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

**September 21, 2016**  
**10:06 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

## **ELLINGTON CHURCHILL**

Secretary, Department of General Services

## **DAVID BRINKLEY**

Secretary, Department of Budget and Management

## **JIM PORTS**

Deputy Secretary, Department of Transportation

## **MARK BELTON**

Secretary, Department of Natural Resources

## **LUIS ESTRADA**

Deputy Secretary, Department of Information Technology

## **JIMMY RHEE**

Special Secretary, Governor's Office of Minority Affairs

## **MISSY HODGES**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Well good morning.

ALL: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: And apologies for the delay. I just have a couple of brief comments and then I'll turn it over to the Treasurer and the Comptroller.

I want to point out that this week, President Obama designated this week as Prescription Opiate and Heroin Epidemic Awareness Week, something that we should all be aware of, the challenges that we have with this epidemic, they put it quite right. We're at a crisis point in this State and throughout the country with regard to the surge in heroin addiction. Seventy to 80 percent of the new users are coming off of prescription medications and it's something that the State is taking very seriously and we're continuing to confront.

I also want to mention the fact that I'm here and the Governor isn't. It's because he's out of town, he's out of the country. He's on a trade mission to Israel. Yesterday he met with several business leaders, many of which have a Maryland presence and working to continue relations and find additional opportunities for Marylanders and open up our international markets.

This morning, and I guess because there's a seven-hour time difference, he has already spoken at a major Israeli tech conference, talking about

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cybersecurity and the benefits of locating in Maryland. With that said, I'll turn it over to the Treasurer.

TREASURER KOPP: Good morning. It's a pleasure to be here. I look forward to hearing what's happening in Israel. Maryland has a long tradition of working closely with institutions of higher ed and research and to know that we're going back and strengthening it is a great thing. And while it's always a pleasure to have you here, Governor, it's exciting.

LIEUTENANT GOVERNOR RUTHERFORD: I think President Perman is attending as well --

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- and I know they are stopping at one of the universities there.

TREASURER KOPP: Well and Rita Colwell, who was at one time, you know, the head of UMBI as it then existed --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- and now is one of those few people who is both on the faculty of Hopkins and the University of Maryland which --

LIEUTENANT GOVERNOR RUTHERFORD: Ooh.

TREASURER KOPP: Right.

LIEUTENANT GOVERNOR RUTHERFORD: Divided loyalties.

TREASURER KOPP: Right. Right. Has had for years some ongoing research relationships that have resulted in tech companies coming here, and our folk going over there, especially in microbiology and --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm. Okay, life sciences.

TREASURER KOPP: -- great, it's very exciting, life science, yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Very good. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor. And good morning, Madam Treasurer. Before I continue to, I'd like to take just a moment of personal privilege and congratulate Governor Hogan, who as the Lieutenant Governor said is on a state visit to Israel. Congratulate Governor Hogan and the First Lady on the wedding of their daughter, Julie, to Taesoo Kim this weekend. I'm sure it was a wonderful and meaningful celebration. My wife Annie and I join Marylanders across our great State in conveying our best wishes to Julie and Taesoo as they begin a new chapter in their lives together.

On a different topic, Lieutenant Governor Rutherford, I'd like to make an announcement regarding my office's ongoing efforts to combat the rising tide of tax fraud and identity theft cases across the country. We are desperately

trying to stay up with the bad guys and but they are getting more and more brazen and sophisticated. I've talked over the last few years at great lengths about my office's nationally renowned efforts in detecting and preventing fraudulent returns and it's part of our continued commitment to protecting Maryland taxpayers from financial predators and fraudsters, as we call them. As part of that we're going to announce today that we're holding a summit in January that will feature tax administrators, private sector leaders, community advocates, federal, State, county, municipal law enforcement, and other stakeholders to discuss the impacts that tax fraud and identity theft have on our respective institutions and constituencies.

More importantly, this summit will serve as an important forum to determine how government, the private sector, and community groups can collaborate and work together even further to combat these highly sophisticated financial crimes and data breaches that comprise taxpayers' financial security. I don't know how they got hold of my cell phone number, but I must have 50 fraudulent robocalls saying that I'm under federal investigation for tax fraud and I need to send money immediately to somebody in India.

(Laughter.)

COMPTROLLER FRANCHOT: So I continue, frankly, to be very proud and appreciative of my dedicated employees who work diligently everyday to identify and block fraudulent returns from being processed. We recently got a



national award for the algorithm software detection that we have employed.

Since I've become Comptroller my office has detected and blocked more than 76,000 fraudulent tax returns worth more than \$170 million. Why do we know they're fraudulent? Because we didn't pay them. We put them aside and confirmed that they were in fact fraudulent. Here's the problem: I've asked the Legislature for additional authority so that I can actually prosecute some of these criminals and to date, well last year it got all messed up with, I can't even remember what everyone was mad at each other about, but they killed the bill.

LIEUTENANT GOVERNOR RUTHERFORD: They get tired by the end of the session --

COMPTROLLER FRANCHOT: I guess so. Fatigue. It was supported by H&R Block and all the accountants and all the private sector and all law enforcement and everybody. Not a single person opposed it. But it died. So I'm going to put the bill in again and hopefully I will get just the minimal enforcement powers so that we not only are, we're able to detect a lot of this and not pay it but we're not able to pursue the criminals. Because for some reason the Comptroller of the State of Maryland, even though I have enforcement authority over alcohol, petroleum, and other areas that I regulate, I have no authority to regulate income tax fraud. Think of that for a moment. I mean, whose, what's the agency that knows anything about income tax fraud? It's my agency. We

need the minimal powers. And it's bewildering to all the experts as to why I'm not given those.

I see my good friend former Delegate Dana Dembrow back there. He knows the ups and downs of the Legislature and --

MR. DEMBROW: Thank you, Mr. Comptroller --

COMPTROLLER FRANCHOT: Yep. You could get my bill through, I bet.

MR. DEMBROW: Even I would have voted for that bill.

(Laughter.)

COMPTROLLER FRANCHOT: So anyway, the Taxpayer Security Summit in January will be held at the University of Baltimore. They are hosting it. It will be a productive dialogue, a meaningful opportunity to collaborate and discuss ways we can work together to protect hardworking taxpayers and go after financial criminals. Thank you, Lieutenant Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Madam Secretary?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. The Secretary has 14 items on the Agenda this morning. There are six reports of emergency procurements. We are pulling A1, the first report of an emergency procurement, and that report will come back to you at a later date. We are prepared for your questions.

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any.

COMPTROLLER FRANCHOT: I have a question about --

LIEUTENANT GOVERNOR RUTHERFORD: Sure.

COMPTROLLER FRANCHOT: -- two items, A3 and A5.

SECRETARY MCDONALD: Those are emergency reports from the Public Safety Department. So Secretary Moyer, do you want to handle those? A3 and A5 are emergency, well one was emergency fan replacement, one was emergency chiller rental at institutions that Secretary Moyer is, has custody of the institutions.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. MOYER: Good morning, Governor, Mr. Comptroller, Madam Treasurer.

COMPTROLLER FRANCHOT: Yeah, no, Mr. Secretary, thank you for being here.

MR. MOYER: Okay.

COMPTROLLER FRANCHOT: I have nothing but respect for the leadership that you and your team are providing. But I do notice this pair of service contracts that we're being asked to approve on an emergency basis. The first contract would be awarded to the DeJohn Electric Company for about \$65,000 for the installation of 17 rooftop exhaust fans and 40 indoor fans at the Chesapeake Detention Facility in Baltimore. The second contract with United

Rentals in Greenwich, Connecticut is just under \$49,000 for a four and a half month lease of a 100-ton chiller air conditioning unit for use at Jessup.

I'd like to read the rationale as articulated in my background materials for moving forward on this front, "excessive heat caused temperatures in the housing unit cells to reach oppressive and life threatening levels. Replacement fans were needed immediately to bring the heat in the housing units down to acceptable levels." Meanwhile the 100-ton AC is being shipped into Jessup to keep the prison hospital at acceptable temperatures, according to my background notes.

So let's just take a moment to pause and reflect we're moving at Mach 2 speed by State government standards, emergency procurement, please put these in yesterday, to provide air conditioning and fans for inmates in our State prisons in response to, "oppressive and life threatening temperatures." Meanwhile, more than 50,000 schoolchildren in Baltimore City and Baltimore County have to walk into schools that have no air conditioning, have no fans, and because some expert demanded this, windows that don't open.

There's nothing more that I can say that I haven't said in front of this room too many times to count over the years. I'm going to vote to approve this item because nobody, regardless of the mistakes they've made or the costs they've inflicted on our society deserve to suffer in conditions that are unhealthy and unsafe. But I will say that something is deeply wrong in a State where little

boys and girls, not to mention their teachers, hardworking school employees, are subjected to conditions that we don't even find acceptable for our State prisoners. And as a result are either missing time from school or sitting in classrooms where it's just too hot to learn. And it's even more inhumane to think that the vast majority of the schools in this situation are those that serve low and moderate income children. The NAACP has called this situation a neglected civil right. I call it social and economic discrimination and that's why just yesterday we issued a joint letter to the Civil Rights Division of the Justice Department asking that they look into this matter.

I'm tired of the political insiders, the administrators, and their enablers in the press, let me repeat that, their enablers in the press, all covering for one another from the comfort of their air-conditioned office suites. And I'm tired of our kids being put on 12-month plans, three-year plans, four-year plans that do nothing to help them while we trip over ourselves to provide other segments of our society with this basic human right.

So we'll see what comes of this and until then I'm just grateful to Governor Hogan and Lieutenant Governor Rutherford for their leadership on this issue. And to those parents, pastors, community leaders, and elected officials who have stepped up, stepped up, it's not easy, taken the partisan glasses off, and put the kids above politics.

So Secretary, I'm voting for these items, obviously. And I'm sorry that you had to stand up there and listen to all this --

(Laughter.)

COMPTROLLER FRANCHOT: -- but I'm with you. Keep up the good work and --

MR. MOYER: Thank you. You've known me since 1986 and as well as the Treasurer and Lieutenant Governor. I don't get stuck behind the desk. You can ask my staff. I'm out and about. And when we saw the temperatures reach 100 degrees inside those facilities, I asked has this ever been done before, and my staff said no. And I said, get it done, and get it done this weekend. And we made it happen.

People often forget I also have staff that work in those facilities as well. So I appreciate the support of the Governor, Lieutenant Governor. We moved quick and it happened over a weekend. And we're still evaluating what we'll be doing next year. So.

LIEUTENANT GOVERNOR RUTHERFORD: I think we're scheduled next week --

MR. MOYER: Tuesday.

