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PRESENT

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HONORABLE PETER FRANCHOT

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

ALL: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: I, as you can see I am not Larry Hogan. But as we start, I would like to call up Keith Tobias. We have a couple of customer service awards. And maybe I should have asked for your comments first, but let's get the customer service awards taken care of.

MR. TOBIAS: Thank you very much. I'm Keith Tobias with the Department of Health and Mental Hygiene, soon to be the Department of Health. And we're, we just want to recognize Christine Farley from the Board of Physicians and Audrey Clark from the Office of the Controlled Substance Administration. And through the Governor's initiative and part of the customer service promise, we got feedback from a physician's assistant who was complaining and suggesting how we could improve things. And we spoke to him and what he said made perfect sense to me. But I didn't know if it would make sense to them. And but they considered it honestly and they pursued it and found ways to improve data integrity, speed the process for licensure, and to just, and that's been a way to, a jumping point for further collaboration between the two parts of the department.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, good. All right. Can we hear a little bit more in terms of was it an application process that you automated? What was actually the steps?

MR. TOBIAS: Do you want to --

MS. CLARK: Do you want to go first?

MS. FARLEY: It actually was an application process where a different division needed a document from our office. And we were able to rather than do a quarterly report, we didn't realize that they were needing that document. So now we're trying to do it in real time so that applicants don't have to worry about that document, that the agencies can handle it for them.

MS. CLARK: What we primarily wanted to do was make it a seamless process for the registrant, who has to get the license, professional license from the Board of Physicians and then from us the controlled dangerous substance permit to write prescriptions for controlled dangerous substances, and of course that includes opioids. And Christine and I, even though we worked very closely together, there was still that gap that we were not aware of that we had this time delay in getting this information for the prescriptive authority for the physician's assistants to write prescriptions. And therefore we just closed the gap. And Christine even took it a step further where she could automate that prescriptive authority and that is now underway on her website, where our licensing specialists

can go to that website, click on prescriptive authority, and see it in real time. So we made it work for the customer, making it seamless.

LIEUTENANT GOVERNOR RUTHERFORD: Well very good. Very good.

MS. FARLEY: And the benefit was the feedback from the customer.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. FARLEY: If he hadn't pointed out that there was a gap, you know, we kind of just would have done business as usual. So it presented an excellent opportunity to change things and make the application process more efficient.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well very good.

TREASURER KOPP: Governor, could I ask a question?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

TREASURER KOPP: Since you're the experts, it was great you had someone who called the customer and, is there a way to in real time in your office now that you're aware of this sort of thing, but perhaps not every specific example, how would you go about yourselves testing it to see whether there are other places that this sort of thing could be done?

MS. FARLEY: Well I know our board is trying to work and DHMH, or Department of Public Health on July 1st, they are really making strides toward efficiency and communication among the different units. And I know Audrey is trying to automate and we are trying to all pull together so that there is that communication among the different units.

TREASURER KOPP: So this can be a great one-time experience but also a lesson learned that can be applied --

MS. FARLEY: Oh, definitely. Definitely.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. And I hope it's going up the chain with the secretaries so that they can look at the different areas where we still have items that are in paper form, particularly where they are registration. I mean, you know, we are in a modern world where you can do a lot of things online. And in some cases they are, you know, the auto-fill in that they can submit this information. I know our Information Technology Department, he's not here now, but our Office of Performance Improvement is looking into those types of things to improve processes, process improvement, continuous improvement on how we deliver our goods and services. So --

MS. FARLEY: Exactly.

LIEUTENANT GOVERNOR RUTHERFORD: So thank you. And I won't ask questions with regard to the controlled substance and how we handle those licenses because we'll talk about that in another time. But thank

you. We have a couple of Governor's Citations and we can maybe take some photos and then continue with the rest of the program.

(Applause.)

MS. FARLEY: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Is this a good --
yeah. All right.

Okay. That was a nice way to start. Madam Treasurer, do you have any comments for the good of the order?

TREASURER KOPP: No. That was such a great way to start and I look forward to these lessons learned being applied all over, including some offices we have to deal with. Not the State Treasurer's Office --

LIEUTENANT GOVERNOR RUTHERFORD: No.

TREASURER KOPP: -- which is right there in terms of customer service. But it is a pleasure to be here after two relatively cool days and this is probably the peak of the good things happening. Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.
Yeah, today is the first day of summer officially.

TREASURER KOPP: Yes, that's why it's the peak --

LIEUTENANT GOVERNOR RUTHERFORD: That's why --
okay. Mr. Comptroller?

COMPTROLLER FRANCHOT: As I often say, let summer be summer. And I couldn't be happier that baseball season and cold Maryland beer is on everyone's agenda. If, I just wanted to thank you, Lieutenant Governor, and good morning, Madam Treasurer, also.

Each year more than 27,000 Marylanders are diagnosed with invasive cancer, including our very own Governor who battled his disease with incredible courage and strength. Each of us in this room knows someone who has been affected by cancer and we're all aware of the devastation it can cause in people's lives. But each and every day, medical researchers and experts are working hard to find a cure for this horrible and deadly disease. And with the number of world class public and private universities and medical research institutions that call our State home, Maryland is truly leading the nation and indeed the world in ending the pain and suffering that cancer inflicts on so many people everyday.

Last month a team of medical researchers from Johns Hopkins announced that they have discovered a potential method to stop cancer metastasis, which of course is the spreading of the disease that is responsible for most of the deaths that occur from cancer. The researchers at Hopkins discovered the biomedical signaling process that leads to metastasis -- maybe I'm mispronouncing that? And more importantly, but they have identified what the

signals are, and more importantly they have identified what they call a drug cocktail that can slow down the spreading of the cancer cells throughout the body.

This is an incredible and promising breakthrough. I just wanted to publicly thank and congratulate the research team at Hopkins and others. And it's not just stopping the signaling of the cancer cells. It's also, there's all sorts of research at Hopkins on energizing the body's immune system. For example, there are two drugs that are prescribed for malignant melanoma of the brain. One drug costs \$100,000 and extends the life of the individual by four months. The other drug costs \$100,000 also and extends the life of the cancer victim by five months. When put together, the two drugs cost \$200,000, obviously, but they create for some reason a complete remission in the cancer. So this idea of treating cancer with, you know, cocktails, like HIV and other diseases are treated, I think are the way to the future. And as the Chief Fiscal Officer I desperately want the new discoveries to be manufactured in Maryland. I'll leave that for others. But there's good news out there for this absolutely terrifying disease that so many of our friends and neighbors and family members have. And a lot of it is happening right here in Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: Thank you, Governor.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. Thank you, Mr. Comptroller. And we do fortunately in our State have fine institutions

like Hopkins and University of Maryland Medical, but also a very thriving BioHealth industry --

COMPTROLLER FRANCHOT: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: -- in our State. So we are fortunate from that standpoint. Okay. Madam Secretary? We'll turn to your Agenda.

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. Thank you. We have 16 items on your Secretary's Agenda this morning.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I just have, I want to point out Item 10. That's the Baltimore Food Hub grant. Is there someone from --

SECRETARY MCDONALD: Both Carol Gilbert and China Boak Terrell, both from the Department of Housing and Community Development and from American Communities Trust.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

SECRETARY MCDONALD: This is an exciting project.

MS. GILBERT: Yes, this is. Good morning. My name is Carol Gilbert and I'm here to represent Secretary Holt in this Agenda item. This is a project that's long in the making but is showing amazing progress thank you to the Governor's strong budget in support of the Food Hub, which is a multiphase

development with historic buildings and new infill and will provide opportunities for nonprofits particularly and other food oriented enterprises producing jobs for local residents. We had a groundbreaking last fall and we're looking forward to a ribbon cutting on the first phase of the development later this year. And it, those State funds total approximately \$4 million out of a \$23 million budget. And this is really one of the most innovative projects we've had the privilege to work on and manage. And if there are any specific questions the expert in the room is really China Boak Terrell, the CEO of American Communities Trust.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Tell me a little bit more about what's actually going to take place. I understand you're going to have hoop houses and you're going to be growing food?

MS. GILBERT: Yes, sir. Yes, sir. The development is just beside the train tracks as folks come in and out of Union Station, so it's been a very derelict campus for probably 20-some years. And the open space will become public space for the community but also growing space for urban gardeners. The first facility is a new building that will house primarily Humanim City Seeds Enterprise, which will, is now a catering business that will be able to expand into this new facility and provide jobs and training for local residents. And then these residents will be subcontracted out to local facilities for catering projects and the new facility will allow them to expand their business greatly. That Food Hub

business will also be open to local entrepreneurs that make cookies, salad dressings, you know, things that they can make --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. GILBERT: -- they've been making out of their homes but need a commercial kitchen to really expand and offer their fares to large companies in Baltimore.

The other, the five sites, the other five buildings on the site are very historic. If you were to go by the site today you'd see, you know, the roofs coming back on and an exciting progress towards stabilizing the structures which our grants have also helped make happen. Though the first building that's going to be finished will include the American Heart Association as a tenant, where they will provide healthy heart training, and then a number of other food businesses. And I'm going to ask China to say a little bit more about those specific tenants that are anticipated.

MS. TERRELL: Sure. Thank you, everyone, and just let me echo what Assistant Secretary Carol said. The State has been an incredible partner for us. And I'm so very proud. So thank you, Treasurer Kopp, thank you, Lieutenant Rutherford, and thank you also to Governor Hogan, and thank you, Comptroller Franchot, and thank you also of course to Secretary Ken Holt, whom, you know, I like to call him Clint Eastwood but he's been amazing.

