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*STATE OF MARYLAND*  
**BOARD OF PUBLIC WORKS**  
*ANNAPOLIS, MARYLAND*

**July 27, 2022**  
**10:01 a.m.**

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# PRESENT

**HONORABLE BOYD RUTHERFORD**

Lieutenant Governor

**HONORABLE DERECK DAVIS**

Treasurer

**HONORABLE PETER FRANCHOT**

Comptroller

**JOHN GONTRUM**

Secretary, Board of Public Works

**ELLINGTON CHURCHILL**

Secretary, Department of General Services

**JIM PORTS**

Secretary, Department of Transportation

**JEANNIE HADDAWAY-RICCIO**

Secretary, Department of Natural Resources

**LISA GRIGSBY**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Well, good morning everyone. Welcome back to a wonderful episode of the Board of Public Works. And I'd like to just start off by saying to the Comptroller that, you know, I want to congratulate you on running a very positive campaign. Parts that I read and what I saw in some of the portions of the debate, I only watched your sections of the debate, it was always very positive.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: You talked about the direction that you wanted the State to go in, a very positive direction. I think it's admirable and it should be a message to many others. And I do want to thank you for, and it's not over yet, 16 years on the Board of Public Works, watching out for the taxpayers' dollars. And you know, asking tough questions. We appreciate, I think on behalf of at least our administration and I'm quite sure most Marylanders, thank you. Thank you for your service.

COMPTROLLER FRANCHOT: Thank you. Don't let the agencies --

(Applause.)

COMPTROLLER FRANCHOT: -- thank you, guys --

(Applause.)

COMPTROLLER FRANCHOT: -- the agencies off the hook --

(Laughter.)

COMPTROLLER FRANCHOT: -- so --

LIEUTENANT GOVERNOR RUTHERFORD: Good.

COMPTROLLER FRANCHOT: -- very generous remarks.

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LIEUTENANT GOVERNOR RUTHERFORD: Mr. Treasurer, you will be the old-timer here in a little while --

(Laughter.)

TREASURER DAVIS:-- the new people they can lean on me and allow my years of experience --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Oh boy. So I don't know. The agencies may run amuck for a few months. But I want to thank both of you, but thank you for your service.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Treasurer?

TREASURER DAVIS: Thank you, Governor. And I guess I'll start right there, sir. When I first came in in '95, the Comptroller was already there. And so I got to serve my first 12 years in the General Assembly with the Comptroller, and then obviously these last 16 years, you know, in a different capacity.

I know what it's like to run an election and come up just a little bit short.

COMPTROLLER FRANCHOT: Mm-hmm.

TREASURER DAVIS: I know the difficulty, the pain. But it will go away. It does subside. And then when you look back on all that you've accomplished and all that you've done, you have a lot to be proud of. Whether, you know, everyone agreed or disagreed or not, I'm confident that you're confident you woke up every day thinking you were doing the very best that you could for the citizens of Maryland and when you were in the House for the citizens of Montgomery County specifically. And it's quite a legacy. We should all should aspire to, you know, with that longevity and just, again, everyday

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waking up and doing the very best that you can for our fellow Marylanders. So while it didn't, you know, work out maybe the way you wanted it to, or definitely the way you wanted it to, we --

COMPTROLLER FRANCHOT: My wife's happy.

(Laughter.)

TREASURER DAVIS: I think everybody's wife is happy --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I know that --

TREASURER DAVIS: And mine is waiting to be happy.

(Laughter.)

TREASURER DAVIS: But thank you for your service. Thank you for your service.

LIEUTENANT GOVERNOR RUTHERFORD: Comptroller?

COMPTROLLER FRANCHOT: Last week, I got a nice call from my dear friend Attorney General Brian Frosh, who I came into the Legislature with. And he was checking in, how are you doing? I said, Brian, I'm reinventing myself as the world's best kitchen appliance individual. Because in fact I have to call you back because I've got the repair guy here for the dishwasher, and he's sitting right here doing his work. And he said, oh, is he good? I said yeah, he's terrific. And I'll call you right back. He said, listen, is there any chance he could come over to my house?

(Laughter.)

COMPTROLLER FRANCHOT: So yeah, I have some --

(Laughter.)

COMPTROLLER FRANCHOT: -- but I wanted to take just a personal moment of privilege. It was such an extraordinary opportunity for me to be able to run for Governor and it obviously did not end the way that I wanted it

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to. And like everybody, I'm disappointed and I have, you know, regrets sometimes and what if I'd done this and what if I'd done that. Overall, it was a tremendous experience interacting with the wonderful citizens of the State of Maryland. And I wanted to thank my staff, because can you give Emmanuel Welsh a round of applause because --

(Applause.)

