
STATE OF MARYLAND
BOARD OF PUBLIC WORKS
ANNAPOLIS, MARYLAND

September 14, 2022
10:01 a.m.

PRESENT

HONORABLE BOYD RUTHERFORD

Lieutenant Governor

HONORABLE DERECK DAVIS

Treasurer

HONORABLE PETER FRANCHOT

Comptroller

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PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Good morning. Welcome to the Board of Public works, another rousing episode.

I just want to start off today mentioning that while today is September 14th, over the weekend we commemorated the 21st anniversary of the attacks on September 11th. I think most of us in this room, looking around, maybe a few don't remember it, maybe one or two that don't remember. I'm not going to point out which one or two. But most of us remember exactly where we were on that day and can recount it probably almost to the minute. At least, I know I can.

I was a very new appointee in the General Services Administration under George W. Bush's administration. I was one week to the day in my office when I received a phone call from home about the planes hitting the World Trade Tower and I turned on the little television in my office. And talking to the temporary reception person who was in there and felt the building shake and saw a plume of smoke go up across, you know, outside my window. And not realizing at the time that as the bird flew, that was the Pentagon. And it was, started a chain of events which I will always remember, the confusion that was going on.

I still say to this day, and I hope the District of Columbia has changed procedures, not just the District but the federal government, that I thought it was a big mistake shutting down all the buildings and putting people out on the streets that day. Because D.C. traffic is bad as it is. But then forcing everyone onto the streets when there were rumors of car bombs and all kinds of other things going on. But it was a day that you remember.

But I will praise the senior career officials who were there. Now,

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of course there were people who, you know, were in a panic and they left. And they probably wouldn't have done any good staying. But the senior career officials went into action right away in supporting the recovery efforts in New York and at the Pentagon, preparing to send vehicles, equipment up to New York. The Secret Service, which was in World Trade Center No. 6, actually lost everything. They lost all their vehicles, all their equipment, all their weapons. And so those had to be acquired and sent up to New York for support there along with FEMA, getting office space for displaced Pentagon workers.

So there was a lot of work that was done, as well as coordinating with the other regions which were receiving bomb threats. You always have wacky people that decide to take advantage of a crisis by calling in bomb threats. And working with the judges and our Federal Protective Service, which is now part of Homeland Security. But I just want to say, you know, I still remember and think about the many Americans who died that day and we will always remember. We should not forget that we were actually attacked on that day. And you know, the next day, on the 12th when I returned to work, I had sent an email to my staff the night before saying, you know, that I will be at work. I would not require them to be there. They could take leave if they felt uncomfortable. I would be there because we weren't going to allow terrorists to stop our government. So with that, I'll turn it over to the Treasurer. Any comments?

TREASURER DAVIS: Thank you, Governor. Quite frankly, nothing left needs to be said after that. So welcome everyone, and it's good to see everyone.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Mr. Comptroller?

COMPTROLLER FRANCHOT: Yes, thank you, Lieutenant Governor and good morning Mr. Treasurer. And I'd like to obviously join the

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Lieutenant Governor by joining frankly all Marylanders and include our fellow Americans across the nation. Your statement is very personal and very detailed and but obviously, we are continuing to commemorate the 21st anniversary of the terrorist attacks. And hats off to the Lieutenant Governor for his actions and but we remember and honor the 2,977 Americans who died that day, including 68 Marylanders, and the heroism and selflessness of our first responders, which the Lieutenant Governor just mentioned. We remember and honor and mourn with the families who lost loved ones that day and we pay tribute to the thousands of law enforcement, first responders, who risked their lives to save others, the hundreds, thousands of service members, many of whom never came home, who went overseas in response to the 9/11 attacks.

And frankly, in addition to that rather grim anniversary, I'd also like to, on a little higher note but also another grieving situation, I'd like to pay tribute to Her Late Majesty Queen Elizabeth, whose remarkable 70-year reign and lifetime of service to her nation and the globe made an obviously indelible mark on the world. Our thoughts and prayers are with the Royal Family and the people of Great Britain and the Commonwealth of Nations during this time of great sadness.

And if I could, Lieutenant Governor, on a different matter I'm pleased to report that my agency, the Comptroller's agency, has completed the close out for the general fund of the State for fiscal year 2022. As Comptroller, this is one of my most important duties and I'd like to thank Sandy Zinck, Chris Kratzen, Robert Rehrmann, Andy Schaufele, and everyone from the General Accounting Division on up, including the Bureau of Revenue Estimates for their work and diligence in completing this annual process. And despite the unprecedented period of inflation that we are experiencing and the tremors that challenge the stability of the State's economy, I'm pleased to report that the State

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closed its books with a preliminary unassigned balance of \$2 billion. This year marks the first year in which in accordance with statute, portions of the unassigned balance attributable to non-withholding (indiscernible) automatically transfers to our State's rainy day fund and the fiscal responsibility fund. \$500 million of the \$2 billion unassigned balance will be transferred to the rainy day fund because of this, and \$370 million will be transferred to the fiscal responsibility fund, which supports PAYGO, capital funds for construction projects for K through 12 public schools, public community colleges, and public higher education institutions.

In addition, of the \$370 million being transferred to the fiscal responsibility fund is approximately \$60 million in much deserved pay increases for eligible State government employees represented by our collective bargaining units. This was all negotiated with the administration and the unions. With these transfers, \$1.1 billion remains unassigned in our fiscal year 2022 general fund.

Today's report underscores the fact that Maryland's economic bones, despite the volatility currently being experienced in our global economy, remain strong. We continue to feel the ripple effects from the COVID related fiscal and monetary policies, but it's important to note that these ripples will grow smaller and less significant in the years ahead. In simpler terms, future governors and legislators should not bank on billion dollar surpluses to be the norm in the future, as we cannot and never have defied the laws of economic gravity. With the Federal Reserve tightening monetary policy and inflation continuing to have broad impact on the cost of living and the cost of doing business for Marylanders and our small businesses, it is more likely than not that our State, our nation, and our globe are headed for choppy economic and fiscal waters in the coming years. While our State's reserves are robust and well equipped to navigate the unknown economic conditions ahead, thanks to the prudent actions by this Governor and

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the General Assembly, and frankly the Comptroller's Office in delaying the tax date and establishing also the revenue volatility cap that causes an automatic trigger to set aside excess revenues for our reserves.

We simply don't know, frankly, what awaits us in the years ahead to conclude that we have enough set aside to provide relief and assistance to residents and businesses should that become necessary if the economy turns south. That's why I would strongly urge that the final unassigned balance of \$1.1 billion be deposited into the rainy day fund, which will further bolster our State's position to respond with the urgency and speed and level of relief assistance to our residents, businesses, and communities if future economic conditions require that. We must base and heed the lessons learned from the COVID-19 pandemic with so many residents and businesses who desperately needed help. Not -- but unfortunately tens of thousands of them did not receive a dime of assistance from State government, either because they weren't eligible for the programs or the money ran out. We can't let that happen again and until we know what our economic conditions will be a year from now, it would be imprudent to spend this money.