LIEUTENANT GOVERNOR RUTHERFORD: -- next week to go and tour one of the facilities in Baltimore.

MR. MOYER: Thank you. Secretary Brinkley toured last month. And it's pretty eye-opening for people that have never been inside one of these facilities, and only to listen, you know, to what is reported in the media or what's on a TV show. I have 10,000 employees that do great work everyday and I applaud them for being inside those facilities 24/7.

LIEUTENANT GOVERNOR RUTHERFORD: And some of those facilities are in pretty bad shape.

MR. MOYER: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. MOYER: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other --

MR. MOYER: I like these kind of --

(Laughter.)

TREASURER KOPP: Good work.

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

TREASURER KOPP: None. Move favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Was that a second?

TREASURER KOPP: On the Secretary's Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: Second?

COMPTROLLER FRANCHOT: Second.

LIEUTENANT GOVERNOR RUTHERFORD: We're all in favor, no opposed.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.  
Department of Natural Resources?

MR. BELTON: Good morning, Lieutenant Governor, Mr. Comptroller, Madam Treasurer.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. BELTON: For the record, I'm Mark Belton, Secretary of the Maryland Department of Natural Resources, and we have six items on the Natural Resources Real Property Agenda for your approval this morning.

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any questions.

TREASURER KOPP: Favorable.

LIEUTENANT GOVERNOR RUTHERFORD: It's just interesting in Item 5A that the property that we're purchasing is from Darrell Daniel Boone.

MR. BELTON: Yes, Daniel Boone.

(Laughter.)



LIEUTENANT GOVERNOR RUTHERFORD: Okay. I guess the family had a hero --

TREASURER KOPP: Maybe.

LIEUTENANT GOVERNOR RUTHERFORD: -- or maybe, yeah, maybe he's a descendent of Daniel Boone. I don't have any questions, just that one comment.

MR. BELTON: Thank you, sir.

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All in favor?

COMPTROLLER FRANCHOT: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, thank you. The Secretary of Budget and Management?

MR. BRINKLEY: Good morning, Governor, Comptroller, Madam Treasurer. For the record, David Brinkley, Secretary of the Department of Budget and Management. We've submitted 18 items. We are withdrawing Item 18-GM, leaving 17 for your consideration. And I have people here to address any concerns or questions you may have.

TREASURER KOPP: I have a question about 1-S, if there's anyone here from the Health Department.

MR. BRINKLEY: Dana Dembrow, come on down.

TREASURER KOPP: Ah.

MR. DEMBROW: Good morning, Madam Treasurer. May it please the Board, my name is Dana Dembrow, Procurement Director at the Department of Health and Mental Hygiene. This is a procurement to provide for obstetric care support in the rural communities. It was held by the University of Maryland and Johns Hopkins University. This is a proposal to extend the services by Johns Hopkins University only. Let me invite up Ilise Marrazzo, who is an expert in the field.

There is declining interest in telemedicine, which is the University of Maryland's specialty. They expressed some objection first, but they have accepted the fact that the services are better delivered by the support personnel that are provided by Johns Hopkins University. That's what the procurement is about and if you have further questions we'll be happy to respond.

TREASURER KOPP: Thank you. I actually, the fact that it was only Hopkins raised a concern in my mind. What's happened, there was a time when it was really hard to get any obstetric help for instance in some of these areas. Are we back to that? Or what's the situation actually? Not necessarily this procurement.

MS. MARRAZZO: Not this, yeah, this is actually a little bit different.

SECRETARY MCDONALD: Could you --

MS. MARRAZZO: This actually is to help support providers within their communities.

MR. BRINKLEY: Can you identify yourself please?

SECRETARY MCDONALD: Yeah.

MS. MARRAZZO: Oh, I'm sorry. Ilise Marrazzo, Maternal and Child Health Bureau Director --

SECRETARY MCDONALD: Thank you.

MS. MARRAZZO: -- at DHMH. This proposal is not to provide direct obstetrical care. It's to support hospitals, federally qualified health centers, obstetrical providers, even family practitioners within the local communities to help keep women within communities to deliver. So for example, the smaller community hospitals that don't have that expert perinatal care, this allows Hopkins, who was the only bidder, to go out to that hospital, work with those providers and nurses to keep that family and that person within their community.

TREASURER KOPP: And do you think this is a sustainable model?

MS. MARRAZZO: It's a program that's been in existence in varying forms since 2007. I think over the next five years, seeing as hospital systems are basically being consolidated, we will need to determine what this looks like in the next five years to figure out is this something that gets more

blended into Medicaid, is it something the managed care organizations, but we do know that the telemedicine that the University was providing wasn't meeting the needs of providers within their community. They wanted that one on one, grand rounds, that ability to talk to folks. So we'll see and kind of transition over the next five years to see what they need. This is a little bit different than the services that have been provided in the past as well, because for the first time federally qualified health centers are being specifically outreached to. And we know that federally qualified health centers care for individuals at the lower end of the economic spectrum and often those individuals come into care with multiple health risk factors.

MR. DEMBROW: In the past these services were provided by a memorandum of understanding with both Johns Hopkins University and the University of Maryland. The current funding and the funding going forward is about a third less than what was available in those MOUs and that's why we're prioritizing by shifting the funds to supplement actual medical support care rather than telemedicine.

TREASURER KOPP: So is there any role left for telemedicine in

--

MS. MARRAZZO: The University has decided and contacted us that they will continue to do their outreach via telemedicine. But it's been very

provider specific, only providers that have really wanted to participate have participated.

TREASURER KOPP: Right.

MS. MARRAZZO: This is a much broader outreach.

TREASURER KOPP: Thank you.

MS. MARRAZZO: You're welcome.

MR. DEMBROW: You're welcome. Thank you for asking.

LIEUTENANT GOVERNOR RUTHERFORD: Well while you're here, 2-S is also a single bid.

MR. BRINKLEY: Lieutenant Governor, I have Robert Bruce, the Chief of Financial and Contract Management for that item.

MR. DEMBROW: Actually Jackie Boras is here. She's the Director of the WIC Program and she's standing in for Mr. Bruce today. What may we respond to you, Mr. Lieutenant Governor? This is a WIC program.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. DEMBROW: It's for Montgomery County and for targeted areas of Prince George's County. The current provider has been in force for the past 20 years. This is an allocation of about \$4.5 million a year for the next five years.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I mean, is it that there's no one else that is ever interested in this? Is there a reason we only get one provider?

MR. DEMBROW: We solicited directly to 11 different vendors.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. DEMBROW: One of the reasons perhaps that a lot of companies are not interested is that there is no financial proposal submitted. They are entitled only to reimbursement of their costs. It's 100 percent federal funding to provide nutrition education, determine program eligibility, make referrals, issue food instruments. And it serves about 32,000 participants. It was posted in the public sector for nine weeks. We got only one vendor. It's the same vendor who has had the contract since 1996 and if there are additional details that Jackie, Ms. Boras would like to offer, I'll give the floor to her.

LIEUTENANT GOVERNOR RUTHERFORD: So for this type of service you have to have the up front money, or if you are the incumbent you already have put up your up front money, because you're just being reimbursed?

MS. BORAS: Correct. My name is Jacqueline Boras, Director of the Maryland WIC Program. And that's correct. The, it's a cost reimbursement proposal --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. BORAS: -- or contract. So once the invoices are submitted then they are paid on a quarterly basis.

LIEUTENANT GOVERNOR RUTHERFORD: Are we unique? I mean, are other states, other jurisdictions the same way?

MS. BORAS: I believe they are. Every state has their right to set up based on the procurement of the state. It's really state procurement laws that determine how the contracts are awarded.

LIEUTENANT GOVERNOR RUTHERFORD: Well I guess I was thinking in terms of competition, if there was a provider doing this type of business in another state that if they, well, a certain amount of means to come in and feel that they could provide the service at a lower cost. But just we always look at the single bids.

MS. BORAS: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: And wonder, particularly since you said this vendor has been in place for 20 years?

MR. DEMBROW: Yes, sir. And we look at them very carefully as well. When we get only one proposal received it's very disappointing. We did reach out to 11 vendors in the State of Maryland. We only got one proposal.

MS. BORAS: Right.

MR. DEMBROW: But as I say, this is not a question of profit. It's a question of delivery of services.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. DEMBROW: And there just aren't a lot of companies that want to get involved.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

MS. BORAS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any questions?

COMPTROLLER FRANCHOT: Not on that, I have one other item.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Thank you.

MR. DEMBROW: Thank you very much.

COMPTROLLER FRANCHOT: I had a question, Lieutenant Governor, about Items 11-S and 12-S.

LIEUTENANT GOVERNOR RUTHERFORD: I was going to ask about 11-S also.

COMPTROLLER FRANCHOT: Uh-huh.

MR. BRINKLEY: That would be Kristy Michel, Department of Education.

COMPTROLLER FRANCHOT: I'm happy to defer to the Lieutenant Governor but --



LIEUTENANT GOVERNOR RUTHERFORD: Well you can --

COMPTROLLER FRANCHOT: -- I don't have a long series here.

This is just painful that on three occasions BPW has already extended these contracts. They were supposed to run out in December of 2012. And now we're being asked for another extension. And you know, if the department is confident I guess of the November, 2016 award time table for both contracts, why are we awarding an extension that expires on December 31, 2017.

MS. MICHEL: Sure. Good morning. My name is Kristy Michel, I'm the Deputy Superintendent for Finance and Administration at the State Department of Education. As you mentioned, Mr. Comptroller, we're here to request an extension to our two contracts regarding our high school assessments. And I agree with you, it's not ideal to be here before you today to ask for that extension. But the reason we need to do this is that we need to have an assessment in place in January so that the students who are getting ready to graduate in the spring have an opportunity to take that test. As you know, the high school assessments are a graduation requirement and we want to make sure they have that opportunity to take it as many times as they need in order to graduate.

And because of unforeseen procurement delays we were in a position earlier this spring or early summer where we had to make a decision to either move forward with the current RFP that we're developing for a new vendor

or request an extension. And we decided to request an extension because we were concerned given the timing and the complexity of developing the new RFP that we in the compressed timeframe because of the procurement delays, that we would end up with very few vendors, possibly one or none. And so we thought at the time it was more advantageous to us and to the State to encourage more competition and ensure that there was enough time for vendors to put together comprehensive proposals for our high school assessments. So those are really the two reasons why we are here to ask for a one-year extension to our current HSA contract.

