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

**March 18, 2015**  
**10:05 a.m.**

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# **PRESENT**

**HONORABLE LAWRENCE J. HOGAN, JR.**

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

**PETER RAHN**

Secretary, Department of Transportation

**EMILY WILSON**

Director, Land Acquisition & Planning, Department of Natural Resources

**JIMMY RHEE**

Special Secretary, Governor's Office of Minority Affairs

**MARY JO CHILDS**

Procurement Advisor, Board of Public Works

**MISSY HODGES**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

GOVERNOR HOGAN: Please, sit down. We've got a packed house.

TREASURER KOPP: Oh my goodness, it's standing room only. There must be something happening --

GOVERNOR HOGAN: Well, good morning, ladies and gentlemen. Welcome back to the State House. I'd like to thank the, the Treasurer and the Comptroller for hosting us at our last meeting. And I, I want to congratulate and thank the Treasurer on an outstanding job on the bond sale at the last, how about a big round of applause for her and her staff?

(Applause.)

TREASURER KOPP: I have to say, I think Ms. Benik, the Chief Deputy Treasurer over there, is the one who, I, I sit there, but they do all of the work. And I --

GOVERNOR HOGAN: Well let's give Ms. Benik a round of applause, then.

(Applause.)

GOVERNOR HOGAN: I just want to start out by just touching on an item that was approved by this Board at our last meeting but we didn't get into much discussion on, and that is a connector project for BWI Thurgood Marshall

Airport. And I just wanted to touch on that. And we have our Secretary of Transportation here with us this morning. But this is an important first step for us in our major expansions of BWI. We had a great meeting just recently with the President of Southwest Airlines and we're working very hard to increase the international capacity at BWI, and second, and we're trying to make it easier for more business travel in and out of Baltimore. You know, our new slogan is Maryland is Open for Business. I can tell you that the Transportation Department, Aviation Administration is working hard to, we've already done great work at BWI and it's really becoming a world class airport and we're going to continue to work on the expansion.

With that, I'll open up the floor to some opening comments from the Comptroller.

COMPTROLLER FRANCHOT: Thank you, Governor. And I couldn't agree with you more about BWI. And I just want to indicate that having flown a lot around the country, Southwest is the best airline in the United States. And their planes leave on time, their service is friendly, and well I get the early check in because I don't want to sit in the middle of a, middle of a row. But as long as I can get an aisle seat I'm okay. And it's just a great airline. And I, I know there are other airlines that will use the international unit but I'm very excited that Southwest is expanding into the international area.

So thank you, Governor, and Madam Treasurer. I hope you and your families had a Happy St. Patrick's Day yesterday. Everybody got down to City Hall, I hope. My wife is Irish and she said her dad used to send her down to City Hall every St. Patrick's Day with specific instructions that I think only the Irish know but I'll pass on that. It was always a happy day for her and her family.

I spent part of Saturday at the Friendly Sons of St. Patrick's Annual Luncheon in Baltimore and I'm very pleased to say that the Governor was there also and got a rousing welcome from everybody in attendance. The deep and honorable traditions of the Irish community in Maryland are inspiring and I thank that great organization, and also the Hibernian Society that I attended, the 220th Dinner. Can you imagine that? What a, what a, what a legacy.

Anyway, we're a month away, Governor, from the tax filing deadline. I'm sure we've all filed our taxes. Well, I'm very happy to report that we continue to have a very successful tax season, knock on wood. My hardworking staff is plugging away, processing the high number of returns. I wanted to briefly recognize our Director of the Revenue Administration Division, my largest division, Wally Eddleman. Is Wally here? If he is, put his hand up. But maybe we could give him a round of applause in absentia.

(Applause.)

COMPTROLLER FRANCHOT: And our Information

Technology Director Stan Kizior for helping guide this large shift and allowing

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our office to show why it's considered one of the most effective and efficient comptroller's offices in the nation. Both of the teams in RAD and IT have done a tremendous job this year. I'm incredibly grateful for the work. I'm also particularly appreciative for the entire agency's continued commitment to our values of respect, responsiveness, and results.

These values demand that we provide the highest level of customer service and ensure this process remains as painless as possible, and get most Marylanders' refunds back into their hands within three business days if they file electronically and utilize direct deposit. As of this morning, we have processed over 1.3 million returns with electronic filings, ahead of last year's pace, and we have sent out over a million refunds totaling almost \$1 billion. And that money is quickly put back into the economy by our families that are, that are out there getting these refunds, which frankly it is their money that we're holding so I'm delighted to reunite it, reunite them with it quickly.

If you haven't filed your tax returns yet, you can visit our website [marylandtaxes.com](http://marylandtaxes.com), or stop into any of our 12 branch offices for assistance. We would like to remind everyone the deadline is April 15th, so please file your taxes now if possible.

TREASURER KOPP: Yes, sir.

COMPTROLLER FRANCHOT: But everyone that owes money tends to wait. And but I'm delighted that from a technical standpoint we're able

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to show Marylanders that government can get the job done. And I tell everybody we try to get a friendly voice on the other end of the phone if you call 800-MDTAXES. I do everyday, sometimes a couple of times a day, just to see whether there is a live person there. And right now there is about a six to seven minute wait but it is a friendly voice that comes on and says that. And it is the busiest time of the year for us. But if you guys don't get good customer service, call me personally. Because we're not the IRS.

(Laughter.)

COMPTROLLER FRANCHOT: Governor, thank you.

GOVERNOR HOGAN: Well thank you, Mr. Comptroller. And thank you for reminding that I have not started to work on my taxes.

(Laughter.)

GOVERNOR HOGAN: I've been kind of busy. And, and he sort of shamed me, you know, by talking about St. Patrick's Day. I'm sorry I didn't mention that. You know, both my mother and father both traced their ancestors back to, to Ireland. And not only did we do the one together in Baltimore with the Friendly Sons of St. Patrick, we did the Annapolis St. Patrick's Day Parade. But last night I got in very late from the Friendly Sons of St. Patrick in Washington, where I sat between two cardinals who gave me special blessings for the legislative session which I was very pleased to have. They said we're going to need all the prayers we can get.

(Laughter.)

GOVERNOR HOGAN: So Madam Treasurer?

TREASURER KOPP: It's always good to hear that things are friendly. Yeah, I'm all for that. Yeah. Governor, the Comptroller reminded me, talking about deadlines, today is the 18th of March. The 18th of April is the deadline for enrolling in, this year in the Pre-Paid College Tuition Program, the College Savings Program's Pre-Paid Program which you can invest in, anything from a year of community college, a semester of college, all the way through to much more. I really urge, if there's anyone here who is in any way related to a young person whom we hope will be going on to post-secondary education, either in Maryland or, or, or beyond, please, please for your own benefit look into the College Savings Program. This is the time to do it. Saving now helps, thanks to the great force of compound interest, to add up to college going in a far briefer time than most of us think. You start when they're babies, you start when they are two or three years old, you turn around and there they are going off to college. So please give our office a call or a call to the College Savings Plans of Maryland. Both the Comptroller and I are members of the Board of Trustees and very proud of our program, and spread the word. Thank you.

GOVERNOR HOGAN: Thank you very much. Secretary McDonald, we will start with the Secretary's Agenda.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 11 items on the Secretary's Agenda this morning. We have one report of emergency procurement. And we're prepared to respond to any questions you may have.

GOVERNOR HOGAN: I'd like to begin with Item 8, Stadium Authority School D and E for Baltimore City.