Lieutenant Governor, I know you and the Treasurer are always very sympathetic to being tight with a dollar and I just want to indicate how proud I am and pleased I am that the State is in a position where it has the necessary reserves, provided we put them aside, to deal with whatever happens in the future. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you, Mr. Comptroller. Yes, that is, and that is very good information that we will all leave surpluses for the next administration. And you are absolutely right and I appreciate your comments, that they should not go hog wild on the spending. And Bruce, I know that is not kosher, but on the spending. Because we don't

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know what is going to happen. And there are some projecting, some, projecting that we're going to see a down turn in the next couple of years. Larry Summers for one had recently said that typically, typically, it doesn't have to happen, you have a recession at least two years after, one to two years after you have a situation where you have unemployment below four percent, and inflation above that number as well, above five percent. And so we're at that point now, that he is projecting that we may see some rough times* in the next year to two years. But thank you.

COMPTROLLER FRANCHOT: I hope he's wrong, but you're absolutely right.

LIEUTENANT GOVERNOR RUTHERFORD: We hope so. You prepare for the worst, right? And hope for the best, prepare for the worst.

COMPTROLLER FRANCHOT: Mr. Treasurer, you can play a big role in this because caution is always called for.

LIEUTENANT GOVERNOR RUTHERFORD: You've got to hold the horses. Mr. Secretary?

SECRETARY GONTRUM: Good morning, Governor, Mr. Treasurer, Mr. Comptroller. There are 20 items on the Secretary's Agenda and three reports of emergency procurements. Item 13 from Morgan State University has been revised to update the MBE compliance information. Item 16 from the Stadium Authority has been revised to update the contract term dates. Items 19 and 20 are supplemental items from the Department of Budget and Management which contain requests to use the Board's contingent fund. At the request of the Tidal Wetlands Administrator, I am making a revision to Item 5 which updates the compensation amount assessed from \$433.44 to \$630. This change will be noted on the Agenda item following the completion of the meeting. I'm happy to assist with answering any questions.

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LIEUTENANT GOVERNOR RUTHERFORD: Mr. Comptroller, you are missing the demolition of the Legislative Services Building. It's slowly coming down.

COMPTROLLER FRANCHOT: Well, I'm sorry. If people start sneezing from all the dust, let me know. But yes --

LIEUTENANT GOVERNOR RUTHERFORD: -- sneezing and coughing, yes.

COMPTROLLER FRANCHOT: -- that --

LIEUTENANT GOVERNOR RUTHERFORD: I don't have any --

COMPTROLLER FRANCHOT: -- is the type of project that frankly, which is one time only and we know what it costs and it's a capital project and it's probably something that is way, way delayed. But that's the example of what we should if anything be limiting our spending on new projects for. Thank you for reminding me that I'm in a better spot right now.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Do you have any questions? I don't have any questions on the Secretary's Agenda.

COMPTROLLER FRANCHOT: I had one on Item 17, which is the Hagerstown multiple use sports and events facility in Hagerstown.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

SECRETARY GONTRUM: We have Mr. McGuigan available from the Stadium Authority. One moment, Mr. McGuigan.

COMPTROLLER FRANCHOT: Is Director Frenz there or not?

SECRETARY GONTRUM: It's Mr. Gary McGuigan from the Stadium Authority.

COMPTROLLER FRANCHOT: Good. Well, this is a project that a lot of us have supported. This is going to reinvigorate the economy in Hagerstown and is a very important investment and it will be an economic engine.

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They are basically going to put the minor league baseball stadium down in the middle of the city. And it's going to be an absolute catalyst for economic small businesses along the edges. But I noticed in reviewing the item that I was surprised to see the Stadium Authority is just now acquiring a particular piece of the property at frankly double the appraised cost. And if we have the Stadium Authority, Mr. McGuigan or whoever here, I did have a few questions. So it's my understanding that the project that the, the item that we're voting on today is going to provide, I forget the amount, but a significant amount to a car wash and which was the remaining key piece of property to acquire. And I'm just wondering what the Stadium Authority's position is as far as bringing the project to fruition. And why exactly are we spending so much money on one particular piece of property?

MR. MCGUIGAN: Good morning, Governor, Mr. Comptroller, Mr. Treasurer. Gary McGuigan with the Stadium Authority. To answer your question, Mr. Comptroller, it's more than we wanted to spend. It was a long negotiation. It's a lot less than the car wash owner wanted to accept. But when we looked at this from a replacement cost analysis, we feel the \$6.25 million is justified. We, the car wash owner actually had data from three other car washes that had been built recently and we performed an independent estimate to arrive at the \$6.25 million number and actually had that vetted through a second estimator. And it's the last piece of property and at the end we didn't have much time to get this done and to keep the schedule, which is extremely aggressive. So we do recommend approval of this item. Thank you.

COMPTROLLER FRANCHOT: Yeah, no, I can sympathize with you because I support the project strongly. My question I guess is what tools are available to you? Do you have eminent domain or condemnation? Or are other people, other entities at the State or county level able to step in? Because you are

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right, this was originally appraised at \$3.4 million, or in that range. And now we're double that, \$6.25 million, well almost double that. And you know, this is the taxpayers' money. We're cutting the check and actually doubling the assessed value. And you know, I appreciate people wanting to get what they can from the State of Maryland. But what avenues does the Stadium Authority have? I know you are a public-private entity. But my goodness, this is, what if this person had held out for \$10 million? I assume we would have had to pay it.

MR. MCGUIGAN: We did, well we were kind of faced with a choice of whether the stadium was going to go on this property or not, at the end. We do not have eminent domain power under this project. I don't want to get too technical, but the Legislature intended us to have that power but due to a technicality, the way the language was put in our statute, after view by numerous attorneys, it turned out we did not have that power. So it came down to our options were pick another site and start over, which would have cost the State millions upon millions of dollars to start at a new site, not even counting the escalation of delaying the project for two years, or paying this amount. Which we did justify with the cost estimates we provided. You know, one of the things that, once we started meeting with the car wash owner, I was kind of sympathetic to them. You know, the State comes in and says we're going to build a stadium and relocate businesses. And this isn't an office building. You know, it's not like you can find another place locally and just move in. It's a unique operation. And it does require him to build a car wash somewhere else. So given all that, that's why I'm here today.

COMPTROLLER FRANCHOT: Well, thank you for that. I just wanted to bring it to the forefront and indicate that I wish we had settled this before we I guess picked the site that this was going to be such an expensive acquisition. But thank you for your explanation and good luck with the project. I

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think despite the somewhat highway robbery that we're being forced to pay here, I think that ultimately -- well, I hadn't seen the revised estimate following your conversation. So maybe you could send that to my office. But I'm not going to vote against this project because it's clearly something that Washington County is going to benefit and the State is going to benefit from. Thank you for the --

MR. MCGUIGAN: Thank you, Mr. Comptroller. Yes, I will send the information to you. And you know, it is a lessons learned situation of --

COMPTROLLER FRANCHOT: I'm not calling him a highway robber. I'm just saying that it's, we're being held, you know, we have, we're in a bad position as a State if everything hinges upon this acquisition and this individual can basically --

MR. MCGUIGAN: Understood. And yes, we hope not to put the State in that position again. Thank you.