(Laughter.)

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MS. TERRELL: And then also to Secretary Mike Gill, who has been a fantastic partner as well.

With regard to our tenants in our building we have of course, as Assistant Secretary Gilbert said, the American Heart Association. We're thrilled about that because our catchment area includes the neighborhoods in Baltimore of Oliver, Broadway East, Berea, as well as the new Eager Park just where Johns Hopkins is. And Berea was recently reported to have the lowest life expectancy in Baltimore among their neighborhoods. So we're very proud of having the American Heart Association there.

In addition we are in the process of finalizing our letter of intent with Urban Pastoral, and the owner of that won a Social Innovation Award from the Johns Hopkins University. He is a vertical grower but is bringing a food retail concept to the site as well as a brewery. And many of you know that Central East Baltimore is home to brewery production. Just up the road, Humanim, you know, is in the American Brewery Building. And then of course --

LIEUTENANT GOVERNOR RUTHERFORD: You're talking to

--

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- our junior brewer over here.

MS. TERRELL: I know. Comptroller Franchot, I think that you and my husband would get along very well.

(Laughter.)

MS. TERRELL: And then in addition we also have, I'm very excited to have a letter of intent from the Land of Kush, which is a vegan soul food.

LIEUTENANT GOVERNOR RUTHERFORD: Now are they moving? Is --

MS. TERRELL: No, they are expanding.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MS. TERRELL: So and this is a great thing. And so we will look forward to working with them and converting what they are doing to a lease. They will be collaborating with us and another very experienced grocer to bring a market to the site --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. TERRELL: -- which allows us through the State's grants to eliminate the food desert within a quarter mile radius of the site. And then in addition we just recently had a letter of intent from a salad dressing maker who currently manufactures her product in the State of Wisconsin, but is from Maryland and says like all of us, why are we having those jobs in Wisconsin? Right? So we want to figure out a way to bring those jobs back to Maryland.

So I can tell you that right now our site is about 70 percent leased. If you know of other food tenants, please contact me. But even with being 70 percent leased, we are projecting about 200 jobs, 200 permanent jobs over the course of the next seven years and that does not include our 160 construction jobs, the bulk of which will come from our phase two. We have, we're meeting all of our MBE and MWE targets at this point, 27 percent MBE and ten percent MWE. And so thanks to Carter Site Services, as well as Caliber Construction and Urban Green, who have all kept this at budget and on schedule.

So it's an incredible project because we're creating a lending market in an incredibly distressed community. This project absolutely would not be possible without the State's strong support. And where we have had road blocks, you know that your Clint Eastwood has come in. Secretary Holt has come in and helped us clear those road blocks. And so we're incredibly grateful to the administration and I think that this is something that everyone in this room can be proud of. Because now when the one million people go by every year on Amtrak, they are going to look over at our site and they are going to say that Maryland is a State of progress. And that it's a State where no city gets left behind.

LIEUTENANT GOVERNOR RUTHERFORD: Very true.

COMPTROLLER FRANCHOT: And I probably did not deserve it, but one of the brewers actually named a beer after me.

(Laughter.)

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LIEUTENANT GOVERNOR RUTHERFORD: We heard that.

MS. TERRELL: What is it so we can check it out and see if it's any good?

COMPTROLLER FRANCHOT: Oh my goodness. Oh yeah.

LIEUTENANT GOVERNOR RUTHERFORD: It looks like Pete Frampton, or something like that.

COMPTROLLER FRANCHOT: Yeah, that does look like Peter Frampton. A rock star, I would say about Peter Frampton. Not me.

LIEUTENANT GOVERNOR RUTHERFORD: Most of the people in here probably don't even remember Pete Frampton but --

COMPTROLLER FRANCHOT: Yeah he's --

MS. TERRELL: I should mention that we will be back soon --

(Laughter.)

MS. TERRELL: I should mention that we will be back soon because we were very fortunate to receive an award from the State to help us wrap up our phase two, which of course is very necessary. So hopefully when I come back I can show you all pictures of what it is that you have funded. I'd love to be able to do that.

LIEUTENANT GOVERNOR RUTHERFORD: Well I'd like to come down and see --

MS. TERRELL: I would love for you to come. Lieutenant Rutherford, I've been trying to get in touch with you. So this is great.

LIEUTENANT GOVERNOR RUTHERFORD: Oh.

MS. TERRELL: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: I'm right here.

MS. TERRELL: Which one is your staff member?

(Laughter.)

MS. TERRELL: Okay. All right.

LIEUTENANT GOVERNOR RUTHERFORD: The gentleman sitting down there.

MS. TERRELL: Perfect. Sounds wonderful.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: What are you doing, I mean, are you doing any signage that will allow those of us who ride on Amtrak to actually see --

LIEUTENANT GOVERNOR RUTHERFORD: That's --

TREASURER KOPP: -- because it is a little depressing sometimes.

MS. TERRELL: Yes. And we are doing signage. And in fact we just signed with a firm that I believe will help us create iconic signage that represents well the State of Maryland and Baltimore City. And so right now we may need a little bit of help just because we are in an urban renewal district, is

what I believe that it's called. And so there are certain regulations with regard to the signage. But we look forward to shouting from the rooftops about everything that is taking place at this site --

TREASURER KOPP: Great.

MS. TERRELL: -- and so we just have to figure out how to do that tastefully. But we want this to be a place of pride for anyone going by on the train and seeing what the site looks like.

TREASURER KOPP: Terrific. Terrific.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Very good.

TREASURER KOPP: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: And although I'm not a vegan or a vegetarian, I have eaten at Land of Kush. The kale salad is extremely good. So thank you very much.

MS. GILBERT: Thank you.

MS. TERRELL: Thank you very much. And thank you also to Madam Secretary Sheila McDonald, who has been wonderful. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: All right. It's kind of like the Oscars or something with all the thank-yous.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on the Secretary's Agenda? Do we have a motion?

TREASURER KOPP: Favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All in favor? I think it's three-oh.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Natural Resources?

MR. BELTON: Good morning, Lieutenant Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Mark Belton, Secretary of the Maryland Department of Natural Resources, and we have 13 items on our Real Property Agenda for your approval this morning.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I have a question about 3A. And I guess it goes to also 4A and 5A. I'm just not familiar with the Agricultural Security Corridor Rural Legacy Area, that concept. So if you can just explain that a little bit?

MS. WILSON: Good morning. Emily Wilson with the Maryland Department of Natural Resources. Thank you. The Agricultural Security Corridor is actually a series of Rural Legacy Areas in that Mid- to Upper Shore region. And the basic concept behind it is to ensure the security of the

agricultural production in that Upper Shore region. Hence the name of that series of Rural Legacy Areas in that Upper Shore region.

LIEUTENANT GOVERNOR RUTHERFORD: So but in reading some of the material, this is purchasing additional easements in areas where you already have an easement? Or it's adjacent to an existing easement? Is that how -

MS. WILSON: These are all actually within Rural Legacy Areas.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MS. WILSON: So in order to qualify for Rural Legacy funding, you have to first be in a designated Rural Legacy Area.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. WILSON: So the Agricultural Security Corridor is a series of areas in that Mid- to Upper Shore region. And then we look to purchase easements on properties within those Rural Legacy Areas. So these four projects before you today are, yes, adjacent to other existing Rural Legacy properties and perhaps some MALPF properties. And the whole --

LIEUTENANT GOVERNOR RUTHERFORD: Some what properties?

MS. WILSON: I'm sorry, MALPF. Maryland Agricultural Land Preservation Foundation.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. Right. Okay.

MS. WILSON: So the idea is to put together a patchwork --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MS. WILSON: -- of conservation of working lands, again to secure that agricultural production in that area.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So in a sense it kind of links these properties together?

MS. WILSON: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Okay. Thank you. That was, I just wanted to get a little explanation.

COMPTROLLER FRANCHOT: I have a question about Item 13, please. So while you're looking at that we're being asked to approve a request to commit \$3.44 million in Program Open Space funds to acquire approximately 1,664 acres of forested forestland along Route 13 in Somerset County. According to the background notes the department intends to use this land to produce sustainable forest products to help sustain the local resource based economy and to provide recreational opportunities, such as hunting, fishing, birding, and hiking.

I support obviously the goals of sustaining resource based economic development and providing land based activities, and I love Program Open Space. But this strikes me as a red light example of mission creep, strained

outside what the goal was for Program Open Space. You know, obviously we all value recreational activity. But I thought it was based upon conserving land at risk of being developed.

MS. WILSON: Well --

COMPTROLLER FRANCHOT: Is there any evidence that any of this land is subject ever in the next 100 years to development?

MS. WILSON: One of the basic tenets of Program Open Space is for outdoor recreation before the cost of land accelerates too much to the point where we may be able to lose it. And one of the basic tenets of Chesapeake Forest Lands is not just for production of sustainable forestry practices but, as the item mentions and as you mention, it is for recreational purposes. So there will be hunting, hiking, bird watching and potentially camping that's provided on these properties as there is for the existing Chesapeake Forest Lands.

COMPTROLLER FRANCHOT: Well, I understand that. I can see that. I understand what you're saying. I just don't agree with you that that is the core priority and mission of Program Open Space. For me, I happen to think it's building parks, pools, ball fields, other recreational items on land at the risk of development. And that that will improve the quality of life for families living in that region. So yes, I can understand that people can hunt and fish on forest land. But I don't see that land as appropriately being awarded \$3.5 million in limited Program Open Space dollars.

MS. WILSON: Well --

COMPTROLLER FRANCHOT: Given the fact that there's zero chance it's going to be developed.

