

STATE OF MARYLAND
BOARD OF PUBLIC WORKS
GOVERNOR'S CONFERENCE ROOM
STATE HOUSE
ANNAPOLIS, MARYLAND

November 12, 2003

10:45 a.m.

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

P R E S E N T

GOVERNOR ROBERT L. EHRLICH, JR., Presiding;

HONORABLE WILLIAM DONALD SCHAEFER, Comptroller;

HONORABLE NANCY KOPP, Treasurer;

SHEILA C. MCDONALD, Secretary, Board of Public Works;

BOYD K. RUTHERFORD, Secretary, Department of General Services;

JAMES C. DIPAULA, Secretary, Department of Budget and Management;

JOEL LEBERKNIGHT, Chief of Procurement, Department of Budget and Management;

JIM PORTS, Assistant Secretary, Department of Transportation

WES JOHNSON, Assistant Secretary, Department of Natural Resources;

MICHELE THALHEIMER, BPW Administrator, Department of General Services; and,

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

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

November 12, 2003

3

C O N T E N T S

<u>Subject</u>	<u>Agenda</u>	<u>Witness</u>	<u>Page</u>
Unarmed Uniformed Guard Service	DGS Item 2-M, p. 3	Rhonda A. Amenu-El	13
State Use Industries Furniture	DGS Item 5-E, p. 10		30
PHH Glatfelter Properties - Charles, St. Mary's, Dorchester Counties	DGS Item 6-RP, p. 11		31
Garage Parking Lease-Fayette Street	DGS Item 8-L, p. 16		34
Garage Parking Lease-Fayette Street	DGS Item 9-L, p. 17		34
Repair/Restore Maryland Monument at Antietam National Battleground	DGS Item 28-CGL, p. 48	Paul Georgiou	34
Public School Construction Program/ Governor's Citation	SEC Item 10, p. 20	Barbara Bice	39

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

<u>Subject</u>	<u>Agenda</u>	<u>Witness</u>	<u>Page</u>
Consulting Services Procurement	DBM Item 9-IT-MOD, p. 39B	Russ Doupnik	77
On-Call Abatement Contracting Services	USM Item 1-C-MOD, p. 1C	Valerie Rolandelli	80
Ground Lease to UMB Health Sciences Research Park	USM Item 5-GM, p. 10C	Valerie Rolandelli	81
Campus Wide Cable TV Services	MSU Item 1-S, p. 1F	Churchill Wortherly	83
Johns Hopkins Double Cross- over Refurbish.	DOT Item 3-C-MOD, p. 5	Magdaline T. Hamill	86
Silver Spring MARC Station Relocation	DOT Item 4-C-MOD, p. 6	Magdaline T. Hamill	90
Parsons Trans. Group - On-Call Systems Engineering Srvcs.	DOT Item 6-AE, p. 9	Magdaline T. Hamill Ricky Smith Robert P. Gay	93
Communications Engineering Services	DOT Item 7-AE, p. 11	Magdaline T. Hamill	112

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

November 12, 2003

6

<u>Subject</u>	<u>Agenda</u>	<u>Witness</u>	<u>Page</u>
On-Call Project Development Environmental & Prelim. Design Services	DOT Item 8-AE, p. 13	Magdaline T. Hamill	115
Bridge Design Services, Statewide	DOT Item 9-AE, p. 16	Ricky Smith	117
Materials Engineering & Testing Service	DOT Item 10-AE, p. 20		118
Pavement & Asset Mgmt. Services Statewide	DOT Item 11-AE, p. 22		118
Landscape Inspection/ Landscape Architecture	DOT Item 12-AE, p. 25		119
The ARC of Baltimore Misc. Snow Removal-Light Rail Stations	DOT Item 17-M-MOD, p. 36	Magdaline T. Hamill	119
State Highway Administration Real Property Conveyance	DOT Item 18-RP, p. 38	Ricky Smith	122

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

November 12, 2003

7

<u>Subject</u>	<u>Agenda</u>	<u>Witness</u>	<u>Page</u>
State Highway Administration Real Property Conveyance MacPhail Road, Harford County	DOT Item 24-RP, p. 48	Ricky Smith Nelson Reichart	123 133
State Highway Administration Real Property Conveyance North Point, Baltimore County	DOT Item 25-RP, p. 49	Ricky Smith Deborah Pirog	124
State Highway Administration Real Property Conveyance Annapolis, Maryland	DOT Item 26-RP, p. 51	Chris Larson	135
State Highway Administration Real Property Conveyance Bishop, Maryland	DOT Item 27-RP, p. 53	Chris Larson	136
State Highway Administration Real Property Conveyance Connecticut Ave., Montgomery County	DOT Item 28-RP, p. 55	Ricky Smith	136

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

November 12, 2003

8

State Highway DOT
Administration Item 29-RP,
Real Property p. 57
Conveyance
Chaptico,
St. Mary's County

Chris Larson

137

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

P R O C E E D I N G S

GOVERNOR EHRLICH: Let's call the meeting to order, please.

I apologize for the late start. There's an important healthcare conference across the street, and I needed to make opening remarks. And the Treasurer and the Comptroller and I have been in a conference for about a half hour talking about various and sundry things, including the announcement that was made concerning the deletion of item 30 from the Transportation agenda.

Real quick, we'll get to our business expeditiously. I wanted to make a point. It -- we had a very successful trip to Israel. This is a tradition with regard to Maryland Governor's. This was a trip of brief duration, and very targeted. And I'm happy to report that when all was said and done we'll have at a minimum a couple hundred new jobs in the State of Maryland. There may be more depending on two additional deals that are still out there. So, we -- I do want to compliment, most specifically, our DBED

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

folks. There's a new enthusiasm, a new group, new personnel, new orientation, new philosophy, new everything at DBED. We have terrific professionals throughout State government. DBED is now cutting edge. We had our chief scientist, we had our chief of staff, he had -- as well as Nelson Sabatini from our -- our health Secretary. We're able to -- as well as the economic development deals, do a number of partnerships with Tel Aviv University, the University of Maryland on the engineering and biotech science. So, it was a very productive trip, although brief, and Skip ate a lot over there.

(Laughter.)

GOVERNOR EHRLICH: Ate and ate and ate.

COMPTROLLER SCHAEFER: He looks it.

GOVERNOR EHRLICH: Yeah.

(Laughter.)

GOVERNOR EHRLICH: Tapeworm.

In any event, Mr. Comptroller.

COMPTROLLER SCHAEFER: I know you're in a hurry today, so I'll be very brief.

The zoo, there is a concern about the zoo, and I'm glad to say that the Governor will be doing something about the zoo. It's sort of a shame. But it points out that when you knock off or spend money needlessly, and you strip all the agencies of their money, it not only affects people, which is the major one's, but it affects everything else in our culture and in our living standards. The zoo is one of them, the art museums are others.

So, I just want to remind everyone that you didn't get them in this mess, but you're going to try to help them out, to get out of the mess. That's the most important thing.

And Bonnie Copeland was appointed head of the Baltimore City Board of -- Superintendent of Schools. Great lady, and she'll do a wonderful job. It's really great that she was selected.

And one other thing. You brought this guy -- this young fellow -- not guy. I'm sorry for that. This young fellow, Dennis Storm, back from a very, very precarious situation. And your people are working on

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

helping to raise the money to pay back the family that raised -- that spent all of their funding, everything they had, in order to bring Dennis home. Dennis is now home.

But you were the only one -- the only one. The federal government wouldn't do it, the Navy wouldn't do it, nobody would do it. Here's a veteran. Very ill; hurt. And we will spend money some place else but we won't bother on our own people. But you did it, and I appreciate that. That was very good. That's all.

Oh, yeah, well I wanted --

GOVERNOR EHRLICH: I think we're close -- I think that's all you have to say, right?

COMPTROLLER SCHAEFER: No, I've got more to say.

GOVERNOR EHRLICH: Okay. I'm sorry. I thought we'd close on a high note there.

COMPTROLLER SCHAEFER: Yeah, you told me to be short today. I had some real whippers that I wanted to --

(Laughter.)

COMPTROLLER SCHAEFER: Number two. Job opportunities for the people. They've agreed to provide appropriate job opportunities for job-ready welfare recipients of at least six month duration. Job opportunities are provided by the contractor doing the business.

Do they actually do this?

GOVERNOR EHRLICH: No, wait a second. The Treasurer may have an opening --

COMPTROLLER SCHAEFER: Oh, my gracious.

TREASURER KOPP: No, no, no.

GOVERNOR EHRLICH: Madam Treasurer, would you have any opening statements?

TREASURER KOPP: No. I really -- other than to echo the Comptroller's remarks about Bonnie Copeland, and hope that it brings to the Baltimore City School System, and resolve that it shows, I think, is very good.

No. Let's --

GOVERNOR EHRLICH: Okay.

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

COMPTROLLER SCHAEFER: Well, I have something else to say.

(Laughter.)

COMPTROLLER SCHAEFER: No. Nancy Grasmick is here. She's a great lady. She's not here anymore, but

--

SECRETARY RUTHERFORD: No, she's here.

COMPTROLLER SCHAEFER: Oh. Hello little Nancy.

MS. GRASMICK: Hi.

COMPTROLLER SCHAEFER: How are you?

MS. GRASMICK: Good, thank you.

COMPTROLLER SCHAEFER: She's so smart.

GOVERNOR EHRLICH: He got in trouble one time for saying little girls or something, didn't you?

COMPTROLLER SCHAEFER: Yeah.

MS. GRASMICK: I love it.

(Laughter.)

COMPTROLLER SCHAEFER: I'm happy -- I'm getting a little girls society together if Louise ever gets around to it. But I don't know if she'll ever get

around to it. She's very busy with Londontown and -- she isn't here today. I see her.

GOVERNOR EHRLICH: I actually got in trouble one time for using the term ma'am. So, don't --

(Laughter.)

GOVERNOR EHRLICH: Anyway. Could -- I think we're about to begin here, Mr. Secretary.

SECRETARY RUTHERFORD: Well, good morning. The Department of General Services has 29 items on it's agenda. We will be pulling item 12-CGL, and we have revised item 6-RP. And we're ready and available to answer all questions.

GOVERNOR EHRLICH: You pulled 12-GCL and revised?

SECRETARY RUTHERFORD: 6-RP.

COMPTROLLER SCHAEFER: Well, I had number two about job opportunities.

SECRETARY RUTHERFORD: Okay. I'm going to ask Ms. Rhonda Amenu-El to come up from the Department of Human Resources.

Thank you. And I probably miss-pronounced your name.

GOVERNOR EHRLICH: Welcome.

MS. AMENU-EL: Good morning. I'm Rhonda Amenu-El from the Department of Human Resources. And I'm here to answer any questions you may have regarding the hiring rule.

COMPTROLLER SCHAEFER: You heard the question I had.

MS. AMENU-EL: Excuse me?

COMPTROLLER SCHAEFER: Oh, you didn't hear the question?

MS. AMENU-EL: No, I didn't. It's difficult to hear in the back, because the door is open and people are in the hallway.

COMPTROLLER SCHAEFER: Oh, right.

The agreement provides job opportunities for job-ready welfare recipients with -- of at least six months duration. Job opportunities are provided by the contractor doing business in the State of Maryland.

Did you ever check to see if they're doing this and how many jobs have been put in from the welfare, because that was one of the big items?

MS. AMENU-EL: Now, are you referencing this specific contract, or just --

SECRETARY RUTHERFORD: Right.

MS. AMENU-EL: -- generally?

COMPTROLLER SCHAEFER: No, generally. I just want to know how many jobs.

MS. AMENU-EL: Generally, since the inception of the hiring agreement we have placed about 144 welfare to work customers through this particular hiring agreement, of which there are three. All the hiring agreement programs came through the Welfare Innovation Acts under the '98 hiring schedule.

COMPTROLLER SCHAEFER: Now, do they stay or how -- do you have charts that show whether they stay or whether they go back on welfare? What happens to them?

MS. AMENU-EL: We do --

COMPTROLLER SCHAEFER: Usually they give them a job and the job isn't satisfactory and you get a plus for having given them a job, but then you -- what good is it if they don't stay?

MS. AMENU-EL: Well, we do have attrition. And we do have studies with the University of Maryland that shows what happens to welfare recipients once they do in fact go off of the rolls.

This particular hiring agreement program, however, Comptroller Schaefer, is a challenging one because it's dependent upon our contractors.

The Department of Human Resources and the control groups who were established under this legislation, don't have exclusive control in terms of determining what jobs get awarded to our welfare to work customers.

COMPTROLLER SCHAEFER: Why not?

MS. AMENU-EL: Because the --

COMPTROLLER SCHAEFER: Should have in the contract if it says this agreement provides opportunity

-- appropriate job opportunity. What I understand, they don't get many jobs?

MS. AMENU-EL: They don't get many jobs because the contractors -- it's the -- the contractor has to determine what jobs will be set aside for the welfare --

COMPTROLLER SCHAEFER: Well, can't you do that? Can't you do that?

