13. That's our demographic. They are the decisions, there are exceptions everyday, but that's the person that we have to appeal to on a daily basis, and that's the person that has chosen so far not to come to the Zoo. I hope that answers your questions.

TREASURER KOPP: And you think this is true of --

MR. HUTCHINSON: I know it is.

TREASURER KOPP: -- of the sister organizations?

MR. HUTCHINSON: I know it is. I know it's true of all of the relevant other organizations that we are comparable to. To the extent of their numbers, I can't quote them. But I do know it's true for each.

TREASURER KOPP: Do you think this question of the school superintendents, is this a question, is this, could this be on the advice of their attorneys because if something happened and it was a state of emergency still they would be more liable?

MR. HUTCHINSON: Well, I'm sure that liability would be an issue that they would discuss. I think, I can't speak for them, but Dr. Dance -- by the way, I communicated directly with, through written communication with all six superintendents, three responded and three did not respond. The Superintendent of Howard County wrote me a very nice, very positive email in response. And Dr. Dance wrote me a long explanation as to the decision that had been made and why it had been made. I think it's just clear that they, that they felt that it would be impossible to explain to the parents that they would send their kids into an environment that was under the state of an emergency.

TREASURER KOPP: That's what I, yeah.

MR. HUTCHINSON: I think that's, and I think that's what has to be considered whenever a state of emergency is called, the psychological impact it has not only on the community but also on the surrounding community and the impact it has on businesses. I'm going beyond what you asked me to talk about. But having somewhat, somewhat being familiar with the communities in question, and being involved, being President of the Greater Baltimore Committee for so many years, I can tell you from a business perspective it's difficult to recruit new employees. It's difficult to have people come into your businesses in town. Everybody looks at it at the moment, but it's the long term impact it has. And that's why we can't, we're having a difficult time figuring out our budget. We know we were going to get 400, 500,000 people at the Zoo this year, our bottom line is going to be 460. That's what we're going to have. We're going to have 460,000 people come to the Zoo, not 500.

TREASURER KOPP: But you feel that essentially, I mean, the state of emergency was lifted.

MR. HUTCHINSON: Yes. And people, and people have begun to come back. And that's what makes this so difficult to project.

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. HUTCHINSON: Because we don't know what the long term trend is for the community.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, I have to say that, you know, first of all, safety has to be paramount.

MR. HUTCHINSON: Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: And I sat at the shoulder of the Governor when he was making these decisions. And we were considering the impact on the community, on the businesses, I mean, you know, even the police superintendent talked about the Pacquiao fight was that weekend and the impact on the bars and the restaurants. But the issue was definitely safety. We were also looking at the law enforcement assets that, the law enforcement that was Baltimore City's law enforcement, our State Police, and the allied agencies that were coming in from the other counties. There was the fatigue aspect. Once we lifted that state of emergency we would start to lose those additional support.

MR. HUTCHINSON: No question.

LIEUTENANT GOVERNOR RUTHERFORD: So that, that had, all these things were being considered in the process.

MR. HUTCHINSON: We actually took care of the Prince George's, some of the people, the front parking lot to the Zoo were used by the Prince George's Police Department for a staging area.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. HUTCHINSON: And we made sure that they had some animals to be with them from the Zoo to --

LIEUTENANT GOVERNOR RUTHERFORD: Hopefully not the tigers.

MR. HUTCHINSON: No, we didn't bring any, we didn't bring any tigers. But they had plenty of, plenty of penguins.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well, thank you.

MR. HUTCHINSON: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: I have second? All in favor?

THE BOARD: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Three-oh. Next? The Department of Natural Resources?

SECRETARY MCDONALD: Natural Resources, Ms. Wilson?

MS. WILSON: Good morning, Governor, Mr. Comptroller, Madam Treasurer. Emily Wilson with the Maryland Department of Natural Resources. We have nine items on our Agenda. I do not bring you penguins, but I bring you land conservation and recreation. I'll be happy to try to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any questions?

COMPTROLLER FRANCHOT: Governor, I just wanted to note Item 5 is a historic marker being funded for Mr. Lee Jordan, who is an iconic figure in Takoma Park, Maryland, my hometown. And for decades he ran the Boys and Girls Club. He did all the youth athletic events, all of the leagues. Many of us coached under his organization and his administration, and I'm delighted that such a legendary figure locally is getting some honors. So well done. Thank you for approving that.

MS. WILSON: Thank you, and thank Takoma Park.

COMPTROLLER FRANCHOT: So let me know when the ceremony is, would you?

MS. WILSON: Sure.

COMPTROLLER FRANCHOT: If you are involved in that. Thank you, though.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer? I don't have any questions. Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor?  
Excellent.

MS. WILSON: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

SECRETARY MCDONALD: Secretary Brinkley?

LIEUTENANT GOVERNOR RUTHERFORD: Okay, the Agenda for Budget and Management?

MR. BRINKLEY: Good morning, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. The Department of Budget and Management has submitted 13 items on today's Agenda and I have representatives here to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: 1-S, Secretary Kramer. I just, I have a couple of questions about the item, just really more from an explanation of it. But beforehand, before getting into that, you had mentioned in one of our cabinet meetings the Department of Aging's response after the

disruption in Baltimore and particularly as far as the emergency prescription support. Can you tell us a little bit more about that?

MS. KRAMER: Yeah. Thank you, Lieutenant Governor, I'd be happy to. Actually it ties in directly to the congregate housing issue that we have in the contract here because we have, there are ten senior apartment complexes in the City that suddenly had no access to drugs, medications, things that you need to buy in a drugstore that aren't necessary prescription, as well as food. The seniors who live in those ten apartment complexes that are dedicated to seniors no longer could walk to get all of those resources that they needed and they don't have transportation.

My staff at the Department of Aging is wonderful and immediately recognized the deficiency and scrambled to put together a bus service, a private bus service that would have a route that took, that went to each of those buildings, picked up seniors on the bus, and took them to a day of shopping where they could buy all of those needs. I had the opportunity to go and visit on one of those trips to see how it was going and I've got to tell you it was not only a lifesaver for these seniors but it was an outing for them. They were extremely happy with the service. It is ongoing. As we know, these services are still not available to them.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. KRAMER: And so the transportation is ongoing. Our first month we were able to create the private process and have it funded through the generosity of the Associated Jewish Charities in the Baltimore region. They are now, the long term system is set up and the transportation is being organized by MTA. They've done a wonderful job and stepped up to work with us.

LIEUTENANT GOVERNOR RUTHERFORD: Great. That's good to hear. I, as you mentioned, a number of these drugstores and pharmacies are still out of service, offline. And I don't always read the media so I don't know how widely it was reported. But there appeared to be a particular attention and effort on the parts of some of the people that were causing the disruption to go after the pharmacies. And we know that there was some intentional action to go after the prescription opiates that are there. And as many people know, the Governor has asked me to head the Task Force on Heroin and Opiate Addiction. And that has caused additional drugs out on the street. And there are some that believe some of the violence that we've seen in Baltimore City is a result of those additional drugs being out on the street. So you stepping in and helping those seniors who are in need is admirable and, you know, we appreciate it and know about it, of course, at the Governor's level. But we want the public to know that the State has stepped in, and your department in particular is helping these vulnerable individuals.

MS. KRAMER: Well, thank you. It is our job and we are all happy to do it.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Madam Treasurer?

MS. KRAMER: Thank you.

TREASURER KOPP: Hats off to you.

MS. KRAMER: Thank you.

TREASURER KOPP: And to get the non-governmental --

LIEUTENANT GOVERNOR RUTHERFORD: Right, the partnerships.

TREASURER KOPP: -- groups working with you.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. KRAMER: Thank you. That was, we were very pleased to have the partnership. Are there any questions about the contract?

LIEUTENANT GOVERNOR RUTHERFORD: Well --

MS. KRAMER: It --

LIEUTENANT GOVERNOR RUTHERFORD: You can tell me a little bit about it, yes.

MS. KRAMER: -- it is not terribly controversial.

LIEUTENANT GOVERNOR RUTHERFORD: No, it is not.

MS. KRAMER: It, it is one of the smaller contracts you're going to be seeing today. But my grandmother always told me that the best gifts come in small packages. So this is a contract to provide services for congregate housing. And congregate housing is apartment housing for seniors that provide services that allow them to live at a very inexpensive level of care compared to assisted living or nursing home living. And it also creates a wonderful social atmosphere.

So for low income seniors in this congregate housing HUD subsidizes rent and the Department of Aging subsidizes the services that they need, the meals that are provided everyday, some laundry and housekeeping services, and personal care. The contracts we have here are for Homecrest supported by B'nai B'rith --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. KRAMER: -- and some, two Catholic Charities contracts. So it's the, they have been level funded for many years.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. KRAMER: Very, very good services.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Well thank you very much.

MS. KRAMER: Thank you, Mr. Comptroller, Lieutenant Governor, Madam Treasurer, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question regarding 3-S, which is the Western Maryland Hospital Center.

MR. BRINKLEY: 3-S.

LIEUTENANT GOVERNOR RUTHERFORD: It's a sole source contract.

MR. BRINKLEY: Dr. Gahunia, did I pronounce that right?

DR. GAHUNIA: Yes.

MR. BRINKLEY: Okay. And Secretary Mitchell.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Welcome.

DR. GAHUNIA: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, Secretary Mitchell? Do you want to come up? No? He doesn't want to come up. Okay, that's all right. We don't, staff often is able to answer questions that secretaries can't. Although I know the General Services Secretary can answer all the questions about her department. That's how we do it at General Services.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I admit a bias. Okay? I admit a bias. I understand that this is a staffing contract. How many staffers are involved in this contract?

DR. GAHUNIA: Three staffers. The CEO, the CMO, and the CNO, which is the Chief Nursing Officer.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And maybe this is a question for the department. Why was it necessary to outsource the services?

DR. GAHUNIA: So this takes us back to Spring of 2014, when we had a survey by OHCQ, which is our own State agency, and --

LIEUTENANT GOVERNOR RUTHERFORD: Survey by who?

DR. GAHUNIA: OHCQ, which is the Office of Healthcare Quality. And they do surveys on behalf of CMS.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

DR. GAHUNIA: And so they did their annual survey and at that time there was widespread deficiencies found in the facility, primarily in the Nursing Division.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

DR. GAHUNIA: And that led us as a department to do a root cause analysis of how we got here. And the first thing we found was that there

was ineffective nursing leadership. And then when we went to the CEO at the time and the other leadership, the CMO, we found out that, you know, the, how did that ineffective nursing leadership get put in place and why weren't they being mentored and developed? Because it was pretty clear that the nursing leadership at the time had very little experience in running a facility of this type. So that led us to needing -- well, first of all quickly we needed, we had a 120-day window to correct all these deficiencies, get back in compliance with CMS so we could get payment for the services that we were continuing to provide and take new admissions. So with that short window we brought in Meritus to help us correct those deficiencies.

But we wanted to do more than that. We didn't want to put a Band-Aid on the problem. We wanted to make sustainable change in the facility and that's why we had the year-long contract. And then during this past year Meritus was able to put together a three-year strategic plan for us.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

DR. GAHUNIA: And that's what we hope to start to implement, we've already started to implement, but really start to see that go into effect in the next three years.

LIEUTENANT GOVERNOR RUTHERFORD: And that's the reason for the three-year contract?

DR. GAHUNIA: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Now have you seen in that one-year period improvements?

DR. GAHUNIA: Yes, significant improvement. So within that 120-day window we cleared the survey. We've had additional surveys since then and each survey, including one of our brain injury unit, has been, had excellent results. We've seen a change in culture. We've seen a complete change in clinical systems and operations.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. What would be the cost differential of trying to hire similar personalities, or personnel, in terms of quality --

DR. GAHUNIA: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: -- and skill set?

DR. GAHUNIA: Well it's been a traditionally very difficult to recruit area for us --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

DR. GAHUNIA: -- and that's how we got into this situation in the first place. So it's been very difficult to recruit, you know, senior level leadership with the right experience. But based on our State salary for these positions it would probably be somewhere on the order of 200 to 300K.

LIEUTENANT GOVERNOR RUTHERFORD: Per, per --

DR. GAHUNIA: No, total, I would say. You know, based on, you know, if you calculate the total of the, what we're paying Meritus.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

DR. GAHUNIA: And if we had hired our own CEO, CMO, and CNO.

LIEUTENANT GOVERNOR RUTHERFORD: The differential, you're saying, is \$200,000, \$200,000 less?

