
STATE OF MARYLAND
BOARD OF PUBLIC WORKS

*GOVERNOR'S RECEPTION ROOM, SECOND FLOOR, STATE HOUSE
ANNAPOLIS, MARYLAND*

July 2, 2014
10:50 a.m.

PRESENT

HONORABLE MARTIN O'MALLEY

Governor

HONORABLE NANCY KOPP

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

SHEILA C. MCDONALD

Secretary of Public Works

ALVIN COLLINS

Secretary of General Services

T. ELOISE FOSTER

Secretary of Budget and Management

WILSON PARRAN

Deputy Secretary of Transportation

EMILY WILSON

Director, Land Acquisition & Planning, Department of Natural Resources

CARMINA PEREZ-FOWLER

Assistant Secretary for MBE Compliance and Procurement,
Governor's Office of Minority Affairs

MARY JO CHILDS

Procurement Advisor, Board of Public Works

MISSY HODGES

Recording Secretary, Board of Public Works

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

CONTENTS

Subject	Agenda	Witness	Page
Fiscal Year 2015 Grant Funds for Maryland Zoo in Baltimore	SEC 5, p. 6	Sheila McDonald Donald Hutchinson	8
DNR Agenda	DNR	Emily Wilson	13
Extension of Contract for Statewide Administrative Services Organization for the Public Mental Health System	DBM 5-S-MOD, p. 51	T. Eloise Foster Thomas Kim	14
Extension of Contract for Data Collection Support and Analytic Report Development for the Maryland Health Care Commission	DBM 6-S-MOD, p. 54	T. Eloise Foster Thomas Kim Ben Steffen	14
Extension of Contract for Call Center Services for the Department of Human Resources	DBM 7-S-MOD, p. 57	T. Eloise Foster Ted Dallas	14
Reductions for Fiscal Year 2015	DBM 10-GM, p. 65	T. Eloise Foster	26
Sale of University of Maryland, College Park Property for Development of University Hotel and Conference Center	USM 3-RP, p. 68	Jim Stirling Dr. Wallace Loh Andrew Fellows David Iannucci	40
Statewide Public Safety Wireless Communications System - Region 4 Western Maryland	DoIT 5-IT-MOD, p. 88	Greg Urban Bruce Fryer	43
DOT Agenda	DOT	Wilson Parran	56

Grant to the Humane Society of Harford County	DGS 15-CGL, p. 141	Al Collins	58
Grant to the Indian Head Center for the Arts	DGS 16-CGL, p. 142	Al Collins	58
Grant to The Jude House, Inc.	DGS 17-CGL, p. 144	Al Collins	58
Grant to Takoma Park Presbyterian Church	DGS 18-CGL, p. 145	Al Collins	59

PROCEEDINGS

GOVERNOR O'MALLEY: Ladies and gentlemen, I apologize for the slight delay. This is July 2, 2014. Is this on? I guess it's on. And this is the Board of Public Works. And it's with a great deal of regret and sadness that as we convene here as at the same time that news reaches us of the passing of Wayne Curry, the County Executive of Prince George's County. And Wayne was my friend, and Wayne was my colleague. And he was a person who brought a great deal of hope and pride to the people of Prince George's County in his fearless service to others. And at this moment, all of us, you know, I know are thinking of his family, and his children, and his wife. And all of us who had the privilege to serve with him are very grateful that we were able to work alongside such a fearless and tireless advocate for the people that he served. Any thoughts, comments as we open here?

COMPTROLLER FRANCHOT: Thank you, Governor, and good morning, Madam Treasurer. I did want to just take a minute, if I could, and thank those Marylanders who voted in the recent primary elections. I would also like to salute those from both parties who care enough about their communities to have put their names on the ballot. Those who seek elected office typically do so at considerable personal expense and must be prepared to sacrifice time with their families as well as on the job. Regardless of their partisan

affiliation or viewpoints and the outcomes of their races, their commitment to our political process is commendable and deserves our appreciation and respect.

I am now looking forward to the general election season with sincere hopes that we can reengage what are by all accounts disaffected Maryland voters. And I really think we can connect by talking seriously and sensibly about the fiscal and economic challenges that still face our wonderful State. In the meantime this Friday I'm looking forward to taking part in the Fourth of July parades in Dundalk, Catonsville, Arbutus, and Towson. Please wave hello if you see me. It can be somewhat of a grueling experience in the heat. But I'm looking forward to it because it's just pure America. And here's to an enjoyable July Fourth to each and every one of you and your families. A reminder to all of us just how blessed we are to live in the best State in the greatest country in the world. Thank you.

GOVERNOR O'MALLEY: Hear, hear. Madam Treasurer?

TREASURER KOPP: I'm not sure I can add anything to what the Comptroller said, except to congratulate him on an outstanding victory in the primary election.

COMPTROLLER FRANCHOT: Thank you.

(Laughter.)

TREASURER KOPP: It was quite, quite emphatic. And just to congratulate the Governor. He supported two great candidates in the Democratic

primary, both of whom won significantly. And we look forward to the November election.

I do have to say that when the Comptroller and I were in the Legislature we worked with Wayne Curry and his administration on a number of issues, including stadiums and the building of the local stadium and facility next to Redskins Stadium, if you recall. It was brilliant. A very good man, died long before his time. And will be missed.

I would also just say to everybody out there and in here, we just got a notice for a heat alert for the State of Maryland for this afternoon. You don't get them very often. It means it's serious. That people should take care and not be outside unnecessarily and drink plenty of water, not necessarily coffee. And act prudently. I happen to be one who reacts significantly to heat and I think that many people do and don't realize it until it's a little late. So being the mother of this group I just urge you to --

(Laughter.)

TREASURER KOPP: -- be careful. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you. All right. We begin with the Secretary's Agenda. Madam Secretary?

SECRETARY MCDONALD: Good morning, Governor, Madam Treasurer, Mr. Comptroller. We have 21 items on the Secretary's Agenda. We have two reports of emergency procurements. We are prepared for your

questions. And I also do want to point out that two of the, the two grantees that the Board of Public Works has directly, Maryland Zoo and Historic Annapolis, are here. And I know Mr. Hutchinson from the Maryland Zoo would like to express his appreciation to the Governor and the Board of Public Works for the continuing support for the Zoo. Mr. Hutchinson?

GOVERNOR O'MALLEY: We want to express our congratulations and thanks to you.

SECRETARY MCDONALD: Yes --

MR. HUTCHINSON: Thank you.

GOVERNOR O'MALLEY: You have been indefatigable.

MR. HUTCHINSON: Thank you. That's a nice word.

(Laughter.)

MR. HUTCHINSON: I appreciate it very much. Thank you, Governor and members of the Board. And thank you for a brief moment to meet with you. Your Zoo is in its 22nd year of a 40-year lease with the City of Baltimore. And that lease was signed 22 years ago by then Mayor Schmoke and then Governor Schaefer with the support of the Board of Public Works at that time. The Zoo is the third oldest zoo in the United States and it employs today 235 people. And those people are dedicated people who take care of animals in an incredibly efficient way.

My message to you is that this Zoo has grown substantially during this most recent tenure of, Governor, your administration. Our attendance has increased by about 35 percent in the last five years and the way the Zoo does its business is significantly different today than it did years ago.

The most significant thing for you to know is that the phenomena of zoos around the country are quite different, is quite different today than it was when the Zoo was created in 1876. Zoos were originally created for entertainment purposes to allow people to see animals that they otherwise would not see. Today all of the accredited zoos in the United States are a part of a common organization through the American Zoological Association, are focused on species survival programs of hundreds of different species that are threatened in the wild on all the continents of the world. And as a result the Maryland Zoo is the preeminent breeder of South African Penguins that are distributed around the United States; the preeminent breeder of golden frogs from Panama, Panamanian Golden Frogs. They are extinct in Panama but probably will be reintroduced to the Panamanian environment mostly because of the work being done by the Zoo in Baltimore. And zoos all over the United States are doing the same thing.

