
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
ANNAPOLIS, MARYLAND

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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

NELSON REICHART

Deputy Secretary, Department of General Services

JAMES 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: We're starting a little late, but it is a pleasure to be here to chair the Board of Public Works once more. I wanted to express my good morning greetings to the Treasurer and the Comptroller. It's good to see you all here.

And just as a brief update on what we've been doing for the last two years in terms of the COVID pandemic, we are continuing to see the omicron virus variant recede in Maryland. Our seven-day positivity rate is one of if not the lowest in the country, is now below two percent. Hospitalizations have fallen below 300. So we appear to be on the road back to normalcy. The Governor lifted the mask mandate in State buildings a couple of weeks ago, and as of this past Monday in all public areas of the State House the mask mandate has been lifted. Nearly all the school systems have either announced or have already lifted their mask mandates. And Maryland has the eighth highest vaccination rate in the country.

And so we are encouraged in terms of the progress we've made, but we still are encouraging those individuals who have not yet received their vaccination and those who are eligible for the booster shot to get those shots now, to take care of themselves and their families as they go forward.

Yesterday I chaired the Commission to Study Mental and Behavioral Health in Maryland. We had two special presentations, one dealing with the impact of COVID on our healthcare professionals, our healthcare workers, doctors, nurses, therapists, all that are involved in that. We sometimes don't think about the mental stress that they are under, not just the physical stress

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that they are under. So we had a presentation in terms of what is being done to try to help our healthcare professionals. And also, our school systems, the children as well as the teachers and staffs, and what they have been going through over the last two years. You know, particularly, not necessarily particularly, but just focused for one on the children and the impact it has had on them, the lack of socialization and isolation, disruption in routines, and seeing the impacts on them now. And we have long said that the long tail of the pandemic will be the mental and behavioral health of our public and it's something that we have to make sure that we pay attention to as we come out of this pandemic.

Before I turn it over to my colleagues, I want to recognize an employee, a Customer Service Heroes Citation. Robert Yeager, not to be confused with -- who was the test pilot? Chuck Yeager, Chuck Yeager. Some of us are old enough -- Bruce remembers. Robert Yeager from the State Department of Assessments and Taxation is the Tax Sale Ombudsman and he was promoted in November of 2019 to spearhead a new Office of the State Tax Sale Ombudsman created by the Legislature. And in a short period of time, he was able to get the program up and running. And especially with 100,000 tax sale notices mailed out that included his contact information, Robert was able to do a wonderful job building up the office by developing great relationships with county finance offices to collaborate on statutorily required reports, creating the tax sale website for more than 150 State, local, and non-government resources that benefits homeowners. So he has provided thousands of Marylanders at risk of losing their homes with premier customer service through home, email, and written correspondence. Robert has implemented the legislatively created Homeowners' Protection Program. And with his initiative and foresight has placed the program on a solid track for success. But I want to thank him for his

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diligent planning for the program that not only will do the bare minimum of paying taxes, but helping people purchase properties and purchase their tax liens to keep them in their own homes. So with that, I would like to present a citation recognizing your great work.

(Applause.)

COMPTROLLER FRANCHOT: So when I heard that description, my God, you should run for Governor. I'm going to give you one of my much coveted Comptroller's Medallions. Thank you for your service.

MR. YEAGER: Thank you very much.

COMPTROLLER FRANCHOT: It is much appreciated and SDAT's reputation has, is, I can't believe it, but it has actually gone up a little bit.

LIEUTENANT GOVERNOR RUTHERFORD: That's because we have a great Director as well --

COMPTROLLER FRANCHOT: Oh yeah --

LIEUTENANT GOVERNOR RUTHERFORD: -- is here.

COMPTROLLER FRANCHOT: Treasurer, what happened to you? Are you okay?

TREASURER DAVIS: I'm fine --

(Laughter.)

(Citation presented; photographs were taken.)

(Applause.)

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Okay. All right, well thank you. Mr. Treasurer, I'll turn to you for your comments.

TREASURER DAVIS: Thank you very much, Governor. Good morning, everyone.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

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TREASURER DAVIS: Okay.

(Laughter.)

TREASURER DAVIS: Rude bunch here. Well, first of all, let me apologize for being late. I wish I had a great story to tell. I was going to say that a car had pulled over and I helped deliver a baby and --

(Laughter.)

TREASURER DAVIS: -- but the reality is I was coming from a doctor's appointment. I had partially torn an Achilles. And I tried to squeeze it in. And as things happen, there was an accident on the Beltway and yeah, especially with a little weather. But thank you for your patience and I certainly appreciate it.

For this morning, I don't want to delay us too long but I just wanted to say we all know what's unfolding nationally as it relates, or internationally, as it relates to the crisis in Ukraine. And I just, certainly our thoughts and prayers are with the people there and the hope that this situation is resolved very soon. I want to thank the Marylanders who are stepping up unprompted to provide whatever support that they are able to, whatever assistance that they are able to unprompted. It just goes to show from a bipartisan standpoint that, you know, whatever differences we may have, whatever philosophical differences we have, certainly in times of crisis we know how to come together and not only support each other but support others as well. So and as it relates to my office, of course we are keeping an eye on the impact that this will have on the State revenues and investments in the State. So, you know, we are certainly mindful of that as well and will make prudent and appropriate decisions.

On a happier note, as we all know that yesterday, Tuesday, March 8th was International Women's Day. I especially wanted to mention The Links,

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Inc. It was founded in 1946 and is an international organization that celebrates African American professional women. I had an opportunity to address them yesterday and I was introduced by my wife, who is also a member of the organization. So we hadn't done that before so that was interesting. And also such luminaries that they have in their organization, Speaker Jones, Delegate Edith Patterson, County Executive Angela Alsobrooks, and former Senator Gloria Lawlah, and Chairwoman Vanessa Atterbeary we count among their members. So in any event, again, I apologize for being late and look forward to a productive morning.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor and Treasurer Davis. Thank you for that. I wish you a speedy recovery. Do not fool around with Achilles tendons because they -- and I'm glad to see that you are here and was very grateful it was you who was late, not me. So --

LIEUTENANT GOVERNOR RUTHERFORD: You were, too.
(Laughter.)

COMPTROLLER FRANCHOT: I just want to join the Treasurer and because like everybody in this room, and like all Marylanders across our State, I continue and everyone continues to be appalled by the unprovoked, unjust, and illegal Russian invasion of Ukraine. Vladimir Putin's unquenchable thirst, apparently, for power, his desire to revive the Soviet Union, has resulted in thousands of deaths of innocent Ukrainians, the displacement of millions of people, the destruction of property and livelihoods, destroying the country that he says he is being called in to save.

I'm heartened that the United States and dozens of nations across

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the globe have teamed up to stand in strong solidarity with Ukraine and have taken significant actions against Putin and the legion of corrupt oligarchs that keep him in power. We are hitting them where it hurts, in their wallets. Last Monday, I wrote a letter to the Maryland State Retirement Pension System to urge the investment staff and our fund managers to divest from our Russian assets immediately. A little over a week later, I'm pleased to report that we have divested a significant -- and joined by the Governor, I will say -- I'm pleased to report we have divested a significant amount of Russian assets. Our investment staff are working diligently to divest the fund from all of our Russian assets.

Last week, I called on the Legislature to pass emergency legislation that would create a State income tax credit to incentivize contributions towards humanitarian efforts for Ukraine. I applaud the Hogan administration for their actions, that the Governor has taken as well, from severing our sister state agreement with the Leningrad region of Russia -- this is good. Because guess what? It's time to make a choice. Are you with Putin or are you with the USA, the greatest country in the history of the world, the United States of America. Yeah, take a choice. You can't be for both. And so when the Governor announced a top to bottom review of State agencies' business relationships with Russian entities, every governmental agency at all levels, every organization, be it in the nonprofit or private sector, must partner together to support the people of Ukraine and continue efforts to weaken the Russian economy, which is hanging by a thread. We don't have anything against the Russian people. We simply have a problem with an out of control leadership team. And I hate to endorse sanctions like that because it's going to hurt people. But it's the only way we are going to stop Russia from this madness, or Putin I guess. And Mr. Treasurer, I definitely join with your comments. And please, Lieutenant Governor, thank you for the

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administration's support here because there is a lot of misinformation out there.

LIEUTENANT GOVERNOR RUTHERFORD: Yes, there is.

COMPTROLLER FRANCHOT: Are you with us or are you against us? That's the question. There is no in between of, oh well, gee, can we figure out what Putin is up to.

LIEUTENANT GOVERNOR RUTHERFORD: We know what he's up to.

COMPTROLLER FRANCHOT: So thank you for, you know, drawing attention to that. And stay tuned as far as I think what we're going to find in the State of Maryland.