MS. AMENU-EL: Well, the agreement, the way the hiring agreement is worded, the vendor is supposed to take an inventory of specific jobs available under the contract. We can't dictate to them what jobs to set aside for this particular hiring agreement.

COMPTROLLER SCHAEFER: What I'm saying is that 200 and 480 some thousand dollars going to these agencies. And I've got a little note in there that they're suppose to give them an opportunity. They're not going to give them an opportunity unless you look at them and see what to do.

MS. AMENU-EL: That's absolutely correct. That's absolutely correct. But what happens all too

frequently is the contractors upon being awarded either come in fully staffed or do not comply with the terms of the hiring agreement in terms of hiring welfare candidates.

COMPTROLLER SCHAEFER: In other words, if they don't comply, then they should be cancelled.

MS. AMENU-EL: Certainly. I agree. But this is one of the unique --

COMPTROLLER SCHAEFER: Well, do you do it? I know you're agreeing with me. Everybody agrees. I don't care whether the fact that she agrees with me or not. It says they are to provide welfare jobs.

MS. AMENU-EL: That's absolutely correct.

COMPTROLLER SCHAEFER: And if -- they ought to give you a percentage. In the contracts there ought to be a percentage, or something, of the amount of jobs that you're going to give for job-ready welfare workers.

MS. AMENU-EL: That's absolutely correct. That is as it should be.

COMPTROLLER SCHAEFER: Brad? Mister --
whatever your name is.

GOVERNOR EHRLICH: Boyd.

COMPTROLLER SCHAEFER: I think you ought to
-- the next contract that goes out -- I understand
there aren't many welfare people get off. They get on
and get off right away, and they're not -- they're
really not taken care of the way they're supposed to
be. So, if they can put in the contract that they have
a minimum, like you got a minimum for everybody else,
why can't they have a minimum? Say 10 percent or 15
percent.

MS. AMENU-EL: That would help the program
tremendously.

SECRETARY RUTHERFORD: Okay. We'll just
check with counsel to make sure we can do that. We'll
proceed --

COMPTROLLER SCHAEFER: Well, get a new
counsel if you can't.

(Laughter.)

MS. AMENU-EL: Can I add a point, Comptroller Schaefer? May I say one thing?

This is one of three hiring agreement programs that the State initiated under the Welfare Innovation Acts. The other two are fairly prolific, which allows welfare customers to be employed in State government, which is very successful; House Bill 1059. And also with local municipalities; House Bill 1160, which is fairly active as well.

COMPTROLLER SCHAEFER: Unless you keep an account, somewhat of an account on this --

MS. AMENU-EL: We do.

COMPTROLLER SCHAEFER: -- as I understand they just don't -- they get the job maybe, they're off again, right back on welfare. And that's not the intent.

MS. AMENU-EL: That's right.

COMPTROLLER SCHAEFER: So, the University of Maryland gets plenty of money from us, maybe they could figure out a way to track some of these people and give you a report. But you ought at least have a percentage

in these contracts that they're getting pretty good money; \$240,000.

MS. AMENU-EL: That's right. Yes.

COMPTROLLER SCHAEFER: A pretty good deal. So they're not going to put a welfare person on, they're not going to do it, because the reputation of a welfare worker, which is wrong, he's not going to work. All he's going to do is go in there for a day or so, get hurt, quit, get out, and that's not the purpose of this.

MS. AMENU-EL: And the competition factor hurts us also. There's, you know, competition.

Under this program we only have three to seven days to make a referral to the vendor, and after that it's open to the general populous.

COMPTROLLER SCHAEFER: Then do the -- rewrite it.

MS. AMENU-EL: We need to.

TREASURER KOPP: Who writes this contract?

COMPTROLLER SCHAEFER: Excuses are not the right thing. Excuses are not the right thing. If you

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

can't do it, just say you can't do it, and let's not waste a lot of time by putting in language that sounds good, but means nothing. And excuses -- the Governor does not accept excuses.

GOVERNOR EHRLICH: That's correct.

(Laughter.)

COMPTROLLER SCHAEFER: Yeah, look up when I'm talking.

GOVERNOR EHRLICH: I didn't know which Governor you were talking about.

(Laughter.)

COMPTROLLER SCHAEFER: You understand what I'm saying?

MS. AMENU-EL: Absolutely.

COMPTROLLER SCHAEFER: You understand, whatever your name is over there?

SECRETARY RUTHERFORD: I understand what you're saying.

MS. AMENU-EL: But a minimum would go far to help the program.

COMPTROLLER SCHAEFER: It really is. You're not going to do what the contracts say. And it's easy not to hire these people. It's just easier; not going to do it. Just don't do it. We'll hire somebody else.

SECRETARY RUTHERFORD: Can I ask a question?

MS. AMENU-EL: Certainly.

SECRETARY RUTHERFORD: The timing as far as -
- you mentioned how much time that you have for a referral.

MS. AMENU-EL: Yes.

SECRETARY RUTHERFORD: Is that statutory or is that within the contract?

MS. AMENU-EL: Yes. It came in under the legislation.

SECRETARY RUTHERFORD: Okay.

MS. AMENU-EL: And we have modified it from three days, just as a matter of administration, to seven, which is still fairly tight, because we have to contact our local departments of Social Services, of which there are 48 offices throughout the State. And by the time they round up a welfare to work candidate,

get a resume, get an application, screen this candidate for the particular qualifications, it can sometimes transcend a three to seven-day period of time.

SECRETARY RUTHERFORD: Would it help if we, the Department of General Services, as we know that these contracts are coming up --

COMPTROLLER SCHAEFER: Yeah.

SECRETARY RUTHERFORD: -- to let you know in advance, and then that process can start before the seven-day period.

MS. AMENU-EL: Absolutely. That would help. But also, you know, the Department of General Services has worked fairly closely with the Department of Human Resources, you know, there are six control groups of which your agency is one, Secretary. But if we could get all of the agencies on board in the same manner that your agency has worked with us, we would be a great deal more successful.

COMPTROLLER SCHAEFER: If's are not acceptable to me. Maybe -- I don't think they're acceptable to him.

MS. AMENU-EL: Excuse me?

COMPTROLLER SCHAEFER: You haven't tried to find an answer to the problem. And you've got a lot of excuses which don't make any sense to me.

If it takes too long, then you -- have you got a Bill in to change the statute?

MS. AMENU-EL: No. But we've made that recommendation for the legislature upcoming in the Secretary's report, Comptroller Schaefer. We sent a copy of the report to the Board of Public Works with the enhancements that we felt would help the program move forward. I sent it to Warren Wright.

COMPTROLLER SCHAEFER: Well, now it's the Board of Public Works fault now.

MS. AMENU-EL: Warren Wright has a copy.

COMPTROLLER SCHAEFER: Yeah. Well, we're at fault, and from now on I'll reprimand the Governor because he didn't take the action he should. That's a bunch of bologna.

MS. AMENU-EL: But we did make some positive

--

COMPTROLLER SCHAEFER: You haven't looked into getting the people on the rolls. And everything you've said there's an answer to.

And, Brad, when -- if you can put these contracts out and you know who's going to bid, they can at least have some percentage in there or something. If we're not going to do the thing that's okay, forget it. But if you're going to do it and putting in the law, and we're making out and we're doing it, let's not bother with it. Let's just forget it. And it's a lot of trouble, it's a whole lot of trouble. And the fact this doesn't do a darn thing. They put on one or two people and then they're gone, and then they put in their own people. That's not the right thing to do.

Well, okay.

TREASURER KOPP: Could I -- just -- are you the person who coordinates that program for --

MS. AMENU-EL: For the -- yes.

TREASURER KOPP: -- DHR?

MS. AMENU-EL: Yes.

TREASURER KOPP: Okay. And you have written down what you think is needed to make the program work?

MS. AMENU-EL: Yes. For the Secretary. For Secretary McCabe, who is the Secretary of the Department.

TREASURER KOPP: And the Secretary then sent that on --

MS. AMENU-EL: That report was --

TREASURER KOPP: -- to the Board?

MS. AMENU-EL: -- sent to the legislature, the Joint Committee on Welfare Reform.

TREASURER KOPP: Great.

MS. AMENU-EL: In October, actually.

TREASURER KOPP: Could you send another copy over here, please?

MS. AMENU-EL: Yes, certainly. Absolutely.

COMPTROLLER SCHAEFER: Nancy, that's not the answer.

TREASURER KOPP: Wait. Wait. And does that include how you are going to monitor it to see if in fact has become effective?

MS. AMENU-EL: It includes how we have -- how we would like to monitor it. We include specific data as in terms of what numbers we have been able to sustain, what the barriers are. We've been very extensive in listing what the problems are.

TREASURER KOPP: Including what the departments aside from General --

MS. AMENU-EL: Absolutely.

TREASURER KOPP: -- Services --

MS. AMENU-EL: Absolutely.

TREASURER KOPP: -- are, have to give you advance notification so that you can attest that you've done it within the period of time?

MS. AMENU-EL: Yes. Well, one of the recommendations we did make was to have a particular set aside, as the Comptroller indicated, which would help us significantly. That would eliminate 80 percent of our problem.

TREASURER KOPP: But some of these things you could do without changing the law. Before the law is changed?

MS. AMENU-EL: Yeah. And these reports are due to the legislature every year, and they modify it as needed or as, I don't know, as they see fit.

TREASURER KOPP: I mean I just think it sounds like there are things that you may need to change the law for, but there are other things you don't need to change the law for. You can just get the people together and do it. Those are the things that --

COMPTROLLER SCHAEFER: Everything that the young lady has talked about could have been done without change. So, that's just excuses, which are really, really wrong. I don't believe they believe in the program. Just doesn't seem to believe in the program. And I know it's a lot of trouble to hire a welfare person. And if it's a bad deal, instead of writing all this stuff, and having people looking into it, forget the program. It doesn't work. If it doesn't work, it doesn't work. But if it's going -- if you're going to really try it, see what you can do.

And I think there are things that could have been done; follow up.

SECRETARY RUTHERFORD: Well, we can work with the department to come up with --

COMPTROLLER SCHAEFER: Okay.

SECRETARY RUTHERFORD: -- a percentage and include that in our agreements.

COMPTROLLER SCHAEFER: Number five.

MS. AMENU-EL: Thank you.

COMPTROLLER SCHAEFER: I see where you used the State Use again. That you made a comment on the State Use.

SECRETARY RUTHERFORD: State Use provides very good services and good products. And we --

GOVERNOR EHRLICH: Turn a profit.

SECRETARY RUTHERFORD: -- we turn a profit. We use them, and many of the departments -- we encourage the other departments to use State Use Industries, as well as the new buildings that go in, the courts and legislature and judicial services.

COMPTROLLER SCHAEFER: Has the Governor taken any interest in this program?

SECRETARY RUTHERFORD: Very much so. The Governor's the lead on this program.

COMPTROLLER SCHAEFER: Okay. We have to drag it out.

(Laughter.)

GOVERNOR EHRLICH: Thank you, Brad.

(Laughter.)

GOVERNOR EHRLICH: Can we go to six or --

COMPTROLLER SCHAEFER: Yeah. I'm not doing any more. I'm done.

GOVERNOR EHRLICH: Mr. Secretary, would you pontificate?

SECRETARY RUTHERFORD: On six?

GOVERNOR EHRLICH: Please articulate the facts in number six and where we are and how we got there?

SECRETARY RUTHERFORD: 6-RP involves the purchase of properties known as Glatfelter properties, a former timber site. Timberlands I should say,

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

located in Charles, St. Mary's, and Dorchester Counties.

In December of last year, December 18th, before the Board, the Board approved the purchase of certain properties and deferred the purchase of others; both fee simple and easement -- and in certain easements. The Board item stated that the State would purchase the remaining portion from the Conservation Fund, who had purchased those properties, when funds became available.

In the months since that time a benefactor, a philanthropist has come to the State and has asked to purchase properties for various purposes, but not for development per se. In some cases to possibly donate property to school sites.

Where we are at this point is we're working with the Conservation Fund as far as a contract to do the actual purchase of the properties. We are awaiting and negotiating the contract terms. A price has been agreed upon. And at this point we don't have the signed contract but we feel that the moving forward,

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

subject to the signed contract, is in the best interest of the State.

GOVERNOR EHRLICH: Thank you.

COMPTROLLER SCHAEFER: I think that's great. Somebody buys it and we win. We win?

SECRETARY RUTHERFORD: We win. Absolutely. And this is something that the Governor has been pushing a new way of looking at the preservation of land in the State without throwing a tremendous amount of dollars that are needed for some of the services that are mentioned earlier.

COMPTROLLER SCHAEFER: Very good.

TREASURER KOPP: So, repeat just once more, what we are voting on today?

SECRETARY RUTHERFORD: We're voting on the actual purchase of the remaining --

TREASURER KOPP: Properties?