This was a learning experience for me when I became President of the Zoo. And it is I think the most important part of the work that we do. So the reason I'm here is to say to you that the support that we receive from the State of Maryland is essential to us. When you are in the business of animal care, it is a

365-day business. It is not inexpensive. But its work is remarkably worthy. And Governor, because this will be my last time to be able to meet in front of this Board while you preside when the State grant is in question through the Board of Public Works, I wanted to thank you, and the Comptroller, and the Treasurer, and the State Legislature for your support. Thank you.

GOVERNOR O'MALLEY: And thank you. You have done an outstanding job there.

MR. HUTCHINSON: Thank you.

GOVERNOR O'MALLEY: All of us who have enjoyed the Zoo, and countless numbers of moms and dads that will be able to take their kids there because you steadied that ship --

MR. HUTCHINSON: I appreciate it.

GOVERNOR O'MALLEY: -- made it better and healthier and stronger --

MR. HUTCHINSON: Thank you.

GOVERNOR O'MALLEY: -- we are very, very grateful to you. Thanks, man.

MR. HUTCHINSON: Thank you. I appreciate it.

TREASURER KOPP: Don, I don't know if you realize, but the Zoo is working cooperatively with the College Savings Plan, the Maryland College Savings Plan --

MR. HUTCHINSON: Yes.

TREASURER KOPP: -- and one of the great events is an award at the Zoo for a lucky, fortunate, and talented young student who is going to get a College Savings Plan contribution.

MR. HUTCHINSON: Terrific. Thanks for mentioning that.

TREASURER KOPP: And it made a huge difference everywhere we go, when we talk about the Zoo, and you've got the folks there at the Zoo, and they go to college. It's a great combination. And really appreciated. It really I think --

MR. HUTCHINSON: Thank you.

TREASURER KOPP: Everyone should be interested in going to college, but actually going to the Zoo --

MR. HUTCHINSON: It's something special.

(Laughter.)

MR. HUTCHINSON: Well --

TREASURER KOPP: So I thank you. And I don't know, this is just a plug for the world in general. But what you are talking about is saving species that are endangered among other things by human action, by climate change.

MR. HUTCHINSON: Absolutely.

TREASURER KOPP: And it's one more aspect of what we have been talking about for seven years now, of how climate change is impacting Maryland, sea level rise, changing species of both plants and animals.

MR. HUTCHINSON: Well what, to go back to the whole breeding aspect of what we do --

TREASURER KOPP: Yes --

MR. HUTCHINSON: We also breed, are attempting to breed polar bears, we are breeding giraffes, we are breeding lions, we are breeding elephants. All of those animals are extremely endangered, extremely endangered. And these breeding programs actually come through recommendations made by the American Zoological Association that make the determination that there is a, for example a bear in Albuquerque that meets the genetic lines of the bear in Baltimore. And we make arrangements to bring the Albuquerque bear to Baltimore for specific breeding purposes in order to address the species survival program.

GOVERNOR O'MALLEY: And boy was that bear happy.

MR. HUTCHINSON: Yeah. Well at one point in time the bear was extremely happy because it had -- no, I won't go into that --

(Laughter.)

MR. HUTCHINSON: I'm sorry, I won't. Thank you very much. We have many happy animals at the Zoo.

(Laughter.)

MR. HUTCHINSON: We do. We do. It's kind of interesting, because that's another part of the work I didn't quite expect. Any other questions that you might have?

TREASURER KOPP: Thank you.

MR. HUTCHINSON: Thank you so much.

GOVERNOR O'MALLEY: Thank you, Don. Okay. Anything else on the Secretary's Agenda? The Treasurer moves approval, seconded by the Comptroller. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. We move on now to the Natural Resources -- no? Yes, Natural Resources.

MS. WILSON: I'm not sure I can really follow that, but good morning, Governor, Madam Treasurer, Mr. Comptroller. Emily Wilson with the Maryland Department of Natural Resources. We have six items on our Agenda today and I'm proud to report that at the close of fiscal year 2014 we have once again exceeded our fiscal year 2014 BayStat goals and we are on track for our two-year milestone land conservation goals through fiscal year 2015 as well.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MS. WILSON: Thank you.

GOVERNOR O'MALLEY: Thank you. Department of Budget and Management?

MS. FOSTER: Governor, Madam Treasurer, Mr. Comptroller, good morning. There are ten items on the Department of Budget and Management's Agenda for today. Item 10 is a hand-carried item which sets forth the administration's budget contingency plan. I defer to the Board in terms of whether you would like for me to pop right in and address that, or whether you have questions on Item 1 through Item 9 that you would like to be answered first.

GOVERNOR O'MALLEY: Questions? Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. I have questions on three contract awards on the DBM Agenda. They are Item 5, Item 6, and Item 7.

MS. FOSTER: Okay.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

COMPTROLLER FRANCHOT: And Madam Secretary, rather than addressing them individually I would like to just comment on all three of them together.

MS. FOSTER: Okay.

COMPTROLLER FRANCHOT: Because together they deal with an issue that has been a point of frustration for several years now for me, and I think others on the Board, or observers.

In each instance of these three contracts this Board is being asked to extend an existing contract with an incumbent vendor. In the cases of Items 5 and 7 we are being asked to do so in order to provide the host agencies, the Department of Health and Mental Hygiene and the Department of Human Resources respectively, with additional time to complete new procurements. In the case of Item 6 we are told that this extension will provide the incumbent with time needed to update and expand the State of Maryland's medical care database.

Here is the problem, and it's a generic one that has happened frequently in my tenure on the Board. Regardless of the rationale for extending these contracts, and I suspect each agency will defend and explain what is going on, and I'm sure it will be perfectly understandable, and I'm not sure how I'm going to end up voting on these but I'll listen to what the agency says. But the fact that I'm concerned with is that we are paying a considerable price premium in each case because of the extension. Let me explain.

In Item 5 we are being asked to extend an existing contract with ValueOptions of Norfolk, which manages publicly funded mental health services for everyone who is enrolled in the public mental health system. The original contract was for two years with three one-year renewal options. That original contract was for \$19.9 million, or roughly \$10 million per year. The three one-year options came in at \$32.2 million, or \$10.7 million per year. And we're now being asked to pay \$5.8 million for a six-month extension, which equates to \$11.7 million per year. In other words, the amount that the State of Maryland will be paying for these services over the course of the extension exceeds the cost of the base contract by 17 percent.

In Item 6 we have paid Social and Scientific Systems based in Silver Spring \$3.8 million over the past four years and nine months to essentially collect and analyze healthcare spending and usage data. That comes out to \$67,194 per month. That's nice compensation. But hold on. We're now going to be asked to pay \$3.1 million to the same organization for an extension of one year, 11 1/2 months, let's just call it two years. That amounts to over \$133,000 per month over the course of this contract extension, nearly twice the cost of what we paid for the base contract.

And finally in Item 7-S we are being asked to approve a one-year extension to a contract that was only six months in duration to start with. The base six-month contract was for just \$1.46 million, or just over \$2.9 million

annualized. The modification is for \$3.64 million per year, a 25 percent price escalation to provide exactly the same services.

The point I'm trying to make is that these contract extensions come with a steep price. Not only do they preclude us as a State from testing the marketplace to see if we can find a better deal for our taxpayers, but they far more often than not come at a substantial cost premium. And we see these extensions all the time.

I have not a lot of patience when an agency comes before the Board to request an extension in order to complete a new procurement when in fact they knew when the old contract was set to expire and they just failed to take procurement action. When I see these requests I'm inclined to believe that we're dealing with a simple lack of preparation that ultimately is pretty costly to the taxpayers. However, as I said in the beginning, in the spirit of fairness and equal time I'll be happy to hear from any of the host agencies. I believe I referenced the Department of Health and Mental Hygiene and the Department of Human Resources. But in the case of the Social and Scientific Systems contract with DHMH I would be particularly interested in hearing exactly what it is they will actually be doing for \$133,000 per month, nearly double what the original contract was, and precisely how as a State we benefit.