LIEUTENANT GOVERNOR RUTHERFORD: Well, thank you. Thank both of you for bringing up the tragedies that are going on in Eastern Europe. One of the challenges, and it's worth stating, is that there are, you know, people who say, well, why are we concerned? In the last century there were two major wars that were in Europe that brought the United States in, where in World War II alone we lost nearly a half a million service members protecting democracy. And so wars in Europe, and particularly when you get a power the size of Russia and with the aggressive nature, and the fact that they are on the borders of NATO countries that could draw us in at any time. So it is very important. Let alone, just the humanitarian aspects and the threat to democracy. And, as the Comptroller rightly said, an unprovoked attack on another sovereign country. That we saw that with Iraq and Kuwait but we weren't looking at a nuclear power and the possibility of bringing NATO into the situation. So it is something that we all have to take very seriously and pay attention to. So with that, thank you both.

Mr. Secretary?

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SECRETARY GONTRUM: Good morning, Governor, Mr. Treasurer, Mr. Comptroller. There are 16 items on the Secretary's Agenda this morning and two reports of emergency procurements. I'm happy to assist with answering any questions.

LIEUTENANT GOVERNOR RUTHERFORD: I want to mention Item 8, Energy Efficient Homes Construction Loan Program from Housing and Community Development. And I think Secretary Holt is here. Somebody is going to put you on the end seat.

MR. HOLT: Good morning.

LIEUTENANT GOVERNOR RUTHERFORD: Good morning, sir.

MR. HOLT: Ken Holt, Secretary of the Maryland Department of Housing and Community Development. Mr. Treasurer, Mr. Lieutenant Governor, and Mr. Comptroller, it's great to be here.

LIEUTENANT GOVERNOR RUTHERFORD: It's good to see you. And this is an excellent program that the department is supporting in terms of the work on this housing and in conjunction with Carver Vocational High School to teach these kids how to rehab a house in an environmentally sustainable manner. Is there more information that you can share with us?

MR. HOLT: We are very focused in the department on workforce development and we have worked with Tiffany Robinson and the Department of Labor in trying to further efforts to train young folks. In Baltimore City through Project C.O.R.E., as you all know, we have demolished many vacant rowhouses and are rebuilding the City on those footprints. And this is a pilot program combining our interest in net zero energy efficiency along with workforce training. And we are -- it was sort of serendipitous in how we got connected to

the Carver High School and that workforce training program. But the bottom line is, right across the street were vacant dilapidated buildings and we can get the young folks well trained and working on reconstructing those houses and then being occupied by single family homeowners. So I think it's just a great experiment. We want to expand it across the State in some of those targeted areas, distressed communities where we are working so effectively.

LIEUTENANT GOVERNOR RUTHERFORD: Well, it's very good. I know we have probably talked to you about an existing partnership that the State has through Juvenile Services, Baltimore City Public Schools, as well as the Home Builders Institute, which is training kids on carpentry, electronics, or electrician, but the basic skills so that they get a certificate that they can take to a home builder or others and enter into an apprenticeship program. But we started at Carver, actually.

MR. HOLT: Yes.

LIEUTENANT GOVERNOR RUTHERFORD: The first classes were there at Carver, and now it's at a different location in the City. And so, Mr. Comptroller, Mr. Treasurer, you will probably like this, that we have talked to Prince George's County Schools about the same program, is that during the day, the day school kids who, you know, can go into the program, tenth, 11th, 12th grade, they can go into the program. And then in the evening, there are kids who are under supervision of Juvenile Services and they may come from all over the City. They can go into the program and it's done separately. So you have the at risk kids who are in Juvenile Services' supervision that are also getting this pathway. And you know, like I like to say all the time is that you are developing that entrepreneurial class. And I tell people all the time that you will pay any amount of money to get your air conditioning fixed on the hottest day of the year,

which is usually just before the Fourth of July weekend when you have a lot of people coming in to visit with you. You will pay whatever you need to pay to get that air conditioning fixed. So.

MR. HOLT: Well, not to digress here, but we're very involved in the redevelopment of the Hoen Building in Baltimore City. And now one of the lead tenants is Associated Building Contractors, which is providing the workforce training. And very adjacent to the Hoen Building is a series of rowhouses. We are receiving an application to redevelop those rowhouses using the workforce training people that are coming out of ABC. And one of the other tenants in the Hoen Building is Trevor Pryce. He has an animation studio, Outlook Animation. And in Cambridge, we are building a community engagement center and Trevor is going to provide digital training and animation training for young people in the Cambridge community to learn about digital programming and development for web development, animation, television production. So I think this whole initiative to focus on workforce is really blooming into something that's, you know, sort of beyond some of the core training programs into now the more digital world. And it's quite exciting, so.

COMPTROLLER FRANCHOT: I want to just add my kudos to the Secretary, but also to our Governor, and to the Baltimore City school system. Congratulations on doing an innovative program like this because what we get are kids that have high morale because they are doing something that is interesting to them, and many of them are going to have the self-confidence to move forward without falling in, you know, a track to the middle class, etcetera. So hats off and kudos. And it's not too expensive, but it has (indiscernible) and we need to have more of them.

LIEUTENANT GOVERNOR RUTHERFORD: Well, we're

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working. Part of the challenge is working through the bureaucracies of the education industry. They are doing it, but it took us two years maybe three years to -- they first had to study it.

COMPTROLLER FRANCHOT: Well, the proof is in the pudding. If it works, it works.

LIEUTENANT GOVERNOR RUTHERFORD: I know. It's working now --

COMPTROLLER FRANCHOT: -- so that's, yeah --

LIEUTENANT GOVERNOR RUTHERFORD: -- I know, and I thank them for that. But it's just, it's a sense of urgency. As I told one of the administrators when we were working on it, it's like by the time we get started, you have lost a class of kids. Let's go. Let's just pilot it. Thank you --

MR. HOLT: Well, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: -- the bureaucracy --

MR. HOLT: -- appreciate the shout out, thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Thank you. Department of Natural Resources, the Department of Natural Resources.

MS. HADDAWAY-RICCIO: Good morning, Governor, Mr. Treasurer, Mr. Comptroller. For the record, Jeannie Haddaway-Riccio, Secretary of the Maryland Department of Natural Resources. We have 12 items on our Real Property Agenda today for which we are seeking approval, and we're happy to

answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: 6A, I was glad to see the Dan's Mountain expansion there.

MS. HADDAWAY-RICCIO: Yes, this is a really exciting project for us. Not only will it add to the property, it will create better access. Dan's Mountain is one of our largest, most contiguous State-owned forests. This is part of that complex so it's a really, really neat property.

LIEUTENANT GOVERNOR RUTHERFORD: Ninety-one out of 100 in terms of the POS score, so that's great, great to be able to add that. How many acres are there, do you know offhand?

MS. HADDAWAY-RICCIO: 9,925. This will be in addition --

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

MS. HADDAWAY-RICCIO: -- to that.

LIEUTENANT GOVERNOR RUTHERFORD: Almost the size of Bruce Bereano's estate.

(Laughter.)

COMPTROLLER FRANCHOT: I just want to thank Secretary Haddaway-Riccio for doing a great job. It's not easy. And the fact that we don't have a lot of complaints and things, questions to ask, just means you -- keep it up.

MS. HADDAWAY-RICCIO: Thank you, sir.

LIEUTENANT GOVERNOR RUTHERFORD: You have to deal with a lot of stakeholders. Emily knows that.

(Laughter.)

COMPTROLLER FRANCHOT: Move approval, unless the Treasurer --

TREASURER DAVIS -- (indiscernible)

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LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MS. HADDAWAY-RICCIO: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you for visiting the park in the rain.

MS. HADDAWAY-RICCIO: Yes, thank you for visiting the park in the rain.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. University System?

MR. HICKEY: Good morning, Governor, Mr. Comptroller, Mr. Treasurer. Tom Hickey representing the University System of Maryland. We have seven items on the Agenda for your consideration and we're happy to answer any questions you may have.

LIEUTENANT GOVERNOR RUTHERFORD: I want to thank you on Item 2 on the Small Business Reserve mechanical contract, contract vehicle. So thank you for utilizing the program and bringing in these companies. I don't have any questions. Questions?

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: Second.

MR. HICKEY: Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: Tom, good to see you. Take care. Department of Transportation, the.

MR. PORTS: The Department of Transportation, good morning, Governor, Mr. Treasurer, Mr. Comptroller. For the record, my name is Jim Ports, Secretary for the Maryland Department of Transportation. And the Maryland Department of Transportation is presenting 20 items for your consideration and we'd be happy to answer any questions you may have.

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LIEUTENANT GOVERNOR RUTHERFORD: I think we reached out to the former Treasurer to let her know that MAA was purchasing eight electric buses to make her happy for the day. I believe we reached out to her to let her know about that.