COMPTROLLER FRANCHOT: Thank you, Lieutenant Governor. I know you agree with me --

LIEUTENANT GOVERNOR RUTHERFORD: No, it raised eyebrows to say the least. So thank you for, you know, your comments bringing that up. Any other questions?

COMPTROLLER FRANCHOT: I had a question on, is this Item A1 and A2, frankly. Is this the helicopter --

LIEUTENANT GOVERNOR RUTHERFORD: The helicopters?

COMPTROLLER FRANCHOT: Yes. This is like, you know, very troubling. Because obviously we're dealing with life-saving technologies here, which are elite State Police and their helicopter fast responders. So I wasn't really assured that much that the Maryland State Police Aviation Command is completely satisfied and on top of this. It sounds as if we are playing Russian roulette with these software differences that are forcing flights to be canceled. Is

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that what I'm reading? Or is there anyone --

LIEUTENANT GOVERNOR RUTHERFORD: -- there?

COMPTROLLER FRANCHOT: -- on what the situation is with Agusta and the software that is grounding so many of the State's first responder helicopters?

SECRETARY GONTRUM: Mr. Comptroller, we have Major Tagliaferri from the State Police and Mr. Toby Bernard. Mr. Bernard, are you available?

COMPTROLLER FRANCHOT: Yeah, I'm once again I'm in a position of being a huge fan of your sector. And no one works harder and under greater pressure than your pilots and crews and staff of the Trauma Center. But what exactly is the issue that causes these display screen failures and all the units that either have to be replaced or checked?

LIEUTENANT GOVERNOR RUTHERFORD: Hello?

COMPTROLLER FRANCHOT: Yes, hi. Did you hear that or --

MR. BERNARD: I did hear that. I apologize. Good morning, Lieutenant Governor, Mr. Comptroller, and Mr. Treasurer. This is Toby Bernard with the Maryland State Police Aviation Command. I'm happy to answer that question. And the component that is failing inside these display units is a microchip that is associated with the power supply. It's a known issue that Honeywell, the manufacturer of this display unit, is aware of and they have made an improvement to that. That improvement was made by way of revision or a modification to the display unit. That is currently underway. We had a good faith litigation, I guess, between the Maryland State Police and also AgustaWestland where they agreed to improve, at no cost to the State, 20 of these display units. That is currently underway. We plan on having at least 12 of them done by the end of this calendar year and the remainder of them done by the end of next

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calendar year.

COMPTROLLER FRANCHOT: What exactly happens when the screen fails?

MR. BERNARD: It is completely black, sir. The crews -- to draw a better picture, there are four of these installed in each helicopter. And it's not so much as a single display unit. It is a primary flight display. That is what the pilots use for their navigation, just like the old steam gauges in the old airplanes where they would tap and fix the altimeter and so on and so forth, that is all embedded into this display unit. So the copilot has two of these and the pilot has two of these. We are permitted to fly with three operative and one inoperative. However, when that third of the fourth go inoperative, the aircraft will be grounded at that point.

COMPTROLLER FRANCHOT: And what are the contractual obligations as far as Agusta or Honeywell? Or who is paying for this? I take it it's fairly expensive.

MR. BERNARD: It is. And I apologize, as luck would have it a helicopter is running right outside my window here. So if I'm speaking loudly, it's so I can hear myself and you. But as far as the contractual obligation, we did have that litigation with AgustaWestland because we were having a rash of these after installation. It ranged anywhere between six months and a year and a half where we had about 30 to 40 of these fail. There was a monetary cash settlement that was involved and also credits that were also extended to the State Police and so we did due diligence in trying to recoup and everybody felt as if it was a fair recouping of funds that were spent over that period of time to include the now 20 units that are to be upgraded at no cost to the State.

COMPTROLLER FRANCHOT: Okay. And the timeframe, you are going to let us know as to how these things are either replaced or fixed by

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Honeywell, please. Well what is --

MR. BERNARD: Well, the 20 units that are being upgraded is projected to, just to keep up with our operational tempo I would like to get all 20 done in the same day or the same month, rather. However, we are staging them through every time they come in for a heavy inspection, as we call it. Every 300 hours, an aircraft is pretty much set up for a 30-day period where it gets disassembled, inspected, reassembled, and then returned to service. In that time frame, we are going to identify these four display units at a time and send them out, get them upgraded, get them back, and reinstall them into the helicopter and send them on their way.

COMPTROLLER FRANCHOT: And how many have we, how many emergency reports have been filed recently as far as the helicopter fleet?

MR. BERNARD: I believe this is the third. Major, is that correct? The third?

MAJOR TAGLIAFERRI: Yes, I believe that is correct. This is the third. Mr. Comptroller, I think one of the main issues is there are no new units available for us to purchase out on the market. This is a one on one replacement. So once the unit fails, we have to pull the core out and send it in to be repaired. We can't even buy an additional unit to put on the shelf. On the market, there are just no units available based on a lack of supply. Is that correct, Toby?

MR. BERNARD: That is correct. And the price tag on one of those units, when they were available back in 2017, were \$325,000 per unit.

MAJOR TAGLIAFERRI: Correct.

MR. BERNARD: So it's very difficult to, even if they were available they would probably be in the upper \$300,000 to have a spare unit on the shelf.

COMPTROLLER FRANCHOT: Yes, all I can say is I went back

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and looked at the original procurement in 2010, which is 12 years ago. And I questioned why have a single bid award to a company like Agusta? Because I questioned whether it was good deal for Maryland taxpayers from a procurement issue because there were all sorts of concerns, and you can go back and read that presentation about concerns were raised about instrumentation failures and other technical problems with the helicopters. So I have nothing from tremendous respect for your organization and the work of the Maryland State Police Aviation Command and I assume you are on top of this. I just want to make sure you are in touch with us if you need any assistance. And your, you know, the folks that are dealing with the procurement can also reference back in 2010 concerns that were raised on this general area. Thank you.

MR. BERNARD: Thank you, Mr. Comptroller.

MAJOR TAGLIAFERRI: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

Major, can you just identify yourself for the record?

MAJOR TAGLIAFERRI: Major Michael Tagliaferri, Commander of the Maryland State Police Aviation Command.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you. Good to have you on.

MR. BERNARD: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Any other questions for --

COMPTROLLER FRANCHOT: Governor, I had one other remaining one on this Agenda, A-3. It's the emergency report from Morgan State University --

LIEUTENANT GOVERNOR RUTHERFORD: Oh, right.