MS. FOSTER: So Mr. Comptroller, on Item 5 I'm going to ask Deputy Secretary Thomas Kim to address your questions; on Item 6 the Executive Director Ben Steffen; and on Item 7 Ted Dallas, who is Secretary of DHR.

MR. KIM: Good morning, Mr. Governor, Mr. Comptroller, Madam Treasurer. I can talk to you about the circumstances by which necessitate the six-month extension for the ASO contract.

Because we are in the process of, A, merging our Mental Health Administration and our ADAA Administration, Alcohol Drug Addictions Administration, that required a significant merger of two previously independent entities that are going to be impacted by the new administrative service contract. Number two, we are moving substance services out of the MCOs and under the ASO, under the new ASO. Which is again a very significant shift in the way that we deliver services which was previously not under the existing ASO contract. Three, moving all, we're moving all Medicaid funding under the Maryland Medicaid staff. Shifting all of the dollars from one administration over to Medicaid, consolidating these services all under the Medicaid umbrella, and moving the management of the ASO under the Medicaid contract. As a result there were significant changes that needed to be made. This was not just an extension of the scope of work of the existing ASO contract to the new contract.

And a lot of these shifts, Mr. Comptroller, have taken place over the last year. This, to your point about not starting a procurement early enough,

we felt like we did. There were these major mergers that were happening at the same time, simultaneously.

We did also, I also want to mention that these changes were not just made haphazardly. They were made with significant stakeholder input and legislator input as well. And we really wanted to be as deliberate as humanly possible given the sensitivities around the notion of not giving enough access and opportunity to all potential vendors here. So to that we really did extend this -- or, I shouldn't say extend. We had a solicitation period of 60 days, well above the minimum requirement of 21. So the confluence of those factors led us to believe that the six-month extension was the most prudent action at this time.

COMPTROLLER FRANCHOT: Thank you.

MS. FOSTER: Mr. Steffen?

MR. KIM: As far as Item 6, a few things, then I'll turn it over to Executive Director Ben Steffen here. But the -- I'll just be a moment. I started bringing paper again when I couldn't rely on the iPad, so. Just a couple things related to this contract is that this, the circumstances are different than the item that I just presented. There was a federal notification of award provided on September 23, 2013. The award date, the grant period started one week after that, October 1st. And the ending date was, or is September 30, 2015.

So the objective of that grant was to provide a technology infrastructure that will enable MHCC to get and process privately insured data

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

from an expanded number of submitters more frequently and more rapidly in order to have verified data available. And the data from these private insurance submitters would inform the Maryland Insurance Administration for rate reviews; the HSCRC for per capita pricing for the waiver; and the Exchange for qualified health plans.

Now what does all of that mean? The data provided to the MIA, HSCRC, and the Exchange will help limit growth of healthcare spending in Maryland, improve the quality of care, and ensure that qualified health plans operate in accordance with planned benefit descriptions. More specifically the Insurance Administration will have information that will enable them to better make adjustments on premiums for health insurance plans. The HSCRC and the hospitals will have detailed information on patterns and trends in per capita spending for the privately insured that will be used in designing changes to existing care processes to make them more efficient and less costly. And the Exchange will have information to examine service use and patient cost sharing among each of the qualified health plans.

So you know, in all the rapid access to the data will enable these entities to make adjustments to lower healthcare costs for all, for the entire State. And building this infrastructure is very complicated. Just as an example, you know, we have to receive data from 50 to 60 different submitters. We have to test the data and send the data reports back to the submitters and package the

numerous data streams into a combined database in order for all of this to happen. So there is a very lengthy and intricate process by which this has to take place, which is what necessitated the emergency.

COMPTROLLER FRANCHOT: Okay. So I can understand your answer on the first item. I'm going to vote for that. But I'm confused on this item why they are going from \$67,000 to \$133,000 a month. Weren't they doing all of this before?

MR. KIM: To answer your question, I'll ask Ben Steffen to address the difference.

COMPTROLLER FRANCHOT: Yes, what were they doing before, and what are they going to be doing now?

MR. STEFFEN: Thank you. Governor O'Malley, members of the Board, I'm Ben Steffen, Executive Director of the Maryland Healthcare Commission. To the Comptroller's first point, we agree. We like to have organized procurements. I think in my recollection this is the first time to come before you to seek a mod, certainly a modification of this magnitude.

To your specific point the vendor, Social and Scientific Systems, collected data once a year from the carriers subject to these regulations. As a result of this modification, they will be required to collect claim information four times, quarterly. So although the volume of claim information gathered will not change significantly from those that submit, the frequency, the edit processes,

what has to go on, the edit acceptance and rejection processes, are going to be executed on a quarterly as opposed to an annual basis. So I think, I believe, based on market work that we did before we embarked on the endeavor with the federal government through the grant, that it's quite reasonable that these costs would be expected to go up because of the frequency of data collection is increasing by a factor of four.

COMPTROLLER FRANCHOT: Okay.

TREASURER KOPP: What, this discussion about a cap --

MR. STEFFEN: So, yes, I wanted to, the actual decision to execute on a contract modification rather than a recompetes is driven by our financial arrangements. Keep in mind that the Maryland Healthcare Commission is user fee based. We are, our funding cap, the amount that we can collect in any one year is capped at \$12 million. Last year we recognized that we would need to seek an increase in that cap which requires legislative action. Late last Fall we received advice from our legislative leadership that changing the cap in 2014 was not something that they would be favorably disposed towards. Consequently the concept of having a five-year procurement for a recompetition became very difficult financially to visualize in the short term. And consequently because of the availability of federal funds we would be able to execute a shorter contract that would meet the requirements that we had agreed to not only under our statute

but in, and to support other organizations, the MIA, the HSCRC, the rate setting system, and lastly the exchange to provide information to them.

Keep in mind that you hear the word critical path often. I don't see Secretary Fitzgerald, but she is often here and one word that she has schooled me on is are you part of the critical path? The medical care database that this contract modification would develop is part of the critical path for the HSCRC hospital model, the data is needed for that. It is part of the rate review process, the data is needed for that. And lastly for supporting the Exchange.

COMPTROLLER FRANCHOT: So I'm going to vote for Mr. Kim on the first one, and I'm going to vote against this one. Because I think it's entirely excessive to double the amount of monthly payments simply because you are asking for a few more reports. That doesn't sit well with me and I don't really understand the interaction between you and the Legislature. It doesn't make sense to me why you couldn't have gone forward with a real procurement and given us the benefit of the competition. So one win, one loss, I guess. Not that I will be joined by my colleagues. But this is not personal to you, or Mr. Kim. It is a generic problem facing us on the Board. And we have raised this several times before. But is there a third item that was --

MS. FOSTER: Item 7 is the conference call extension, and Secretary Dallas is here.

MR. DALLAS: Good morning, members of the Board. The primary, we have a couple of reasons for the extension of this contract. The increase in cost noted by the Comptroller is primarily due to increased case loads. As you know with the economy the way it is our caseloads are a lot higher so a lot of the increase in cost would have happened regardless of whether we extended the contract, or had a new procurement.

The reasons for the delays are primarily three reasons for the delay. The first precedes my time as Secretary. There was a, DHR was part of a combined procurement that DBM and DoIT were running for consolidated call center services. Back then at a certain point they determined it was, and I agree with the decision, to remove DHR from that procurement. DHR, the volumes were a lot higher than a lot of the other departments that were included in there and the complexity was also a little bit higher as well. While that was I think was a good decision it did delay the award of the RFP. We had to start over again with an additional RFP. That RFP was set to be awarded at the Board of Public Works but unfortunately was protested by the losing vendor. That protest took a great deal of time to resolve from the Board of Contract Appeals. The Board of Contract Appeals ultimately decided to sustain the protest, which meant that we had to begin again. And with that we have gone through another RFP process and we believe we are ready to go July 14th once we get final approval and finally be able to proceed with this procurement.