TREASURER DAVIS: If it's appropriate I believe --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER DAVIS: -- Item 7. I had heard from one of my former colleagues on this one. It's regarding the transponders. And while I don't think it's directly related, some of the questions that they have been getting and I told them I would relay it on as it relates to the vendor and the processing of the transactions for the various tolls, ICC and so forth. Is there a connection there? Is there -- let me get this correct. In terms of the, I guess the struggles, with getting the notifications as it relates to, you know, the transactions, the tolls, and so forth. For example, I know I recently spoke with a citizen. They had received a notification that they owed for a toll and then like three days later they were told, they received a second notification, literally three days later, that they, it had increased because they were late in paying the toll. And from the time they got it to, they submitted it, it was just three days. So while I know this is probably more along the lines of purchasing, while I had the opportunity, I was just wondering if between the vendor, the agency, where are we at with that?

MR. PORTS: Okay. So I would be happy to answer that. You're right. This transponder issue is not related to that, because the transponder is done by EZPass, not technically the vendor, right? The vendor is just the ones who order them for us and then control the disbursement of them. But you asked a lot of questions in there. So let me try to start from the beginning.

So we did have a plan to go to all electronic tolling and that plan

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worked out to about 2027. But unfortunately, around March 17, 2020, COVID hit. And you might recall that we had a lot of toll collectors in the booths. And when the Governor talked about shutting things down as far as for COVID and trying to get control of this invisible disease, if you will, we had to take the toll collectors out of the toll booths. Because at that time we didn't want people transferring the disease to our collectors, or from our collectors to the traveling public. So we immediately had to go to all electronic tolling, which again we were not ready for at the flick of a switch, right? We had a plan but weren't ready for that. No one was ready for that.

So we were in the middle of a transition between our current vendor and our new vendor at that time. And because we had to go from a lot of cash customers to all electronic tolling, we had no opportunity to switch the system, the software system, the new vendor didn't, and neither did the old vendor. Because, as you know, when you get a video toll at six dollars, I'm talking about for legacy, like let's say the Baltimore crossings, a video toll is six dollars. The old cash rate was four dollars. And the transponder rate, or the EZPass rate under Governor Hogan was reduced to three dollars. And so we couldn't in good conscience have all those customers who were normally paying four dollars a day as cash customers get hit with a six dollar toll. That would not be right. Again, we didn't have time to change the software system so we ended up starting a backlog. Okay? That was the beginning of the backlog. And then through the process of switching from one contractor to another, that created more of a backlog because of the transfer of the information from one system to another.

And then of course, the ICC was a different issue. The ICC is different than our legacy systems. Our legacy systems, if you go through, that's

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one trip, right? You go through the Harbor Tunnel, one trip. Come back, one trip. On the ICC, you go through several gantries, up to around 15. So one trip for you might be three gantries. A trip for me might be five gantries. So we do not send those out single issues at a time, because it's like your credit card. Your credit card doesn't send you a bill every time you have (use) a credit card, they combine them for a monthly bill. Well, it's a similar process to that for the ICC. We bundle those transactions for the gantries together and send you one bill. And again, because of the transition between the old vendor and the new vendor, that was something that we had to hold.

We also recognized there were plenty of people losing their jobs or reducing their hours. So they were not commuting. They were commuters, now they are not commuting. We didn't think it was fair to continue the commuter charges and continue billing them for that. So we had to work with those customers.

Again, none of this information, none of this stuff that I just shared with you, was anticipated in the original RFP. The original RFP had cash customers. We took that away. Now we're going with all video of some kind. And so all of those issues together created a backlog and that's what you are seeing. So we are winding down the backlog. Last I heard, I believe we are 99 percent complete on the EZPass backlog, which is mostly ICC related. And then we are 91 percent complete on the video tolls. So we are very, very close. And I believe once we get through this backlog, then you are going to see some of the customer issues stop.

LIEUTENANT GOVERNOR RUTHERFORD: Jim, how do you address the part, that he said a constituent had said that they were first notified of these charges and then three days later they are getting --

MR. PORTS: Oh, I'm sorry. Thank you, Governor, because I did want to address that also. Thank you for reminding me. So one of the things that we also faced is postal service delays. And look, we've all gotten them. I got my, my birthday is December 1st. I think I got it around February 3rd, my birthday cards. So we are facing that all over the nation, not just for EZPass or for MDTA. And so when a customer calls us and says, look, I just received this, I only have three days to pay, or whatever the case may be, we automatically waive the civil penalties. And we don't even argue with them. We don't even question them. We just say, okay, you got it late, we're going to take care of you and we're going to make it right. Because, as you know, with Governor Hogan, customer experience is extremely important. So we're going to do that.

Now we also recently, the Board, put in place our customer assistance plan. And so from February 24th on to November 30th, nine months, we have basically waived all civil penalties to give people a longer period of time to pay their tolls. We can't waive tolls.

TREASURER DAVIS: Let me ask that, just so I'm clear on the explanation. So do they, if someone were to, in this situation that I described, is it automatic? Or do they need to contact the department first to get that, I guess that fine or that penalty rescinded?

MR. PORTS: So they would have to call us because we don't know they are getting their mail late, right? We don't have a way to know that they are getting their mail late. So they would have to contact us. Similar if I have a problem with my credit card company, you know, I call them, right? They don't know. So but then from that moment on, we work directly with them. But now, like I said, since we have the customer assistance plan put in place on the 24th, all the civil penalties are waived automatically. So they don't even have to

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call us right now on that part.

TREASURER DAVIS: Beginning February 24th?

MR. PORTS: Beginning February 24th, because it has to take an action of the Board according to our trust agreement.

TREASURER DAVIS: Thank you.

MR. PORTS: Sure, thank you.

COMPTROLLER FRANCHOT: Could I ask a few questions? Is Director Pines available?

MR. PORTS: He is right behind me.

COMPTROLLER FRANCHOT: Good. Could you come up, please, and identify yourself? What was the original contract --

LIEUTENANT GOVERNOR RUTHERFORD: Let him introduce himself.

COMPTROLLER FRANCHOT: Okay, go ahead.

MR. PINES: Pardon me. Good morning, Governor, Mr. Comptroller --

COMPTROLLER FRANCHOT: I'm glad you are here.

MR. PINES: -- thank you. Mr. Comptroller, Mr. Treasurer, my name is Will Pines. I'm Acting Executive Director for Maryland Transportation Authority. I'm happy to take your questions.

COMPTROLLER FRANCHOT: What was the original Kapsch contract, when it was approved? I believe it was 2019.

MR. PINES: So this contract was originally approved in 2012 and the base contract value was --

COMPTROLLER FRANCHOT: -- contract. I'm talking about the switch from one vendor to another. Didn't that occur in 2019?

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MR. PINES: That's a little bit more of a complicated story. So there is actually the original contract, which Conduent held at that time, included both lane side services and the back office services. So the new vendors are actually split into two separate contracts. Kapsch does the lane side services. So essentially, Jim talked about all electronic tolling, where you drive down the highway and we have equipment on the gantries that actually reads when the motorist drives through. That contract Kapsch has. Back office services are things like sending out the mailings to the customers, the civil penalty waiver program that Jim mentioned, those are implemented by the vendor TransCore that does our back office services.

COMPTROLLER FRANCHOT: Okay. And how much was the split, or not split, the total contract --

MR. PINES: I do --

COMPTROLLER FRANCHOT: -- from 2019?

MR. PINES: I do apologize. I don't have the specific contract values for those contracts, just simply because --

COMPTROLLER FRANCHOT: Well I vaguely remember, not that I am like a --

LIEUTENANT GOVERNOR RUTHERFORD: -- separate contracts.

COMPTROLLER FRANCHOT: -- it was, as I recall, since it was several years ago, hundreds of millions of dollars and it was one that was awarded under protest and it was one that I voted against specifically because I said I doubt the ability of these two vendors to actually deliver what they say they are doing. Remember, it was under protest?

MR. PORTS: Well let me address that, Mr. Comptroller --

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COMPTROLLER FRANCHOT: -- Mr. Secretary, let me just, I'm speaking to the Director here.

LIEUTENANT GOVERNOR RUTHERFORD: I think Jim was the Director at the time.

MR. PORTS: Well, but he worked for me so let me answer that question, if you don't mind. I recall it a little differently. It was under protest.

COMPTROLLER FRANCHOT: What was the amount?

MR. PORTS: It was -- I don't remember the amount. It was, because again, we were here for this contract. So we're not here for the entire contract. So we didn't have that, we don't have that before us. But had you asked that prior we would have had that information for you. But I recall it slightly differently. I do recall that you voted against it.

COMPTROLLER FRANCHOT: Thank you.

MR. PORTS: But, but --

COMPTROLLER FRANCHOT: On what grounds?

MR. PORTS: -- on what grounds? Because it was under protest, not because you were questioning the fact that the vendor could or couldn't do the job. As a matter of fact, TransCore, if my math is correct, does about 80 percent of all EZPass transactions in the United States. So I would be surprised if you questioned their ability to do this contract. But I do recall that you did specifically say that it was under protest.