SECRETARY RUTHERFORD: -- properties, subject though to a signed contract from the Conservation Fund. It's an agreement between the State and the Conservation Fund to purchase the properties.

GOVERNOR EHRLICH: Thanks, Boyd.

COMPTROLLER SCHAEFER: Number eight and nine.
These are garages renewals rate?

SECRETARY RUTHERFORD: Yes. This is a
renewal. The previous rate was \$100 a month. And it's
at 105. And it's actually lower than a number of the
properties surrounding. As you start to move west on
Fayette the prices go down.

COMPTROLLER SCHAEFER: Yeah. A hundred and
five dollars and --

Twenty-eight.

GOVERNOR EHRLICH: Twenty-eight?

COMPTROLLER SCHAEFER: Twenty-eight. What's
the matter -- what's wrong with the Monument at
Antietam?

SECRETARY RUTHERFORD: Let me ask Paul
Georgiou to come up.

MR. GEORGIU: Actually, sir, there's been a
lot of deterioration in the Monument, in the dome,
especially. The steel structure has a lot of rust, in
the steel structure holding the dome up.

And so this is going to -- the design to repair the dome and the rest of the Monument. The actual statue on top, when they did the initial report, had four bullet holes in it. There's just rust and time has taken a toll on it.

COMPTROLLER SCHAEFER: Do you still have that Monument Commission in operation?

MR. GEORGIU: I believe there is.

COMPTROLLER SCHAEFER: Do what?

MR. GEORGIU: I believe it is, but I'll have to find out for you, sir.

COMPTROLLER SCHAEFER: Would you check and see?

MR. GEORGIU: Sure.

COMPTROLLER SCHAEFER: And why didn't they know about this before this? What are they doing? What's the Commission doing?

MR. GEORGIU: This has been going on for a long time. If you notice the money is from 1990. Yeah, from 1990.

So, there have been some studies. They did one project to stabilize the dome a few years to -- the whole Monument a few years ago. And this is finally they've gotten federal money and this will do design for the repair of the Monument.

COMPTROLLER SCHAEFER: Well, what's this for? This is for what?

MR. GEORGIOU: This is design of the repairs. And they've gotten federal money to do the actual repairs.

GOVERNOR EHRLICH: Have we only spent 15,000 --

MR. GEORGIOU: To date.

GOVERNOR EHRLICH: -- the original -- over 13 years?

MR. GEORGIOU: Yes, sir. And that was basically for stabilization. To stabilize the Monument.

COMPTROLLER SCHAEFER: Now, Judith is going -- is the architect and she's going to give the drawings?

MR. GEORGIU: She'll do the drawings.
She'll do everything.

COMPTROLLER SCHAEFER: So, the State's
involvement is 38,000 --

MR. GEORGIU: Correct.

COMPTROLLER SCHAEFER: -- 35,000?

MR. GEORGIU: Correct, sir.

COMPTROLLER SCHAEFER: And then the federal
government takes over?

MR. GEORGIU: They have money to do the
actual repair work.

COMPTROLLER SCHAEFER: Do they give you any
estimate when it would be done?

MR. GEORGIU: No, I don't have that. I'll
have to --

COMPTROLLER SCHAEFER: Can you get one?

MR. GEORGIU: I'll check.

COMPTROLLER SCHAEFER: I'd like to find out
--

MR. GEORGIU: Sure.

COMPTROLLER SCHAEFER: -- when they're -- if we approve this today, how fast you can get it done.

MR. GEORGIU: Okay.

COMPTROLLER SCHAEFER: That's pretty terrible the Maryland Monument is falling apart.

MR. GEORGIU: It's in bad shape.

COMPTROLLER SCHAEFER: Okay.

That's all I have. And I -- motion.

TREASURER KOPP: Favorable.

GOVERNOR EHRLICH: Do I have a motion?

The motion's favorable.

COMPTROLLER SCHAEFER: Motion.

GOVERNOR EHRLICH: We have a favorable motion. The motion is on DGS agenda with the following caveats. Deletion of item 12 and revised item 6-RP.

The motion's favorable. The motion's been second. The motion carries. Thank you.

Thank you, Brad.

Secretary's agenda.

SECRETARY MCDONALD: Good morning, Governor, members of the Board. We have 11 items on the

Secretary's agenda and three reports of emergency procurement.

COMPTROLLER SCHAEFER: Public school construction.

SECRETARY MCDONALD: All right. That's item 10. Ms. Barbara Bice is here.

If you could just identify yourself for the record.

MS. BICE: Good morning. I'm Barbara Bice. I'm with the Maryland State Department of Education and with Public School Construction Program. And I'm here today representing David Lever, the Executive Director, who could not be here.

COMPTROLLER SCHAEFER: He's what?

GOVERNOR EHRLICH: David could not be here.

MS. BICE: David Lever.

COMPTROLLER SCHAEFER: Oh, I thought you said he was kidnapped.

MS. BICE: Oh, no.

(Laughter.)

MS. BICE: I hope not.

Each year the IAC undertakes a maintenance survey of over 100 schools. And this year we are here to recognize three schools which received superior ratings in that maintenance survey.

There are representatives from the school systems here; I need to introduce to you to receive Governor's Citations.

The schools are St. Leonard Elementary School in Calvert County; North East Elementary in Cecil County; and Windsor Knolls Elementary in Frederick County.

It's your pleasure for presenting these.

GOVERNOR EHRLICH: Great. Hold off till Tom gets here and then we'll --

MS. BICE: Okay.

COMPTROLLER SCHAEFER: Okay.

MS. BICE: Okay.

COMPTROLLER SCHAEFER: While he's -- while we're waiting for him, how many schools were superior last year?

MS. BICE: It's in your report, which is in my bag. I don't know.

COMPTROLLER SCHAEFER: Oh, okay. Are there less schools than last year?

MS. BICE: Let me --

COMPTROLLER SCHAEFER: Well, I won't ask you that. Some are rated -- 30 rated good. No schools were rated fair or poor. No schools were rated fair or poor.

MS. BICE: That's correct.

SECRETARY MCDONALD: Last year you had -- oh, percentage wise. I'm sorry it doesn't have numbers. And it doesn't divide the superior from the very good. Seventy-three percent of the schools last year were rated superior and very good.

MS. BICE: Right.

SECRETARY MCDONALD: And this year 75.8 percent. So, slightly higher percentage were rated superior or very good.

MS. BICE: The total superior or very good last year was 93 -- 73 and this year it was 94.

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

COMPTROLLER SCHAEFER: Good. No schools rated fair or poor? Why is that? Is it due to better maintenance or more money or?

That's real good. It's not a critical question it's a -- it would be a nice question.

MS. BICE: I think the school systems have continued to put emphasis on their maintenance program. I know there were some schools that had extra inspections last year and I think that they have paid close attention to this and taken this responsibility very seriously.

COMPTROLLER SCHAEFER: Were there any schools -- no school rated fair or poor last year?

SECRETARY MCDONALD: Fair or poor last year? Yes, there were seven that were rated fair last year and one was rated poor last year. And this year there's no schools --

COMPTROLLER SCHAEFER: I know you don't know this, but what happened that made them, brought them up to standard?

SECRETARY MCDONALD: Well, you know, they don't actually survey each and every school --

GOVERNOR EHRLICH: They're not the same ones, right?

SECRETARY MCDONALD: It's a sampling from each county.

COMPTROLLER SCHAEFER: Oh.

SECRETARY MCDONALD: So, it could simply be a random --

COMPTROLLER SCHAEFER: Well, do we check the one's that are fair and good?

SECRETARY MCDONALD: Again the next year?

GOVERNOR EHRLICH: How did -- 124 how many were -- what was the selection process?

MS. BICE: The selection process is that a member of the public school -- the State Department of Education staff makes a selection of the schools based on the number of schools in each jurisdiction, proposed renovation and construction schedules, and any other special circumstances that they might have. So, the

larger school systems would have seven, eight, ten schools surveyed.

GOVERNOR EHRLICH: As far as within the subdivision, how are the individual schools chosen?

MS. BICE: It's a rotation. We try to go back to schools which haven't been looked at recently.

GOVERNOR EHRLICH: Okay.

We have our wayward photographer. Where's Tom? He's been around since -- since what the '30's?

MS. BICE: I'm not sure if anyone from Calvert County --

VOICE: Yes, we're here.

GOVERNOR EHRLICH: Anyone who is --

SECRETARY MCDONALD: St. Leonard Elementary School.

GOVERNOR EHRLICH: -- here for pictures run up. Tom, you want to shoot this way, right?

Come on up. Come on up everyone.

MS. BICE: From Calvert County we have today Dr. Horsmon, the Superintendent --

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

COMPTROLLER SCHAEFER: Yeah.

MS. BICE: Jack Smith, Deputy Superintendent; James Marlett, Director of Facilities; Robert Ogden, Supervisor of Maintenance, Karen Vogel, the Principle of St. Leonard Elementary School; and Stewart Weems, Head Custodian.

(Whereupon, a photograph was taken.)

MS. BICE: Dr. Frank Slaughter, Assistant Superintendent; Wayne Holt, Supervisor of Facilities; Mike Preston, Coordinator of Operations; Mike Gambill, Maintenance Department; Matt Eggleston, Principle; and Bob Conway, Head Custodian of North East Elementary School.

(Whereupon, a photograph was taken.)

MS. BICE: For Windsor Knolls Middle School from Frederick County. Ms. Mita Badshah, the Principle of the school; Jody Harshman, Lead Custodian; and Larry Rough, Lead Cluster Maintenance Person. Frederick County Schools.

(Whereupon, a photograph was taken.)

COMPTROLLER SCHAEFER: Now, listen to this.
What is your job?

MS. HARSHMAN: I'm the Head Custodian at the
Middle School.

COMPTROLLER SCHAEFER: How hard is your job?

(Applause.)

(Laughter.)

MS. HARSHMAN: Thank you.

GOVERNOR EHRLICH: Congratulations.

MS. BICE: Thank you.

TREASURER KOPP: Governor?

GOVERNOR EHRLICH: Yes?

TREASURER KOPP: Could I just take a moment?

GOVERNOR EHRLICH: All right. Can we have
order, please?

TREASURER KOPP: Talking about school
maintenance. As you know there's a task force on
public school facilities that made a report, the
procedure report last week from a subcommittee actually
that Superintendent Grasmick chaired about the state of

our public schools across the State in terms of a number of different facility standards.

And as the press reported correctly, there were a large number of schools that did not meet certain standards. These are standards that have been created over the last 20 years, clearly, many of them subsequent to the building of the schools. They are all important things and they are all standards that we think our schools should meet as they go through renovation, reconstruction, et cetera.

But I think what's very important in the context of that recognized need for school construction and renovation is the fact that even when we have these old schools that are perfectly safe, not hazardous, but don't meet all of the modern standards, they are still maintained so well.

And this -- these awards today are testimony to the fact that our children are going to school in good schools. And they are maintained well and they are conducive to learning. They don't meet all of the most modern standards that we would like them to meet,

but they clearly are good strong schools, they are well maintained as we can see, and they are producing very good students and graduates. And I think that's -- in the context of that report it's an important to point.

COMPTROLLER SCHAEFER: Very good.

GOVERNOR EHRLICH: Thanks, Nancy.

COMPTROLLER SCHAEFER: Number 11.

TREASURER KOPP: Can I? Are we still inspecting the schools for 2004?

SECRETARY RUTHERFORD: We are --

TREASURER KOPP: Are we going to find a way to do that?

SECRETARY RUTHERFORD: We're trying to find a way to do that, but --

TREASURER KOPP: It would be a shame to --

SECRETARY RUTHERFORD: We'll talk about this report and the concerns I have. We have a budget meeting today.

TREASURER KOPP: Thank you.

GOVERNOR EHRLICH: Number 11.

TREASURER KOPP: Well, there ought to be some way to continue it, because one of the reasons that there have been such improvements is the people know that somebody is looking over their shoulder.

SECRETARY RUTHERFORD: But we do need to improve the process, the inspection process. And I think make it a bit more random, because I think as you see in this report, we saw the good schools.

GOVERNOR EHRLICH: Yeah.

SECRETARY RUTHERFORD: And so there's a challenge.

TREASURER KOPP: Well, we hope --

GOVERNOR EHRLICH: We want to get efficiently on time here.

TREASURER KOPP: But the original thought was we could live with those, but that's not any longer?

SECRETARY RUTHERFORD: No, that's not any longer.

TREASURER KOPP: Thank you.

SECRETARY RUTHERFORD: It was -- but the thought was either do it right or don't do it at all. And I think it brings attention when you --

TREASURER KOPP: Cannot put it on with the -- take away one of the arrows and not quivers in terms of oversight. Sorry.

GOVERNOR EHRLICH: I agree.

COMPTROLLER SCHAEFER: Number 11.

SECRETARY MCDONALD: Yes. This is the procurement agency activity report.