SECRETARY MCDONALD: Is Mr. Frenz here from the Stadium Authority. These are two contracts, eight and nine. One is for the design of the Robert, Mr. Frenz is coming up, one is for the design of the Robert Poole School in Baltimore City, and Item 9 is for the construction of the Robert Poole School. And Mr. Frenz is here, Mr. Eric Johnson as well.

GOVERNOR HOGAN: Good morning.

MR. FRENZ: Good morning.

GOVERNOR HOGAN: So this is a relatively new undertaking in, for the State, and I just thought maybe that you could give us kind of an update on exactly where you are, and share some more about the overall project?

MR. FRENZ: Sure. We, we feel the project is going well. I think we've established relationships of trust and, you know, hard work with the other partners in the MOU. Eric Johnson, the Project Executive, devotes all of his time to this project and is working very hard. And I think, do you want to give some more details, Eric?

MR. JOHNSON: Sure. Madam Treasurer, Mr. Governor, Mr. Comptroller, currently right now with the award of this contract we'll have five projects under design and planning.

GOVERNOR HOGAN: I like the, I like your thing with the Super Bowl --

MR. JOHNSON: Oh, thank you.

(Laughter.)

MR. JOHNSON: And then we have six other projects that are in the queue to be awarded within the next three months. So all of the plan year one schools will be under design and construction.

GOVERNOR HOGAN: And can you just give us the Stadium Authority's role in the school construction process, and how that came about, and why that makes more sense than having the school system --

MR. JOHNSON: Sure. Back in 2013 the Legislature approached us to assist with the, the financing and the, and the management of the overall program. We came up with an MOU between the four parties, the IAC, Baltimore City, us, and City Schools, of how we're going to manage the program, who has what roles, rights, and responsibilities. The Stadium Authority has bonding authority. So we will be taking \$20 million from the State Lottery funds, \$20 million from the City, and \$20 million from City Schools, and leveraging that into up to \$1.1 billion in, in funds.

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GOVERNOR HOGAN: Great. Thank you. Go ahead, any questions?

COMPTROLLER FRANCHOT: Thank you for bringing this up, because normally we don't really look at contracts that everybody is supportive of. And everyone in the State I think appreciates the professionalism of the Stadium Authority. So this is good.

Let me ask you since you are heavily involved in this now and working on the design work, how can we build schools that are just as good as the schools that are being built now, but a half or two-thirds the price? I mean, really, are we --

MR. JOHNSON: That's a good question. And I don't know that I have time to go through all of that today. But you know, there's ways that we're either doing a replacement school or a, a renovation, or a renovation and addition, where we're trying to look at not necessarily a systemic renovation but more of a strategic renovation. Where we use some of the parts of the school that are there, we don't need to go and fully gut it, we're going through that now, that review now. And we're trying to do that to keep the costs down. And we're looking at every, every avenue that we can do for cost cutting.

There's, with the amount of schools that are coming out there's going to be a strain on, you know, some of the trades, the construction, some of the materials. So we're trying to put this out in lots where there's not so much of

a strain all at one point on the construction industry. We're looking at multiple different ways to try to do cost savings.

COMPTROLLER FRANCHOT: Well I would follow the Governor's lead, because this is his profession. But it strikes me that there are discrepancies around the State, and obviously there are regional differences. But some of these schools are over \$100 million, and some of them are \$50 million.

MR. JOHNSON: Right.

COMPTROLLER FRANCHOT: And maybe since you are involved now from a different perspective, you know, I'll defer to the Governor. But boy, I would love to see some innovative design practices that benefit the taxpayers and still deliver the same high quality facility.

MR. JOHNSON: I agree with you.

GOVERNOR HOGAN: Yes, it's critically important. First of all, I, you know, say the same thing the Comptroller said, congratulate the Stadium Authority on the great work that you have done with respect to school construction. And obviously cost savings is something we're looking at across the board. There's huge discrepancies in the amount of money that local jurisdictions invest in their schools. Unfortunately Baltimore City, where you are building the schools, has been starving the school system. I think they have reduced expenditures on schools by 20 or 25 percent over the past three years.

Most jurisdictions in the State spend about 50 percent of their entire budget on

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education. Prince George's County spends 63 cents of every dollar on education. Baltimore City now spends 9.6 percent of their budget on education, which is disgraceful. But, you know, we spend twice as much per pupil in Baltimore City as we do in the rest of the State. We've got to make sure we spend every dollar wisely. So thank you very much.

MR. FRENZ: And with respect to cost cutting, we're open to all ideas and we're willing to meet with anyone at any time to discuss those ideas.

GOVERNOR HOGAN: Thank you.

MR. JOHNSON: Thank you.

TREASURER KOPP: And I --

GOVERNOR HOGAN: Oh --

TREASURER KOPP: -- I just have a quick, I wasn't, but, but you mentioned you were able to some extent to try to constrain costs because you manage a number of projects at the same time so you can essentially be at different stages in different ones, and look, is this, is this something that we ought to look at more broadly? For instance if there were a State school construction authority you would be able to manage just, even if it was just the timing of things, in a way that constrained costs. Does that make sense to look at?

MR. JOHNSON: Possibly. Yeah, it's a, yeah without having --

TREASURER KOPP: I just, I hadn't thought of it until you mentioned, but it does make, if, if you know what's going on everywhere and you

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are essentially a major procurer of these services, you have more control over, over, over costs, I would think.

MR. JOHNSON: As Mr. Frenz said, we, we'd be willing to talk --

TREASURER KOPP: I'm, this is a much bigger, for somewhere else. But it's just curious. Thank you.

MR. JOHNSON: Okay.

GOVERNOR HOGAN: Thank you. Any other questions?  
Hearing no other questions, is there a motion on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: We have a motion. Is there a second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh on the Secretary's Agenda.  
We'll move on to the DNR Real Property Agenda.

MS. WILSON: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with the Maryland Department of Natural Resources. Sorry. We have three items on our Agenda this morning. We are withdrawing Item 3A. And I'd be happy to try to answer any questions.

GOVERNOR HOGAN: Any, any questions on the DNR Agenda?  
Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

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TREASURER KOPP: Second.

GOVERNOR HOGAN: Okay.

MS. WILSON: Thank you.

GOVERNOR HOGAN: That was easy, Emily.

MS. WILSON: Thank you.

GOVERNOR HOGAN: We move on to the DBM Agenda.

MR. BRINKLEY: Good morning, Governor, Madam Treasurer, Mr. Comptroller. DBM has submitted six items for approval in today's Agenda, and we have people here to address any questions you may have.

GOVERNOR HOGAN: Great. Well, first of all I'd like to recognize Debbie Thornton from DJS. Is Debbie here with us this morning? Well, you know, I understand that DJS you have been taking some very important steps in the Department of Juvenile Services with respect to your procurement efforts. And together with Secretary Abed, the implementation of the new procurement policy, I just want to congratulate the work that you guys are doing. And we want to stay on track, so thank you very much.

I'd like to talk about Item 2-S. Can DBM and DHMH step up to the podium, please?

MR. BRINKLEY: Randy and William Webb?

GOVERNOR HOGAN: Good morning.

MR. BRADFORD: Good morning, sir. Good morning, Governor, Mr. Comptroller, and Madam Treasurer.

TREASURER KOPP: Good morning.

GOVERNOR HOGAN: Nice to see you. As I understand, this award began as an emergency contract three years ago?

MR. BRADFORD: Yes, sir.

GOVERNOR HOGAN: To provide psychiatric services at Eastern Shore Hospital Center.

MR. BRADFORD: Yes, sir.