However, you and I both know that in the law and in the regulations, you are allowed to move forward in the face of a protest. Now, I do recall you saying you didn't think we should move forward in the protest, but it was protested. It went to the Maryland State Board of Contract Appeals, which is the proper place for it to go. And quite frankly, the State Board of Contract

Appeals agreed with us, that they did not have the right to be able to protest and that there was no reason that TransCore and Kapsch couldn't move forward with that contract in the face of a protest.

COMPTROLLER FRANCHOT: What about --

MR. PORTS: So they did agree with us.

COMPTROLLER FRANCHOT: Yeah, so let me get back to Director Pines, if I could. Could you just shed a little bit of light, because we have, as the Treasurer said, a lot of complaints coming from people, as in phones not being answered, as in accounts of EZPass customers being overcharged, as the Treasurer mentioned. Last month, WBAL reported that a customer enrolled in a commuter plan was being charged six dollars instead of \$1.40 for a trip across the Key Bridge. Is this an issue with the transponders which we are voting today, or the system itself?

MR. PINES: No. So a couple of parts to the question there. Let me dissect it a little bit. So Secretary Ports mentioned that there's a lot of issues that have been impacted by the pandemic. The backlog of video tolls, where we transitioned overnight and essentially switched about 15 percent of our customers who were cash customers to a video customer overnight, that is the predominant group of individuals that we are receiving phone calls from regularly. You have a big customer base, not only did they get converted from cash to video, they also did not receive their mailings, as Jim mentioned, for many months with that pause and all the transition. So that's the root cause of the majority of the calls that we get.

COMPTROLLER FRANCHOT: That was a government decision, as I recall the Secretary was saying. That was a government decision that we made, our government. And the question I have is now you've got a mess,

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because you have got a ton of people out there. So shouldn't government do something a little bit more than work through the backlog --

MR. PINES: Well that's --

COMPTROLLER FRANCHOT: -- to take care of this issue that government created?

MR. PINES: So that's what the customer assistance plan does. So when Jim, you mentioned you asked about phone calls. One of the really key elements of the Board approved customer assistance plan is that it has already significantly helped us reduce our wait times, where folks know that they have an opportunity to automatically have those civil penalties waived. They don't need to call us anymore. Our wait times last Thursday on average were six minutes and Friday were 11 minutes. So we have seen a very substantive reduction in both the volume of calls and the wait times. Now, they vary through the day, kind of addressing your point. There are still points where somebody may call us and have a longer wait time. And we certainly through the program are going to be continuing to expand how many agents we have available to help. But the big core issue that we heard with folks calling us, again, they were frustrated that they were getting these video tolls, that they were coming later than expected. You know, why am I getting something from 2020? They didn't want to have to pay late fees and they were frustrated that they had to wait on hold so long.

COMPTROLLER FRANCHOT: Okay.

MR. PINES: The program --

COMPTROLLER FRANCHOT: Okay. So no, this is, I understand what you are saying. Mr. Treasurer, I am going to move to defer this for two weeks because I got communications from your former colleagues, my former colleagues. I don't think this system is fixed. I think the root cause is us

on the government side and we need to make sure that whatever solution it is, I mean, have you considered just a blanket amnesty?

MR. PORTS: That's what we --

LIEUTENANT GOVERNOR RUTHERFORD: That's what it is.

MR. PORTS: That's what we did.

LIEUTENANT GOVERNOR RUTHERFORD: Yeah.

COMPTROLLER FRANCHOT: For all, no.

LIEUTENANT GOVERNOR RUTHERFORD: They can't waive the fee --

MR. PORTS: -- can't waive tolls.

LIEUTENANT GOVERNOR RUTHERFORD: They can't waive the toll --

MR. PORTS: It would be against the trust agreement. We can waive civil penalties. We cannot waive the tolls. That would make the trust agreement --

LIEUTENANT GOVERNOR RUTHERFORD: -- got a bond issue.

MR. PORTS: There's a, yeah, I mean --

COMPTROLLER FRANCHOT: -- still like a way to defer it for two weeks to see whether we can get some confirmation that this problem is actually going to be fixed.

MR. PINES: If I may, related, as the Secretary mentioned, related to the customer assistance plan, we will be coming back to the Board for those contracts to actually have modifications that deals with the changes that we've talked about here, making the modifications to the software. So if there is a, this contract is really about supplying transponders and making sure that we have

adequate inventory for the numerous customers that need transponders to be able to not get video tolls. You will get another bite at the apple on these questions when we bring those contracts back for the modifications.

COMPTROLLER FRANCHOT: When is that?

MR. PINES: We are -- I'm sorry. Go ahead, Secretary.

MR. PORTS: Spring of '22.

MR. PINES: That's correct.

MR. PORTS: Soon.

MR. PINES: Very soon.

MR. PORTS: We're in negotiation --

COMPTROLLER FRANCHOT: -- mention the fact that we are obligated under bonds. Why doesn't the State assume responsibility for the mess that it has created?

MR. PORTS: Well so let's --

COMPTROLLER FRANCHOT: And simply give, pay whatever the amount is for, or at least give me some idea what the amount is so that we keep our good relationship with the bonding community. But this is once again not something that the individuals out there that are complaining are at fault for. It's something that happened to them. And we didn't obviously have the strategic planning for the software. We're playing catch up. I applaud you for doing that. But I think that we need to deal with this at least --

LIEUTENANT GOVERNOR RUTHERFORD: You know, I think

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COMPTROLLER FRANCHOT: -- Legislature --

LIEUTENANT GOVERNOR RUTHERFORD: -- but everything is great in hindsight. And you were one of the people who said let's get rid of

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these toll booths early.

MR. PORTS: Yeah.

LIEUTENANT GOVERNOR RUTHERFORD: You know, I remember that. And we were going through this and they moved fast, but the original contracts didn't call for that. The original contracts didn't call for a pandemic, okay? And it's easy to sit back two years later and say, oh, you should have thought about this, and you should have thought about that, that you weren't going to be accepting cash, that you were going to have different people being charged differently. They have a, you know, basically a moratorium in place, a waiver process in place with regard to the additional charges, the penalties. I'm not sure what you are looking for here. And they can't waive the tolls under the bond agreement.

MR. PORTS: We were reacting to COVID. That's what started this. And it's no different than you changing the tax dates due to COVID. We reacted to COVID, took our toll collectors out of the booths to protect them so they would not get sick and so they would not spread the disease. Now, if you say that's a problem we caused, I don't understand that. And there is a fundamental difference that between the MDTA and the general fund. And you probably know this from your days on Appropriations. But the MDTA gets all their funding from tolls and they get it from their bond holders. But the general fund is completely separate. They do not get general fund monies and they do not get TTF monies, or Transportation Trust Fund monies.

COMPTROLLER FRANCHOT: Well I still think there are a lot of questions and I think our people, at least the folks that I talked to, Delegate Carr and others, I haven't talked to him but he has texted me, have a lot of concerns. And I think that we should, I would move to defer it for two weeks and see if we

can get some further assurances that this problem is actually going to be fixed.

MR. PINES: If I could address one other point that you made, just to kind of help. We are in a new normal in many ways, and I think we all know that. That the pandemic has changed a lot. You mentioned commuter plans and getting charges that were different than what folks are used to. We have seen many folks who telework now that are not traveling as often and are not meeting the requirements of the approved commuter plans that are established. And so those are set up that you actually have to be a commuter in order to receive that toll rate. And so we are working really hard where there are, I don't want to blame the customer, but there are many instances where there is just an education that needs to happen on if you are only driving in two days a month, you are not technically a commuter anymore. Having a commuter plan is actually not beneficial for you as a customer. You should switch into a different plan. So those kinds of things, just it's like anything else, just because you read it on the internet doesn't make it true. And we know there is a lot of that and we're working really hard on the education piece.

LIEUTENANT GOVERNOR RUTHERFORD: The point is that what once was, you know, I don't know what the requirements as a commuter, five days a week or a certain amount of days per month. But if you are a hybrid person now, it's just like me going through the tunnel, you know, on the weekends. Two days a month or you know, a couple of days a month. So I could see that that is going to be a challenge. And you are going to get complaints because they are getting bills, but they say, wait a minute, my bills were always this because I'm a commuter. And it's like, but you're not a commuter anymore.

MR. PORTS: Mm-hmm.

MR. PINES: And that's just one example. I mean, we could spend

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a lot of time --

LIEUTENANT GOVERNOR RUTHERFORD: Well, I think we should go forward. Mr. Treasurer, if you --

TREASURER DAVIS: This is where I stand on this. I think we should go forward too, for the simple fact that this is just about the transponders, this particular point, and it's important that we have enough available. I'm comfortable with that argument. I'm also comfortable with I guess the amnesty parameter that you all mentioned. However, as was brought up, I believe that you said Spring '22, so we are talking about another couple of months at most, that that contract will be before us and then we can really, you know, continue this discussion. For me, I think that would probably be the more appropriate time to really, you know, bat this around some more. Just, you know, just so that we're making sure that we're providing the best possible service to the citizens of Maryland and that certainly we are getting what we are paying for. So my, I would vote to move forward with this one and then to have, continue this robust discussion on the next contract that comes before us related to this matter.

