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MARION J. BOSCHERT, Administrative Assistant, Board of Public Works.

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P R O C E E D I N G S

GOVERNOR EHRLICH: Welcome, everybody. I will forgo opening remarks and recognize the Comptroller.

Sunday is the day, correct?

COMPTROLLER SCHAEFER: For what?

(Laughter.)

There's a story in the paper today, and I wasn't going to mention it, because it's sort of sad.

There was a former veteran who was in Indonesia and he was hurt and very, very ill. And his family spent $54,000 to fly him to America. He was a Silver Star, which means he's just an inch away from being a Medal of Honor. Everybody wants to do stuff and never -- nobody can actually take the responsibility for actually doing it. The Veteran's organizations tried, they couldn't do it. This organization tried, they couldn't do it. Nobody could do it at all.

Now this is a man with a Silver Star, that means he was -- I think it was either Korea or Vietnam.

Desperately ill, his family is worried, and nobody would bring him in. They finally, after the lady exhausted all their money, they got him to New York in a Veteran's hospital, but there was no way to get him down here. The Governor provided an ambulance, a medivac to bring him down here. I just want to commend him. I don't know -- you know you can catch a lot of heck for doing something like that, because it may be a little bit out of line. But a person who cares about somebody else -- and a Silver Star veteran.

Now, that's the way we treated our Vietnam veterans. That's exactly the way we treated them. And I can predict, or see in the future, when the guys and women come back from Iraq, they're going to be again met with a lot of who struck John? Why were you there? What were you doing? And the peacenics holding up signs and so forth.

But I just want to thank you. I really thank you. And I'm a veteran, so I can thank you. I know that it was just great.

He could have stayed up there and he most likely would have died. He wouldn't get the care that he -- in Indonesia they couldn't do anything further for him, they had to bring him back. All his money is gone. He has no more money. His mother hasn't any money. But he's going to be taken care of now. So, I just wanted to thank you for that. That's on the good side. On the --

GOVERNOR EHRLICH: Nancy?

(Laughter.)

COMPTROLLER SCHAEFER: I'm not finished.

(Laughter.)

COMPTROLLER SCHAEFER: I was opposed to Stadium Place, which was tearing down of a municipal stadium. And I kept telling them it was the wrong thing to do, that it would never work out. And we had a meeting down here, and one of the ladies who was in charge looked at me with such contempt because on her side -- everybody was on her side. It's was middle -- it was subsidized housing for the elderly, which you're suppose to fall down and agree with, even if it's

wrong. I predicted that the land use wasn't the right one.

They also said they're going to build office buildings on this in absolute direct violation of what they said they were going to do. They're going to build office buildings, because they knew this piece of land can't sustain itself without some income from tax paying organizations.

Now, the YMCA who has done everything, except jump out of their skin, has decided they can't do the playground. They can't do the playground. And the reason for it -- and they're absolutely right. They're not wrong, they're right. The liability should not be on the YMCA. It's a big playground. Now maybe they can redesign that and take out the playground instead of just wasting land.

And if they try to build an office building down there, I want to get the attorney general to file suit. That's in direct violation of what they agreed to do. They were going to use this as subsidized

housing. Well, I just -- I blame you. Hello? What have you got to say?

SECRETARY RUTHERFORD: Well --

COMPTROLLER SCHAEFER: Okay, that's enough.

(Laughter.)

COMPTROLLER SCHAEFER: No, I'm serious. You know, this is not right. This is wrong. It wasn't the right project from the beginning. It hasn't been the right project. And just as I said was going to happen, it's happening. They added to it, by the way, they added to it in order to make the community feel better, but it was the addition -- well, outside -- I don't have a thing to say today, except I'm 67.

(Laughter.)

COMPTROLLER SCHAEFER: That's all I got today.

GOVERNOR EHRLICH: Thank you. Madam Treasurer?

TREASURER KOPP: I really have nothing to add, except another happy birthday, Comptroller.

COMPTROLLER SCHAEFER: No one knows what it is to be old until you get old. And you can't hear anymore, you can't see anymore, brain doesn't function.

(Laughter.)

COMPTROLLER SCHAEFER: All right. Anything you got I'm --

GOVERNOR EHRLICH: I don't know how you can follow that, Boyd, but --

SECRETARY RUTHERFORD: Well, we can just say --

GOVERNOR EHRLICH: Mr. Secretary?

SECRETARY RUTHERFORD: -- good morning. And the Department of General Services has 23 items on the agenda, including two supplementals. And we're ready to answer questions that you might have.

COMPTROLLER SCHAEFER: I got on two, there's no increase in the second and third year, how come?

SECRETARY RUTHERFORD: I'm going to ask --

COMPTROLLER SCHAEFER: That's a stupid question to ask, but usually they always go up in the second and third year.

SECRETARY RUTHERFORD: Right. I'm going to ask Tony Reed to come up, Assistant Secretary for Procurement.

MR. REED: Good morning, Governor and members of the Board.

In our original solicitation there was no provision to increase for the second and third renewable year.

COMPTROLLER SCHAEFER: They're just going to renew it at the same cost?

MR. REED: Yes. Yes.

COMPTROLLER SCHAEFER: Now, are these guards?

MR. REED: Yes, they are.

COMPTROLLER SCHAEFER: And are they trained and certified?

MR. REED: Yes, they are. They're trained. There's about 29 hours that we require for them to have the training. And they are certified through the Maryland State Police.

COMPTROLLER SCHAEFER: By the State Police?

MR. REED: Yes. Maryland State Police.

COMPTROLLER SCHAEFER: In this contract, is there much of a turnover?

MR. REED: In these type of contracts --

COMPTROLLER SCHAEFER: Yeah.

MR. REED: -- we don't see a whole lot of turnover. The companies usually have -- they're fully staffed and if there is, there is a hiring agreement placed into the contract.

COMPTROLLER SCHAEFER: Page three. You only had one -- okay.

Do you -- I know you have problems every once in a while on whether they're doing the right kind of a job. Do you check on them with the agency?

MR. REED: Yes. During the contract, the agency gets a whole -- talks to the procurement officer, and before the renewal they actually send us a letter and they --

COMPTROLLER SCHAEFER: No, during the term, do you go into the agency? For instance, in my building we have guards; I'm satisfied. But I was just wondering -- and we got a good guy. He's a good guy.

But I'm not sure if some of us have guards -- they're not there. Whether there's a quarterly report or something like that of the status from all the agencies on whether they're doing the right job?

MR. REED: Usually, the contract manager would inform the procurement officer if in fact they weren't doing an adequate job. And then we would contact --

COMPTROLLER SCHAEFER: Contract manager?

MR. REED: Yes. The person responsible.

COMPTROLLER SCHAEFER: What's he -- tell me what he does.

MR. REED: Well, he supervises the guards. He's the user agency representative, and he supervises the guards, make sure they're on post.

COMPTROLLER SCHAEFER: I know all that, but what kind of reports do you get back from the various places where people are being -- where there's security?

MR. REED: Usually there's weekly reports, incident reports and status reports.

COMPTROLLER SCHAEFER: Wait a minute. Wait a minute. You get a weekly report from all these -- I'm not trying to -- I'm for this, so don't get yourself excited. Just relax. I just think there should be better -- good supervision, let me put it that way. And if you get at least bimonthly reports from the agencies as to what is happening as far as the guards are concerned. The same way with clean-up. You know, the people that do the clean-up -- now we, again, have -- we just got a wonderful guy over there. But you hear that they aren't doing their job, so I just wondered if you had maybe had a quarterly report saying that they're satisfactory, unsatisfactory, or any problems?

MR. REED: Yes.

SECRETARY RUTHERFORD: Mr. Comptroller, we can -- we have instituted what I call an account executive program where we have an individual who is responsible for dealing with our largest customer agencies. And we can implement something more regular as far as specific to guard service. But he meets with

our customer agencies to find out what challenges they may have with our service and how we can better provide service. So, guard service would come up, but it also includes real estate, it also includes the building maintenance and the like.

COMPTROLLER SCHAEFER: Nobody likes to say they're not receiving adequate service and the guy that runs the contract is not going to say, "This is terrible service." I don't think --

SECRETARY RUTHERFORD: No, we -- I'm talking about with the customer, such as DHMH or whoever.

COMPTROLLER SCHAEFER: Okay.

SECRETARY RUTHERFORD: We consider them our customers.

COMPTROLLER SCHAEFER: Okay. I'm a customer?

SECRETARY RUTHERFORD: Yes.

COMPTROLLER SCHAEFER: Oh, that's fine.

GOVERNOR EHRLICH: Within limits.

COMPTROLLER SCHAEFER: I want my guards dressed in military uniforms.

SECRETARY RUTHERFORD: Actually, I don't think we provide your contract.

(Laughter.)

COMPTROLLER SCHAEFER: Okay.

SECRETARY RUTHERFORD: We can, though.

COMPTROLLER SCHAEFER: No, I got a good guy. Okay.

SECRETARY RUTHERFORD: Thank you, Tony.

GOVERNOR EHRLICH: Thanks, Tony.

COMPTROLLER SCHAEFER: Number nine.

This is for additional 35 feet. Why wasn't it in the original contract? How come all of a sudden they find 35 feet?

SECRETARY RUTHERFORD: I'm going to ask Paul Georgiou to come up.

MR. GEORGIOU: Good morning, sir.

There was originally, when they bid it, nine and four additional drilling. So, it was part of the bid contract, that if they needed additional drilling, additional depth, they had a price for that. And the reason for the additional depth was the county required

the pump to be situated 50 feet below the 90 foot and the 90 day draw down limit. So, that increased the depth, but they did have a price in the original bid for that.

COMPTROLLER SCHAEFER: Who -- in other words, why wouldn't the contractor have known that and bid it in the original contract?

MR. GEORGIOU: The county changed the requirement on them. When they bid the original contract, they had it for a certain depth with a price for additional depth if they had to drill additional depth. And then the county changed the requirement. They wanted the pump situated 50 feet below the 90 day draw down limit.

COMPTROLLER SCHAEFER: Okay.

MR. GEORGIOU: And then they used that price.

COMPTROLLER SCHAEFER: Okay.

TREASURER KOPP: Could I -- do we normally capitalize building permits and inspection fees?

MR. GEORGIOU: We have been, yes, ma'am. It's part of the construction process. We've done

permit fees and inspection fees. We've done that in the past.

TREASURER KOPP: So, that's part of -- that's a normal practice?

MR. GEORGIOU: That's a normal practice, yes.

TREASURER KOPP: Could I go back, just for a second?

GOVERNOR EHRLICH: Sure.

TREASURER KOPP: I had a question about number seven, the Historic Annapolis Project. The Shiplap House. That's just an example. I have no problem with the Shiplap House. But this is a loan dating back 16 years.

MR. GEORGIOU: Correct.

TREASURER KOPP: And according to Mr. Vanderbosch from, actually, from Jim Bilbrough, I think -- the numbers come from. There's a balance of 700 -- about 475,000 --

MR. GEORGIOU: Yes, ma'am.

TREASURER KOPP: -- out of 650.

MR. GEORGIOU: Yes, ma'am.

TREASURER KOPP: What sort of -- I mean do we keep an eye on these things to find out if there are problems or why it's taking, you know, 17 years?

MR. GEORGIOU: The original project was to build a new facility. The bill was amended in 2001 to allow for the renovation of the facility. So, the project changed.

TREASURER KOPP: So, it wasn't 17 years, it was 14 years?

MR. GEORGIOU: It was 14 years, correct.

They went round and round where the site in Annapolis. They had found a site and I think it was too small. They couldn't get the building in there. They abandoned that, they changed the legislation to allow renovation, and they're going forward with that right now.

GOVERNOR EHRLICH: I guess --I think the Treasurer's question is if we wanted to -- is there some database somewhere where we could, if we wanted to, check on every bond bill passed in the last 20 years as far as the phase and the --

TREASURER KOPP: Or just ask people if there's a problem?

MR. GEORGIOU: Scheduling?

GOVERNOR EHRLICH: The scheduling.