COMPTROLLER FRANCHOT: -- housing contracts. And I'd

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like to hear from Morgan exactly what their plan is. Because I understand this hotel that is being rented is some distance from the campus. And so I understand the need, I'm just wondering what the strategy is as far as making sure that these young new Morgan students are part of the campus as opposed to being significantly off -- a distance from the campus. So exactly how far away is the hotel from the campus?

LIEUTENANT GOVERNOR RUTHERFORD: I think Lord Baltimore is downtown. Do you have --

SECRETARY GONTRUM: Mr. Comptroller, Governor, we have Morgan State University President Dr. David Wilson --

COMPTROLLER FRANCHOT: Oh, wow, I didn't realize --

SECRETARY GONTRUM: -- Executive Vice President Mr. Sidney Evans.

LIEUTENANT GOVERNOR RUTHERFORD: -- big dog on.

COMPTROLLER FRANCHOT: Oh, boy, okay. Well, President Wilson, thank you. And we're all huge fans of Morgan State. So you understand that. But I'd like to understand exactly what the Lord Baltimore rental of nearly 500 beds for the fall semester, can you just walk us through what the strategy is of the University?

DR. WILSON: Yes, I can certainly can. And good morning to all members of the Board of Public Works. Good morning to Mr. Comptroller, Lieutenant Governor, and the Treasurer.

So first of all, we find ourselves here at Morgan in a position that actually 99 percent of the colleges across the country might envy, and it is that since 2018, that's four years ago, we have seen nearly an 80 percent increase in our freshman year class. And so we were planning for an increase in the residential population of the institution. But quite frankly, we were projecting it

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to come a few years beyond what we are experiencing today. And so Mr. Comptroller, this is happening because students are now considering Morgan more and more as their first choice because of the quality of our academic degree programs, the improvements that the State has made in the Morgan campus that has made it more attractive. Students are selecting Morgan because of the quality of our professors and the desire on the part of so many of these students to have their college experience take shape within the cultural context of a very high quality, highly ranked, and high performing HBCU. And so as a result, this year we saw an overwhelming demand on the part of students to want to live either on the contiguous campus or in university leased housing.

It is quite unfortunate that what we have not seen around the Morgan campus is, that local developers have come in over the decades and have built apartment style homes and others that you might see around other campuses in our State. And we all have a sense of why that has not happened. And so in this particular case, we had about 600-plus students on our wait list and this was an emergency procurement for us or else those students would not be able to attend Morgan State University.

We were able to acquire the Lord Baltimore Hotel and we have put in place there a number of things to ensure that while the students are about 20 minutes away from campus, that they are still experiencing the great culture and tradition of Morgan State University. So number one, we have gone down and we have retrofitted a lounge area of the hotel to simulate perhaps a small student center. It is replete in orange and blue and a great relaxation area for the students to gather and they don't have to just come to the hotel and go straight to their rooms. I stop in at least two or three times a week. Our Vice President of Student Affairs is there about two or three times a week. We just had a town hall meeting there last week, as well. And so the students actually are connected to the

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institution even though physically they are 20 minutes away.

We also have shuttle service operations in place. The shuttles are running every half an hour. I meet with the students who are residing in the hotel to see if we are experiencing any difficulty with getting them back and forth to the campus on time for classes and so on and so forth. We have not seen any significant issues with that at all.

And so with security, we have increased security at the hotel. We have a security officer who is on each floor where we house students. Students can only go to the floor where they have been assigned. And so we have checked as many of these boxes as we can in this temporary place in which we find ourselves. And so with that said, I'll be more than happy to address any additional questions that --

COMPTROLLER FRANCHOT: I know it's a difficult situation, but it's one that's, as you say, due to the success of your institution. But this covers the fall semester. What about the rest of the school year?

DR. WILSON: And so we, the type of lease that we have with the hotel, we would be able to gauge whether there would be some "melt" among students who are currently residing in on campus housing or in housing that is closer to the campus. And if so, we would slowly move students from the hotel to the contiguous campus. And if that is the case, we have the option of renewing with the hotel at a lower number of rooms. And have some students there for the spring, but not necessary renew the lease with the hotel at the same level that we have now.

COMPTROLLER FRANCHOT: Excellent. And for next year's freshman class, you are going to continue the search for private or some kind of housing providers nearer the campus?

DR. WILSON: Yes. And so we thought we had secured that this

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year. We were in discussions with two properties in the Charles Village area. As you know, that is only about a five to seven minute drive from the campus. We really thought we had secured two of those properties, one in the Charles Village area and one actually in a neighborhood where I resided once, in the Guilford area. But for a variety of reasons, they fell through. But we are starting that process right now to see if we could secure some properties perhaps within the Charles Village area closer to Johns Hopkins University.

COMPTROLLER FRANCHOT: That you. Those are my questions, and congratulations on your success.

DR. WILSON: Thank you very much.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you. And Dr. Wilson, you have a couple, you have a dorm coming online I guess next year as well?

DR. WILSON: Yes, Mr. Lieutenant Governor. So we do have, our board has approved a seven year housing plan for us. That of course is unfolding in phases. And so phase one was where we just opened a new 670-bed, Thurgood Marshall Hall. We opened that one month ago. And then we are working toward breaking ground for a second 600-plus bed unit that will be a twin tower to the Thurgood Marshall Building that we just opened. That will be phase two. And then we are going to raze an Army-style dorm really on the campus that has no historic value and the Board has given us the go ahead in phase three to build another 600-plus bed unit in place of that particular facility.

The challenge that we have of course, as we kind of make our way through the new construction particularly and then we are also looking at renovating our legacy buildings, is that 56 percent of our students are Pell Grant eligible with about 25 percent of them being first gens. And so the challenge always is as we go down the path of P3s and we bring online these new facilities,

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how can we do that, you know, without driving away the students that actually need a college education? And we (indiscernible) because the cost of constructing these facilities of course continues to rise. And so we are kind of weighing some things because it does no one any good, not the State of Maryland, not Morgan State University, not the families from which our students are coming if we have the wonderful facilities on the one hand, but our students cannot afford them on the other.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well, thank you. I didn't realize that the Thurgood Marshall Hall had opened. The last time I was there it was still under construction. I was thinking next year. And I guess I lost my invitation to that opening, but that's another story.

DR. WILSON: No, it's not, it just opened for student occupancy. We have not had the official --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Don't worry --

(Laughter.)

DR. WILSON: -- rest assured that you will be there --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All right. Well, thank you very much. Any other questions on the Secretary's Agenda?

COMPTROLLER FRANCHOT: Move approval if it's appropriate.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any --

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Thank you very much. Department of Natural Resources?

MS. HADDAWAY-RICCIO: Good morning, Mr. Governor, Mr.

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Treasurer, Mr. Comptroller. For the record, Jeannie Haddaway-Riccio, Secretary of the Maryland Department of Natural Resources. We have ten items on our Real Property Agenda today, for which we are seeking approval. We're happy to answer any questions and I just want to quickly acknowledge that Delegate Anderton is here in support of the Wicomico County items on the Agenda today.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. It's good to see the Delegate here. I don't have any questions or particular comments. Anything --

TREASURER DAVIS: It's DNR. There's no questions.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: There's no questions. Oh wait a minute, we can find some. The Garman property?