COMPTROLLER FRANCHOT: Well the original contract was for \$52 million for five years. This modification is for \$8 million, \$8.5 million. Prior modifications total \$89 million. How can we run a ship with that kind of --

MS. MICHEL: Sure. And what I can say there is that I think it's important to look at both contracts together. So while you're absolutely correct, there were significant increases to the ETS contract, there was also significant decreases to the other contract, which is responsible for the scoring piece of our assessments. I agree with you. I said it's not ideal to be here today asking for the extension. And I know that we've had a number of extensions in the past. But really we're, we're really trying to do what we think is going to be in the best interests of the students. And we do hope by going out to bid and getting

competition that we can, the next contract for our high school assessments will be lower in cost.

COMPTROLLER FRANCHOT: And I'm sorry if I missed the point, if you're awarding the contracts in November of this year, why are you asking for the extension for November of next year?

MS. MICHEL: It takes a great deal of time for a new vendor to develop test questions. So they would not be able to develop all the test questions in time if we were to award a contract in November for the January administration of the high school assessments. It takes a long time for the vendors to do that.

LIEUTENANT GOVERNOR RUTHERFORD: So the new vendor is developing new questions?

MS. MICHEL: We hope to be back here in November, December at the latest, with a contract for a new vendor that will begin developing item assessments for next school year.

LIEUTENANT GOVERNOR RUTHERFORD: My question, you mentioned delays in the procurement process. Where were the delays? Was it in the procurement process or was it developing the specifications from your program managers?

MS. MICHEL: I think there were delays all around. Honestly, we did build in a sufficient amount of time in my opinion and we hit, wherever we possibly could hit a road bump we did.

LIEUTENANT GOVERNOR RUTHERFORD: Did you reach out to other agencies, like your control agency, for assistance in terms of procurement?

MS. MICHEL: Yes, we work very closely with the Department of Budget and Management?

LIEUTENANT GOVERNOR RUTHERFORD: I mean, but early on, if you're trying to, I mean, the Comptroller is right. What struck me was an original contract for \$52 million is now valued at \$150 million. I mean, that's nearly a threefold increase, if my math is correct. So you know, it just, and then we're, you know, because of delays, you know, I would question planning and whether the capabilities are there for the program managers. You know, it's one of these things, we're working on procurement reform and modernization. And often we hear questions, oh, the procurement process is too long. But sometimes it's the people, the program that comes in at the last minute and says we need to get this on the street. And so I'm just trying to ask where was the program, and did they have the capacity or capabilities to put together --

MS. MICHEL: Sure, they've been involved --

LIEUTENANT GOVERNOR RUTHERFORD: -- their needs, what their needs analysis.

MS. MICHEL: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: And sometimes you need to bring in somebody from the outside.

MS. MICHEL: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: An outside expert.

MS. MICHEL: And that's a great suggestion. Our program staff has been involved from the start. We did start almost a year ago working on this RFP. So I think we really did try to build in enough time. But your suggestion is a great one moving forward, as we're building these contracts that end up being tens of millions of dollars, maybe we do look for some outside help from the get go.

LIEUTENANT GOVERNOR RUTHERFORD: And --

COMPTROLLER FRANCHOT: Well I'm going to --

LIEUTENANT GOVERNOR RUTHERFORD: -- look at the money and just, you know, just it's not government money. It's people's money.

MS. MICHEL: I understand.

LIEUTENANT GOVERNOR RUTHERFORD: It's folks sitting out there and their parents and probably not their kids because they may not be working, but you know. It's people's money.

TREASURER KOPP: Could I suggest something to when you have a contract like this, I mean you've got all the modifications in one, you

know, if you read carefully what happened you sort of get an idea of all the changes.

MS. MICHEL: Mm-hmm.

TREASURER KOPP: But when you see something like this coming, it might be helpful to you if there were a narrative paragraph or two in English as opposed to in --

LIEUTENANT GOVERNOR RUTHERFORD: Governmentese.

TREASURER KOPP: -- governmentese. Just saying what happened. I mean, one reads this and assumes the changes that --

MS. MICHEL: Sure.

TREASURER KOPP: -- but just to read it straight out might be helpful to everyone.

MS. MICHEL: Sure. Absolutely. We can definitely do that moving forward.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. MICHEL: And some of the changes in the contract have been because of changes in policy around our assessments.

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MS. MICHEL: So the high school government assessment was taken out at one point, and then put back in. Some of the assessments related to

mathematics and English language arts were taken out as we started PARCC. So some of the modifications were more policy related. But we can certainly do that moving forward, Treasurer Kopp.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you.

MS. MICHEL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Unless, I'm sorry.

COMPTROLLER FRANCHOT: Yeah, no, here's my narrative. This has to stop.

MS. MICHEL: I understand.

COMPTROLLER FRANCHOT: I don't know how to express that other than to vote no, which I will. Because this is just one of many long strings of frustrating extensions of contracts that we see. But so tell me again what bad things would happen if we didn't move forward with this right now?

MS. MICHEL: We would not have an assessment in place for the January administration of the high school assessment. As you know, students have a certain number of attempts they can take the high school assessments before graduation. So if you are a senior this year you have January and May to take that assessment. If you do not pass in January, you could take it again in May but you may not get the results in time to graduate.

COMPTROLLER FRANCHOT: Why don't you just --

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MS. MICHEL: And the vast majority of students will take it in January.

COMPTROLLER FRANCHOT: Why don't you just extend it for a couple of months for the incumbent?

MS. MICHEL: I think because it takes so long for the item development. We really think there's a value in having the overlap of the two contracts so they can finish up the scoring for the January administration, which will go well beyond January, and then finish out the school year with the May administration. And we hope if we come back to you in November or December with the next contract request, that would be in place in January. And they would need about a full year to get the newest items up and ready.

COMPTROLLER FRANCHOT: I don't see any problem with voting this down because you could come back with a much tighter extension, let the incumbent do it at a minimal cost, and then bring back a competitively bid contract and a proposal for us. But that's just me. I've been around. Lieutenant Governor, I couldn't agree with you more with your statements and good luck on the procurement task force. Because it's a very intractable problem. I hate to be simplistic and vote no, but that's the only way it's ever going to stop.

MS. MICHEL: And I understand. And we did, we weighed what we thought was a better option, coming to you with an extension for a year or coming to you with a single bid contract without any competition. And we



thought in favor of moving forward with the possibility of more competition and getting a lower bid for the next five years of a potential contract, we did choose to go that route. And so I apologize if we made the wrong call.

TREASURER KOPP: For what it's worth, I think you made the right call.

MS. MICHEL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you.

MS. MICHEL: Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on Budget and Management Agenda? I think we need to take a separate vote on Item 11-S.

SECRETARY MCDONALD: And 12?

LIEUTENANT GOVERNOR RUTHERFORD: And 12. And 12.

COMPTROLLER FRANCHOT: Please.

LIEUTENANT GOVERNOR RUTHERFORD: And we'll put those together. So do we have a motion to vote on items --

COMPTROLLER FRANCHOT: Yeah, I just want to if I could, Lieutenant Governor, you mentioned the numbers. These are not inexpensive items.

LIEUTENANT GOVERNOR RUTHERFORD: No.

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COMPTROLLER FRANCHOT: Original contract, \$52 million. This one, \$8.46 million modification. Prior modifications, \$89,434,000. Where is it going to end? So I respectfully vote no. I happen to think they could quickly and probably more efficiently put together the tests for January and May within some much more tightly constrained extension or proposal. But yeah, you're right. It's other people's money, so who cares?

LIEUTENANT GOVERNOR RUTHERFORD: I am troubled by it. But I, not being an expert on, I'm not an expert on a lot of things, and definitely on the educational requirements. I am going to support it but I am very concerned about the fact, like I said, it raises a contract from \$52 million to spending over \$150 million. That's my concern. I think better planning could have resolved some of this, at least I hope it will. And we'll see in November when they come with another contract. Madam Treasurer?

TREASURER KOPP: I think when you read what this is all about, which is difficult to read the way it was submitted, it's not simply a \$52 million item expanding over time. There have been a number of changes in the tests. There have been tests added, tests deleted, there were delays caused by the Federal Elementary and Secondary Education Act timing. There were a lot of things. There would be a better way to present it. But I don't think it's fair to assume that the Department of Education is not interested in being prudent in the use of taxpayer funds.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: That's my experience.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So all in favor?

TREASURER KOPP: Of?

SECRETARY MCDONALD: Eleven and 12?

LIEUTENANT GOVERNOR RUTHERFORD: Eleven and 12 only.

TREASURER KOPP: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Aye. Two, with one opposed. The rest of the Budget and Management Agenda? Do we have a motion?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All in favor? Okay. The University System doesn't have any items before us. We'll have to take a look at that PAAR report.

SECRETARY MCDONALD: I was going to say they knew the Lieutenant Governor was sitting in, huh?

TREASURER KOPP: They had a couple of items.

LIEUTENANT GOVERNOR RUTHERFORD: They knew I was here.

SECRETARY MCDONALD: Two weeks ago they anticipated, so Information Technology, Deputy Secretary Estrada is here.

LIEUTENANT GOVERNOR RUTHERFORD: Why don't you hold on a second while people are exiting.

MR. ESTRADA: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: I expect the University System is going to have a lot of items the next time around when I'm not here.

SECRETARY MCDONALD: They will be back. This is not a permanent thing.

MR. ESTRADA: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Luis Estrada, Deputy Secretary for the Department of Information Technology. Today we have three items on the Agenda and representatives here to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I want to ask about the supplement, the MTA. I guess it's 3-IT-MOD.

MR. ESTRADA: Sure. We have Georgia Peake, the Director of Procurement for the MTA.

LIEUTENANT GOVERNOR RUTHERFORD: I guess --

SECRETARY MCDONALD: I was going to say, not one of them looks like Georgia Peake.

MR. ESTRADA: I'm sorry. I'm sorry. My apologies.

MR. PORTS: They just let Georgia in the room.

MR. ESTRADA: I have Georgia on my mind.

(Laughter.)

SECRETARY MCDONALD: There's Georgia. The lights didn't go out yet. Here we go, Georgia.

MS. PEAKE: Okay. So I was out in the hallway, forgive me.

MR. ESTRADA: And her entourage.

MS. PEAKE: So what was the question?

SECRETARY MCDONALD: There is no question, Georgia. Why don't you just introduce yourself and the item, and then --

MS. PEAKE: I will do, okay --

SECRETARY MCDONALD: Thank you for bearing with us.

MS. PEAKE: Yeah, okay. So okay. So for the record, I'm Georgia Peake and I am the Director of Procurement at MTA.

LIEUTENANT GOVERNOR RUTHERFORD: I thought you were at State Highway?

MS. PEAKE: Yes, I was. I was.

MR. PORTS: She was.

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MS. PEAKE: It was around May, I guess --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. PEAKE: -- I came to Maryland Transit.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I just wanted to get a little, a better understanding of this contract, which is a modification that more than doubles the contract and I was told that it's in response to either uncoupling from the WMATA system, but please explain that a little better.