MR. GEORGIOU: We've kept a database on all the contracts and all the bond bills since -- at least 14 years.

GOVERNOR EHRLICH: Is that information reflected in the database?

MR. GEORGIOU: It should be. We have -- to be honest with you, sir, we have trouble updating it, going back to the grant recipients and trying to get the information. We've gone back to them, some -- a lot of them are cooperative, sometimes it's like pulling teeth out of getting the schedules out of them, to be honest with you.

TREASURER KOPP: Well, I wouldn't assume -- I mean as a minutia, if the people that are uncooperative or don't -- but the question is, I mean they may be having problems, they may have abandoned. If they abandoned a project, but they have spent some money,

encumbered some money, that wouldn't fall under the new law which says it has to be --

MR. GEORGIOU: That would fall under it if the project's abandoned. The seven-year limit does come into effect.

TREASURER KOPP: Even if work has been done and you didn't know it was abandoned?

MR. GEORGIOU: Even if -- or if there's money left and they're not progressing or they're not going to have another --

TREASURER KOPP: But how do you know --

MR. GEORGIOU: We're just going to take it. I mean the fact is we're sending out letters, and letters have been sent out.

TREASURER KOPP: Okay. That's -- all right. So --

MR. GEORGIOU: Yes. Letters have been sent out.

TREASURER KOPP: -- you are sending out letters --

MR. GEORGIOU: Right. Correct.

TREASURER KOPP: -- in all these cases.

MR. GEORGIOU: The Comptroller's Office has sent out letters to the one's that they directly handle and payments. We've sent out letters to the one's we directly handle, telling them, "You have a seven-year limit now. If you don't do something by June 1st of 1994 either getting an extension coming back to the Board or going to the legislature --

TREASURER KOPP: So, there is a process --

MR. GEORGIOU: There is a process --

TREASURER KOPP: -- in place to --

MR. GEORGIOU: -- now to --

GOVERNOR EHRLICH: Is there an AG assigned to that issue? Is there an AG who's job it is to monitor?

MR. GEORGIOU: Well, the Treasurer's -- Steve Vanderbosch from the Treasurer's Office has worked with us on some of the issues.

GOVERNOR EHRLICH: But -- yeah. I mean is there --

MR. GEORGIOU: Not to specifically monitor it at this point in time, no. I mean it's just started

since June last year when we signed the legislation. So, there's a lot of things that we're working out with it. But letters have gone out to everybody that --

TREASURER KOPP: So, there's not some project sitting somewhere in the State that we don't know about that is just languishing forever?

MR. GEORGIOU: Every grant recipient that is old money that will expire either in 1994 or later on, we have notified them and said, "You have to come in with contracts, we're going to take your money."

TREASURER KOPP: Thanks.

COMPTROLLER SCHAEFER: Number 11. Now, this is -- I forgot to mention this to Mr. Fillman when we came to see me about my objection to A&E.

The contract is 87.7, the next one is 86.3, but they'll only negotiate with 87.7. They're so close. Isn't there a way to put in that they have to negotiate with the first two if they were less than five points difference, or three points different?

GOVERNOR EHRLICH: Is your procurement task force looking at that issue?

SECRETARY RUTHERFORD: The procurement task force, at least in my subcommittee, is not looking at this. I'm not sure if the efficiency committee is looking at this particular issue.

GOVERNOR EHRLICH: Could you raise that issue for us?

SECRETARY RUTHERFORD: I can raise that issue. We're looking at it at DGS. And we were looking at it in terms of how we can go about negotiation. Now, this of course, is different, because they follow --

MR. GEORGIOU: This they follow the city procurement policies, so.

SECRETARY RUTHERFORD: This -- yeah, the city's policy. But we are looking at it at DGS in terms of what we can do if it falls within some range. We're looking closer to five percent. We're looking more -- or five points. We're looking more like a two point difference.

COMPTROLLER SCHAEFER: Okay.

SECRETARY RUTHERFORD: That we can negotiate with those.

COMPTROLLER SCHAEFER: And even if it's city procurement, it's still U.S. citizen's money.

MR. GEORGIOU: Correct, sir.

COMPTROLLER SCHAEFER: I just think when you're close, you ought to be able to negotiate with the first two. If it's a big difference, that's something else.

SECRETARY RUTHERFORD: I agree. The architect's have come to me and tried to make their case, as well. And I disagree with them.

GOVERNOR EHRLICH: I think that the Comptroller's view, expresses the view of the Board, as you know. And your view. What I thought would be very -- you should raise in a very serious way with that task force.

SECRETARY RUTHERFORD: Absolutely.

COMPTROLLER SCHAEFER: Eighteen. Now, this is a nice one. At a preference. State Use Industries for 366,000. I like that. How did we do that?

SECRETARY RUTHERFORD: How did we do that?

COMPTROLLER SCHAEFER: Yeah.

SECRETARY RUTHERFORD: They agreed to provide these tables, chairs, conference tables. This is something that they can do.

COMPTROLLER SCHAEFER: And they do a good job.

SECRETARY RUTHERFORD: Right.

COMPTROLLER SCHAEFER: You know, give them a shot, and they do a good job. They do a good job.

SECRETARY RUTHERFORD: Yes, sir, they do. They do a good job.

(Laughter.)

SECRETARY RUTHERFORD: Paul Schurick who was here, actually has a chair that's provided from State Use Industry.

COMPTROLLER SCHAEFER: Where is that?

GOVERNOR EHRLICH: Where's Schurick?

COMPTROLLER SCHAEFER: Why does he get a special chair?

SECRETARY RUTHERFORD: He was here, I guess he ducked out knowing that I was going to call him.

(Laughter.)

SECRETARY RUTHERFORD: But his chair in his office, is State Use Industry provided chair. And they do a good job, and this is one example.

COMPTROLLER SCHAEFER: And they save us money.

SECRETARY RUTHERFORD: And they save us money, I do believe.

COMPTROLLER SCHAEFER: And it's a -- they do a good job.

(Laughter.)

SECRETARY RUTHERFORD: They do a good job. We have actually hired -- the State has hired a person who has come out of one of those programs, currently works for us in the -- in our surplus property facility. And I don't know if you've seen the Lieutenant Governor's chairs that have been refurbished, but he did --

GOVERNOR EHRLICH: I guess they didn't get around to mine yet.

SECRETARY RUTHERFORD: You should see those chairs.

COMPTROLLER SCHAEFER: Well, you've got a chair for everyone.

(Laughter.)

TREASURER KOPP: Almost everyone.

COMPTROLLER SCHAEFER: Yeah. There are two other chairs that could be worked on.

(Laughter.)

SECRETARY RUTHERFORD: Well --

COMPTROLLER SCHAEFER: Don't just sit there --

SECRETARY RUTHERFORD: We can provide --

COMPTROLLER SCHAEFER: -- say, yes, I'm going to do it.

SECRETARY RUTHERFORD: It's much more efficient for us to provide those type of chairs than to buy new furniture.

COMPTROLLER SCHAEFER: That a boy. I've been over there to see what they do. I think they do a great job. And they seem to have high morale and all that sort of stuff. That's all I've got on this.

GOVERNOR EHRLICH: Hearing no further questions, do I have a motion?

TREASURER KOPP: Favorable.

GOVERNOR EHRLICH: Motion's favorable. Do I have a second?

COMPTROLLER SCHAEFER: Second.

GOVERNOR EHRLICH: The motion has been made, it's favorable. The motion's been seconded. The motion carries.

Thank you, Mr. Secretary.

Secretary's Agenda?

SECRETARY MCDONALD: Good morning Governor, members of the Board. There are eight items on the Secretary's agenda this morning, and one report of an emergency procurement. We can answer any questions, or try to.

GOVERNOR EHRLICH: Chris Judy? Chris?

SECRETARY MCDONALD: This is item two. We have a Wetlands Administrator --

GOVERNOR EHRLICH: Item two.

SECRETARY MCDONALD: Doldon Moore --

GOVERNOR EHRLICH: Could you --

SECRETARY MCDONALD: -- and also Chris Judy from the Department of Natural Resources. Doldon come up and --

GOVERNOR EHRLICH: I want you both to come on up.

SECRETARY MCDONALD: Mr. Judy can explain the science behind the license.

MR. MOORE: Good morning, Governor.

GOVERNOR EHRLICH: Good morning.

MR. MOORE: I'm Doldon Moore, Wetlands Administrator to the Board. And Chris Judy from the Department of Natural Resources.

GOVERNOR EHRLICH: Welcome to you both.

Oysters and oyster replenishment is a major priority for the Administration, as you well know. And

I'd ask for you to take an extra minute or two and talk about this item.

MR. MOORE: Sure. The case has been classified as an extraordinary case because of the unique nature of this request. This is a request that will allow for the research and growth differences, disease accusation, and mortality characteristics by comparing two species of oysters that will be placed in the tidal -- Maryland's tidal waters.

This proposed project is the first request to introduce into a very controlled manner and with accepted safeguards, the non-native oyster, Suminoe Oyster. This proposed project is the first of a number of projects for the study of the Suminoe Oyster and tidal waters of the Chesapeake Bay. The Suminoe Oyster is a non-indigenous species that is imported from Asia. Sterile triploid oysters are to be utilized in this research project to ensure that spawning cannot occur in the open waters of the Bay.

The Suminoe Oysters will be located in tethered, off-bottom cages adjacent to native oysters,

the American Oyster, at three sites with different salinity regimes. The sites are at the U.S. Naval Academy on the Severn River, in Anne Arundel County, the University of Maryland Chesapeake Biological Lab on the Patuxent, in Calvert County, and also the University of Maryland's facility, Horn Point, on the Choptank in Dorchester.

There will be an array of testing, sampling, monitoring, and documentation will be undertaken on a monthly basis during the study period. All native and non-native oysters will be removed from tidal waters at the completion of the research project, but no later than November 30th of 2005.

GOVERNOR EHRLICH: Thank you very much.

MR. MOORE: And Mr. Judy can go into greater detail.

GOVERNOR EHRLICH: Chris, why don't you come on up.

MR. JUDY: I'd be pleased to provide a brief summary of the department's view of this proposal. And I can also provide a brief summary, if it's of

interest, to the status of the oyster situation right now.

GOVERNOR EHRLICH: Yeah, give us a little history as far as -- go back a century ago and talk to us about --

(Laughter.)

GOVERNOR EHRLICH: I don't want you to go over year by year.

(Laughter.)

MR. JUDY: Certainly, sir. I understand.

GOVERNOR EHRLICH: But the numbers are so dramatic and so disquieting. My recollection is a century ago about 19 million bushels harvested?

MR. JUDY: Fifteen million.

GOVERNOR EHRLICH: Fifteen million, thank you. And this year less than 100,000, is that?

MR. JUDY: Less than 53,000.

GOVERNOR EHRLICH: Less than 53,000.

MR. JUDY: The bottom line is, historically the oyster industry -- to focus on that for just a

moment, because there's also the ecological side of the oyster picture.

The oyster industry at the turn of the last century, in the late 1800's, peaked at a harvest of 15 million bushels for the State of Maryland. Now, that was clearly too much harvest on a resource that couldn't sustain that level for a long time. And as expected, when harvest is too great it declines. It did decline to around two to four million bushels, which had held at a steady rate from around 1920 to 1982. So, obviously, we couldn't continue taking 15 million bushels a year, but we do see a steady balance between the resource and the industry from 1920 to 1982, between two to four million bushels. Then things changed for the worse, and we have not yet recovered.

In 1987 there was a serious outbreak of two oyster diseases; MSX and Dermo. This outbreak plummeted to the harvests, plummeted the populations. It did it year after year, and we've had these disease problems, consistently, since the mid '80's, and actually we had some problems earlier in the early

'80's. So, the brief point here is that the population and the industry are under an intense disease situation, and we have not recovered.

The harvest last year was 53,000 bushels after decades of two to four million bushels as an average. The harvest we expect from this season is, as a rough guess because it's preliminary, half or less than half of last year. We're looking at the third record breaking harvest. The first was 1994 at 80,000 bushels, the second was last year at 53,000 bushels, and the next record breaking harvest is expected this year.