DR. GAHUNIA: Yeah, because we really tried, we --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's what I was --

DR. GAHUNIA: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- I was just trying to, the differential, yeah, I was trying to, you said \$200,000, we're looking at \$2.6 million or \$2.56 million so, and so it's the --

DR. GAHUNIA: Oh, I'm sorry, per year. Per year.

LIEUTENANT GOVERNOR RUTHERFORD: -- per year differential --

DR. GAHUNIA: Sorry, I was thinking yearly.

LIEUTENANT GOVERNOR RUTHERFORD: -- in cost you're saying would be 200.

DR. GAHUNIA: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Does that include with the benefits? That's just salary, you're saying?

DR. GAHUNIA: That's just salary.

LIEUTENANT GOVERNOR RUTHERFORD: But that's not State benefits and I think at that level you could fire for performance, which is always I think an issue. So if you could fire for performance then I don't factor that in as well. So it's, it's probably you're talking probably another 70,000, 80,000 in benefits. So it gets pretty close.

DR. GAHUNIA: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: But as you mentioned there's a challenge in terms of recruiting in that area. I was out at the Finan Center, which is in Cumberland, a couple of weeks ago. And they have a very similar issue when it comes to psychiatric nurses and psychiatrists. The Finan Center does both mental health, but they also do substance abuse in their Jackson Center and the Massie Center. And so that's something that I think we at, the State policy makers have to look at how we can encourage people to, that

want to live in those environments but also to work there. Because in many cases they can find higher salaries in the big cities. Okay, thank you. Oh, I'm sorry.

COMPTROLLER FRANCHOT: Yeah, I have a question.

DR. GAHUNIA: Oh, sorry.

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor. So it strikes me that we had a very troubled facility that was not meeting basic standards. We brought in a three-member team --

DR. GAHUNIA: Mm-hmm.

COMPTROLLER FRANCHOT: -- from the private sector to oversee a State facility. And in very short order, relatively brief period of time --

LIEUTENANT GOVERNOR RUTHERFORD: Yep.

COMPTROLLER FRANCHOT: -- they have come up with a strategic plan that I think you commented has significantly increased the quality of the care and you're here before us asking for a three-year extension. But you're also saying that the quality assurance, the inpatient care, the substance abuse treatment, the effective application of electronic medical records, other forms of healthcare technology, all of these improvements have come about through bringing in three people from the private sector on top of a State run facility.

DR. GAHUNIA: Sure. So initially we brought in a little bit more than just the three people. In our initial contract we had a few modifications. We brought in nurse educators. So up front the work, there was a lot of work put in up front, and especially in those first 120 days. And we actually did have a medical director come in through Meritus as well. But yeah, moving forward we have tried to make the contract as lean as possible. And we're hiring our own medical director. But we did put in a ton of resources initially.

COMPTROLLER FRANCHOT: Yeah, but help me understand the impact of bringing in obviously these three people from Meritus --

DR. GAHUNIA: Sure.

COMPTROLLER FRANCHOT: -- are accountable and responsible for the improvements.

DR. GAHUNIA: Sure.

COMPTROLLER FRANCHOT: And you're asking for an extension of the contract. I'm very supportive of that. But aren't there dozens and dozens of examples around the State of facilities that are paid for, all the employees, etcetera, etcetera, and the performance it right now is uneven, I guess? But why, why isn't there a model for bringing some of the management practices which are in my humble opinion so missing in State government? The basic management that the private sector excels in, why isn't there something in this

model that is a, I take it is a hybrid, they are all still State employees, right? The same State employees?

DR. GAHUNIA: Right.

COMPTROLLER FRANCHOT: We didn't fire everybody.

DR. GAHUNIA: No. But we did, we did let go of some people in key leadership positions --

LIEUTENANT GOVERNOR RUTHERFORD: Leadership.

DR. GAHUNIA: -- and hired new folks.

COMPTROLLER FRANCHOT: Yeah, but you, and let me emphasize --

DR. GAHUNIA: Yeah. No but --

COMPTROLLER FRANCHOT: -- it's leadership, it's management--

DR. GAHUNIA: Absolutely. Absolutely.

COMPTROLLER FRANCHOT: -- it's not the rank and file State employees.

DR. GAHUNIA: Yeah, no.

COMPTROLLER FRANCHOT: And here's a, I mean, do you ever foresee State employees going back and substituting for these, for the Meritus leadership?

DR. GAHUNIA: I mean, if we could recruit the right people. But it would be, like, very difficult. But.

COMPTROLLER FRANCHOT: Well why isn't it a model for other State run facilities? Mr. Secretary, welcome. I must be speaking music to your ears, right?

MR. MITCHELL: I mean, as far as I'm concerned it will be --

DR. GAHUNIA: Yeah.

MR. MITCHELL: -- in the next four years. We've done a complete analysis and institutional review that we presented to the Chief of Staff last Wednesday, which I'll be coming to your office and the Treasurer's as well, and going around the State. We did this 12 years ago, didn't get a lot of success before we left town. But as many of you know I was involved in the closure of Crownsville and I thought we did a very nice job with that, working with the employees and moving them to Spring Grove and Springfield. And so all of our facilities need to be reviewed, not only how they're operating but the capital. As many of you know we haven't spent a lot of money on any of our facilities the last eight or ten years. So we hope to make a lot of changes in regards to that.

This came to our attention January 22nd when we got in. Joe and his team have done a tremendous job. We talked to the senators and delegates out

there. They wanted to see this public partnership grow and so that's kind of where we're heading at this point in time.

COMPTROLLER FRANCHOT: Well once again I'm not trying to make some kind of radical suggestion. It just seems that here you have a perfect model of what a lot of people have been complaining about currently could use some partnerships with the private sector, and to take advantage of their management expertise. And Meritus is a fabulous facility, organization. So it doesn't surprise me -- I take it they didn't hire new people, they are just giving double duty to some of their top people. I mean, this is, this is a significant improvement in a short time, a lot of savings of money to the State. And it frankly preserves State jobs out there that might have been jeopardized if the facility had been allowed to not reverse itself and get back on the right track. I don't know. I'm intrigued by it. If you could keep me in the loop. And if Meritus wanted to say something, I'm a big fan of the organization.

MR. ROSS: Well, I don't have much to add. It's been, you know, it's been a pleasure to work through the transition and think long term a little bit more about the organization and, you know, we're, we're there. It's our community. Many of the employees of this facility who are State employees were our employees before they became State employees and many of them go back and forth. And we share employees. So I think testimony to all of it is our CEO's

father is a patient at the facility, which tells you the level of commitment and confidence that he's developed in the facility.

We were fortunate to be able to put a team together. We did bring the CEO in from the outside, a fellow that worked for me on the Eastern Shore for 20 years, and built a team around him. Our nursing service has a management succession planning process so we had a Ph.D. level nurse administrator that was ready to move up to a CNO level and that was opportune. And then a very well regarded, longstanding internist in the community that was doing some administrative work for us became the Chief Medical Officer. And that team is there today.

COMPTROLLER FRANCHOT: Don't be too modest, and don't hide it under a bushel basket. This is a light that can lead us under Secretary Mitchell's leadership, and we all have a tremendous amount of confidence in that. But this is a way to, it's a win-win for everybody. And Mr. Secretary, if you could also get back to me on the Upper Shore Medical Center? Because that, there's a facility that needs to be reopened and re-energized perhaps with -- heck, you can bring Meritus from the western part of the State if you want to.

MR. ROSS: No, no, no. But I did want that facility when I ran Shore Health. I thought that was a real loss to the community.

COMPTROLLER FRANCHOT: Well, thank you sir. You get an A++. Yeah. But seriously, Mr. Secretary, if you could get back to us and just keep the Board members involved on your thinking? Because that's a, that's a major somewhat related issue to this. Thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Mr. Comptroller. Those are very good points. It's a, it could be a very good model for us going forward. Thank you.

TREASURER KOPP: Can I, just one, when you are looking, Van, at, you are looking at all of the institutions, etcetera, it's also in the light of demographic projections, I assume?

MR. MITCHELL: Correct, mm-hmm. Yeah. We've, as you know when you look at where our facilities are, most of them are on the Eastern Shore and Central Maryland, a couple in Western Maryland. Southern Maryland has been the fastest growing region in the State --

TREASURER KOPP: Right.

MR. MITCHELL: -- for the last, as a percentage wise, for the last ten or 15 years with absolutely no facilities. So we want to look at a new model for a new hospital, a flexible hospital, that beds can flex up and down with different care units and bring back something to you that makes a lot of sense.

TREASURER KOPP: I just --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: -- I've been hearing from some of my friends in Southern Maryland. Thank you. Thank you.

MR. MITCHELL: As I.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: And neighbors. Thank you. I have a question on 9-S.

MR. BRINKLEY: Commissioner Redmer and Rodney Spence.

MR. SPENCE: Good morning. I'm Rodney Spence.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. This is a retroactive contract. The Treasurer mentioned the concerns about some of the retroactive contracts. My main question is why wasn't this submitted to Budget and Management on a timely basis?

MR. SPENCE: Okay. Basically my predecessor wasn't aware that they had to do that. I don't believe that person actually had a whole lot of experience. They sent out notices to proceed to the vendors and they thought that was all they had to do.

LIEUTENANT GOVERNOR RUTHERFORD: Where is your predecessor now?

MR. SPENCE: They are no longer with the MIA.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's a good thing.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: And Commissioner, I'm quite sure you will make sure that these types of things don't continue?

MR. REDMER: That's exactly right, Lieutenant Governor. Rodney does a good job. He's been in place for a while now. We are going through and looking at all of our contracts determining when they expire and putting a plan in place to make sure that we are on the front end and allowing ourselves plenty of time to make decisions and get the process started.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Madam Treasurer?

TREASURER KOPP: No, I just, just on that, I want to say it's just one more example of the need for consistent and ongoing training. I think people come and people go and we've got to have procurement training.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: I mean, not just your, but in general an understanding. It's one thing if there aren't the people there to do it. It's another thing if they just haven't been given the tools. Which is what it sounds like we've

fallen down on. I'm sure in this instance former Delegate Redmer will see to it immediately, and you, sir, too.

MR. REDMER: Well and actually Rodney and I were --

TREASURER KOPP: It's all over, all over the State.

MR. REDMER: -- speaking about this earlier and that the Lieutenant Governor is putting together a task force --

TREASURER KOPP: Yeah.

MR. REDMER: -- specifically to look at procurement and Rodney mentioned training as a specific example. So I asked Rodney to put together a laundry list of ideas and suggestions --

TREASURER KOPP: That's great.

MR. REDMER: -- that he will be sending to the Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: Because among other things you're going to need a curriculum for the --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: -- for the training that makes sense, that's on point.

LIEUTENANT GOVERNOR RUTHERFORD: Well there are certification programs. And when I was at DGS, and I saw my former Assistant Secretary for Procurement Tony Reed here a little while ago, we were implementing requirements to have the procurement officials certified. And that meant that they had to go through the State training. I don't think it was as widespread with some of the other departments. At that time I didn't have the authority to make some of the other departments do those types of things. I think I have that now. But you know, that was, that was something that we felt was very important because I saw that on the federal side. The federal side has done a very good job in terms of requiring trainings, requiring a certain level of education when it comes to, you know, being able to bind the government in these contracts. And the state is far behind that, far behind where the feds are now, where they've taken people who would order office supplies and after a while they would order more things and the next thing you know they're issuing contracts for major facilities. And it just, it, we have to correct that and we're going to correct that very soon. But thank you. Do you have any questions, sir?

COMPTROLLER FRANCHOT: Not for here. I have another item.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

MR. REDMER: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I'm going to go to 10-S, if you don't mind? Ten, actually 10, 11, 12, and 13 have very similar issues. They are different departments. The first is with Natural Resources. That's 10-S. And this is really going to be probably more of a question not only for the department, Natural Resources, Health and Mental Hygiene, let's see as I continue to look at all of my tabs here. Health and Mental Hygiene again, and then Public Safety and Corrections. These are all extensions of contracts that were coming due. And I, really I guess I turn to you, Mr. Secretary, in terms of some of it is the responsibility of the departments to know that they have a contract that is coming due, and then they say later that, oh, oh, we didn't have time to get the procurement out for whatever reasons.

Someone should have known about these things a year ago. They know that in 12 months this contract is expiring. There are no more options on the contract. Start the process then, its planning. And so I think in terms of Budget and -- is your Procurement Director here? Can you, can you come up too and introduce yourself, sir?

MR. GNALL: Certainly. Good morning, Madam Treasurer, Lieutenant Governor, Mr. Comptroller. My name is Gabriel Gnall. I am Chief of Procurement for the Department of Budget and Management.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. As the control agency for procurement, what is your role in these types of challenges that come up?