COMPTROLLER SCHAEFER: And number three of -- Contract for CAM construction. Change order 18 and escalates in cost to process to add alternatives 2, 3, 4, and 5. Weren't they in the original price?

SECRETARY RUTHERFORD: I'm sorry, I didn't follow you.

COMPTROLLER SCHAEFER: Hello, Gene Neff.

MR. NEFF: Hi.

COMPTROLLER SCHAEFER: How are you?

GOVERNOR EHRLICH: Hey, Gene.

MR. NEFF: Good morning.

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

COMPTROLLER SCHAEFER: He's been around a long time. He's a good man.

MR. NEFF: Thank you.

COMPTROLLER SCHAEFER: You were with the city for a while, weren't you?

MR. NEFF: A long time.

COMPTROLLER SCHAEFER: That's when the city was run well.

(Laughter.)

MR. NEFF: Yes.

SECRETARY RUTHERFORD: Who was the Mayor?

COMPTROLLER SCHAEFER: I don't know who the Mayor was. Nice fellow.

MR. NEFF: I remember.

CAM was the original contractor on this, however, only one of the five alternates were able to be awarded with the contract.

COMPTROLLER SCHAEFER: Oh.

MR. NEFF: So, these four --

COMPTROLLER SCHAEFER: So you found somebody to get the others?

MR. NEFF: Yeah. So, we had to negotiate a year later, but unfortunately two of these were full service kitchens which really it took a high increase in price. But we were successful in negotiating them.

COMPTROLLER SCHAEFER: Okay. You're doing it, it's okay.

GOVERNOR EHRLICH: Good to see you, Gene.

MR. NEFF: Thank you.

COMPTROLLER SCHAEFER: That's all I got.

SECRETARY MCDONALD: Okay. Thank you.

GOVERNOR EHRLICH: Do I have a motion on the Secretary's agenda.

COMPTROLLER SCHAEFER: Motion.

GOVERNOR EHRLICH: Motion.

TREASURER KOPP: Second.

GOVERNOR EHRLICH: We have a favorable motion for the Secretary's agenda. The motion has been seconded. The motion carries.

SECRETARY MCDONALD: Thank you, Governor.

GOVERNOR EHRLICH: Thank you, Sheila.

Program Open Space.

MR. JOHNSON: Governor, members of the Board, Program Open Space has three items on this mornings agenda. And we're here to answer any questions you may have.

COMPTROLLER SCHAEFER: I don't have anything. Nothing.

GOVERNOR EHRLICH: Nancy?

TREASURER KOPP: No. Except it's unfortunate we have these retroactive contracts.

GOVERNOR EHRLICH: Reversions?

TREASURER KOPP: No.

GOVERNOR EHRLICH: Are they reversions?

COMPTROLLER SCHAEFER: Motion.

TREASURER KOPP: Second.

GOVERNOR EHRLICH: With regard to Program Open Space, we have a motion. The motion is favorable. The motion's been seconded. The motion carries.

Skip?

SECRETARY DIPAULA: Governor, if I may, we have -- the Department of Budget and Management has 12 items on todays agenda, including one hand carried

item, which is our report from the personnel reduction and it's required by the budget bill.

GOVERNOR EHRLICH: Trent, you're here for number one, is that correct?

MS. KITTLEMAN: Yes, sir if you all have any questions.

GOVERNOR EHRLICH: Okay. Would you come on up. Go.

MS. KITTLEMAN: The first item on the agenda we're requesting the retroactive approval for a contract with Free State Adjusters.

It came to -- actually to my attention a month or two ago when our new Deputy for finance at MTA sent over a contract and he was looking at the -- at that point at the cost of these six temporary claims adjusters. And when I read the contract it said that it was put forth in October of 2000 and was for a maximum of \$25,000, which as I understand it was a small procurement.

And looking through the information that Brandon Hill had sent over, I saw no Board of Public

Works approval. I referred this to Jim and to Mark Pemberton and said, "What do we do? Has this had Board of Public Works Approval?"

And if you look at it today it is -- we have spent 1.3 million and it has been upped to 1.7 million dollars without Board of Public Works Approval.

They said we need to ask for a retroactive approval and that's what we are here for today.

GOVERNOR EHRLICH: This has proceeded along over the last couple of years --

MS. KITTLEMAN: Yes, sir.

GOVERNOR EHRLICH: -- with no oversight, no anything?

MS. KITTLEMAN: That's the best of my understanding.

DELEGATE PORTS: Mr. Governor --

GOVERNOR EHRLICH: Yes.

DELEGATE PORTS: -- we have Eric Christensen here that oversaw the project when he was at MTA. He might be able to fill us in on any technical questions that you might have.

GOVERNOR EHRLICH: Okay. Thanks, Jim.

DELEGATE PORTS: Eric?

GOVERNOR EHRLICH: Let's try and understand the chronology of events here. There appear to be none.

DELEGATE PORTS: Did you hear the Governor's question?

GOVERNOR EHRLICH: Good job, Trent.

MR. CHRISTENSEN: My name is Eric Christensen, I'm with the Maryland Department of Transportation. I take full responsibility for this. If I can explain what happened.

The Maryland Transit Administration issued a small procurement for assistance in our transit insurance group. They handled the accident claims. There were apparently no controls in place that the purchasing department kept upping that amount. It came to my attention that roughly \$350,000 contract amount almost two years ago.

At that time I authorized an additional 350,000 with the understanding that we would do a

procurement and come back and ask for a retroactive approval from the Board of Public Works at that particular point in time.

In the interim a number of things occurred, which frankly in my mind are excuses, but I think you should hear them. One, we went through two administrators; an acting administrator and an interim administrator. Second, we had three of our top four procurement folks left the agency. They retired or went to other State agencies. Third, in my role as the Deputy Administrator at that time I was assigned to the contracts department because it was not functioning properly. We had a significant amount of backlog. I spent a lot of time working on that. And then finally we had the wheels falling off the buses.

The bottom line is those are all excuses. It was my responsibility to get it to the Board sooner and I failed to do so.

GOVERNOR EHRLICH: And the wheels falling off the buses resulted in additional claims, which --

MR. CHRISTENSEN: Not only that --

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

GOVERNOR EHRLICH: -- exacerbated the backlog, the --

MR. CHRISTENSEN: Not only that, but we had to put together an action plan to attempt to remedy the situation; correct it. I was actively involved in that.

Bottom line, Governor, is I dropped the ball on this one. There's no if, ands, or buts. It should have come to the Board much sooner.

The MTA has now put into place controls to make sure that this doesn't occur. They've hired a new contract manager. She has considerable additional resources at her disposal. She's put in a very good tracking system, not -- to make sure not only that they don't over spend contracts, but to actually schedule procurements and make sure that the procurements stay on schedule.

GOVERNOR EHRLICH: I appreciate your honesty.

MR. CHRISTENSEN: It's my fault, sir.

GOVERNOR EHRLICH: I think we appreciate your honesty.

COMPTROLLER SCHAEFER: You know an honest man is hard to find. But you say, Mr. Eric Christensen was then an MTA Director of Finance, acknowledge those concerns by directly authorizing continuation expenditures for this firm. The rational of this authorization is based on the rational, since the MTA was already (unintelligible) what difference does it make if we add another 100,000.

MR. CHRISTENSEN: Mr. Comptroller, if I can respond to that?

The Purchasing Department, at that particular point in time, wanted to pull the contract. If we had pulled the contract, essentially, our entire claims department would have ceased. So, in my opinion whether it was right or correct, I felt we should continue with that and go to the Board with the retroactive approval, and a new procurement to provide these critical services.

COMPTROLLER SCHAEFER: One of the agency I always had the greatest faith in was the Transit Administration. You sort of shake the confidence, my

confidence in the department when you just run contracts and you know they're wrong and you don't bother to do anything about it. And what -- did you take it to the boss, the top banana? Wasn't that one Cory's?

MR. CHRISTIAN: I believe when this occurred that we were working with an acting administrator. To be honest with you, I think I took it to her and explained the situation. But as I explained to the Deputy Secretary it ultimately was my responsible -- whether or not I passed it along to her is, in my mind -- to be honest with you, I cannot remember whether or not I took this to her or not.

COMPTROLLER SCHAEFER: Well, there's no use beating a dead horse, but you know, you just don't say, "Well, we're in this for 100,000 -- almost 300,000, we'll go for another 100,000."

MR. CHRISTIAN: That, cer -- Mr. Comptroller, that certainly wasn't my intent. I mean I really -- in honesty I had the best intentions to come forward. And where I think I completely failed is not making sure

that staff actually did the procurement and did not come to the Board in a more timely manner.

COMPTROLLER SCHAEFER: Well, I appreciate that. As the Governor said, I appreciate your honesty, but that's -- you've been around a long time, Eric. You know, this puts everybody in an embarrassing situation. You can't say no that this isn't the right thing to do. And this causes much more close examination of Transit Authority objectives and agenda items. We start looking at them now. Most of the time I just -- the Transit Authority they're doing a good job and that's okay. But I'm not going to do that.

MR. CHRISTENSEN: If it's any consolation, I do think that they've put in a good team of contract professionals at the MTA, which has resolved a lot of these problems, sir.

COMPTROLLER SCHAEFER: Okay. Thank you.

GOVERNOR EHRLICH: Thank you.

DELEGATE PORTS: Eric, real quick, could you just for the Comptroller's sake, could you tell them the timeline of this? When this occurred?

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

MR. CHRISTENSEN: To the best of my knowledge the -- when it was brought to my attention was two years ago, which would have been November of 2001. That's when we had advertised -- or I authorized an additional \$350,000 with the understanding that that would take us through seven months which would get us, essentially, until July of 2002.

I don't know what happened after that point. I never authorized anything above that, but again I'm not making excuses. I should have made sure that the staff actually did the procurement and came back to the Board.

COMPTROLLER SCHAEFER: The last administration, if something like this happened they would just put it on and nobody would say a word and that's it. Got a little -- new ballgame now, start looking at these things.

Okay, Eric, I don't have anything else.

MR. CHRISTENSEN: Thank you.

DELEGATE PORTS: Mr. Comptroller, I want to -- I heard about your confidence being shaken, but I

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

want to assure you that it happened before our watch and that Brandon Hill, which is our new hire, found this and brought it to our attention right away, and that's why it's before you today.

So, when we recognized the wrong that was committed, we brought it before you.

COMPTROLLER SCHAEFER: Okay. Thank you.

TREASURER KOPP: And you've got a new procurement process underway? It would be done by --

DELEGATE PORTS: Right. Yes, ma'am. That's why this is before you today to bridge that gap.

COMPTROLLER SCHAEFER: Okay. Number two.

MS. TOMOYASU: Good morning. My name is Naomi Tomoyasu and I'm representing the Maryland State AIDS Administration for Dr. Liza Solomon.

COMPTROLLER SCHAEFER: For who?

MS. TOMOYASU: I'm Naomi Tomoyasu. I'm the Deputy Director for the Maryland State AIDS Administration and I'm representing Dr. Liza Solomon.

COMPTROLLER SCHAEFER: Oh. Fine.

Now, this is a prevention program? Why do you have a prevention program? Why don't you put more money into experts taking care of the people with AIDS?

What are you looking at, son?

SECRETARY DIPAULA: Nothing. Paying attention.

COMPTROLLER SCHAEFER: Oh.

MS. TOMOYASU: We do both. And prevention --

COMPTROLLER SCHAEFER: Now, this is a good chance to do something that I think should have been done a long time ago. So, I'm not trying to make you -- put you on the spot.

GOVERNOR EHRLICH: It's a friendly question.

COMPTROLLER SCHAEFER: Do what?

GOVERNOR EHRLICH: It's a friendly question.

COMPTROLLER SCHAEFER: It's a friendly question.

Prevention, I think, is at least 25 percent of the game, and this is one of the first I've seen on prevention. Would you explain a little bit what you're going to do?

MS. TOMOYASU: Yes. These are three contracts that we have identified using federal money. A good portion of it comes from SAMHSA, Substance Abuse Mental Health Administration, as well as the Center for Disease Control. And these three contracts that we have identified are to essentially provide prevention/intervention. That is behaviorally and evidence based such that we can reduce new cases of HIV in Baltimore City as well as in PG County.

COMPTROLLER SCHAEFER: What about Baltimore County? Don't they have any problems?

MS. TOMOYASU: Yes. We do have -- we -- when we put out the RFP for solicitation we put it out for Baltimore City, Baltimore County, and PG County, which are the three areas that have the highest rate of HIV and AIDS.

And we received five proposals. And none, unfortunately, came from Baltimore County.

COMPTROLLER SCHAEFER: What are you going to do out there? You got to -- is there -- can you get a prevention program out there?

MS. TOMOYASU: Yes, we already have.

MS. SHEA: Yeah. We have programs through UGA with the Baltimore County Health Department.