COMPTROLLER FRANCHOT: -- sitting next to me, these are the finest servants that you could, public servants, you could ever find. And I'm so grateful to them. I'm particularly grateful to the citizens of the State for, A, deluging me with all of these words of encouragement and support after the bad results came in. And that has allowed me to get through that tough time and thank you very much, Lieutenant Governor, and thank you, Treasurer, for your comments. And yeah, don't breathe a sigh of relief prematurely. I'm still around.

(Laughter.)

COMPTROLLER FRANCHOT: But I wanted to just say to the citizens of the State what a great State we have. And obviously, I'm a fiscal moderate that is socially compassionate. I have connections all over the State. And I find that almost 90 percent of our population, you know, if we communicate properly, we can move forward together. And that's what I tried to do in the campaign. It didn't succeed, but I'm very, very appreciative of the response and encouragement that I got. And my only advice down the road is perhaps we should broaden some of our parties and strengthen our Republican party and Democratic party with independent voters being allowed to vote in the primaries. Because that's the way that you'll get individuals, I think, that are more moderate on fiscal issues and better communicate with everybody. Because what I try to do is say to everyone I'm talking to, even ones that I disagree with, look, we love Maryland. Look, we probably have kids and grandkids that we

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want the best for. And we generally want the State to move forward in the right direction. So I get a great response on that and I would encourage all of our elected officials to tone down the partisanship we see at the national level and let's have a renaissance of communicating with each other about what we can do together to make the State that we love so much a better place. And most of all, it's just an opportunity for me to say thank you to everybody here. And I am looking forward to the next five months, because we're going to finish strong. We're going to have some recommendations for folks to look at. And I'm very, very grateful mostly to all of the citizens of the State for the wonderful encouragement and support that they have given me. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Never take the mic away from a politician, right? The Secretary's Agenda?

SECRETARY GONTRUM: Good morning, Governor, Mr. Comptroller, Mr. Treasurer. There are 16 items on the Secretary's Agenda. At the request of the Board of Elections, I am withdrawing the one emergency report submitted for this meeting, which is Item A1. Item 16 has been revised to clarify that only one acceptable bid was received. We're happy to assist with answering any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I have questions about the Department of Housing and Community Development, loan forgiveness on two of them and one is the sale of a loan. I'll start out with Item 7.

SECRETARY GONTRUM: Item 7, we have Deputy Secretary Owen McEvoy from the Department of Housing and Community Development.

LIEUTENANT GOVERNOR RUTHERFORD: Is Owen online?

MR. MCEVOY: Can you all hear me?

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LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. MCEVOY: Lieutenant Governor, Treasurer Davis, Comptroller Franchot, for the record, Owen McEvoy, Deputy Secretary of Maryland's Department of Housing and Community Development. I'm happy to answer any questions.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Item 7 to start is the, you are forgiving or -- yeah, I guess forgiving, \$956,750 in loans to different community organizations, CDCs. A couple of these, the Patterson Park Community Development Corp, you know, was loaned, let's see, a large amount of money and they haven't paid a dime back. And these loans go back to 2004, between 2004 and 2006. They were loaned \$250,000. I guess they paid \$4,000 back on that. The Curtis Bay, Brooklyn and Curtis Bay Coalition had a \$200,000 loan, \$202,000 loan, and paid back maybe, you know, \$5,000 of that. You know, the others, it looks like they or I should say that the one, Community Capital of Maryland had a \$300,000 loan and didn't pay back a dime, one red cent, as some people have said. My first question, how did we allow this to take place, particularly the ones that just haven't paid anything on loans that were, you know, loans that were issued back in 2004 or 2006 and they haven't paid anything? And then we pop up several years later and say, oh, we're going to just have to forgive this loan? Was there any --

MR. MCEVOY: So this is part of a policy decision made in the Ehrlich administration to -- right now, those programs are mostly grant based programs. But back in the mid-2000s the policy decision was made to start giving out loans to recoup some of the State's investment. All the projects have been completed. Three of the organizations and eight of the loans are to defunct organizations. And the determination was made in conjunction with our OAG that the collection efforts would most likely be fruitless if we tried to recoup the

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State's money on those loans.

LIEUTENANT GOVERNOR RUTHERFORD: I mean, I understand that they are out of business now and, you know, one executive is dead. But it just seems that you let it go for so long and then -- are you trying to clear the books now and there's more of these that are out there?