MR. GNALL: You are correct, this is a challenge. We've noticed it for years. We've noticed departments not always having essentially a tickler system to notify them when procurements are expiring. Some of the departments do have such a system. We know the Department of Health and Mental Hygiene does have a system in place. We have recommended to all departments, all agencies, that they have or create such a system so that they can keep track of when contracts are expiring, when renewals are coming forward, and so forth.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, you said Mental Hygiene has it, DHMH, but two of these items are DHMH items.

MR. GNALL: You are correct. You are correct.

LIEUTENANT GOVERNOR RUTHERFORD: Is there a role for you as the control agency to stay on top of this?

MR. GNALL: We do our best. Again, when we see them as DBM we see them when they come in as solicitations --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. GNALL: -- and when they come in also for contract awards. Now when we have delays, when the agency is having delays, and it could be due

to staffing turnover, we've seen that happen in certain circumstances, where there are delays on procurement, actually doing the procurement themselves. We at DBM are not involved in the procurement. But again, we will see a delay, we see the delay at the end when they come to us, when the delayed contract award. And we ask them why has it been delayed? And we are told on some of the items, again, there is a turnover in staff.

LIEUTENANT GOVERNOR RUTHERFORD: Right. That's on one of them.

MR. GNALL: And they have had, run delays for that reason.

LIEUTENANT GOVERNOR RUTHERFORD: How large is your staff?

MR. GNALL: We have about ten procurement analysts in our department.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Are they certified procurement officers?

MR. GNALL: A couple are, I believe, but not all of them.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Do you have the capacity to pick up some of the load if, I think it may have been DHMH, I don't remember which one of the departments that said they had the turnover and staffing issues. Are you able to pick up some of that load and help them?

MR. GNALL: I can't speak for the entire department.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. GNALL: But I can say that we have done it in the past. We have helped agencies drafting solicitations.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. GNALL: We have provided assistance when they are actually doing the procurement. When they have been down on staff we have provided, our own staff have attended their evaluations and have provided on hand assistance with those procurements.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right.

TREASURER KOPP: Could I go back to the tickler for a minute, though? Is there any reason why you couldn't have the same tickler system that the agencies for which you are the, what is it called?

LIEUTENANT GOVERNOR RUTHERFORD: Control agency.

TREASURER KOPP: Control agency has?

MR. GNALL: We'd have to design a system.

TREASURER KOPP: So you'd have two sets of eyes --

LIEUTENANT GOVERNOR RUTHERFORD: Well there used to be something called Outlook.

TREASURER KOPP: No, it would be the same system. I mean, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: You know, in Outlook you could calendar stuff. And you could set it for like a week in advance.

TREASURER KOPP: It's just it would be two sets of eyes --

LIEUTENANT GOVERNOR RUTHERFORD: I know we've gone to like this Google thing. And you know, with truth and all, full disclosure, my daughter works for Google. So when I bash her telling her that Outlook is better she just, it really sends her over the edge. But Outlook is better.

(Laughter.)

MR. GNALL: I think it would be better to have a more robust system than simply just relying upon your calendar, or your email calendar system. If we had a system in place, a database for example that monitored not just one agency's but all the agencies' procurements, that may be a better system.

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Do you divide your analysts by departments? I mean, they have, so it's possible I think that the analysts could track, or at least have a tickler system of some sort and maybe it is some sophisticated calendaring system, or Outlook, that says that this contract is

in its last year. Just to be able to send an email and say what are you guys doing?  
Or gals doing on this?

MR. GNALL: And there have been circumstances where we know a contract is coming up and we have asked the agency what is going on with this and they typically tell us they are in the process of drafting the specifications. But again, as we are a control agency and we do most of the review of that work --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. GNALL: -- we can't tell them, hey, get moving. Which we do tell them get moving but we can't force them to.

TREASURER KOPP: But you can know when certain, you can have a Gantt chart and tell whether things have been done or not.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. GNALL: Right.

LIEUTENANT GOVERNOR RUTHERFORD: And possibly if you are running into difficulties you could contact Roy down there and then, or contact directly to your boss, the Secretary.

TREASURER KOPP: Or the Secretary.

LIEUTENANT GOVERNOR RUTHERFORD: And he can put a call into Secretary Mitchell or whoever the case may be to say, hey, you guys are

messing up here, and you run the risk of, you hold the purse strings. So they run the risk of losing something in the next budget process.

MR. BRINKLEY: They call us back.

LIEUTENANT GOVERNOR RUTHERFORD: They do call you back? Right. Okay.

TREASURER KOPP: Well or they would know and be able to say I know this thing is coming up in 18 months but we just don't have the people to do it.

LIEUTENANT GOVERNOR RUTHERFORD: Right. And then there's, something should be done. I mean, even if it's not your department that can pick up. It may be, and maybe I'm asking too much, and this is what we'll explore this summer, is explore and, you know, talk to the other control agencies. There may be some slack in a department that has people who are certified, trained, that can pick up and write the solicitation. They may not be able to understand the subject matter, the full subject matter. But if it's a service contract that DHMH normally does, DHR does service contracts. If they have qualified people there maybe they have slack, or vice versa, or one of the other departments may be able to help.

We need to really look a lot more at shared services. Where, you know, the departments, the individual departments are not in the procurement

business. They are in the business of delivering services. I mean, other than DGS is in the procurement business, but they are generally in the business of delivering services. So we should be able to have personnel that can step in if need be to help in terms of just the basic structure of a procurement, deciding on whether it's going to be a competitive sealed proposal or bid or whatever the case may be. So that's something we'll explore this summer and see what we can do.

But Madam Treasurer, you're absolutely right. Training and certification is very important and it's something that we need to push.

COMPTROLLER FRANCHOT: Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Yes?

COMPTROLLER FRANCHOT: -- if I could, I sat here for eight years and heard your predecessor promise over and over again that these problems would be corrected. The famous tickler option, which I've repeatedly, if you go back through the transcripts, has been brought up by your immediate predecessor, Mr. Secretary, your predecessor. I mean, the number of times that I've sat here and heard these lame excuses, that we're overworked? Really? We're understaffed, or the, this is the one I love, the procurement officer of the agency went out on leave and the file sat under a stack of paper in his office for seven months.

LIEUTENANT GOVERNOR RUTHERFORD: That was a long leave.

COMPTROLLER FRANCHOT: Or we decided at the 11th hour that we're going to do things differently that's going to require some extra time. Or the one that's associated with the Item 11-S, staff turnover and the overwhelming workload for existing staff. Or that famous old chestnut from my dear friend the Treasurer, that folks need more training.

How about some leadership and some management and some accountability? And you know, I just hesitate to bring all this up, Lieutenant Governor, because everybody has the best of intentions. But over and over and over this has happened. And it's, you know, was the O'Malley administration. I understand there were a lot of inherited problems. And I'm not trying to make your life miserable. But if what I'm seeing is a repetition of this routine and we end up approving everything, why don't I ask just an open question here? What bad things would happen if we held these DBM options open for a couple of weeks to take another look at them? You know, I'm particularly concerned at the fact that the rate payer, the taxpayers on Item 10-S, a one-year, this is one of the batch that I think the Lieutenant Governor isolated out. You know, the cost of this one-year extension to a five-year base contract is \$276,322. And the purpose evidently is to be able to complete a new competitive procurement. And as he

noted, or it's pretty clear from the background material, this is a five-year contract with a fixed end point. There's no reason why there's not a new service vendor procurement completed on time.

So but the point is that the baseline contract is for a million-plus for five years, which equates to \$18,000 per month. The extension is for \$276,000 for one year, which equates to \$23,000-plus per month. As a result of the extension the incumbent vendor is getting a 27.3 percent raise. How is that justifiable?

MR. GNALL: With all due respect, Mr. Comptroller, the reason this one was asked to be resolicited was because it received one proposal. We at the Department of Budget and Management found out that another competing offeror was not notified of this solicitation so we recommended that the procurement be canceled so that all interested parties could be given the ideal opportunity to compete on it.

COMPTROLLER FRANCHOT: And why are we paying the premium for a one-year extension?

MR. GNALL: My understanding, and I guess the department maybe could speak to it further, my understanding is that this study is done on a cyclical basis on an annual cycle. So therefore a year is required at that point.

COMPTROLLER FRANCHOT: But why the 27 percent increase?

MR. GNALL: Again, I can't speak to that.

MR. BRINKLEY: Mr. Comptroller --

LIEUTENANT GOVERNOR RUTHERFORD: Is there someone from the --

MR. BRINKLEY: -- Bruce Michael, Director of the Resource Assessment Service.

COMPTROLLER FRANCHOT: Great. Because frankly I read the whole background material and I had no idea what the company does anyway.

LIEUTENANT GOVERNOR RUTHERFORD: I, yeah.

COMPTROLLER FRANCHOT: Maybe you could explain in plain English what we're getting at a premium price.

LIEUTENANT GOVERNOR RUTHERFORD: I thought it was studying lawyers, quite frankly, when it said this benthic bottom dwelling organisms?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I'm a lawyer, I'm a lawyer, so I can, I can say that.

(Laughter.)

MR. MICHAEL: My name is Bruce Michael and I'm Director of Resource Assessment Services for Maryland Department of Natural Resources and I appreciate the opportunity to shed some light on this. Benthic dwelling organisms are our clams, oysters, worms that live on the bottom of the Bay that are valuable for fish food, our birds, ducks, waterfowl. And this is a long term monitoring program, part of a comprehensive monitoring program to assess the health of our Chesapeake Bay. We are required under the Federal Clean Water Act to assess all of our waters within the State and we have had these programs since 1985.

The State completes a portion of this. We do water quality and habitat but we don't have the expertise to do this long term benthic monitoring program and this is why we contract it out, outsource it. The benthic monitoring program collects data twice a year. The spring and then in the fall usually between the August and September time period. Once they collect that data they have to analyze it. They have to evaluate the different species of clams, oysters, enumerate the information, and then they do the analysis. And it's part of a Bay-wide assessment program.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That is extremely fascinating. But I guess getting to the Comptroller's question in terms

of why the significant increase for a one-year contract than what it was over the life of the five-year contract?

MR. MICHAEL: We had an increase because of a national EPA program called the National Coastal Assessment that is requiring the states, all the states to provide, all the tidal states, to provide this information on a benthic program as well as fisheries and other components and to make it comparable to the rest of the country and the nation. We required that this long term component, which has been done by the incumbent, be maintained for this one-year time period.

LIEUTENANT GOVERNOR RUTHERFORD: So but is this an additional requirement?

MR. MICHAEL: This is a one-year additional assessment. Right. Correct.

LIEUTENANT GOVERNOR RUTHERFORD: Well, I mean compared to what's been going on over the five years? Because I think the question has --

MR. MICHAEL: Yes. Yes. That is an additional component.

LIEUTENANT GOVERNOR RUTHERFORD: -- is this 25 percent different than what they did last year under the original contract?

MR. MICHAEL: Correct. On a year to year basis, yes, this is a one time additional assessment for our Maryland coastal bays.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller?

COMPTROLLER FRANCHOT: Well I'd be perfectly comfortable if this particular item we held off for two weeks so I could see in writing exactly what the gentleman commented on was a new requirement.

MR. MICHAEL: We would be --

COMPTROLLER FRANCHOT: I'd like to take the other items and knock the options off and limit it to whatever the, you know, the most minimal request is on the other two or three or four contracts. Just because we're never going to make progress here if we don't put our collective feet down and demand some action. So I guess, Mr. Secretary, what's the damage that would be done if we held this for two weeks? And I guess it's a DNR issue. But what about the other items, holding, approving them but not approving the --

LIEUTENANT GOVERNOR RUTHERFORD: The options?

COMPTROLLER FRANCHOT: -- the extensions?

MR. BRINKLEY: Well Mr. Comptroller, I'd like to suggest perhaps we should bring up Rhonda Callum, Donna Gugel, or Donna Gugel for Item 11-S; Rhonda Callum for 12; and on 13 Sandi Davis-Hart so they can address that specific question on those.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, let, yeah, it appears as though the DNR one, it probably wouldn't be a problem because your contract doesn't expire until July, correct?

MR. MICHAEL: It doesn't. But to get this additional coastal assessment work basically begins in June. We would like to get that done as soon as possible.

LIEUTENANT GOVERNOR RUTHERFORD: They can't start that under the existing contract?

MR. MICHAEL: No our funding is actually, we're ended, ended at the five-year contract.

LIEUTENANT GOVERNOR RUTHERFORD: At the end, at, so you've paid out all the money before the end of the contract?