COMPTROLLER SCHAEFER: Well, what do you do? Now, how are you going to do this? The contract was fine. What's it mean? Bringing some money, but how are they going to work it?

MS. SHEA: This is working with people who are in drug treatment in three facilities. One's methadone maintenance and two are out-patient -- long term out-patient and short term. And it's doing behavioral counselling where they're working in groups and also getting one on one counselling to reduce their risks for HIV infection.

COMPTROLLER SCHAEFER: Do you do anything in the prisons?

MS. SHEA: Yes.

COMPTROLLER SCHAEFER: What do you do in the prisons?

MS. SHEA: Similar programs to these being funded here. One on one counselling and small group

work with people who are at risk for becoming infected, or who are already infected.

COMPTROLLER SCHAEFER: Okay. Thank you.

TREASURER KOPP: Can I -- have -- is there an assessment component which shows whether in fact these programs are working and --

MS. SHEA: These contracts are outcome based. We -- the deliverables are related more to outcomes than inputs.

TREASURER KOPP: And then you use that -- do you use the information you --

MS. SHEA: Yes.

TREASURER KOPP: -- gain to --

MS. SHEA: On a monthly basis we're reviewing progress.

COMPTROLLER SCHAEFER: Okay.

GOVERNOR EHRLICH: Thank you.

COMPTROLLER SCHAEFER: Number three. Why you only get one bid? Only one at University of Maryland and one from somebody else.

GOVERNOR EHRLICH: Mr. Secretary --

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

SECRETARY FIELDER: Good morning, Governor, and Comptroller, and Treasurer.

The University of Maryland did not respond to the bid request. We sent out 25 bids and the Johns Hopkins University Bloomberg's School was the only one that responded.

It's due to a couple of factors. One, it requires that the persons performing the 36 hours work in our offices per week to be available to assist an investigation of serious accidents or fatalities that occur throughout the State in terms of at work accidents. In addition, it requires that there are licensed physicians practicing medicine and have a masters degree in public health, and that they're in a current residency program in occupational health and medicine.

COMPTROLLER SCHAEFER: And Francis Scott Key or none of those other hospitals were interested?

SECRETARY FIELDER: They're part of the -- more of the University conglomerate; Johns Hopkins

University conglomerate and hospital. They've held this contract for several years.

As you see, it's approximately \$49,000 a year. First two-year contract and then two renewals each of one year.

COMPTROLLER SCHAEFER: Now, you've been helping with as MOSH Program there's been some problems in the Baltimore City Police Department with air quality. And some of the people have gotten sick but everybody's scared to say a word, because they'll lose their jobs. I'm very interested in what your findings are on this.

SECRETARY FIELDER: Okay. I'd like -- Andy? Have Andy come up. I can tell you we had an investigator go in because of a complaint, and we're awaiting the results of the indoor quality to take a look at that.

These physicians that are part of this contract would also be available for us to use to review medical records. In this particular incidence

concern about some of the use of generators indoor, what that did for indoor air quality.

GOVERNOR EHRLICH: Mr. Secretary, do you have any suspicions, or is that premature at this point?

SECRETARY FIELDER: No, I do not have any suspicions.

GOVERNOR EHRLICH: Okay.

SECRETARY FIELDER: Until we complete the investigations -- our investigations in the last six weeks have been rather tragic, is the best way to put it. Last night there was a death of a welder working on a vessel that had a volatile and it blew up and killed him. The week before we had a decapitation that we're investigating. So, there's a lot of very serious things and what we take very seriously is that we -- until we complete the findings that we don't release anything.

We do make sure that on site -- our investigators if they see something that's immediately of concern or grave injury then that gets fixed before the workmen can continue the work.

COMPTROLLER SCHAEFER: A long time ago there was a lady that worked in the State building and she kept telling them that there was something wrong with the air and nobody paid any attention to her. About four years later they finally found the cause after a lot of people were sick with lung disease.

This one, I think -- I think this one has some merit or there is something in the bottom of that police department, gas or petroleum or whatever.

SECRETARY FIELDER: Right.

COMPTROLLER SCHAEFER: If you just go in and take a quick sampling it may not --

SECRETARY FIELDER: Yes.

COMPTROLLER SCHAEFER: -- bother them.

SECRETARY FIELDER: They've already done that, actually, last Thursday.

COMPTROLLER SCHAEFER: Okay. Thank you.

SECRETARY FIELDER: Thank you.

GOVERNOR EHRLICH: Thank you, Mr. Secretary.
Your usual good job.

COMPTROLLER SCHAEFER: What about number four?

SECRETARY DIPAULA: Ellis Kitchen from the Department of Budget and Management.

COMPTROLLER SCHAEFER: Tell us about number four. You can't -- is this the one where they want to put up a communications tower some place?

MR. KITCHEN: Yes, sir. There's an existing tower that needs to be replaced. The one that's there is currently structurally unsound, and that we need to be prepared to replace that tower should it fail or should there continue to be a frequency interference from other systems in the area. And they're working with the FCC to resolve those issues. And as soon as those issues are resolved we want to be prepared to begin construction.

COMPTROLLER SCHAEFER: The FCC -- you don't have the requirements yet?

MR. KITCHEN: By this Friday we will have filed the last report with them, I'm anticipating.

COMPTROLLER SCHAEFER: On this Friday? Last Friday?

MR. KITCHEN: This coming Friday.

COMPTROLLER SCHAEFER: On this Friday?

MR. KITCHEN: Yes.

COMPTROLLER SCHAEFER: Are you going to start before you get the FCC --

MR. KITCHEN: No, sir. No. Unless there's an emergency. If there's some critical failure then we may have to, but would we declare an emergency formally with the FCC, if that's the situation.

COMPTROLLER SCHAEFER: Okay.

SECRETARY DIPAULA: But it would be important to note that we're challenging the FCC's --

MR. KITCHEN: Determination.

SECRETARY DIPAULA: -- determination.

COMPTROLLER SCHAEFER: Why? You think they're going to turn you down?

SECRETARY DIPAULA: We think that they're over reaching.

COMPTROLLER SCHAEFER: They're what?

SECRETARY DIPAULA: We think that they're over reaching.

COMPTROLLER SCHAEFER: Over reaching?

SECRETARY DIPAULA: Their jurisdiction. We're trying to work things out with them.

COMPTROLLER SCHAEFER: Suppose they don't give you approval and you put it up, what happens?

MR. KITCHEN: Well, there's a potential for fines. And there's a potential for a court case, and we're trying to avoid that. But the --

COMPTROLLER SCHAEFER: Why are the fines -- why are you trying -- why do you get them to --

MR. KITCHEN: We're trying to get them to work with us --

COMPTROLLER SCHAEFER: Okay.

MR. KITCHEN: -- is what we're trying.

COMPTROLLER SCHAEFER: But if it's an emergency you're going to do it anyway?

MR. KITCHEN: If it's an emergency we'll declare an emergency formally. We'll do it anyway.

COMPTROLLER SCHAEFER: And we notify them, so that we will --

MR. KITCHEN: Yes, we will. Absolutely.

COMPTROLLER SCHAEFER: Okay. Thank you.

MR. KITCHEN: Thank you.

COMPTROLLER SCHAEFER: Number five. You're saving \$750,000?

SECRETARY DIPAULA: Once again, Ellis Kitchen from our department.

COMPTROLLER SCHAEFER: How are you saving \$750,000?

MR. KITCHEN: Well, several ways, sir.

This particular RFP was put out with three goals in mind. One was to improve the efficiency, the way we administer cellular phones in the State of Maryland. The second was to realize cost savings. And the third was to address the things that were pointed out in a recent audit.

The biggest savings will come from the fact that based on the audit and independent studies we had done, the State is currently paying an aggregate of

about 16 cents per minute per cell phone. And this contract takes us to seven minutes. Seven cents, excuse me. From 16 cents to seven cents. And the State uses between 18 and 24 million minutes a year. So, we're running it through the calculator. It's more than \$750,000 but we wanted to be conservative in our cost savings.

COMPTROLLER SCHAEFER: Well, if you need any advice on any of the cell phones, or any of this technical stuff, I'll be available.

(Laughter.)

MR. KITCHEN: We should have had you on the evaluation team. Thank you.

GOVERNOR EHRLICH: Good job. Thank you.

TREASURER KOPP: Saved you a bunch of money.

GOVERNOR EHRLICH: Saved about a million bucks there, Skip.

SECRETARY DIPAULA: We're counting it.

TREASURER KOPP: They spent it already.

GOVERNOR EHRLICH: I want to see it all.

TREASURER KOPP: The zoo.

GOVERNOR EHRLICH: About the zoo. What's an elephant cost? Is it a price per elephant or?

COMPTROLLER SCHAEFER: Number nine.

SECRETARY DIPAULA: Russ Doupnik.

Mr. Doupnik from our Department of Budget and Management.

MR. DOUPNIK: Good morning.

COMPTROLLER SCHAEFER: We got something that says the estimates above to -- what's the estimate? The estimated -- why you estimated it above to something? I don't know.

MR. DOUPNIK: Why is the cost estimate an increase of four million?

The estimate for additional contract purchases, contract awards under this master contract comes from a projection of the usage in the various State agencies so far. We're one year into a three-year -- excuse me -- a basic contract period. And the utilization so far indicates that we'll need to increase the ceiling of the master contract to

accommodate the additional purchases in the remaining two years.

COMPTROLLER SCHAEFER: The same thing for you, if you need any assistance just call on me.

MR. DOUPNIK: Yes.

COMPTROLLER SCHAEFER: Thank you.

GOVERNOR EHRLICH: Thank you.

MR. DOUPNIK: Thank you.

COMPTROLLER SCHAEFER: That's all I got.

TREASURER KOPP: Mr. Doupnik, I want -- I just thank you for the help you're giving the State Treasurer's Office.

MR. DOUPNIK: Thank you. You're very welcome.

COMPTROLLER SCHAEFER: That's all I got.
Make the motion.

GOVERNOR EHRLICH: Motion?

COMPTROLLER SCHAEFER: Yeah.

TREASURER KOPP: Second.

GOVERNOR EHRLICH: With regard to Skip's agenda, the motion has been made. The motion is

favorable. The motion's been seconded. The motion carries.

COMPTROLLER SCHAEFER: Skip, that was very good.

SECRETARY DIPAULA: Thank you, sir.

GOVERNOR EHRLICH: Bring more savings back.

COMPTROLLER SCHAEFER: Yeah.

GOVERNOR EHRLICH: More savings.

SECRETARY DIPAULA: I understand.

COMPTROLLER SCHAEFER: Yeah.

GOVERNOR EHRLICH: University System.

COMPTROLLER SCHAEFER: Number one.

GOVERNOR EHRLICH: The Treasurer just had a great idea. Naming rights per elephant.

(Laughter.)

SECRETARY DIPAULA: I like that idea.

GOVERNOR EHRLICH: I like that.

MS. ROLANDELLI: Good morning. I'm Valerie Rolandelli --

GOVERNOR EHRLICH: Good morning, Valerie.

MS. ROLANDELLI: -- from the University System. We have five items for your consideration today.

TREASURER KOPP: I want to ask what's probably a very dumb question. Number one.

MS. ROLANDELLI: Uh hum.

TREASURER KOPP: I read it several times. The on-call abatement contract services.

MS. ROLANDELLI: Correct.

TREASURER KOPP: What is it abating?

MS. ROLANDELLI: Asbestos or lead.

TREASURER KOPP: Thank you. I trusted it was something like that.

COMPTROLLER SCHAEFER: Water and sewer. I got a little note, it comes later? What's that mean?

MS. ROLANDELLI: Pardon me?

COMPTROLLER SCHAEFER: Water and sewer comes later?

MS. ROLANDELLI: Is that item five?

SECRETARY MCDONALD: No. No.

COMPTROLLER SCHAEFER: Number two. I've got

--

SECRETARY MCDONALD: Number two.

COMPTROLLER SCHAEFER: -- no water. Okay.

Number one. Let's see. I don't know why it
said -- okay. Okay. That's all. Thank you.

TREASURER KOPP: On number five. Does this
mean everything is now in place?

MS. ROLANDELLI: Yes. Everything is now in
place and it will be delivered for you signatures.

TREASURER KOPP: That's great.

MS. ROLANDELLI: Yes. We're very excited
about that.

TREASURER KOPP: Good. I'm very excited,
too.

GOVERNOR EHRLICH: Mr. Comptroller?

COMPTROLLER SCHAEFER: No, I'm finished.
Motion.

GOVERNOR EHRLICH: Nancy?

TREASURER KOPP: Favorable.

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

GOVERNOR EHRLICH: We have a favorable motion.

TREASURER KOPP: Second.

GOVERNOR EHRLICH: The motion has been second. The motion carries.

MS. ROLANDELLI: Thank you very much.

GOVERNOR EHRLICH: Thank you, Valerie. Environmental Services.

SECRETARY MCDONALD: Governor, the Maryland Environmental Services has one item on it's agenda. They are here if you have any questions, but --

COMPTROLLER SCHAEFER: No questions from me. Motion.