COMPTROLLER FRANCHOT: Let me with some confidence move approval, if you two did not have questions.

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: All right. We're all in favor.

MS. HADDAWAY-RICCIO: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Very easy. We have now the University System of Maryland.

MR. HICKEY: Good morning, Governor, Mr. Treasurer, Mr. Comptroller. Tom Hickey, representing University System of Maryland. We have three items on the Agenda this morning and are happy to answer any questions you have.

TREASURER DAVIS: I do.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Treasurer, go for it.

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TREASURER DAVIS: Thank you, Governor. Item 2-C-BP, University of Maryland College Park for Bowie State University. I was looking at the MBE goals. It was overall 25 percent, eight percent African American, 11 percent woman owned. It's my understanding that we are at 1.5 percent for the African American goal and 6.71 for the woman owned. Why are we coming up short there?

MR. HICKEY: I have Rex Fitch and Bill Olen available from the University of Maryland College Park. We did provide a written response to your office, Mr. Treasurer. There were some challenges in finding, there was one African American firm that bid on this bid package and it came in about \$80,000 higher than the other bid. But I will defer to Rex and Bill from College Park. Rex?

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

SECRETARY GONTRUM: Mr. Olen, if you want to go ahead (indiscernible).

MR. OLEN: Good morning, Board. Governor, Comptroller Franchot, Treasurer Davis, for the record, Bill Olen, Executive Director of College Park Service Center. I think Rex, as Tom stated, Rex Fitch, Director of Construction Procurement responded yesterday to the question.

There is a limited pool of subcontractors. We were very successful with some of the bid packages. There were ten packages, six of them had 100 percent MBE subcontractors, we were not successful finding an African American subcontractor who was competitive with the other subs. I'm not sure that answers your question, Treasurer.

TREASURER DAVIS: I guess I'm curious as to your, and right now it's just a question, your I guess outreach in this. I mean, were you able to talk to the Maryland Chamber of Commerce? I know I've had conversations with

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them about these kinds of things. And they may have within their membership folks that would meet the bill. I guess to just be blunt, it's a problem when an HBCU is not meeting its MBE. To me, that's B-A-D. So I need, and even with the revised goal, it started, it has been lowered, from what I'm told, from eight percent to five percent. And if you couldn't meet the eight percent, what assurance is there that you can give us that you can meet the five percent? And the same thing with I guess the woman owned as well. Is that on track to get to the 11 percent? Or are they going to be, you know, 30 to 35 percent below the goal as well?

MR. OLEN: I don't have those figures to answer you. We will respond to that question. To your first question about outreach, we require all of our prime design-build and CM at risk contracts to be advertised on eMaryland Marketplace. We do have a MBE coordinator at College Park, at the College Park Service Center, in procurement who does outreach to various folks to try and gain interest as much possible. As I think I stated, the real issue right now is there is quite a bit of work out there. Folks are stressed, as I think you heard from the Stadium Authority, folks are stressed with cost and supply chain issues and competition is, we're struggling with competition right now in all areas. Now this, we did get competition on the bid packages. But the one package with the African American subcontractor was not as competitive. There was a, you know, a gap between the low bidder and that subcontractor. In some cases, if the gap is very small, we may choose not to go to the lowest bidder, but the gap was rather large on this package.

MR. FITCH: And can I interject something here? If everyone can hear me.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MR. FITCH: So this -- for the record, this is Rex Fitch. I'm, good

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morning, Governor, Mr. Treasurer, and Mr. Comptroller. This is Rex Fitch. I'm the Director of Construction and Facilities Procurement at the University.

On the, we sent in the compliance report yesterday. And I don't know if you received that report, but on the actual overall MBE numbers for this project, the overall commitment is now at 42 percent compared to 25 percent that is the project goal. And the woman owned goal was 11 percent and that's at 12.97 percent. What you are seeing in the actual compliance to date are numbers for the design portion of the project. And those numbers are going to change because the design portion was around, and correct me if I'm wrong, Bill, probably around \$300,000 to \$500,000. Now we've added another \$3.9 million for the construction portion that hasn't even started yet. So those compliance numbers are going to change. So we are on schedule to exceed the overall goal excessively, and we're on schedule to exceed the woman owned goal.

Now of course, you know, as I submitted yesterday, we are having some challenges and there are some, with the African American goal. We hope to bring that up and we hope to work with the team to see if we can get it up to eight percent. However, I can't guarantee that at this time.

LIEUTENANT GOVERNOR RUTHERFORD: Have you reached out to the State Office, or small business office, I forget what the name of it is now, that is run by Jimmy Rhee? Because they are in touch with a number of the businesses in the State to make sure that, you know, that we're really exhausting all avenues. The Treasurer mentioned the Chamber of Commerce, to see if there's others out there and even, you know, explore with some of the federal contractors. I know I mentioned earlier in my opening comments about GSA. GSA has a small businesses office and they are in touch with a lot of businesses that, you know, construction companies that are African American and do federal work. And some of them haven't considered doing State work. They may not

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qualify as MBE because they tend to be a little larger than our MBE program. But I don't know if you have exhausted some of those other avenues?

MR. FITCH: Yeah, we have been exhaust -- in the Governor's Office of Minority Affairs, which is GOSWMBA, I think that you were initially referring to. We have not, we didn't exhaust that avenue on this project but we do have a new Business Diversity Officer and for future projects we will exhaust all avenues possible.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: I just want to commend the Treasurer for bringing the issue up. Because I agree with you, Lieutenant Governor, there is a lot of opportunity to be creative here.

LIEUTENANT GOVERNOR RUTHERFORD: We'll talk about Bowie. There are some other issues I'll talk to you about with Bowie. Any other questions on the University System?

COMPTROLLER FRANCHOT: Move approval if --

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

MR. HICKEY: Thank you.

MR. OLEN: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: The Department of Transportation?

MR. POWELL: Good morning, Governor, Mr. Treasurer, Mr. Comptroller. For the record, my name is Sean Powell, Deputy Secretary for the Maryland Department of Transportation. We are presenting 12 items today for consideration and representatives are available to answer any questions.

TREASURER DAVIS: Is there like an inside thing I'm not getting? Because I heard DGS as --

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(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- General Services but it's the backbone of State government, exactly.

MR. POWELL: You can't travel anywhere without us.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, bike trails that lead to nowhere. Yeah, and speaking of which, in my, not far from my neighborhood but within bike riding distance, they just put a new traffic light in at the corner of Guilford and I forgot the other street. But in Howard County. And they have a, they put in a bike lane, but that is now, it only runs for like one block. Is that a federal requirement, that when you do this new paving or expansion of a roadway that you have to have a bike lane? But it's like one block, then it goes to a two lane road but there's no bike lane.