Let me put this in some personal terms in terms of the industry. In 1999 there were 2,500 harvesters in the industry, and before it had been up to 3,000 and 4,000, et cetera. Now, we're looking at less than 200 harvesters this season.

In 1974 there were 58 Maryland processing companies shucking and processing oysters. Now, we're looking at about three in the entire State of Maryland that are left. And I hear from one source they're

right on the edge of economic viability. And being on waterfront property, obviously, there would be the temptation to turn them over for development. Oystermen are impacted, processors, restaurants, etcetera. So, this is a serious crisis.

In terms of the ecological side of the picture --

GOVERNOR EHRLICH: Now, you just made the economic case. The -- I would argue the environmental case is even more compelling given the filtering affect of these oysters, which is the principle reason, one of the principle reasons, obviously, we've made this such a high priority.

Talk about what the oysters do every day and that effect.

MR. JUDY: Very good point. I usually start with the industry, because that's what people are familiar with and comfortable with. But really an important crucial point, is what the Governor mentions, the ecological value of the oyster.

An individual oyster filters about 50 gallons of water per day. In doing that, it removes algae and sentiment from the water. It's been done before where you place an oyster in a fish tank, the fish tank is clear in a matter of hours. But, of course, the Bay is tremendously huge compared to a fish tank, and it's not a matter of one oyster or ten oysters or a few hundred oysters. The Bay, for ecological -- to gain ecological value from an oyster population, the Bay needs a tremendous, tremendous population of oysters.

So, what they do, the oyster population in abundance on the bottom provides hard shell habitat. That habitat is valuable for other oysters to settle upon, so oysters could get oysters. But that hard habitat is also valuable for other organisms. Some you've probably have never seen, but they too filter the water. They are food for fish and crabs and other creatures.

So, an oyster bar community is a rich diverse ecosystem, and that is a very, say, keystone ingredient to the Bay's ecology that has largely been lost. We

have oyster bars, but they're basically vacant of oysters. So, we need to get the living population back to get that ecological value back.

I mentioned oysters filter the water, they provide hard habitat, they provide habitat to produce more oysters year after year. These oyster reefs attract fish. So, there really is a huge component, or it is a huge component of the Bay ecosystem. And we've basically lost this because so many oyster bars have so few oysters.

So, if that suffices to our quick overview?

GOVERNOR EHRLICH: Yeah. Just one last point. My understanding is, as far as our domestic oyster or survivability is more a function of salinity in particular parts of the Bay, particularly the upper Bay, is that correct?

MR. JUDY: You're very good at this. Thank you. I will go back --

GOVERNOR EHRLICH: I wasn't very good at science but --

(Laughter.)

GOVERNOR EHRLICH: -- I learn.

MR. JUDY: Let me go back on one point about filtering. It was estimated back in the late 1800's that the population at that time that was quite abundant, only needed about three days to filter the equivalent volume of the Bay. It didn't actually filter the whole Bay.

GOVERNOR EHRLICH: Could you explain this? This is maybe the most important observation you'll make today. And I want the members of the public here, and the press to understand this point.

MR. JUDY: Certainly. When we say it filtered the equivalent volume of the Bay, what that means is -- well, let me explain what it doesn't mean.

It doesn't mean that in three days all the water of the Bay was filtered, because oysters live on the bottom and there's plenty of water at the top. So, it means the population at that time could process the equivalent volume of the Bay. The bottom line is they did a great job. They did a tremendous job.

Well, then around, say 20 years ago or so, 19 -- around 1980 it was estimated that it then took 325 days for the population to filter the equivalent volume of the Bay. And todays population is so low, the most recent estimate is, it takes now 700 days to process this volume of water. So, we have lost a tremendous component of the ecosystem on filtering alone, but again remember I mentioned all of the other benefits that come from an abundant population.

Now, on your point about disease. As bad off as the native oyster is, it is not near extinction. It is not threatened as a species. It does still reproduce, it does still produce what we call a spat set. These are young oysters attaching to the bottom. So, it does exist and it does reproduce in the Bay.

The problem that we have, and the reason we have this crisis, is that as this new generation of oysters grows from half an inch to an inch to two inches, one year, two years, et cetera, as it grows, this population is eroded. It's removed from the Bay by MSX and Dermo. So, you can actually have a

tremendous spat set, which we've had over time. A couple of years ago, a few years before that, we've had tremendous spat sets. We've had the ground work for actual recovery to occur, but the diseases have undermined that base as the years tick by and we lose the oysters. So, our oyster is under intense disease pressure. It's not threatened as a species, but it is in serious trouble in terms of re-establishing populations on the bottom. It's simply -- say you have an investment portfolio and you have just terrible investments. You have the basics of what you need, you have some investments, but they're just not producing because whatever factors are undermining that investment. So, that's, I guess, the bottom --

TREASURER KOPP: Is there any indication of development of disease resistance?

MR. JUDY: Good point. Naturally, in the Bay there is some slight resistance already in the native oyster population. You can take the population from a heavy disease area, one from a light disease area, expose both to intense disease. And the one from the

light disease area will suffer more mortality. So, there's a slight resistance already in the population. There are some strains, through hatchery technology where that resistance has been magnified. But no resistant strain and no natural population can survive long term in the Bay in the face of disease.

The advantage we see with resistant strains is, they might live six months longer, a year longer. I think they can make it to market size in an aquaculture setting, but it's not the oyster we need for large scale Bay-wide recovery. Disease will ultimately get those oysters as well.

TREASURER KOPP: After they reproduce?

MR. JUDY: Well, all the oysters, basically, get a chance to reproduce. Basically, the diseases kill the oysters between their third and fourth year. So, you can have a large population around year three and four, it crashes. It's before the industry has a chance to get on the population, so, we know watermen are not the cause of these big crashes.

So, the point is, the populations crash after they've reproduced one year, even two years. That's why they keep reproducing, but they don't actually hang around very long. And that's why the native oyster is not threatened or endangered. It gets a chance to reproduce, which is what every species wants to do, but it just doesn't stay around long term.

TREASURER KOPP: So, it fulfills it's own functions, but not the Bay's?

MR. JUDY: True. Very good point. As -- if you could interview the oyster, it might sit here and say, we're basically okay. You know, there's a female over there and a male over there and we're getting it done.

(Laughter.)

MR. JUDY: But certainly for the Bay's needs, for the ecosystems needs, for the industries needs, for our needs it isn't happening. It isn't happening.

So, where this research is important, the non-native oyster, the ariakensis is on the table being examined as an option. It survives, which is really

the key point. Maybe you've seen pictures and actually I have some shells today. The ariakensis grows about twice as fast as the native oyster. The growth rate is impressive. It gets a lot of attention. But the real selling point, the real attraction for the non-native oyster is it survives in the face of intense disease.

So, if approval is given, and if this oyster is the right decision, there's a lot of "if's." And if it won't cause undo harm to the Bay ecosystem and if all the careful science has been done, and if it actually reproduces and takes hold in the Bay, if all of this is met this oyster will set on the bottom -- well that's an if, too. Set on the bottom and survive another generation can set and survive, set and survive, and now you have a building population.

So, that's what's being examined by the Department of Natural Resources and many of our partners. So, this research, to focus on this, this research is the first time in Maryland ariakensis will be deployed in the water. As Doldon mentioned, it's a sterilized oyster. It will not reproduce. There are

many safeguards built into this study. If you need I can highlight a few.

So, we support this research, because it will provide information on this new oyster, information that you can't gain in the laboratory. And it will help provide information to an environmental impact statement, which is now being developed by the State of Maryland, Virginia, and many partners.

GOVERNOR EHRLICH: Chris, which is the next step in the process?

MR. JUDY: That's right.

GOVERNOR EHRLICH: The Bay Foundation supports this research as well.

MR. JUDY: I agree. No one is advocating -- maybe I should make this clear. No one is advocating going to Asia and bringing over an oyster and putting it in the Bay. That would bring diseases, pests, you could have all kinds of problems from other organisms called hitchhikers that come with the oyster.

The proposal, if it's approved through this scientific process called the EIS, environmental impact statement. The proposal is to use stocks from Oregon.

The Asian oyster was brought to Oregon over 30 years ago. It's been there, it's been used in hatchery environments, hatchery culture systems, no problems have been observed. The Virginia Institute of Marine Science has the Oregon strain in it's system. That is what has been cultured in the Bay area. That is what's being proposed to be put in the Bay in this study; the Oregon strain. No problems have surfaced so far to date. It's been through hatchery procedures, which removes many of these hitchhikers and disease issues.

So, that is what, I guess, the public should focus on if it is ultimately decided to be placed in the Bay. It's the Oregon strain, not an oyster straight from Asia. And it's through a hatchery process that has international, say protocols applied to it to bring in numerous safeguards so a mistake is not made.

GOVERNOR EHRLICH: Thank you both very much. We appreciate it.

COMPTROLLER SCHAEFER: I got a couple. You still putting oysters in the Bay? I mean oyster shells.

MR. JUDY: Yes, sir. We have our native oyster restoration program, which you're quite familiar with. That is still ongoing.

COMPTROLLER SCHAEFER: Costs a million dollars a year.

MR. JUDY: Pardon?

COMPTROLLER SCHAEFER: Costs a million dollars a year.

MR. JUDY: Yes, sir.

COMPTROLLER SCHAEFER: And you put them in and then you put the small oysters on top of what we put in?

MR. JUDY: Yes. We do that as well as some other activities.

COMPTROLLER SCHAEFER: And then after they grow and they're not diseased, the oystermen come out

and we provide the shells and provide the little oysters and the watermen come out. Long range -- I've heard a this a long, long, long time. You eventually -- you're having it down and you're getting less and less people in the business. Why don't you look long range and see? Spending a million dollars a year seems an awful lot of money for just letting the oysterman come out and harvest the oysters. Doesn't make any sense. Never has made sense to me. Ultimately -- there are less and less men in the business. Ultimately, there's not going to be anybody in the business.

Did you ever think of not allowing oysters to be harvested and pay the people that -- the oystermen out of the million dollars of shells that we spend in the Bay and the spats and all the rest of that?

MR. JUDY: Yes, sir. If I could maybe cover two topics to address your question.

For the benefit of the audience, we have a native oyster program, it has two basic components. One is called repletion, which Comptroller Schaefer

just mentioned. Shells are planted, seed oysters are planted on specific locations. Those oysters grow to market size, because we place these resources in areas where the disease is least. And then watermen harvest from these sites. That's the repletion program.

We have a restoration program where we establish sanctuaries. And we also place shells and seed and those are off limits to harvest.

So, we have one program that helps to address the industries needs and another program to revitalize the oyster. And this is a two-prong program reached through many discussions with environmental groups, federal agencies, all the different oyster harvest. So, there's a two prong focus.

And, yes, we're seeing less and less return from the repletion side of the program, but we're also seeing less and less return from the sanctuary side. Sanctuaries, protecting oysters, keeping the watermen off the oysters that's not delivering real results. The repletion side of the picture is being undermined by disease as well. That's why the industry is

declining. So, we're obviously in a very difficult situation. And this is why we're looking at some new options.

COMPTROLLER SCHAEFER: Yeah, but I've been here for a long time now. And it's the same thing I've heard. It's the same thing. You're going to put these new in, but -- new oysters in, that's going to take a number of years. Aren't you just -- what are you -- what are we trying to do, save the oystermen? Is that what we're trying to do? If we are, we ought to sit down and figure out how to pay the oystermen out of the million dollars and see how the experiment goes; if you can bring the oysters back. I just -- I don't see how we can continue on doing this, because there's no assurance these are going to take. And if they do, you're going to have to spend a lot of money bringing the oysters in. I just don't think you have a long range plan.

MR. JUDY: I'll address your question about the moratorium. That was a quick overview of the program.