MS. WILSON: Actually Program Open Space has two components. You have Program Open Space local side and Program Open Space State side. This is a purchase using Program Open Space State side dollars, where the basic tenet there is for outdoor recreational purposes. Program Open Space local side is where you see the more intensely developed recreational activities, including ball fields, swim centers, playgrounds, things of that like.

COMPTROLLER FRANCHOT: Okay. I can see that explanation. I just don't agree with it. And I'd like you to send us who the, who's going to be benefitting from foresting land down there that we are paying a ton of money for. And I guess we're going to provide it for resource development. I see it as mission creep and I hope that you can reexamine what you've got. Because buying this type of property can quickly lead to some odd situations. And one of which is here before us.

MS. WILSON: Well a couple of points too. Again, we are required by statute to obtain two independent appraisals, which we did. And the price for which we are paying is based off of those independent appraisals. And in fact we're paying below what the higher appraisal came in.

COMPTROLLER FRANCHOT: Do me a favor. Before you give the \$3.5 million, I guess we're voting on it today, but why don't you ask if anybody would like to buy it? Because I love Somerset County. But it's the most economically disadvantaged area in the State. And there's just, I just happened to flag this in order to have you guys take a close look at what you're doing. Because it's a lot of money for forest land for people to hunt on, I guess? I take it? I mean, are there trails in this property?

MS. WILSON: Yes.

COMPTROLLER FRANCHOT: What, whose trails are they?

MS. WILSON: They -- well, Don, do you want to come up and explain a little bit more?

COMPTROLLER FRANCHOT: Yeah.

MS. WILSON: And I will also say that a lot of times you have to remember too that when these lands are purchased in the State public lands resources, that the hunting and the hiking, bird watching, camping, things like that are all economic drivers in that area, where it's bringing in folks. These were privately held lands. And so at this time they are going to be open for the public. That will bring more people into the area for those recreational pursuits.

MR. VAN HASSANT: Good morning. My name is Don Van Hassant. I'm the Director of the Maryland Forest Service, part of DNR. And we are the managers of Chesapeake Forest Land, which this would be an addition to.

Throughout the entire 67,700 acres of Chesapeake Forest, we manage it all sustainably according to two internationally known certifying bodies. We produce forest products off of all of it. We have public hunting on the majority of it. And there's plenty of opportunity for the public to recreate, to hiking, bird watching, hunting, fishing.

On this particular series of properties here, the total is 1,600 acres, it was previously held. It was previously leased to hunting groups. There are trails on it. There will be trails on it when we, if we own it. And there will be further recreational development opportunities once we, if we acquire it. There will be further analysis of what exactly is there and how we can best manage it to provide public benefits.

COMPTROLLER FRANCHOT: But how did it come to your attention?

MS. WILSON: Actually the landowner approached the Nature Conservancy --

COMPTROLLER FRANCHOT: No kidding.

MS. WILSON: -- looking for a conservation buyer. And the Nature Conservancy then approached us seeing that this was adjacent to existing Chesapeake Forest Lands and would be consistent with the way that we would manage properties in that area.

COMPTROLLER FRANCHOT: Exactly my point. I mean, where does it end? Why wouldn't any private owner of land that is unsellable, probably, not approach the State of Maryland and say, gee, we have some nice forest here. In theory people can go and look for birds in the forest. Please could you write us a check for \$3.44 million of taxpayers' money so that we can get rid of this land? I mean, we've forested it. We've harvested the wood off it. We've done this, that, and the other thing. It's in Somerset County. Isn't Somerset where we paid millions of dollars for subaquatic vegetation a number of years ago? Remember that incident?

MS. WILSON: I do not.

COMPTROLLER FRANCHOT: Yeah, we bought some swamp land. It was under water in Somerset County. I think we did. I know I opposed it. But I assume --

MS. WILSON: I don't recall that.

COMPTROLLER FRANCHOT: -- it might have passed by a two to one vote. But that was a --

LIEUTENANT GOVERNOR RUTHERFORD: Did I vote for that?

COMPTROLLER FRANCHOT: No, you weren't around, Lieutenant Governor.

(Laughter.)

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MS. WILSON: I don't think I was --

COMPTROLLER FRANCHOT: No, I just, things that --

MS. WILSON: I don't think I was involved in that one. No.

COMPTROLLER FRANCHOT: -- coming up from the swamp of my memory here. But I would urge the agency, and I have a lot of respect for the Secretary, to assess what exactly is the standards are for going forward with, particularly if it's just people approaching us or approaching some conservation group and having the conservation group come and approach us. Because it seems to be an endless line of possible places where the taxpayers would pay money. And that, I agree it's State money, but it doesn't mean that it can't be used for purposes that would protect ecologically sensitive land. Did this have an ecologically sensitive score?

MS. WILSON: One hundred.

MR. BELTON: Yes, it does.

LIEUTENANT GOVERNOR RUTHERFORD: Can I, can I --

COMPTROLLER FRANCHOT: Why is that?

LIEUTENANT GOVERNOR RUTHERFORD: Can I ask on that how the scoring is actually done? I know I got, I got a briefing a while ago on the scoring, what the numbers mean. But that's been something that I've wanted to get a better idea and understanding of.

MS. WILSON: Sure. So it's looked at from a number of different standpoints. We look at the area in general first. And we look at things like green infrastructure, you know, what are the contiguous green lands, open space areas in that area. Are there rare species? Is there aquatic life present in the area and forest important for water quality protection? And then we take those same parameters and we look at it on the specific parcel level. And then we determine whether or not it's in a targeted ecological area, which this one is. And then we also look at is it adjacent to existing lands? Does it have some historical or cultural value? And what kind of recreational opportunities might there be provided on the property? And then we look at, well, what kinds of, what kinds of work may need to be done in order to potentially restore parts of the property? And then we also look at it from a climate change adaptation standpoint because we do take very seriously the idea of if it's going to be subject to sea level rise within a certain time period then we don't want to be spending public dollars on land that we know, as you mentioned, is going to be subject to sea level rise within a certain time period. And then we also look at how many miles, how many acres of land is protected within a mile of this particular piece of property --

COMPTROLLER FRANCHOT: If I could ask the Lieutenant Governor --

MS. WILSON: -- all of those are added up.

COMPTROLLER FRANCHOT: -- I think it's an excellent question. And I haven't heard at risk of development. Where is the risk to the ecology, ecologically significant land here?

MS. WILSON: Well again we actually look at it from a positive standpoint that this landowner was willing to continue to want to see this property in a conservation mindset. And Program Open Space isn't just about the threat of development. Like we're not going to go into, necessary into a municipality per se and use Program Open Space dollars. That's not actually where the targeted ecological areas are. So we look at it from the standpoint of what kind of recreational opportunities will that property provide? And what kind of economic sustainability may there be provided in that region as a result of the State acquiring that property, again in terms of the economic development from the tourism dollars and the economic development and the use of many times local timber companies for timber production on Chesapeake Forest Lands.

COMPTROLLER FRANCHOT: Governor, I hate to belabor this but I think it's an important point. Where does all of this end? I mean, there's, you have land all over the State of Maryland that obviously has contiguous private owners that would love to have the State do some kind of appraisal and pay them money. Is the landowner still going to be involved in the, who benefits from the forestry after this is consummated, this deal?

LIEUTENANT GOVERNOR RUTHERFORD: If there are any timber sales it would be State, correct?

TREASURER KOPP: The State.

MR. VAN HASSANT: Obviously the State would get income from any timber sales. But the local economy, the forest operators would be the ones who would be being able to maintain their business. There's a land base that they have to operate from. Because once you harvest you're not going to be in there for another 30 or 40 years. So there has to be sufficient land base. So anybody who is associated with the logging company, anybody who is associated with the next user of the product, whether it's a saw mill, whether it's a pulp mill, and all the associated, all that equipment that's used to harvest the timber, machinery, repair places that service those kinds of equipment. All those kinds of businesses in the local economy.

COMPTROLLER FRANCHOT: And when is it --

MR. VAN HASSANT: They will all benefit.

COMPTROLLER FRANCHOT: When is it scheduled to be harvested next?

MR. VAN HASSANT: That we'll have to see when. We actually

--

COMPTROLLER FRANCHOT: When was it last harvested?

MR. VAN HASSANT: I don't know the history of this, the actual harvest history of this property. If we were to acquire this, we would evaluate to see just what the actual condition of the forest is. Does it need to be thinned now? Does it need to be regenerated now? Is it growing well and we just need to let it grow larger? But incorporated with all of that is how can we, you know, fold into that the recreational aspect of the property?

COMPTROLLER FRANCHOT: Okay. So there's nothing bad that would happen if we looked at this at the next meeting and you got back to me on when the last harvest sale was? Because as you said, if it's 40 years from now when the next one might happen --

MR. VAN HASSANT: It could be, it could be next year. I mean -
-

COMPTROLLER FRANCHOT: Why don't you ask the landowner?

MR. VAN HASSANT: -- what the condition is.

COMPTROLLER FRANCHOT: Why don't you ask the beneficiary of the taxpayers when exactly the property was last harvested? And if the, my colleagues were willing to put it off for two weeks I'd be interested in that.

LIEUTENANT GOVERNOR RUTHERFORD: Is it critical that this be approved today?

MS. WILSON: I mean, in all honesty it's not critical. It is the last BPW --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's, all honesty. We appreciate that.

(Laughter.)

MS. WILSON: -- of the fiscal year. And we do count acreage numbers on a fiscal year basis.

TREASURER KOPP: Yeah. Is there any concern about the end of the fiscal year?