COMPTROLLER FRANCHOT: Okay. Thank you for that. And Governor, thank you for your patience. I'm going to vote against Item 6 and for Item 5 and Item 7, just based on the testimony.

GOVERNOR O'MALLEY: Okay. All right. The Treasurer moves -- what were the items, again? I'm sorry, Mr. Comptroller?

COMPTROLLER FRANCHOT: Item 5 and Item 7 --

SECRETARY MCDONALD: The only one that he wants to vote against is Item 6, right? I think that's the one you need to separate a vote on at this time.

COMPTROLLER FRANCHOT: Correct.

GOVERNOR O'MALLEY: Okay. So the Agenda, the DBM Agenda with the exception of Item 6.

SECRETARY MCDONALD: Well only --

TREASURER KOPP: Well, and Item 10.

COMPTROLLER FRANCHOT: And the walk on item.

GOVERNOR O'MALLEY: What's Item 10? The walk on item?

SECRETARY MCDONALD: That's, yes.

GOVERNOR O'MALLEY: Okay. All right.

SECRETARY MCDONALD: You can do one --

GOVERNOR O'MALLEY: Item 1 through Item 9, except Item 6, moved by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And now Item 6?

The Governor moves approval, seconded by the Treasurer. The Comptroller votes no on Item 6. The motion carries. We're now on Item 10 --

MS. FOSTER: Right.

GOVERNOR O'MALLEY: -- which are the budget adjustments.

MS. FOSTER: So members of the Board, good morning. Item 10 is a hand-carried item. It requests the Board of Public Works to approve \$77.1 million in fiscal year 2015 spending reductions. It also requests that we eliminate 61 vacant positions in State government and higher education. These actions are a part of an \$84 million budget contingency plan to ensure that we are in a position to absorb any challenges that we might face in the months ahead as a result of recent revenue performance.

Before I talk about the item with you I think it may be helpful to just provide a little context. As the members of the Board know across the nation states, including many of our neighbors, are facing significant budget challenges due to shortfalls in revenue collections. In the past few months New Jersey has faced a \$2 billion budget gap, that's across two fiscal years. And then there are several other states, including New York, Pennsylvania, North Carolina,

Connecticut, and Virginia, that have been dealing with revenue shortfalls of several hundred million dollars.

In Maryland we too have been observing an under performance in our revenues, though not to the magnitude of those experienced by other states. But in keeping with our overall commitment of fiscal responsibility we really believe it is important to take action at the start of the fiscal year to tighten our belt so that we can be in a position to absorb any potential adjustments to our revenues and to ensure that we maintain a balanced budget going forward. Taking action this early in the fiscal year is especially prudent since agencies will be in a better position to adjust their spending and to live within their means.

As I said, the reductions before you today are part of an \$84 million budget contingency plan. Of this amount \$77.1 million is attributable to spending reductions, which is basically equivalent to about one-half of one percent of the General Fund budget. There is \$6.9 million that is attributable to fund balance transfers, reversions in revenues. And then there are 61 vacant State government positions that are going to be eliminated. Our plan does not include any layoffs of State employees, nor does it depend on any new taxes or fees or cuts to local governments. The item before you includes a detailed summary of all budget reductions listed by agency. In addition, you have a list of the 61 vacant positions that we are proposing to eliminate.

To just provide you with a quick overview, about two-thirds, or \$56 million, of the General Fund budget actions that are detailed in that item are reductions to State agency budgets. These include a \$19 million reduction in the Statewide health insurance funding pool to reflect a health insurance payment from IWIF to cover those employees who wanted to maintain their State employee status.

There is nearly \$17 million in agency reductions to reflect the most recent caseload trends or to align spending with prior year actions.

There are almost \$8 million in salary and personnel related savings from holding positions vacant, reducing reliance on temporary and contractual staff, and eliminating 19 vacant positions.

\$6 million of our savings are from reducing certain MCO rates and maintaining the rate increase for nursing homes at 1.7 percent which was the rate that was submitted in the Governor's ingoing budget.

We saved another \$6 million from reducing other operating expenses like travel, vehicle maintenance, and equipment.

Reductions to higher education total \$10 million and they include the following. There is a \$6.3 million reduction to the University System of Maryland including the elimination of 36 vacant positions and reductions to their facilities renewal program. There is a \$435,000 reduction to Morgan State University, including the eliminating of six vacant positions. There is a \$105,000

reduction in travel spending for St. Mary's College of Maryland; a \$417,500 reduction to non-faculty contractual staffing at Baltimore City Community College; and there is a \$3 million reduction to the Sellinger Program for private colleges and universities.

Fund swaps and using other funds in place of general funds accounts for nearly \$10 million of the actions in our plan. Reversions, fund balance transfers, and revenue adjustments account for nearly \$7 million of actions.

With the approval of this plan our projected fiscal year 2015 General Fund balance grows from \$83 million to \$166 million and it really provides an additional cushion as we start the current fiscal year.

The actions before you today will bring total reductions during the O'Malley-Brown administration to \$9.5 billion. It will bring the number of eliminated positions in State government to over 6,000. And by putting this plan into place we are once again making tough decisions to ensure that we are acting in a fiscally responsible manner and that we will keep our State's fiscal house in order, and of course work toward preserving our AAA bond rating.

I have shared our budget balancing proposals with a number of the members of the General Assembly. I want to thank the Treasurer and the Comptroller for meeting with me earlier in the week to walk through these proposals. So in closing, members of the Board, I would ask that you approve

Item 10. And of course I will be happy to answer any questions that you may have. Thank you.

GOVERNOR O'MALLEY: Any questions?

TREASURER KOPP: This is in addition to the 2014 --

MS. FOSTER: So these are actions that are all applicable to fiscal year 2015. Obviously with 2014, one of the things that we did was we asked agencies, we gave agencies targeted reversion numbers. We have been monitoring and following up on that. Obviously we won't know the outcome in terms of whether they meet those targets until August when we have the close out. But at the present time I think that we at least feel that we are on the right path to accomplish that.

TREASURER KOPP: Well as you know this was one of the questions the rating agencies asked of us, how we were prepared if there was another downturn. And the response was both 2014 and 2015, land reversions or reductions if necessary, and I do know that this, this is part of what the rating agencies and investors see as Maryland's strength in terms of controlling its costs. It is very difficult. No one likes this. I know I heard the Governor say almost eight years ago, seven years ago, that he was glad to come from the City and not have to cut, spend his time cutting budgets any longer. The Comptroller and I were on the House Appropriations Committee for, what, 25 years doing much

budget cutting. And it's very difficult. On the other hand to do it now at the beginning of the fiscal year I think is quite prudent.

I will say, as you know, Madam Secretary, there is one part that causes me considerable concern. And that is the cut to the Father Joseph Sellinger formula, the aid to independent colleges. I think that supporting those colleges has been a strength in Maryland, strength both in strengthening the economy and higher education. And this is a significant cut, a cut only slightly less than the cut that was recommended about five months ago and not adopted back at that time. And I would hope if things improve that we can look at continuing our progress to fully funding the formula as it was written in the law. And if things don't improve nationally that we will understand that we have taken a significant cut already from those institutions and that program and not go back again.

I'm pleased that the FTE funding is slightly above last year's, but it still is a significant cut, and the bottom line lower than it was several years ago. As is true for many programs.

MS. FOSTER: I understand your concerns.

TREASURER KOPP: Thank you.

GOVERNOR O'MALLEY: Okay. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Governor. I want to thank you, Secretary Foster, for meeting with me on these fiscal year 2015 cuts that are obviously before the Board today.

As the Treasurer mentioned, nobody wants to be in the position of cutting department budgets in a fiscal year, particularly when it is only two days old. But Madam Secretary, I really believe that you are being pragmatic in getting out in front of the situation rather than simply hoping that things will get better and then being forced to take even more radical and difficult actions if and when they don't. So good for you, hats off to you. Hats off to the Governor for taking a step. This action is correct in the light of our current economic conditions.