GOVERNOR HOGAN: And I'm sure we can all agree on the importance of the work that's being done there. But what's not clear to me is why after all these years the hospital still doesn't have any psychiatric staff, and why three years later we still have a sole source contract?

MR. BRADFORD: The issue becomes very simply that in, for the psychiatrists, first of all we have to understand that the psychiatry field is not a glamorous field in the medical profession. So therefore, less people are going into psychiatry. The second part of that becomes we are, because of our location, it becomes very difficult to recruit psychiatrists, to recruit all medical personnel. Dorchester County, along with much of the Lower Eastern Shore, is part of the federally underserved medical population. Therefore the federal government has recognized that there is a significant issue regarding recruitment of personnel.

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The issue of psychiatry is not that exclusive to the Eastern Shore, it's through all the State of Maryland. Even, whether it's a State hospital or an acute hospital, Shore Health Systems, or University of Maryland Shore Health, has a treatment program. They just did a strategic study. And the amount of, their biggest need is psychiatrists. It's almost double that of general surgeon.

So with that being said, the other issue becomes compensation. The current compensation system in, for Maryland does not pay to get psychiatrists. The average rate now for psychiatrists is approaching \$250,000 for salaries. If I want to hire a psychiatrist now, the department has been very generous with me. They have allowed me to go up to at least that ten out of 13 step, that's about a hundred and -- \$80,000. That's without fringe. If I go to max it's only \$124,075. So we have that as another issue that these locums are getting paid about \$150, they are putting in their pocket \$150 an hour, plus they also get housing, housing supplements, they get mileage supplements. So we're in a, basically we're in a marketplace that we can't play and that, and that has been an issue. I have, I spend a lot of time working on this. I have --

GOVERNOR HOGAN: So how many, how many doctors are, are providing services under the contract?

MR. BRADFORD: I have four staff psychiatrists and a clinical director. So it's not a large, a large workforce.

GOVERNOR HOGAN: So \$2.5 million a year --  
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MR. BRADFORD: Yes, sir.

GOVERNOR HOGAN: -- is the contract, and it's four psychiatrists?

MR. BRADFORD: Four, right now it's basically we're talking about four psychiatrists, yes.

GOVERNOR HOGAN: So that's quite a bit of money --

MR. BRADFORD: It is. I mean --

GOVERNOR HOGAN: -- for a psychiatrist. It's like \$600,000 per year, which is --

MR. BRADFORD: Well --

GOVERNOR HOGAN: -- more than twice as much as what you said you would have to hire people full time for.

MR. BRADFORD: At least. Right now I can tell you that there is a psychiatrist, a full time psychiatrist who has been with me that's with the agency. I have paid the, I have already this fiscal year paid the agency over \$300,000 --

TREASURER KOPP: What --

MR. BRADFORD: -- for his services.

TREASURER KOPP: As, as, as the expert and the person there, what, what do you think the answer is?

MR. BRADFORD: We need, we need to do, we've got to change the compensation structure, somehow, some way.

GOVERNOR HOGAN: And so let me, let me just interject. So you said, when earlier, you would have to pay people \$250,000 a year in order to get them and --

TREASURER KOPP: Yeah.

MR. BRADFORD: Yes.

GOVERNOR HOGAN: -- and the State didn't allow you to pay people.

MR. BRADFORD: That's correct.

GOVERNOR HOGAN: So we could hire ten full time staff people for \$2.5 million. Instead we have a contract for \$2.5 million that only gives us four.

MR. BRADFORD: Right. I mean --

GOVERNOR HOGAN: How does that make sense?

MR. BRADFORD: -- but these are base, these are base salaries, plus of course if the State hires them it would also be, you would have to also add the fringe costs to them.

GOVERNOR HOGAN: Is it \$400,000 in fringe costs per person?  
Or \$350,000?

MR. BRADFORD: No, sir. No. You're talking, actually right now today if I want to hire a staff psychiatrist, staff psychiatrist at, at the step ten level, the cost of the State position is about \$233,000.

GOVERNOR HOGAN: Wow.

MR. BRADFORD: Yeah, and then this also, and this contract also provides some OD coverage. We are able, OD usually is doctors that will have second, have other employment, but they also, if we, if we can't find them we use it. But that's not a major part of this contract.

TREASURER KOPP: OD? OD?

MR. BRADFORD: Officer of the day. You have to --

TREASURER KOPP: Thank you.

MR. BRADFORD: -- with a hospital facility you have to do 24 hour, seven day a week coverage.

DR. JORDAN-RANDOLPH: So, so if I might, Gayle Jordan-Randolph on behalf of the department, Deputy Secretary for Behavioral Health and Disabilities, and I actually started my career on the Eastern Shore. I started my career on the Eastern Shore because I was able to through loan repayment stay in the State of Maryland and repay my obligation to the National Health Scholarship Corps back in the early nineties. And since that time we have really worked to use a lot of different strategies to engage in young professionals in coming to the Eastern Shore. And even back in the nineties when I left the Shore

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to come back here to continue my training and work for the department, we still had challenges attracting psychiatrists, healthcare professionals in general, in particular psychiatrists, advanced practice nurses, nurses, for coverage on the Eastern Shore.

We still use a lot of those resources, including my outreach to the National Health Corps, to advertise. We still have relationships with the federal government under HERSA, which has designated us as a help to the Eastern Shore in that area, as a healthcare shortage area. We have relationships with academic institutions to try to encourage and entice and support people into understanding that the cost of training healthcare professionals and the loans incurred for young doctors today you would think would drive them to consider an opportunity where we can support the repayment of their loans. It still has not been enough for us. And in the last six years it has been particularly problematic because of people that we have had on the Shore have chosen to retire. And so we are in a conundrum, particularly on the Eastern Shore, but in our State facilities in general, but particularly on the Eastern Shore and in Western Maryland. And so we have had to use creative ways to support to keep our facilities, which are 24/7 facilities, open.

GOVERNOR HOGAN: Thank you. So let me just get back to the question. You said we would have to pay full time people \$250,000. We could

hire ten of them for \$2.5 million. Instead we have four people on contract and it costs us \$625,000 per person. That doesn't make any sense.

MR. BRADFORD: No, sir.

GOVERNOR HOGAN: I'd like to direct DBM and DHMH to work together to find a solution. We should not be on a three-year emergency contract paying people \$625,000 a year three years later. You know, we're going to be good stewards of the tax dollars, this is not a way to spend taxpayers money. I mean, it's a very important program. We need to provide the services. But it seems like we could provide better services for that amount of money, or even better services for less money, and get more doctors and more help for the people that need it. So I, I'd like to move to separate this item out. And in the interim I'd like to open the floor up to any comments or suggestions or questions from my colleagues.

COMPTROLLER FRANCHOT: Well, I think the Governor said it all and I couldn't be more supportive of his analysis. Let me just ask the agency whether over the last three years whether you have brought the issue of compensation for psychiatrists to the attention of the top ranks of the agency or to Department of Legislative Services or to the Budget Secretaries? Has anybody brought this issue up and mentioned the fact that you need the resources increased?

DR. JORDAN-RANDOLPH: We have consistently addressed this discrepancy in our, particularly in our State facilities as well. We understand that, you know, we are in a constricted budget pattern particularly over the last eight years. So it has been a challenge. We can certainly actually work closely with Budget and Management to look at that. I have to be very clear in saying that the personnel salary restrictions have made it difficult. Even if we have ten PINs at \$230,000 available does not mean that we are going to get ten positions. It is still a recruitment issue. It's still having, I think we have to be very creative and look at how we can collaborate maybe with our academic institutions, maybe have some flexibility --

GOVERNOR HOGAN: But, right now you have four, right?