A moratorium has been discussed, been looked at, it's always on the table as an option. In fact, in the environmental impact statement there's various alternative strategies that you could pursue. And one strategy that is definitely going to surface could be have a moratorium, close down the fishery, let the native oyster basically have a rest, and see if it can recover. In all of our discussions to date on the moratorium with environmental groups, looking at the data, and again our different oyster partners we see very clearly in areas where there's no harvest either because we've made it a sanctuary and in some cases we have very large sanctuary areas, or in cases where there's no harvest because disease has simply made it unprofitable for watermen to be there. The point is we have sanctuaries now where there's no harvest, so we have basically a moratorium experiment underway in many areas of the Bay. The State of Virginia itself is basically a large statewide moratorium situation.

GOVERNOR EHRLICH: Chris, what numbers have you seen as a result of these limited moratorium areas?

MR. JUDY: What we see --

GOVERNOR EHRLICH: What results?

MR. JUDY: -- when you remove harvest from the picture and test the concept will a moratorium make a difference? What we see with no harvest; mortality continues, oysters are lost, there's no native disease resistance to build up of any significance. There's just no result. So, removing the watermen does not lead to recovery. That's --

COMPTROLLER SCHAEFER: Well, I agree you're not going to be able to solve the problem. You've tried all the things on the experiment, it's not going to work. So, the only thing that you got left is this experimental oyster. If you continue the way you're going -- it cost a couple million dollars to throw the shells out, put the spats in and all that sort of stuff. And then they harvest those, you don't go in other places, it hasn't worked. It just hasn't worked.

MR. JUDY: Right. We're probably more in agreement than disagreement.

COMPTROLLER SCHAEFER: Yeah. I -- oh, I know you agree.

MR. JUDY: Right. Right.

COMPTROLLER SCHAEFER: But we're peddling water. We're not getting any place.

MR. JUDY: We're definitely in a corner. You've raised a big issue there.

COMPTROLLER SCHAEFER: Yeah, it's not going to work, Governor. It's --

GOVERNOR EHRLICH: The numbers are the numbers and the numbers speak for themselves.

TREASURER KOPP: Could I just -- assuming we go forward with this three-year test, and in fact it does show that these oysters can survive and breed, what happens then?

MR. JUDY: I'll put it in some context. This is just the first study proposed for Maryland, there's bound to be more. There have been studies in Virginia already to date. Three separate distinctive trials. So, there's a lot of research now on ariakensis. The laboratory studies need to be done. There's many

questions that still need to be answered before we can make an informed decision. So, all of this data needs to fold into this environmental impact statement process, and be reviewed, you know, by the large group. In other --

GOVERNOR EHRLICH: And the Army Corp is a very -- has a valiant role to play here as well.

MR. JUDY: Yes.

GOVERNOR EHRLICH: That needs to be mentioned.

MR. JUDY: The Army Corp of Engineers is leading the EIS process. They have experience at it, they know the process, and it's the two states are co-leaders in the effort.

So, if I understood the question right, all of these studies will lead -- will provide information to lead to an informed decision. Of course it's a very debatable topic, you know, a non-native organism.

COMPTROLLER SCHAEFER: And the decision is going to be that it didn't work. It's been eight --

almost 16 years heard the same thing. We're throwing a million dollars into the Bay with shells.

TREASURER KOPP: No, but I --

GOVERNOR EHRLICH: On the domestic side, yeah.

COMPTROLLER SCHAEFER: Right.

TREASURER KOPP: -- I mean this foreign one. If it turns out --

COMPTROLLER SCHAEFER: Oh, yeah.

TREASURER KOPP: -- that it has shown that it can in fact survive three --

MR. JUDY: Okay.

TREASURER KOPP: -- and is not environmentally harmful.

MR. JUDY: Uh-hum.

TREASURER KOPP: If that were to happen --

MR. JUDY: Right. Right. The process there would be the environmental impact statement process is a regulated structured process and it leads to a decision. Ultimately, there's a charge to evaluate the proposal against the alternatives. The proposal at

this time in brief is basically to place in the water of the Chesapeake Bay a reproducing, fertile, non-native oyster. With the assumption and the data will lead to a conclusion on this, what a reproducing oyster put in the bay in significant numbers from oyster hatcheries, would that provide the base population to jump start reproduction and recovery of a Bay-wide oyster population? So, the proposal is to put in a reproducing oyster in the Bay that is a non-native oyster.

TREASURER KOPP: After you've gone through all of the environmental impact study --

MR. JUDY: Right.

TREASURER KOPP: -- conclusion, et cetera?

MR. JUDY: Right. That's the proposal right now. It will be evaluated. And then there's alternatives. One alternative might be stay with the native program, but of course we know that's not doing too well. Another alternative might just be, save the money for other needs and just back off. Another proposal might be a mixture of native and non-native

efforts. So, there's a list of alternatives that will be weighed against the proposal to go with the new reproducing oyster.

TREASURER KOPP: What's the timeframe for this whole thing?

MR. JUDY: We'd like to see it done in about 18 months, which is a very tight timeframe for an EIS. But with the Corp's cooperation and acknowledgement they think they can move this.

GOVERNOR EHRLICH: And the Administration has asked the Corp for that type of cooperation review, and your response has been a positive one.

MR. JUDY: We have everybody's support to, to work diligently and try to stick to the timeframe.

Thank you for your time. I appreciate it.

GOVERNOR EHRLICH: Both of you, thank you very much.

COMPTROLLER SCHAEFER: It's going to take a long time to answer Nancy's question. Everybody wants to put good faith on, but it's going to take a long time. After you get the experiment it puts you at 2005

then you're going to go through all these environmental things, you're talking about 2010.

TREASURER KOPP: Better start soon.

COMPTROLLER SCHAEFER: But it's -- you got to do it. I mean I'm not objecting to it. You got to do it. I think you're going to come out with the same result.

Okay. Number six. I want to commend somebody. Somebody gave us an easements of 223. Who did that?

SECRETARY MCDONALD: This is the Maryland Environmental Trust. It's a contract from the Department of Natural Resources.

COMPTROLLER SCHAEFER: How come? Why didn't you pay them for it?

MR. JOHNSON: MET --

COMPTROLLER SCHAEFER: How dare you get an easement for free?

MR. JOHNSON: That's true. If it was DNR and our Rural Legacy Program we would be buying the easements.

TREASURER KOPP: Good.

MR. JOHNSON: That's the way the program works. And MET's program they go out and market and seek donations for easements. Their easements are almost always donated.

COMPTROLLER SCHAEFER: Well, how did this farm dare to give us something?

MR. JOHNSON: On this particular one, I would ask Nick Williams if he's here.

COMPTROLLER SCHAEFER: I'm being facetious, so you don't have to --

MR. JOHNSON: Nick, could you come up and --

COMPTROLLER SCHAEFER: -- sometime, but you're going to give them to us. Okay, thank you.

MR. JOHNSON: Okay.

TREASURER KOPP: You don't -- do you mean that we don't seek donations?

MR. JOHNSON: We do. MET's sole purpose is to go out --

TREASURER KOPP: Okay. Thank you.

MR. JOHNSON: -- and look for market and seek donations of easements.

TREASURER KOPP: As opposed to procuring -- to buying?

MR. JOHNSON: Yes.

TREASURER KOPP: And the others also seek donations, I would hope, in addition to buying them?

MR. JOHNSON: Always. That's always our first request is would you like donate it. And when we ask it's usually no, but we'll sell you one, so.

TREASURER KOPP: All right. Thank you.

COMPTROLLER SCHAEFER: Yeah. Well, I've been here where they don't want it and they raise the price so high that the guy can't refuse it.

I just -- what I'm doing is trying to commend you. I've got to tell you I'm trying to tell you, I give you guys a real shot and I have to drag information out of you.

GOVERNOR EHRLICH: Maybe they're just not accustomed to it.

COMPTROLLER SCHAEFER: I'm going --

(Laughter.)

COMPTROLLER SCHAEFER: I don't have anything. We'll have to advise --

SECRETARY RUTHERFORD: Well, we do also have situations where people come to us seeking opportunities where they can donate property.

COMPTROLLER SCHAEFER: How dare you say that?

GOVERNOR EHRLICH: Donate what? Give an example.

SECRETARY RUTHERFORD: Where they were -- they're interested in donating development rights.

COMPTROLLER SCHAEFER: You know, I try to give you a shot.

Would you tell your guys in the cabinet that I'm not always trying to beat them up?

GOVERNOR EHRLICH: Well, I'll tell them.

(Laughter.)

COMPTROLLER SCHAEFER: I'm going to beat him up on the next one, but -- okay. That's all I got.

GOVERNOR EHRLICH: With regard to Secretary's agenda, do I have a motion?

COMPTROLLER SCHAEFER: Motion.

GOVERNOR EHRLICH: The motion has been made. Do I have a second?

TREASURER KOPP: Second.

GOVERNOR EHRLICH: The motion's been made, seconded. The motion carries.

Budget and Management, Joel Leberknight. Joel?

MR. LEBERKNIGHT: Good morning, Governor, members of the Board.

GOVERNOR EHRLICH: Morning.

MR. LEBERKNIGHT: The department has ten items on it's agenda. Items number nine and ten are supplemental items. We are withdrawing number 2-S.

GOVERNOR EHRLICH: Hold on a second, Joel. Hold a second, please. Let the murmur calm down here.

COMPTROLLER SCHAEFER: This foster care, number one in --

GOVERNOR EHRLICH: Hold on. I'm sorry.

COMPTROLLER SCHAEFER: Yeah.

GOVERNOR EHRLICH: Just letting everybody leave first.

GOVERNOR EHRLICH: Okay. Joel and Mr. Comptroller.

COMPTROLLER SCHAEFER: Foster care.

GOVERNOR EHRLICH: And the Secretary is here.

SECRETARY MCCABE: Good morning, Governor.

GOVERNOR EHRLICH: Chris, good to see you.

SECRETARY MCCABE: Madam Treasurer, Mr. Comptroller.

COMPTROLLER SCHAEFER: We don't have a --

GOVERNOR EHRLICH: What item?

COMPTROLLER SCHAEFER: Number one.

GOVERNOR EHRLICH: Number one.

COMPTROLLER SCHAEFER: We don't have a State facility for this type of person, kid, do we?

SECRETARY MCCABE: Excuse me, Mr. Comptroller?

COMPTROLLER SCHAEFER: We don't have a State facility for this type of care for the young people in foster care?

SECRETARY MCCABE: We utilize, for the care of these individuals, these young people that have a variety of advanced medical needs, we utilize residential programs throughout the State of Maryland, usually group homes.

COMPTROLLER SCHAEFER: Yeah. I mean a State -- do we have a State home?

SECRETARY MCCABE: Not specifically that I'm aware. We utilize a system of a number of different providers.

COMPTROLLER SCHAEFER: And it costs a lot of money and sometime they're not satisfactory. And some people take ten foster cares in and foster children in and, I guess I wondered if we ever thought about having our own place where we would --

SECRETARY MCCABE: I mean a State owned where --

COMPTROLLER SCHAEFER: Yeah.

SECRETARY MCCABE: -- we don't contract out?

COMPTROLLER SCHAEFER: Yeah.

SECRETARY MCCABE: We would consider -- I would consider all options. And we're taking a look at our entire system, but we simply don't have the capacity right now within our department to treat these individuals appropriately, so that we utilize out-sourcing to group homes to provide this.

And the Board, as you may recall, in June the Board of Public Works approved a large contract for over 155 group homes. And this is in addition to --

COMPTROLLER SCHAEFER: Yeah.

SECRETARY MCCABE: -- these are four new vendors in addition to that group.

COMPTROLLER SCHAEFER: Let me get to what I'm talking about.

SECRETARY MCCABE: Of course.

COMPTROLLER SCHAEFER: What do these children get in these homes? The reason I'm asking is this program costs $4,394,890. A lot of money.

I'm just wondering whether you have enough people to go around and see if the kids are getting taken care of, the homes are in good shape?

SECRETARY MCCABE: Sure. First off, if I can share with the Board, what the State does as we contract with these individual group homes, the dollar amounts that you see is if every spot is taken by a placement of one of our young people in our care for an entire year. So, we only pay for those times that a person is actually slotted in there. So, the dollar amounts that you may see are much higher than they will actually be realized.