MR. POWELL: Just one block.

LIEUTENANT GOVERNOR RUTHERFORD: It's a one block bike lane. And I know when we were doing the regulatory review when we first came into office, a number of developers, housing developers, were saying that they were being required by State Highway to have a bike lane, even if the bike lane only went for as long as that development. So come off a major road, there is a nice bike lane for the equivalent of a block, and back on that road.

MR. POWELL: Sure. You said it's at Guilford?

LIEUTENANT GOVERNOR RUTHERFORD: Yeah, Guilford and --

MR. POWELL: We'll find it.

LIEUTENANT GOVERNOR RUTHERFORD: -- Oakland Mills.

MR. POWELL: Oakland? Okay.

LIEUTENANT GOVERNOR RUTHERFORD: In Columbia.

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MR. POWELL: Okay, so I'll get back to you --

LIEUTENANT GOVERNOR RUTHERFORD: But I look at it and it's like this is pretty silly.

MR. POWELL: Okay.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Questions on Transportation's Agenda, besides my question about that? If Jim Ports was here, I would really be giving it to him.

MR. POWELL: I know. I know --

LIEUTENANT GOVERNOR RUTHERFORD: Well, since he's not here. Pass this onto Jim, that they need to cut the grass at the exit for Eden Brook off of 32. Mr. Comptroller, you'll love this. I was going to give my County Executive a hard time about this. And I told him that. I told him. And then I found out before giving him a hard time that it's actually State Highway is responsible for that section. So but I'll talk to -- then there's a part where the county picks it up. So I'll talk to him about that section, too. Their grass is only about 18 inches whereas the State Highway is about 24 inches high. So --

MR. POWELL: As soon as we receive unanimous approval I will send a note in.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: I think we're going to defer ---

(Laughter.)

COMPTROLLER FRANCHOT: Lieutenant Governor, from the Comptroller, no Secretary Ports, no questions from me.

(Laughter.)

COMPTROLLER FRANCHOT: Give him my best.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Any

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questions?

TREASURER DAVIS: No questions, sir.

LIEUTENANT GOVERNOR RUTHERFORD: All right. Well, thank you.

MR. POWELL: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Get that call in about that exit --

MR. POWELL: I'm doing it right now, sir.

SECRETARY GONTRUM: Can we have a motion on the Agenda, please?

LIEUTENANT GOVERNOR RUTHERFORD: Oh, yes.

COMPTROLLER FRANCHOT: Move approval.

TREASURER DAVIS: Second.

SECRETARY GONTRUM: Thank you.

MR. POWELL: Now I can --

LIEUTENANT GOVERNOR RUTHERFORD: Okay. We're all in favor. Now you can send this in. The Department of General Services, the backbone of State government.

MR. CHURCHILL: Good morning, Governor, Mr. Treasurer, and Mr. Comptroller. For the record, I am Ellington Churchill, Secretary of the Department of General Services. Today we are presenting 46 items on our Agenda, including two supplementals. We are withdrawing Items 14, 33, and 36 at this time, 14, 33, and 36. The Agenda features \$6.9 million in capital grants and loans, including \$4 million for the Hippodrome Foundation for the France-Merrick Performing Arts Center in Baltimore City. Additionally, we are seeking approval for contract actions to support five minority businesses and seven small businesses. And we have representation available at this time to answer any

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questions the Board may have.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. I want to point out 3-CGL, the Dr. Mary Church Terrell Pavilion in Highland Beach, Maryland, a small municipality that was, is, still is, a predominantly African American town and a historically African American town on the Chesapeake Bay. Mary Church Terrell actually lived there for a period of her life and passed away there in the late 1950s, mid-1950s. She was an activist for civil rights but also the suffrage movement. And it was, and that area, I should say Highland Beach was an area where the African American middle and upper class were able to purchase beach homes during a time when there were other parts of Anne Arundel County and really the whole State, that they couldn't. And so I just wanted to point that out. I don't know if you've had a chance to get to Highland Beach any time recently, but it is still a vibrant little town, one of our many municipalities in this State. So I just wanted to point that out for the record.

Also, I'll point out 5-CGL, which is the Tubman Cultural Center, at the old Harriet Tubman School, which was the only African American school in Howard County up until the 1960s. 1965 I think is when it officially closed. This project has been in development for many years. I can remember going out there with Allan Kittleman when he was County Executive and the plans were being made to convert what had then just been used as a warehouse for the county schools to a cultural center. And many of the remaining graduates of the school were there in attendance and talking about the plans for this building. So I'm glad to see it coming to fruition. I believe there is a groundbreaking or a ribbon cutting, not groundbreaking, a ribbon cutting coming up very soon on that.

And then my only other, and this is a hard hitting question, actually, for the, it would be for the Department of Natural Resources. And that is 17-S. What in the heck is this glamping sites?

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TREASURER DAVIS: We talked about that yesterday.

(Laughter.)

TREASURER DAVIS: Wait until you hear this.

MS. HADDAWAY-RICCIO: Governor, Mr. Treasurer, Mr. Comptroller, glamping stands for glamorous camping. So this is a new trend and a new trend that we are wanting to explore within our State parks. Essentially, it is a way for people to camp and may not have their own equipment so they can rent the facility and the equipment and have an outdoor recreational experience. So this is essentially us piloting five camp sites in Garrett County to try it out and see how it goes.

LIEUTENANT GOVERNOR RUTHERFORD: You know, I felt that like the cabins out at New Germany and, you know, Herrington Manor was kind of glamping. You know? Because it actually has running water and a flush toilet, you know? I thought that was glamping versus digging a hole in the ground. You know. So I'm not sure --

TREASURER DAVIS: I like where this is going.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: But, I mean, it's great. You're right. There are a lot of people that want something, I guess even, they want to feel as though they are in the outdoors, not sleeping under the stars but, you know, just --

TREASURER DAVIS: You know what it is, Governor?

LIEUTENANT GOVERNOR RUTHERFORD: -- do they want Wi-Fi, too?

TREASURER DAVIS: It's basically a hotel.

LIEUTENANT GOVERNOR RUTHERFORD: Okay, a hotel in the woods.

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TREASURER DAVIS: A hotel in the woods.

LIEUTENANT GOVERNOR RUTHERFORD: Right. Okay. If it works.

MS. HADDAWAY-RICCIO: I can't argue with that.

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: If we can make money from it, that's --

TREASURER DAVIS: There you go.

MS. HADDAWAY-RICCIO: It's worth a try, right?

LIEUTENANT GOVERNOR RUTHERFORD: -- help support our great parks. Speaking of which, we have, I have four more parks to hit to get my bucket list complete of 75. But I think it's going to end up being five more parks, because we are going to go to 76 parks. They keep moving the goal posts here. So we'll get through all of them. So I'm looking forward to it. Where are the sites that you are planning to do this glamping tent stuff?

MS. HADDAWAY-RICCIO: They will be at Big Run.