DR. JORDAN-RANDOLPH: We have four positions.

GOVERNOR HOGAN: So we couldn't find four people to work for 250, 300, 400, where we don't have to pay \$625,000?

DR. JORDAN-RANDOLPH: Well that's, this is with this particular contract. And understand under LocumTenens we pay for the physician time. We also pay the contractor, you know, to provide the physicians --

GOVERNOR HOGAN: Yeah, that's a big mistake --

DR. JORDAN-RANDOLPH: -- to do the recruitment and that's really the undue influence I think on that budget. And so moving --

GOVERNOR HOGAN: Makes no sense whatsoever. Thank you.

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DR. JORDAN-RANDOLPH: Okay.

GOVERNOR HOGAN: Anybody have any other questions?

COMPTROLLER FRANCHOT: Yeah. I, actually it strikes me that this is an issue that is more than just the Eastern Shore Hospital Center. And so the question that I have is for other facilities that are experiencing this similar situation, what has, exactly has been done as far as the agency putting extra funds into this situation? Because obviously as the Governor noted, we're not getting a very good result from the dollars that are being put in there. But it seems like a very important need and one that frankly is not terribly expensive when you view it in the context of your overall budget. So what is exactly the problem?

MR. BRADFORD: Well the issue, I mean the issue is we basically we do take the value of the basic PINs and put them against, put that against the budget. But again, it's, it's two, twofold. We take, oftentimes have to divert resources within our agency internally to try to help pay for this bill. And then at times the department has also had to grant us relief.

GOVERNOR HOGAN: It's because you are paying \$2.5 million for four people. I'm going to direct the new Secretary of DHMH and the new Budget Secretary to address this throughout the entire department and come back with recommendations. And in the meantime, I'd like to move that we separate this item out from the agenda. Is there a second?

COMPTROLLER FRANCHOT: Second.

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TREASURER KOPP: Governor, let me ask you a question. This happened several times before. I have no problem separating it out. I do have some problem voting against it without further information. But I just want to know what is meant by separating it out?

GOVERNOR HOGAN: I'd like to separate it out for further study with the DHMH Secretary and the Budget Secretary and see if we can't find a solution. I'm not ready to move forward in approving a contract for \$2.5 million for four people.

TREASURER KOPP: All right. So I --

SECRETARY MCDONALD: We need a motion to defer. It's like on our items where we report action it sounds to me --

TREASURER KOPP: So this is the final action on this item?

SECRETARY MCDONALD: The way --

TREASURER KOPP: That's my question. Rather than simply taking something out of a larger --

GOVERNOR HOGAN: Yes. Yes.

TREASURER KOPP: Well in that case, I do have, I do have questions. What happens when this contract is not approved? You do have until the first of June. And then where do we get the psychiatric services?

MR. BRADFORD: Well the problem becomes that if this contract is not approved at some point in time, we are joint commission accredited. We

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just put our accreditation at risk. We have put our licensing at risk. We have also taken and, it's not, and it's a broader base than the hospital itself because the hospital we have, the patients of course we serve. But because our main in flow of patients come from detention centers, because we provide, the emergency help that the detention centers need with mental health patients. That stops.

TREASURER KOPP: Let me ask you this --

MR. BRADFORD: Then in the community --

TREASURER KOPP: -- what, what happens, you have, this contract runs through the first of June. What happens if it, the Governor wants to get some responses about how you deal with this situation, we all do, and similar situations, without sacrificing obviously medical care for the people who are dependent on us.

MR. BRADFORD: Psychiatrists --

TREASURER KOPP: Does this have to be done today?

MR. BRADFORD: Psychiatrists are the backbone of our hospital.

TREASURER KOPP: Yes. Does this have to be done today?

GOVERNOR HOGAN: Okay, let me ask you a really simple question. Hopefully you have an answer for this one. It's a very direct question. Of the \$625,000 per doctor, how much of it goes to the doctor and how much of it goes to the contractor that oversees the four doctors?

MR. BRADFORD: Okay.

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MR. WEBB: Excuse me, it's actually for five physicians.

GOVERNOR HOGAN: Okay, five physicians.

MR. WEBB: And so, and it also --

GOVERNOR HOGAN: So it's half a million each.

MR. WEBB: -- it also includes, each one of those physicians is a 40-hour per week physician, and on top of that --

GOVERNOR HOGAN: So how much of it goes to the doctors?

MR. BRADFORD: About --

GOVERNOR HOGAN: How much are the doctors paid?

MR. BRADFORD: About \$75 --

GOVERNOR HOGAN: How much are the doctors paid on an annual basis?

MR. BRADFORD: A regular physician gets on average, it's a negotiated rate between the contractor and the physician. Generally the rate runs about 150 bucks an hour.

GOVERNOR HOGAN: What's the average annual salary of the doctors?

MR. WEBB: About 400.

TREASURER KOPP: Do they work full time for us?

GOVERNOR HOGAN: About \$400,000? But you said we could hire them for 250.

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MR. WEBB: I'm saying, but that's --

GOVERNOR HOGAN: So we're paying them an extra 150?

MR. WEBB: It's a --

DR. JORDAN-RANDOLPH: Under LocumTenens, yes.

GOVERNOR HOGAN: And then --

DR. JORDAN-RANDOLPH: If you round that. And that covers -

-

GOVERNOR HOGAN: And then we're paying another --

MR. BRADFORD: We're paying a fee --

GOVERNOR HOGAN: How much to the contractor?

MR. WEBB: About \$75 an hour.

GOVERNOR HOGAN: Wow.

COMPTROLLER FRANCHOT: Can I just ask? Yeah, no, I'm, the more I listen to this the more I need a psychiatrist.

(Laughter.)

COMPTROLLER FRANCHOT: Okay. So if I could just ask a question for the record, was the 2012 emergency contract with LocumTenens, a Georgia company, a Latin name, I like, I studied Latin years ago so LocumTenens is an appealing name but it's in the state of Georgia, was that a sole source contract, a competitively bid contract that attracted multiple bids, or a competitively bid contract that only attracted one bid?

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MR. BRADFORD: The contract in 2012, when we sent it out we got, we sent it to eight vendors. At that point the issue becomes, when you are dealing with a locum agency, is that, that they will, locum agencies will always tell you they have people. But what happens is in actuality they do not go find those people until after they have a contract. So at that point we, when we sent that bid out in 2012 what we put the stipulation is in the IFB that they had to provide us the CVs for any available staff. Only one contractor could do that. That was a very simple requirement, provide us the CVs. That means that these are people ready and willing to start work.

COMPTROLLER FRANCHOT: Okay. So it was a competitively bid contract that only attracted one bid?

MR. BRADFORD: Right.

COMPTROLLER FRANCHOT: Okay. So it's safe to say that you have known for some time that these staff positions were not going to be filled by the time the original emergency contract was to expire and a new contract was to be awarded. So in the interests of ensuring that taxpayers were indeed getting the best services at the most affordable prices that the market will provide, why didn't you take steps a while ago to initiate a competitive process as opposed to, and I'm sensitive to what the Treasurer is bringing up, as opposed to backing this Board into a corner where it either has to award a non-competitive contract or risk disruption of vital services or vital accreditation?