MS. PEAKE: And I would like to go ahead and have our subject matter expert do that explanation, because he knows all the intimate details of that.

SECRETARY MCDONALD: Georgia, why don't you just say --

MS. PEAKE: And this is Scott Corbin.

SECRETARY MCDONALD: -- everybody who is here. Why don't you introduce everybody who is here, in case they jump in.

MS. PEAKE: Okay. Okay. Well we'll start over here then with Stuart, and introduce yourself.

MR. WILKINS: Stuart Wilkins. Good morning. Assistant Administrator, MTA.

MR. KNIGHTON: Jim Knighton, Chief of Staff, MTA.

MR. CORBIN: Good morning, I'm Scott Corbin, the Fare Collections Systems Manager. The reason that we are more than doubling the contract, as you stated, is we are going to issue a task order to upgrade the software package for our local systems fare collection. And also with that we will be separating from WMATA for local systems only.

I'm not sure how familiar you are with the fare collections system as it works now, but all of the data collected by our local systems, which are local bus, Metro, and Light Rail, currently funnel down to WMATA. And if you go online, and you make a purchase to load your card online, that goes through WMATA and comes back to us. We will be breaking that connection and sending everything to a cloud hosted environment by our vendor. And it's going to give us some advantages. It will upgrade our software, allow us to provide better service, and it also lays the foundation for a future that will give us truly seamless travel using not a proprietary card such as the WMATA Smart Trip Card or the MTA Charm Card. It would be more of a contactless credit card or your phone, you know, with Google Pay app or something like that.

LIEUTENANT GOVERNOR RUTHERFORD: Do we currently, are we able to use either card? The WMATA card, the Smart Pay Metro ticket, in Maryland? Or transferred? Under the current system --

MR. CORBIN: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- if you had the MTA card for let's say commuter bus, and you're going into the District, are you able to use that same card on Metro or the D.C. Metro?

MR. CORBIN: Right. Currently the same card can be used on our local services --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. CORBIN: -- and the regional services, which are the D.C. Metro, the DASH system, the ART System, the kind of transit that's located around the Washington, D.C. area.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. CORBIN: Neither one of the cards are accepted on MARC train or commuter bus.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CORBIN: What is in place is the Transit Link card, which is actually a WMATA product, that gives you that seamless transit from, it's accepted on local services in Baltimore as a Flash Pass and it's accepted on your MARC train and commuter bus as a Flash Pass. In D.C. they are able to tap it on the Metro and it links in with their Smart Trip system.

LIEUTENANT GOVERNOR RUTHERFORD: So but you're going to disengage from that?



MR. CORBIN: We're not going to make any changes to that part of it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CORBIN: It's just our local services. And what we found in research is that there is less than 100 people each day that use a card on our system in Baltimore and then on one of the local transit systems down in D.C. There's just not that much crossover, so it actually affects less than one percent of the daily ridership.

TREASURER KOPP: Governor, yes, let me say I appreciate these gentlemen came and explained this to me. Because I feel very, yeah, I feel very strongly that it ought to be an interoperable system, meaning folks who ride the Ride On, who go to the Washington Metro when it's working, get on the MARC train, and go to Baltimore, ought to be able to have one pass. I mean, they are all Maryland citizens. I understand in this move there are a relatively small number of people who will be affected and the interoperable card apparently is not really the workable solution at the moment, because you have to add so much money on it to use it that most folk, it's not useful for them. I don't understand exactly why and I don't understand what's going to happen when and if the Purple Line is built and we have one system. So I mean I get it for this particular movement. I have not heard anything from WMATA that leads me to think that they believe it's going to be injurious to their riders. But I will tell you that my neighbors and

I look forward to the day when these arbitrary lines are not dividing us and people can get home and get to work without having to worry about bureaucratic barriers.

MR. CORBIN: Yes, ma'am. We actually met with WMATA and they were on board with us doing this separation. And we have the same vision of a regional system that doesn't require different cards and what not. And this does lay the groundwork for that.

TREASURER KOPP: Yeah, well your Purple Line is not going to work unless it is interoperable.

MR. CORBIN: That's correct.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. CORBIN: And the Purple Line, they are engaged with WMATA and whatever direction WMATA goes is the direction that Purple Line will go because of the number of stops that are basically tied in with the WMATA system. So that --

TREASURER KOPP: And then you get to MARC.

MR. CORBIN: Well we're getting there.

LIEUTENANT GOVERNOR RUTHERFORD: So I think and part of it, it sounds like in reading some of the material, is trying to prepare for a time when people are essentially paying for it with their alternative devices. It's almost like the EZ Pass. But you basically are paying for it with your credit card

or some type of app on your phone where you don't see how much you've spent until the end of the month, which is what the EZ Pass does.

MR. PORTS: That's actually the perfect example, Lieutenant Governor. Because as you remember, we had MTAG. So it was Maryland's tag, if you will, at the beginning.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. PORTS: And it didn't integrate with EZ Pass at the beginning. And it wasn't until a lot of the states throughout the East Coast started coming on board with their different passes that they started integrating into one technology. And that's sort of the same thing that's occurring here. There will be probably integration at some date with a platform that everybody can utilize. But right now there's different companies. And unless we went to the WMATA model, they just switched vendors, unless we went to their vendor, which would be a sole source, going toward WMATA, that's not going to occur. But we're looking at Bus USA and becoming a fully integrated system with all of our technologies, which would be passenger counters, cameras, these passes, everything. We're trying to get an integrater to come in and do all of that for us. So we're working our way towards that now, the technology just isn't quite there yet.

TREASURER KOPP: Well and a concern is that you go so deeply in your own technology that the folks who are also paying for it, who aren't riding MTA right now, are going to be cut out of it.

MR. PORTS: Well and right now --

TREASURER KOPP: And you've got to keep them going, I mean, there's a trust factor involved.

MR. PORTS: Right now all of our systems are separate, like the camera system, the passenger cameras. All these systems are separate.

TREASURER KOPP: Yeah, I get that.

MR. PORTS: And now we're integrating --

TREASURER KOPP: Integrated systems are great.

MR. PORTS: -- so we're trying to get there.

TREASURER KOPP: But integrated transportation for people --

MR. PORTS: Yeah.

TREASURER KOPP: -- is great too.

MR. PORTS: We agree.

TREASURER KOPP: And the concern is you're going to go down one road so far that it will be great for the integration of the MTA system and all its components but all of the thousands and tens of thousands who ride Ride On, Metro --

MR. PORTS: Mm-hmm.

TREASURER KOPP: -- DASH, it doesn't help them.

MR. WILKINS: The Deputy Secretary is correct. The goal of this administration and this agency is to consolidate so that we can provide superior customer service to our riders. And in order to do that we have to look at the technology, develop a game plan, and then start to centralize --

TREASURER KOPP: And not build walls.

MR. WILKINS: Right.

MR. PORTS: You are correct.

MR. WILKINS: Yes, ma'am. Yep, absolutely.

TREASURER KOPP: And that's the --

MR. WILKINS: That's our goal.

MR. PORTS: Mm-hmm. It's like the EZ Pass. It's like the EZ Pass.

TREASURER KOPP: Like EZ Pass, you see that's such a great example.

MR. PORTS: We left MTAG and went to EZ Pass because everybody else, it became the standard. It became the --

TREASURER KOPP: Mm-hmm.

MR. PORTS: -- I don't want to say national standard, but at least the East Coast I95 standard. If you look at Florida, for example, they have their own pass now. They went, they broke away. So we're trying to fully integrate as

the technology allows us to do so. So step one, we're integrating our systems. Step two, we're going to be integrating with other systems. That's kind of the plan.

TREASURER KOPP: We look forward to seeing it happen.

MR. PORTS: Mm-hmm.

COMPTROLLER FRANCHOT: Could I ask a question?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: Because I'm not completely on board here. It sounds like you're, we're producing an MTAG, really.

MR. PORTS: Well WMATA left -- go ahead.

COMPTROLLER FRANCHOT: Didn't we produce MTAG and then --

MR. PORTS: Explain how WMATA changed our system.

MR. CORBIN: Currently we have more have an MTAG where we have a card that's proprietary, everything is loaded onto the card. You have to have a system that can read that card and has the proper keys. Eventually with this setting the foundation we're moving way from that to an account based system, which is more like the EZ Pass where you don't have to have a proprietary --

COMPTROLLER FRANCHOT: Okay. I understand that. But it's specific to Maryland.

TREASURER KOPP: To MTA.

MR. CORBIN: It will not be. That's what I'm saying. As we open that up it won't be specific to Maryland. You'll be able to use your Visa card on it, as well as use your Visa card --

COMPTROLLER FRANCHOT: On all of WMATA?

MR. CORBIN: When WMATA upgrades, that's the direction they're headed as well.

COMPTROLLER FRANCHOT: Oh, really? Okay. So this, what we're doing now is developing our own system that once WMATA changes its system, everybody will be together. And that causes me enormous concern. Because I was the Chairman of the Transportation Subcommittee 16 years ago when this exact issue came before us. And it was an unbelievably difficult political thicket that became highly cumbersome to sort out the different interests of the State of Maryland from D.C. and WMATA. And we ended up with the Smart Trip card, and I'm glad that we did that 15 years ago. And obviously WMATA is in a bit of a defensive position now because of all the problems that we read about in the paper. And but Paul Wiedefeld is over there. He's doing a darn good job, I think, in getting on top of it. And I just want to make sure that we're not going to do something that as the Treasurer expressed concerns, and the Lieutenant Governor, does not particularly help the whole situation.

And I'm concerned about the Purple Line. I mean, we've got an inane lawsuit that the citizens have put forward, inane, I-N-A-N-E, and frankly we've got some, I won't put adjectives next to the judge who held this thing up for some bizarre reason. But I'm concerned about what's going to happen to the interoperability of the fare system on Ride On, on the bus, on the Purple Line, etcetera. So if we ever get out of this gaggle of highly connected NIMBYs at the country club and their friendly judges, if the Purple Line actually gets built at some point, can you assure me right here on the record that the fare media that is used for that line will be fully interoperable with WMATA's fare collection system?

MR. CORBIN: Yes.

TREASURER KOPP: Can you put it in writing?

(Laughter.)

TREASURER KOPP: I mean, seriously. We both have been around for a long time.

MR. WILKINS: We'll send you a letter. Absolutely. Yes, ma'am.

COMPTROLLER FRANCHOT: Yeah. Well I'd like to hold this off until we get the letter. Because I don't, I don't get it. I get what you're doing. I love EZ Pass. But EZ Pass was preceded by a lot of static as you drove up and down the East Coast. So I'd like to see it in writing. Because I don't really see



how these two systems operate in the same regional space with different technologies.