GOVERNOR EHRLICH: With respect to the Environmental Services agenda, we have a motion. The motion is favorable. The motion has been seconded. The motion carries.

Morgan.

SECRETARY MCDONALD: Morgan has two items on the agenda this morning. Morgan is withdrawing

item 2-L. That will return over the next agenda most likely. So, it just has item one for it's Campus Wide Cable TV Services.

GOVERNOR EHRLICH: Churchhill, how are you?

MR. WORTHERLY: Good morning.

COMPTROLLER SCHAEFER: Is number one where you're catching up on all those things that were overlooked?

SECRETARY MCDONALD: I think those were the cameras that were on campus. This is actually the cable system so that students and faculty and everybody can --

MR. WORTHERLY: Yes.

SECRETARY MCDONALD: -- have cable access throughout the campus. You're remembering those cameras they had.

GOVERNOR EHRLICH: Oh, security system.

SECRETARY MCDONALD: Right. Security system.

COMPTROLLER SCHAEFER: Okay. I don't have anything else.

MR. WORTHERLY: Thank you very much.

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

GOVERNOR EHRLICH: Thank you.

(Laughter.)

MR. WORTHERLY: I'm smiling, Governor.

(Laughter.)

SECRETARY MCDONALD: Wait till they take a
vote.

GOVERNOR EHRLICH: Do I have a motion?

COMPTROLLER SCHAEFER: Motion.

GOVERNOR EHRLICH: With regard to Morgan the
motion is --

TREASURER KOPP: Number one.

SECRETARY MCDONALD: Right.

GOVERNOR EHRLICH: Number one, but two has
been deleted from the agenda.

With regard to the sole remaining agenda item
on Morgan, we have a favorable motion. The motion has
been seconded. The motion carries.

TREASURER KOPP: Number two, I assume, will
be back just maybe a little --

SECRETARY MCDONALD: The next meeting.

TREASURER KOPP: -- later?

SECRETARY MCDONALD: Exactly.

GOVERNOR EHRLICH: Delegate?

DELEGATE PORTS: Yes, sir. Mr. Governor, members of the Board, we have 34 items to present to the Board today. The following are revised and previously transmitted. That's 4-C-MOD, 16-M, 17-M-MOD, 20-RP, 32-GM-MOD, and 33-GM-MOD. 34-C was added as a supplemental item. We are withdrawing items 1-C, contract "A" from item 6-AE-MOD. Thirteen --

GOVERNOR EHRLICH: I'm sorry, Jim.

DELEGATE PORTS: Okay.

GOVERNOR EHRLICH: 6-AE-MOD you're withdrawing?

DELEGATE PORTS: We're -- contract "A". Just the "A" portion of that contract.

GOVERNOR EHRLICH: Okay.

DELEGATE PORTS: That's the Parsons Transportation Group.

13-S-MOD, 14-S-MOD, and 15-M. And of course we were informed today by the members of the Board that you're requesting that 30-GM be withdrawn.

And we're ready to answer any questions.

COMPTROLLER SCHAEFER: Number three. In here it says page 14 something. Contractor is from out of state. Is a union contractor and he contracts with a local union, provides labor. However, the contractor and the MTA personnel made note of many objections in many cases the lack of labor force. Often have seen the crews are not providing, do not have the skills or experience. What's all that mean?

DELEGATE PORTS: My understanding, Mr. Comptroller, is that the union sent either unskilled laborers or in many cases not enough number of workers that were requested by the contractor.

COMPTROLLER SCHAEFER: Well, what do we do about it?

MS. HAMILL: I didn't hear your question. Can you repeat it?

DELEGATE PORTS: On page 14 the brief, he was asking what the details were about the union labor force.

MS. HAMILL: With regard to Railroad Constructors, Incorporated?

COMPTROLLER SCHAEFER: On the finding of facts, page 14, next to the last column -- next to the last paragraph. Contractor -- they didn't get the workers from the union. What did you do about that? What did we do?

MS. HAMILL: Well, according to the records that we have here the issue was we were having trouble getting qualified laborers to perform the services on this project. The crews provided by the Baltimore Local Union did not have the experience to perform the work efficiently.

COMPTROLLER SCHAEFER: Yeah. And what did we do?

What is this anyway? What are we settling all the disputes? Is that what this is?

MS. HAMILL: Pardon me?

GOVERNOR EHRLICH: Are you settling the disputes?

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

COMPTROLLER SCHAEFER: Is this item a settlement of all disputes?

MS. HAMILL: I -- I'm not sure.

COMPTROLLER SCHAEFER: Well, does anybody know what we're doing with this one? And I just don't understand. "Change order number two is a final settlement of changes, time extension, final judgement bid. The estimated --

DELEGATE PORTS: Yes. Final settlement.

COMPTROLLER SCHAEFER: Huh?

GOVERNOR EHRLICH: Yes, Jim?

DELEGATE PORTS: It is a final settlement. It's in the modification right here. Change order number two is a final settlement change.

MS. HAMILL: It's a credit in the amount of \$138,424. Mainly as a result of the actual materials that were used on this job.

COMPTROLLER SCHAEFER: Do what?

MS. HAMILL: It's a result of the actual materials that were used on this job.

COMPTROLLER SCHAEFER: Who's getting 134 --
or 138?

MS. HAMILL: A hundred thirty-eight thousand
dollar credit is to the State.

COMPTROLLER SCHAEFER: Are there -- do they
have claims against us? Is this the end of this thing?

MS. HAMILL: This is the end. There are no
outstanding claims on this contract.

COMPTROLLER SCHAEFER: Now, you see I
wouldn't have looked at this. My confidence is shaken.
There's one where the contract -- where the union
didn't supply the people. You know you ought to do
something about that. If they don't supply the people,
was the work done, how did we get the work done? Did
it cost us more money? Why are we getting \$134,000
back?

All right. We'll let this one go, but --

DELEGATE PORTS: We can give you more details

--

MS. HAMILL: We could look at them.

COMPTROLLER SCHAEFER: No, I don't need anymore.

DELEGATE PORTS: -- an explanation of all that.

COMPTROLLER SCHAEFER: From now on I'll be after you.

DELEGATE PORTS: Yes, sir.

COMPTROLLER SCHAEFER: Four. This is another one. Change order two and final settlement. What's all this mean? Adjust bid -- item column 48,000. Additional electric duct bank, 4,000. Pedestrian bridge, 16,000.

MS. HAMILL: This one, too, is a final settlement of the charges against this contract, mainly as a result of the actual quantities used. We have an adjustment in the bid items of \$48,474. And then there are some additional materials that were used for a net result. An additional \$2,335 cost to the State.

COMPTROLLER SCHAEFER: And the original contract was four million one, now it's four million one one. Now it's 4154.

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

MS. HAMILL: Yes.

COMPTROLLER SCHAEFER: Are we getting -- I don't follow these. I just don't understand these. Where it's final settlement change in the quality, quality adjustments. It's also a field change to compensate the contacts for addition bid work. And -- are you getting these?

MS. HAMILL: This is -- this one is change order number two. Change order number one is for the difference of the \$2,335 and the rest of the difference between the original contract amount and the revised contract amount.

COMPTROLLER SCHAEFER: Is the work being done?

MS. HAMILL: Right now?

COMPTROLLER SCHAEFER: Any time.

MS. HAMILL: No. This is the completion of this contract. There are no outstanding claims. And there are no outstanding --

COMPTROLLER SCHAEFER: So, all the work's been done on the Silver Spring MARC Transportation Relocation?

MS. HAMILL: Yes, sir.

COMPTROLLER SCHAEFER: Finished?

MS. HAMILL: Yes.

COMPTROLLER SCHAEFER: If I go over I'll see -- I won't see any work undone?

MS. HAMILL: Yes.

COMPTROLLER SCHAEFER: Okay. I'm going to take a ride out. Thank you.

All these changes and final settlement all of a sudden there are a whole lot of them on the Board. What is this? I don't understand. What's -- are you trying to -- what are you trying to do? Have these been hanging around a long time or we paying more money out, or are jobs done, or?

GOVERNOR EHRLICH: Any pattern here, Jim, or?

DELEGATE PORTS: Many of these contracts have -- were in place for quite a while, yes. And we are

being much more proactive on getting the information to you as well as closing a lot of these out.

GOVERNOR EHRLICH: Yeah, I understand. These contracts go back years. Jim, but I guess the question is, did you just wait for this meeting to pile a bunch of them together? Is that a fair --

DELEGATE PORTS: No. No.

GOVERNOR EHRLICH: It's just the way -- fortuitous?

DELEGATE PORTS: That's the way. Well, we missed -- we didn't have one what two weeks ago, or -- I'm sorry, we only have one meeting this month. So, we just put what would have been two weeks and two weeks and just combined them all together.

COMPTROLLER SCHAEFER: All right. Number six. You withdrew Parsons. What's that do to the rest of them?

DELEGATE PORTS: But it doesn't affect the other ones. We just withdrew that one.

COMPTROLLER SCHAEFER: Well, why did you -- why Parsons? Why is Parsons out?

MS. HAMILL: We're withdrawing the Parsons Transportation Group contract because we want to further investigate their overhead of 130 percent. They have submitted overhead of 130 percent. Our auditors have reviewed their bid proposal, and actually validated that 130 percent. However, we feel there may be opportunities to negotiate that further down.

GOVERNOR EHRLICH: Did you say validate or invalidate?

MS. HAMILL: Well, they validated the 130 percent initially. But what we'd like to do is go back and work with the SHA audit organization to review their financials in a little bit more detail, because we feel we can probably get them to lower that overhead rate down to 118 percent.

So, we'd like some time to further investigate this contract.

COMPTROLLER SCHAEFER: They were number one.

MS. HAMILL: They were indeed.

TREASURER KOPP: And the price was the same as number two.

MS. HAMILL: Yes.

COMPTROLLER SCHAEFER: There's something wrong with this. What was that technical score?

So, they give the best technical score so you have to negotiate with them, and you come in and say, "We now find that they're getting too much money." There's something -- are you going to put that law back in?

I talked to Bill Hellman. The reason I'm interested is they ought to be able to negotiate with anybody was a couple percent -- a couple percentage points difference they ought to be able to negotiate with all them.

Now, this is a perfect example, one of their own they're withdrawing it because it's too much money.

GOVERNOR EHRLICH: I think we agree on approach.

SECRETARY RUTHERFORD: We did raise that with the Efficiency and Procurement Committee. And it's going to be a suggestion that's going to come out of

that. I expect it to be a suggestion. Was that your feeling as well?

COMPTROLLER SCHAEFER: Well, hope you know that this -- I don't want to beat on you all the time, but it doesn't sound right.

SECRETARY RUTHERFORD: This --

COMPTROLLER SCHAEFER: There's something is wrong.

DELEGATE PORTS: Yes.

GOVERNOR EHRLICH: Jim?

MS. HAMILL: It has followed the appropriate procurement process and this was validated by the TPSSB Board just last week.

COMPTROLLER SCHAEFER: Who?

MS. HAMILL: The TPSSB.

COMPTROLLER SCHAEFER: Who in the heck is the CPST?

MS. HAMILL: Transportation --

DELEGATE PORTS: Transportation Professionals Services Selection Board of which I'm --

COMPTROLLER SCHAEFER: And who are they made up of?

DELEGATE PORTS: Frank Kutcha is the --

COMPTROLLER SCHAEFER: That's enough.

MS. HAMILL: But the procurement process was followed, as was the validation of all the financials that they submitted when they proposed this.

COMPTROLLER SCHAEFER: All right.

GOVERNOR EHRLICH: These two gentleman need to be heard or could be heard on this?

COMPTROLLER SCHAEFER: Hello.

MR. SMITH: Yes, we're going to try and help Mag. I will let Mag off the hook.

The reason this was requested because the State Highway Administration requested that this one be pulled.

The State Highway Administration has a long standing issue with the Parsons Transportation Group on the Woodrow Wilson Bridge project, but we're trying to negotiate an appropriate rate or how we establish the rate.

We only allow a split rates. I'm sorry, combined rates. The contract that's being pulled, the subject contract is based on a split rate. Okay? And so that would contradict a policy that the Department of Transportation has and it will cause problems with our ability to negotiate. The arrangement that we're trying to negotiate with Parsons, which is -- which involves several million dollars. Okay.

So, what we're asking MTA to do is to step back, look at the department's policy before they bring this contract to the Board. And make sure there's more consistent policy that State Highway and the rest of the department is following.

TREASURER KOPP: Can I just understand -- you all put out, MTA put out a contract, RFP, went through the process for two contractors. You selected the top two contractors. The top one being Parsons the other one being DMJM and Harris. Parsons was number one technical, the other one was number two, and then there were three at least. Selected those two, and the negotiated price was the same for both of them.