LIEUTENANT GOVERNOR RUTHERFORD: We can see --

MR. PORTS: We'll be happy to.

LIEUTENANT GOVERNOR RUTHERFORD: We can see where we are from a customer service standpoint. Mr. Pines, if I recall, you are a West Ham fan?

MR. PINES: Say that again, I'm sorry.

LIEUTENANT GOVERNOR RUTHERFORD: Are you a West Ham fan?

MR. PINES: No, I'm a Maryland grad. I was born and raised in Maryland, from the Eastern Shore. So --

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MR. PORTS: That's soccer.

MR. PINES: Oh, sorry.

LIEUTENANT GOVERNOR RUTHERFORD: Someone else that I met down at the Bridge --

MR. PORTS: The Comptroller would know what he's talking about.

COMPTROLLER FRANCHOT: So I would like to have this item voted on separately because I continue to be --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Any other questions on Transportation's Agenda?

COMPTROLLER FRANCHOT: Yes. I would like to ask a question about 8-M. I don't have any questions on the item, but since we have the Port Administration I believe with us today, I did want to take an opportunity to ask a few questions regarding the Port of Baltimore's trade relationship with Russia.

SECRETARY GONTRUM: Secretary Ports, who would you like to --

MR. PORTS: I'm sorry?

SECRETARY GONTRUM: Who would you like to call on for that?

COMPTROLLER FRANCHOT: Is Secretary Bill Doyle on the call?

LIEUTENANT GOVERNOR RUTHERFORD: Director.

MR. PORTS: I don't know if Bill Doyle is on there or not.

LIEUTENANT GOVERNOR RUTHERFORD: You can get that information to him with regard to any activity with Russia. I don't know what --

COMPTROLLER FRANCHOT: (Indiscernible).

MR. PORTS: Yes, I mean, there are moves I know across the nation as well as with the Congress that are taking up that issue from an international standpoint. But I would be more than happy to get that information -
-

COMPTROLLER FRANCHOT: -- for example, are we exporting to Russia and what are we importing from Russia?

MR. PORTS: We can get that for you. We can get that for you.

COMPTROLLER FRANCHOT: The Port Director is not available?

SECRETARY GONTRUM: Mr. Doyle is not on the call.

COMPTROLLER FRANCHOT: Okay --

LIEUTENANT GOVERNOR RUTHERFORD: If you want to know what items are coming in and going out, that's not a problem.

COMPTROLLER FRANCHOT: Yeah, import and export. My understanding is we are exporting and importing more than a billion dollars' worth of Russian commodities and other items. And I think it's something we should be aware of. So thank you.

MR. PORTS: Mm-hmm, sure.

TREASURER DAVIS: If I can, Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

TREASURER DAVIS: -- I just wanted to congratulate the department as well. I noticed that with the bidding that it had, while the project had a 29 percent MBE participation goal, the prime contractor --

MR. PORTS: It's 100.

TREASURER DAVIS: -- MBE so it ended up a 100 percent MBE

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LIEUTENANT GOVERNOR RUTHERFORD: Oh eight, yes.

TREASURER DAVIS: Yes. So congratulations on that.

MR. PORTS: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions on Transportation? So we have seven, I believe to, vote on seven, do we have a motion to approve?

TREASURER DAVIS: So moved.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, and I'll second. Opposed to 7-M?

COMPTROLLER FRANCHOT: (Raised hand).

LIEUTENANT GOVERNOR RUTHERFORD: And on the remainder of the Transportation Agenda?

TREASURER DAVIS: I move favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Aye.

COMPTROLLER FRANCHOT: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Thank you. The Department of General Services and the illustrious Nelson Reichart.

MR. REICHART: Good morning, Governor, Treasurer, Comptroller. For the record, I am Nelson Reichart, Deputy Secretary of the Department of General Services. Today we are presenting 42 items on our Agenda. DGS is withdrawing Item 30-IT at this time. The Agenda features about \$8,121,832 in capital grants and loans, including a \$2 million grant to the City of Annapolis for flood mitigation and \$2 million for the Maryland Center of History and Culture in Baltimore City for building renovations. DGS has been notified

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that there is a speaker request for Item 38-RP, our declaration of surplus property for Crownsville Hospital. We have representatives available to answer any questions that you might have on our Agenda.

LIEUTENANT GOVERNOR RUTHERFORD: Any questions for the department?

TREASURER DAVIS: I'm sorry, which one was being pulled?

MR. REICHART: Item 30-IT.

TREASURER DAVIS: The drones?

LIEUTENANT GOVERNOR RUTHERFORD: The drones.

MR. REICHART: The drones, yes.

COMPTROLLER FRANCHOT: I had a question about 22.

MR. REICHART: Item 22 –

LIEUTENANT GOVERNOR RUTHERFORD: Secretary Green is here.

MR. REICHART: Secretary Green is here and also Stuart Nathan is available, principal counsel.

MR. GREEN: Good morning, Governor --

LIEUTENANT GOVERNOR RUTHERFORD: Good morning.

MR. GREEN: -- Comptroller, Treasurer. We're here to answer any questions you may have on this item. This is a food order and management services contract for the Department of Public Safety and Correctional Services. It's a contract that we have worked on now for three years. It has probably been one of the more collaborative and focused contracts we have had and we are very excited to bring this before the Board.

COMPTROLLER FRANCHOT: I think you should identify yourself.

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LIEUTENANT GOVERNOR RUTHERFORD: You didn't say --

MR. GREEN: Robert Green, the Secretary of the Department of Public Safety and Correctional Services.

COMPTROLLER FRANCHOT: Right. So it's a \$141 million, five-year contract to Aramark Correctional Services to provide food products and an inventory management system for Maryland's 22 (indiscernible). I'd like to first thank you and your staff for speaking with my office to address the concerns I had with this contract. I have a few additional questions.

It's my understanding that the ordering of food, managing, and the tracking and delivery is currently being handled in house and this is moving it into this company's purview.

MR. GREEN: Thank you for that question, Mr. Comptroller. It's an in house process managed by our registered dietitians. We order food, go direct off of the statewide contract. This would provide a bit more efficient process for us in being able to really bring in, I think the key piece to this is bringing in our local farmers with a 20 percent goal. We have worked with Ag to be able to buy locally certified produce. It doesn't replace any individuals in our system. There is no staff loss. It allows us to take advantage of the efficiency of a system, a buying system of fresh fruits, fresh vegetables, in a product manner where we are really building a meal and not just purchasing commodity.

COMPTROLLER FRANCHOT: Okay, and that makes sense because agriculture is the largest commercial industry in Maryland. But has this new contract winner committed to the same percentage of its food expenditures going to Maryland certified local farm enterprises, as the department currently does?

MR. GREEN: They have committed to the 20 percent goal that

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Agriculture helped us with. It's part of the legislation. I would tell you, Mr. Comptroller, I view that goal as the basement, not the ceiling, that we will really be able to add on and create this pathway to local produce. I have learned much about this process, the 16 fruits that we produce, 41 vegetables, what is available to us, what our growing season is. And this will connect that path. But again, that 20 percent goal, fully committed to, it's contractually obligated. And again, I see that as the basement and not the ceiling for what we want to achieve for our local farming community.

COMPTROLLER FRANCHOT: Okay. I notice that only two bids were received on the contract. Could you comment on the significant price difference between the two vendors? According to my notes, Aramark's financial proposal was nearly \$60 million less than the other vendor and that is a pretty substantial difference, particularly considering that both companies have similar contracts in other states for the same services.

MR. GREEN: Thank you, Mr. Comptroller. We did evaluate that. We started with eight vendors that came to the pre-vending conference. We had two vendors that bid on it, the two vendors that are noted in your packet. When we issued the last BAFO, where we I would say significantly made very clear the 20 percent focus on local farmers, that's where the cost increase came in. We have evaluated -- the cost difference, shall I say. We have evaluated that cost difference. The vendor that is presented here today, Aramark, the cost per meal is very much in line with the ten states in which they deliver that currently. So we believe that they absolutely can deliver at that cost.

COMPTROLLER FRANCHOT: Okay. So their financial proposal is \$3.17 per meal. What is the State's current average cost per meal?

MR. GREEN: Our average cost per meal is about \$4.29 and we

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averaged that out over a five-year period. So we can hopefully achieve a very significant reduction in meal cost while serving our local farmers' fresh produce into our system and do it in a very efficient manner. The price structure is tiered based on the population. So we have exposure to a cost at \$3.33 a meal, which is capped in the contract.

COMPTROLLER FRANCHOT: And are you confident that we're not going to get a request down the road to increase and add more funds to this contract?