MR. CORBIN: What we're trying to get to is more of a system like your retail vendors, where Sears and Macy's don't have the individual Sears card and the Macy's card anymore. They accept a Visa card or a Mastercard or American Express. So to get away from that proprietary card, per se, or token that can only be used on that system by people that partake in it to get out of the business of transit currency that's only used for currency and start opening up and accepting those alternate payments. But you don't have to get a card that works on our system.

COMPTROLLER FRANCHOT: I understand that. I think that's terrific. But if you're going to say to WMATA you've got to join us, isn't that going to cost WMATA something?

MR. CORBIN: WMATA is making plans to do a state of good repair upgrades on their system and also upgrades, originally they were going to do the new electronic payment platform. That was cancelled.

COMPTROLLER FRANCHOT: When is that?

MR. CORBIN: That was a move to an open standard system, which is --

COMPTROLLER FRANCHOT: Yeah.

MR. CORBIN: -- pretty much where we're going.

COMPTROLLER FRANCHOT: So why don't we wait for them?

MR. WILKINS: We have no idea when that's going to happen.

COMPTROLLER FRANCHOT: Exactly.

MR. WILKINS: Considering the issues.

COMPTROLLER FRANCHOT: Do we, we have no idea when it's going to happen.

MR. WILKINS: No, sir.

COMPTROLLER FRANCHOT: So I think we should wait a little bit on this one. Don't you? To get ourselves synched up.

MR. PORTS: Tell him what the cost would be.

MR. CORBIN: The cost would be \$120 million to upgrade and replace all of our systems.

COMPTROLLER FRANCHOT: All of whose systems?

MR. CORBIN: All of the MTA's systems --

MR. PORTS: Ours.

MR. CORBIN: In order to be compatible with WMATA's.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. CORBIN: We, and that's one of the reasons why when WMATA initially broke away we started looking at what were our options, and it was, for us it was a better option, much less expensive to do a slow migration with

our existing system, do state of good repair upgrades, and therefore get to the same place WMATA was going at a much less, at a much lower cost.

COMPTROLLER FRANCHOT: I guess I just, maybe, Lieutenant Governor, that makes sense to you. But it seems to me that both systems want to arrive at EZ Pass. We're going to have to pay X amount, they're going to have to pay Y amount so that we have an EZ Pass. But if we're going ahead with our version and they decide not to join us for some reason, then we have a problem, don't we?

MR. CORBIN: Well at that point the Purple Line will still interface with WMATA and whatever they are doing.

COMPTROLLER FRANCHOT: Why?

MR. CORBIN: Because the Purple Line partnership is in talks with WMATA as far as fare collection goes because we know that that has to interact with the WMATA system due to the high number of stops that are in common.

MR. PORTS: P3.

LIEUTENANT GOVERNOR RUTHERFORD: And you're in conversations with WMATA now in terms of your own bundling, if I can use that term, for the other systems that you operate?

MR. CORBIN: Yes. We met with them several months ago and they agreed that it was in both agencies' best interests to do the separation of the

local services. One of the reasons is that we are currently now on different software packages. There is a lack of data transfer between that two that requires a very hard reconciliation each month, and we actually miss transactions. Their customer service center is not able to see all of our transactions therefore many of our customers when they call the customer service center, they get delayed responses or they are told to call us and we have to go back and research it for the customer service center. Our fare products are all tied in, are not tied in with them but before we can launch any new fare products we have to seek WMATA's approval and coordinate that with them. And honestly just yesterday we had an issue where our point of sale devices, WMATA rebooted their computers over the weekend and it knocked out our point of sale devices. We found out when one of our vendors called and said my system went back to the old prices, what's going on? And we had to go out to all of the devices and touch everybody. So that could be catastrophic in the future as we increase the number of Charm Cards, or whatever the card is in the future, that is out there.

LIEUTENANT GOVERNOR RUTHERFORD: And currently with the commuter bus, you are not electronic on that? It's either cash payment or the person has a weekly pass? Is that what's going on currently?

MR. CORBIN: That's correct. We use the commuter bus and MARC train, it's either a, it's a paper ticket that acts as a Flash Pass. The regular ticket is recognized on our local services as a Flash Pass. And then there's a

Transit Link card which gives you all of our local services, the MARC, the commuter bus, and then the regional services down in D.C.

LIEUTENANT GOVERNOR RUTHERFORD: But they are still accepting cash on these, on the commuter bus and MARC?

MR. CORBIN: Yes, they are.

LIEUTENANT GOVERNOR RUTHERFORD: And many of it is cash transaction, and you are trying to move away from that?

MR. CORBIN: We are. We actually have, down the road we're working on our (indiscernible) now for our mobile ticketing application where they would be able to use a mobile phone or mobile device to purchase a ticket for MARC or commuter bus.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. I understand the concern in, you know, making sure that the technology matches up. I differ with the Comptroller. I don't necessarily trust WMATA to move anytime soon on a new system.

COMPTROLLER FRANCHOT: Why are you disagreeing? That's exactly what I said.

LIEUTENANT GOVERNOR RUTHERFORD: But I guess the thing is is that it really holds us back and it holds a lot of our customers back, the State customers. And I know we have a lot of customers that, or constituents that are on WMATA's systems. They may not be interacting with the MTA systems

at least at this time. Purple Line will interact even if it's an antiquated system that WMATA is still on. But it's holding back the other riders that are on other, you know, MTA, either the bus, the transit lines, as well as the commuter lines. And we have a lot of commuters that come out of, I used to get on the bus coming from Howard County into D.C. And so there are a lot of commuters that are going into D.C. and Baltimore that are on those buses as well and I think we should move forward on this. As long as you are continuing the negotiations and discussions with WMATA whenever they get their act together, we can do something there. But I would not want to wait for WMATA and hold up the rest of the State.

COMPTROLLER FRANCHOT: Madam Treasurer?

TREASURER KOPP: I'm inclined, because of the numbers, which are very small, of people who are immediately impacted in the Washington area, to understand where you are going. I do want to see in writing, I was not kidding, what your intent is. And understand that as the contract went out for the Purple Line, they are going to have to do something. I mean, the ridership, as the judge pointed out, is intimately tied in.

But this is a flyer from me, because I'm really torn and rather skeptical. So I hope to get frequent reports of the progress you're making and I look forward to hearing from WMATA, if you could talk to Paul and tell him.

We're taking on trust, you vowed that they supported this. I have not heard from them. And this is really important --

MR. PORTS: Mm-hmm.

TREASURER KOPP: -- to hundreds of thousands of people.

MR. PORTS: We agree.

TREASURER KOPP: I'll go with the Lieutenant Governor but believe me it's, it ought to be trust but verify.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. CORBIN: Thank you.

COMPTROLLER FRANCHOT: Well I, if I could just say a word. I share the skepticism of the Treasurer and I also share her and Lieutenant Governor's concern that this is an issue of critical importance. Because the two systems are going to operate in the same regional space. They are going to interface with the same regional transit partners, such as what the Lieutenant Governor mentioned. And they are going to even occupy the same physical real estate.

Having said that, I have a lot of confidence in Paul Comfort. You guys are obviously professional. But I think this thing is loaded with problems. And so I guess I'll support it with major caveats that, you know, I guess we're dependent on WMATA to make the necessary equipment and technical support

and new hardware that can make this all work at some point like EZ Pass. And until that we're going to be in a situation where we don't have that. But you guys are, as the Lieutenant Governor said, you're the experts. So I am going to vote for it and conditionally and please keep me in the loop as well as the Treasurer and the Lieutenant Governor.

TREASURER KOPP: Yeah, could we have some regular reports on what's happening?

MR. WILKINS: Yes, absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Send that to the Board.

MR. KNIGHTON: Yes, we will be following this very closely at the administrator's level and we look forward to providing you regular reports, absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. CORBIN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I have a question on 2-IT.

MR. ESTRADA: I can answer questions on that item.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, this is a cooperative agreement that will go into effect, I guess -- well, let me understand.



You are modifying the existing agreements to line up with a cooperative agreement that you plan to enter into, is that correct?

MR. ESTRADA: That's correct. We already are entered into the agreement. We're extending it to match the end date of the master contract.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. The question we have, and it came up in our Procurement Modernization Commission, is how do you make sure that in year two and three of entering into a cooperative agreement that the prices are still competitive? There had been concerns that in some cases cooperative agreements that are entered in several years prior at a very good rate at that time, as you get into year two, three, four, whatever the case may be, you find that as prices change it's not as competitive as it once was.

MR. ESTRADA: In this case the prices are market dependent, so the discount is negotiated and the discount remains constant. If prices rise it's because the market prices are rising and any competitive bid would result in a similar increase.

LIEUTENANT GOVERNOR RUTHERFORD: Well like with, you know, the cell phone business, Verizon, they have, you know, they will have specials here and there, or they eliminate a grandfather, they grandfather certain discounts. If at some point the discount that we're receiving on this wholesale basis is not quite as high as what a new corporation could get, you know, in year two, how do we, you know, monitor our, do we have program managers,

contracting officers, or someone who is monitoring what the marketplace is -- disregard the gentleman behind the screen.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: That's monitoring prices, just doing market analysis.

MR. ESTRADA: We have a contract manager that ensures that the contract is executed and the participation from the agencies are executed properly. Market assessment is not a routine action that we take on this particular contract, but we certainly could if that is a concern. We view this one as a relatively low risk compared to some of the others.

TREASURER KOPP: Well let me say I raise this because this was an issue that was raised on the Lieutenant Governor's Procurement Commission.

LIEUTENANT GOVERNOR RUTHERFORD: Commission.  
Mm-hmm.

TREASURER KOPP: And maybe this isn't the best example of it.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: But when we go out and bid and arrive at these regional or other contracts that others procure because they are the best for us, the concern is that over time whether we go back and test the waters or just assume they were as they always were, therefore negating the possibility of others coming in or of rebidding. The question is how do we make sure that that sort of

coasting doesn't continue and that we still are getting -- assuming that you went out and did it in the first place, which I believe that the agencies do, we're still getting that benefit that we got when we first signed up.

MR. ESTRADA: Sure. I would say is it much different than other types of contracts that are not cooperative agreements? In other words, we set the terms on these contracts and regularly rebid and so on --

LIEUTENANT GOVERNOR RUTHERFORD: It is a little --

MR. ESTRADA: -- to make sure that we are testing the waters.

LIEUTENANT GOVERNOR RUTHERFORD: Well it is a little different, and as the Treasurer said, this contract is probably not a good example. It just heightened for us --

MR. ESTRADA: Sure.