But we do license each one of these group homes. And we do monitor them to the extent that there is a problem or an issue, we need to be on top of it through our Social Services Administration. And so it's not a perfect system, but it's one that we work closely with the industry, that we're really -- the association, the Trade Association that oversees all the group homes. And so --

COMPTROLLER SCHAEFER: Secretary, I don't want to --

SECRETARY MCCABE: There's no assurances, let's put it that way.

COMPTROLLER SCHAEFER: Yeah, I don't want to put you on the spot, but --

SECRETARY MCCABE: It's all right.

COMPTROLLER SCHAEFER: -- during last time there wasn't much supervision, there wasn't much inspection, there wasn't much care. And I think there's an opportunity now to really look into whether we're getting our moneys worth, whether these families really do it. And you have more kids to place than you have spots.

SECRETARY MCCABE: Sure.

COMPTROLLER SCHAEFER: So, you'll use the four million dollars. I just suggest that you take a look at how they're being treated, what's going on with them. Some are great. I know some of them won awards for being great parents. And others have been not very good.

SECRETARY MCCABE: Your question is really excellent, and we are trying to do that. We had a meeting with the Citizens Review Board leadership just yesterday. And we are taking steps to at least explore

some sort of a better assessment tool so that when we place kids who are out of the home into a setting, that we put them in the right and most appropriate setting.

GOVERNOR EHRLICH: Chris, describe your assessment tool that's presently utilized.

SECRETARY MCCABE: At a local level, if we deem it necessary to remove a child out of their home for either neglect or abuse, then we have to actually go immediately, if it's an emergency removal, we have to go before a Juvenile Master to get approval. And then we have to take all the steps of finding a placement.

To the extent that we can find an appropriate placement and the needs of the youth or the child is not that great, we prefer to put them in a regular family foster care home.

GOVERNOR EHRLICH: Okay. That's after the fact. How about as far as the initial investigation? What protocol --

SECRETARY MCCABE: Well, we would have -- we have a caseworker who would go in; a child protective

service worker initially would take a look at the individual case. And then would work in collaboration with an out-of-home placement caseworker and come up with a protocol as to where that they should go. There is a team that evaluates, in real time, where this child should go.

GOVERNOR EHRLICH: How about as far as the caseworker, going in there, doing the investigation? What oversight is there with regard to the caseworker's recommendations? Is the caseworker --

SECRETARY MCCABE: Well, if it's an emergency removal by the child --

GOVERNOR EHRLICH: How about a non-emergency removal?

SECRETARY MCCABE: They -- the oversight is really at the agency level --

GOVERNOR EHRLICH: Right.

SECRETARY MCCABE: -- where the caseworker would come in, there'd be a supervisor and they would evaluate all the facts in the case and try to come up with an appropriate placement.

I'll be really candid, because there are really significant weaknesses in the system from my assessment. And that is we don't really have enough of the right types of placement opportunities for these kids. And so there are times when a caseworker working with some others within the agency will try to find -- will be on the phone trying to find out if there's a spot open in a group home, or in a foster family on an emergency basis. And while we have qualified people to try to make that assessment, what we are beginning to look more closely at is coming up with an assessment tool and a group of experts who can actually lend some assistance to the local department as they make that placement decision. And it's a challenge.

TREASURER KOPP: Is it -- I heard two things in the last minute.

SECRETARY MCCABE: Sure.

TREASURER KOPP: One was there's not enough places to put them and the other is they need help with the assessment and placement decision. But if you

clear up the second without the first does it make a lot of difference?

SECRETARY MCCABE: Well, I think we have to address them both at the same, you know, simultaneously. I mean we're always looking to try to add, you know, professional and responsible and reasonable placements for children, which means we have to grow capacity. That costs dollars, obviously. But if we don't have the skilled professionals to place the person in the most appropriate setting within that capacity that we have, then we may be spending more than what we need and we may not be helping the child address the issues that they need to really have addressed.

GOVERNOR EHRLICH: Can you give us a snapshot as far as how demand is out pacing supply in the context of foster care?

SECRETARY MCCABE: Well, not with precise numbers at this point, Governor. I mean I just don't have it committed --

GOVERNOR EHRLICH: Right.

SECRETARY MCCABE: -- to memory. But we are actually leveling off. There's a leveling off of the number of children, and I'll use Baltimore City Department of Social Services, because that is our largest --

GOVERNOR EHRLICH: Your total case load -- Baltimore City is what percent of your total case load?

SECRETARY MCCABE: Usually about 60 -- 55 to 60 percent of all the children in our --

GOVERNOR EHRLICH: In the entire State?

SECRETARY MCCABE: -- correct, are in Baltimore City. And so, as a result, there's been a leveling off of taking children out of their homes. It's still very high, but what we're finding, it's leveling off.

But what we are also are finding is the kids that we are having to take out have more issues. I could us the word, they're sicker than kids were maybe 10, 15, 20 years ago. And I think it's probably safe for me to say that the current system that we have may not be -- may be the same system we used 20 or 30 years

ago for foster care, and it may not be the right system in the year 2003.

I mean we need to be more nimble, we need to be able to respond in real time to greater needs. And I don't know, Governor Schaefer, if the system of group homes we have, while they're good, and we need to increase capacity, I don't really have a good sense yet of whether we're always putting the -- making the right placement decision. And so, we need to strengthen assessment tools and we're taking a look at that, you know, from a large perspective.

COMPTROLLER SCHAEFER: I'm not trying to put you on the spot, Chris, but when the caseworker goes in and finds a child beat up or something wrong with them, neglect, or malnutrition, whatever it might be, you have to find some place that's better than that to put them. And that isn't always the easiest task to find them. You can't find a place for them. That's why the group concept is good, because of a group of kids.

And also I often wondered if we could have a State facility. I guess, we can't. I don't know.

SECRETARY MCCABE: Well, I think so -- the capacity --

COMPTROLLER SCHAEFER: They're not --

SECRETARY MCCABE: -- the need is so great.

COMPTROLLER SCHAEFER: -- listening. It just that they're not reporting as many of the problems.

I will predict in Baltimore City you've got as many cases as you've ever had and most likely more in Baltimore City. Over in the East Baltimore section of the city and parts of the City of Baltimore. Now the same thing could be in Prince George's county, it could be any place. It could be in Montgomery county. You're just are overwhelmed with the number of kids --

SECRETARY MCCABE: Sure.

COMPTROLLER SCHAEFER: -- that they're coming to you. I'm not trying to be critical, it's just you --

SECRETARY MCCABE: No. No. Except that -- if I can, just for the benefit of the three members.

There is also a component that we feel very strongly about and that's family preservation. I mean

it's not our immediate goal to remove a child from their home. We think that the link between the natural parent and the child is so critical to be maintained. Obviously, we want to ensure safety and so forth.

So, there are programs within our department to try to preserve families and so that we don't have to remove a child out of the home. One example is there are some funds, limited funds, but funds that we can use on a flexible basis if someone was going to be evicted from a home and that might cause a child to have to be removed because the family might be temporarily homeless. Well, if the State can use some flexible dollars to help pay a rental payment to keep that home together, well we've preserved that opportunity for that child to stay with the family. So, there's some very fragile families and --

GOVERNOR EHRLICH: You need the flexibility there, we all know that. You should have it. If you don't, we should change --

SECRETARY MCCABE: Sure.

GOVERNOR EHRLICH: -- the regulations. Chris, let me ask you this question. Of the entire case loads, all right, of your entire case load, every subdivision, how -- what percentage of your cases are drug related in the sense that drug abuse has led to the creation of the case?

SECRETARY MCCABE: I will be glad to get the Board that specific percentage, if we can identify it.

But I can tell you, I have learned that beginning in the 1980's when the crack epidemic hit Maryland, and particularly Baltimore City, the cases of children needing out of home placements sky rocketed. I mean it's astounding. And it continues. And again I think there's been a leveling off over the last maybe decade, but we are still at a historically high levels, and it was because, I think, primarily that -- I think you all know the reasons why. If the drug is the guiding factor in someone's existence, then a child is not to be seen and --

GOVERNOR EHRLICH: I'd like to get that number. I think we all would.

SECRETARY MCCABE: I'd be glad to try to get that to you.

TREASURER KOPP: Chris, what you're saying is the same thing that, I mean, we've heard year after year for a number of years. And I think it's always been true and right. And I think people are acting with the best of intentions. It's a very difficult problem, there's no question about it. The -- an immediate problem brought up by news from other states, not from here, is just how much supervision we're doing of the care of our children who are placed in foster care, right now. While we're trying to solve all the problems, at least making sure that we don't have young people who are starving to death as they did in --

SECRETARY MCCABE: New Jersey.

TREASURER KOPP: Yeah.

SECRETARY MCCABE: Absolutely.

TREASURER KOPP: I mean, are we on top? I mean, do we have a system to monitor?

SECRETARY MCCABE: We do. I mean an out-of-home placement worker is required to see a child on a periodic basis; once a month.

Now, as staffing is reduced at the local level, I'm hearing, that it's more and more difficult to maintain that. And -- but I think we're doing a reasonably good job. And I'll be glad to get back to you.

TREASURER KOPP: Does the Foster Care Review Board, the Citizen Boards, have a role in overseeing that?

SECRETARY MCCABE: No, they're really advisory. They help review cases on a selected basis --

TREASURER KOPP: On a selected basis.

SECRETARY MCCABE: -- of kids over -- beginning at six months and on a yearly basis. They review these cases. And they also try to comment on the kind of the overall state of the child welfare system in Maryland. So, they're really advisory.

TREASURER KOPP: But not -- I mean this State has had problems in decades past in terms of supervision. Exactly what the Comptroller was saying, in fact, we had legal problems. And the problem, one of the problems, just going back to a role --

SECRETARY MCCABE: Sure.

TREASURER KOPP: -- I had many years ago.

SECRETARY MCCABE: Sure.

TREASURER KOPP: Was that you had good caseworkers who were promoted to supervision without any training in supervision.

SECRETARY MCCABE: Sure.

TREASURER KOPP: And then kids fell between the cracks.

SECRETARY MCCABE: Sure.

TREASURER KOPP: And that sort of thing. And there was not sufficient trained personnel. And there was a concern, I was told when I chaired a budget committee, that they didn't want to put money for training in the budget because they thought the

legislature would cut it out, which I hope would not have been true.

SECRETARY MCCABE: The best indicator --

TREASURER KOPP: Of a systemic issues.

SECRETARY MCCABE: Sure. Two -- if I can just comment two things.

One of the things that we're really trying to do is to demonstrate to the caseworker, the person on the line, that we're supportive, particularly in Baltimore City. And the best predictor of improved performance of an organization is the organizational climate in which they work. And if they feel respected, if they feel like their work is honored by their leadership and so forth, then that is the best predictor of improved outcomes. And so we're trying to do that in Baltimore City.

GOVERNOR EHRLICH: Can you give us a report on Baltimore City of the new leadership and what's occurring there?

SECRETARY MCCABE: Sure. Mr. Blair --

GOVERNOR EHRLICH: It takes so much of your time and energy and --

SECRETARY MCCABE: Well -- but if it's -- I look at it this way. It's 60 to 65 percent of the Statewide case load, and as Baltimore DSS goes, so does the Statewide performance. So, it's an investment that's critically needed and it's certainly -- I'm willing to put all the energy I have into it.

Mr. Blair continues to be very engaged with the employees, particularly, at the really, the caseworker level, which is something that has been sorely missing for many, many years. And so he is doing that. He's getting into the community. We are in the process --

GOVERNOR EHRLICH: What does that mean, Chris? What's your statement mean?

SECRETARY MCCABE: Getting into the community?

GOVERNOR EHRLICH: No. You said the interaction between the boss and the caseworkers has been missing.

SECRETARY MCCABE: Sure. In past years, the director, not to be critical, but there's been a management structure that's really been very much topped down and somewhat top heavy in Baltimore DSS. And as a result of that the leadership really didn't, I think, really understand the problems that a case -- at the caseworker level to the extent that they needed to. And Mr. Blair has taken all steps to meet with employees at all levels and to listen to them.