MR. GREEN: Mr. Comptroller, I don't know that we would ever be completely confident. I think this structure that we have established puts a lot of our own skin in the game in this contract. We are going to hold them accountable for the goal. We have our colleagues at Ag that have supported us in this endeavor. We have listened to the questions from DBM, your staff, everyone has really given us a great deal to look at and be conscious of as we manage this contract. It has significant reporting requirements. There is a reporting requirement I think back to the BPW. But for us, I am confident that we can achieve savings and I am very confident that we are going to invest significantly and up to just on the value of the contract, for its term, up to \$28 million in local produce and local product in Maryland. And I think that's a minimum. And we're going to seek for that to be significantly more.

COMPTROLLER FRANCHOT: And just to conclude, the in house staff, where are they being assigned to?

MR. GREEN: Our in house staff will still be doing the menu preparation, ingredient control, they control the menu. Our registered dietitians have to set the national standard to make sure the caloric intake is where it needs to be. They are going to be looking at how that meal is prepped. They are going

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to be doing what they have always done as well. Rather than just managing a system on an Excel spreadsheet, they are going to be participating in the development of these meals in a much broader sense, doing what they do around workforce development in our kitchens. And across the country, Mr. Comptroller, I think some systems have looked to just privatize food, privatize the food, the service, the staff. We have this all coming together for us. Staff are going to continue to teach, educate, manage, and as this system learns I think we're going to learn a new paradigm shift in how we manage the business of food service. But we will have no one losing their job. I think we will be able to expand what we are able to do really downstream with medical diets, outcomes in our system. And the staff are going to be consciously watching all of that and learning a new way of doing business.

COMPTROLLER FRANCHOT: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Did --

TREASURER DAVIS: Please. First of all, welcome, Mr. Secretary, and I too want to congratulate you on the Maryland certified local farm enterprises on the 20 percent goal. I also noticed on this particular project you have a goal of 25.62 for the MBEs. I believe that's totaling in the neighborhood of \$12 million. And I want to congratulate you on that as well. Are you comfortable that you have the processes in place that the vendor will be able to meet that goal?

MR. GREEN: Thank you for that question and I believe we are now at about 26.9 percent proposed at this point.

TREASURER DAVIS: And the agency will be able to stay on top of it, if the number starts to slip or things of that nature?

MR. GREEN: We are very conscious of those MBE goals and we

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want to support them and make sure that we do stay on top of them, yes sir, Mr. Treasurer.

TREASURER DAVIS: Thank you, Mr. Secretary.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions before we move to --

COMPTROLLER FRANCHOT: Item 38.

LIEUTENANT GOVERNOR RUTHERFORD: I think that's where we have the person testifying.

MR. REICHART: Item 38 is Crownsville Hospital --

LIEUTENANT GOVERNOR RUTHERFORD: Crownsville, yes. Do you have a question, sir?

COMPTROLLER FRANCHOT: Yes, if, who am I asking the --

LIEUTENANT GOVERNOR RUTHERFORD: You're asking Nelson.

MR. REICHART: Webster Ye is here also from the Department of Health.

COMPTROLLER FRANCHOT: Good. So this is the request to declare 458 acres of State property surplus in the heart of Anne Arundel County. And it's my understanding that it's the intent of the State to transfer this property, the former Crownsville Hospital Center, to Anne Arundel County for a dollar. I guess before we vote on the item, I have several questions, but I'd also like to hear from the Department of General Services and Mr. Ye if he's involved and other agencies as to how we arrived at this decision to declare this large piece of property surplus. Thank you. I see Mr. Ye is up before us.

MR. YE: Thank you. Governor, Mr. Treasurer, Mr. Comptroller, Webster Ye on behalf of the Maryland Department of Health, Assistant Secretary.

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Thank you for that question, Mr. Comptroller.

With respect to the Crownsville Hospital, Item 38-RP, before the Board, this ties into the Department of Health's master facilities plan. We were asked by the Budget Committees in 2017 and 2018 to conduct a facilities master plan study of all of our facilities across the State. And it took us a little bit longer thanks to COVID, but we submitted the report last September. As part of the study, which involved a clinical based aid determination for all of our facilities, one of the conclusions was that the Crownsville Hospital Center, the facilities on the property, one, it would not be feasible to bring them back up to modern standards and effectively we would need to construct new buildings there. Second, that the capacity in Central Maryland for psychiatric hospital needs was already available in existing hospitals. And so because of that, we worked with DGS and the State surplus property clearinghouse process through the Maryland Department of Planning to ask around and see if there was any other needs. We went through the clearinghouse process and at the end, the recommendation to the Board by the various agencies, including the Department of Health, is that we surplus this land with the eventual goal to transfer it to Anne Arundel County at a subsequent Board meeting.

COMPTROLLER FRANCHOT: So from my understanding, I think you requested the Maryland Stadium Authority to take a look at it. Did you ever get any report back from them?

MR. YE: So Mr. Comptroller, we initially thought about asking the Stadium Authority to help because in 2017 it had been probably about 20 years since the Department of Health last did a facilities master plan. And with all due respect to my colleagues, we're health folks, we're not real estate folks at the end of the day. So we were looking for places to help. And it turned out after we

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asked around that DGS and DBM were the right process. So DGS has guided us through this process over the past couple of years and that's why we did not use the Stadium Authority.

LIEUTENANT GOVERNOR RUTHERFORD: I would have raised holy heck if you had gone to the Stadium Authority to do that kind of work when we have agencies -- I just started my tirade on the fact that the Stadium Authority does more than what it should be doing. They should not be building schools. They should not be building theaters. They are Stadium Authority. They were a legislative trick to get around the laws of procurement. It's that simple. And so now they are building the Legislative Services Building -- I know, you started me.

COMPTROLLER FRANCHOT: Okay --

LIEUTENANT GOVERNOR RUTHERFORD: -- the purpose is building --

COMPTROLLER FRANCHOT: -- this is MDH asking, not me.

LIEUTENANT GOVERNOR RUTHERFORD: -- they should not be doing these things.

COMPTROLLER FRANCHOT: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: They should not be in that business. And it, you know, I hope the Legislature listens. You should tell your friends, it was all a trick to get around the law so they can say, hey, you guys go do this, no questions asked. We'll call Willard Hackerman, he'll build it for us. Or we'll call this guy. They recently put together their own rules that they said that are somewhat like the State procurement laws. But before, when I was at General Services, they had no rules. I remember telling your predecessor that, she said, well, they do a good job. I said, we'd do a good job too if we didn't

have to bid. If we didn't have to do MBE or any of that, we didn't have to do, you know, labor agreements, we'd be great. We'd just pick something, you know, two guys, and say give us a good bid. No one looks at the costs of what they do.

MR. YE: I, I --

LIEUTENANT GOVERNOR RUTHERFORD: So thank you.

MR. YE: Governor, you --

LIEUTENANT GOVERNOR RUTHERFORD: I'll step down off of my soap box now and let you continue.

COMPTROLLER FRANCHOT: Thank you.

MR. YE: You are exactly right, sir. Because we, you know, we asked around and we got that response very quickly. We then worked with the members of the Senate Capital Budget Subcommittee, you know, Senator Peters and Senator Serafini and other folks too, and then they put it in the budget language saying we needed to work with the DBM and DGS process. So --

LIEUTENANT GOVERNOR RUTHERFORD: -- him too --

MR. YE: -- during the past three years to guide us through.

COMPTROLLER FRANCHOT: Yeah, but at the end of the day, Mr. Deputy Secretary, and once again, it was your agency that asked the Maryland Stadium Authority for a report that was never done. But at the end of the day, I'm just wondering how did you arrive at the decision that I guess there is no mention of how the State or any other State agency could potentially use the site? Just acknowledgment was made by you guys that at the end of the day, that it wasn't of any further use to MDH. How does that give us --

LIEUTENANT GOVERNOR RUTHERFORD: But that's the clearinghouse, that's the clearinghouse process.

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MR. REICHART: Mr. Comptroller, if I may, that's part of the clearinghouse process, is that we go to the Department of Planning with the MDH request to declare the property surplus. They in turn circulate that availability to all of the other State and local agencies if they have a need for the property and could use it. And in this instance, Anne Arundel County has stepped forward and said we could use it. We did a similar thing with Rosewood Hospital, which was very similar to this, and Stevenson University stepped forward.

LIEUTENANT GOVERNOR RUTHERFORD: That is --

COMPTROLLER FRANCHOT: But what I'm trying --

LIEUTENANT GOVERNOR RUTHERFORD: -- it's not that they decide. They say it's excess to their needs, the Health Department. It's excess. Not that it's surplus. It becomes surplus after the clearinghouse does exactly what Nelson had mentioned.

COMPTROLLER FRANCHOT: Okay. So if I could just ask the question --

MR. REICHART: Sure.