MS. WILSON: Well again from an acreage standpoint and goals that we target to meet, that's what the concern would be.

LIEUTENANT GOVERNOR RUTHERFORD: Well we won't penalize you on that. So okay.

MR. BELTON: If I could make one more point on this --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. BELTON: -- that you asked, Comptroller, and it wasn't I think fully addressed. And that was, when does this end? As you all realize, there is a goal, a Bay Program goal for the Chesapeake Bay Program of preserving watershed wide in the six states and the District of Columbia two million acres between 2010 and 2025. And so Maryland has a portion of that two million acres that we are to permanently preserve. And we try to do that using, by

appropriating, or by buying very ecologically sensitive property and we have a scoring system that you have heard explain that helps us determine that. So this is an ecologically sensitive property per the scoring system, in a targeted ecological area, and it helps us achieve our Bay Program goal and the goals that have been set by the Maryland Legislature for land preservation, permanent preservation moving into the future.

LIEUTENANT GOVERNOR RUTHERFORD: How far along are we toward the goal, the regional goal?

MR. BELTON: I'm not sure regionally as far as the watershed.

LIEUTENANT GOVERNOR RUTHERFORD: Well, but we're two million of that goal?

MR. BELTON: Maryland is on track to meet its, what we determined as our portion of that moving forward.

MS. WILSON: Two million is the regional goal.

MR. BELTON: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Is, oh, is the regional. I thought it was the State.

MR. BELTON: Oh no, that's the entire watershed.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: No, and I have great confidence in the Secretary. I think you run a tremendous agency. I don't mean to bring up a

disagreement here. But obviously the premise of preserving two million acres in the Chesapeake region is that those two million acres would, but for the preservation of them, be developed or at least have some scintilla of a chance of being developed. Which I guarantee you this acquisition in 100 years doesn't have a sliver of a chance because I've been to Somerset and it's my favorite place in the State. In fact, we'll be heading down there pretty soon to Crisfield, right? And so I'm not stating anything other than the obvious, which is that the justification has to be something other than us meeting a goal. It's got to have some common sense attached to it. And so anyway, maybe I'm, it can all be harvested and help the local economy starting immediately and the director is going to get back to me with some information.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. I think the Comptroller, you asked very good question with regard to Program Open Space. And I've had questions about it before, more so when it's properties that are going to be controlled by another entity and they are not open to the public. Which this is different. This is going to be within the State's authority and it would be open to the public. And I've been concerned where we've purchased property and they are held by different trusts but they are not open to the public to use it and it becomes, if you're a cynic, it becomes someone's private playground at the State expense. This is not the case. I would be willing to defer this --

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: -- because it's not critical at this point. You can still reach your goals and, you know, it's with questions being answered. So I would --

TREASURER KOPP: Governor, could I just say I, if the two of you want to defer it and Emily says it doesn't do any great harm to actually obtaining the property, Mr. Secretary, is that right? I think maybe we need one more briefing, not that there haven't been any, but one more briefing on the purpose of Program Open Space and the maps and how it works. I would point out this is right on the highway and right outside of town. It, in fact I would hate to see it developed because it would then interrupt what looks like finally we are putting together a set, you said a patchwork, of ecologically sensitive and important space.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: But if in order to get to that goal, which is in the law and which I thought we all supported, postponing it for two weeks would be helpful, with that understanding, I wouldn't object to it.

MS. WILSON: We'd be happy to do that.

MR. BELTON: Yes.

COMPTROLLER FRANCHOT: That's a yes.

MR. BELTON: That's a yes.

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COMPTROLLER FRANCHOT: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Agreed.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Three. I think we have three. Thank you very much. You've been very helpful --

TREASURER KOPP: It's a yes with an understanding we're going to go forward and this is not simply a way to stall the program, to misrepresent the program, and to have the property go in another direction.

COMPTROLLER FRANCHOT: Well if that's directed at me --

TREASURER KOPP: It's directed at the world.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: -- I think it's a perfectly legitimate area to look at. And we have a lot of Program Open Space needs --

TREASURER KOPP: This is --

COMPTROLLER FRANCHOT: -- in our communities around the State, where the State can help out the locals, as you do. But this is, I appreciate the Lieutenant Governor's comments. Thank you.

MS. WILSON: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Okay. Any other --

TREASURER KOPP: Governor?

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LIEUTENANT GOVERNOR RUTHERFORD: -- questions?

TREASURER KOPP: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Yes?

TREASURER KOPP: Project -- I'm sorry. Seven, I think. Yes.

Rural Legacy Program funding in Calvert County, the easement. I just want to say on the record that Delegate Clark, you'll be happy to hear that Delegate Clark expressed a strong interest and strong support on behalf of the county and the community for this project.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. BOWEN: Yes. I'm Greg Bowen. I'm Executive Director of the American Chestnut Land Trust. And I believe we have a lot of support down there. We appreciate the letter from the delegate. And I'm happy to answer any questions you might have.

LIEUTENANT GOVERNOR RUTHERFORD: Well tell me a little bit about the acquisition of this conservation easement and the impact that it will have.

MR. BOWEN: Great. So the property has been in the Rural Legacy Area from the original establishment of Rural Legacy Area in Calvert County. We've been very successful in the Rural Legacy Area, thanks to the State, thanks to our own land trust, and private property owners. Well over 70 percent of that Rural Legacy Area in that portion has already been protected.

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This one is key to us because it takes us right to the edge of the Parker's Creek Watershed with the protection of this property. We started out by protecting the piece on the southern edge of the watershed. This one gets us to the northern edge of the watershed. It is a property at risk of development. It's on a major county road. It's within three miles of Prince Frederick. But it also scored very high in the past on the, for the ratings, from a ratings standpoint.

We have a contract to buy the property from the owners, the current owners of the property. Our sale is contingent upon Rural Legacy easement if we've purchased the property and Rural Legacy easement monies come through.

We will extend public access. We have 22 miles of trails in the properties that we own or manage and this will allow us to extend public access all the way to Dares Beach. Currently we have a trail that runs from Prince Frederick to the Bay thanks to the help of the Department of Natural Resources and a number of private property owners, including a church right in Prince Frederick. You can walk out from that church to the Bay. We have recently set up a trail system that allows us to go from south to north, crossing Parker's Creek. And so it's a unique opportunity for us to kind of finish the pieces of the puzzle. In that portion of the area it's the largest piece left.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well I'm glad you said the public access part. Because that's the concern I've had with a

number of these projects. Well thank you very much. Oh, and how, how else does, so you said you're in the process of potentially purchasing the property?

MR. BOWEN: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: How is the rest of the property used now? Is it for agricultural purposes? Where they grow crops and the like?

MR. BOWEN: Eighty-five percent of this 405-acre tract is forest and it protects our upland wetlands areas and our streams.

LIEUTENANT GOVERNOR RUTHERFORD: Watershed, yeah.

MR. BOWEN: But there is a 60-acre farm on the property. We hope to continue to farm it.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Good.

MR. BOWEN: So that land will stay in agriculture.

LIEUTENANT GOVERNOR RUTHERFORD: In production.

MR. BOWEN: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Good. Good. Okay. Thank you. Madam Treasurer, did you have additional --

TREASURER KOPP: No. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: No? Thank you very much.

TREASURER KOPP: Good work.

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LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on Department of Natural Resources? Do we have a motion to approve?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All of us I think are in favor. Thank you.

SECRETARY MCDONALD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Department of Budget and Management?

MR. BRINKLEY: Lieutenant Governor, Comptroller, Treasurer, David Brinkley, Secretary of the Department of Budget and Management. We've introduced six items for your consideration and I've withdrawn Item 2-S. And I have individuals here to address any concerns or questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I just want to hear a little bit about program, or number three, the contract utilizing Bay Restoration funds.

MR. BRINKLEY: Jag Khuman, Director of the Maryland Water Quality Financing Administration.

MR. KHUMAN: Lieutenant Governor, my name is Jag Khuman with the Department of the Environment, Water Quality Financing

Administration. And we implement the Bay Restoration Fund for the State of Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. KHUMAN: What would you like to know about this?

LIEUTENANT GOVERNOR RUTHERFORD: I understand this is a statewide contract or a procurement to allow for upgrades of septic systems, that the locals can actually utilize this contract to get better prices to do these upgrades?

MR. KHUMAN: Essentially we give a block grant to each of the counties to implement the program to upgrade septic systems with nitrogen removing technologies within the critical areas.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. KHUMAN: Instead of all 23 or 24 counties doing separate procurements, we felt it's more efficient for the State to do a procurement to get the best prices for each county and then allow those counties to use those prices.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now and the septic system upgrades are in those critical areas?

MR. KHUMAN: By law they are required --

LIEUTENANT GOVERNOR RUTHERFORD: Required.

MR. KHUMAN: -- in the critical areas --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

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MR. KHUMAN: -- however, the local governments can choose to do them outside the critical areas if they believe it protects water quality and public health.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. I don't know if you have any other questions?

COMPTROLLER FRANCHOT: Yeah, no, I wanted to thank you for bringing this up. So how do you identify these systems that get upgraded?

MR. KHUMAN: Actually the county local health departments take applications from homeowners and they know which properties are in the critical areas, which of those are failing.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. KHUMAN: And they prioritize them as failing in the critical areas, priority one, and so on. And they select, the local governments select the candidates for upgrade of septic systems. But it's mostly voluntary on the part of the homeowner, except if you're in the critical area and you need a repair --

LIEUTENANT GOVERNOR RUTHERFORD: It's required.

MR. KHUMAN: -- you have no choice.