LIEUTENANT GOVERNOR RUTHERFORD: -- awareness in terms of a concern on cooperative agreements. What we've seen in the past is that it can be easy for a procurement officer to just go with a cooperative agreement because it's already gone through some competitive process and they can just enter or renew a cooperative agreement that may have been in place and had a list of vendors that were providing the particular service or product instead of going out into the marketplace and seeing what may be the best price. You know, yours is not a good example of that.

MR. ESTRADA: This is --

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LIEUTENANT GOVERNOR RUTHERFORD: That's why I was saying, you know, that maybe and the question comes up is that when we get to year three and four, or if there's a time when there's a renewal of the contract, that we're making sure that it's still the best, we're getting the best value out of it.

MR. ESTRADA: Absolutely. And our staff did do that type of assessment to determine this was still the best approach for this extension period.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, you know, it's kind of using you as a foil in a sense to send the message to the other departments that when they're using these cooperative agreements, General Services being one that uses them often, and I'm not picking on Secretary Churchill there but from my experience at DGS we used them often, is just making sure that we are still competitive and that our procurement officers aren't taking the easy route of just saying, okay, we're going to use Western States contract and ride that and not necessarily do the market analysis to see if that's the best price and the best value for the State. Is that --

TREASURER KOPP: Yeah. I mean, to be candid when we see some of these contracts come up and the problems they've had because they are understaffed or because --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- we recognize that. And so an easy thing to do would be to say these other states have a very good process. They've gone out and tested the market.

LIEUTENANT GOVERNOR RUTHERFORD: There's already been competition, mm-hmm.

TREASURER KOPP: We'll go with them. And then just continue doing it. And the question is how do we test the waters to make sure? Maybe there's a question of our procurement advisor, how do the agencies test the waters to make sure that it's still the positive benefit that it was originally?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. I mean, it is a balance and there should be a market assessment. But as was just mentioned, many of the staffs are maybe in some cases understaffed, in some cases they lose senior personnel and maybe you have more junior people who are not used to doing the market analysis or surveying and seeing what is out there. And so it becomes let's get this off our desk. We can use this. It's already been competed. We can use that and let's get it off our desk and I can move on to something that's more complicated or that's going to take more time. So kind of using you as a foil for us to bring that matter up. Thank you. Any other questions on Information Technology?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Second.

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LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Thank you. Department of Transportation?

MR. PORTS: Good morning, Madam Chairman, Mr. Comptroller, Lieutenant Governor. For the record, my name is Jim Ports, Deputy Secretary for the Maryland Department of Transportation. The Department of Transportation is presenting 19 items today. Items 6, 12, 20, and 21 are being withdrawn at this time.

LIEUTENANT GOVERNOR RUTHERFORD: Six, 12 --

COMPTROLLER FRANCHOT: Mr. Chairman? Lieutenant Governor?

LIEUTENANT GOVERNOR RUTHERFORD: Yes?

COMPTROLLER FRANCHOT: I actually have a question on Item 22, which interestingly I think follows exactly on the discussion we just had about the mobile devices and services master contract. Is there someone from the Airport here?

MR. PORTS: Yes. We have Ricky Smith.

LIEUTENANT GOVERNOR RUTHERFORD: Ricky Smith is here.

COMPTROLLER FRANCHOT: Oh, good.

MR. SMITH: Good morning.

COMPTROLLER FRANCHOT: Okay so --

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MR. SMITH: I'm Ricky Smith, CEO and Executive Director of the Maryland Aviation Administration.

COMPTROLLER FRANCHOT: Excellent. Delighted you're here. When did we first enter into this arrangement with Air Mall?

MR. SMITH: We entered the contract with Air Mall back in 2004.

COMPTROLLER FRANCHOT: 2004?

MR. SMITH: Yes, sir. Mm-hmm.

COMPTROLLER FRANCHOT: Okay. And that contract was to run until when?

MR. SMITH: It was originally slated to run until 2017.

COMPTROLLER FRANCHOT: 2017?

MR. SMITH: Yes. There was a five-year extension approved that extended the contract to 2022.

COMPTROLLER FRANCHOT: Right. And I think that occurred on December 6, 2006, the very last Board of Public Works meeting for Governor Ehrlich and my great iconic predecessor Governor Schaefer.

MR. SMITH: I --

COMPTROLLER FRANCHOT: At their last meeting. Okay. My understanding is that under that contract that was extended in 2006 to add five years onto 2017, making it 2022, that as of April 1, 2017 under that extension MAA has the right to terminate the contract with or without cause upon six-month

notice to Air Mall. So obviously there would be some opt out provisions if we did that. But why wouldn't we do that based on the discussion we just had on the, whatever this is, mobile services master contract? Why wouldn't we bid it, give six months notice, bid it in April of 2017? If the incumbent is a quarter as good as everybody says they are I assume they would be a slam dunk winner of the new contract but at least we would have some competition.

MR. SMITH: Mr. Comptroller, we are very happy with the service that we are getting --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. SMITH: -- from Air Mall. If you look at the numbers, they've experienced significant increase in both revenues to themselves as well as the State of Maryland, to the airport system, since 2004 --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. SMITH: -- compared to our previous contract. The vendors are very happy with their service. It's an award winning program. We think the program has been very successful and at this point we simply don't see a reason to cease the contract before the 2022 termination date.

COMPTROLLER FRANCHOT: Yeah, but if everybody had that viewpoint we would never meet.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah --



COMPTROLLER FRANCHOT: Here, the three of us. Everything would be do we like the incumbent or don't we, and if we like the incumbent, we're not going to have to have any competition. And all these things could be on an autopilot. So what about the fact that if they are as good as you just said so, and I understand they are delivering \$10.19 per enplaned passenger as opposed to \$5.74 in 2004. That's terrific. But if that's the case, they should be a slam dunk winner of a competitive rebid 13 years after they were awarded the original contract.

MR. PORTS: Ricky let me, hold on one second. Mr. Comptroller, so it gets a little more in depth to whether we just like them or not. Okay? And --

COMPTROLLER FRANCHOT: Right.

MR. PORTS: -- you are right. The numbers are great. Concession sales are up 116 percent. MAA revenues are up 99 percent. Passenger traffic is up 21 percent. ACDBE participation is up 35 percent. And Maryland owned businesses are 35 percent of who is operating these organizations over here throughout the Airport. But more importantly the reason the contract was extended is because we, we, MDOT, BWI Airport, requested that Air Mall invest a lot more money into this Airport moving forward.

COMPTROLLER FRANCHOT: Right.

MR. PORTS: So in conjunction with investing that money, which by the way the banks, the lending institutions I should say, I don't know if it's a

bank or not, but a lending institution requires these businesses to have years of service so that they are enabled to pay back the loans to lending organizations. If we were to stop the contract in 2017, we would owe a penalty back to Air Mall for that purpose.

COMPTROLLER FRANCHOT: Okay.

MR. PORTS: So due to the penalty, due to a contract, contractual law, some of the highest law that we uphold throughout the State, which was the extension, the lending institutions, all these factors, and the great numbers that we're seeing, as Ricky mentioned we're happy with their service because of the, not because we like them but because of the numbers that we see, the increases in revenues to this State, these are all the reasons --

COMPTROLLER FRANCHOT: I understand.

MR. PORTS: -- that we looked at to continue this contract forward. Nothing in that agreement demands that we stop the contract in 2017. It only allows us to --

COMPTROLLER FRANCHOT: Mm-hmm.

MR. PORTS: -- if we were not happy with that service. So for all these reasons that's why we didn't --

COMPTROLLER FRANCHOT: Yeah. No. If I --

MR. SMITH: If it's not --

COMPTROLLER FRANCHOT: -- if it demanded that you rebid it, I wouldn't be asking the question.

MR. PORTS: Right. I understand.

COMPTROLLER FRANCHOT: And I understand there are certain undepreciated costs that the State would have to pay as a penalty.

MR. PORTS: Right.

COMPTROLLER FRANCHOT: I understand that. That's the price you pay for competition. And that's the only way, frankly, we know that this is the best deal for the taxpayers. I am only bringing this up because this is the only area where we get to vote on this because all of these lease extensions go into, you know, where do they go into? 2022 or whatever.

MR. PORTS: 2025.

LIEUTENANT GOVERNOR RUTHERFORD: 2024.

MR. PORTS: Twenty-four. 2024.

MR. SMITH: 2024.

COMPTROLLER FRANCHOT: So this, you know, this just gets us locked in more and more. I would much prefer to see the contract rebid. I assume Air Mall would win it based on their track record. And I think the penalty that we pay is justified based on the fact that these are not permanent contracts. These are contracts that should be rebid as, you know, they are not as change-

worthy as maybe the wireless phone area. But why not test the waters? What bad things would happen? Nothing.

MR. SMITH: I would offer this as well, Mr. Comptroller. The contract term is until 2022.

MR. PORTS: Mm-hmm.

MR. SMITH: The, and we have no issues with Air Mall's performance. To end a contract for no real cause before its natural term would send a chilling effect in the industry that would probably impact those prospective proposers that we hope will propose on the procurement when we put it out in 2021 for 2022. That's a real concern for us, is that it will have a dampening effect on the market --

COMPTROLLER FRANCHOT: No, I can see that. But this is something that started in 2004.

MR. SMITH: Yes.

COMPTROLLER FRANCHOT: It hasn't been rebid. It's now 2016.

MR. SMITH: Yes. Mm-hmm.

COMPTROLLER FRANCHOT: That's 14 years. Or no, that's 12 years, I guess. What is it? 2004 and 2016, 12 years.

MS. SMITH: I would also offer, sir, that if we were talking about exercising a renewal, and option to renew --

COMPTROLLER FRANCHOT: Right.

MR. SMITH: -- we'd probably be having a different conversation here.

MR. PORTS: Mm-hmm.

MR. SMITH: What we're talking about is a contract that ends in 2022 --

TREASURER KOPP: Mm.

MR. SMITH: -- and whether or not the State wants to make a decision to end that contract for no cause.

COMPTROLLER FRANCHOT: Mm-hmm. Yeah. No, and I think --

MR. PORTS: And that's not what's before us.

COMPTROLLER FRANCHOT: -- what you, I think the explanation to the private sector that they would greatly appreciate, and frankly support, is, yeah, these things need to be rebid. There's no reason why Air Mall, as well as it's doing, should be protected from a rebid from 2004 to 2022. That's a long time. And once again, I don't think the State of Maryland has to explain to anybody that after 13 years we're going to ask that this be looked at again by the private sector. And I completely assume that Air Mall will win in a hot minute. But maybe there's a better deal out there.

MR. SMITH: Mr. Comptroller, I don't know that Air Mall --

COMPTROLLER FRANCHOT: We don't know that either, but why would the private sector be upset if after 13 years we decided to take another look?