COMPTROLLER FRANCHOT: What is it that DGS did that led you to the conclusion that declaring this massive property is a surplus and transferring ownership to the county for a dollar is the most prudent decision? Is there a study? Or did you just react to --

MR. REICHART: We did --

COMPTROLLER FRANCHOT: -- what people were saying out in the street or something?

MR. REICHART: About seven years ago we did a task force on Crownsville with members of the community and there are a number of different requests to do things with the parts of the facility. There are a lot of

environmental issues in there. Certain State agencies have expressed an interest in part of it, State Highway is interested in a section of it, we have certain parcels that are going to be deeded off because there are radio towers on part of the property that have to be deeded off. There are a number of nonprofits that are using it that will be continuing their occupancy there. So there are a number of agencies --

COMPTROLLER FRANCHOT: Yeah, I'm interested in the process and other things that you are doing. But we are transferring it for a dollar.

MR. REICHART: Well, and part of the reason, the transfer for a dollar is an option that is available to the State to a local subdivision. That property may have value and it will be appraised, but there is also a tremendous amount of environmental conditions that has to be dealt with before it could be, before it could be developed in any other manner. And I would say that the environmental conditions that have to be dealt with would probably negate a great deal of the value if it were unencumbered.

LIEUTENANT GOVERNOR RUTHERFORD: And the county has no intent --

COMPTROLLER FRANCHOT: -- can you prove that?

LIEUTENANT GOVERNOR RUTHERFORD: Well, they can tell you how much --

MR. REICHART: Actually, I believe the Department of Health is funding a phase one environmental study to see what is there. Is that --

LIEUTENANT GOVERNOR RUTHERFORD: You look at the steam pipes --

MR. REICHART: -- yet?

MR. YE: We're working with DGS right now on that appraisal, the

property survey, the environmental assessment.

COMPTROLLER FRANCHOT: Shouldn't we have that in front of us when we are voting on transferring State ownership of a very valuable, large piece of property that could have a lot of State uses, if for example --

MR. YE: Well, with respect, Mr. Comptroller, this is not the final step, sir. There is a second --

MR. REICHART: Yes, this is only the first step in declaring it surplus. We will come back to the Board with all of the other information, with the results --

LIEUTENANT GOVERNOR RUTHERFORD: Yes, the transfer hasn't --

MR. REICHART: -- appraisal values and all that.

COMPTROLLER FRANCHOT: Yeah, but the proposal is to transfer it for a dollar. And all I'm suggesting is when I read through the Department of Health's conclusions, I guess --

LIEUTENANT GOVERNOR RUTHERFORD: But you are voting on declaring it a surplus, not the transfer.

COMPTROLLER FRANCHOT: Could I just finish for a moment?

LIEUTENANT GOVERNOR RUTHERFORD: Go ahead.

MR. REICHART: Sure.

COMPTROLLER FRANCHOT: You know, this is part of the process. You know, when I saw that, I said, gosh, have we studied what the State agencies could do with that property? Have we looked at, talked to Secretary Holt about doing DHCD and some affordable housing for veterans?

LIEUTENANT GOVERNOR RUTHERFORD: There is already a plan for a veterans facility in another part of the State. The county does not want

it developed. Let me just point that out. They do not want it developed. This property has sat dormant for nearly 30 years, if not longer than that. It was dormant and in derelict condition when I was there. There are steam pipes that are filled with asbestos underneath that ground. There is other stuff out there. It will never be developed for people to be there. The other agencies all said, including DNR, they do not want it. So this is to say it's surplus to the needs of the Health Department and they will come back later with the transfer. It's never going to be developed --

COMPTROLLER FRANCHOT: -- all I'm looking for is the study that, I see there is a \$2.5 million line item, this is for the 2023 capital budget for Anne Arundel County to remediate the property out of that's \$30 million they requested to remediate the property. So --

LIEUTENANT GOVERNOR RUTHERFORD: -- request that. That's an estimate that someone had thrown out.

MR. REICHART: If I can, Mr. Comptroller, refer to the Rosewood situation, which has now pretty well worked its way through the system. There was about 200 acres of property there and 120 acres has been given to, now given to Stevenson University along with numerous capital grants to clean up the environmental issues there now so that the school can use it for athletic fields and other things. There is still a parcel left which we are working with the school on now to look at the possible clean-up of that site so that it can be used for dormitories. So it puts the property back into a viable usage, rather than just sitting vacant. And I think there are people here today who are going to give you an indication of what the community is looking for there. And as a result of the study that we did seven years ago, there are a number of different community groups that want to see things taken care of at Crownsville. But by and large they

do not want to see any major development there. There are no utilities there at all, with the exception of electric. There's no water, no sewer. Right now that system is operated off of, Maryland Environmental Services operates the water and treatment facility, which services our own building, at Community Place, and also the nursing home next door --

COMPTROLLER FRANCHOT: -- unbelievably valuable land for a dollar, for a dollar, in, you know, an area -- I'm not in favor of developing something. What I'm in favor of is making sure that the taxpayers of the State are protected and maybe there is something there that we need to look at before we begin the process of handing this property over for a dollar. And so you know, that's all I'm suggesting. And it's, you know, just tell me why this is in the best interest of the taxpayers.

MR. YE: Mr. Comptroller, if I may, I mean, there's two answers to that. The first is the community has been very clear in what they have asked for. And this has been an item that has been ongoing since the 1980s, you know, under then Senator Jack Cade and then Delegate Bobby Neall, and it has continued on for decades now. The community has made it very clear that they would prefer that the Crownsville Hospital Center land be, as the Governor said, minimally developed.

The second part is this costs the State over \$1 million a year simply to mow the grass. And so if we are able to transfer this land to Anne Arundel County, they will at some point have to assume those costs and then the county can decide what is the appropriate next steps. I think a lot of folks seem to have some interest in lower impact development for drug treatment and other crisis services. That's something I think that is a discussion best held at the county level. The State's primary interest is to ensure right now that we, for

example, extended the lease for Anne Arundel County Food Bank for I think up to 30 years a couple of years ago. And that was to ensure that they would be able to finance a new roof for that building. We have also ensured that where appropriate the various drug treatment tenants that are on this property right now have a long enough runway that they and the county potentially would ultimately have that discussion. We would submit to the Board that this is our recommendation. The Board, obviously, has the final say and we would say that this is going to save the State taxpayer money and reduce liability.

COMPTROLLER FRANCHOT: However, our vote today means I believe that when we move forward, we're only going to ask for a dollar, one dollar. Correct?

MR. YE: Well, that would be up to the will of the Board. But we would suggest that --

COMPTROLLER FRANCHOT: -- transfer for a dollar. That's what the law says. So this is not an insignificant vote. All I'm saying is I think we should have a group of studies that this is a good deal for State taxpayers.

MR. YE: Mr. Comptroller, this has been studied for over 20 years.

LIEUTENANT GOVERNOR RUTHERFORD: It really --

COMPTROLLER FRANCHOT: And where are those reports, Mr. Ye? Because --

MR. YE: -- we sent to your staff a report that's 144 pages detailing all of the facilities master plan across the State. This is an item that I think the community wants --

COMPTROLLER FRANCHOT: That was for the Department of Health. What about the other rest of the vast State agencies that may have some good idea about what this State property should do rather than giving to another

jurisdiction for one dollar?

MR. YE: Sir, I have the comments --

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller, they just said that the clearinghouse process sent it to all of the State agencies --

MR. REICHART: Yes, all the other State agencies --

LIEUTENANT GOVERNOR RUTHERFORD: -- and they all had a chance to say we need -- the State actually has more property than what it really needs, with the exception of open space property. We have more office buildings and we have so many derelict buildings. This has been an issue for 30-plus years. And every county executive, every governor, over the last several years have been trying to decide how to get rid of this property. The counties have said, you know, we want the property and we want it, but we want you to give it to us or we want you to give it to us and keep the liability of it. And finally we're getting to the point where there is a county executive that is willing to take that property. Now, it has been batted around for many, many years. And, you know, and I'm sorry that you weren't part of those conversations. But that was going on before my time at DGS and since, every governor. Maybe you should call some of these former governors. Schaefer is not around anymore, but call a few of them and they will tell you that this has been a discussion for years.

COMPTROLLER FRANCHOT: Well we had --

MR. YE: Mr. Comptroller, I can also, I can briefly summarize the testimony from the other agencies as well. The Department of the Environment, we received comments from MDE, Department of Transportation, Department of Planning, Maryland Environmental Services and the Environmental Trust, the Historic Trust, Public Television, the county. And the only non-governmental agency was a private business that expressed interest in the property. All the

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other State agencies said, hey, this is something that we don't have a specific need for.

COMPTROLLER FRANCHOT: Well, maybe some different State agencies would have a different view. Maybe there is something there that we should look at before we sell it for a dollar.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have people here to testify? I don't have the list. Do you have -- Bruce Bereano I think is here.