MR. MCEVOY: I'd have to talk to our program people to see if there are more out there. Yes, we are to a certain extent trying to clear the books. A couple of these were loans that we through our due diligence found that, you know, needed to be brought to the Board of Public Works. I don't have an exact number if we're going to be bringing more back. I believe Kevin Baines from our Neighborhood Revitalization team is on the phone. He may be more in tune with whether or not we're going to be bringing more of these types of loans back. Kevin, are you on?

SECRETARY GONTRUM: Mr. Baines is --

MR. MCEVOY: I can certainly, yeah, I can certainly check with Kevin --

LIEUTENANT GOVERNOR RUTHERFORD: Well, you mentioned a policy change. So the policy change was that now instead of loaning money to deadbeats you will just give them the money? Is that what you're saying? Leading question.

MR. MCEVOY: The Community Legacy Program now is a grant based program. But in the mid-2000s a prior administration decided to try and make it a loan program. So right now, if those same organizations -- well, the current organizations couldn't come in because they are defunct. But if community organizations come in, it's more of a grant based program. It's a gap filler as opposed to a loan program with the expectation of a payback.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I mean, a

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couple of them that are, you know, fairly minor repayments are, you know, they are up and operational. And you know, it does make sense to, you know, forgive like \$4,000 here or there. You know. I know the World Arts, Joe's Movement, they are up and operational. The Facade and Port Towns, you know, that makes sense. But when you look at it and you see some places that had a \$300,000 loan and paid nothing back, nothing at all, you know, and they acquired and sold properties but they didn't have the cash flow to pay any of this back, that's somewhat troubling.

Let me go to Item 9 and -- no, not Item 9. Sorry. I have a different comment on Item 9. Item 10, you're selling the loan on Item 10 because the group 818 Frederick LLC ran into cash problems?

MR. MCEVOY: Yes. This was a market in Catonsville. I think actually the Comptroller visited it. It had been having cash flow --

LIEUTENANT GOVERNOR RUTHERFORD: I visited it, too. I visited it before it was finished. And I was out there, I don't know if you did a tour of Frederick, are there tenants in that building?

MR. MCEVOY: Currently I believe the building is vacant. We, the department worked pretty extensively with the borrower to find ways and a path forward for their operation to be successful. I myself and the Secretary sat in probably three or four different meetings with the borrower. Particularly since they opened during COVID, they were afforded significant resources from the federal government to keep them in operation. We did regular check in meetings with them. And unfortunately, this is a situation where the operation was not successful. And we're fortunately going to be able to recoup the full amount of the loan.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, so you're going to sell the loan. I saw that the building is on the market for \$3 million. So

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it sounds like somebody really would want that loan because I guess they have a lien --

MR. MCEVOY: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: -- and if it sells for that, they will get their money back plus something else. No, it was interesting to see that. Because I did go to, when it was still under construction, and there was a lot of hope in Catonsville for that project. But yeah, I guess the timing with COVID and everything else, but they were going to have a market there also. Did the market never come to pass?

MR. MCEVOY: No, the market was actually open. I have actually visited that market as well. I was there when it was opened. It was a market/high end sort of wine store. It was open and operational for several months, probably six to eight months. And unfortunately, just couldn't keep up with the cost of operations despite the department trying and putting significant resources behind it.

LIEUTENANT GOVERNOR RUTHERFORD: All right. I don't know what you all's experience has been, but often, you know, except for Dr. Berger and Ocean City, often when medical doctors venture into these areas, it seems like it doesn't always work that well. But it's too bad. Okay. Thank you.

I'm going to just mention Item 9, you know, mentioning it with support. I think both of us went to Peabody Heights Brewery a number of years ago. The location of the Peabody Heights Brewery is actually in the location of the original Orioles Stadium back when they were a minor league team. They have maintained part of the outfield wall is there and they have -- so I just wanted to mention that.

I don't have any other questions or comments. I am concerned about loans and I guess now grants that you have no idea how the money was

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spent. They completed the projects, but when they just go out of business and they never pay a dime, that's a concern. I don't have any other questions on the Secretary's Agenda.

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you, Mr. Secretary. Department of Natural Resources?

MS. HADDAWAY-RICCIO: Good morning, Governor, Mr. Treasurer, Mr. Comptroller. For the record, Jeannie Haddaway-Riccio, Secretary of Maryland Department of Natural Resources. We have 19 items on our Real Property Agenda today for which we are seeking approval. This includes 39 Community Parks and Playgrounds projects across the State and we're happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I have a question on Item 16A. And it kind of relates to some of the other easement purchases and I know that it's under Rural Legacy. Why would we, and I know it's a policy decision, but why do we provide a grant to the Eastern Shore Land Conservancy for their purchase of an easement that both the department and the Eastern Shore Land Conservancy are going to hold that easement, when in other situations we would provide the grant to the county and then have a joint ownership with it, or just buy it ourselves, the easement? Why are we using a middle person in this, a separate entity?