And again it goes back to what I said; the organizational climate. If the caseworker doesn't feel respected, is not supported, then that will result in, you know, maybe poor performance, and so forth. So, the last -- I don't want to take anymore time than you want me to take.

GOVERNOR EHRLICH: No, I mean we need -- this is a major story.

SECRETARY MCCABE: Sure.

GOVERNOR EHRLICH: New leadership. The volume is incredible. The stakes are very high, these are kids. They're vulnerable. You have one

subdivision, obviously, that constitutes the majority of your constituents.

SECRETARY MCCABE: Constituents, right.

GOVERNOR EHRLICH: So, I mean --

TREASURER KOPP: But there are a lot of kids in the other ones.

GOVERNOR EHRLICH: Oh, yeah, yeah. I mean not --

SECRETARY MCCABE: Yeah. And we don't -- we're certainly not neglecting them. And our staff, our employees at the local level are continuing to do the work that they need to do there.

The other thing that's so important is to take a look at case ratios, you know, staffing to cases, because that's really an indicator of what the work load is. And, therefore -- and there are national standards. And again I can provide all these to you.

GOVERNOR EHRLICH: What is Floyd telling you about Baltimore City? What observations does he relate to you?

SECRETARY MCCABE: That, among a number of different issues, I think, primarily what he is saying is that we -- that it just really was not working in the way it should and it's because at the closest level to the children that the workers have not been invested in. And that he is dedicated to changing that dynamic. And that means, and I -- this is, I think, very timely.

We are in the midst of preparing a reorganization plan, Governor, that will be presented to your staff on Friday. And will be presented to you, and I'm glad at the, you know, with your approval to share it with the, you know, the Board members here, on how we think we can change things there. Some of it may include additional resources, not just only staffing but in some kind of infrastructure type of things.

And so I think if we create greater efficiencies we can do a lot of important improvements. But I also think there's an investment the State has to make over and above the budget that we're able to

secure from the General Assembly. So, I'd be glad to do that with your staff on Friday and then elsewhere.

GOVERNOR EHRLICH: Thanks, Chris.

COMPTROLLER SCHAEFER: Does the family ever help pay for some of this?

SECRETARY MCCABE: Pardon?

COMPTROLLER SCHAEFER: Does the family ever help pay for some of this?

SECRETARY MCCABE: No. I mean they -- we pay families, foster families --

COMPTROLLER SCHAEFER: Yeah, you pay foster families.

SECRETARY MCCABE: -- to help us.

COMPTROLLER SCHAEFER: But I mean the family that you take the child from.

SECRETARY MCCABE: No. But in many cases these families simply don't have the means to do it anyway, to contribute, if there was a mechanism for them to do it.

Most of these children are what are called Four E eligible. That is there's federal funding for

children who are taken out of their homes based on their income level. So, most of the ones that we find come from that, you know, that population that simply don't have the means.

So, to answer your question, no, they do not.

COMPTROLLER SCHAEFER: Chris, you got a chance to change this thing around. And you're new and you only have a certain length of time to make changes, and then after that it close -- the way it's always done. I just -- I think that what we say to a parent if you beat up your child we'll take over and we'll take care of them for you and don't do anything to them. I think something is wrong.

SECRETARY MCCABE: Well, if somebody beats -- you know, Governor, if somebody beats a child up, the criminal authorities will deal with them.

COMPTROLLER SCHAEFER: No, you're missing what I'm -- I'm talking about making them pay for some of this. Hey, you know, a little bit.

SECRETARY MCCABE: Sure. Restitution.

COMPTROLLER SCHAEFER: But we don't do that. And the reason we don't do it because it's a lot of trouble. And there might be a way to go to the attorney general and find out is there a process that we can get so when they do have to take a foster child -- a child away, that the families -- say just --

GOVERNOR EHRLICH: I think what the Comptroller is suggesting, Chris, which is -- has some appeal to me and --

SECRETARY MCCABE: Sure.

GOVERNOR EHRLICH: -- I would ask you as you present this plan --

SECRETARY MCCABE: Sure.

GOVERNOR EHRLICH: -- to look at other state's experiences, see if there's any means testings programs that have been used in any other state. Check the constitutionality of such a program to see whether implemented and if implemented whether it challenged in courts as well. But it's something that I think we should look at.

SECRETARY MCCABE: I'd be glad to.

TREASURER KOPP: Are these kids covered by Medicaid?

SECRETARY MCCABE: Most of them are. Through our local departments of social services when a child comes in we determine eligibility for Medicaid. And so most of these kids are Medicaid eligible.

TREASURER KOPP: Even though they're in the custody of the State?

SECRETARY MCCABE: Correct.

TREASURER KOPP: I -- we had been told before by other institutions like juvenile -- I thought, I may be wrong. Juvenile Services or the School for the Deaf, et cetera, that they couldn't get Medicaid because Medicaid didn't cover them because they were in the custody of the State.

GOVERNOR EHRLICH: No, that's not --

TREASURER KOPP: Am I looking --

GOVERNOR EHRLICH: Dedicated dollars follow the kid.

SECRETARY MCCABE: I'd be glad -- again I'll be glad to report back to you to get you a definitive answer, but.

GOVERNOR EHRLICH: They will check that out for you.

TREASURER KOPP: I may be absolutely wrong.

GOVERNOR EHRLICH: Because most of these kids are Medicaid eligible.

SECRETARY MCCABE: Correct. Thank you.

GOVERNOR EHRLICH: Thank you, Mr. Secretary.

COMPTROLLER SCHAEFER: There's more on number seven, but I think we've put Chris in enough of a spot today.

On number eight. They're bringing some people back. They're bringing them back at their entrance or are you bringing them back at their new salary?

GOVERNOR EHRLICH: Joel, number eight.

MR. LEBERKNIGHT: In this instance the -- this individual is going to be teaching and he's getting paid a flat rate for each course he presents.

Twenty-two hundred dollars for each course he actually teaches.

COMPTROLLER SCHAEFER: When you re-hire these people, they go off, get re-hired. They get re-hired at the highest rate that they had -- pay that they were making at the time they left?

MR. LEBERKNIGHT: That will vary by individual and by the agency that brings them back. In some cases that would be the situation and in some cases it may not be.

COMPTROLLER SCHAEFER: Well, don't we have a policy?

MR. LEBERKNIGHT: I do not know.

COMPTROLLER SCHAEFER: If I'm nice a guy, I want to bring back at the highest rate. If I'm not a nice guy, I want them back at the base. And I'm not a nice guy.

MR. LEBERKNIGHT: I would have to get more information on that for you.

COMPTROLLER SCHAEFER: Well, I can tell you they do that. I can tell you they do it, because I see

it at the Retirement Board where they get notices of people being re-hired instead at their original rate they retire. And they come back pretty good sums of dough. I think you ought to come back at the original rate. You know what I'm talking about, Nancy.

All right.

GOVERNOR EHRLICH: Take a look at that, Joel.

COMPTROLLER SCHAEFER: That's all I got. That's enough.

GOVERNOR EHRLICH: With regards to the Budget and Management agenda, do I have a motion?

TREASURER KOPP: Motion.

GOVERNOR EHRLICH: The motion's favorable.

COMPTROLLER SCHAEFER: Second.

GOVERNOR EHRLICH: The motion's -- the favorable motion's been seconded. The motion carries. Thank you, Joel.

University System.

SECRETARY MCDONALD: Oh, Mr. Leberknight would you provide to --

MR. LEBERKNIGHT: Withdraw 2-S.

SECRETARY MCDONALD: All right.

GOVERNOR EHRLICH: I'm sorry.

TREASURER KOPP: Except for 2-S.

GOVERNOR EHRLICH: Do you need a new motion, Sheila? You need a new motion?

SECRETARY MCDONALD: No, that's okay.

GOVERNOR EHRLICH: Okay.

SECRETARY MCDONALD: We were -- just wanted to make sure we had three questions there, so.

GOVERNOR EHRLICH: University System of Maryland.

MS. ROLANDELLI: Good morning.

GOVERNOR EHRLICH: Good morning.

MS. ROLANDELLI: I'm Valerie Rolandelli from the University System, and we have four items for your consideration today, because item 5-GM has been withdrawn.

COMPTROLLER SCHAEFER: How about number three? What in the world? That's a little complicated to me. Somebody's borrowing eight million dollars.

What's the State's liability, and all that sort of stuff?

MS. ROLANDELLI: Okay. Tom Cantone from --

GOVERNOR EHRLICH: What number is this?

COMPTROLLER SCHAEFER: Number --

MS. ROLANDELLI: Tom Cantone --

COMPTROLLER SCHAEFER: -- three.

MS. ROLANDELLI: -- is here that can speak to that.

COMPTROLLER SCHAEFER: Yeah.

MR. CANTONE: Good morning.

GOVERNOR EHRLICH: Good morning.

MR. CANTONE: Mr. Comptroller, would you please repeat the question?

COMPTROLLER SCHAEFER: Repeat the question is it's -- your University is borrowing eight million dollars. I don't quite follow how you're going to do all that. Can you explain what this is?

MR. CANTONE: Certainly. This is --

COMPTROLLER SCHAEFER: You own the land and we give them the land and they provide back the land?

MR. CANTONE: Yes.

COMPTROLLER SCHAEFER: I'm for this. It's not -- just like it seems a little complicated to me.

MR. CANTONE: Well, this is one of your more complicated public/private partnerships.

We came to the Board back in March and sought approval of a ground lease to our Alumni Association of the land. This is land that -- actually -- if I can take a moment I'd like to show you the project. I've got a few boards here that I brought.

COMPTROLLER SCHAEFER: All right.

MR. CANTONE: Again, these are --

COMPTROLLER SCHAEFER: Show Ms. Nancy, because she's more interested than I am.

MR. CANTONE: If you've been recently to our football games, you'll notice a fence right outside the main stadium -- the main entrance to Byrd Stadium. That's enclosing this construction site.

We had a ground lease approved to the Alumni Association in March of this year. This is a 26 and a half million dollar project of which the system is --

has committed to eight million dollars of it. The rest of it's being -- was borrowed by the Alumni Association or is cash on hand or fundraising efforts of the Alumni Association.

Our eight million dollars -- this is a -- the reason we're excited about this project is a very creative financing under a fairly new statute that was enacted in '99, which allows us to do different types of loan transactions. We had analyzed doing a certificate of participation deal, and as it turns out this bank loan, from an affiliate of Riggs Bank, will save hundreds of thousands of dollars of closing costs.

The repayment for the eight million dollars is going to come primarily from the offices that the University is prepaying the rent on. We have University -- our University Relations Department is going to take the top two --

COMPTROLLER SCHAEFER: Let me slow you down. What's the State's liability on this eight million?

MR. CANTONE: This is a System debt. It's direct debt of the System. And it --

COMPTROLLER SCHAEFER: In other words, if you're not successful the State has to pay it off?

MR. CANTONE: It's an obligation of the System. It's an obligation of the State, yes.

COMPTROLLER SCHAEFER: Okay. That's all I wanted to know. And they've got to raise 26 -- they got to raise how many million?

MR. CANTONE: They've borrowed 11 and a half million from the same affiliate of Riggs. And the remaining seven million is made up of cash on hand and fundraising efforts.

COMPTROLLER SCHAEFER: So, you got 19 million in debt?

MR. CANTONE: Total of 19 and a half million in debt, yes, sir.

COMPTROLLER SCHAEFER: And you got pretty good projections that you're going to be all right?

MR. CANTONE: Yes. And one of the creative parts of this is we're taking folks from other buildings around the campus, our University Relations Department, putting them in here. And the savings that

we have from the rent that we would be paying to private landlords is what's being used. Those departments are replenishing this. So, instead of paying rent to a private landlord they're paying -- this is prepaid rent that they're going to pay back -- this back.

COMPTROLLER SCHAEFER: Okay. Thank you.

MR. CANTONE: Thank you.

COMPTROLLER SCHAEFER: Oh, man. How about 4-RP? You're buying a whole bunch of properties?