MR. SMITH: Because --

MR. PORTS: That's not the question.

MR. SMITH: Because if we were to pick another company --

COMPTROLLER FRANCHOT: Right.

MR. SMITH: -- and we asked them to significant investment in the Airport, what confidence would they have that --

MR. PORTS: We would continue the contract.

MR. SMITH: -- sometime in the contract before its term we decide we just want to cease the contract for no cause?

MR. PORTS: Right.

COMPTROLLER FRANCHOT: I don't think they'd have any problem whatsoever. Because you know these are, you know, yeah, obviously companies when they win a five-year contract or a six-year contract they are going to factor in their costs of investment in making sure they get a return. But I think it also stimulates efficiency and excellence if in reasonable periods of time we rebid these contracts. And frankly going from 2004 to 2022 without any rebid is a little bit of a tough pill to swallow.

MR. PORTS: But that's a decision actually that the previous Board made. Okay? Now you can, now I understand you say it happened on the last day but all of them count, and all of yours will count.

COMPTROLLER FRANCHOT: Yeah.

MR. PORTS: Up until the last one --

COMPTROLLER FRANCHOT: Right.

MR. PORTS: -- yours will count.

COMPTROLLER FRANCHOT: Right.

MR. PORTS: Okay? So the, whether we like that policy decision or not --

COMPTROLLER FRANCHOT: Yeah but --

MR. PORTS: -- is sort of irrelevant because that's the policy decision that that Board made at that time.

COMPTROLLER FRANCHOT: Yeah, and Secretary --

MR. PORTS: And they extended that contract --

COMPTROLLER FRANCHOT: Let me just --

MR. PORTS: -- for a period certain.

COMPTROLLER FRANCHOT: I agree with you, Secretary Ports. On the other hand, the extension was granted with this provision in it, that you may, should you wish or should a future Board wish, without any cause other

than the need for competition and transparency in our procurement process, you may rebid it. That was put in that contract.

MR. PORTS: Sure.

COMPTROLLER FRANCHOT: And why that, as far as I'm concerned, that's an eyes open agreement by Air Mall to move forward, but obviously they are aware of that.

MR. SMITH: And --

MR. PORTS: As you know --

LIEUTENANT GOVERNOR RUTHERFORD: Let me just --

MR. SMITH: -- I will also offer that it's not unusual for State contracts --

MR. PORTS: To have a kick out clause.

MR. SMITH: -- to have a kick out clause.

MR. PORTS: Sure. It's, that's normal operating process.

MR. SMITH: Mm-hmm.

MR. PORTS: And I guess the other part of that scenario is they came up with a date certain, which is 2022, for the ending of this contract.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. PORTS: So there's two parts to that policy decision. One is a date certain for the end of the contract and the other is a kick out clause, which is in nearly every contract that the State has. So that's not unusual.



LIEUTENANT GOVERNOR RUTHERFORD: Yeah, except for State Center. But that's another story.

(Laughter.)

MR. PORTS: That's not mine.

LIEUTENANT GOVERNOR RUTHERFORD: That's another story. Completely different topic. But we're on the leases --

MR. PORTS: Thank goodness.

MR. SMITH: Sorry, Secretary.

MR. PORTS: That's yours.

LIEUTENANT GOVERNOR RUTHERFORD: That's his business. The leases is really the issue here, that we have seven vendors, seven subtenants that their leases are going to be extended to starting in '22 as far as 2024. That's correct?

MR. SMITH: That's correct, sir.

TREASURER KOPP: Governor?

LIEUTENANT GOVERNOR RUTHERFORD: How --

TREASURER KOPP: I'm sorry.

LIEUTENANT GOVERNOR RUTHERFORD: How many additional leases are still subject to, are going to be coming back to the Board?

MR. SMITH: Right now --

LIEUTENANT GOVERNOR RUTHERFORD: I know we had a series of them last time I was here, or maybe the time before.

MR. SMITH: Right now there are about 16 that we think may have to come to the Board sometime next year. We're working with Air Mall to see if we can bring that number down and perhaps, you know, bring them all at one time. But the number right now is about 16.

LIEUTENANT GOVERNOR RUTHERFORD: Are they all renewals? Or are there new tenants coming? Well, I guess if you get new tenants you have to bring those as well?

MR. SMITH: Yes, it will be a combination --

LIEUTENANT GOVERNOR RUTHERFORD: Subtenants.

MR. SMITH: -- of new tenants and some renewals, some refreshes, space refreshes.

LIEUTENANT GOVERNOR RUTHERFORD: Madam Treasurer?

TREASURER KOPP: Yes, just for the question that is actually at hand --

MR. SMITH: Mm-hmm.

TREASURER KOPP: -- these are all ones that will terminate 12/24?

LIEUTENANT GOVERNOR RUTHERFORD: Some are --

TREASURER KOPP: Or no later than 12/24?

LIEUTENANT GOVERNOR RUTHERFORD: No later.

MR. SMITH: That is correct, Madam Treasurer.

TREASURER KOPP: Okay. And I saw a survey, thank you for sharing it, which showed the people who might bid on the underlying contract didn't seem to have a problem with that extension?

MR. SMITH: That's correct.

MR. PORTS: Right.

TREASURER KOPP: Let me say, personally I was the only person who was here actually --

(Laughter.)

TREASURER KOPP: -- in this room --

LIEUTENANT GOVERNOR RUTHERFORD: But you were a child.

TREASURER KOPP: In this room.

MR. PORTS: No, I was here also.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: But in the Board.  
As far as the Board.

TREASURER KOPP: Ricky, and I voted against the original contract --

MR. PORTS: You did.

MR. SMITH: Yes.

TREASURER KOPP: -- because I wasn't sure at all that the model would work.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: It actually has worked better than I had anticipated. I also voted in 2006 with the understanding we were asking them to make a very significant investment but also reserved for the Governor the right to terminate the contract in 2017. Clearly if you were going to have a new contract in 2017, '18, you would have had to start --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- in '15 or '16 and the Governor has made the decision --

MR. SMITH: That's correct.

TREASURER KOPP: -- and you all have made the decision --

MR. SMITH: That's correct.

TREASURER KOPP: -- not to do that. I happen to disagree personally, but I'm used to disagreement. And I think the question now is how we best maximize the resources we have in there right now. It seems to me these extensions do make sense. I'll support them. I'm sorry you didn't go to just test the waters. I trust that you will be putting thoughts together for what should go

into another basic contract which may or may not be this model, by the way. I mean, you don't have to stick with this model next time around.

MR. SMITH: You are correct, Madam Treasurer. We will, prior to the actual procurement we will do some kind of evaluation of this model, other models that are available, to see what works best for the State.

TREASURER KOPP: And I presume at that point there will also be enhanced discussion about the, about the rights of workers and the benefits of people who work at the Airport, many of whom are in pretty low paying jobs, sometimes several jobs in order to support a family. I know the contract that they, that the vendors have now is with Air Mall, not with you all. That can be looked at too. I mean, I hope everything will be looked at. But right now it seems to me the Governor made the decision with which I gather the Comptroller and I both disagree, but it's made and it's done. And we've got a great Airport.

MR. SMITH: Thank you.

TREASURER KOPP: Great services. I finally went to one of the restaurants that we talked about. It was terrific.

MR. SMITH: Thank you. Good to hear that.

TREASURER KOPP: I had the sushi. Yes, I did.

(Laughter.)

TREASURER KOPP: I like sushi.

MR. PORTS: She mentioned that before.

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MR. SMITH: Fresh sushi, correct?

MR. PORTS: Fresh sushi.

TREASURER KOPP: Thank you. Yes, it was.

LIEUTENANT GOVERNOR RUTHERFORD: Flown in.

TREASURER KOPP: Thank you.

COMPTROLLER FRANCHOT: Oh, I listened to the Treasurer.

But the only way we can change it is if we vote no on these and other proposals that are coming to us for extensions and demand that this contract be rebid. I don't think, I haven't heard from the Governor directly or others who have looked at this and said, yeah, we are happy with a contract not being rebid for 18 years. I mean, yeah, okay, the Treasurer will probably be here in 2022. I'm not going to be.

(Laughter.)

COMPTROLLER FRANCHOT: Thank you. I've got other things

--

LIEUTENANT GOVERNOR RUTHERFORD: That's what you say now.

COMPTROLLER FRANCHOT: I've got other things to do.

TREASURER KOPP: That's what you tell us now.

LIEUTENANT GOVERNOR RUTHERFORD: That's what you say now.

COMPTROLLER FRANCHOT: But really --

LIEUTENANT GOVERNOR RUTHERFORD: I heard Mike Miller say that 16 years ago.

(Laughter.)

COMPTROLLER FRANCHOT: Yeah. Yeah.

MR. PORTS: Who?

COMPTROLLER FRANCHOT: Yeah. I hopefully will not become what I campaigned against.

(Laughter.)

COMPTROLLER FRANCHOT: But this is serious business and these are big ticket items and I'm sorry that the Treasurer thinks we should throw the towel in. I don't think we should. I think we should say, doggone it, we believe in competition. We believe in transparency. We believe in regular rebidding of contracts and so I'm going to vote no. But --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well that's fine.

TREASURER KOPP: It's ironic because of the tag team of Franchot and Hogan, perhaps you'll have the Governor come back and change this mind. But until then we don't want empty --

LIEUTENANT GOVERNOR RUTHERFORD: I'll speak for the Governor.

TREASURER KOPP: -- places.

LIEUTENANT GOVERNOR RUTHERFORD: We, he and I agree on virtually everything except football teams and I like soccer. And I'll say I don't see him changing his mind on that. And delaying or not, or voting no only hurts the franchisees that are there, the businesses that are there. Because they have, you know, their lines of credit and they have their loans that their banks are going to say why should we extend your line of credit if you may be out of here in a year or two? So I think we will take this item separately. That's Item 22-GM, if I'm not mistaken?

SECRETARY MCDONALD: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: And maybe we can get a motion --

TREASURER KOPP: Favorable.

MS. STROTHMANN: We registered to speak in opposition.

COMPTROLLER FRANCHOT: Oh good.

LIEUTENANT GOVERNOR RUTHERFORD: Oh was there someone signed up --

COMPTROLLER FRANCHOT: Come on up. Where have you been?

SECRETARY MCDONALD: No, we have not heard from anybody.



LIEUTENANT GOVERNOR RUTHERFORD: I mean, I'm going to allow you to speak, but --

SECRETARY MCDONALD: I didn't. No, I did not get any --

LIEUTENANT GOVERNOR RUTHERFORD: You're supposed to sign up in advance.

MS. STROTHMANN: Yeah, there was an email sent yesterday.

LIEUTENANT GOVERNOR RUTHERFORD: To?