MS. HADDAWAY-RICCIO: So with the Rural Legacy Program we have a partner identified in each of the Rural Legacy Areas. In this case, Eastern Shore Land Conservancy happens to be the partner for the Harvest Crescent Rural Legacy Area.

LIEUTENANT GOVERNOR RUTHERFORD: Why do we need a

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partner? To me that's a layer of bureaucracy and a middle man that takes a cut when money can be used directly.

MS. HADDAWAY-RICCIO: Well, I think it's often helpful to have a local partner. They know their region a lot better. We defer to the local leaders in these Rural Legacy Areas, and particularly with agricultural properties, Natural Resources based properties. They tend to enjoy working with our partners. And I'll also call on Emily to add anything if she would like.

LIEUTENANT GOVERNOR RUTHERFORD: We don't trust the county? I mean, wouldn't the county know what's going on in there in the agricultural aspects and natural resources? You can come up to the --

MS. WILSON: Okay. Good morning, Governor, Treasurer, and Mr. Comptroller. For the record, Emily Wilson, Department of Natural Resources. The Rural Legacy Program is actually set up as a ground up program, where each of our 34 Rural Legacy Areas across the State have local sponsors. And those could be local land trusts in the area, and in some cases we actually have the local governments as our sponsors. And so, and as the Secretary mentioned, a lot of times particularly with agricultural types of properties, there is a higher level of comfort if folks in the ag community can work with folks more on their local level when we are talking about land preservation.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you.

MS. WILSON: Okay, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: I just have concerns. But sometimes these organizations they, you know, have high costs and because no one really looks at, because you are a nonprofit, everyone, you know, they don't get looked at as closely as sometimes they need to be. So that's a concern that we have a middle man in there that is a partner which maybe Kent County does not have the capacity to do some of these things. Okay. Thank you.

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I don't have any other questions.

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: And I second.

LIEUTENANT GOVERNOR RUTHERFORD: And you were going to get back to me on the difference between Natural Resource Management Areas and Natural Resource Environmental Areas?

MS. HADDAWAY-RICCIO: Yes, I have an answer for you whenever you are ready.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. All right. We don't have anything with the University System. I'm getting a little suspicious there. Okay. Department of Transportation?

MR. PORTS: Yes, good morning, Governor, Mr. Treasurer, Mr. Comptroller. For the record, my name is Jim Ports, Secretary for Maryland Department of Transportation. And the Maryland Department of Transportation is presenting 19 items for your consideration. At this time, the department is withdrawing Item 8-GM. And I'm happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I was happy to see a number of Small Business Reserve or at least Small Business Enterprises winning the prime contracts.

MR. PORTS: I think we're really doing well in that area. We have heard you loud and clear, you and the other members of the Board. And I thought I had the statistics with me, but we are doing extremely well with that program. We'd be happy to submit that information to you.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, that would be good to see. See if you can send it when you can. Any questions on Transportation?

COMPTROLLER FRANCHOT: Move approval if appropriate.

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TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Oh. Wait a minute --

MR. PORTS: No, no, no. Let them go.

(Laughter.)

TREASURER DAVIS: -- Secretary Haddaway-Riccio gets a question and Secretary Ports doesn't. It's usually the other way.

(Laughter.)

MR. PORTS: A day that will live in infamy.

COMPTROLLER FRANCHOT: Can I just ask, did Tracy sign up, was there anybody testifying today?

(Indiscernible).

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. I guess we have all approval and we'll move on. The Department of General Services?

MR. CHURCHILL: Good morning, Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. CHURCHILL: -- Mr. Treasurer and Mr. Comptroller. For the record, I am Ellington Churchill, Secretary of the Department of General Services. Today we are presenting 45 items on our Agenda and we are withdrawing Items 8, 15, 26, 32, and 37-1.1, 1.1 of Item 37. Our Agenda features nearly \$12 million in capital grants and loans, including \$5.5 million to Johns Hopkins Medicine and Medical Research Building North Tower Annex in Baltimore City, as well as about \$2.3 million in community services for autistic adults and children in Montgomery County. General Services is seeking approval for contract action to support eight minority businesses and nine small businesses. We have representatives available to answer any questions you may have at this

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time.

LIEUTENANT GOVERNOR RUTHERFORD: Excellent.