But then on the other hand you got a problem with Parsons on the Woodrow Wilson Bridge. And so, now you're pulling this contract, because you can -- think you can work them down from this rate.

Well, that's what was just said. You think you can work them down from this rate. In the meanwhile you're trying to work out something on the Woodrow Wilson Bridge?

MR. SMITH: Well, the goal here is not to work them down.

TREASURER KOPP: I'm sorry, I thought that's what you said.

MS. HAMILL: The goal is to get that overhead rate in line with the evaluation that has been done by the SHA audit organization, which is 118 percent overhead rate versus what MTA has validated at being at 130 percent.

MR. SMITH: Like I said --

TREASURER KOPP: Are you doing -- is the same one with the other one's who were charging the same amount but less highly rated?

MR. SMITH: We will allow a firm to come in up to 130 percent. The issue is not the 130 percent. It is how that 130 percent is calculated. And if we allow this contract to be approved the way it is calculated then that will have a significant policy implication at the State Highway Administration.

And specific to the Woodrow Wilson Bridge project, it will cost the State many millions of dollars. And we just want to think twice about this before we bring it to the Board.

DELEGATE PORTS: I believe what they're saying is that the same firm came in with two different overhead rates.

TREASURER KOPP: On two different --

DELEGATE PORTS: One rates one --

TREASURER KOPP: -- projects with two different modalities.

DELEGATE PORTS: That's right. One with SHA and one with MTA.

TREASURER KOPP: Uh-huh.

DELEGATE PORTS: And what they would like to do is look at why there is a difference in the same firm submitting two different overhead rates.

MR. SMITH: The subject -- the policy at issue here is an MDOT-wide policy. And so it's our understanding that all of the modal administrations abide by the same policy.

We've asked the MTA, just out of courtesy, to before bringing this one to the Board that they step back and re-look at the calculation of this rate before they bring it to the Board. We're not asking them to increase the rate, we're not asking them to deny them 130 percent. We just want to be sure that the 130 percent is properly calculated based on our policies.

TREASURER KOPP: But I thought you said you'd looked at it all and it was approved?

MS. HAMILL: Our audit organization has looked at it along with SHA's audit organization, and there are apparently some opportunities for further discussion on how we would approach Parsons with that overhead rate.

MR. GAY: If I --

MS. HAMILL: There are some financials that we're asking Parsons to submit for our further consideration. And we'd like the opportunity to get that data and review it in a little bit more detail.

MR. GAY: If I may? I'm Bob Gay from Consultant Services.

The way -- the problem is is that Parsons -- you submit field rates and home office rates and we combine that to work payroll burden and overhead. And what they have done on their contract is submitted a home office rate. They didn't include their field rate, which is 99 percent. Excuse me. So, that would lower their payroll burden and overhead to 118. And that's where the dispute is.

They're saying that the presentation they sent to MTA is valid, we're saying it's not.

TREASURER KOPP: But MTA said it was.

MR. GAY: What they presented.

MS. HAMILL: We agreed that what was presented is actually valid with -- like Bob just said

it's just the home office rate it's not the combined rate for field and home office. And that's where we'd like to go back and talk to Parsons some more about that combined rate and how it plays into this contract.

DELEGATE PORTS: You could look at it as MTA is receiving more information -- new information, if you will. And they would just like the time --

TREASURER KOPP: A little late in the game and to make --

DELEGATE PORTS: Yes, it is. Absolutely.

TREASURER KOPP: -- and do they admit they had not thought was appropriate or necessary before until the people working on the Woodrow Wilson Bridge decided that --

DELEGATE PORTS: That's right.

MS. HAMILL: Correct.

TREASURER KOPP: -- this was a lever they could use with the contractor with whom they were having some dispute.

DELEGATE PORTS: Not so much -- I don't think it's so much a lever. I think it's looking out for the taxpayers and --

MR. GAY: Yeah. They're suppose to submit a yearly audit. The last audit we have received is for 2001. We are in dispute over their 2002 audit, which they will not give to us. And the audit they sent to MTA is the home office rate. They don't take into account all their field personnel. And like Ricky said the dispute is, on our end, it's worth about \$800,000 in money that we have paid, we may get back.

GOVERNOR EHRLICH: Is there a dispute specifically with regard to the Wilson Bridge?

MR. GAY: No, the bridge is fine.

GOVERNOR EHRLICH: There's not.

MR. GAY: The design they're -- I mean they're forging ahead work wise.

GOVERNOR EHRLICH: Okay.

MR. GAY: It's just their financial side --

GOVERNOR EHRLICH: Okay.

MR. GAY: -- is we're having problems with.

TREASURER KOPP: Well, if it's withdrawn it's withdrawn. You can put it back on, but I think there's something very peculiar.

GOVERNOR EHRLICH: When this comes back we're obviously going to need a coherent presentation on this, Jim.

DELEGATE PORTS: That's not a problem.

TREASURER KOPP: But meanwhile you're going ahead with the other one who's charging the same amount that is less technically proficient?

MS. HAMILL: It is the same amount. This is a task order contract which is task -- the task order is being upped to 3.75 million.

So, yes we asked, for us, to proceed with the B contract.

COMPTROLLER SCHAEFER: How can you do that if you're figuring wrong on Parsons?

MS. HAMILL: The financials that were submitted were again validated and there -- we don't see any opportunity for going back and discussing this further with them.

COMPTROLLER SCHAEFER: Well, you negotiated -- yeah, but you negotiated at an equal price. Suppose Parson comes in a million dollars less or a million dollars more? What do you do then?

MR. GAY: What's the question?

MS. HAMILL: Suppose that Parsons comes in with a million dollars more?

MR. GAY: The contract is -- has a maximum amount of 3.75 million dollars.

COMPTROLLER SCHAEFER: I know that, but the contract for this is 275 -- 3750.

MR. GAY: Yes, sir. They have to give us, or give MTA an adequate payroll burden and overhead presentation so that MTA can negotiate man hours. The man hours that they have proposed now are less than we at State Highway Administration feels that MTA should be getting.

COMPTROLLER SCHAEFER: One says 118 --

MR. GAY: Our audit. The State Highway Administration audit that we did --

COMPTROLLER SCHAEFER: And what they gave you was 130?

MR. GAY: Yes, sir.

MS. HAMILL: What they gave MTA.

MR. GAY: What they gave MTA.

COMPTROLLER SCHAEFER: How about all other contracts? You just give them --

MR. GAY: No, we audit every contract, sir.

COMPTROLLER SCHAEFER: I know. No, wait a minute. Let me ask the question before you answer it.

You audit -- this is the first one you found this way?

MR. GAY: We do yearly adjustments. A consultant will send in his yearly audit and if his audited rate is lower than we have paid him for during the course of that year, there is payback.

See, the payroll burden overhead fluctuates throughout the life of a contract; it's provisional. But there is a cap of 130 percent. So, there's many --

COMPTROLLER SCHAEFER: Why do you give them a 130 when you all are 111?

MR. GAY: Pardon me?

COMPTROLLER SCHAEFER: What's the 111 and
130?

MR. GAY: 118 is the actual rate that we
audited them at. They did a presentation to us --

COMPTROLLER SCHAEFER: Right.

MR. GAY: -- and they said it was 130.

COMPTROLLER SCHAEFER: Right.

MR. GAY: Our audit team took that
presentation and they said, "No," and they applied
factors --

COMPTROLLER SCHAEFER: Then why did you bring
the contract here then if you were in dispute?

MR. GAY: We asked the MTA to pull that
contract.

MR. SMITH: We did not learn about it until a
couple of days ago.

COMPTROLLER SCHAEFER: Are you asking to pull
the second contract? They're not going to take less
than Parsons.

MR. GAY: The other contract stands on it's own. They have audited those folks and we have an audit on those folks also.

COMPTROLLER SCHAEFER: Well, how can --

MR. GAY: We keep a total -- we have a data

--

COMPTROLLER SCHAEFER: I understand all that.

MR. GAY: Okay.

COMPTROLLER SCHAEFER: But they're exactly the same.

MR. SMITH: But they don't have the split --

COMPTROLLER SCHAEFER: They're exactly the same.

MS. HAMILL: They're combined rates.

COMPTROLLER SCHAEFER: Unless I'm wrong.

MS. HAMILL: They're -- they did submit a combined rate.

MR. GAY: They submitted a good audit. They submitted a good payroll burden overhead audit.

COMPTROLLER SCHAEFER: Did they charge 130?

MR. GAY: They may have exceeded, but we capped them out at 130.

MS. HAMILL: I think it's 130. It is 130.

TREASURER KOPP: They submit 130 --

COMPTROLLER SCHAEFER: Well, there's no use my trying to ask any questions, because I don't understand. You give both of them 3,750,000 and now one's in dispute and the other one is not in dispute? That doesn't make any sense.

MR. SMITH: Can I offer this suggestion? I mean this is a rather complex issue.

COMPTROLLER SCHAEFER: Yeah.

MR. SMITH: If we could brief you on how we evaluate overhead rates, I think you would benefit from that briefing.

GOVERNOR EHRLICH: I think you're right.

MR. SMITH: Okay.

GOVERNOR EHRLICH: I think in the interest of time efficiency that's the appropriate thing to do.

DELEGATE PORTS: That's a multiple award contract, too.

GOVERNOR EHRLICH: I understand.

TREASURER KOPP: Yeah.

DELEGATE PORTS: Okay.

COMPTROLLER SCHAEFER: You've got to give both of them the same amount.

DELEGATE PORTS: I'm sorry?

COMPTROLLER SCHAEFER: You give both of them the same amount.

TREASURER KOPP: A cap.

SECRETARY RUTHERFORD: Up to --

MR. GAY: For a different number of hours, though.

DELEGATE PORTS: Right.

MS. HAMILL: They do, yes. It's the same dollar amount but it is different number of man hours.

DELEGATE PORTS: Man hours. Different number of man hours.

COMPTROLLER SCHAEFER: Well --

MR. SMITH: I mean negotiate -- we're not negotiating dollars.

GOVERNOR EHRLICH: All right. Too many people are talking at once. We're going to pull it.

MR. SMITH: Okay.

GOVERNOR EHRLICH: You're going to come back, brief us in a coherent fashion. Thank you.

SECRETARY RUTHERFORD: Can I correct something for the record that I stated?

GOVERNOR EHRLICH: Yes.

SECRETARY RUTHERFORD: With regard to the procurement efficiency. It wouldn't really apply to what we're looking at in terms of negotiating with top two finishers. It wouldn't apply to this type of contract because of the federal funds involved and the Brooks Act.

GOVERNOR EHRLICH: Brooks Act. I understand. You have other applications there.

SECRETARY RUTHERFORD: Right.

COMPTROLLER SCHAEFER: The same thing with the next contract, which is number seven.

What about all those? 113 versus -- 130 versus 118. Is that the same thing in this one?

MS. HAMILL: It's the same kind of evaluation here, where we are looking at a burden of -- a cap of 130 percent for a combined labor rate for office and field personnel. And that is the evaluation that we go through here as well.

COMPTROLLER SCHAEFER: What you say is you go up to 130 whether it's a 130 --

MS. HAMILL: That is the --

COMPTROLLER SCHAEFER: -- you can go up to 130?

MS. HAMILL: Yes, sir, that is the cap.

COMPTROLLER SCHAEFER: What kind of work is that?

DELEGATE PORTS: I'm sorry?

COMPTROLLER SCHAEFER: You can go up to 130, but if you can get it done for less, 118, we still go up to 130.

DELEGATE PORTS: No. If we get it done for 118 that's what they have to submit it as.

MS. HAMILL: And it is based on an audit of their financials. It is actual financial statistics

that they have to present in order to justify that rate.

DELEGATE PORTS: The 130 is a cap.

GOVERNOR EHRLICH: Right.

DELEGATE PORTS: We will not allow it to go over that, but --

COMPTROLLER SCHAEFER: How many are under?

DELEGATE PORTS: -- they have to justify.

COMPTROLLER SCHAEFER: Got any under it?

DELEGATE PORTS: Are these under that?

MS. HAMILL: I don't have the actual rates for these individual companies.

COMPTROLLER SCHAEFER: No. Any of them -- are there less? Do any of them come in for less than 130?

MS. HAMILL: There are times, yes sir, that they do come in --

COMPTROLLER SCHAEFER: Are times? Very few times?

MS. HAMILL: Yes.

COMPTROLLER SCHAEFER: Yeah. I was just wondering they have no females and no Spanish in this MBE. Any reason for just excluding women and Spanish? Anybody else? Any reason for that? Why no one's -- why no women, why no Spanish? Any reason?

There are women engineers, I know, because the -- Morgan graduates women, so does the University of Maryland, and all the rest.

MS. HAMILL: That is something we can look at. Definitely.

COMPTROLLER SCHAEFER: You'll look at that?

DELEGATE PORTS: Yes, sir.

MS. HAMILL: But we have Afro-American participation in the MBE. And the prime consultant GL Communications, Incorporated, is a certified MDOT MBE.