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MR. BRADFORD: We have, we have tried. We have, what we have done, the issue comes back to the issue of the concept of continuity of care. And that is very simply that we have tried to do everything we have done to fill the positions. We have taken and advertised. We have contacted 51 residency programs across the Eastern United States. And we can't get a response. So the point becomes that this is a 24/7 operation. And we, and again, what in terms of dealing with providing patient services, it's a, that it's not a case where you just walk in like a regular, you and I go see a doctor. This is, the service of psychiatric services is based on trust, it's building up a relationship with the patients. And if you take and pull everybody out, and that's what will happen regardless of the time period.

GOVERNOR HOGAN: Well let's just be really clear. We're not trying to pull everybody out. We're trying to provide better service and better care for the people that you represent. I'm trying to get more doctors for the money we're spending. I'm not saying we don't think it's a worthwhile, important program.

MR. BRADFORD: Okay.

GOVERNOR HOGAN: All right, here's what we're going to do. We're going to have until June to come up with a better solution and we're going to direct your Secretary to meet with the Secretary of Budget and come up with a better solution. Thank you.

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MR. BRADFORD: Thank you very much.

TREASURER KOPP: If there is an opportunity to vote on that, I would vote against it. I don't understand exactly, or is it taken off of the Agenda?

SECRETARY MCDONALD: -- withdrawing the item --

GOVERNOR HOGAN: We're withdrawing the item and we're giving them 30 days to come back. But before, but we'll get it on the Agenda before the --

SECRETARY MCDONALD: Right, so there has been no action of the Board.

GOVERNOR HOGAN: Does that make sense?

COMPTROLLER FRANCHOT: Yeah, I just want to say my mental health has gone up. And thank you very much, Governor. Because there's just way too much of this that I've seen over the last eight years. And I'm talking about getting more with less, better with less, and saving the taxpayers a lot of money and improving the quality of care. I mean, I'm kind of shocked that there are only four or five physicians, frankly, available. And we, we shut down, I think, Madam Treasurer, some time ago the Upper Shore Mental Health Center. I recall that years ago. That was a debacle. So I'm glad on the Eastern Shore that frankly we're going to be looking for something that doesn't shrink psychiatric coverage but in fact increases it and saves people money, saves the taxpayers money. So I'm all for it.

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TREASURER KOPP: Comptroller, don't, don't misunderstand me. I am all for providing more and better care for less money. I'm for providing more and better a lot of things for less money. I just think that while we all have that goal, you've got to look at the near future and the mid, midterm also and not as my mother would say throw the baby out with the bath water. We need this care. We need it now. One of the things you have, there may be four people there but you've got people on call because of this system. You have to have another system which will assure that there will be people on call. You have to have a salary system, apparently, that is higher than we have been able to afford. And it's not just this one hospital, and it's not just the hospitals either. You, you, you look at, you look at the compensation of State employees across the board, we have, and the problem of the, what we call the tsunami of retirements that are going to fall upon us. Unfortunately this Governor was elected at a time when a lot of these things are going to be coming together and facing us. And I think it's great that we're going to be looking at these things. But I think we also have to keep the safety net strong and keep providing services while we look at them.

GOVERNOR HOGAN: Thank you, Madam Treasurer. So the motion on the floor is not to reject the contract. It's simply to withdraw it from the Agenda today --

SECRETARY MCDONALD: Well in actuality we don't have to do a motion if the Secretary of Budget withdraws the item.

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GOVERNOR HOGAN: We'll just withdraw it.

MR. BRINKLEY: I'll withdraw the item.

GOVERNOR HOGAN: We want to come back, let's say in 30 days, have plenty of time before the expiration of the contract, no services are going to be cut, we can always extend them on a temporary basis. I don't want to renew a three-year emergency. Three years we've been kicking the can down the road, on an emergency contract to pay four or five people \$2.5 million. And it seems like we could have a better solution. So let's try to work on that. Is that, so there, the motion --

COMPTROLLER FRANCHOT: Yeah, and I have a lot of questions. So come on back. But don't come back with something like this, really. It's just not right. And I can already hear the agency saying, gee, we just, maybe not that but we'll do some version of it.

GOVERNOR HOGAN: And we'd better make sure that the Health Secretary is here at the next meeting. How about that? Why don't you give him a call?

MR. BRINKLEY: I will.

(Laughter.)

GOVERNOR HOGAN: So the motion, and the motion has been seconded. All those in favor? Aye.

COMPTROLLER FRANCHOT: Aye.

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GOVERNOR HOGAN: Those opposed?

TREASURER KOPP: What's the motion?

GOVERNOR HOGAN: The motion is to -- oh, we're not doing the motion.

TREASURER KOPP: No.

GOVERNOR HOGAN: We're just withdrawing it without a motion. Very good.

SECRETARY MCDONALD: -- discussion of the remaining items

--

GOVERNOR HOGAN: Very good.

SECRETARY MCDONALD: -- or a motion on the remaining items.

GOVERNOR HOGAN: Thanks for keeping us straight, Madam Secretary. Any other questions on the DBM Agenda?

TREASURER KOPP: Governor, I, I apologize. But I just got this note about an item that was on the Secretary's Agenda. Would, would you mind if I asked a question about it?

GOVERNOR HOGAN: Not at all.

SECRETARY MCDONALD: This is Item 5. I don't know if the Housing and Community Development Department is still here. Is anyone from

Housing here? Yeah, but he can, this was a, this is a loan that the Board did approve just now but you could --

TREASURER KOPP: Right.

SECRETARY MCDONALD: -- of general obligation bond proceeds, for a project in Capitol Heights.

TREASURER KOPP: Quite, quite candidly the Senator from the area just sent us, sent us a message that she had a question about this item and I just wondered what the impact would be if we reconsidered and deferred it for, till the next meeting, for two weeks. I don't know --

SECRETARY MCDONALD: Is DHCD in here?

TREASURER KOPP: We do --

SECRETARY MCDONALD: Housing? No, I mean, yes, they left, the Secretary's Agenda was approved. That's what, I mean, that doesn't show, we can call them back. But I'm just saying that people do leave after an Agenda is approved --

TREASURER KOPP: Great. Could we try to, if, if you wouldn't mind, the request of Secretary, of Senator Benson, maybe we could try to contact them --

SECRETARY MCDONALD: We will, we --

TREASURER KOPP: -- and get the answer to that question. I don't know candidly anything more about it.

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GOVERNOR HOGAN: I mean, the motion has already been approved and the Secretary is already gone. But, you know, we can try to track them down in the meantime.

SECRETARY MCDONALD: But you can go ahead and, I mean, and --

TREASURER KOPP: Yeah.

SECRETARY MCDONALD: -- reconsider this, I mean, you can make a motion to reconsider Item 5 right now. I mean, and then you can hear, that will just mean it hasn't been approved. DHCD can come back and we can make it at the next meeting.

TREASURER KOPP: Well if, I don't, I don't know what the implication --

COMPTROLLER FRANCHOT: Why don't we talk to Senator Benson and find out what the problem is? And if it can be dealt with at the next Board meeting, great.

SECRETARY MCDONALD: Right. But I guess, I mean, I was thinking it would be a lot wiser if the Board wanted perhaps now to hold it up --

TREASURER KOPP: She, she --

SECRETARY MCDONALD: -- than to have them think they have been approved for two weeks, a motion to reconsider at this meeting would probably be more appropriate if you wanted to reconsider it.

TREASURER KOPP: I have never done this before. But I, I would request that we reconsider the vote by which the project, Item 5 of the Secretary's Agenda was approved in order to allow the Senator time to get her question answered. And if the Board doesn't want to do that, that's fine. I understand that.

GOVERNOR HOGAN: Well without the Secretary here it's hard to determine --

TREASURER KOPP: Right.

GOVERNOR HOGAN: -- whether this \$26 million --

TREASURER KOPP: Yes, it is.