COMPTROLLER FRANCHOT: Okay. What about inspecting it if you're in the critical area?

MR. KHUMAN: The local --

COMPTROLLER FRANCHOT: So that it, you both save yourself a lot of money and the environment avoids a lot of contamination? What kind of testing requirement is there of septic systems within the critical area?

MR. KHUMAN: The part of this grant, the homeowner does get two years of annual operations and maintenance included. After that as part of the grant agreement the homeowner must maintain the system which must be checked annually by a certified operator and it's part of the contract. And there's a database that the department has where we know which systems have been inspected annually and which haven't.

COMPTROLLER FRANCHOT: Oh, so that's your system for the new, for the upgrades.

MR. KHUMAN: For the upgrades.

COMPTROLLER FRANCHOT: That's terrific. What about all the other septic systems that are not failing but are not far away from failing?

MR. KHUMAN: For the most part they are left to the local health departments to enforce regular pump outs and stuff like that.

COMPTROLLER FRANCHOT: Right. If you could just, because you are an expert on this, send me something on generally what occurs to homeowners who may not understand that a septic system needs to be maintained. I mean, apparently seven percent of the American people think that chocolate

milk comes from a brown cow. But if you own a property and particularly if you've grown up in a city, you may have no idea that a septic system --

MR. KHUMAN: You just flush and it goes somewhere.

COMPTROLLER FRANCHOT: -- yeah, they, it may just be, huh? Really? And I don't know what the proper maintenance is. But to the extent you could just help me understand locally if there are mandates to maintain septic systems, and if not why not?

MR. KHUMAN: I'll get you some information.

COMPTROLLER FRANCHOT: Yeah.

MR. KHUMAN: But certainly for the BAT installations we are doing as part of the grants --

COMPTROLLER FRANCHOT: Yeah, no --

MR. KHUMAN: -- they are sort of regulated more than the rest of the stuff.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you very much.

MR. KHUMAN: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Very helpful.

Any other questions on Budget and Management?

COMPTROLLER FRANCHOT: Move approval.

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TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We have all in favor here. Thank you very much. University System of Maryland.

MR. EVANS: Good morning, Joe Evans representing the University System of Maryland. We have eight items on the Agenda. We're here to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: 4-AE. I want to just say on 4-AE I am very pleased that this was put into the Small Business Reserve for architectural and engineering design services. I want to say thank you for doing that. I'd like to see some of the other agencies, and we'll get to Mr. Ports in a few minutes, to look to putting more projects into the Small Business Reserve.

Now the only caveat I have, and I know this, I don't know if this is the first time University System has done that --

MR. EVANS: It's not. My campus has also done this.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. EVANS: We've had one for going on four years now.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Good. My only caveat is that the limit on the task orders at \$100,000. I know for a fact that some of the small, maybe not these that have been selected, but the smaller A&E firms, many of them can do much larger projects than \$100,000 projects.

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So I'd like you to ask your folks to do some more market research and possibly come back when they are looking at additional ones that may be as high as \$1 million for Small Business Reserve for A&E contracts.

MR. EVANS: Yes, sir.

LIEUTENANT GOVERNOR RUTHERFORD: So, but I commend the fact that the University System is doing this. Questions on the University?

TREASURER KOPP: The Brendan Iribe Center, which is a great project, what is the timing of the completion?

MR. EVANS: I'd like to bring up Bill Olen, who is the Director of Design and Construction for College Park.

MR. OLEN: Good morning, Governor, Comptroller Franchot, Treasurer Kopp. Construction will be ending up next July, so a little over a year from now. We're expecting occupancy of the building January of '19.

TREASURER KOPP: That is going to be a great event, I think, for the University and the entire College Park community. It's going to change the whole orientation of the campus.

MR. OLEN: The campus is looking forward to the opening as far a center of innovation, technology advancement, interaction with private companies --

TREASURER KOPP: That's very exciting.

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LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. OLEN: -- and generating jobs.

TREASURER KOPP: Very exciting. Thank you.

MR. OLEN: You're welcome.

LIEUTENANT GOVERNOR RUTHERFORD: Other questions?

Just something I noticed that's not within your pay grade, and we'll talk to maybe the regents with regard to this, but in terms of future, one of the concerns I've had, and I have expressed it to the Governor, is that often in the projects that come in for major capital improvements, particularly at College Park more so than others, that you get a donor, a philanthropist that comes in, and they say, oh, we'll put \$10 million to this project. And they say, okay, we'll name the building after you. But the building costs \$145 million and the University System comes to the State and says, hey, if you don't give us this money in the capital project we're going to lose this measly \$10 million. That maybe the regents need to say, that's nice, thanks for the donation. But to get your name on the building you've got to come up with a higher percentage. I don't know what that is. Maybe it's half. Maybe it's 75 percent. But I've seen that a couple of times in some of our capital budget discussions. And the University System, not you guys, a little higher in the chain or lower in the chain, depending on your perspective, are saying, we've got to get this into the budget now. We've got to get it into planning or we're going to lose this \$10 million on a \$145 million building. And so I just --

MR. EVANS: I think that's above my pay grade.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: I'm kind of liking being, having the Lieutenant Governor here. How much did Mr. Iribe contribute?

MR. OLEN: He contributed \$33 million. His mom, \$3 million on top of that. And then his business partner, another \$4 million.

COMPTROLLER FRANCHOT: And how long --

MR. OLEN: So it was one of our larger donations.

COMPTROLLER FRANCHOT: How long did he study at the University of Maryland?

MR. OLEN: He was on campus a short period of time.

COMPTROLLER FRANCHOT: For what? Like a semester?

MR. OLEN: Yes.

COMPTROLLER FRANCHOT: Well --

LIEUTENANT GOVERNOR RUTHERFORD: So one semester of tuition.

COMPTROLLER FRANCHOT: Yeah, imagine what he would have given if he had been there four years.

(Laughter.)

COMPTROLLER FRANCHOT: But we're --

LIEUTENANT GOVERNOR RUTHERFORD: Well he may --

COMPTROLLER FRANCHOT: -- yeah, yeah --

LIEUTENANT GOVERNOR RUTHERFORD: -- that's another comment.

COMPTROLLER FRANCHOT: -- well we're very grateful for that. And the total cost of the building is what?

MR. OLEN: A little over \$149 million.

COMPTROLLER FRANCHOT: Well I think the Lieutenant Governor makes a --

MR. OLEN: He does.

COMPTROLLER FRANCHOT: -- very valid point that goes not just to the cost but the function. For example, this obviously fits in, as the Treasurer says, into an exciting part of College Park's growth. But what if it didn't? What if it was something else that was --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, I'm not picking on this particular project.

COMPTROLLER FRANCHOT: -- thirty, thirty, yeah --

LIEUTENANT GOVERNOR RUTHERFORD: I'm just saying generally, I'm just saying the general aspects that sometimes there are projects that sound good, the University may want to do it, but it might be lower in their priority in terms of needing a new such and such building. Not necessarily this

one, but because a donor comes in and is willing to put up ten percent of the cost -
- and that's building, that's not maintenance.

That's another thing that has always been a concern of mine back to when I was at DGS. Is that the State has to maintain these buildings. And often we are so quick to build new buildings because everyone likes to be at a ribbon cutting, but no one is there to put a new HVAC system in or paint or repair the piping or whatever has to happen five, ten, 15 years down the line. So that's just something to carry back to the other folks when they come in and they say we're going to build this new building. We want to tear down this other building here and put something else there.

MR. OLEN: We'll do that, sir.

COMPTROLLER FRANCHOT: Tell Mr. Iribe I said nice things about him.

(Laughter.)

MR. OLEN: We will.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on the University? Do we have a motion to approve?

COMPTROLLER FRANCHOT: Move approval.

TREASURER KOPP: Yes.

MR. EVANS: Thank you.

MR. OLEN: Thank you.

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LIEUTENANT GOVERNOR RUTHERFORD: Thank you. I wasn't picking on that particular building but it just --

TREASURER KOPP: That is going to be a great, a great building and he is a great donor. And we should be very appreciative.

LIEUTENANT GOVERNOR RUTHERFORD: No, I appreciate that.

TREASURER KOPP: I believe.

LIEUTENANT GOVERNOR RUTHERFORD: But I just feel that, you know, the name doesn't need to be on the building if you're going to put --

TREASURER KOPP: I agree with that.

LIEUTENANT GOVERNOR RUTHERFORD: It's like we could have a plaque.

TREASURER KOPP: And, and --

LIEUTENANT GOVERNOR RUTHERFORD: A couple of bricks.

TREASURER KOPP: -- I think your point that it, and the Comptroller's, that it has to be within the programmatic plan --

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: -- and needs of the University. Absolutely.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

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TREASURER KOPP: Absolutely right.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

TREASURER KOPP: Which is one of the reasons, since we've done it, it's amazing that they are building a building for the School of Public Policy, which usually doesn't get big donors and isn't at the top --

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

TREASURER KOPP: -- of the hot shot list and yet vital to the function of the University.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm. Okay.
Very good. Department of --

TREASURER KOPP: I think --

LIEUTENANT GOVERNOR RUTHERFORD: -- oh, I'm sorry?

TREASURER KOPP: I was just saying, I think. I don't mean to be didactic.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, that's all right. Not at all. Department of Information Technology.

MR. LEAHY: Good morning, Mr. Governor, Madam Treasurer, Mr. Comptroller. For the record, I'm Michael Leahy, the Acting Secretary of the Department of Information Technology. Today we have four items on your agenda and I do have representatives available to answer any questions you may have.

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

COMPTROLLER FRANCHOT: Neither did I. Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Well easy here.