Excellent with the small business and minority business. I just wanted to point out Item 1-CGL, The Arch Social Club. They are a historic club right there in Penn North and have been struggling. We put money in our budget a couple of years ago for some long overdue renovation work in this historic club as they try to reinvigorate Pennsylvania Avenue. The Legislature took some of that money out, but at least kept most of it in. And I'm happy to see it reaching this point.

I do have a question, and this probably goes back to Natural Resources a little bit, Item 20-S-MOD. That's Fair Hill, that I see that we have a landscaper contractor coming in to install new turf and some other efforts associated with the track as we support the five-star event.

MR. CHURCHILL: Yes, Governor. Of course, Secretary Riccio could respond. I always would pass it to her. But we also have (indiscernible) for the Office of the Secretary representing DNR on this item.

LIEUTENANT GOVERNOR RUTHERFORD: And any comments about the status of this and are we going to be ready for the five-star?

MS. HADDAWAY-RICCIO: Yes, we will be ready for the five-star. We're very much looking forward to hosting it for the second year in a row. The Ruppert contract is actually fairly specific to our turf surfaces at the facility. So in addition to eventing, which is what the five-star represents, we also have the ability to host racing events and other types of equestrian disciplines at the facility. So the turf maintenance is really important to --

LIEUTENANT GOVERNOR RUTHERFORD: All right. I'm sorry, I didn't --

MS. HADDAWAY-RICCIO: That's okay, saved by the bell.

MR. CHURCHILL: (Indiscernible).

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(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- are you over there? Because I see, I saw a branch fall --

TREASURER DAVIS: Well, we're over here so --

(Laughter.)

COMPTROLLER FRANCHOT: Those of you sitting by the windows, be careful.

MR. CHURCHILL: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I'm sorry.

MS. HADDAWAY-RICCIO: No, that's okay. So this specifically deals with our turf surfaces, which allows us to also host and facilitate racing events in addition to other equestrian disciplines at the facility.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Now we have a general contractor there, correct? Being the Stadium Authority is kind of our general contractor handling this? Okay.

MS. HADDAWAY-RICCIO: Yes. So the Stadium Authority was our general contractor for the initial construction of all of the renovations and improvements that we made to the property in order to host the five-star. They remain our partner. They are assisting with renovation of the arenas. This contract is specific to the turf surfaces.

LIEUTENANT GOVERNOR RUTHERFORD: Was there some challenges with the turf surfaces that may not have been discovered early on by the Stadium Authority and their contractor?

MS. HADDAWAY-RICCIO: I'm not aware of any issues with the turf surfaces. Essentially what happens is as we are setting up for events or events are hosted at the facility, there is wear and tear on the turf. So it is necessary to maintain it and replace that in order to facilitate the safety of the horses and the

riders.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well, thank you. We all know that's a very important event that's coming up.

MS. HADDAWAY-RICCIO: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: And we look forward to it. So it will be ready. It's tough to put turf down in hot weather and make sure it's going to be ready in October, I think it is, September, late September, I think is the five-star.

MS. HADDAWAY-RICCIO: Yes, so most likely any racing that will occur at the facility would happen after the five-star. The five- star essentially, because it's eventing and not racing, will utilize the cross country course and the arenas for dressage and show jumping.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. Very good. Any other questions for General Services?

TREASURER DAVIS: Yes -- go ahead. No, go ahead, sir.

COMPTROLLER FRANCHOT: No, go ahead.

TREASURER DAVIS: I was just going to ask on this more generally, I was going through and I noticed in several of the contracts the MBE goals weren't being met. I saw it in Item 19-S, Item 22-S, and Item 27. I was just wondering, and I know that each situation is unique unto itself, but I wanted to make sure that we were making full faith efforts to get there. And there are, you don't have to answer it now because I know I just pulled up three different ones and I don't want to slow the Board's time down, but if that's something that we can talk about or just sort of check back with the agencies. I'd hate to see any slippage there as it relates to that and there were quite a few. I just pulled out those three but I think there were a few more that I saw. So I just wanted to reiterate my interest in us hitting the goals to the extent practical.

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MR. CHURCHILL: Well thank you, Mr. Treasurer. I won't address these individually but I will note that of course our MBE compliance unit monitors payments to MBEs and that's usually a flag. And of course when you are dealing with construction projects, there may be a different part of the schedule where MBEs are being used. And of course the awardee has the full term of the contract to meet their MBE participation. But that is noted as a concern and our MBE compliance unit and the Office of State Procurement does review those.

TREASURER DAVIS: Fair enough.

LIEUTENANT GOVERNOR RUTHERFORD: You can ask more questions. We have plenty of time.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: All we have is time, right?