I would like to make one point, though. Which is not to you, Madam Secretary. But to all of us, particularly now that the primaries are over. I think it's time to take the political spin about Maryland's fiscal and economic environment and just pack it away with all the campaign signs that are being picked up. Park that political fiscal spin also. Because here are the facts, backed up by cold, hard numbers.

The nation's economy is literally stagnant now, or contracting. And so is that of the State of Maryland. First quarter of 2014, the United States experienced a 2.9 percent contraction in economic activity, which was the worst quarterly performance since the first quarter of 2009 when we were in the

absolute teeth of the great recession, comparable in many economists' minds to aspects of the Great Depression. So let me repeat, the first quarter of 2014, not a 2.9 percent growth, a minus 2.9 percent. And while we always like to think that Maryland is somehow immune from national economic trends the fact is during that same time our State's average wages grew by only four-tenths of a percentage point. That's 0.4. This at a time when gas prices are soaring to their highest levels in six years, food prices are surging, all due to a variety of factors. And every, just to summarize it I guess from a family's perspective, everything that we hope would be going up, is either flat or going down. And everything that should be flat or going down, is going up.

So the arrows in the economy are all pointing in the wrong direction. When that happens families in Maryland and other states don't spend, small businesses don't achieve profits, and our consumer powered economy, particularly here in Maryland, suffers deeply.

And we're seeing the effects in the revenue numbers. Sales and use tax receipts are up by just 1.1 percent in that time period, which is below the rate of inflation and well below the five percent growth that we would normally see in a typical pattern of economic recovery. And year to date withholding receipts are coming in just 2.1 percent over last year. And again for context that number should really be up around 5.5 percent in an economy that is recovering.

So I would really urge my friends and my colleagues in this political business, as I'll describe it, from both parties to cut out the political rhetoric. To those who would benefit from a rosier outlook on the national and State economy, stop pretending that we have made it through the thicket. Because we just haven't. And to those who would benefit from saying that the sky is falling in Maryland, blame it all on the other political party, cut it out. Because what we are dealing with is a Statewide reflection of a national problem.

Having visited recently almost every corner of the State of Maryland, I would suggest that our citizens don't want to hear the spin anymore and they aren't falling for it. What they do want to hear honestly is a sensible approach to the issue in front of us. They want a sense of reassurance that we get it, that we are going to do exactly what they have had to do which is tighten our belts, cut out those things that we don't need, so that we can actually afford those priorities that we do need and that we do cherish. Better schools, more police officers on the street, nutritious meals for children who would otherwise go to bed, go to school hungry. They want to know that we're going to hold the line on public policies that however well-intentioned will actually take even more money out of the pockets of consumers who are already struggling to put gas in the car and food on the table. And they want to know that we have a game plan to build an economy on the strength and innovation of the private sector and not simply wait for government spending to lift us out of the doldrums. If there is anything I

want to be known for in my eight years as Comptroller, it is that sentence. As far as what the public wants to know. They want to know that we have a plan to build an economy on the strength and innovation of the private sector and not simply wait for government spending to bring us out of our economic doldrums. That we recognize that money will always go where it is wanted and that we are prepared to take those steps that are necessary to make Maryland a more desirable place to invest hard-earned capital.

So I support the actions today that are being taken, they are a sensible first step, with a note of caution. That even more challenges, more challenges, and a lot of hard work lie ahead of us. Thank you, Governor.

GOVERNOR O'MALLEY: Thank you, Mr. Comptroller. The Comptroller moves approval, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. Let me say a word, if I may? I certainly want to thank the Comptroller for his observations about the very serious and ongoing work that we have to do in our national economy in order to restore consumer confidence, in order to restore upward economic mobility for hardworking people so that when they work harder they are assured

that they can provide a better life for their families. All of that of course is true, and we have work to do. This is the first 15-year period of time when we have actually seen wages either stagnate or go down for the vast majority of people rather than go up. So we have a lot of work to do to rebuild an economy with a human purpose. And we will do that so long as we make decisions based on what is best to strengthen and grow our middle class.

There are actions we know that work. Raising the minimum wage is one of them. Raising the earned income tax credit is another. And then there are a host of investments that are essential for creating an opportunity economy and they are investments that we can only make together. To educate our children at higher and better levels; to make college more affordable and more attainable for more people; to improve, to accelerate our leadership and competitiveness and competitive edge by accelerating our innovation curve in emerging new industries, green technology, life science, biotech, space, aerospace, advanced manufacturing. All areas where Maryland is a leader and excels, actually. And also the important work of rebuilding our own infrastructure. Work that we have undertaken even in the middle of a recession when many states were trying to simply cut their way to prosperity, instead we doubled our investment in water and waste water infrastructure. We doubled our, we have increased our investment, nearly doubled I think, in school construction for modern classrooms, pursuant to the recommendations of the Kopp Commission and beyond. We have

also along with a handful of other states modernized our revenues when it comes to rebuilding our bridges and tunnels and mass transit, so that we don't have the sort of appalling tragedy of a bridge collapsing in the middle of a river because we lacked the will to keep our infrastructure under repair. And we have also, thanks to help from our congressional delegation and the President, expanded a cyber-infrastructure the likes of which no other state can boast in terms of its connectivity to our institutions of higher learning, our hospitals throughout our State, connecting all 24 of our jurisdictions to robust broadband.

The result of all of that is that we are coming through this recession faster than many other states. We have now recovered 100 percent of the jobs we lost in the recession, though we still have more work to do because of course our population continues to grow. But since the recessionary low, this is according to the Wall Street Journal, Maryland has created jobs at the second fastest rate of any state in our region. That is faster than Virginia. That's faster than Pennsylvania, though we wish our neighbors well and we know we proceed as a people not on the weakness but on the strength of our neighbors.

While our unemployment is still too high, the last time Maryland's unemployment rate was 5.5 percent or lower was way back in October, 2008 when it was 5.1 percent. And when it comes to fiscal responsibility we are, we build upon a tradition of fiscal responsibility, a culture of fiscal responsibility in our State. It's not always easy. It's not always popular. Individual decisions,

nobody stands up and applauds. But Moody's, Fitch, Standard & Poor have all maintained Maryland's, well I should say the people of Maryland have maintained in the eyes of these bond raters and their evaluations a AAA bond rating all through this recession. There's only seven states, folks, that hung on and defended through tough decisions, not unlike the ones we have just made here although smaller in scale than many of the other cuts we have made at this Board, there are only seven states that maintained a AAA bond rating all through this recession.

Similarly there was a very, very small, there was an even smaller number of states that increased education funding, let alone increased education funding to record numbers. And no other state in the United States during the recession or prior to the recession held the title of best public schools in America for five years in a row. In fact, the publishers of that evaluation retired the trophy when we won it a sixth year in a row, even if you total up the points we won it in that way.

But the, you know, there is another problem that we confront as a country that affects business confidence and consumer confidence. It's what Tom Friedman of Bethesda calls a stable rule of law. An expectation that the rules will remain the rules for the foreseeable future. And when our primary representative institution, the House of Representatives, starts acting in a very unrepresentative manner, and shuts down our federal government for no other

reason other than pick and spite, that hurts consumer confidence and that especially sends a ripple throughout this Mid-Atlantic region.

Having said that, I mean if you look at, it sent a ripple not only through our region, it really sent it through the whole country. I mean, you can't, you can't waltz around the adverse impact that that has on our national psyche. And if 75 percent of your economy is consumer confidence, when your representative institution of your nation shuts down your government, that puts a crimp in home buying, car buying, and all sorts of other things.

These cuts I think now bring to a total, Ms. Watson, over \$9.5 billion in the life of this administration, and very often with the courageous and principled votes of the members of this Board of Public Works, the Comptroller and the Treasurer. And I will say that for all of our policy disagreements, we have all been able to find common ground to maintain Maryland's AAA bond rating and hold our State in better fiscal health certainly than other states in the nation. I mean, right now our neighbors in New Jersey face a \$2 billion gap. New York, \$800 million. Pennsylvania, \$608 million. North Carolina, \$445 million. Other states, I won't read the list, I think you said it out already.