MR. LEAHY: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I guess we're all in favor so thank you. Department of Transportation?

MR. PORTS: Good morning, Madam Treasurer, Mr. Comptroller, Governor. For the record, my name is Jim Ports, Deputy Secretary of the Maryland Department of Transportation. The department has, is presenting 19 items for your consideration today. We are withdrawing 16-LT at this time. We'll be more than happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: Secretary Ports, can you take back to State Highway questions on A&E of whether they can, look, I know MdTA was in here at one point when I was here saying that they were going to have some A&E contracts in Small Business Reserve. I don't remember seeing them. I do look at the books before even when the Governor is doing it and I'm not here. But if you could take it back to State Highway to look at their

A&E contracts and what they can put into the Small Business Reserve, it would be much appreciated.

MR. PORTS: We had that conversation again on Monday.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PORTS: And Eric Lomboy, who has recently taken over the State Highways procurement area --

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Okay, good.

MR. PORTS: -- has put something in place where he is telling all of his procurement officers that they must try and go to the Small Business Reserve program. And if not they need to come to him for a reason why not.

LIEUTENANT GOVERNOR RUTHERFORD: Very good.

MR. PORTS: So you should see that as we move forward. Some of these are prior to some of that occurring --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PORTS: -- but you'll see that moving forward.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Herb, you should like that, right? Okay. Good. Good to hear. Are you replacing, let's see, Georgia Peake was there? Or is she still there?

MR. PORTS: So Georgia Peake was, she was at State Highway. She went to MTA. She is now at MVA, Motor Vehicle Administration.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

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MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: All right.

MR. PORTS: Good memory, man.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

Some things. I don't remember a lot, but some things. Okay. I have a question on 5-C-MOD. It's a \$1.2 million modification salt dome project.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: I noticed that a number of the reasons for the modification have to do with design problems, design error, design omission, design omission, and design omission. Are we able to recover anything from the --

MR. PORTS: So you are correct. As you know, this contract was approved on 7/2/14. And you're absolutely correct. There has been a tremendous amount of design mishaps, modifications. And I guess I would have to say we have identified the fact that this group cannot design projects like this --

LIEUTENANT GOVERNOR RUTHERFORD: Past performance is a problem now?

MR. PORTS: -- in our opinion correctly.

LIEUTENANT GOVERNOR RUTHERFORD: Mm-hmm.

MR. PORTS: So we are in the process and moving the design function out of the facilities and maintenance group. They are going --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, so internally it's, but who did, was it contracted design?

MR. PORTS: No, I think it was internal. Wasn't it? Maybe --

LIEUTENANT GOVERNOR RUTHERFORD: Are you looking, where are you looking? Oh I have to talk -- I thought you were looking at Governor Schaefer for one moment.

MR. PORTS: No, this is Eric Lomboy.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. LOMBOY: Eric Lomboy, again, Director of Procurement for State Highway Administration. That actually was designed by consultants. So my office and the AG's office are now looking into what we can do to recoup some of the costs from the errors and omissions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. That's good. It's worth looking into because of so many errors associated with this.

MR. LOMBOY: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: I mean --

MR. LOMBOY: And just as a small note on the, of the money that was in this particular one, \$800,000 was for remediation of soil. That was actually an unanticipated expense.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. LOMBOY: So that one truly was something that we didn't just --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Yeah, I mean there are going to be situations where you open something up --

MR. LOMBOY: Right.

LIEUTENANT GOVERNOR RUTHERFORD: -- and there was no way of knowing until you opened it up that there was going to be these additional problems. But when it's when a design error, that's, and multiple omissions, you have to then say that there's a problem. Okay. Thank you. I want to point out for the benefit of all of us that I understand 8-A, oh, 8-M, and a couple of the others, I think 10, were rebid because you had single bids previously --

MR. PORTS: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- and went back out and was able to get some competitive pricing, particularly in eight where the pricing came in lower than what your estimate was. So make sure they don't come back with a change order that's over your estimate but --

MR. PORTS: Well we're trying.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So I just wanted to point that out and thank you for that.

MR. PORTS: Well thank you.

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LIEUTENANT GOVERNOR RUTHERFORD: Any questions on Transportation?

COMPTROLLER FRANCHOT: Yeah, Item 14.

MR. PORTS: I have it open to that one.

COMPTROLLER FRANCHOT: Funny thing.

LIEUTENANT GOVERNOR RUTHERFORD: Is this the bus?

COMPTROLLER FRANCHOT: So Item 14 is a sole source --

LIEUTENANT GOVERNOR RUTHERFORD: On the buses.

COMPTROLLER FRANCHOT: -- contract to New Flyer Industries out of Canada for 140 new diesel transit buses at a total cost of nearly \$81.5 million in State and federal funds. I recall back in January of last year the department had a single bid contract also for diesel transit buses, also to New Flyer. That was a single bid contract for 172 transit buses. I remember questioning the department about the lack of bid competition at the time and recall that the response was that there are a limited number of bus manufacturers that meet federal Buy America requirements and a severe backlog for companies that do make buses this size. I guess my question is in the last 18 months we haven't made any more progress in the U.S. in making a bus? Making a bus that we can bid and buy, made in America?

MR. PORTS: So there are four manufacturers that meet the Buy America criteria and produce the size buses that we have. And my understanding

from the department is, or the MTA, is that you are correct. They went out and there was a single bid. And the way this works, since there's only four manufacturers in the, that can meet the Buy America criteria under the federal standards, they are doing, they are producing all the buses for the entire nation, for every transit system in the nation and probably beyond. And so the trick is trying to be able to get into their queue, especially for the number of buses that you want, because the manufacturers only have so much capacity. Once they are at capacity you cannot get into their queue to manufacture a bus. And so the reason, my understanding is the reason that we had the original single bid is because no other manufacturer could fit us into their queue for that number of buses, which is 170-plus buses.

Fast forward to this one, we ended up being in the same predicament because the timeline for our procurement was too short to be able to then, again, produce the competition to fit into the queue. So what this one is for is to get us through that gap so that we can produce a multiyear contract in the out years, moving out far enough that we'll be able to get into all the manufacturers' queues so that we can have a competitive bid.

LIEUTENANT GOVERNOR RUTHERFORD: What is the life of these buses?

MR. PORTS: Twelve years. Usually.

LIEUTENANT GOVERNOR RUTHERFORD: Usually.

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MR. PORTS: Usually about 12 years.

LIEUTENANT GOVERNOR RUTHERFORD: Now -- okay.

COMPTROLLER FRANCHOT: No, please, go ahead.

LIEUTENANT GOVERNOR RUTHERFORD: So now at this point with adding, the 140, when will they be delivered?

MR. PORTS: I'm sorry, what?

LIEUTENANT GOVERNOR RUTHERFORD: When will the 140 in this contract be delivered? Expectation of it?

MR. PORTS: Delivered? Sure. Come on up, Dave.

LIEUTENANT GOVERNOR RUTHERFORD: Whoever knows the answer.

MR. PORTS: Yeah, Dave Varner. Oh, and coming up to the podium here is Kevin Quinn.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay.

MR. PORTS: He's the new Administrator for MTA and the, I would say the planner and architect for the new BaltimoreLink system.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. BaltimoreLink.

MR. PORTS: He's the brains behind BaltimoreLink.

SECRETARY MCDONALD: Mr. Quinn, why don't you introduce yourself for the record first.

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MR. QUINN: Sure. Good morning. My name is Kevin Quinn. I'm the Acting Administrator and CEO of the Maryland Transit Administration.

MR. VARNER: Good morning. I'm David Varner. I'm the Director of Bus Maintenance with the Maryland Transit Administration.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. When will the 140 come online or be in Maryland?

MR. VARNER: It takes about a year. The first pilot bus will be here about March of 2018. We always get a pilot bus up first. We've got to go through the testing and everything else. Then the first deliveries start in around June of 2018. Then it goes on for the whole contract.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now the previous 170, what's that number, they are on the street now?

MR. VARNER: There's 171. Actually we've got one left at the plant that's due to come within the next couple of weeks and then that contract will be done.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. So you're going to have a sufficient or a large number of buses from the same manufacturer. Does that mean the, you know, the maintenance equipment and all is consistent? And our technicians, which used to be called mechanics, are able to work on --

MR. VARNER: Correct.

LIEUTENANT GOVERNOR RUTHERFORD: -- consistency --

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MR. VARNER: It's the same buses they've had for this contract here and the one before that. So they are familiar with it. There's less training dollars we've got to spend on it, less parts. With different manufacturers you have different windows and things like this. So all that is staying consistent with this one.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: Okay. So how does a Canadian company meet the federal Buy America requirements? I assume even though the buses may be constructed --

MR. VARNER: Right. It's the components.

COMPTROLLER FRANCHOT: -- in the United States, the profits go flying up to Canada, right? Okay. So that seems, well, that's a difficult or --

LIEUTENANT GOVERNOR RUTHERFORD: They're American. They're North America.

MR. VARNER: Well it's you've got the bus engine manufacturers --

COMPTROLLER FRANCHOT: North America --

(Laughter.)

MR. VARNER: It's the components of the bus. Even though --

COMPTROLLER FRANCHOT: Yeah.

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LIEUTENANT GOVERNOR RUTHERFORD: That's right.

MR. VARNER: -- you know, they are headquartered, they do their basic frames and everything else, the engine is Cummins, they are American; the transmissions are Allison. So it's all the components of it that make up and that's how they meet the Buy America. It's the percentage of the whole bus.