GOVERNOR HOGAN: -- bond obligation --

TREASURER KOPP: Well, no, it --

GOVERNOR HOGAN: -- that we just approved is going to fall apart if we wait for the Senator to talk to us or not.

SECRETARY MCDONALD: Right. It's a \$2.5 million loan that the Board was approving for an overall \$26 million project, yes.

GOVERNOR HOGAN: Correct. But I mean --

SECRETARY MCDONALD: Right.

GOVERNOR HOGAN: -- it may, it may be timely. I don't know

--

SECRETARY MCDONALD: Yeah.  
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GOVERNOR HOGAN: -- if we run into issues of --

SECRETARY MCDONALD: I have my staff is trying to --

GOVERNOR HOGAN: Trying to track them down?

SECRETARY MCDONALD: -- locate them right now.

GOVERNOR HOGAN: Maybe, can we just continue with the rest of the Agenda?

SECRETARY MCDONALD: Yes, we can.

GOVERNOR HOGAN: And if, if we get an answer back we'll address it then?

TREASURER KOPP: Certainly. I would appreciate that.

GOVERNOR HOGAN: Any other questions on the DBM Agenda? Is there a motion?

COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second? Three-oh. Move on to the University System Agenda. Any questions on the University System's Agenda?

MR. EVANS: Joe Evans representing University System of Maryland.

GOVERNOR HOGAN: Good morning.

MR. EVANS: We have one item on the Agenda. We're here to answer any questions.

GOVERNOR HOGAN: Any questions? Is there a motion?

Thank you very much. You, you should be the one that comes every time.

TREASURER KOPP: Yes.

(Laughter.)

TREASURER KOPP: No kidding.

GOVERNOR HOGAN: You did a great job. Thank you.

(Laughter.)

GOVERNOR HOGAN: Let's move on to Information Technology, or DoIT Agenda.

COMPTROLLER FRANCHOT: Sorry about that.

MR. URBAN: Good morning. Greg Urban with Department of Information Technology. We have five items on the Agenda. We are withdrawing Item 5-IT.

GOVERNOR HOGAN: 5-IT is withdrawn?

MR. URBAN: Yes.

GOVERNOR HOGAN: I have a question on Item 3-IT-MOD.

MR. URBAN: Yes?

GOVERNOR HOGAN: And I understand this is for the purpose of trading in slot machines for the latest technology and storage of video lottery terminals, is that correct?

MR. URBAN: I would be happy to bring the agency up to give you a more detailed answer than I could.

GOVERNOR HOGAN: Yeah, that's probably a good idea. I mean, to me it's, you know, it's a little bit strange that the State finds itself in this business at all. But it seems like we've got thousands of slot machines that nobody wants to use that we now have to pay to store. And it just seems like something we ought to have you address.

MR. MARTINO: Sure. Governor, Stephen Martino, Director of the Maryland Lottery and Gaming Control Agency, Mr. Comptroller, Madam Treasurer. I'm happy to address the issue. I don't, as I understood just what little you said there, Governor, believe that you understand the issue. We are actually selling these slot machines.

GOVERNOR HOGAN: Okay.

MR. MARTINO: The State is getting out of the slot machine ownership business.

GOVERNOR HOGAN: Good. Very good.

MR. MARTINO: For decisions that were made that preceded my tenure with the agency, the State did purchase, actually issued bonds for the purchase of a certain number of slot machines. After I arrived the State only went into a lease option. That master lease expires at the end of this month, March 31st.

In addition with the legislation that passed the second special session in 2012, Maryland Live and Hollywood Casino Perryville are now responsible for the ownership of their machines. We have a total, on this Agenda item is 29 machines of, to one manufacturer, and 24 to the other. And the modification that is before you is to actually allow us to sell those machines back to the manufacturers at a price that is higher than was anticipated in the original contract.

GOVERNOR HOGAN: Great.

MR. MARTINO: So if you approve this motion you will make more money for the State.

GOVERNOR HOGAN: Congratulations.

(Laughter.)

GOVERNOR HOGAN: Love it. Good explanation. Thank you very much. I don't have any questions after this one.

COMPTROLLER FRANCHOT: No, I'd like to congratulate Steve Martino on a very successful stewardship of the Lottery and the gaming I guess explosion in Maryland. I'm not a big fan of gambling. I think it's a lousy way to get revenues for the State of Maryland. But I lost all those debates and we have it. And I just want to, despite my opposition on the issue Mr. Martino has always been very professional, very complete and thorough. And I wish you the best in your new career in the private sector. Sometimes I wish I could join you

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because I'm sure it will be different, and but also satisfying. But on behalf of the State, I'd just like to say thank you for having such a calm temperament, I guess. And to put up with my phone calls. But you've done a great job in an area which is very, very difficult, very sensitive area for the State. So thank you.

MR. MARTINO: Thank you very much. I appreciate it.

COMPTROLLER FRANCHOT: And I think it's your last Board of Public Works meeting, which is why I --

MR. MARTINO: It is. I survived five years of the Board of Public Works. So is there a parting gift, Comptroller?

(Laughter.)

GOVERNOR HOGAN: Congratulations, Steve. And I second all the comments by the Comptroller. Thank you for your service.

TREASURER KOPP: Steve, could, could, could I pile -- I'm sorry.

GOVERNOR HOGAN: Sure.

TREASURER KOPP: Could I pile on to, a number of us were very concerned because we've watched gambling in other states and were concerned about how it would be set up here. And I think that you have had a great deal to do with not only the success, and as the Comptroller said approaching things in an objective, thoughtful way, calm way, but also the fact

that it's been done in a very honorable and honest and transparent way. And I really appreciate it. You've done a terrific job in a very difficult job.

MR. MARTINO: Madam Treasurer, thank you. I've appreciated, really enjoyed my service to the State of Maryland, and I appreciate the opportunities that I've had to appear before this Board over the past five years and explain the program. Thank you.

GOVERNOR HOGAN: Thank you.

TREASURER KOPP: One more unanimous --

GOVERNOR HOGAN: There you go. We unanimously congratulate you.

(Laughter.)

GOVERNOR HOGAN: Thank you for your service. Incidentally I met with the, the President and CEO of MGM last week and had a great update on the progress that they're making at their facility at National Harbor. And next week we're going to be congratulating them on hiring their 1,000th employee. They are going to hire 4,700 people. It's going to be a great help to economic development in Prince George's County and on behalf of the State. So they are moving forward.

Any other questions on the DoIT Agenda? Hearing no questions, is there a motion?

COMPTROLLER FRANCHOT: Move approval.

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GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh. Thank you.

MR. URBAN: Thank you.

GOVERNOR HOGAN: We now move on to the Department of Transportation. Mr. Secretary?

MR. RAHN: Good morning, Governor --

GOVERNOR HOGAN: Good morning.

MR. RAHN: -- Comptroller, Treasurer.

GOVERNOR HOGAN: Congratulations on being confirmed, by the way.

MR. RAHN: Well, thank you. Thank you very much. And thank you for swearing me in. Those are great milestones and I look forward to eight years of service to the Hogan administration.

GOVERNOR HOGAN: Thank you.

MR. RAHN: Good morning. For the record, I am Secretary Pete Rahn representing the Missouri -- oh, God, the Maryland --

(Laughter.)

GOVERNOR HOGAN: Old habits die hard.

MR. RAHN: I haven't done that in two months, you know? And now it comes out. The Maryland Department of Transportation.

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(Laughter.)