LIEUTENANT GOVERNOR RUTHERFORD: Oh, okay. Big Run doesn't currently have cabins, right? Okay. I didn't think so. Okay. Well, I won't dispute particularly Big Run. Big Run is really nice the way it is, natural and rustic. So we're going to have these yuppies out there with their, you know, their extremely expensive baby carriages, you know?

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: They will be upset about the bugs. All right. I'm sorry about that. Okay. Okay. Any questions, any other questions for the Department of General Services?

COMPTROLLER FRANCHOT: I had one on Item 25. This is (indiscernible) adding an additional two years to a currently existing contract with

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a private vendor doing constituent services at the Department of Human Services. I'm not sure, is that Mr. Schrader's purview? Or who is here that can comment on this \$18.6 million addition to an existing contract?

MR. CHURCHILL: Mr. Comptroller, this is a DHS item and Deputy Secretary Gregory James is at the podium to answer your question.

COMPTROLLER FRANCHOT: Excellent. So we're going to hire, in addition to continuing the program of I take it it's people answering the phone, we're going to add another 115 private contractors and they are going to be providing, you know, respect the taxpayer, respond to the taxpayer, get results for the taxpayer, those kinds of services to Marylanders who want to access, among other programs, the food and nutrition services of your department. The question is, why do we need this two-year extension? I thought back a year and a half ago that we were told that you were about to process an RFP for the new criterion and that it would not just be an extension. And number two, I guess the main question is how many of these contractors who were privately hired, how many of them are Marylanders and shouldn't we be training our agency people to more professionally be able to handle all of the inquiries from the public? Isn't that something that State employees are basically trained to do and it's kind of the core function of State government. So those two questions, if someone could help me with those.

MR. JAMES: Thank you. Good morning, Governor, Mr. Comptroller, Mr. Treasurer. My name is Greg James. I'm the Deputy Secretary for MDTHINK and Operations at the Department of Human Services. I'll be happy to answer those questions and I may ask my colleague, Acting Assistant Secretary for Administration Dan Wait to come up and address some of, if there is any follow up questions.

So first, I do want to clarify, we are not adding 115 additional

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employees here. We are increasing our total number of call center employees up to 115. There are currently approximately 70 workers there. With approval of this item, we will have by next week we will add 25 additional fully trained call center operators, and then an additional 45 total before the end of October will be added to this.

Throughout COVID, there were a number of federal waivers, which resulted in a huge increase in the number of participants in all of our programs at Department of Human Services. This resulted in an increasing call volume, and we have increased our staff already under this contract previously. But as those federal waivers are now going away, we are having to resume a lot of our normal processes for redetermination of benefits and enrollment of benefits, which is of course causing a number of questions from folks, many of whom have never been through this process because they have never had these federal benefits. So that has resulted in a more than doubling of the call center volume this year that the department has received. We have had a call center for many years. They handle the first level of questions, a number of the easiest issues to dispatch. They can make certain low level changes to an account that in many cases that will alleviate the need for the customer to speak with one of our case workers or come into the department to deal with their issues. So we found that the call center has been very effective.

We had intended to have this RFP issued at this point. But historically, this contract included not just the workers at the call center and the physical plant for the call center, but also the IT system that supported that call center. When our department looked at that, we determined that it was going to be more efficient to bring that IT component in house to give the department direct control over our customer relations management, the interactive voice response tools, and other multichannel engagements. So, you know, moving from

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chat, to email, to direct speaking with a customer, to move those in house. So we have done that development and now that that development is essentially complete, we are able to better define what a vendor will need to do and still provide under this call center contract. And so it has taken us some time to both do that development and do the revisions to the procurement. But we do anticipate that procurement going out this year before the end of the calendar year. And if there is a way for us to move faster on that and to transition faster out of this contract, we will do so. But at this point, it is critical for us that we expand our number of workers on this contract so that we can be responsive and not have clients on hold. We have done a number of things to improve our call center operation. But we know that that volume is there and we really don't want people on hold or getting discouraged. And then the last thing, I did not mention this, but it is important to note, these call centers do directly then hand off to our local departments of social services and the workers there, both for a call back or for a direct response if there is a question about their case or if they require further assistance. So it is part of our larger system, but it is important that those workers can take any call that comes to the department. So whether it is dealing with public benefits or child support or even sometimes we get child welfare calls that go there instead of our hotline for child welfare services. So that is why we have the call center and why we think it is an important and critical part of our mission.

COMPTROLLER FRANCHOT: Well, I certainly do, too. I think it's a core function of government. The question is, do we use the private sector and privatize this or do we use State employees who are, I mean, this is their job, this is what they are trained in. And I'm not disputing the fact that under this situation with the increase in calls because of federal relief, etcetera, that you need some temporary help. I'm just concerned that we are getting into a pattern of hiring companies to do what State employees are much better accustomed to

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doing. You mentioned that a lot of these calls are filtering out requests and passing on requests to the State employees. Yeah, but a lot of those get lost in the transition and there is nothing more frustrating than spend a lot of time communicating our getting hold of someone and then being told, gee, someone will call you back. And then, yeah, maybe someone calls back, maybe someone doesn't. But you get my drift, that we are, hopefully the plan will be to allow State employees to do what they are good at, which is directly connect with the public and inform them about what they need to do --

LIEUTENANT GOVERNOR RUTHERFORD: I think, yeah, Mr. Comptroller, I think that, you know, this, what he is explaining is kind of a triage and to allow for the subject matter experts, which are the State employees, to get that information or get the referral for specific items. You know, you don't have subject matter experts for anything that may come in that call center. It has to go to a different person. So even if you had State employees doing that triage, they still would have to refer it to someone else. And so utilizing these types of services you can scale up and scale down, which you wouldn't be able to do necessarily with State employees.

COMPTROLLER FRANCHOT: Yeah, I'm just suggesting they scale up State employees and scale down the private sector. Because otherwise we get into a triage which is not -- I asked, are these folks in Maryland that we are hiring, the private vendors? And the math that you indicated of 70 adding on 45, it comes up to 115, what did those two figures apply to? Because I thought another 115 contractors would be providing customer services.

MR. JAMES: So --

COMPTROLLER FRANCHOT: -- 40 of them are existing or --

MR. JAMES: So 70 existing, and adding 45 to that to bring our total number of customer service agents up to 115.

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COMPTROLLER FRANCHOT: Okay. So got that. But you get my fundamental question, which is that, you know, I'm concerned that we see something happening as far as privatizing customer service that may be a relatively frustrating triage system. It may, it may not be --

LIEUTENANT GOVERNOR RUTHERFORD: You are still going to have that with State employees. You would still have the same thing with State employees.

COMPTROLLER FRANCHOT: Yeah but that's, those are the folks that are trained to do this. And --

LIEUTENANT GOVERNOR RUTHERFORD: (Indiscernible).