MS. ROLANDELLI: That's correct.

COMPTROLLER SCHAEFER: First of all, have they all been appraised?

MS. ROLANDELLI: There is an appraisal for 1.415. The Vice President Hughes is here from Research and Development.

GOVERNOR EHRLICH: This is part of west side redevelopment, correct?

MR. HUGHES: Yes, it is. It's actually a piece of land immediately west of Martin Luther King, adjacent to our campus. And it's --

MS. ROLANDELLI: You want me to show them?

MR. HUGHES: -- yeah, that would be great.

It consists of 4.7 acres of land that's been owned by the City of Baltimore. It's actually cleared about 18 to 20 years ago.

COMPTROLLER SCHAEFER: Who owns it?

MR. HUGHES: The City of Baltimore.

COMPTROLLER SCHAEFER: It's clear?

MR. HUGHES: It's cleared. It was actually cleared, assembled, 18 to 20 years ago. And there have been a series of development projects that have been proposed for the land, but have never come to fruition.

COMPTROLLER SCHAEFER: What's happening then? Are we buying it; are you buying it, or what's -- who's buying it?

MR. HUGHES: What is happening is we are buying it, the University System is buying it for one dollar.

COMPTROLLER SCHAEFER: One dollar?

MR. HUGHES: One dollar.

COMPTROLLER SCHAEFER: From the State? I mean from the city?

MR. HUGHES: No, from the city.

So, the -- what we intend to do with the land is to build a research park that would be capitalizing on the research that's being done on our campus and moving private companies into it.

So, from the City of Baltimore's standpoint, as well as the State's, we're looking at converting empty land that's not been generating any tax base and creating between 2,000 and 3,000 jobs. And the land -- the actual buildings will be privately developed, so they would be turning those buildings back into the tax rolls.

COMPTROLLER SCHAEFER: What is that again? You're going to develop private buildings on here?

MR. HUGHES: Yes. What we're doing is the University is owning the land and then we were -- are working with private developers to come in and finance the individual buildings. So, we anticipate on this 4.7 acres that we actually have zoning approval to

build as much as 720,000 square feet of lab and offices.

GOVERNOR EHRLICH: Of research space, right?

MR. HUGHES: Research space, exactly. The University may occupy some of that space, and we'll work that out as we go along. But the vast majority of the space we expect to be --

COMPTROLLER SCHAEFER: And all we're paying for it is a buck?

MR. HUGHES: One dollar, yes.

COMPTROLLER SCHAEFER: I like that. That's nice.

(Laughter.)

GOVERNOR EHRLICH: You've had a good day.

COMPTROLLER SCHAEFER: A good day.

MS. ROLANDELLI: Happy Birthday.

COMPTROLLER SCHAEFER: Thank you. That's all.

MR. HUGHES: We will be coming --

GOVERNOR EHRLICH: That's all --

TREASURER KOPP: When is -- when will we see number five again?

MR. HUGHES: We --

MS. ROLANDELLI: Before next --

MR. HUGHES: You'll be seeing it --

MS. ROLANDELLI: In November.

MR. HUGHES: -- at your next meeting.

MS. ROLANDELLI: The documents just were not ready for today.

MR. HUGHES: Yes. That is essentially -- we'll talk about it at the next meeting, Governor.

TREASURER KOPP: That's the project itself?

MR. HUGHES: Well, that is actually -- the way we're developing this we had done a feasibility study and the way the vast majority of these are developed is you create a non-profit organization that oversees the development.

So, the item we'll be bringing to you next time is a long-term lease of the land from the University to the non-profit. And we just were not able to finalize that document in time for this

meeting. And then it's the non-profit that would work out --

GOVERNOR EHRLICH: Negotiate some of the vendors.

MR. HUGHES: Negotiate with the individual developers. We expect, we have the developer on hand, that once we finalize these early stage agreements, the developer is ready to go on building one and break ground within the next one to two months.

GOVERNOR EHRLICH: Can you identify the developer?

MR. HUGHES: Yes. We -- I should say we haven't signed a final agreement with them, but it's a consortium of three Baltimore-area based groups; Townsend Capital in Towson, Maryland.

GOVERNOR EHRLICH: Uh-hum.

MR. HUGHES: Whiting Turner, actually Willard Hackerman is the owner.

GOVERNOR EHRLICH: Uh-hum.

MR. HUGHES: And Ken Banks Contracting, which is a Baltimore City based minority-owned business.

GOVERNOR EHRLICH: Very good.

MR. HUGHES: And it will be --

COMPTROLLER SCHAEFER: Have you met the new president?

GOVERNOR EHRLICH: Yes, I have. Yes.

MR. HUGHES: So, we're very excited about the project and moving along well.

COMPTROLLER SCHAEFER: Good. That's good.

GOVERNOR EHRLICH: Thank you.

MR. HUGHES: Thank you.

COMPTROLLER SCHAEFER: Thank you.

MS. ROLANDELLI: Thank you.

COMPTROLLER SCHAEFER: I have nothing else.

MS. ROLANDELLI: Thank you.

COMPTROLLER SCHAEFER: Thank you.

I'd like to have Natural Resources come up.

GOVERNOR EHRLICH: Well, can we --

COMPTROLLER SCHAEFER: Yeah.

TREASURER KOPP: Except for five.

COMPTROLLER SCHAEFER: I make a motion.

GOVERNOR EHRLICH: All right. We've deleted item five. Do I have a motion?

TREASURER KOPP: Second.

GOVERNOR EHRLICH: Motion's been made. Motion -- and the motion is favorable. The favorable motion's been seconded. The motion carries.

MS. ROLANDELLI: Thank you very much.

GOVERNOR EHRLICH: Thank you.

You would like what now?

COMPTROLLER SCHAEFER: Natural Resources. Natural Resources.

And I said you were a nice man up to now. I went out to that Grist Mill. That is the worst thing that I've ever seen in my life.

MR. JOHNSON: The trail?

COMPTROLLER SCHAEFER: You didn't do this. You didn't propose this, the other -- that's funded -- proposed this I think. You didn't propose this did you?

MR. JOHNSON: Not me. It wasn't me.

(Laughter.)

DELEGATE PORTS: Good answer.

COMPTROLLER SCHAEFER: Whoever. That is in land that's going to be flooded.

GOVERNOR EHRLICH: Can you educate me on this?

COMPTROLLER SCHAEFER: What?

GOVERNOR EHRLICH: Can you educate me on this? I'm sorry.

COMPTROLLER SCHAEFER: Grist Mill -- they put -- they're starting to pave roads in parks.

GOVERNOR EHRLICH: Right.

COMPTROLLER SCHAEFER: Which, I think, is the dumbest thing I've ever heard in my life. And the real reason is there's a development out in Ellicott City that you're going -- who runs this Natural Resources? You?

MR. JOHNSON: I -- yeah.

COMPTROLLER SCHAEFER: There's a development out in Ellicott City that wants all roads put in, because it would be a great access for that development out there. The road that you should be looking at is

on top of a hill, that's where the road should be, not down in the bottom there where it is going to be flooded. You're just wasting your money. And if they ever bring another contract in, no way. No way.

Did you ever see this mess?

MR. JOHNSON: Well, on top of the hill is a railroad.

COMPTROLLER SCHAEFER: No. No. No. On the other side of the river.

MR. JOHNSON: On the other side?

COMPTROLLER SCHAEFER: Yeah. There's a partial road there.

MR. JOHNSON: There was a road that was washed out.

COMPTROLLER SCHAEFER: No, it wasn't washed out, it's just neglect. They never bothered with it. The road that's washed out was down in the basin where this Grist Mill is.

MR. JOHNSON: Right.

COMPTROLLER SCHAEFER: That's going -- the next flood, good-bye road. And he (indicating) decided

he wanted to put it there. I told him it was the wrong thing. You don't have clear title anyway. You haven't got the title yet, have you?

MR. JOHNSON: We think we have clear title. The only title issue was with the railroad and they're not pressing it because the -- we have an overlap and it's no sense in fighting it because they could easily lose or we could lose. But right now, we own both sides of the railroad. They may own down to where the trail was built and everybody is just going to let it ride. It's not worth --

COMPTROLLER SCHAEFER: Going to let it ride?

MR. JOHNSON: -- anybody's interest --

COMPTROLLER SCHAEFER: Yeah.

MR. JOHNSON: But it's not a road --

COMPTROLLER SCHAEFER: Don't try putting another road in there, unless you put it up on top of the hill. It'll be -- that will be washed out in the next flood, it's gone. I looked at the whole map of how this is going to be developed.

MR. JOHNSON: Uh-hum.

COMPTROLLER SCHAEFER: And your next one will come -- Grist Mill is down here, then there's a little hill and then another that makes you go up a little hill, and then you get into this nice development. The purpose of parks, I thought, was to keep automobiles out.

MR. JOHNSON: Well, it's not a road. Now, it's an eight-foot trail --

COMPTROLLER SCHAEFER: It isn't a road?

MR. JOHNSON: It's a trail. It meets the national standards for a trail. It starts at eight foot, it does go to -- the new section is 10- foot, which those are the new national standards.

COMPTROLLER SCHAEFER: Uh-huh.

MR. JOHNSON: And it is on an existing bed that people have traveled for 50, 100 years. They walked it, it was dangerous, so we went ahead and just paved it.

COMPTROLLER SCHAEFER: When was it dangerous? I walked it. And I can't even walk, and I walked it.

(Laughter.)

GOVERNOR EHRLICH: I think I need to go see this place.

COMPTROLLER SCHAEFER: Yeah. You'll see the road down the bottom and up on top there's a road that you could fix and do a little bit of work on that you wouldn't have to spend millions of dollars. This is terrible. And it's going to be washed out as sure as heck. The title wasn't approved. He (indicating) just wanted it put in. I don't know why. I haven't any idea. And Nelson tried -- Mike Nelson tried to defend it, he did a good job. But --

MR. JOHNSON: Well, maybe I should bring Mike back.

COMPTROLLER SCHAEFER: Huh?

SECRETARY RUTHERFORD: Mike's not coming back.

GOVERNOR EHRLICH: He's not coming back.

(Laughter.)

COMPTROLLER SCHAEFER: Well, that's all I got.

GOVERNOR EHRLICH: I think I need to go visit. What is the issue there now?

COMPTROLLER SCHAEFER: The issue is --

GOVERNOR EHRLICH: It's all done.

COMPTROLLER SCHAEFER: -- you're called upon, very soon, to add another piece of road.

MR. JOHNSON: Okay. Are we talking roads or talking trails? I'm talking trail that was built. You're talking a possibility of a road on the other side of the river?

COMPTROLLER SCHAEFER: That is a road. That thing is a road. That's blacktop. You could drive trucks over it to get through there. That's a road.

GOVERNOR EHRLICH: It sounds like --

COMPTROLLER SCHAEFER: And what you're going to do is put another road up top and then another road on top of that and then you're in a development. Up on top of this -- all it needs is a little bit of maintenance. A road. You're not supposed to run trucks through there.

MR. JOHNSON: We're not running trucks through there. Those are construction trucks building the trail.

GOVERNOR EHRLICH: All right. Well, I'm going to go visit this. I'm going to go visit this park up there.

COMPTROLLER SCHAEFER: I'm not older than you. Believe me cars are going through there, motorcycles are going through there. Mike tried to give me that bologna. I went through there and took a look at this place.

I shouldn't do this. I should have stayed home.

GOVERNOR EHRLICH: Yeah.

COMPTROLLER SCHAEFER: That's Boyd's talk. I don't know why I have to beat on him today. You take a look and see if I'm not right. Look at the road --

MR. JOHNSON: On the other side of the trail. We'll look at it.

GOVERNOR EHRLICH: All right. And I'll go there and visit.

COMPTROLLER SCHAEFER: All right. I'm finished.

GOVERNOR EHRLICH: There's nothing more on (unintelligible) so we have Morgan's agenda next.

MR. WORTHERLY: Good morning.

GOVERNOR EHRLICH: Good morning.

Obviously, we have concerns about number four.