TREASURER KOPP: To whom?

MR. HACHEY: The address listed on the website of the Board of Public Works, the email --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Come on down, as they say.

COMPTROLLER FRANCHOT: Great.

MR. SMITH: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm. Thank you.

TREASURER KOPP: Thank you.

MS. STROTHMANN: Thank you for allowing us to speak. My name is Krista Strothmann. I'm the Vice President of Unite Here Local #7, the hospitality workers union. And I'm here to express our opposition to Item 22-GM-MOD, which would grant Air Mall permission to enter into seven new

airport concession subleases beyond the term of Air Mall's own lease with the Maryland Aviation Administration.

As has been discussed so far this morning, Air Mall is very aware that its lease was extended until December of 2022 and the primary concern over this measure is the impact it could have on prospective companies that have an interest in BWI's concession program. Several years ago six airport concessions companies submitted ideas to the State on how they would improve BWI's concessions program and generate additional revenue for the Airport. Air Mall's contract expires in '22 but the State has an opt out it can exercise for no cause beginning in April 2017.

If interested companies are presented with an Airport that has existing tenants locked into contracts occupying much of the Airport's concession space, it could dampen their interest, reduce the amount of capital they would be willing to invest, and limit their flexibility to reshape the Airport's concessions program with new concepts and industry innovations. The reduction of competition that such a development could produce is very alarming.

In June the MAA sent in inquiry to companies that had expressed interest in BWI's concession program. Local #7 submitted a FOIA request and received the results of that inquiry. One of the questions it asked was, if your firm were bidding on a BWI Marshall Airport RFP that had subleases holding over

beyond 2022, the incumbent's term, would that dissuade your firm from bidding on the RFP? Yes or no?

Unlike what has been discussed, there were only two responses out of six. One was, "Yes, it would have a negative impact on the ability to develop and implement the program and on the program's financial return." The other said it would still be interested in bidding but that it would be, "not an ideal situation."

I strongly encourage the Board of Public Works to reject this Agenda item and instead take seriously the current industry interest in BWI's concessions program. BWI should be encouraging competition for its concessions program, not dissuading it by passing this item. If it is truly necessary for some subleases to go through to ensure the continued services at BWI Airport as the MAA is asserting, then the MAA should present these sublease extensions to the Board of Public Works individually instead of presenting seven at a time. This would allow the Board to closely scrutinize the necessity of each individual extension and the qualification and track record of the companies it is allowing into a post-security environment at BWI.

MR. HACHEY: Yes. Thank you, Mr. Lieutenant Governor. My name is Michael Hachey. I'm a research policy analyst and also speaking on behalf of Unite Here. I'd like to add that we strongly oppose granting a new lease to Creative Food Group, which is one of the seven companies that would receive

an extension past the term of Air Mall's lease if this item were to pass today. Creative Food Group has been repeatedly accused of violating labor laws.

In 2010 the United States Department of Labor filed a civil lawsuit against two of Creative Food Group's owners, Altaf Assani [phonetic] and Ikra Mudin Mandani [phonetic], which alleged violations of the Fair Labor Standards Act, including paying less than the minimum wage, failing to pay overtime compensation, and failing to keep accurate records of wages and hours at five restaurants in New York City. They entered into a settlement which required payment of \$155,339 to 127 employees.

Then again in 2013 another group of employees at Jamba Juice at Penn Station in New York City filed another civil lawsuit against Altaf Assani, which again alleged violations of the Federal Fair Labor Standards Act, including paying less than the minimum wage and failing to pay overtime. A settlement agreement required total payment of \$42,000 to ten employees and their attorneys.

Again, in 2014 another group of employees at multiple restaurants in and around Penn Station in New York City filed another civil lawsuit against Altaf Assani, Ikra Mudin Mandani, Creative Food Group HD, LLC, and other co-defendants, which again allege violations of the Federal Fair Labor Standards Act, including paying less than the minimum wage and failing to pay overtime.

Another settlement required total payment of \$108,000 to five employees and their attorney.

Just last week, September 14, 2016, the Port Authority of New York and New Jersey decertified another company wholly owned by Altaf Assani as an airport concessions disadvantaged business enterprise. Other companies wholly or in part owned by Altaf Assani have been decertified or denied ACDBE certification in Massachusetts, Kentucky, New York, and New Jersey.

Creative Food Group has also been accused of violating labor law at BWI Airport. On June 7, 2013 the regional director for region five of the National Labor Relations Board issued a complaint against Creative Food Group, BWI, LLC, which alleged violations of the National Labor Relations Act including interrogating and threatening employees and retaliating against an employee because of his support for a union. Creative Food Group, BWI, LLC signed a settlement agreement which required the company to pay back pay to one employee.

This track record should be absolutely unacceptable. We must hold employers to a higher standard when we grant them the privilege of operating at Thurgood Marshall BWI Airport. The fact that Air Mall and the MAA decided to include Creative Food Group as one of seven companies up for lease extensions illustrates the need for the Board of Public Works to closely

scrutinize these companies individually. I urge you to vote against approving today's items or approving any new leases for Creative Food Group. Thank you.

COMPTROLLER FRANCHOT: I have some questions.

MR. HACHEY: Yes?

COMPTROLLER FRANCHOT: Yeah, no, thank you. I thought that was excellent. It's not the reason I'm voting against this. I think we need transparency and competition, and I think the fact that we're not is very unfortunate.

But I've heard from dozens of legislators, dozens of legislators who have come up to me and said, what about the labor practices at these vendors up at BWI Thurgood Marshall? And they have long lists of complaints. And I say to them, fine, I kind of agree with you guys. But I'm not a member of that tag team. The Legislature has got another way to communicate that. So feel free to take it back downstairs to those dozens of elected officials that have expressed their very strong feelings about not just this Creative, whatever it's called --

MR. HACHEY: Creative Food Group.

COMPTROLLER FRANCHOT: -- Creative Food Group --

MR. HACHEY: Mm-hmm.

COMPTROLLER FRANCHOT: -- but many other. And the workers are just, there's nobody they can appeal to. Really, there's nobody they can appeal to. Because Air Mall is, I don't even know where Air Mall is,

somewhere up in Pennsylvania somewhere. But they are completely indifferent.

And --

MS. STROTHMANN: Yeah, their owner is in Germany.

COMPTROLLER FRANCHOT: Excuse me? They are in Germany?

MS. STROTHMANN: Their owner is in Germany.

COMPTROLLER FRANCHOT: Yeah, that doesn't surprise me. But anyway, thank you for being here. I appreciate the quality of your analysis.

MR. HACHEY: Thank you, sir.

COMPTROLLER FRANCHOT: I appreciate your comments.

MS. STROTHMANN: Thank you.

COMPTROLLER FRANCHOT: I haven't met you before, but that's good. And I think that what we're dealing with here is, I think you bring up some good points. They're not my points, but I'm glad you made it down here.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you for your time.

MS. STROTHMANN: Thank you.

MR. HACHEY: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Just for the record, Creative Food Group entered into an arrangement with the Seafarers Union, so they are probably looking into those issues that you raised.

We have a motion on the table for a separate vote on this Item 22.

Is there a second?

TREASURER KOPP: Favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Favorable? So two to one.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: The remainder of the Transportation, any questions on the other Transportation items?

COMPTROLLER FRANCHOT: No.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Can we have a motion on the other Transportation items, with the exception of 22?

TREASURER KOPP: Favorable.

LIEUTENANT GOVERNOR RUTHERFORD: So we're all in favor on the remaining items. And we move on to General Services.

MR. CHURCHILL: Good morning, Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary of General Services. The department is presenting 23 items on our Agenda for approval today and we are glad to answer any questions for you at this time.



TREASURER KOPP: Can I just say, Mr. Churchill, you've got some great items on your Agenda today, and good things for people, ranging from Revitz House to --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, I was going to mention the Capital Grants and Loans --

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: -- program. Did we lose Secretary McDonald? I was going to mention to her, she knows we always miss, Sheila, we miss Paul Giorgio in these circumstances.

SECRETARY MCDONALD: Yes, we do.

LIEUTENANT GOVERNOR RUTHERFORD: Where he used to handle, for those who don't remember Paul Giorgio, he was in General Services and he used to handle all the capital grant and loan programs, and Comptroller Franchot had particular interest in those. And those were items that I often looked through. And yes, there are a number of very good programs. The Farm Museum in Cecil County; the Hebrew Home of Greater Washington; Howard County Conservancy; there's a number, the Navy Alliance in Southern Maryland; and more. So --

TREASURER KOPP: Cecil County Farm Museum.

LIEUTENANT GOVERNOR RUTHERFORD: Cecil County, not Cecil.

TREASURER KOPP: Or --

LIEUTENANT GOVERNOR RUTHERFORD: Cecil, I don't know which one it is.

TREASURER KOPP: It depends on --

LIEUTENANT GOVERNOR RUTHERFORD: Anyone from that part of the State?

SECRETARY MCDONALD: On behalf of Secretary Churchill I would like to note that Ms. Cathy Ensor had taken over from Paul Giorgio many years ago --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, yes.

TREASURER KOPP: Yes.

SECRETARY MCDONALD: -- and has run the program very efficiently, and quietly.

LIEUTENANT GOVERNOR RUTHERFORD: And quietly.

SECRETARY MCDONALD: So, yes. But and you're right, it was Comptroller Schaefer who used to ask questions all the time. But Ms. Ensor has been doing a great job --

COMPTROLLER FRANCHOT: So is it Cecil or Cecil?

LIEUTENANT GOVERNOR RUTHERFORD: Is it --

MS. ENSOR: Cecil.

LIEUTENANT GOVERNOR RUTHERFORD: Is anyone here from that part of the State?

SECRETARY MCDONALD: From Cecil County?

LIEUTENANT GOVERNOR RUTHERFORD: That they can -- no. No one?

MS. ENSOR: No one --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Great projects.

LIEUTENANT GOVERNOR RUTHERFORD: Hagerstown, I know --

TREASURER KOPP: Way Station --

LIEUTENANT GOVERNOR RUTHERFORD: Yep. So --

COMPTROLLER FRANCHOT: Anybody from Calvert? Or -- oh no, Calvert.

MR. PORTS: Calvert.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Calvert. Or Talbot or Talbot.

MR. PORTS: Talbot or Talbot.

SECRETARY MCDONALD: Well --

LIEUTENANT GOVERNOR RUTHERFORD: Worcester or Worcester.

MR. PORTS: Worcester.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any other questions for General Services? Okay. Do you have a motion?

TREASURER KOPP: Favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I think we're all in favor. Thank you very much.

SECRETARY MCDONALD: Thank you.

(Whereupon, at 11:49 a.m., the meeting was concluded.)