MR. RAHN: Well unfortunately I think it only goes downhill from here when we get into this. We, we have 16 items for approval to the Board. And I am very much aware that we have three, at least three items on here that will draw attention as, as they are single responsive bid contracts, the procurements. And I would like to add a few points before we get into it. These are Items 2, 10, and 11.

Items 10 and 11 -- well, first I ought to say that all of these before they are submitted to the Board I review. And, and I had a lot of questions about these because I know the Board has a lot of questions about these. And so the explanations that I received gave me the confidence to move them forward, believing we have, we have good explanations.

The Items 10 and 11 are in fact safety related. And SHA, all these, all three of these are from SHA, the amount of contracting that SHA does is probably in excess of 80 percent of their budget. So they have a very robust procurement system. We will periodically receive single responsive bids because of the nature and location of these bids. So the easiest one to explain, for instance, is Item 11, in which this is a contract for maintenance and it's on call. So we are seeking a contractor who has the ability to have staff that can respond very quickly, but not until an incident happens. And so in this case it's when a

guard rail is hit and needs to be replaced and these need to be replaced quickly, we need someone who can respond to that.

If you are dealing with areas like Baltimore or the Washington, D.C. area, we have those hit a lot and therefore a contractor can bid on, actually multiple contractors will bid because they know it's going to represent a lot of work. When we get to areas like Allegany County, the hits occur infrequently and therefore you need a relatively large contractor who just adds this work to their overall work that they are, that they are doing. And so smaller contractors frankly can't bid on this and be able to provide the responsiveness to do the replacement quickly and just wait for work to happen. So you need a contractor of a certain size that can have the work, that can have the work force that can quickly respond to an incident. And when they are not repaired it really does create a safety issue.

The same thing is occurring with Item 10, which is brush and tree cutting and stump removal. These are activities that happen after ice storms, they happen after major, you know, rain storms that come through. And again, you have to have a work force or a company that can respond very quickly but they are only needed when there is an actual event. So it ends up, it ends up you need a pretty specialized sort of company. And we, in both of those incidents we have three contractors that typically will bid. And in both these cases the other two felt they were, they were full. They, they were at their capacity as to what they could take on.

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So we have diligently, and always have and always will, review when we get single responsive bids. And we compare, we compare those bids to existing bids and responses that we've gotten in other areas to compare are we getting a competitive price based on contracts where we had more than one bid, we compare it to our engineer's estimate, we compare it to, we compare it to the existing contract. So because we do so much contracting we, we really are very cautious when we get a single responsive bid. And I bring these to you with trepidation because I know the Board's, the Board's position as I have observed, and the concern that taxpayers, are they getting a good deal? We have Norie Calvert here who could go into much more detail as far as what went on here. But I'm, I just want the Board to be aware that I know your concerns and I only bring these to you because I'm not confident that we could do something different and get a better result.

GOVERNOR HOGAN: Well Mr. Secretary, I want to compliment you on having ESP and the foresight to know that we were going to hammer you on the three single bid contracts today and to take a preemptive strike, I thought that was a great way to go. I understand --

MR. RAHN: It didn't, it didn't work.

(Laughter.)

GOVERNOR HOGAN: It was a really good try. No I, you know, I understand what you are saying and obviously there are going to be the rare

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cases where there's a logical explanation. And I know you've only been there a few weeks, and I'm sure you've got good people and gave you some good explanations on these. But you know, this Board is very concerned and you know, we're going to continue to try to push down on all these. We want the single bid contracts to be a very rare occurrence. And I guess, you know, we want to find a way to make the State more attractive as a customer, or to put bids out that can, you know, make it more appealing for more people to bid on them so that we can get the best bang for the buck for the taxpayers. That may not always be the case, but we want to make sure we do everything possible to see that it happens. So I think we're going to continue to stress the importance of competitive procurement at these meetings.

I can tell you that the Lieutenant Governor, who is not able to be with us today because he is conducting a Heroin Summit meeting, is heading up an effort to take a look at, throughout State government, a way to improve the more competitive bidding process. So I don't have any further questions other than to make sure that you go back and stay on top of them and in every case make sure that the taxpayers are getting the opportunity to get, you know, competitive bids.

MR. RAHN: Governor, I have received that message loud and clear.

GOVERNOR HOGAN: Any, any questions of anyone else?  
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COMPTROLLER FRANCHOT: Yeah, I, I do have --

GOVERNOR HOGAN: Maybe you can still beat him up on it.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah, no, it's, I guess I'm intrigued by in the briefing materials repeated references to, quote, the engineer's estimate. I think you mentioned that, Mr. Secretary, as a justification for us being told that these contracts are not out of line with what you might have received had there been competition. I think the briefing materials said that the bid is 15 percent below the engineer's estimate for one of them, and in another one Asplundh's bid was 5.88 percent below the engineer's estimate, as if in the absence of any sort of market competition we should just accept this new concept the engineer's estimate as the new benchmark for cost effective procurements.

I have nothing but the highest respect for you, Mr. Secretary, and for Ms. Peters, who in my opinion is the finest SHA administrator we've had during my tenure in Annapolis. I have nothing but the highest respect for your district engineers, many of whom I have worked with, people like Charlie Watkins in my own neck of the woods, and Donnie Drewer, and others, you know, retirees. I think some of them are out of service now. But they are terrific people. But frankly I could care less what they say about a project being a good deal for the taxpayers. You know, they are not in the private sector. They are in government. And the only way we can, well the only way we as taxpayers will

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know whether we are getting the best services at the fairest price is by attracting multiple bids for every contract.

And for a variety of reasons, if I were in your shoes I'd probably defer to the expertise and personalities of my staff. Nobody likes to say somebody isn't doing a good job. But these are not exactly highly specialized activities. We're talking brush cutting, tree cutting, stump removal over on the Lower Eastern Shore, half a million. We're talking \$760,000 for removal of underground storage tanks. And you mentioned Allegany County, believe me, \$300,000 for repairing traffic barriers out there, do we really have to go to a Scottdale, Pennsylvania company? Can't we keep that somehow in the State of Maryland? It's, I understand the, what you said, I understand English. So you don't have to repeat it. But I am perhaps symbolically just going to vote no on these three contracts because, give me a break, stump removal?

MR. RAHN: Comptroller, a couple of things. The, the engineer's estimate was only one of the touch points we go to when we look at whether we believe we got a competitive bid when it's a single bid, and again that's, we also then look at in other areas of the State where we have gotten bids for the same work that was competitively bid and we got multiple proposals back. So that's a, that's a touch point for us to compare that. And then also what are we paying for the existing work? Which, yeah, I have no idea if on these contracts we had multiple bids previously. I, I don't know. But there's really three touch points we

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look at to try to determine are we getting a good price or a valid price for, for that work. And --

COMPTROLLER FRANCHOT: I'm trying to help you internally

--

MR. RAHN: Yes --

COMPTROLLER FRANCHOT: -- by voting no, if

you can believe that.

MR. RAHN: I, I --

COMPTROLLER FRANCHOT: Because otherwise, it's never going to change.

MR. RAHN: I understand. And I have to tell you, I have said no to items coming to this Board. So I'm not afraid to say no.

COMPTROLLER FRANCHOT: Good for you.

MR. RAHN: I'm not --

COMPTROLLER FRANCHOT: Bring them up here so you can beat them up with us, too. And we can have some company. But --

GOVERNOR HOGAN: Give him the satisfaction of saying no --

COMPTROLLER FRANCHOT: No, I'm, and I am sensitive to these agency decisions. And Governor, when your people are making the decisions, I know it's awkward.