COMPTROLLER FRANCHOT: It just obviously seems a little odd. As much as I like Canada, I like them almost as much as Australia. They are just my two favorite countries. Australia because they have kangaroos, of course. But Canada is a wonderful neighbor of ours. But my concern here is that we get a single bid contract that somehow has morphed into a sole source contract. How could that possibly be permitted under our procurement law? Because my understanding of sole source is that we're talking about something unique, proprietary, like an IBM software product, or something. I can understand that as sole source. But a diesel bus is, who --

MR. PORTS: I believe it's sole source because they are the only one, the only company that can meet the criteria to fit us into their queue at this time.

COMPTROLLER FRANCHOT: Well that's a new definition for me. Is your procurement person here? How did someone possibly label this as sole source?

LIEUTENANT GOVERNOR RUTHERFORD: Do you want Zimmerman? Can Zimmerman answer your question?

COMPTROLLER FRANCHOT: And it's of particular interest to me because it is based on a single bid contract. Now you're approaching us and saying this is a sole source contract.

MR. ZIMMERMAN: Mike Zimmerman. For the record, Mike Zimmerman, Director of Procurement for the Maryland Department of Transportation. So I'm just stepping into the role and I don't have a lot of history here. But I do believe --

LIEUTENANT GOVERNOR RUTHERFORD: But maybe you can explain just sole source justifications generally and we can turn to Gabe as well as the procurement advisor to the Board.

MR. ZIMMERMAN: I do believe that the reason for the sole source was because they actually just went to the vendor based on the fact that they knew that nobody else would be able to supply the bus.

MR. PORTS: Well it says here under COMAR 21.05.05.2.2, when the compatibility of the equipment, accessories, or replacement parts is paramount consideration and the procurement officer has determined that a competitive source selection cannot be used and there is only one available source for the subject contract under COMAR 21.05.05, an award can be made to that bidder.

COMPTROLLER FRANCHOT: Okay.

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MR. PORTS: So that's under COMAR.

COMPTROLLER FRANCHOT: So, yeah, but it does look a little bit boot strapped here to me. And the question is did you, Mr. Secretary, Deputy Secretary -- thank you, by the way, for the photo of --

MR. PORTS: Oh, I couldn't resist.

COMPTROLLER FRANCHOT: -- I take it that's Peter Frampton, not me. But --

LIEUTENANT GOVERNOR RUTHERFORD: Peter Frampton, Peter Franchot, come on.

COMPTROLLER FRANCHOT: But yeah, right --

(Laughter.)

COMPTROLLER FRANCHOT: Morphed into one.

LIEUTENANT GOVERNOR RUTHERFORD: I was wondering what happened with Pete Frampton. He became Comptroller of Maryland.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: He got a haircut. He stopped recording.

COMPTROLLER FRANCHOT: Yes. Yes.

TREASURER KOPP: Haircut.

MR. PORTS: And misspelled his name.

(Laughter.)

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COMPTROLLER FRANCHOT: That's, yeah --

LIEUTENANT GOVERNOR RUTHERFORD: He changed his name a little bit.

COMPTROLLER FRANCHOT: That's why someone used the term rock star. But thank you very much. I appreciate it. No one else, no other Comptroller in the country has ever had a beer named after him. So I'm happy to be there. But if you could --

TREASURER KOPP: Schaefer.

LIEUTENANT GOVERNOR RUTHERFORD: Schaefer beer. Schaefer beer.

COMPTROLLER FRANCHOT: Well except for Schaefer. Yeah. Well, yeah, Schaefer was --

(Laughter.)

COMPTROLLER FRANCHOT: Put it this way, that's not as good of beer as the one --

(Laughter.)

COMPTROLLER FRANCHOT: Yeah. But if you could update me on, Mr. Ports perhaps you could, 18 months after the single bid contract, did your staff circle back to the other three potential bidders and ask them whether we were still unable to get into their queue through a competitive bid?

MR. ZIMMERMAN: So if I can address that?

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COMPTROLLER FRANCHOT: Did you update that?

MR. ZIMMERMAN: We are preparing a competitive bid to put out on the street right now.

COMPTROLLER FRANCHOT: No, I know you are. But --

MR. ZIMMERMAN: So that, hopefully we'll answer that question.

COMPTROLLER FRANCHOT: Yeah, but we're doing something that says that bid, no matter how competitive and how much savings there are, is not going to take effect for four years.

MR. ZIMMERMAN: Correct.

COMPTROLLER FRANCHOT: And that's potentially quite a bit of money, I would take it, since these are diesel buses.

MR. ZIMMERMAN: I believe Kevin has --

MR. QUINN: So just, yeah, so just to step in and just to answer your question --

COMPTROLLER FRANCHOT: Yeah.

MR. QUINN: -- it sounds like from our folks that we did reach out to the other vendors to confirm that they weren't able to meet the schedule delivery.

COMPTROLLER FRANCHOT: Who did? Who sounds like who?

MR. QUINN: It sounds like Dave.

COMPTROLLER FRANCHOT: Oh. But --

MR. VARNER: We did, we actually took lessons learned from the last procurement. That's one of the things that came up when we went and talked to the bus manufacturers that are out there, that they are backlogged. They just can't compete. And that's why they keep, they won't bid on it because they know they can't meet that short schedule. So the only way we could get them to compete was to move that schedule out a little bit so they can at least put it into their queue and bid on it. The good sign is they are asking us questions on this multiyear competitive bid. And one other thing we do, one of our requirements is they have to come here and test our buses in our streets. And one of the big manufacturers has come and done that. So that's a very good sign. And we're trying to work with them and give them enough opportunity to bid, you know, and take everything that we've learned from the last one, to take that out of there. Even with the types of buses. Some manufacturers don't build a 60-foot articulated bus. So we made it so they just, they don't get kicked out if they don't make that bus. So we're doing all these different things. It just takes a little time. We've just got to give them a little bit of room to bid on it. And this is the best way we've come up with to do it.

MR. PORTS: Right.

COMPTROLLER FRANCHOT: Okay. So if you, I will vote for this, but if you can give me the, something in writing that indicates that you inquired of these companies 18, not 18 months ago when there was no competition and you had some kind of a briefing and they said, well, we have too much of a backlog. I want to see something, if you have it, that's current that says 18 months later we called these folks and they said, yep, we're still hopelessly backlogged. But if you, I guess, did something like a four-year procurement, we might be interested. If you have something that verifies those conversations I'd be interested in taking a look at it. Because I still am somewhat amazed that these items could be so heavily oversubscribed. But if what you say is true --

MR. VARNER: It's understood. Believe me, we're not the transit agency going through this. Other transit agencies are going through the exact same thing because they are getting these single vendor bids.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MR. VARNER: So we're trying to find a way to --

MR. PORTS: Yeah.

MR. VARNER: -- you know --

COMPTROLLER FRANCHOT: But is there an interstate cooperative purchasing agreement for these buses?

MR. PORTS: We're not allowed to any more by the federal government.

LIEUTENANT GOVERNOR RUTHERFORD: Not with the federal government.

COMPTROLLER FRANCHOT: They're not allowed anymore?

LIEUTENANT GOVERNOR RUTHERFORD: The federal government --

MR. PORTS: It used to be the Minnesota, I think it was the Minnesota contract, right?

MR. VARNER: Yeah, there were piggyback options --

MR. PORTS: And there used to be a piggyback option. And then people would, well Minnesota would bid out a whole bunch of buses, basically if you will, save them in a queue. And then other bus transit industries throughout the country could bid on that contract if Minnesota wasn't using all their buses. Which they weren't, because they over-ordered on purpose.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. PORTS: The federal government caught onto that and stopped that practice about three years ago.

MR. VARNER: At least three years ago.

MR. PORTS: I was still at Harford Transit when I learned of it because --

COMPTROLLER FRANCHOT: Yeah.

MR. PORTS: -- I did do a piggyback from Virginia, West Virginia, I'm sorry, West Virginia, on a bus order that I did for Harford County. So I learned these same things. But the queues are very difficult.

So what I would say, Mr. Comptroller, is that, you know, we, we, the first bus order was very early in this administration. Very early.

COMPTROLLER FRANCHOT: Mm-hmm.

MR. PORTS: So, you know, we just had to make a decision and do it. This second one what we recognized is that our procurement agents weren't looking far enough out so we got caught in this gap situation, if you will. So what we are doing is putting a process in place to get the most competition, because that's what we've heard from the Board, we want the most competition. So we're putting a new process in place that we're not going to do this again 18 months from now. We're looking three and four years out.

The procurement that we're going to have now, the RFP, the new RFP is going to be a three-year RFP with two year, two one-year options. And we're doing that so that in year three, not in year five or four, but in year three we will then look again and then put the next one out further. And what we're trying to do is smooth out, because our buses are only good for about 12 years, we're trying to smooth out that procurement process. One, because of the queue. But also for maintenance reasons and new bus reasons. We don't want these big spikes and then the low dip. So we're trying to smooth this process out. So we're

trying to accomplish a lot of different things the way that we in this administration are looking forward with these procurements.

COMPTROLLER FRANCHOT: Okay. Thank you very much for that. Thank you, Governor.

TREASURER KOPP: Jim, can I ask you a question? We read that there may be a secular change. People don't want to drive as much. This is what we read. I don't know if it's true or not. Don't want to drive as much. Rail is getting very expensive, heavy rail, even light rail. And so there is a turn, as with in Baltimore right now, but a turn to buses, to buses for more than there had been before and at an increasing rate. Is it that there simply isn't enough capacity in the industry to meet the need? And if so, why?