COMPTROLLER FRANCHOT: Can I ask a question about 22-S? Not on the MBE goals, which I broadly support the Treasurer on.

MR. CHURCHILL: Item 22-S happens to be the Vehicle Emissions Inspection Program management.

COMPTROLLER FRANCHOT: Yes.

MR. CHURCHILL: Of course, I know Secretary Ports usually likes to lead in but he also has Christine Nizer available.

MR. PORTS: I knew it was too good to be true.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- move this back to the Transportation --

MR. PORTS: Yeah, yeah --

(Laughter.)

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COMPTROLLER FRANCHOT: So obviously, it's an important program.

MR. PORTS: Yes.

COMPTROLLER FRANCHOT: And we want the best resolution as far as the taxpayers. So what we've got here is an additional \$25.6 million being asked for a couple of years' extension. This contract originally was going to expire in 2019. This is the third extension. And I guess the question is, are you going to be able to deal with the protests that have been made and have caused these extensions? And have you responded to the protests and are they going to be resolved so that we can get a new contract in place?

MR. PORTS: Yes. So let me ask Christine Nizer to come up to the podium to speak on the technical issues.

MS. NIZER: Good morning, Mr. Governor, Comptroller, and Treasurer. Christine Nizer for the record. I'm MDOT MVA Administrator.

So as you pointed out, there have been protests from the incumbent when we released the RFP, but there have been other additional things that have caused us to delay the process. So the Legislature passed not only budget language but also language in legislation that prevented us from moving the procurement forward until various reports were provided. We have provided those reports. There was also some requests for regulations which we just received the response from DLS on those regulations which would impact the program in May. So there have been a lot of moving parts on this procurement. We are as anxious to move forward as expediently as possible as well. And so there is a transition of six months in the RFP for whoever the vendor is who is successful and that is why we have asked for the full two years. Obviously, if we get it awarded in advance, we can cancel for convenience.

And if I may take a moment, I think I can explain the MBE issue.

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So we did a modification because the VEIP stations were closed for a period of time. As you remember, we were doing COVID tests at the VEIP stations. The primary way that they meet their MBE goal is actually through a staffing contract. So it was about \$250,000 a month that it was modified because they just weren't open and providing that staffing. So at the time when we modified the contract, we did indicate that it would create a challenge for the MBE goal, but obviously it was a greater good for the State at that point in terms of providing for the testing.

TREASURER DAVIS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: It's good seeing those branches come down --

TREASURER DAVIS: Yeah well as long as they stay over there.  
(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Secretary --

COMPTROLLER FRANCHOT: We don't want anybody to lose their job here.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Or lose their life when it comes through that window.

MR. CHURCHILL: -- tree expert out there so they are professionals. But we have asked them to --

COMPTROLLER FRANCHOT: -- they responded --

TREASURER DAVIS: You've got to be willing to sacrifice for your State, though.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

(Laughter.)

COMPTROLLER FRANCHOT: So this contract hasn't been competitively bid for 13 years, I guess. And the question is, what do you

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anticipate, you know, is this deadline for requiring bids to be submitted by late September something that you see as realistic?

MS. NIZER: Yes, we do. And that's why we established that deadline. We were waiting most recently on a letter from the EPA which we just got the response yesterday on. So again, we had to make sure we were in alignment with our federal partners and not move forward without ensuring that the VEIP program continued to be in compliance as it has up to this point.

MR. PORTS: Yeah, I can add --

COMPTROLLER FRANCHOT: Yeah, please.

MR. PORTS: -- so we did get the EPA letter yesterday and I had the chance to read it. And you know, this program, the VEIP program is not technically our program as far as air quality and the environment goes. It's actually MDE's program. And so they need to put it into their SIP for the feds to approve it. But I will say this, that the idea of making a longer time period for newer vehicles is not anything new. I believe California is, what, seven or eight years, eight years. California, I mean, a pretty progressive state, I think everybody would agree. And probably some of the highest air quality standards in the United States, especially for vehicles. And they went to eight years for their VEIP contract. Now, we're not asking for eight. But they have, but EPA has approved that for California. So I think what we need to do is get MDE to look at the air quality standards and make sure it's in their SIP as required by EPA and then look for approval. And if there is anything that, any guidance for model years or models that were taken out of the system that need to be air quality controls in a different way, then we can do that. That would be up to MDE.

But you know, I will say this, there is a lot of games being played with this. It's a lucrative contract. The contracts were put in place, the VEIP program was put in place to make sure that catalytic converters worked correctly.

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We do know after 30 years they work correctly. And you are not really gaining a lot of air quality out of it because of the number of passing -- I can't remember the exact number -- 90 --

MS. NIZER: It's well over 99 percent. And really, the air quality numbers are a success story --

MR. PORTS: Mm-hmm.