COMPTROLLER FRANCHOT: -- so we got this message back in January 2021 that you were in the process of finalizing the RFP for the new procurement. Now you are telling me you are in the process of finalizing the new procurement and you'll have it by the end of the year. Is that what you are saying --

MR. JAMES: Yes, Comptroller. Yes, sir.

COMPTROLLER FRANCHOT: So good. I will look forward to seeing that, if that's the case. And thank you for that. I do continue to have concern because I think privatizing State government makes sense in some areas, but in a lot of areas that we rely upon the expertise of our employees. Thank you. Thank you, Governor.

MR. JAMES: Mr. Comptroller, I'd also like to add, we also did scale up our State staff to respond to this. We added both contractual and made it a high priority to fill all of our vacant positions in this Family Investment Administration and throughout the department because we knew it was going to be a customer service challenge for us and we want to rise and meet that challenge.

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COMPTROLLER FRANCHOT: Well, I think all of us agree that getting a real person on the phone these days is amazing, calming to the public. So whether it's private or public, it's good you have people answering the phone. But I don't, I would encourage you to get that RFP before us.

MR. JAMES: Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Thank you.

COMPTROLLER FRANCHOT: Thank you very much.

Governor, I had one question on Items 27 and 28. It's a modification for the Correctional Services for two separate contracts, commissary services. The modification reduces by over \$1 million the amount of revenue the State is expected to receive under the contract. And we have talked about this for years at the Board of Public Works. We have talked about the quality of commissary services and the appropriateness of bundling commissary services and banking services. Last year, the department receive two bids when the new contract was awarded. Is that what is coming, causing this? That the financial model of the contract that was out for competitive bids just last year raises concerns about the fairness of the procurement? Where are we with that situation, if I could get someone to respond?

MR. CHURCHILL: Mr. Comptroller, we have Secretary Green here with Public Safety, as well as the Director of Procurement to answer your question.

COMPTROLLER FRANCHOT: Thank you. What does the department use the revenue it generates from selling commissary goods and banking services to inmates for?

MR. GREEN: Very good. Good morning, Governor, Mr. Treasurer, Mr. Comptroller. For the record, my name is Robert Green. I'm the Secretary of the Department of Public Safety and Correctional Services. Joining

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me for additional questions is our Director of Procurement Mr. Joh Sedtal.

This is a short term, one-year modification to the revenue for this contract. It is not to go beyond this one-year period of time. It is in recognition not of an issue with the contract but an unprecedented inflation in cost that we have seen to products across our country and in our system. I would note that it's also in recognition of the correctional system emerging from an unprecedented time where many within our system are employed within our system. So an example that I would give would be that the Maryland Correctional Enterprises at one point during the height of the pandemic was employing a few hundred individuals. We are back emerging with jobs across our system. We have just exceeded 1,000 jobs there and other jobs within our system. So it is also in recognition that the population has been unemployed and they do choose to sustain themselves rather than pass the cost onto their families.

Our CFO has reviewed this account. It is known as the welfare fund for the incarcerated population. The account can sustain this temporary one year modification and reduction without providing any reduction in the cost of what this account provides for across our system. So an example of what this welfare account services, in addition to things like recreation equipment, athletic equipment. It also provides for the Prisoner Rights Information System of Maryland, which assists individuals that are incarcerated with legal services as well as welfare and individual items for (indiscernible) incarcerated inside our system as well as help support the grievance office.

I would submit to you, Mr. Comptroller, I would be before you today regardless of who we had awarded this contract to. It is customary and traditional that there is a CPI index increase in these contracts and this contract is at 7.9 percent. This allows us a year to mitigate to get our incarcerated workforce and the individuals inside our system back to work, allowing them to sustain their

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own existence and not pass this on to their families. And others in my chair across the country are doing similar things. I hope that answers --

COMPTROLLER FRANCHOT: Excellent presentation. Thank you very much. That's very helpful and informative. If I could just ask at the conclusion, on a separate subject, if you could provide us perhaps in writing down the road some kind of update on the ongoing shortages of probation and parole officers --

TREASURER DAVIS: Governor --

MR. GREEN: I would be happy to do that, Mr. Comptroller, and that is an active recruitment right now. We will do so, sir.

COMPTROLLER FRANCHOT: Excellent. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Mr. Treasurer?

TREASURER DAVIS: Thank you, Governor. Let me back up just a little bit on that so I can be sure that I'm clear as to what I'm hearing. So we are reducing the revenue from this contract by about 30 percent in order to offset costs to the inmates. What would normally that 30 percent be going to, then? I mean, it's, if you are taking that 30 percent away to offset, what would it normally be going to if you weren't making this reduction?

MR. GREEN: I think I understand your question. And what we did, when we looked at the CPI as it was applied in this case, we required the vendor to provide us a letter on each product, each service, each thing that they sell to us. And we were looking at some items that were, has increases of upwards of 30 percent. Obviously, this was capped. We have managed a very solvent fund, the Incarcerated Welfare Fund is in good shape. So this year, there will be zero reduction in anything that we provided to the population, nor will it impact next budget year. But as I noted, we will still be able to provide with the solvency of that fund the products, the Welfare Fund.

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TREASURER DAVIS: The excess funds, is what I'm --

MR. GREEN: There is a balance there that allows us to assume this for a short term modification, Mr. Treasurer.

TREASURER DAVIS: Oh, that's what I'm getting at. What would that money have normally been used for then? Because in this case we know the excess funds are being used to offset these costs. If this wasn't in existence, if this wasn't a problem, what would that 30 percent, that money that we're talking about now, what would that be going towards?

MR. GREEN: It would be going towards the items that I described and some of those services. Clothing for individuals. Again, with the solvency of the account, there will be no reduction and we can sustain it for that year.

COMPTROLLER FRANCHOT: It doesn't --

TREASURER DAVIS: -- and we're still, because if some of the economic predictions were to come true, and certainly as was alluded to at the beginning of this meeting, how would we handle the situation next year, if it were to, find ourselves in tight circumstances?

MR. GREEN: That's an excellent question. And part of this service is not just the product and the commodity. It is also some staffing that delivers that. So it is going to in essence buy us time to really look at public places that we can make reductions without making reductions to the quality of the product that the individual that is incarcerated has access to. That is not something that I want to do nor a place that I want to go with that. So it buys us that time to do so. And we're having meetings on that as we speak.

TREASURER DAVIS: I understand. Thank you.

COMPTROLLER FRANCHOT: So let me just ask, that was an excellent line of questioning from the Treasurer. But does money typically from this area flow back to the general fund?

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MR. GREEN: Thank you for that question, Mr. Comptroller, it does not.

COMPTROLLER FRANCHOT: Okay. Thank you.

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

COMPTROLLER FRANCHOT: I would move approval, Lieutenant Governor.

TREASURER DAVIS: Second.

LIEUTENANT GOVERNOR RUTHERFORD: Okay. All in favor. Thank you, gentlemen. The lodestar of the State.

(Whereupon, at 11:20 a.m., the meeting was concluded.)