MR. MICHAEL: We have paid out for that money, correct.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. MICHAEL: To do this National Coastal Assessment, which begins in June, we would like to be able to at least begin that process. And I will certainly be happy to provide any additional information about the project and why there was an increase over the historical year to year amount of funding allocated to the incumbent.

COMPTROLLER FRANCHOT: Well I would like to make a motion to postpone all of these for two weeks so we can look at them. Because generally what happens is we have this conversation, then we approve them because they are all for very important issues that we all care about, and then we forget about it. And if it hadn't come up a dozen times in the last several years, I'd be a little more charitable. But I would, you know, press my motion. I can't imagine terrible things happening if we just take a two-week review at these, this whole batch of contracts. I mentioned the options but I'm not even sure which options I'm, I would ask to be removed. I might come back and approve everything. But I hate to just, I know it's not rubber stamping, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: But I hate to rubber stamp this stuff. Because it's never going to end otherwise.

MR. MICHAEL: And I certainly understand that and we'll provide that information.

COMPTROLLER FRANCHOT: Great.

MR. MICHAEL: This is the first time, though, that DNR has had this issue with this particular program. So we've always done our contracts in time for this particular project.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Yeah, the, you know, typically, I mean, if you looked at just the original term it wouldn't be a problem at all. But based on what you just said you paid out all the money so you'll have to hold off. So if we were to approve it, when would they start working?

MR. MICHAEL: They would start now. They would start tomorrow.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So --

MR. MICHAEL: Yep.

LIEUTENANT GOVERNOR RUTHERFORD: -- in this case, and they do it in the rain?

MR. MICHAEL: They do it in the rain and all sorts of weather, and absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Because I guess though that the lawyers are still on the bottom if they're doing it --

MR. MICHAEL: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- so it doesn't matter.

MR. MICHAEL: Right.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I'm willing to, I, there was only one that I was, you know, particularly concerned about and that had to do with substance abuse treatment. But it appears that there's time. Madam Treasurer, do you have any concerns?

TREASURER KOPP: I'm still, yeah, I do have concerns. I'm still trying to understand what the impact would be of interrupting this survey which this would --

MR. MICHAEL: Correct. This is a National Coastal Assessment and --

TREASURER KOPP: No, I understand what it is.

MR. MICHAEL: Right. Yes.

TREASURER KOPP: What would a two-week hiatus?

MR. MICHAEL: We have a certain window of opportunity to collect, to mobilize, to collect the information.

TREASURER KOPP: To mobilize? You're not supposed to collect it until when?

MR. MICHAEL: We are, we've actually gone through the EPA training --

TREASURER KOPP: Yeah.

MR. MICHAEL: -- and they are going to be going out as a team, not only Maryland DNR, but federal partners to collect the data in June.

TREASURER KOPP: In June?

MR. MICHAEL: Yes, ma'am.

TREASURER KOPP: Not the first of July?

MR. MICHAEL: Correct.

TREASURER KOPP: Which is what --

MR. MICHAEL: Right, and our start date --

TREASURER KOPP: -- is the same.

MR. MICHAEL: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Now so --

TREASURER KOPP: And you can't pay them to do that unless this is approved? Is that right or not?

MR. MICHAEL: Correct. That is correct.

LIEUTENANT GOVERNOR RUTHERFORD: They've spent all the money under the current contract.

MR. MICHAEL: We had, right --

LIEUTENANT GOVERNOR RUTHERFORD: And you used that for the training? Did you use that for the training and --

MR. MICHAEL: We have used some of the funding to train them to get this work done, yes. Yes. The last month's worth of work.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Well I think to interrupt the survey doesn't make sense.

LIEUTENANT GOVERNOR RUTHERFORD: It doesn't seem like --

MR. MICHAEL: And we appreciate it. Because we are coordinating with our federal partners, with EPA, Delaware, and other states as well to do the National Coastal Assessment.

LIEUTENANT GOVERNOR RUTHERFORD: But you haven't started this additional work?

MR. MICHAEL: We haven't started year two of the work. I mean, we haven't started our long term. I mean, that's, and we need to be out in the August time frame to get that work done.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. MICHAEL: But this National Coastal Assessment, which is funding that's come up from EPA, that's the increase that you were mentioning, and that would be the additional work that would be done.

COMPTROLLER FRANCHOT: Right. But all I'm saying is --

MR. MICHAEL: Yep.

COMPTROLLER FRANCHOT: -- the world's not going to come to an end if a couple of oysters don't get counted somewhere in the next two weeks. I'd like to have two weeks --

LIEUTENANT GOVERNOR RUTHERFORD: Or lawyers, which equals worms.

COMPTROLLER FRANCHOT: Or, or, you know, you might find some submerged lawyers down there.

MR. MICHAEL: Right. But it is our --

COMPTROLLER FRANCHOT: But my point is your, it's not your issue and the Treasurer is very supportive of environmental programs as am I. It's the procurement process. And so I, I am quite vigorous that I would like 10, 11, 12, and 13 held for two weeks so that we can look at them. I can't imagine that there's going to be some kind of, and help me --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, you know -

-

COMPTROLLER FRANCHOT: And is there some really bad thing that's going to happen if these are held for two weeks so that we can --

LIEUTENANT GOVERNOR RUTHERFORD: Do you have someone here from Public Safety as well?

MR. BRINKLEY: We have, well, they are from DHMH.

LIEUTENANT GOVERNOR RUTHERFORD: Public Safety has the substance abuse assessment.

MR. BRINKLEY: And Sandi Davis-Hart is here for the substance abuse.

LIEUTENANT GOVERNOR RUTHERFORD: Can I hear from that individual?

MR. MICHAEL: Certainly, I appreciate you all's consideration.

COMPTROLLER FRANCHOT: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. BRINKLEY: For 11 it's Donna Gugel.

LIEUTENANT GOVERNOR RUTHERFORD: No, 13. I wanted to hear about 13-S which is -- oh, okay.

TREASURER KOPP: Well you are proposing 10, 11, 12, and 13? Is that right?

COMPTROLLER FRANCHOT: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Is that the motion that's on the table?

COMPTROLLER FRANCHOT: That's the motion.

TREASURER KOPP: Or how about 11?

MR. BRINKLEY: Well, I have Donna Gugel on my list, the Deputy Director for 11.

TREASURER KOPP: While you wait for 13.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, okay.

MR. BRINKLEY: Rhonda Callum, Director of the Resident Grievance System for 12 for DHMH.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, so 11 and 12 are DHMH.

SECRETARY MCDONALD: Come to the podium --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, we'll take you first. Yeah.

SECRETARY MCDONALD: -- if your name was called approach the podium.

MR. BRINKLEY: Come on up.

LIEUTENANT GOVERNOR RUTHERFORD: Eleven and 12.

TREASURER KOPP: What's the impact of not approving, please?

SECRETARY MCDONALD: Could you introduce yourself and say which program, which item you're with, please?

MS. CALLUM: I'm Rhonda Callum. I'm with the Legal Assistance Provider Program, DHMH Resident Grievance System, 12-S.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm. Okay.

TREASURER KOPP: Twelve.

LIEUTENANT GOVERNOR RUTHERFORD: What would be the impact of waiting two weeks?

MS. CALLUM: I really don't see an impact of it, of waiting for two weeks. As long as the contract --

LIEUTENANT GOVERNOR RUTHERFORD: Is eventually --

MS. CALLUM: -- doesn't expire.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. CALLUM: It expires at the end of June.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. CALLUM: So I don't have a problem with that.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Okay. Thank you. Eleven, 11-S?

MS. GUGEL: Good morning, 11-S also expires June 30th. So as long as we get an extension before the end of June we'd be fine. So two weeks is fine.

LIEUTENANT GOVERNOR RUTHERFORD: I guess, though, that in that two-week period we need to --

COMPTROLLER FRANCHOT: To look at the options.

LIEUTENANT GOVERNOR RUTHERFORD: -- to look at the, yeah, look, particularly the options but just to see where you are with the procurement process to make sure. And work with your friends over at Budget and Management and make sure that you're on track --

MS. GUGEL: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- so that we don't have to go through those options.

MS. GUGEL: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. GUGEL: I agree with you.

LIEUTENANT GOVERNOR RUTHERFORD: And that's for 11 and 12. Okay, Public Safety -- I'm sorry?

MR. BRINKLEY: Lieutenant Governor, for 11, 12, and 13, I'll just point out that the Department of Budget and Management demanded, or actually recommended, that we do these extensions so that we can get back onto a track to actually bid these things out so that we did not have a repeat of what a lot of the departments have been criticized of.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. BRINKLEY: Of just extending the contract unilaterally for one year at a time.

LIEUTENANT GOVERNOR RUTHERFORD: So you recommended the extension plus the options, your department did?

MR. BRINKLEY: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. BRINKLEY: So this, so they would have time to properly bid these out.

LIEUTENANT GOVERNOR RUTHERFORD: So if, if they don't meet the numbers you're next on the line?

MR. BRINKLEY: I suppose so. It looks that way.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay.

MS. GUGEL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Public Safety?

MS. ROSE: Hello, hello, good afternoon, or good morning. My name is Rosetta Rose, I'm the --

LIEUTENANT GOVERNOR RUTHERFORD: Could you speak up?

MS. ROSE: Sure. I'm the Deputy Director of Procurement Services for Public Safety, and then I have behind me Ms. Sandi Davis-Hart, Director of Substance Abuse Assessment Program.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. The question is whether a two-week delay on approving this will have, or will it have any impact on your services? In approving this contract extension?

MS. ROSE: Yes, it will in the fact that if we don't have this contract approved then we are unable to provide assessment services to the inmates.

LIEUTENANT GOVERNOR RUTHERFORD: But if, if it's in two weeks, well the contract expires at the end of the month.

MS. ROSE: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: We're at the 3rd so my remedial day counting puts us somewhere about the 20th where we will come back and meet again. Am I correct on that?

MR. BRINKLEY: The 17th.

SECRETARY MCDONALD: The 17th of June.

MS. ROSE: Seventeenth.

LIEUTENANT GOVERNOR RUTHERFORD: See I'm, sorry, remedial. But so that's even better. The 17th --

MS. ROSE: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: -- if everything is fine and we're able to approve the contract on the 17th?

MS. ROSE: We should be fine, yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So there's no impact?

MS. ROSE: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you very much. I will second the Comptroller's motion.

SECRETARY MCDONALD: To defer all four items?

LIEUTENANT GOVERNOR RUTHERFORD: To defer Items 10 through 13.

SECRETARY MCDONALD: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Ten through and including 13. All in favor, or in favor?

TREASURER KOPP: Governor, could I split up and just say I would vote against it on ten because I think the risk of interrupting the survey is not worth two weeks. I can't imagine what you're going to do in two weeks. And abstain out of respect for you and the Comptroller on the others.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: I'm not sure what two weeks gains you. But fine with me. I mean, we've got to do the programs in the end, so I mean something's got to be approved.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: But if those departments say two weeks doesn't make a difference, then I take their word for it.

LIEUTENANT GOVERNOR RUTHERFORD: Well as was said earlier, you know, these kinds of contracts put us in a very difficult situation.

TREASURER KOPP: Indeed.

LIEUTENANT GOVERNOR RUTHERFORD: Because, and I like you and the Comptroller are very concerned about our environment and environmental protection. I was the, I happened to be the senior environmental official and energy official at the Department of Agriculture and the U.S. Department of Agriculture in terms of budget, personnel, land resources is larger than the State of Maryland. And so I am very concerned about those. But I do think we need to send a strong message from the standpoint of procurement and we'll be talking to the procurement offices and officials next week, including the control agencies in terms of improving this process.

TREASURER KOPP: I agree completely with that, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: And I don't think, by the way, that the interruption will impair our environment in any way. I'm not saying that for a moment.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, I --

TREASURER KOPP: It's a question of data.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Understood. Okay. We have a vote on that, and --

SECRETARY MCDONALD: The balance of the DBM Agenda, from one to nine?

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on DBM's Agenda?

COMPTROLLER FRANCHOT: Yes. I had Item 6-S. I'm saving the best for last.

MR. BRINKLEY: Item 6, Mike Dibattista, the CFO, and Wyndell Bishop, the Deputy CFO, are here from DJS.

TREASURER KOPP: Yes.

COMPTROLLER FRANCHOT: Terrific. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

COMPTROLLER FRANCHOT: This is, we're looking at a contract in Item 6-S from DJS, Department of Juvenile Services, to award 31 contracts with an aggregate value of nearly \$297 million to 31 vendors who provide both residential and non-residential services to young people who are currently going through the juvenile justice system. According to my notes these services range from foster care, group homes, treatment centers, to educational programs, independent living programs. All of these programs in the aggregate serve a total of 860 kids.