MS. NIZER: -- because of the leadership of the Legislature and our elected officials. The air quality numbers are really impressive. And frankly, the only reason that MDE is looking to make changes to the VEIP program at this point, I will say that the new contract is structured differently than our current contract and it's a per vehicle test versus the monthly management fee that we currently pay. We think that's in the best interests of the State and the taxpayers and that's why we agree and are anxious to move forward. We're happy to continue to provide updates. We recognize that this is a high profile contract. We can't run the program without the vendor support, which is why we are here with the two-year extension. But we're happy to provide updates on the contract. We remain committed to moving as quickly as we can but ensuring we are doing that in the legal and environmental bounds is why we have had to slow down a little bit in the last --

COMPTROLLER FRANCHOT: Excellent. So it's on your radar screen.

MR. PORTS: Absolutely.

MS. NIZER: A hundred percent.

TREASURER DAVIS: May --

LIEUTENANT GOVERNOR RUTHERFORD: Yes --

TREASURER DAVIS: I'm curious. Since you brought it up, and it may not be something that you can speak to at this time. But you mentioned

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that the air quality has improved. Does that include the D.C. suburbs? Because Secretary Ports, you mentioned the SIP, the State Implementation Plan. One of the reasons that, you know, gasoline being an issue, it's always higher in the summer because they have to use the reformulated gas as a result of that. And I'm just wondering if we're getting to the point where maybe that is not an issue or we're not that far yet as it relates to the Washington suburb counties?

MS. NIZER: It is looked at both regionally as well as statewide. Certainly as Secretary Ports said that's not necessarily our expertise, but we've got a great chart that MDE put together that I'd be happy to share with you and your team that shows the steady progress the State has made. And again, I think that's a credit to action by the Legislature and elected officials in terms of prioritizing the environment and air quality for Marylanders.

TREASURER DAVIS: So we're not there yet?

MS. NIZER: -- but we're not ready to get rid of the program. There's a lot --

MR. PORTS: Yeah, we're not going to --

LIEUTENANT GOVERNOR RUTHERFORD: -- you have cleaner cars on the road --

MS. NIZER: That's right. Technology --

LIEUTENANT GOVERNOR RUTHERFORD: -- you know, technology has gotten better. You've got, you know, hybrid and electric vehicles on the road. So --

TREASURER DAVIS: We're getting there.

LIEUTENANT GOVERNOR RUTHERFORD: -- it's different than what it was several years ago.

MS. NIZER: Many fewer credits to the SIP program that the Secretary identified from VEIP than there were in the past. You know,

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enhancements that have been made, power plants and other facilities have a much greater impact on air quality than what our cars are putting out. Not that we want to diminish any impact on air quality, but with cleaner cars and emissions not being at the same level, essentially we don't want to also be requiring people to go to VEIP stations when we know that they are going to pass. And you know, I've had input from customers saying why are you causing me to drive to a station I wouldn't have otherwise done when you know my vehicle is going to pass?

TREASURER DAVIS: -- probably shouldn't have called you --

(Laughter.)

TREASURER DAVIS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, it makes people think that it's just a money grab, quite frankly. Because most, you know, most cars that are within ten years, you're not, you're passing.

MS. NIZER: -- rates very well --

LIEUTENANT GOVERNOR RUTHERFORD: -- bring in your classic, you know, Corvette, or something, '68 Corvette, and it's, and then they are waived because they don't have a catalytic converter.

TREASURER DAVIS: Right.

MR. PORTS: Well, and if you think about it, it's the non-attainment area, right? So it's not the whole State.

TREASURER DAVIS: Right.

MR. PORTS: And it's a statistical analysis, because you get the two years grace period already. And as we mentioned, over 99 percent of the vehicles pass. So you are really looking at that much that aren't passing and so you are really not gaining a lot by making all those people come in year after year after year. And as the Lieutenant Governor said or the Governor said, then people look at it as a money grab instead of a program that is looking to statistically

prove that catalytic converters work and that our air quality is good.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, we don't have it any longer but we had a 12-year old minivan that would pass every year. So --

MR. PORTS: They weren't --

COMPTROLLER FRANCHOT: Can I ask about items --

MS. NIZER: Thank you.

MR. PORTS: That's me too --

MR. CHURCHILL: Yes, Item 35 --

MR. PORTS: Item 35 and 36 --

MR. CHURCHILL: Yes the electronic toll collections, so. Again -

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LIEUTENANT GOVERNOR RUTHERFORD: These should have been on the Transportation Agenda.