SECRETARY GONTRUM: Mr. Bereano would like to testify.

MR. BEREANO: Good morning, Governor, Mr. Treasurer, and Mr. Comptroller. I am the Bruce Bereano --

LIEUTENANT GOVERNOR RUTHERFORD: Not to be confused --

MR. BEREANO: -- and I am here on behalf of two clients of mine, the Anne Arundel County Fair, which abuts immediately this property owned by the State of Maryland, and also the Pascal Crisis Stabilization Center on an Anne Arundel piece of property abutting this property.

We have grave concerns, and I know there has been lots of talk but please hear from me because I have a lot of history with this matter. I don't know, and I do stand corrected if I don't know a couple of things, I'm reading off the paperwork that has been presented to the Board, Governor. I don't know to what extent any of the current leasehold owners have been asked as to their opinions should this be made surplus property. I understand the process very well. I understand the matter that is before you. But the scare of this whole property is what happened previously under a previous county executive who is no longer in office in Anne Arundel County, who agreed to take this property and

turn it into a massive retail development, soccer, either soccer or lacrosse, I don't remember, facility. And it was public, on the front page of the newspaper. And it scared the heck out of the Crownsville community, that is a very cohesive, a very quiet, a very happy community, and very happy in accepting, because this is relevant, the many important significant health delivery services that are there which you can't put in many neighborhoods. You would get a lot of political flack.

You have the crisis center, Pascal Crisis Center, which is right there and abuts, its parking lot is right there and the building they use. You have the Gaudenzia, which does drug treatment. You have former Senator McCabe, former Secretary, who has the Chrysalis, if I'm pronouncing it, very critical. You have the Hope House, very critical drug addiction, what have you. You all know respectfully as elected officials in various capacities the difficulty of locating these critically important facilities in places. But it has always been a comfortable area in Crownsville. There has never been any problem, probably because of the history that the hospital was there and the community has grown accustomed to that.

So I don't know to what extent in the process of just making it surplus property there was any, I know my two clients didn't, weren't approached at all even though they are abutting it directly and they are going to be impacted by whatever whoever gets this property uses it for, whether it is Anne Arundel County or some other, a bigger, and changing the character and the whole community. To what extent has the Crownsville community, you know, been asked about this? And the fright is, which you can't forget, and it is recent enough, was this, you pick up *The Capital* newspaper one day and it was presented as a done deal, that this developer was going to come in and put in retail

development and housing and a soccer area and it scared the heck out of everybody. And we stopped that and I was part of that and I'm proud of that.

But what you don't know, at least I don't know, and please correct me if I'm wrong, say this goes to Anne Arundel County or someone else, what are they going to do with the property? Just what are the guarantees that for example the Food Bank is going to stay there for as long as it wants, longer than we're alive, because of the wonderful stuff that they do? What assurances do we have that Gaudenzia, that has a lease, will stay there forever and they are not going to be booted out when their lease is up? The same with the Hope House. I don't know, and I don't know respectfully if you all know. So our only protection is the fact that the State still owns it. And before putting it out there, Governor, for surplus, we need assurances, my two clients, I mean someone correct me please if I'm wrong, have any of these other entities -- maybe the current leases won't be honored. Well, where are they going to go after their leases, the difficulties they may have. As I said earlier, they don't have difficulties where they are and they are doing incredible work, not just for the people of Anne Arundel County but there are people that come from other areas that are there as well.

So what I'm asking is put this off for a couple of weeks. Let's get some more information. Because if you are going to release it as State property, there have to be some very significant guarantees so that the community knows -- I don't know, respectfully, say Anne Arundel County gets it. Whoever gets it, what are they going to do with it? I don't know. The paperwork doesn't indicate that to me. And I've made my point. But it's very important. This is, the community was incredibly scared by what happened --

LIEUTENANT GOVERNOR RUTHERFORD: No, Bruce, thank you very much --

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MR. BEREANO: And so my request is, respectfully, that it be put off for a couple of weeks so that we can get some answers, we can hear from the community, and what assurances forever are these entities going to --

LIEUTENANT GOVERNOR RUTHERFORD: -- the best place for that will be when the transfer of, the potential transfer of the property. This is to state that it's not needed, it's in excess to what the Health Department needs. So at some point, we'll be back here and there will be a transfer. And then you can hear, even before the transfer, hear from the county, hear from the tenants, the community. We know the community is not going to allow the kinds of development discussion that took place, as you just said. And it was lacrosse, it wasn't soccer. I don't want to besmirch the beautiful game.

MR. BEREANO: -- it scared the heck out of everybody.

LIEUTENANT GOVERNOR RUTHERFORD: It's the beautiful game. You know, so that really would be the time. And of course, the community can petition their local officials now. The best form of government, the most responsive government, is the one that's closest to the people. And that's the county and the local government. And so, there will be an opportunity again whenever it's decided to actually transfer the property. This is just saying that they, the Health Department, no longer needs this property. And it has gone through all of the other agencies and the local communities to say, hey, do you want this? No other State agency, including our University System, wants this property. So there will be another opportunity to raise these issues when it is transferred.

MR. BEREANO: Governor, I'm not arguing with you. But that was the problem. You had a former county executive, we don't --

LIEUTENANT GOVERNOR RUTHERFORD: But you stopped

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it.

MR. BEREANO: Well I --

LIEUTENANT GOVERNOR RUTHERFORD: The community --

MR. BEREANO: I was able to stop it because I was able to go to the State, that owned the property, that was able to exercise intelligent decision making.

LIEUTENANT GOVERNOR RUTHERFORD: But it was largely because the community stopped it.

MR. BEREANO: We're going to --

LIEUTENANT GOVERNOR RUTHERFORD: It was the community that stopped it, and they respond to the community because that's who elects them.

MR. BEREANO: And the other thing, and I'm not trying to get overly political, I really am not, but we're close to an election for county executive. Someone is going to be sworn in just in December of this year as county executive. I don't know who that person is going to be. I don't know what their thoughts and ideas are going to be with this. We really have faith in the State that has the power and the control currently with this property. We're just asking for guarantees and assurances and limitations that, whether it's Anne Arundel County or whoever else uses the property, it is not going to be a lacrosse stadium. You may have a county executive coming in that wants to resurrect that idea and so we're appealing to the authority that exists now that has the control to do it in a different way.

LIEUTENANT GOVERNOR RUTHERFORD: You know, again, whenever it's transferred. There is always the possibility of easements to be placed on these properties. Nelson, you were going to say something.

MR. REICHART: Well, exactly, there will be a number of restrictive covenants, restrictions in the deed of conveyance --

COMPTROLLER FRANCHOT: What are they? But what we really -- this is just absurd.

MR. BEREANO: -- the process, I'm not arguing --

LIEUTENANT GOVERNOR RUTHERFORD: No, it's not. It's the process --

COMPTROLLER FRANCHOT: Excuse me --

LIEUTENANT GOVERNOR RUTHERFORD: (Indiscernible).

COMPTROLLER FRANCHOT: -- so we're going to subject the community to having to do some big push back against some unknown county executive because we gave three, whatever the hundreds of acres, for a dollar to a county with no real understanding as to what the community wants and what the community views as a vision so that the State could actually help our citizens? I mean even now --

LIEUTENANT GOVERNOR RUTHERFORD: Treasurer --

TREASURER DAVIS: If I can, because this has gone on long enough. Listen, as I see it, A, we're not at that point. This discussion is premature. Secondly, that's where, what we're essentially talking about from what I'm hearing is land use. Land use is a local function. The county executive or the county council, that's where land use is decided. The State should not be in the position of holding property or not because it is effectively inserting itself into a land use decision. That's why you elect a county executive. That's why you elect a county council. And if you have, whoever that county executive may be. The people, I'm hoping that during the course of the next nine months that they are having forums so that they are hearing about land use, that county executive's

idea for land use, and those council members' ideas for land use. But the State should not be holding property or we should not be engaging in this discussion in my view because we are not the local land use body. So if we can move on with this and get to the rest of the Agenda, I think a lot of people in this room would appreciate that.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller, we can vote on this item separately.

COMPTROLLER FRANCHOT: Yes, move to defer. It's the clear thing to do because the State owns the property.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

COMPTROLLER FRANCHOT: All of a sudden we're throwing it into play where whoever it is down the road may or may not use it appropriately, and we're doing it for a dollar which is not --

LIEUTENANT GOVERNOR RUTHERFORD: Well, thank you. We're not going to defer the item. So we can vote on this item --

COMPTROLLER FRANCHOT: Let's vote on it.

LIEUTENANT GOVERNOR RUTHERFORD: Do we have a motion on Item 38?

TREASURER DAVIS: I move favorable.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Two approval, one opposed. Do we have a motion on the remainder of the General Services Agenda?

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor on the remainder. Thank you very much, everyone.

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MR. REICHART: Thank you.

(Whereupon, at 11:43 a.m., the meeting was concluded.)

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