I have a few questions. First, right off the bat, could someone from the agency please clarify some of the figures quoted in the background notes? Are we really paying \$297 million to serve 860 children, which amounts to \$346,000 per child? Obviously I'm not going to try to measure a child's life and welfare in dollars and cents. But I'll say this is an extraordinary amount of money. I'd be interested in knowing if any efforts have been made to analyze how this money in the aggregate is being spent and to see if there are ways to get a better outcome at lower price?

MR. DIBATTISTA: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. DIBATTISTA: I'm Mike Dibattista, CFO for the Department of Juvenile Services. To answer your question, we do not spend \$300,000 per

youth. These are not to exceed contracts. In order to have the continuum of care and the number of beds available for the different levels of care that the court orders for the youth, we have to, you have more capacity than we actually use. So while we may contract for 96 beds with a vendor we may only ultimately use 50 or 60 of those beds. So in general our average cost is, usually runs around \$100,000 to \$110,000 per youth for both residential and education.

COMPTROLLER FRANCHOT: Okay. So what you're saying is that the \$297 million we're voting on right now of taxpayers' money is a ceiling. And are you stating for the record that that, in all likelihood only a third of that will be spent?

MR. DIBATTISTA: Yes.

COMPTROLLER FRANCHOT: And the other two-thirds will just be held in ether somewhere, I take it?

MR. DIBATTISTA: Well we pay on a per diem basis. So if a youth is in the program that day then we pay for that day of service. If the youth is not, if there is no youth in that program then we simply do not pay the vendor.

COMPTROLLER FRANCHOT: So the three, the last time we authorized this at the Board of Public Works we did it I take it this way?

MR. DIBATTISTA: Yes.

COMPTROLLER FRANCHOT: With all of these contracts. What amount of money did we authorize and what amount of money did you spend? Because they are all, they expire at different points, I take it?

MR. DIBATTISTA: Yes. I can't give those figures in terms of what we, what was authorized at the last time that we did this large group. I know that our annual costs, this year we're projecting our total costs for the residential programs will be about \$45 million, the non-residential programs I think the projected cost is about \$8 million for those programs.

COMPTROLLER FRANCHOT: Well that's useful information. But why are we approving three times the money that you need? If on average you spend \$100,000-plus and we're now approving \$346,000 per child, don't you think that's a little bit loose?

MR. DIBATTISTA: We need to have the capacity or we would be back every month to add additional funds to the contracts. We don't know what level of care the court is going to order for a youth so we have to have that capacity available when that decision is made and when the court order is made.

COMPTROLLER FRANCHOT: Well it strikes me as -- I don't mind having some extra capacity. But having 300 percent capacity beyond your historic spend rate I think is probably too much.

But my real concern is how all these contracts are bundled and presented to the Board. We're being asked to evaluate 31 contracts, all with incumbent vendors, none of which were competitively bid. There's little if any information about the credentials of these vendors, the actual work that they're supposed to be doing, their past performance, and the metrics that we should use in evaluating their future success, nor for that matter do we know why some of these are for three-year terms while others extend for four or five years. All we get is the name of the company and the amount of money that we're supposed to hand over. And I can't speak for the Board but I personally don't feel that I have enough information to determine whether the vendors are doing a good job, whether we're getting a fair price.

And I have to ask given that all these are being bundled into one large package rather than being treated separately, is the department truly monitoring each of these contracts individually for both performance standards and cost containment? Because where's that list that I, here, listen to these amounts that we're approving with this vote. Well, the first 15 or so are relatively insignificant I guess because they are, you know, \$10 million or less. But at the end we get into some real money, with a \$13 million contract, \$23 million, \$28 million, \$15 million, \$32 million, \$39 million, \$11 million. I mean, these are huge chunks of money. And we're simply on your say so handing it over to you.

And shouldn't these be individually presented to us with some kind of support or -  
-

MR. DIBATTISTA: All of our providers are licensed by either the department or by other State agencies, Department of Human Resources or Department of Health and Mental Hygiene. So they all are subject to evaluation to continue with their licenses. The department has a quality assurance unit that goes out and monitors all of the programs. So in order to keep that certification and if the program is licensed by another agency then we jointly monitor the programs with those other agencies.

COMPTROLLER FRANCHOT: Well, yeah, but you understand I'm licensed by the State, I guess, some state, to practice law. I don't. I call myself a public interest lawyer, in the public interest I don't practice and obviously I can't as Comptroller. But, you know, I'd love to get a \$10 million contract and have it based on my accreditation remaining there and having somebody come by and see that I'm doing some work, I guess. But what, how can you stand there and say that this is proper from a fiscal standpoint for us to simply on your word that they have a license, that's pretty low bar, and secondly that you have some kind of roving team that goes around and looks at what they do? How can we approve these amounts given the lack of information?

MR. DIBATTISTA: Again, the rates are set by the State's interagency rate setting committee. The contract values are based on the estimated utilization of the programs and those rates that are set by the rate setting committees. The programs are licensed. We monitor all of them. Again we, the capacity issues, we, in order to have the capacity at each level of care and the different types of treatment services that the youth require and that the court orders, those are the reasons for the number of beds and the capacity that we contract for. We do not spend that money unless we are actually provided that day of service by that program.

LIEUTENANT GOVERNOR RUTHERFORD: Can I ask, let me ask --

COMPTROLLER FRANCHOT: Sure, I don't, I'm just --

LIEUTENANT GOVERNOR RUTHERFORD: -- just one question, the Rite of Passage?

MR. DIBATTISTA: Rite of Passage?

LIEUTENANT GOVERNOR RUTHERFORD: Okay. They are based out of Nevada, that's a group home. Do we send kids to Nevada? Or are they, that's their headquarters but they have a facility here?

MR. DIBATTISTA: Yes. The Rite of Passage, the Silver Oak facility is the program that we're contracting for and that program is here in Maryland. Rite of Passage is the corporate entity and their offices are in Nevada.

LIEUTENANT GOVERNOR RUTHERFORD: And how many beds do they provide?

MR. DIBATTISTA: The contract is for 96 beds, that's the licensed capacity of the facility.

LIEUTENANT GOVERNOR RUTHERFORD: And so over five years, their contract would be five years and up to \$59 million?

MR. DIBATTISTA: That's correct. If they were at capacity for that five-year period, then that's what their payment would be.

LIEUTENANT GOVERNOR RUTHERFORD: But we pay based on the bed? I mean, the occupancy?

MR. DIBATTISTA: Correct. And their population as of this morning is 66, 65, excuse me.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Well, yeah, but your testimony is that a half to a third is what you actually spend based on historic things, and obviously you want some buffer room there in case the courts do something that's additive to that. But it's surprising to me that you're standing before us asking for

\$297 million and you're only going to possibly spend it sounds like at most 150. And why, why do we go, I understand you need capacity. But you need that much capacity?

MR. DIBATTISTA: Again, it's just a question of if we don't build that capacity in up front then we're going to be back at the Board of Public Works on a, on a monthly basis trying to, you know, as utilization, as the courts order more types or order more kids into that level of care, and that's the program that provides that level of care, then we're going to be back asking for the Board to add dollars to the value of that contract in order not to, for us not to exceed that value.

COMPTROLLER FRANCHOT: Well number one, we're here every two weeks. That's not a big deal.

MR. DIBATTISTA: Well but --

COMPTROLLER FRANCHOT: And second --

LIEUTENANT GOVERNOR RUTHERFORD: And I love sitting in.

COMPTROLLER FRANCHOT: Yeah. But doesn't it, well I'm, I'm beating a dead horse here.

LIEUTENANT GOVERNOR RUTHERFORD: Well, yeah, I think where the Comptroller is going it sounds like the margin that you could be

using could be a lot less than what is, what you're asking to be encumbered. That based on your, the historic aspects, and even with some projections to think that you need to have a margin, the margin doesn't need to be as great as the margin here, that it's almost, you know, doubling what you're asking for. I, you know, I'm not sure how the numbers are calculated. To say, yes, you do need that margin, you need that flexibility just in case there's a particular surge. But it sounds like it's almost twice the amount.

MR. DIBATTISTA: I mean, again, we estimate based on the data that we have from our research and evaluation unit, and with the input from our resource and placement division so that, again, we have the capacity available when the court orders a youth committed for an out of home placement.

TREASURER KOPP: Have you maxed out ever in certain types of capacity or institutions?

MR. DIBATTISTA: Yes. I mean, next week we'll have two contracts, or next Board meeting we'll have two contracts for utilization as the projected utilization will exceed the original value of the contract. So we're bringing those contracts back for modification to add dollars and slots to those contracts before they expire.

TREASURER KOPP: And, and do you look back, the Comptroller asked this as his first question, which I thought was a good question.

Looking, looking backwards at what the utilization has been year over year in some of these?

MR. DIBATTISTA: Yes. Before --

TREASURER KOPP: Can you see in fact a pattern of underutilization as well as hitting the ceiling?

MR. DIBATTISTA: Yes. We, we, before the contracts expire we have a sunset meeting. We bring in resource staff with our budget staff to look at the utilization over prior periods and determine what level we should contract for. So there are programs --

TREASURER KOPP: But these are like for three years, over three years, you're saying?

MR. DIBATTISTA: Some are three, some are four, some are five. We stagger them so that they all aren't expiring at the same time.

TREASURER KOPP: Good idea.

MR. DIBATTISTA: And we're not trying to collect 60 contracts from 60 different vendors at one time.

TREASURER KOPP: But do you ever look back and say, oh, in the last two years we thought we'd spend \$10 million and we only spent five? And then in the year after that we thought we'd spend five and we only spent four? So there's a pattern of underutilization?

MR. DIBATTISTA: Yes.

TREASURER KOPP: More frequently than every four or five years?

MR. DIBATTISTA: We do look at, we monitor our contracts on an annual basis, so that we look at each year, what the contract value was, what the utilization, contracted utilization, what capacity was, and what the utilization was.

TREASURER KOPP: And you could provide the Comptroller with those numbers?

MR. DIBATTISTA: Yes.

TREASURER KOPP: Us, all of those numbers?

MR. DIBATTISTA: Yes.

TREASURER KOPP: And the fact, when you have done that does that impact your allocation for the next year, your anticipation or does it vary --

MR. DIBATTISTA: We do it in the next contract. So if it was a three-year contract and the first year of that contract we contracted for a ten-bed capacity and we only used five --

TREASURER KOPP: Right.

MR. DIBATTISTA: We would not bring the contract back to reduce the value of the contract. But in that next contract period we would look at

that utilization over the term of the contract and say, well, hold it. We did a contract for three years that was for ten beds. We never got beyond five. So let's change that utilization, or let's change that capacity and reduce it to seven, maybe six. And the new contract would be for the lower number of beds.

TREASURER KOPP: And do you still have a juvenile justice monitor going in with quarterly reports?

MR. DIBATTISTA: Yes, we still have the independent --

TREASURER KOPP: Independent, yes.

MR. DIBATTISTA: -- from the States Attorney's Office Juvenile Justice Monitoring Unit that goes in and looks at our facilities and does do some of our private facilities.

TREASURER KOPP: Only some of your private facilities?

MR. DIBATTISTA: Yes. I believe they do the DJS licensed facilities.

TREASURER KOPP: Ah, but not like DHMH places --

MR. DIBATTISTA: Correct.

TREASURER KOPP: -- where you just happen to have placements?

MR. DIBATTISTA: Yes.

COMPTROLLER FRANCHOT: Well I really appreciate the Lieutenant Governor --

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: -- coming in and being at least somewhat supportive of this concern because it's you who testified that the \$246,000 per child in fact is not a good figure, it should be based on utilization somewhere in the \$150,000?

MR. DIBATTISTA: No. \$100,000 to \$110,000 is the average cost.

COMPTROLLER FRANCHOT: \$100,000 to \$110,000, and we're authorizing \$246,000 per child. Maybe some of it is for administrative purposes. Anyway, long winded way of saying if anyone is in touch with Governor Hogan, tell him. I think he's a terrific guy. If he wants to stay an extra month over there, feel free. The Lieutenant Governor is doing just fine. And you know, these are big numbers.

TREASURER KOPP: Don't tell him that.

LIEUTENANT GOVERNOR RUTHERFORD: No, we won't tell him that.

COMPTROLLER FRANCHOT: These are --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: His immediate staff would love it because they are all on vacation out there.