GOVERNOR HOGAN: It's not awkward for me.

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COMPTROLLER FRANCHOT: I'm just saying, boy, I've, for eight years I've seen these things, stump removal contracts come up. I put my hand up, I say this is, this is not IT. This is not some kind of software product. And I get, you know, very politely outvoted and that's okay. I don't mind that. But I'm going to continue to vote against it because I just don't think it's a good deal.

MR. RAHN: If, on two of these, well I got, I certainly have gotten the message from all three of you as far as what your expectations are. And again, these two are safety related. We will have to get this done somehow, some way. And the fact that it's on call makes it difficult for smaller firms to, to rely on. But the message is clear. I, I got it.

GOVERNOR HOGAN: Thank you, Mr. Secretary. So as I understand it, Mr. Comptroller, you'd like to separate out those three?

COMPTROLLER FRANCHOT: Thank you. Yes, I would. And I'd like to vote no on them. And --

GOVERNOR HOGAN: So --

COMPTROLLER FRANCHOT: -- I just --

GOVERNOR HOGAN: -- I'll vote yes on them.

SECRETARY MCDONALD: So we, can we have a motion to approve Items 2, 10, and 11, that the Secretary, or the Treasurer, or the Governor -

-

GOVERNOR HOGAN: Yes. Yes.

TREASURER KOPP: I would move --

GOVERNOR HOGAN: Motion and second --

SECRETARY MCDONALD: -- to approve two, ten, and 11.

GOVERNOR HOGAN: Motion to approve two, ten, and 11.

Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Two-one.

COMPTROLLER FRANCHOT: Thank you.

SECRETARY MCDONALD: And now the balance --

GOVERNOR HOGAN: And now any other questions on the rest  
of the Agenda?

COMPTROLLER FRANCHOT: I feel like the normal position  
has returned to the Board of Public Works. Thank you.

GOVERNOR HOGAN: Oh no --

COMPTROLLER FRANCHOT: But yeah --

(Laughter.)

GOVERNOR HOGAN: The honeymoon is over.

(Laughter.)

GOVERNOR HOGAN: Now we have a motion on the remainder  
of the Agenda. Is there a motion?

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COMPTROLLER FRANCHOT: Move approval.

GOVERNOR HOGAN: Second?

TREASURER KOPP: Second.

GOVERNOR HOGAN: Three-oh on the remainder.

MR. RAHN: Thank you.

GOVERNOR HOGAN: And now we'll move on to the Department of General Services Agenda. Madam Secretary, good morning.

MS. BASSETTE: Good morning, Governor, good morning, Madam Treasurer, and Mr. Comptroller. For the record I'm Gail Bassette of General Services. The department has eight items on our Agenda, including one supplemental. And we would be glad to answer any questions that you may have.

GOVERNOR HOGAN: I'd like to start out, Madam Secretary, with Item 5-LT. It's just a simple question for you, and I know you've only been there a few weeks and this thing started before you got there. I'm not going to place the blame on you. But why in the heck are we paying \$20 a square foot for warehouse space? That's an office space price.

MS. BASSETTE: Mm-hmm. Yes.

GOVERNOR HOGAN: Warehouse space is usually one-third of that. And I mean, we could lease space at the World Trade Center for that amount. And I don't know that our leftover, unused video machines need to be looking at the Harbor, or need to be in fancy office space.

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(Laughter.)

MS. BASSETTE: That's true.

GOVERNOR HOGAN: But, but I just don't understand why we would sign a warehouse lease for \$20 a square foot. Can you explain that to me?

MS. BASSETTE: I looked at this also, Governor, I did. And you know how I do, you know, sharpen my pen on things like that. I looked at this also, and I also thought about we do have storage space ourselves.

GOVERNOR HOGAN: Yeah.

MS. BASSETTE: We, we could have done this differently. So I actually concur with you on that. But the, I do agree with you that I think that it is

--

GOVERNOR HOGAN: So is this a lease that is, has just been signed?

MS. BASSETTE: This, this is a new lease. This is a new lease and it was negotiated and I, you know, talked to the, talked to our real estate department to, you know, to ask why, to negotiate lower. But this is what they came up with. It's what the, and I'm not sure we really have space in our storage. We haven't researched that. Because we do have records management and surplus, I mean, I'm sorry. So we could do additional research and see --

GOVERNOR HOGAN: Do you want to comment on this one?

MR. MARTINO: Governor, if I may? Stephen Martino, again, from the Lottery and Gaming Control Agency. I can't speak to the negotiation itself because DGS did that. I would say that what we're doing is moving extra slot machines into a temporary warehouse situation. These are machines that are not being sold to Maryland Live or Perryville, so that third party bidders can come in and bid on them so that we can sell them. There are requirements for these machines, that they be under 24-hour surveillance and that there be security, and that could have played a role in inflating the, or having a higher price. I can't speak to the negotiation because the agency --

GOVERNOR HOGAN: Do you know how many machines we're talking about?

MR. MARTINO: It's about 450.

MS. BASSETTE: Mm-hmm.

MR. MARTINO: And we --

GOVERNOR HOGAN: And they are going to be hold to individual bidders? We're going to lose a lot of money on them, I imagine?

MR. MARTINO: Well, they are already paid off. The bonds are paid off. We're going to try to make as much money as we can for the State.

GOVERNOR HOGAN: Okay.

MR. MARTINO: There is a requirement, however, it's called the Johnson Act under the federal government, that you have to be registered with the

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U.S. Department of Justice to be able to purchase a slot machine which is why you have to have the heightened security. These are machines that the current casinos did not want to buy that we could not sell back to the manufacturers of the machines. Consequently people will have to come in and be qualified. But the machines do have to be under surveillance and security.

GOVERNOR HOGAN: Well that makes a big difference.

MS. BASSETTE: Mm-hmm.

GOVERNOR HOGAN: Thank you.

MS. BASSETTE: Mm-hmm.

GOVERNOR HOGAN: Thank you.

COMPTROLLER FRANCHOT: Thank you for raising the issue. Because I, it sounds ludicrous, frankly. And I know it's only a six-month contract so not, not much money is being wasted. But I'm glad the Governor at least brought the issue up because that one had gone under my radar and, you know, I'm not going to vote no, but it's, it is just emblematic of --

GOVERNOR HOGAN: Well twenty-four hour security certainly does add to the cost.

COMPTROLLER FRANCHOT: Hey, I get that at Public Storage.

GOVERNOR HOGAN: But it still, \$20 a square foot seems high but --

COMPTROLLER FRANCHOT: Go on down to Public Storage if you want, guys. It's a nice company, they have a lot of facilities in Maryland, and they are climate controlled. And they have security.

GOVERNOR HOGAN: We could probably fit 450 right in this room and store them for six months.

(Laughter.)

COMPTROLLER FRANCHOT: Anyway, thank you, Governor, for bringing it up. It's --

GOVERNOR HOGAN: All right. Are there any other questions on the DGS Agenda? Hearing none, is there a motion?

TREASURER KOPP: So moved.

GOVERNOR HOGAN: Second?

COMPTROLLER FRANCHOT: Move approval. Second.

GOVERNOR HOGAN: Three-oh. Thank you all very, very much. It's a beautiful spring day. Maybe get out there and walk around outside at lunchtime.

TREASURER KOPP: I, could I just say I, for the record I did make a motion. It wasn't seconded. I gather we have not been able to contact the department --

SECRETARY MCDONALD: I tried before --

TREASURER KOPP: -- and I appreciate your consideration.

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GOVERNOR HOGAN: Thank you. All right, thank you everybody.

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