This retroactive request for student health insurance at the University. Can you give us a little history on it?

MR. WORTHERLY: Well, we have some concerns about it, too. We've had a couple of items that we've had to come to the Board to request retroactive approval. I'd like to tell you what we have implemented.

We're now reviewing all of the contracts that the University have to ensure that we're in compliance with what is required by the Board. We're sitting with each department to handle that. We've instituted, within my department, a reminder or a tickler file that

will let people know approximately six months prior to that if they want to renew their contract that they need to get down and to let us know.

We recognize that it is a problem. We're working hard to address it. And I would only ask your indulgence for a short period of time until we can get this completely under control.

COMPTROLLER SCHAEFER: You know, you get handled special. We handle Morgan a little special, because we -- the Governor's right, you can't keep on doing this. If you say you don't know how to -- in the -- in operation within two months, fine. But when you have contracts over $400,000 and just bring them in and know they're going to be automatically approved, that's not the right thing to do. He's much more gentle than I am. The Governor is much more gentle. A couple more of these and uh-uh. Going to find out why.

MR. WORTHERLY: I understand that, and I agree with you.

COMPTROLLER SCHAEFER: Okay.

MR. WORTHERLY: And I'm hoping to take the steps. So, I would only ask, I know this is your birthday, but if I come down here within the next two or three weeks that you would allow me at least another opportunity, because there may be at least one more that I have to deal with. But I am working to identify all of them. I know I've got to bring it back. And I -- as I said I appreciate your indulgence.

GOVERNOR EHRLICH: Well, recognizing the problem is part of the solution. And there clearly is a problem, and I think I speak for the Board in this regard, we will look forward to your plan.

Is the problem a software problem? Is it --

MR. WORTHERLY: It is not a software problem. It is, historically, the individuals who have the contracts were responsible for bringing them to the procurement office in a timely manner. And that hasn't happened. This contract might have gotten to us --

GOVERNOR EHRLICH: Why?

MR. WORTHERLY: Well, that's the question, why it hasn't happened? And that's something internal that the University has to deal with.

We have instituted, within my department with all contracts, we've gone back now and revisited all of them, such that we will give them a reminder about six months out and then another reminder which will go to their vice presidents about three months in. And after that it becomes their problem. But we want to provide them with a tickler, let them know that they have a contract here, that if you want to renew the option years then here's what we must do. If not, they won't be able to renew them.

GOVERNOR EHRLICH: You have a difficult task today in that we're not going to beat a dead horse. We would ask that you send the message back, obviously, to the administration that we are a little bit frustrated by the number of items that continue to come before the Board. We need a new plan. And we look forward to hearing about that new plan.

MR. WORTHERLY: Would you like for me to send a director to you?

GOVERNOR EHRLICH: That would be a great.

MR. WORTHERLY: I will do that.

GOVERNOR EHRLICH: Thank you.

MR. WORTHERLY: I appreciate it. Thank you very much.

Happy Birthday.

COMPTROLLER SCHAEFER: And if you come back bring a cake.

(Laughter.)

MR. WORTHERLY: I'll gladly to bring it. Thank you very much.

COMPTROLLER SCHAEFER: That's all I got.

GOVERNOR EHRLICH: Is there a motion?

COMPTROLLER SCHAEFER: Motion.

TREASURER KOPP: Second.

GOVERNOR EHRLICH: With regard to Morgan, the motion is favorable. The motion -- the favorable motion has been seconded. The motion carries.

Transportation. Delegate?

DELEGATE PORTS: Yes, sir. Governor, members of the Board, we are -- we have nine items to present to you today, however, we are withdrawing 2-C-MOD --

GOVERNOR EHRLICH: What was that, Jim? Two?

DELEGATE PORTS: We are withdrawing 2-C-MOD, 9-L -- we're smarter than we look, Nancy.

(Laughter.)

DELEGATE PORTS: And contract "A" of 6-AE.

GOVERNOR EHRLICH: All right. 2-C-MOD, 9-L, and?

DELEGATE PORTS: Yes, sir. And contract "A" of item 6-AE. Just there's two items -- there's two portions to that.

COMPTROLLER SCHAEFER: All right. Number one. I only got this one today.

They came in at 359,000 and yet Engineers went almost a million dollars. How the heck do you get a discrepancy like that? See what I mean? It's the -- Mattingly came in at 359, Engineer's came in for 955. That's an awful big difference. What is that? Is

there some reason for -- did they get the wrong contract or they overbid or?

GOVERNOR EHRLICH: Really bad estimator there, Jim.

DELEGATE PORTS: Well, no, no that's not our estimate.

GOVERNOR EHRLICH: I know. I know.

DELEGATE PORTS: Oh, okay.

GOVERNOR EHRLICH: That's not your problem.

DELEGATE PORTS: Right. Let me -- is Richard Smith -- oh, okay. He might be able to fill in some of the details.

COMPTROLLER SCHAEFER: That these -- why a million dollars --

DELEGATE PORTS: That's a significant difference.

MR. SMITH: How are you doing, sir, members of the Board. Good to see you again.

GOVERNOR EHRLICH: Hello.

MR. SMITH: Actually the difference is $100,000 higher than --

TREASURER KOPP: No, no. That --

GOVERNOR EHRLICH: No, as far as the Engineering Management Services.

TREASURER KOPP: Why did this other firm go -- the high bidder come in --

DELEGATE PORTS: From the lowest bid to the highest bid.

TREASURER KOPP: -- so much higher than anyone else.

GOVERNOR EHRLICH: We had 16,000 between the first two --

DELEGATE PORTS: It's not our estimate.

GOVERNOR EHRLICH: -- and then --

MR. SMITH: Yeah. Right, it's not --

GOVERNOR EHRLICH: -- 600,000.

MR. SMITH: Yeah. It's not our estimate. I don't --

GOVERNOR EHRLICH: Yeah. Okay.

SECRETARY RUTHERFORD: Their bid.

MR. SMITH: Uh-hum.

DELEGATE PORTS: I mean their bid was extremely high, no doubt.

(Laughter.)

TREASURER KOPP: Well --

GOVERNOR EHRLICH: That would not fall under any new parameters, Mr. Secretary.

TREASURER KOPP: Since --

DELEGATE PORTS: Could we claim that as a cut? A savings?

(Laughter.)

GOVERNOR EHRLICH: That's the Capitol Hill title.

MR. SMITH: That estimate --

TREASURER KOPP: Since you brought up your estimate, though --

MR. SMITH: Uh-hum.

TREASURER KOPP: -- this has come in at 360, the estimate was 430 --

MR. SMITH: Uh-hum.

TREASURER KOPP: -- we can be able to do it at 360?

MR. SMITH: Yeah. We met with the firm to assure that they can do it for the price that they bid.

Now, what happened here was we took out $82,000 of work related to this project, but it was not reflected in our engineer's estimate.

COMPTROLLER SCHAEFER: That doesn't answer my question. You've got a million dollars against 300,000. Now, why? Don't you look at these things?

GOVERNOR EHRLICH: Well, I mean that's not --

MR. SMITH: Yes.

GOVERNOR EHRLICH: -- we wouldn't know.

MR. SMITH: Yeah, I don't have an answer to that. It's that firm's estimate.

GOVERNOR EHRLICH: But I think Engineering Management Services, Inc., is --

DELEGATE PORTS: Apparently they didn't want the job.

GOVERNOR EHRLICH: Yeah. They didn't want --

COMPTROLLER SCHAEFER: What?

GOVERNOR EHRLICH: They didn't want the job and they have some --

DELEGATE PORTS: Apparently they didn't want the job.

GOVERNOR EHRLICH: -- bad estimators.

DELEGATE PORTS: Bad estimators. One or the other, yeah.

MR. SMITH: Or they didn't understand the --

COMPTROLLER SCHAEFER: Yeah, but if they come in with a low bid and then they come in with change orders and you go up to 900,000. I've watched that.

GOVERNOR EHRLICH: That's --

COMPTROLLER SCHAEFER: And it just -- the bid -- the low bid is just so much lower than --

GOVERNOR EHRLICH: I guess the --

COMPTROLLER SCHAEFER: -- the another qualified bidder.

GOVERNOR EHRLICH: I guess the question is does that raise issues when you see something so out of whack with regard --

DELEGATE PORTS: Yes.

GOVERNOR EHRLICH: -- with regard to a legitimate bidder --

DELEGATE PORTS: Yes.

GOVERNOR EHRLICH: -- what issues does that raise?

DELEGATE PORTS: Yes. And the Comptroller brings up a very good point. And what we normally do, I think you'll notice that the second bidder was very close to the first bidder.

GOVERNOR EHRLICH: Yes.

DELEGATE PORTS: So, that helps bring the confidence level up --

GOVERNOR EHRLICH: Yeah.

DELEGATE PORTS: -- as far as the estimates. If -- and there are other cases where we have four or even more estimates, you'll find that some of them are very tight. I mean we get some estimates within $600 dollars and then you'll get one that's, you know --

GOVERNOR EHRLICH: Jim, I guess the Comptroller's question is, does this, when you have a legitimate bidder, legitimate entity, a bid so out of whack do you pro-actively, after the bids open and --

MR. SMITH: We sit down --

GOVERNOR EHRLICH: -- go back to that contractor and say what were you thinking about?

MR. SMITH: Yes. We -- well we don't go -- we wouldn't go back to the contractor that bid 950,000.

GOVERNOR EHRLICH: You would not? You would not?

MR. SMITH: No.

GOVERNOR EHRLICH: Okay.

MR. SMITH: But we do sit down with the best bidder to get some assurance that they understand their bid and that they can stand by their bid.

GOVERNOR EHRLICH: And as part of that conversation, "Hey, there's another bidder here 600,000 more than you." What -- is that part of the conversation?

MR. SMITH: Yes. But if you look at the best bidder, it is in line with our engineer's estimate.

GOVERNOR EHRLICH: Right. Right. Right.

MR. SMITH: We also --

GOVERNOR EHRLICH: No doubt about it.

TREASURER KOPP: That's not the question.

COMPTROLLER SCHAEFER: It's a simple question.

MR. SMITH: I didn't understand you.

COMPTROLLER SCHAEFER: Why is a bid $600,000 more? And we're playing around with all this sort of stuff. Did you look at it and find out what the difference is? That's all I wanted to know.

DELEGATE PORTS: No, we have not.

MR. SMITH: We can't --

COMPTROLLER SCHAEFER: I want the low bid, but I've seen low bids come in and by the time you get finished with the change orders you're up to 900,000.

All I wanted to know is, do you look at their bids and say geeze they put in some extras?

MR. SMITH: If our engineer's estimate was closer to a million dollars --

GOVERNOR EHRLICH: I see.

MR. SMITH: -- then we would be more concerned.

DELEGATE PORTS: We would do it, right.

GOVERNOR EHRLICH: Makes sense.

COMPTROLLER SCHAEFER: Oh, Lord. Don't get me back with where I -- monkeying around with him.

DELEGATE PORTS: We don't want to go there.

COMPTROLLER SCHAEFER: They didn't want to answer me. They just said that's -- see that's stone walling. I'm trying to give you -- it just seems when you're out of whack by $600,000 that you might ask why?

DELEGATE PORTS: There's a good point.

COMPTROLLER SCHAEFER: I'm not trying --

DELEGATE PORTS: We could, yeah. We could do that.

COMPTROLLER SCHAEFER: Okay.

GOVERNOR EHRLICH: Thank you, Jim.

DELEGATE PORTS: Thank you.

COMPTROLLER SCHAEFER: That's good. I like that. That's great.

GOVERNOR EHRLICH: We have deleted, with regard to the Transportation agenda, items 2-C-MOD, 10 -- I'm sorry, 9-L, and contract "A" of 6-AE.

With regard to the rest of the agenda, do I have a motion?

COMPTROLLER SCHAEFER: I'll second it.

(Laughter.)

GOVERNOR EHRLICH: Close enough.

We have a favorable motion. The motion's been seconded. And the motion carries. Thank you.

(Whereupon, at 12:00 p.m., the above-entitled meeting was adjourned.)