So look, we still have work to do. But the truth of the matter is also that with the second fastest rate of job creation in our region since the recessionary low, with the highest median income in the country, and with having driven unemployment down to levels we have not achieved since 2008, there is a

lot that is going right in our State. And of course still a lot of work to do. And so in that spirit, I agree with the Comptroller that we should have an honest conversation and evaluate what we are doing well and what we still have yet to achieve, and areas where we can improve. But when it comes to that truth that our parents and grandparents understood, that there are some investments that we have to make for ourselves if we expect to give our children a better future, the people of our State have done it, are doing it to educate, to innovate, to rebuild our infrastructure. And you are seeing the results in an economy that is performing better than all but Delaware in our region.

And so with that, we move on now to the University System of Maryland.

MR. STIRLING: Good morning, Governor, Madam Treasurer, Mr. Comptroller. I'm Jim Stirling representing the University System. We have seven items on today's Agenda and will be happy to address any questions.

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

COMPTROLLER FRANCHOT: Yes, I see you have the College Park President here, and a citizen of Maryland who I have a lot of admiration for, Mr. Brophy. Maybe they could come up and talk about the item that we are voting on today?

MR. STIRLING: Yes, sir.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

SECRETARY MCDONALD: Item 3 on the University Agenda is the sale of a piece of property on Route 1 from the University of Maryland College Park to the University of Maryland College Park Foundation. Which I think Dr. Loh can explain to us some more what they plan to do with that property. It was declared surplus but now he is asking for the actual permission to dispose of the property.

DR. LOH: Thank you. We would like to seek your approval for the sale of this land so that the University of Maryland College Park Foundation can enter into an agreement with a private developer, and you have a copy of that development agreement, to build a four star hotel and conference center in College Park. It will be, I have been told, the first major commercial development along Route 1 in 60 years, excluding undergraduate housing.

GOVERNOR O'MALLEY: Any questions?

COMPTROLLER FRANCHOT: I also see the Mayor over there, is he --

GOVERNOR O'MALLEY: Mayor, are you in favor of this?

MR. FELLOWS: Yes.

(Laughter.)

GOVERNOR O'MALLEY: Do you have any questions?

TREASURER KOPP: And the county I see --

DR. LOH: Right.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

TREASURER KOPP: -- standing over there.

COMPTROLLER FRANCHOT: Oh --

GOVERNOR O'MALLEY: Any questions from the county?

MR. IANNUCCI: We are very supportive.

GOVERNOR O'MALLEY: Okay. Mr. Comptroller, any questions?

COMPTROLLER FRANCHOT: No, I just want to compliment the President. Because it's a controversial issue but I think it's a great deal, a great arrangement. And I'm pretty surprised that the private developer has made such a terrific contract, in my view, for the people of the State of Maryland. So thank you for giving leadership for that, and thanks to the county and the local jurisdiction, and to the members of the private sector who support the University. This is a good deal for the State of Maryland.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

DR. LOH: Thank you.

GOVERNOR O'MALLEY: Thank you. Thank you. We move on now to the Department of Information Technology.

MR. URBAN: Governor, Madam Treasurer, Mr. Comptroller, Greg Urban representing the Department of IT. Seven items on the Agenda. We are withdrawing Item 1 and we are withdrawing Item 3. And I am happy to answer any questions on the remaining items.

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

COMPTROLLER FRANCHOT: Is Item 5 the interoperable wireless?

MR. URBAN: That is correct. That is Item 5.

COMPTROLLER FRANCHOT: Just a quick question.

MR. URBAN: Yes?

COMPTROLLER FRANCHOT: We're spending just under half a billion dollars when you look at the maintenance contracts to provide 51 State agencies with interoperable wireless communications. I'm all for that, obviously. My question is is there something we could have done in the procurement process that would have allowed in addition to the State agencies also on an affordable basis the municipalities and the counties to also have interoperable wireless communication between all the relevant bodies. And I ask this only because my hometown of Takoma Park is a client of this wonderful company Motorola for their wireless radio communications. The District of Columbia is a customer of

this wonderful company Motorola that we're paying almost half a billion dollars to. Montgomery County, I believe, is a client of Motorola. But at the end of the day in 2018 when this contract is completely finished, Takoma Park will not be able to communicate with D.C., and we won't be able to communicate with, I think, Montgomery County but I could be corrected on that. All of whom use Motorola equipment. And is there something, I guess the question is, is there something in the standards of the RFP that are set so high that when we build a half billion dollar system our municipalities and counties can't plug into that without having to buy all new radios from Motorola that meet new standards, I guess, according to the RFP?

MR. URBAN: Sir, I understand your question completely.

COMPTROLLER FRANCHOT: Thank you.

MR. URBAN: The first part I'll say is when we went out to build this radio system there were two issues that we were trying to address. First is the State had multiple radio systems and it was inefficient. And we had difficulty communicating with each other, State agency to State agency. I believe at the time we had better communication with locals than we did with our other agencies. So one of the goals --

GOVERNOR O'MALLEY: I'm sorry, can I back you up one second on this?

MR. URBAN: Yes, yes.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

GOVERNOR O'MALLEY: Yes since the, anybody watching at home that wants to learn more about this interoperability quest that we have been on for ever since the attacks of 9/11 when the fire could not talk to the police officers, one was running up the buildings, the other was ordering their men and women out of the World Trade Centers, we have 12 core goals that we pursue as part of our Homeland Security macro goal, if you will. It's one of the, improving Homeland Security, being a leader in Homeland Security, especially given our proximity to the nation's capital, is one of the core strategic goals of this corporation known as the State of Maryland. Number one among those 12 core capacities is interoperable communications. The ability of all first responders everywhere in our One Maryland to be able to communicate with one another in the event of a larger event or a multi-jurisdictional pursuit, or any other sort of things. So we have been on this road for a while. And you can see the phase in and the ramp up as more and more of our map gets colored in with interoperable communications. There are some graphs online. And the goal of all of this is to leave no city and no jurisdiction behind. And with that as a background, could you proceed to answer the Comptroller's question about Takoma Park?

MR. URBAN: Thank you for filling in those missing pieces of the puzzle. A second component of the contract and the radio system was to improve our communication with the locals. And as we built the system and currently we are operational in the I-95 corridor and the Eastern Shore and some other areas of

the State as well, we have enhanced our communication capabilities amongst the State agencies and with the locals even to the point where Kent County is a user of the radio system and they no longer operate their own radio system, that they operate on the State system.

We believe other municipalities or county governments will take us up on the offer to use the State's radio system as we bring it out Statewide. One of the things that was missing from the picture was a governance board that would include non-State agencies. So that if a local government or municipality wanted to participate in the system they had a voice in how the system was run and maintained and evolved. That, a board was put in place in the last legislative session and we anticipate its first meeting to be in the summer of this year. So I think we have taken the appropriate steps so that we have the foundation to allow local and county governments, municipal and county governments, to be a part of the radio system.

You specifically addressed the standards --

GOVERNOR O'MALLEY: And this was also a big, I might add, it was a big request of MML. Because as we create this common platform of communication, and the problem with common platforms is everybody wants their own common platform. And so getting the buy in, and giving MML and the municipalities some representation on the governing board of how this works was one of their top legislative priorities. Keep going?

MR. URBAN: Right. You mentioned the issue of standards and there is a standard Project 25, phase two specifically is the standard of which the radio system that we acquired meets. And it was to provide the interoperable communications. So the spectrum that we used is in what is referred to as the 700-megahertz spectrum. A lot of the counties use what is referred to as the 800-megahertz spectrum. They are essentially adjacent to each other and it allows communication to flow seamlessly amongst the users that are on either one of those.