MR. PORTS: Yeah, it's just, we just prolonged it.

MR. CHURCHILL: We also have the Director of Procurement, Donna DiCerbo available to speak to that.

MR. PORTS: Actually, we have Will Pines also here.

MR. CHURCHILL: And Will Pines. Secretary, do you want --

MR. PORTS: Oh, I don't know what the question is yet.

COMPTROLLER FRANCHOT: Well, I guess we want an update on how the customer assistance program has been working.

MR. PORTS: Oh, okay.

COMPTROLLER FRANCHOT: And are there specific performance benchmarks that the vendor is being held accountable to? We're being asked to add \$63 million to a \$200 million ten-year contract to provide customer service. So my question, Mr. Secretary, is how do we ensure that we've

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got responsive and results oriented customer service and especially --

MR. PORTS: Sure. Sure. I appreciate that question because I know you are very proactive yourself with customer service. And I can assure you that although we did have some challenges because of the backlog with COVID, we have overcome them. I believe if I'm not mistaken we're, wait time in the call center of 37 seconds I believe right now, which is pretty darn good. But I'd like to have Will Pines -- where's Will -- Will Pines come up and correct me if I'm wrong, Will, but I think it's 37 seconds. And he can describe a little better about the program.

MR. PINES: Yes, well good morning, Governor, Mr. Comptroller, Mr. Treasurer. Thank you. For the record, my name is Will Pines and I'm the Executive Director for the Maryland Transportation Authority. Secretary Ports is exactly right. When we launched the customer assistance plan in February of this year, the call wait times at that point were actually 55 minutes on average. We are now at 37 seconds, so a phenomenal improvement in service. Those are better wait times than what existed pre-pandemic under our prior vendor. So we feel like we are doing a really good job being responsive.

Additionally, the program brought some features forward about waiving civil penalties and offering more time for customers to pay. And so a key benefit of that is that that has allowed for customers to have the appropriate amount of time for them to work out their concerns with tolling by being able to reach us. And so we have also not just seen the decline in wait times, but we have seen a 43 percent reduction in the volume of calls. So that tells us that the program is working.

And then lastly, part of the modification includes providing for future features, like an installment plan or payment plan option for customers. Currently, when we need to have customers provide them a payment plan, we

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have to escalate them to central collections unit. That is viewed unfavorably by many customers. And so with this program, we are working to be able to both have it within the scope of the contract to provide that service and also to work through the regulations to be able to implement that. So lots of good things we're trying to do to make the experience for the customer much better.

MR. PORTS: Will, I would also say that much of this change is due to the fact that when we put the original RFP out, we had cash lanes. And then due to COVID, we immediately had to stop the cash lanes to protect not just the toll collectors, but also the traveling public because at that time we thought it could be transmitted by touch. And so nobody anticipated that we would no longer have cash lanes. And now that we don't have cash lanes and went to full AET, all electronic tolling, much of this change or modification I should say is due to the fact that we're moving to all AET instead of cash lanes. And so it's a big change in I guess the line item numbers that we would have had versus what we have today.

COMPTROLLER FRANCHOT: Excellent. And the backlog, what is that situation?

MR. PINES: We're currently at 99 percent complete in processing the backlog that had developed over many months. It's a delicate balance because ideally we could just clear that all at once. But customers have to both manage the tolls from that previous backlog plus their ongoing tolls. So we meter those out to make sure that no statement at one time is too large for customers.

COMPTROLLER FRANCHOT: Excellent. Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: Quick question, is there going to be any additional information going out, a public service announcement, to say that your time, the suspension of these penalties, let's say,

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ends I think sometime in December. That pay up or forever hold your peace?

MR. PORTS: Every month.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

MR. PINES: Absolutely. So we actually this morning --

COMPTROLLER FRANCHOT: Yeah.

MR. PINES: -- provided our monthly, the program, the civil penalty waiver portion of the customer service assistance plan ends on November 30th of this year. And so starting, resuming on December 1st we will be back into our normal operating mode. That provided nine months for customers. Our pause was seven months. We gave nine months to resolve this backlog. And so we have been doing, as Jim mentioned, monthly press releases to make sure that that is out there to the world, and additionally are providing regular reminders through social. And every mailing notice that we send currently includes a buck slip in it so that the customer is aware of the program directly as a personalized notice.

MR. PORTS: And we notify the elected officials.

COMPTROLLER FRANCHOT: Excellent.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Any other questions for the Department of General Services?

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: I think we're all in favor. Thank you, everyone. Thank you.

(Whereupon, at 10:50 a.m., the meeting was concluded.)