MR. PORTS: There is absolutely not enough capacity. And then the other thing was --

TREASURER KOPP: Why aren't they expanding? Or what is the --

MR. PORTS: So the trick is all about funding. So ARRA, you remember the ARRA --

TREASURER KOPP: Right.

MR. PORTS: -- funding? So what occurred during ARRA when the federal government infused and basically changed the market, if you will, of bus purchases, everybody and their brother purchased buses. So what the

manufacturers did is they ramped up, expanded, increased the numbers of people or shifts in their plants to accommodate that need. So then there was a glut of buses. After that glut occurred, everybody had to lay off their drivers. They had to go back to single shifts. And so there was a --

TREASURER KOPP: But if you know that, 12 years is not a long life span.

MR. PORTS: It is not. But because these buses are in some of the worst road situations, if you can imagine, especially in Baltimore City --

TREASURER KOPP: Well I know. But what I'm saying is ARRA was seven, eight years ago.

MR. PORTS: Seven, eight years. Right. But --

TREASURER KOPP: So they should be preparing for the next --

MR. PORTS: It's starting to come back. It's starting to come back. But what you're seeing is, like us, we're trying to smooth that curve back out again.

TREASURER KOPP: Right.

MR. PORTS: Instead of having that big --

TREASURER KOPP: I get what you're doing. It makes a lot of sense.

MR. PORTS: Yeah.

TREASURER KOPP: What I don't understand is why, unless it's just --

LIEUTENANT GOVERNOR RUTHERFORD: The industry.

TREASURER KOPP: -- there's no profit at all, why the industry isn't responding more?

MR. VARNER: It's --

MR. PORTS: It's supply and demand.

MR. VARNER: Well I've got to say, too, because there's capital money and there's federal involved, there's a lot of federal guidelines. So we're under different rules than like an over the road coach. They can buy a lot of different things. We have a lot of ADA requirements, we have a lot of regulations we have to abide by. That's why we're down to like one engine manufacturer.

TREASURER KOPP: But we don't have requirements that other transit authorities don't have.

MR. VARNER: No, that's why they are all going through the same issue.

MR. PORTS: Yes.

TREASURER KOPP: Yeah so --

MR. VARNER: Right. That's what we're down to.

LIEUTENANT GOVERNOR RUTHERFORD: But what she's talking about more is the industry itself.

TREASURER KOPP: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: The industry is not expanding to meet this demand. But it's a business --

TREASURER KOPP: When it sounds like the demand is not a temporary one.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. So but it could be that they are looking at it's an up and down cycle.

MR. PORTS: Well it's sort of the same thing we have with car manufacturers, and there's three or four car manufacturers and even though the demand is higher and we are going two million, two billion more miles, vehicle miles traveled, they are not expanding. Because you have this accordion type function within the market. So they don't want to keep going up and down.

TREASURER KOPP: I guess the answer is there really is not a secular change.

MR. PORTS: There is not.

TREASURER KOPP: I'm not sure I believe that. But we'll see.

MR. PORTS: Mm-hmm.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well while you're up there, Mr. Link, maybe you can give us an update on the progress of the introduction of BaltimoreLink.

MR. QUINN: Sure. So, you know, as we know on Sunday morning at 3:00 a.m. launched BaltimoreLink and our kind of reimagining of Baltimore's transit system. And it's going pretty well so far. You know, we're hearing some positive things from our operators, as well as our riders, about the introduction of new high frequency service. Great new lines that are operating at, you know, ten minutes during peak hours. We're working out a couple of tweaks, you know --

LIEUTENANT GOVERNOR RUTHERFORD: That's always going to happen.

MR. QUINN: -- as things happen.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. QUINN: You know, we're working out a couple tweaks. But all in all getting pretty positive comments. We focused a lot of public outreach, you know, change is hard. Change is hard for people. And so a lot of this has been about helping people through that change.

One great thing we were able to rely on were the great number of Maryland Department of Transportation business units. So drawing volunteers from State Highway Administration, MVA, the others, we've really got a great team of around 300 volunteers from the MDOT family, which has been a fantastic help.

MR. PORTS: Ambassadors, we call them.

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MR. QUINN: Yeah, the transit ambassadors.

MR. PORTS: Working with people on the streets.

MR. QUINN: Yep.

LIEUTENANT GOVERNOR RUTHERFORD: Well that's good.

And you had some 200 public meetings as well, as I understand?

MR. QUINN: Yeah. Yeah. So the last 18 months has been spent, you know, a lot of nights away. My wife is not so happy. So you know, a lot of nights away. But, you know, going out and informing the public, listening to comments, incorporating their comments into the final plan, trying to be open and transparent with this planning process.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: I hate to be facetious, but didn't you recently run for Congress in Georgia?

(Laughter.)

MR. PORTS: Right look, wrong guy.

MR. QUINN: I drove up here just this morning.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Well thank you very much. Thank you for all the work that you've been doing.

MR. QUINN: Okay. Okay. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Well I grew up riding the bus almost every day --

SECRETARY MCDONALD: D.C. Transit.

LIEUTENANT GOVERNOR RUTHERFORD: -- in what was the old D.C. Transit. It eventually became Metro, Metrobus. They didn't call it Metro because there was no Metrorail, put the tokens in the little thing. So I grew up riding the bus. So all right. Any other questions on the Transportation Agenda?

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. A second?

SECRETARY MCDONALD: I would note for Deputy Secretary Ports that on Friday night at the State's favorite entertainment venue, Merriweather Post Pavilion, none other than Peter Frampton is appearing.

COMPTROLLER FRANCHOT: When?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: He will be there.

SECRETARY MCDONALD: With the Steve Miller Band at the Merriweather Post Pavilion.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: All right.

COMPTROLLER FRANCHOT: I should check my schedule --

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(Laughter.)

MR. BRINKLEY: Should we get our Bic lighters out --

MR. PORTS: I want to see the wig.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah. All right.

Okay. So we're all in favor. So thank you.

SECRETARY MCDONALD: And Peter Frampton, too.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

Department of General Services?

MR. CHURCHILL: Good morning, Governor, Madam Treasurer, and Mr. Comptroller. For the record, I'm Ellington Churchill, Secretary for General Services. The department has 15 items on our Agenda today and we have representatives to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Any questions on DGS?

COMPTROLLER FRANCHOT: I have a question, if no one else does.

LIEUTENANT GOVERNOR RUTHERFORD: Yes?

COMPTROLLER FRANCHOT: Item 8, Mr. Secretary.

MR. CHURCHILL: Item 8 concerning Hilltop Development Association, Department of Transportation. Robert Suit with the Office of Real Estate.

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COMPTROLLER FRANCHOT: Mm-hmm.

MR. SUIT: Good morning. Robert Suit, I'm the Chief of Lease Management and Procurement in the Office of Real Estate.

COMPTROLLER FRANCHOT: Yeah. And I love the idea of an MVA facility in Park Heights. But I just want to make sure we're getting the best deal by agreeing to exercise the extension of the current lease. The landlord has agreed to provide the current lower rent for an additional 14 months. Is that correct?

MR. SUIT: Yes, sir.

COMPTROLLER FRANCHOT: And have you assessed comparable rents in the area to determine how the extension fits into the current market conditions? Are we getting a better deal than the market? Just about a market based deal? Or --

MR. SUIT: Well bear in mind with this particular location we're not only talking about leasing the facility but also the acreage because the services include the test driving courses and he performs the maintenance and the janitorial in the facility. With that in mind, I believe we are getting this market.

COMPTROLLER FRANCHOT: Excellent. Well I'm delighted that you're providing those services up there in that area. And I certainly support what you're doing. But if I could, having visited it many times, frankly what the

area needs is a library. I don't mean to, you know, multitask you here. But we need a library at Park Heights.

I think we should name it for my friend George Mitchell, who happens to be a passionate advocate and community leader in Park Heights, who has been working tirelessly to get a library and training center for his community. And someday I hope that his dream becomes a reality. And when it does it will be because of the dedication and unwavering efforts of George Mitchell to, and Sandy Rosenberg, I think, who used to go to the original Park Heights Library, which is no longer there. But we desperately, or they desperately need a library. And I hope folks listening to this will think of George Mitchell and try to help him out in his effort. Thank you for giving me the soap box. And thank you for providing that service up there. It's obviously very crucial.

LIEUTENANT GOVERNOR RUTHERFORD: One question. Thank you. Question for the Secretary, and I know we've talked about the issue of a blanket purchase agreement for Narcan. That's been in the news recently, that the City Health Commissioner has been concerned that the City may run out of its supply. And what we're working on now through the Department of General Services is a statewide contract purchase to allow the locals, to allow Baltimore City's Health Department, to purchase through the statewide contract hopefully to get better pricing. And that should allow them to address that particular challenge.

One of the reasons that the supply of Narcan is going through, there are several reasons, but one in particular that it's, we're running through those supplies so quickly is the introduction of Fentanyl. And with Fentanyl, an overdose of Fentanyl, it in most cases requires multiple applications of Narcan. And so with, if it's just Heroin, just Heroin, we're now in this new world, it may be one application. But if there's Fentanyl mixed in it could be two or more. And so they are running through this too quickly. And so unfortunately we have this problem that we have to deal with, not only in Maryland, but statewide and we've been working to address that challenge. So thank you for working on that contract and hopefully we can get something out pretty soon.

MR. CHURCHILL: Thank you, Governor. We know the need is great and we're working diligently with all the stakeholders to try to make that a reality.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any --

COMPTROLLER FRANCHOT: Move approval.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Thank you. Thank you, everyone, today.

(Whereupon, at 11:37 a.m., the meeting was concluded.)