There are older technologies that are not compatible with this 700- or 800-megahertz spectrum. And unfortunately we do not have the seamless communication with them. There are ways to make interoperable communications happen but it is not at the same level of interoperability that we will have with those users on the State system and with those counties and other jurisdictions that we use that are using that 800-megahertz spectrum. One of the ones, Prince George's County, we have excellent interoperability with, they have the system that is in that Project 25 standard.

So moving forward, understanding that there will be, that some jurisdictions will require an investment for them to have the full level of interoperability that we are seeing with a Kent County or with a Prince George's County, at the State level we are doing as much as we can to minimize that. And as I mentioned with the governance board is to create not only an operational

model but also a financial model that is sustainable going forward so that we can bring as many users onto the system as possible.

COMPTROLLER FRANCHOT: Okay, excellent. So what did it cost Kent County or Prince George's to participate in the system?

MR. URBAN: The Prince George's, they had a, they had done a recent upgrade of their system. So they had acquired their system prior to us acquiring ours. And they, we did some cost sharing and infrastructure build. And I actually believe that they, we have deferred our costs of building our system based on assets that they have allowed us to use on their system. So it lowered our cost in that area. We are in the process of building that area so it's not up yet, but there was a reduction in cost. I don't know the dollar figures --

GOVERNOR O'MALLEY: It will be up by the end of, and it is planned to be up by the end of 2016?

MR. URBAN: Some time in the current fiscal year.

GOVERNOR O'MALLEY: Or 2015? 2015.

MR. URBAN: In the current fiscal year that region will be completed.

GOVERNOR O'MALLEY: I'm sorry, I see the map. 2015. No, actually I have two maps here now. That one says --

MR. URBAN: -- should never let that happen.

GOVERNOR O'MALLEY: -- that one says, it looks like Western Maryland has been bumped up to 2015?

MR. URBAN: Yes.

GOVERNOR O'MALLEY: And the remainder of the Washington area, not all but a big chunk of Prince George's, a chunk of Northern Montgomery County is now 2016.

MR. URBAN: So that will be the last region that is being completed. And my apologies for misstating that.

The Kent County question, again I don't have a dollar figure. Kent County was in a situation where they had to either upgrade their radio system completely or join the State system which involved them just purchasing new radios. So they saw a cost savings by just purchasing radios as opposed to building a complete new infrastructure and upgrading the radio system. Because that system had gone beyond the end of life.

I am unfamiliar with the specifics of the system that Takoma Park uses so I am not going to be able to address any of those questions.

GOVERNOR O'MALLEY: But we can follow up.

COMPTROLLER FRANCHOT: Sure.

MR. URBAN: I'd be more than happy to.

COMPTROLLER FRANCHOT: I mean, I'm more than happy and impressed with the interoperable goal of State agencies and also having it be

open to municipal and county governments. I just want to make sure that it is, A, affordable, and B, that we don't have just one supplier. My wonderful friends at Motorola, much as I respect the company --

MR. URBAN: One of the advantages of having the P25 specification is that it, by using that specification it allows radios from other manufacturers to be used on the system. So it does not require that a, someone that wants to participate buy Motorola radios. There are other Project 25 phase two radios that can be used. And there is an interoperability lab, I believe it's in Colorado, that tests those radios against the different radio systems to ensure that the compatibility is there and the interoperability is there.

COMPTROLLER FRANCHOT: Okay. And do you have any idea how many of our municipalities or jurisdictions, like Kent County and Prince George's, are Project 25 ready, I guess would be the word?

MR. URBAN: That is information we have. I don't have it in front of me but I can certainly provide it for you. We have done the research on that, so we are aware of who has and who has not implemented a system that is compatible with Project 25.

COMPTROLLER FRANCHOT: And I ask, just because --

GOVERNOR O'MALLEY: May I also ask that you make sure that gets printed on the goals webpage, on the interoperable?

MR. URBAN: Yes.

HUNT REPORTING COMPANY
Court Reporting and Litigation Support
Serving Maryland, Washington, and Virginia
410-766-HUNT (4868)
1-800-950-DEPO (3376)

GOVERNOR O'MALLEY: Citizens should know whether there city or municipality is or is not.

MR. URBAN: And is that the county and the municipal level you would like that at?

GOVERNOR O'MALLEY: Yes, mm-hmm.

MR. URBAN: Sure.

COMPTROLLER FRANCHOT: But don't print the cost of the radios because --

MR. URBAN: We will just mention the technology that they are using and not the cost.

TREASURER KOPP: What about, what about the District of Columbia or federal agencies?

MR. URBAN: I'm not, I do not specifically know the technology that the District is using for their radio system. And I am sure they have multiple technologies based on -- well, I don't know that for a fact. They potentially could have multiple technologies based upon the different departments within. They may be on a consolidated radio system. I'm not 100 percent sure of that.

GOVERNOR O'MALLEY: Somebody here knows, don't we? Does somebody want to come up and tell us? I think we have a team of people hanging on your every word about Motorola.

MR. FRYER: Yes, Governor, Washington, D.C. --

GOVERNOR O'MALLEY: And tell us your name?

MR. FRYER: Oh, I'm sorry. Bruce Fryer with Motorola. Yes, Washington, D.C. --

GOVERNOR O'MALLEY: Did you hear all the nice things the Comptroller said about you?

MR. FRYER: Yes, and I appreciate that. I appreciate that. Washington, D.C., their public safety, their fire, the EMS, and their law enforcement have a Project 25 phase two system just as the State of Maryland is building out currently. And just across the Potomac also you have Fairfax is Project 25, Arlington, City of Alexandria, Loudoun County, so and of course on the Maryland side there are a number of others, Baltimore County, Baltimore City, Washington County are also Project 25. Carroll County is in the process, Montgomery County is in the process, so every --

TREASURER KOPP: Does the District of Columbia, do you include the federal establishment?

MR. FRYER: No, just the District government themselves was what I was referring to.

GOVERNOR O'MALLEY: The police, you mean?

MR. FRYER: The police.

GOVERNOR O'MALLEY: The Metropolitan --

MR. FRYER: MPD, Metropolitan Police, and their fire and EMS operations. There are also separate federal government entities, and there is a number of them that have the Project 25 system as well. But they are in the federal bands for the most part, not 700 or 800 megahertz.

GOVERNOR O'MALLEY: But they have the ability on their own devices to switch to a channel that gives them interoperability within the NCR with all the other local jurisdictions?

MR. FRYER: Either directly through the radios themselves or through what we call a gateway --

GOVERNOR O'MALLEY: -- sort of thing?

MR. FRYER: Things like that --

TREASURER KOPP: And so if there is an incident or something at NIH, for instance --

MR. FRYER: Yes?

TREASURER KOPP: -- there is a way to coordinate people who are dealing with that?

MR. FRYER: I don't specifically know about NIH. But either --

TREASURER KOPP: As an example?

MR. FRYER: As an example, yes. That there is a huge amount of National Capital Region, NCR --

TREASURER KOPP: Right.

MR. FRYER: -- planning that goes into interoperability --

TREASURER KOPP: Right.

MR. FRYER: -- for the State, local, as well as the key federal partners. So I know that there are working groups that work on solving that issue and making sure they are operational and training scenarios that are put in place to make that happen.

GOVERNOR O'MALLEY: And part of this, if I can add, in whatever it has been now, 14 years of wrestling with this, periodically any jurisdiction or any police department goes through an upgrade of their radios. And at least about ten years ago, I think, eight years ago we at least arrived at this standard so that we are all moving to the same point on the horizon rather than peeling off on our own individual siloed sorts of things. So if there are some jurisdictions that do not yet have the high standard, their next round and their next purchase will get them to that point and then the dwindling, ever dwindling and reduced dollars that come to us in Homeland Security from those block grants of yesteryear, part of those I know we have used in the past to help jurisdictions to, you know, upgrade sooner rather than later. This is a, this has been very intentional, and a very intentional and collaborate effort for many years. We would all like it to have happened already. But the good news is there really is a flight path and a game plan for coming up to this standard and having that interoperability.