COMPTROLLER FRANCHOT: Yeah. Yeah. But these are enormous numbers. And you know, casually setting ceilings that are three times what they need to be, although there may be other costs, I'd love to take a look at what you can supply and just verify that maybe I'll, obviously I support the services and maybe I should vote for \$297 million based on your testimony. But I'd feel a lot more comfortable looking at your material. And I take it you could also give us in the interim more information about these companies so that at least we're not just signing checks. Because this is not, you act as if this is an authorization. I view it as an actual cutting of checks, that's what we're involved in here. The Legislature I'm sure is very supportive of establishing ceilings, and rightly so. But this is real money that we're about to vote on. And I'd love to see some more information since it's such a high amount.

MR. DIBATTISTA: And again, and we understand that it's a lot of money. The contracts again are monitored. The agencies, the programs are monitored. But I do believe that it is important for us to have that capacity available so that when the court does make an order we have a program for a youth to go into or else that youth is going to sit in our detention facilities waiting pending a proper placement. And that time that he's sitting in, him or her is

sitting in that detention facility does not count towards their time and they are also not receiving the treatment that they need and that the court has ordered.

TREASURER KOPP: Could, I have one last question. Could you show, you said you do look at it and adjust the amounts of money if there is underutilization. In addition to whatever other materials the Comptroller would like you to provide, could you show us in fact whether in this, in this set of contracts you have done that?

MR. DIBATTISTA: Yes.

TREASURER KOPP: Have you?

MR. DIBATTISTA: Yes.

COMPTROLLER FRANCHOT: I hate to be a, I mean, I hate to --

LIEUTENANT GOVERNOR RUTHERFORD: In two weeks would you be able to get the information that you need and --

MR. DIBATTISTA: In two weeks, yes. We can give you the utilization for --

LIEUTENANT GOVERNOR RUTHERFORD: Well and we'd need it in less than two weeks so that there's two weeks to, or at least enough time to review the material.

MR. DIBATTISTA: Yes. And we, we should be able to put together the utilization in the next day or two.

COMPTROLLER FRANCHOT: Great. And --

TREASURER KOPP: And maybe a one-pager explanation of the different varieties of licensing and monitoring by all the different parties who do all that?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I had a question on this, the code RTC. Is that residential treatment center? Because it's not in your --

MR. DIBATTISTA: Yes, that is.

LIEUTENANT GOVERNOR RUTHERFORD: -- your key. Well that needs to be added, and it didn't. It has treatment centers and it has treatment foster, but it doesn't have the residential treatment center.

COMPTROLLER FRANCHOT: And I'd love to get a copy of any existing contract with each of these groups just so I, not, and I'm going to nitpick, I just want to look at something in writing that --

LIEUTENANT GOVERNOR RUTHERFORD: What their requirements are?

COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: What their, their deliverables.

COMPTROLLER FRANCHOT: And if that can be done without damaging the program, I would so move.

TREASURER KOPP: Could I just? And just maybe another document walking through the rate setting procedure?

MR. DIBATTISTA: Yes.

TREASURER KOPP: Which is an unusual process.

MR. DIBATTISTA: Yes. I mean, we can ask the committee to provide information on their rate setting process.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you. Is there a motion to defer?

COMPTROLLER FRANCHOT: For two weeks.

LIEUTENANT GOVERNOR RUTHERFORD: Second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. That's going to be deferred for two weeks. Thank you very much. Any question, any additional questions on the DBM Agenda?

COMPTROLLER FRANCHOT: No, that's it for me. Thank you.

SECRETARY MCDONALD: So we need one through five, and seven, eight, and nine, a motion on them.

LIEUTENANT GOVERNOR RUTHERFORD: Are there motions? Have we, didn't we --

SECRETARY MCDONALD: Because we've taken care of six, ten, 11, 12, and 13. So we need a motion on --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. A motion on the remaining --

SECRETARY MCDONALD: A motion on seven, eight, nine, yeah, just one motion on the remaining Agenda.

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Second? All in favor?

THE BOARD: Aye.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

SECRETARY MCDONALD: Mr. Evans is here from the University System of Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. EVANS: Good morning. Or good afternoon.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, is it afternoon now? Okay. It's still all one day, as far as I'm concerned.

MR. EVANS: Joe Evans representing the University System of Maryland. We have --

LIEUTENANT GOVERNOR RUTHERFORD: Why don't you hold on just a second so we can let folks clear? Okay. It sounds like it's quieter. Okay.

MR. EVANS: Okay. Joe Evans representing the University System of Maryland. We have 11 items on the Agenda. Today in attendance we have Dr. Janet Dudley-Eshbach, the President of Salisbury University, and Dr. Mickey Burnim, the President of Bowie State University, here to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I have a question on 2-C. This is a pedestrian bridge and to be compliant with the Americans with Disabilities Act. The question in terms of it seems like a relatively straightforward contract, a construction contract, but there was only a single bid. I believe there were two but there was one that didn't meet the technical requirements. Why? Why would we only for a \$2 million construction contract in Baltimore? There are a lot of providers. There are a lot of construction companies that just could not meet the requirements? Or, and chose not to bid?

MR. EVANS: The solicitation was advertised and it went out to 1,083 vendors, construction vendors.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. EVANS: At the pre-proposal conference there were 12 firms that showed up at the pre-proposal conference. And we only got two proposals or two bids in. This was a multistep bid.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. EVANS: We only got two proposals in for the first step along with their pricing. We called some of the vendors that showed up at the pre-proposal conference and we got reasons that they didn't have the experience, they didn't have the time to do it. The one that was in that didn't meet the requirement, they, we tried everything to keep them in initially.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. EVANS: They didn't submit the documentation that was required to be submitted with the bid. I worked around that to get the documentation. But in the evaluation process their, the personnel that they submitted was weak. And then one of the troubling things were they gave us three references, of which two of the references had no recollection of the services that that firm provided. So they scored really low on that. So I think that we did

our due diligence and we did send it out. It covered a wide, a wide spectrum of vendors.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. EVANS: I went and looked at the list before I came down here because I know how Comptroller Franchot feels about sole sources. And I saw a lot of the vendors that did receive it were vendors that we deal with on a regular basis, Barton Malow, Whiting Turner, and then there was a lot of other smaller firms that was on there.

LIEUTENANT GOVERNOR RUTHERFORD: And they didn't, and they just weren't interested?

MR. EVANS: They just weren't interested.

LIEUTENANT GOVERNOR RUTHERFORD: It states that you contacted the minority business associations. Which ones did you contact?

MR. EVANS: We sent it to the Maryland-Washington Association.

LIEUTENANT GOVERNOR RUTHERFORD: Wayne Frazier's group.

MR. EVANS: Right, we sent them copies of it.

LIEUTENANT GOVERNOR RUTHERFORD: And there's

another, plus Jones' group? Did you send it to them as well? I forgot what, does anybody know what their, I don't remember what their group's name is.

MR. EVANS: Their group? I don't recall.

LIEUTENANT GOVERNOR RUTHERFORD: I'll find out. Well, I asked that question because sometimes these folks call me and they talk about contracts and I can then point to and say, look, you guys didn't pay attention to a two-point-something million dollar contract that you could have done as a prime. So that's, that's why I asked that question in particular.

MR. EVANS: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions on this item?

COMPTROLLER FRANCHOT: No. Good question. Because I'm glad you asked the question.

TREASURER KOPP: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I did have a question also on 3-AE. And this is a, as the title says it's architectural and engineering services, on call contracts. This was done I believe through the small business reserve. Are any of these awardees MBE contractors, architectural or engineering firms?

MR. EVANS: I don't think any of these are MBEs.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I'd like that information. I'm not going to hold this up for that but I would like to get that information. The Department of Transportation through their State Highway a couple of years ago had a program that Secretary Bassette is familiar with that looked at contractors particularly, now they were, of course it's a little different because they were looking at primarily road contractors. But they specifically were looking at A/E firms. And there were a host of MBE firms that were A/E that could do, easily do this. And many of them had been working in Virginia but they just were not being looked at in Maryland. And some were, many were Maryland organizations. And so I think there can be a wider net. But I'd like to at a later point, sometime after this, to let me know if any of these happen to be registered MBEs with the State of Maryland.

MR. EVANS: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Did, beyond that I was going to just reference 8-C, this is Bowie State. You said the President is here?

SECRETARY MCDONALD: President Burnim is here, yes.

MR. EVANS: Yes, sir. Yes, he is.

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Oh, good to see you, sir. If you don't mind stepping up? I don't have an issue with it. I just

wanted to point it out because the Comptroller and I had the pleasure of being at the groundbreaking. And we were very impressed. I am quite impressed, as I said on that day, with the growth of Bowie State.

One of the things I did not mention at the time is that in the Governor's cabinet we have two Bowie State alums. One being Secretary Bassette.

DR. BURNIM: The Secretary, yes.

LIEUTENANT GOVERNOR RUTHERFORD: And then also Secretary Craig at the Department of Planning.

DR. BURNIM: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: David Craig is also an alum of Bowie State.

DR. BURNIM: That's great. We're proud of both of them and we were delighted to have you and Mr. Franchot at the groundbreaking.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

TREASURER KOPP: And I regret I was out of town.

DR. BURNIM: Well, we missed you. We missed you.

TREASURER KOPP: I missed being there.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: You were missed.

What is the progress so far on that?

DR. BURNIM: Well, the ground has been prepared. The pilings have been put in place for the new structure. And right now they are digging out the basement for it. So progress is moving along very well according to the construction manager.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. Mr. Comptroller?

COMPTROLLER FRANCHOT: I wonder if President Eshbach could join President Burnim?

DR. DUDLEY-ESHBACH: It feels great to stand up.

(Laughter.)

COMPTROLLER FRANCHOT: Well --

DR. DUDLEY-ESHBACH: Thank you. And thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Good to see you. Yes, I was going to, I was going to mention you because I have a, with full disclosure, my youngest daughter is a student there at Salisbury.

COMPTROLLER FRANCHOT: Wow.

DR. DUDLEY-ESHBACH: We're delighted to have her. And based on the rigor that I'm seeing I would like to offer the Treasurer, the Comptroller, and you, Governor, the opportunity to be faculty at Salisbury University.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I may take you up on that.

(Laughter.)

DR. DUDLEY-ESHBACH: And I meant that seriously. Any questions? We are asking for your approval for bid package number five, this is five of five, this is the last, the final piece for the Academic Commons, which is on target, on schedule, on budget, and moving forward very nicely. You will note that the carillon is being funded by a private donor.

TREASURER KOPP: When will it be playing?

DR. DUDLEY-ESHBACH: I am assured by my Vice President for Admin and Finance that it will be playing when we cut the ribbon, which will be a year from now, maybe August of 2016.

LIEUTENANT GOVERNOR RUTHERFORD: So it will be after my daughter's graduation? Hopefully?

DR. DUDLEY-ESHBACH: Well if you would like us to hold it,  
Governor --

(Laughter.)

DR. DUDLEY-ESHBACH: -- we can be accommodating.

LIEUTENANT GOVERNOR RUTHERFORD: No, we don't  
want you to hold my daughter there. I look at it two more tuition checks.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: And that's all.  
That's, yeah, so all right. Well thank you. We appreciate what you're doing  
there. I have seen the construction take place. Not because I was asked to come  
down but because I had to move her in or out of campus.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: So we appreciate  
that.

COMPTROLLER FRANCHOT: Governor, I just want to --

DR. DUDLEY-ESHBACH: Mr. Comptroller?

COMPTROLLER FRANCHOT: -- underline how important it is  
to have good leaders. And Salisbury and Bowie State are absolute gems of  
institutions but they are there because of their presidents in large part. And --

DR. DUDLEY-ESHBACH: That's very kind.

COMPTROLLER FRANCHOT: -- so keep up the good work. And thank you for all the leadership that you show. It's, that's the difference between you and some institutions around the country that don't have leadership like you. So --

DR. DUDLEY-ESHBACH: Yeah, I appreciate the kudos --

COMPTROLLER FRANCHOT: -- hats off.

DR. DUDLEY-ESHBACH: -- and I know my colleague --

MR. BURNIM: Thank you very much.

DR. DUDLEY-ESHBACH: -- does as well. Thank you. Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Any additional questions on the University Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval. Move approval.

TREASURER KOPP: Favorable.

COMPTROLLER FRANCHOT: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor?

THE BOARD: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Am I the one that's making this longer than it normally is?

COMPTROLLER FRANCHOT: No, you're doing fine.

LIEUTENANT GOVERNOR RUTHERFORD: I didn't realize it's now afternoon. Okay.