In fact I was witness to a test where clear as a bell we had Kent County, someone from Baltimore Transportation Police, and the State Police, all, and Montgomery County I think was the third one, all communicating together in one, all at one time. Which could never have happened before. Forty-five percent of our population is now covered by interoperable communications. And you can check this out, by the way, by going on the State website. Put in goals, or StateStat will take you to goals, and you can check this out. It's strategic goal number seven of 16.

COMPTROLLER FRANCHOT: Well I can pretty much guarantee that for every one of 14 years, and I, Governor, I really, really support your making this a priority, the Takoma Park, for every one of those 14 years the Takoma Park Police car, average car driving around my hometown, has a separate antenna for each 14 years. It looks like a pincushion when you look at them. And God knows what's going on as far as the ability to interoperably communicate with folks. But they claim because of the cross border crime that it is a huge problem simply to alert the D.C. Police that somebody has just car-jacked someone in Takoma Park and they are driving into D.C., keep an eye out for them. Because perhaps their equipment, as the Governor noted, is, needs to be updated. But maybe you could take a look at it since it is your equipment and they claim it's because D.C. uses a different code, whatever that means, that they cannot communicate. And so God help, God, you know, forbid that there is ever

something at NIH. But you can pretty much count the Takoma Park Police Force MIA on that one because they can't, there is no interoperability.

So kudos to the Governor. Maybe you can get back to me on --

MR. FRYER: I will do.

GOVERNOR O'MALLEY: Let's have Tammy Brown, Ms. Watson would you ask Tammy Brown at the Governor's office of Crime Control and Prevention to give the courageous men and women of the Takoma Park Police Department a call? On a landline.

(Laughter.)

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. URBAN: Thank you.

GOVERNOR O'MALLEY: Thank you. We move on now to the Department of Transportation. Wilson, I'm starting to, Mr. Parran, I'm starting to believe that Jim Smith doesn't enjoy these meetings.

(Laughter.)

MR. PARRAN: That's not true, he's out of the office.

GOVERNOR O'MALLEY: Ah, okay.

MR. PARRAN: Good morning, members of the Board. For the record, I'm Deputy Secretary Wilson Parran representing the Maryland Department of Transportation. We have 12 items we are presenting today. We are withdrawing Item 5. I am prepared to answer any questions you may have.

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

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it.

MR. PARRAN: Thank you.

GOVERNOR O'MALLEY: Tell Jim that we put up a helluva fight but you got the --

(Laughter.)

GOVERNOR O'MALLEY: -- but you got the Agenda through. Department of General Services, the ever patient Secretary Al Collins.

MR. COLLINS: Thank you, Governor. Good afternoon, Governor, Madam Treasurer, Mr. Comptroller. Al Collins for the Department of

General Services. We have 20 items on our Agenda today. We would be glad to answer any questions.

Governor, I have within the room what we call four first-timers. Those are the folks who received grants or loans from the great work that you do here in Maryland and the Board approves these grants. I'm not going to ask them to come up but I would like to point them out since these are citizens who do fantastic programs and this is their first time ever coming to a Board meeting.

Number one would be the Humane Society out of Harford County.

GOVERNOR O'MALLEY: What are we doing for the Humane Society?

MR. COLLINS: They are building a new animal shelter with the State's support.

TREASURER KOPP: Ah.

GOVERNOR O'MALLEY: Awesome.

MR. COLLINS: We have the Indian Head Center for the Arts, a new arts center, in the room.

We have folks from Jude House, an alcohol and drug recovery program down in Charles County.

GOVERNOR O'MALLEY: Charles County.

MR. COLLINS: And finally Takoma Park Presbyterian Church. They are here to do, and will be doing a community soup kitchen. They also joined us this afternoon, so.

GOVERNOR O'MALLEY: Awesome. Thank you all for your good crowd healing work. I appreciate that. And I'm sorry you had to sit so long. But the good news is nobody is objecting to your items.

(Laughter.)

GOVERNOR O'MALLEY: Good, good. All right. Well the Comptroller, since he's the only one of the three of us that's up for election this year --

(Laughter.)

GOVERNOR O'MALLEY: -- moves approval enthusiastically of each of your items, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: I'm sorry?

COMPTROLLER FRANCHOT: Are we voting on the whole calendar?

GOVERNOR O'MALLEY: On the whole DGS?

COMPTROLLER FRANCHOT: Yes. Yes.

GOVERNOR O'MALLEY: Yes, do you want to do them individually?

COMPTROLLER FRANCHOT: No, I would like to just ask the Pastor of Takoma Park Presbyterian --

SECRETARY MCDONALD: Reverend Greiner is here on Item 18-CGL.

GOVERNOR O'MALLEY: He's a hometown favorite here, so --

COMPTROLLER FRANCHOT: Oh --

GOVERNOR O'MALLEY: Hold the vote. I spoke too soon.

COMPTROLLER FRANCHOT: Thank you for your leadership. And if you could just give a comment on what this vote will do for the church?

REVEREND GREINER: Great, so you are asking the purpose of what we are doing?

GOVERNOR O'MALLEY: Right.

SECRETARY MCDONALD: -- explain how you are going to use the grant.

REVEREND GREINER: Right. Thank you very much. Thank you very much, Board members, for the opportunity to speak with you today. Also, as a citizen it is fascinating being here and seeing how you work. It is an education, so thank you for the opportunity. Legitimately, it's very, very interesting.

So I want to say a little bit about the history of our congregation. In 1893 we were founded as the Union Chapel of Takoma Park. The people of the community wanted to join together to found a congregation right there. None had existed previously. And people didn't want to travel into the District to have a church. So the sense of being a Union Chapel is very important because we are a congregation that very much is a congregation of a broader community. In the early 1900s we did affiliate with the Presbyterian Church, now the Presbyterian Church USA, but still very much with a strong community sense.

One of the things that we are most concerned about, and actually, Governor, it came through an initiative around ending childhood hunger, we attended one of your forums in Montgomery County several years ago and were paying a lot of attention to hunger in our community. And we started to get really interested, what are the ways that we can begin to make a difference? We looked at the assets that we have as a congregation. And one of the assets that we have is a commercial grade kitchen that was going unused. We engaged in many, many different conversations with a variety of different community partners. And one of the key community partners was with Crossroads Community Food Network. And this is one of the board members, Lorig Charkoudian.

Part of what we realized in addressing hunger is that the economics are so important. And when we are talking with so many people in our community, job creation is absolutely key to addressing hunger. People need

jobs. Part of what we realized we could do with a commercial grade kitchen is to be a microenterprise zone to support people who want to start food related businesses. We don't have cottage industry laws so people can't do a food related business in their own homes. They need a commercial grade kitchen. That's something we can provide. There are almost none available and rentable at an affordable rate in the whole of Montgomery County.

We have several things that we are focused on but the main piece is this piece of microenterprise. What this bond will allow us to do is to reconfigure the kitchen, reconstruct the kitchen in such a way that it works well for microenterprise.

COMPTROLLER FRANCHOT: Okay. Well I just thank you for that. And I want to thank Senator Raskin, and Lorig, for their advocacy for this. It was a very complicated legal situation that this grant ended up in. And Mr. Secretary, your assistant Jane Bailey cut through all of the red tape. So --

MR. COLLINS: There she is.

COMPTROLLER FRANCHOT: Please --

MR. COLLINS: Thank you.

(Applause.)

COMPTROLLER FRANCHOT: So, go forward. Create jobs.

REVEREND GREINER: Great. Thank you very much.

GOVERNOR O'MALLEY: Thank you. All right, the Comptroller moves approval of the DGS items, seconded by the Treasurer. All in favor signal by saying, "Aye."

THE BOARD: Aye.

GOVERNOR O'MALLEY: All opposed?

(No response.)

GOVERNOR O'MALLEY: The ayes have it. And that concludes our meeting. Thanks very much.

(Whereupon, at 12:17 p.m., the meeting was concluded.)

.