COMPTROLLER FRANCHOT: It's okay.

LIEUTENANT GOVERNOR RUTHERFORD: So Department of Transportation? Oh, I'm sorry. I'm sorry. I jumped a little bit. Okay. DoIT, yes.

MR. ESTRADA: Good morning, Lieutenant, or afternoon, Lieutenant Governor, Mr. Comptroller, Madam Treasurer. I'm Luis Estrada, Deputy Secretary of DoIT. Today we have seven items on the Agenda. I'll be happy to address any DoIT items, and we have agency representatives for the other items.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I do have a question and it has to do with the revised 5-IT. And this is really I guess more of a technology and in this century. And it has to do with our contracting for the 800 line, 800 toll free service. Just before, the Treasurer and I were talking briefly before this about the fact that so many people no longer have home phones, land line phones, that many people have cellular. And in our pre-Board meeting with, the Governor's pre-Board meeting, all but two of us old geezers had, and you weren't there so you're not an old geezer, but that had the home lines. And so the, everyone else at the table was talking about why do you need

an 800 number? You just call on your cell phone. And that was, you know, enlightening for some of the younger folks, that there is such a thing as a home phone and it's not just in old black and white television. So but if you can explain, you know, the challenge and the cost? I mean, we're spending \$15 million a year for 800 phone service.

MR. ESTRADA: That's over, that was over five years, the initial contract --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. ESTRADA: -- was \$15 million. The yearly cost is roughly a million dollars.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, I'm sorry.

MR. ESTRADA: The, every agency is required to have an 800 number by law. And the 800 service is the provisioning of an 800 number and routing that to the phone that rings.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. ESTRADA: Is one part of this contract and the other part allows for dedicated circuits to be installed so that the 800 number instead of ringing your local or long distance lines that you have procured through other avenues you have a dedicated system, phone system for the 800 lines. State

Board of Elections, for example, will have an 800 line that sees a lot of volume in the March time frame --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. ESTRADA: -- and in the 30 to 45 days before elections, and so on. They'll have dedicated lines. And so we have a data telecommunications master contract where circuits can be procured independently of the services. And in this contract both had, were available on the same contract. So --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So the modification, there's no additional cost because it's all covered under the original five-year? We're extending it for a year, there's no additional cost to the State?

MR. ESTRADA: We're extending, it had been extended already. So there's a six-year blanket purchase agreement, extending it to seven years, and there's enough money to cover this extension.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now it stated in the item that you're looking at potential areas where we can be a bit more efficient. Or how do we address that? I mean, now one, it's legislative that says we have to have a toll free number. So what, what are some of the thoughts or ideas, or is it too early to ask that question?

MR. ESTRADA: Well in high level --

LIEUTENANT GOVERNOR RUTHERFORD: High level.

MR. ESTRADA: -- discussion I guess we could look at, at consolidating 800 numbers instead of each agency having a separate one, having a call center that handles the bulk of the calls for the State --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. ESTRADA: -- and can route the calls to the agencies as necessary. Similar to a service desk, a help desk capacity where calls come in to a tier one help desk and get routed appropriately to those who can provide the service. But additionally for, within this year, during this extension, we'll be separating out the infrastructure piece, the installation and maintenance of the dedicated circuits. There, we had some, we had response from vendors where the TDM legacy based circuit, dedicated circuit technology was problematic and vendors weren't willing to commit to providing that option along with the toll free service across the entire State. There's some remote areas, there's some locations that are costly and risky and only a couple of vendors, the big guys, can provide that service. So separating out the toll free services from the infrastructure piece is one way where we'll be more efficient and invite more participation and competition from industry.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Any questions on this?

COMPTROLLER FRANCHOT: Yeah, I applaud the Lieutenant Governor for raising the issue. Because otherwise this would have just gone under the radar screen. And so how much money is currently sitting in the, from the previous seven-year authorization, you said?

MR. ESTRADA: It's in the neighborhood of a million dollars, I believe, but I don't have that number. I can provide it to you afterwards.

COMPTROLLER FRANCHOT: Okay. And there's kind of an extraordinary letter from your boss, Secretary Garcia, that talks about, I guess he's regretting or somehow, he calls this an unwarranted contract extension. What is that, is that a term of art I'm not used to? Or does he really mean unwarranted?

MR. ESTRADA: I don't --

COMPTROLLER FRANCHOT: I mean, it's three times in his letter. He says I'm requesting that you approve an unwarranted contract extension, and at the end he says I understand that the Board's policy as it relates to unwarranted contract extension requests, and he says we're going to try to limit them in the future. What is that? What's an unwarranted contract extension?

LIEUTENANT GOVERNOR RUTHERFORD: That's a good point.

MR. ESTRADA: I believe that's referring to sole source and the issues that the BPW has brought up in the past. But I can't speak specifically to that wording.

TREASURER KOPP: I'm not sure unwarranted --

LIEUTENANT GOVERNOR RUTHERFORD: We're going to have to talk to him about his word choice.

(Laughter.)

TREASURER KOPP: It is warranted at this point, unfortunately.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Is there a professor in the house? We need a grammar professor and we'll send him over to remedial letter writing. Okay. Yes. Yes. Related to unwarranted, yeah, you don't pick those things up in spell check. So. Okay, that is, that is a bit odd. I'm going to go to 6-IT, if that's all right, 6-IT. Now this is an option, it's, one it's a sole source and modification. The concern I have is what's referenced in the back, that the renewal is asked for to make some determination, give time to make some determinations of issuing a new RFP or a sole source procurement. I guess the question that I have, are we going to be sitting here next year and they come back with a sole source procurement? I mean, what, it just seems a bit odd to me that while this is the last renewal someone didn't make a decision in terms of

whether there should be, there should be a sole source, a new sole source justification that is put in place or a bid before we reach this point.

MR. ESTRADA: I'll defer to Donna Gugel, I believe is here.

MS. GUGEL: Thank you. Good morning, Madam Treasurer, Mr. Comptroller, and Lieutenant Governor. Thank you. The reason that we put that in is we've, we're actually currently undertaking a cost benefit analysis. Since the Board has consistently not been in favor of sole source contracts we were instructed to determine whether we could put this out for bid. And so we've been doing some background research on that. And so currently the current contract that we've had in place for quite a while is sole source. It's proprietary software. It's \$294,000 a year to run an electronic claims management system. And then if we need to update the system then we add in additional task orders to change the software. So we've been working actually with DoIT --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. GUGEL: -- to kind of determine whether or not we would put it out on bid. It would be a major IT contract. We would have to hire a project manager for over \$200,000. Even if we put it out on bid we would still have to continue a sole source for at least probably two years to continue paying the claims that we get on a daily basis because a new vendor, this contract took over three years to develop the system. So a new vendor it would, we're estimating it

would take probably two to three years to develop a new system. Additionally, it would probably cost us four times as much as this system cost to develop. But we are looking at it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. It almost sounds like you've made a decision.

MS. GUGEL: Well I, I honestly --

LIEUTENANT GOVERNOR RUTHERFORD: At least you gave a lot of reasons --

MS. GUGEL: The other, and the other key factor is that these programs were scheduled to go into the Medicaid MERP system that I think that you're aware is kind of on hold right now.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. GUGEL: So that's another reason for us to kind of continue a sole source. If we go down the road of starting with a new vendor while maintaining our current vendor while the new vendor is developing something, and then we end up finally getting into the new Medicaid system, we're spending an awful lot of money that we probably don't need to spend. So we would love your blessing to move forward, to be here next year to have a new five-year sole source.

LIEUTENANT GOVERNOR RUTHERFORD: I'm not saying that I'm going to bless you to come back next year with a new five source, a five-year sole source. But I guess the question would be with regard to this existing request. Okay. Any questions? Madam Treasurer? I did have a concern. I said I wouldn't do it, but I am going to do it.

MS. GUGEL: Oh, do we have a spelling error?

LIEUTENANT GOVERNOR RUTHERFORD: Yes, you do.

MS. GUGEL: I am so sorry. I'm sorry. I didn't, it wasn't me.

LIEUTENANT GOVERNOR RUTHERFORD: You changed the department's name to the Department of Healthy and Mental Hygiene.

MS. GUGEL: Okay. I apologize.

LIEUTENANT GOVERNOR RUTHERFORD: I know we want to have healthy departments and healthy citizens. But I'm sorry to do that to you.

MS. GUGEL: No. Thanks for pointing it out.

SECRETARY MCDONALD: -- on record, I'm not sure it's DHMH's fault, I'll just say on that one. And that has been caught now. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, so it's your doing?

SECRETARY MCDONALD: I'm not sure of that either. But I was saying --

TREASURER KOPP: That's spell check again.

SECRETARY MCDONALD: -- we will absolve DHMH of that.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, it's --

MS. GUGEL: Thank you. Thank you.

SECRETARY MCDONALD: But it is the Department of Healthy, we would kind of --

LIEUTENANT GOVERNOR RUTHERFORD: This is a healthy department, right. Okay. All right.

MS. GUGEL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Any other questions on DoIT Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Second? And all in favor?

THE BOARD: Aye.

MR. ESTRADA: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, sir.

MR. ESTRADA: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: How long have you been here now?

MR. ESTRADA: One month.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well welcome.

MR. ESTRADA: Thank you. Trial by fire.

LIEUTENANT GOVERNOR RUTHERFORD: There was no fire. It was pretty easy stuff. Wait till we get to Transportation. Oh, who's next?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Good afternoon, sir, Mr. Secretary.

MR. PORTS: Good afternoon, Lieutenant Governor, Madam Treasurer, Mr. Comptroller. Remember, we used to be seatmates --

LIEUTENANT GOVERNOR RUTHERFORD: I used to sit right there beside you, yes.

MR. PORTS: For the record, my name is Jim Ports, Deputy Secretary for the Maryland Department of Transportation. I would be more than happy to answer any questions you have.

LIEUTENANT GOVERNOR RUTHERFORD: I have questions with regard to 7, 8, and 9-AE.

MR. PORTS: What did I tell you?

LIEUTENANT GOVERNOR RUTHERFORD: I wrote on my little page here why, question mark. These items were, there was an increase in terms of the contract adding an additional amount of money, a million dollars it looks like, to each of these A/E contracts. Is there a good explanation?

MR. PORTS: Actually, Mr. Lieutenant Governor, I asked that specific question knowing that you would be chairing this meeting and you were going to ask those three, about those three. I actually wrote those three down knowing you were going to ask that. And I'm going to say this. They did give me a reason, okay?

LIEUTENANT GOVERNOR RUTHERFORD: But is it a good reason?

MR. PORTS: And what I said was that's, that's fine and dandy. But the Board of Public Works is not going to appreciate that answer because you should have done it previously, it should have been done. And so I'm just going to leave it at that and let you --

LIEUTENANT GOVERNOR RUTHERFORD: Did they run out, have they run out of money on these contracts? These are --

MR. PORTS: No, I believe what happened is they, if I understand it correctly, and I'll have Gary come up if I need to. But they didn't anticipate the

amount of work that they were going to perform. But when they had the increase in the transportation revenues then they decided to perform more work so they needed to put these contracts in place and expand the scope of, of the amount of work we were going to do.

LIEUTENANT GOVERNOR RUTHERFORD: Now these were, I believe all of them were at the Port.

MR. PORTS: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: When you said the increase in transportation revenue, where did that revenue come from?

MR. PORTS: That came from a bill in the General Assembly, I believe it was passed in 2013, the Investment --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That related to the ports?

MR. PORTS: Well it's the Investment Improvement, Improvement Investment Act, I believe it was.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So I didn't realize it went to --

MR. PORTS: And it went to all of MDOT.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. I didn't realize it went --

MR. PORTS: -- went to transportation --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All transportation.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: So then all the things that were on the shelves, people then said, oh, we can do this and let's just add money to it and not go back. These are on demand contracts? Is that what --

MR. PORTS: These are A/E services, yes.

LIEUTENANT GOVERNOR RUTHERFORD: A/E, but they are on demand --

MR. PORTS: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- contracts? I, I'm not partial to this kind of thing quite frankly. Because I think that it's, you know, it, you've increased, they are increasing these contracts by 33 percent. If there is more money available that could keep the existing contractors in place and go out to bid. These are \$3 million maximum contracts over a period of time. As I mentioned before, there are a number of, and these are all the big guys, the A/E contracts. And I do believe that there could be opportunities for smaller A/E firms that just are not getting opportunities to do business with the State, either for their mind set. But I think if you talk to Secretary Bassette offline she can tell you

about a meeting with a transportation senior procurement, transportation official a couple of years ago who sat there and stated that the minority A/E firms couldn't do million dollar plus projects when some of the same firms were doing it in Virginia. And they were Maryland companies doing the work in Virginia. So I'm inclined to not approve these contracts willingly.

COMPTROLLER FRANCHOT: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer? Or we could talk about any others, if there are other items that you all have.

TREASURER KOPP: No. I just wish I had a little better handle on what the impact would be. But just from reading all this --

MR. PORTS: If you'd like I could have Gary Lockett come up and explain that, try and explain that if you like.

TREASURER KOPP: Yeah, the new awards will not be made until --

MR. PORTS: And, and Mr. Lieutenant Governor, Secretary Bassette and I were speaking earlier today --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PORTS: -- about that very issue. So we're going to get together and look at the NAICS codes and see what --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good. And I know this is the Port, so there may be some, there may be some specialties there that don't really relate to some of the smaller guys.

MR. PORTS: I'm sure there are. Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: But still.

MR. PORTS: Gary?

MR. KREAFLE: Actually I'm Mark Kreamfle. Gary is sick.

MR. PORTS: Oh, I'm sorry, yeah.

MR. KREAFLE: I'm Director of Engineering for the Maryland Port Administration. And the reason we're asking for this extension is we've started the process for the new round of consultant contracts and this is to cover us until we get to that point where we get the new contract consultants on board. We haven't overspent the money yet on the contract but this is to keep the continuing work at the Port going on design phases and things for our customers.

LIEUTENANT GOVERNOR RUTHERFORD: You said you've started a process of new contracts. Is that a new procurement?

MR. KREAFLE: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And where are you with that? How far out before it hits the street or has it hit the street?

MR. KREAFLE: We sent the information to MDOT and they are supposed to get back to us I think sometime this month to allow us to go out on the street for the letters of interest, I think we're going to be starting that process.

LIEUTENANT GOVERNOR RUTHERFORD: That's the way it works with, okay.

MR. KREAFLE: Yeah, so, so this is, we're, this is our, the contract that this, we're trying to add the money to doesn't expire for another two years. So --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. KREAFLE: -- so time wise we're okay. It was just we spent more money quicker than we thought because the business at the Port has gotten better.

LIEUTENANT GOVERNOR RUTHERFORD: That's a good thing.

MR. KREAFLE: And we've had more customers. Customers have asked for things that we tried to keep up with on the business side.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. KREAFLE: So this is the reason we're asking, so we don't end up short and we end up having a shortfall between the two contracts.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. But there is still money in the contract, the current contracts now?

MR. KREAFLE: Yes, there is money in the contract. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: And MDOT is going to get back to the Port with regard to the new procurements?

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Within less than a month?

MR. PORTS: Absolutely. I think they are hearing it already. So -

-

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PORTS: -- but yes.

LIEUTENANT GOVERNOR RUTHERFORD: And then we can go out on the street. And there may be the ability to go even to utilize the small business reserve, as you can break up some of these contracts?

MR. KREAFLE: Mm-hmm.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I appreciate that. I don't, I don't want to interrupt a process that's going. But I'm willing to take that risk. I think that, you know, at this point I'm not willing to

approve the contract to, or the adding the money. There's money in the contract now. I think if you, if MDOT moves quicker you can get something out on the street to get these projects done. And I expect the Governor is going to be bringing back some additional work for the Port as well. But I think we need to make sure that we're, we're taking care of what we need to do but at the same time making sure that other entities are able to compete. And just because we have the money, throwing money in I just, I just don't care for that. So.

TREASURER KOPP: Can I just --

MR. PORTS: And I think if you look at the overall record from MDOT, I think you'll see that. I think there's another contract in here, actually, that has veteran, veteran preference of two percent, which is well over the normal amount. And I mean so we do, I believe, a pretty good job at looking at the minority business enterprise as well as --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, Transportation does generally a good job. But I'd like to see prime contractors as well. And that's, that's the thing. So --

TREASURER KOPP: Can I just make sure of one thing? That there is money remaining in the contract?

MR. KREAFLE: Yeah, the money is, we haven't spent all the money but a lot of the money has been allocated to certain tasks --

TREASURER KOPP: Yeah, that's what --

MR. KREAFLE: -- that are on board right now. We're not completely out but that's, that's the thing is, I was looking to stay ahead of that so we don't have that problem.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: So if you make a motion, I second it.

LIEUTENANT GOVERNOR RUTHERFORD: I move to not approve this.

COMPTROLLER FRANCHOT: Second.

TREASURER KOPP: I agree.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions on the Agenda?

TREASURER KOPP: I assume this can come back when the department is satisfied?

MR. PORTS: Oh, yeah. Well, like I said they're already in the works. So we'll bring it back when appropriate.

TREASURER KOPP: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Okay, well thank you, sir.

MR. KREAFLE: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: It's not personal.

TREASURER KOPP: And we love the Port.

LIEUTENANT GOVERNOR RUTHERFORD: And we love the Port, exactly. We're looking to bring more business to the Port. So that's Items 7, 8, and 9, I believe it is.

SECRETARY MCDONALD: Have been deferred, correct.

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: No, they were not approved.

SECRETARY MCDONALD: They were deferred, yes?

COMPTROLLER FRANCHOT: Defeated.

LIEUTENANT GOVERNOR RUTHERFORD: Defeated, not approved. They were not approved.

SECRETARY MCDONALD: They were disapproved? Thank you for the clarification.

LIEUTENANT GOVERNOR RUTHERFORD: Disapproved. Yes, ma'am. Okay. Is there a motion on the other items or any questions on the other items on the Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Second?

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All in favor? Favorable on the remaining items on the Transportation Agenda. Last but not least, which used to be first, I don't know what happened there. DGS.

MS. BASSETTE: Good morning, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Afternoon, now.

MS. BASSETTE: All right. Good afternoon, Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Gail Bassette, Secretary of General Services. The department has 26 items on the Agenda. We are withdrawing Item 12-GM line D, and Item 25. And I'll be glad to answer any questions you may have at this time.

And Lieutenant Governor, if I may for the record, thank you for bringing up, and I appreciate you bringing up the focus on the capabilities of the small local minority, women, and veteran owned businesses. And we have, at General Services have stepped up our outreach efforts to include more of the SLMBEs and women owned businesses. And we actually had a meeting with our construction and engineering group this week to let them know that Maryland is open for business. And we have hired a new Office of Business Program, Director of Office Business Programs. And we are going to establish a business

development training program at the agency as well as going to have a large entrepreneurship business development summit early fall where we will partner with MDOT and GOMA and DBED. So yes, sir, we are going to include and because, as you know, there are many, many capable small local minority businesses but they have not had the access and opportunities to do business with the State of Maryland. So thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you, Madam Secretary. I do have a question on 2-C-MOD. This is the Harriet Tubman Underground Railroad.

MS. BASSETTE: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: And I understand there was some controversy originally with the contract. I'm not going to get into that. But this is one of those cases where there's money coming back.

MS. BASSETTE: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Which is, which is a good thing. And that's, as I understand, due to some unwinding of, or taking out a fountain?

MS. BASSETTE: The fountain, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now I point this out because on the second page I found a typo, since I jumped on the other organization.

MS. BASSETTE: Uh-oh. Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: And just because you are my favorite Secretary --

MS. BASSETTE: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: -- I have to say, you know. And I'm sorry, Ms. Secretary, but I told I have a bias.

MS. BASSETTE: That is fine.

LIEUTENANT GOVERNOR RUTHERFORD: But I do have a question. Is this a, is this a typo, where it says MBE and then in the next it says DBE? Or is there a DBE requirement here?

MS. BASSETTE: No, there is no DBE --

LIEUTENANT GOVERNOR RUTHERFORD: Do you see that?

MS. BASSETTE: Yes, the original DBE participation. It should be just MBE because we really just --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BASSETTE: -- hope to go MBE. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. And then there's another spot. But I already --

MS. BASSETTE: Another spot with DBE?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I've already embarrassed you enough.

MS. BASSETTE: Yes, sir. Yes. I went through this document just --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. BASSETTE: -- I already checked it. Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: 5-E?

MS. BASSETTE: 5-E? Okay.

LIEUTENANT GOVERNOR RUTHERFORD: This is a retroactive contract. And I believe six also, 6-E.

MS. BASSETTE: Mm-hmm. Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: What was the reasoning? Was it that, is this a training/education issue, that these weren't brought before? The retroactive aspect of this?

MS. BASSETTE: Well it's for the, the, I guess the leasing of the modular classrooms.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. BASSETTE: And it's a, as you see, a five-year extension.

But it's to have these classrooms for the juveniles that --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. BASSETTE: -- and yes.

LIEUTENANT GOVERNOR RUTHERFORD: But the retroactive aspect is for two years of --

MS. BASSETTE: The --

LIEUTENANT GOVERNOR RUTHERFORD: -- non-bringing them to us.

MS. BASSETTE: Mm-hmm. Oh, they --

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a --

MS. BASSETTE: Yes. Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- reason why this was not brought before?

MS. BASSETTE: Well they never brought it to the Board. They were paying the lease month by month.

LIEUTENANT GOVERNOR RUTHERFORD: They who?

MS. BASSETTE: The Department of Juvenile Services, correct?

MS. MICHEL: State Department of Education.

MS. BASSETTE: State Department of Education, yes.

LIEUTENANT GOVERNOR RUTHERFORD: Introduce yourself, please?

MS. MICHEL: Sure. Good afternoon. My name is Kristy Michel. I'm the Deputy Superintendent for Finance and Administration at the Maryland State Department of Education. And yes, Lieutenant Governor, I think this is a matter of training. This is something that occurred with previous procurement staff. I have a new procurement chief who I can tell you as soon as she found this out brought it to my attention and we started moving it as soon as possible. And I say that because I think we are making progress and we, you have seen some of these items before and you may see some of these again from us. But it is to the credit of our, my new procurement chief that is trying to be extremely transparent and move these things to you as soon as we find them to clean up our house.

MS. BASSETTE: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you. Any questions?

COMPTROLLER FRANCHOT: Good questions. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer?

MS. MICHEL: Thank you so much.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions on the DGS Agenda? Okay. There is a missing paren on 12-G --

MS. BASSETTE: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: -- but you said that, you pulled 12-G so that almost doesn't count. A missing paren and an extra period.

MS. BASSETTE: Well we will make note of that, yes.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I did teach, teach a class and the students didn't like that at all. One last comment before we --

TREASURER KOPP: Can I just put in an editorial --

LIEUTENANT GOVERNOR RUTHERFORD: Sure. Go ahead.

TREASURER KOPP: -- one of the things about some areas of education which really gripe me, some elementary schools, for instance, people take umbrage if you write an essay in one subject and the teacher comes in and corrects the grammar or the spelling. And they say, oh, but this is not an English paper.

LIEUTENANT GOVERNOR RUTHERFORD: Ah, yes.

TREASURER KOPP: And I think that's the wrong --

MS. BASSETTE: It's always an English paper.

LIEUTENANT GOVERNOR RUTHERFORD: You know, Madam Treasurer, no, we are on the same wavelength. I was going to give my gripe and I was teaching a community college class --

TREASURER KOPP: Oh, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- business ethics. And I had some students complain that I was grading, marking them down because of grammar. And I, I could notice because a lot of it, some of it was online assignments, that some of these younger folks were, when you get to be an old timer you can say young folks --

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- were, were sending in their, their assignments using their phones. And it's like I would have to tell them if you refer to yourself and you are starting the sentence, you use a capital I. And I would mark them down. And I had a couple who were a little disappointed with that. And that was, it was like, I said, no, you're practicing for your, for the rest of your life. And so everything has to be professional. So I appreciate you saying that. And they're starting that at the elementary level? Hah, what an outrage. So.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I think we've come to an end. I probably held people a little longer. Oh, do, oh, we didn't vote on --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Well, you know, I found those typos, that missing paren. But you did pull that item, so do I have a motion to approve the DGS Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor?  
We're all in favor?

COMPTROLLER FRANCHOT: We're all in favor.

LIEUTENANT GOVERNOR RUTHERFORD: All in favor?  
Okay, thank you.

COMPTROLLER FRANCHOT: I just, if I could, Lieutenant Governor, this is without a doubt the finest Board of Public Works meeting I ever sat in on.

(Laughter.)

COMPTROLLER FRANCHOT: And I'll go further. I think it's the finest one in the history of the Board of Public Works.

(Laughter.)

(Applause.)

COMPTROLLER FRANCHOT: God bless you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

Thank you very much.

(Whereupon, at 12:48 a.m., the meeting was concluded.)