COMPTROLLER SCHAEFER: That's a corporation. Okay.

How about number eight? Is this one of these deals where you give Contract A, B, C, D, E and then F and G come up and you give it to them?

MS. HAMILL: F and G are the last in the series. The other five contracts have been presented and approved by the Board.

COMPTROLLER SCHAEFER: Well, I don't quite understand it. This is all one contract?

MS. HAMILL: Yes, sir. It's all one --

COMPTROLLER SCHAEFER: And these two are the last ones?

MS. HAMILL: -- package. Yes. And the other five were previously --

COMPTROLLER SCHAEFER: Why don't you approve them all at the same time? What's this you do --

MS. HAMILL: It's the --

COMPTROLLER SCHAEFER: -- A and B and then do C and D and then E and then --

MS. HAMILL: It's --

COMPTROLLER SCHAEFER: -- F and G?

MS. HAMILL: It's the administrative process of preparing all these packages first to go to the TPSSB for their approval. It is very labor intensive, very detailed. So, our team does do it on a staggered

basis in order to expeditiously issue contracts for the engineering organization to utilize as quickly as possible. To wait until all seven packages were prepared to present would delay the process in having the contractor available.

COMPTROLLER SCHAEFER: So, the competitive bid was done a long time ago? You didn't do it all at one time, did you?

MS. HAMILL: No, we didn't.

COMPTROLLER SCHAEFER: Was it all one time?

MS. HAMILL: No, we did not --

COMPTROLLER SCHAEFER: No.

MS. HAMILL: -- at one time.

COMPTROLLER SCHAEFER: Well, how do you get the competitive bidding if you don't do it all at the same time? How do you work these?

MS. HAMILL: Ideally, in the future --

COMPTROLLER SCHAEFER: I don't --

MS. HAMILL: -- we will be able to.

COMPTROLLER SCHAEFER: -- understand it, so

--

MS. HAMILL: It has been a resource issue --

COMPTROLLER SCHAEFER: -- no use trying --

MS. HAMILL: -- in the organization.

COMPTROLLER SCHAEFER: And you're going to have to spend more time on -- I'm a little disturbed at this.

Number nine. Another one at one, two, three. Already got Whitman -- got their --

DELEGATE PORTS: Ricky?

COMPTROLLER SCHAEFER: -- Jacobs and URS got theirs. Now, the next one it's going to be Rummel and then it's going to be Wilson and if you -- 50 times, times change. And this is how you competitively bid?

MR. SMITH: I'm sorry, what's the question?

COMPTROLLER SCHAEFER: I don't want to know, but I juist -- I don't understand.

GOVERNOR EHRLICH: Make that part of the presentation, Jim.

MR. SMITH: Yes.

GOVERNOR EHRLICH: Okay.

COMPTROLLER SCHAEFER: Number ten. Same thing.

DELEGATE PORTS: Same thing.

COMPTROLLER SCHAEFER: Number 11.

DELEGATE PORTS: A and E. What we'll do is we'll put together a whole presentation on all the A and E --

GOVERNOR EHRLICH: Thank you.

DELEGATE PORTS: -- contracts.

COMPTROLLER SCHAEFER: And why you can't negotiate with the -- with somebody else. I know the law says that you don't have to. It doesn't say you can't, does it?

DELEGATE PORTS: The Brooks Act -- if it's federal funds we cannot, because it falls under the Brooks Act.

COMPTROLLER SCHAEFER: Well, can the Brooks Act -- can we get some of our guys to think about maybe thinking maybe it's a dumb thing to do it this way? I guess we can't.

DELEGATE PORTS: Certainly, if we went to Congress, yes.

COMPTROLLER SCHAEFER: Oh, well. Number 12, same thing. Number 17. Who is ARC in number 17?

DELEGATE PORTS: Well, ARC of Baltimore or BARK.

COMPTROLLER SCHAEFER: Who?

DELEGATE PORTS: BARK.

COMPTROLLER SCHAEFER: What are they going to do?

DELEGATE PORTS: ARC of Baltimore or BARK.

COMPTROLLER SCHAEFER: Yeah. What are they going to do?

DELEGATE PORTS: Remove snow and ice at light rail stations. As you know -- I'm sure you know they're a certified preference provider and employee of disabled clients. I mean that's --

COMPTROLLER SCHAEFER: No.

DELEGATE PORTS: -- that's --

COMPTROLLER SCHAEFER: ARC is usually --

DELEGATE PORTS: -- who they are.

COMPTROLLER SCHAEFER: -- stable citizens.

DELEGATE PORTS: Right.

COMPTROLLER SCHAEFER: Am I right?

DELEGATE PORTS: That's -- yes, sir.

COMPTROLLER SCHAEFER: Well, how are they going to -- how do they do this, provide snow removal? Months of December, January, and February. How do they do it?

MS. HAMILL: How do they provide the services or?

COMPTROLLER SCHAEFER: How do they perform the service?

MS. HAMILL: They've had this contract for several years running now. They have the equipment and they have the resources and the supervision to do small snow removal jobs.

COMPTROLLER SCHAEFER: Small jobs?

MS. HAMILL: Small jobs. They don't do the very large parking lots where they need their large equipment.

COMPTROLLER SCHAEFER: And what do they do?

MS. HAMILL: They have smaller snow blowers. They have hand held equipment. They actually salt the pavement with the actual kind of salt that we specify.

COMPTROLLER SCHAEFER: Yeah, I'm for these, by the way, so don't -- I'm not -- this is not one I'm trying to beat up anybody on.

You get reports on whether the work is satisfactory?

MS. HAMILL: Yes, we do.

COMPTROLLER SCHAEFER: Okay. Eighteen.

One appraiser. I know that you'll never do what I ask you, get two appraisals, because you don't have to. So my suggestion is just gone by the way side. But I'll keep remembering that you only had one appraisal.

Number 18. Is this -- what is this? What's happening on this? This isn't the one where you give the -- this isn't where you exchange properties? Is this the one where they exchange properties?

There's one where you exchange properties between agencies and you had to get an appraisal. Why

in the heck do you have to get an appraisal when you -- one part of the State is giving it to another part of the State? It doesn't make any sense, but I guess the reason is we got to keep the appraisers busy.

DELEGATE PORTS: What was that?

MR. SMITH: This is a --

COMPTROLLER SCHAEFER: Well, what's this one?

MR. SMITH: This is a -- this part of a three-part agreement between the State Highway Administration -- oh, he's on 24?

SECRETARY MCDONALD: Yeah. Jumped right there on --

DELEGATE PORTS: Yeah, he -- I think he switched on us here.

COMPTROLLER SCHAEFER: All right. Let's take 24. Let's get this over with.

I got a note -- it's funny. I happen to have a note on every one of these. On every one.

MR. SMITH: Okay. This is a --

COMPTROLLER SCHAEFER: I don't know why. Twenty-four.

MR. SMITH: The only reason we did an appraisal on this is because we're typically asked that question when we come to the Board. Otherwise, there's no need for an appraisal. This is simply a transfer from one MDOT administration to another MDOT administration.

COMPTROLLER SCHAEFER: I don't think I understood you.

MR. SMITH: This property transfers from one MDOT modal administration to another one. Okay. We had an appraisal done because typically when we come to the Board the question is asked and we wanted to be prepared to give you that answer.

COMPTROLLER SCHAEFER: Oh.

(Laughter.)

COMPTROLLER SCHAEFER: I knew it was my damn fault. Well, it's my fault.

(Laughter.)

COMPTROLLER SCHAEFER: Twenty-six.

SECRETARY MCDONALD: Okay. Governor, item 26 is another PACA story here. We have the Pirog's. Ms. Pirog wanted to speak to the Board for a minute.

TREASURER KOPP: Oh, yeah.

GOVERNOR EHRLICH: Yes, please.

SECRETARY MCDONALD: You may want to tell about item 25, because it's a --

MR. SMITH: Sure.

MR. SMITH: I don't know if --

GOVERNOR EHRLICH: Good news.

MR. SMITH: This is a very good news story. You asked us to go back and negotiate --

GOVERNOR EHRLICH: We appreciate --

MR. SMITH: -- with the parties involved and we did that. And now everyone's happy and --

GOVERNOR EHRLICH: That's the way it's supposed to be.

MR. SMITH: Exactly.

GOVERNOR EHRLICH: There's a good moral there.

DELEGATE PORTS: The quote was we need to take care of people; P-E-O-P-L-E.

COMPTROLLER SCHAEFER: Oh, God.

GOVERNOR EHRLICH: All right.

DELEGATE PORTS: I remember it well. And it works. And it works.

GOVERNOR EHRLICH: Come on up.

DELEGATE PORTS: Go ahead let them -- Ricky, let them speak.

GOVERNOR EHRLICH: Yes, ma'am.

MS. PIROG: Deborah Pirog of Walter Jay Auto Painting.

On behalf of my company, my family, and our employees, we wanted to thank you, the members of the Board and the Highway Administration, for stepping in and helping us resolve this matter for good. So, thank you.

GOVERNOR EHRLICH: Well, we appreciate that very much.

(Applause.)

GOVERNOR EHRLICH: You made my day. You're a ray of sunshine.

MS. PIROG: Thank you.

GOVERNOR EHRLICH: On what was a cloudy day. Thank you. We're glad it worked out. That's the way government is supposed to work.

MS. PIROG: Worked out fine.

GOVERNOR EHRLICH: Thank you.

COMPTROLLER SCHAEFER: I want you to know the Governor was the one who insisted on this. He insisted. I didn't -- I was against it the whole time.

(Laughter.)

GOVERNOR EHRLICH: I had to fight him tooth and nail.

Thank you.

MS. PIROG: Thank you.

COMPTROLLER SCHAEFER: Number 26.

TREASURER KOPP: Governor, can I just put -- just this for a moment, this 24?

It just occurred to me -- this is just a side comment. That even though it's from one administration

to another, one of the virtues, and I don't know how much it costs of getting an appraisal, is that you realize that you've got this 2.8 million dollar piece of property going from one administration to another. And you might stop and ask whether the State as a whole really needs it or whether we ought to come up with some other use. So, I mean maybe if it's a big appraisal like this it actually doesn't hurt to bring that question to the Board.

GOVERNOR EHRLICH: Jim? You heard the Treasurer's point.

DELEGATE PORTS: Absolutely.

MS. HAMILL: Yes.

GOVERNOR EHRLICH: When you see large numbers

--

TREASURER KOPP: It may not be just a throw away thing.

GOVERNOR EHRLICH: -- when you see large numbers --

DELEGATE PORTS: Well we -- right.

TREASURER KOPP: Yeah.

DELEGATE PORTS: Usually the way that -- if I'm not mistaken, the way the law is written --

GOVERNOR EHRLICH: Could we get the murmuring --

TREASURER KOPP: Yeah.

GOVERNOR EHRLICH: -- down here.

TREASURER KOPP: You have to first do that.

GOVERNOR EHRLICH: Let's get it quiet in here.

DELEGATE PORTS: Right.

GOVERNOR EHRLICH: Go.

DELEGATE PORTS: When we go to clear a property for disposals, and if we deem it -- or if we deem that it could be excess -- the first thing we have to do is look at the other agencies as well as other departments and to see if there's a transportation use.

I believe the next step is to go to the county that it's in and find out from them if there's a transportation use. If there is, I mean it all stops

there, whatever that case may be. So, that's where it ended up being here.

If it's deemed that we do not have a transportation use for that property, then we go on the outside and sell it off as a public auction. But there is a very precise, in the laws, a very precise --

GOVERNOR EHRLICH: In the subdivision it's transportation use not any use that the subdivision may want to make, correct?

DELEGATE PORTS: That's exactly right. It's a transportation use.

GOVERNOR EHRLICH: Yeah.

DELEGATE PORTS: Right. And then I believe does it go --

SECRETARY RUTHERFORD: Does it go under clearinghouse?

DELEGATE PORTS: -- does it stand after that? I think it's --

GOVERNOR EHRLICH: There's no third tier in general use for subdivision, correct?

SECRETARY RUTHERFORD: For general use of the State?

GOVERNOR EHRLICH: Or the State.

SECRETARY RUTHERFORD: Does it go into the clearinghouse at that point? Nelson, you would know.

TREASURER KOPP: It's traded for the transportation trust fund.

DELEGATE PORTS: It's in the transportation trust fund, I don't believe so.

GOVERNOR EHRLICH: Nelson?

SECRETARY RUTHERFORD: Nelson used to work with MTA -- DGS.

GOVERNOR EHRLICH: Do you know, Nelson?

SECRETARY RUTHERFORD: Why don't you go to the --

MR. REICHART: Once a property goes to the clearinghouse the clearinghouse circulates it to the local subdivisions as well. To the best of my knowledge it was for any use.

So, if you had a piece of property the local subdivision wanted to use it kept it from going back

into private hands and then one of the local subdivisions or another State agency had to go back and buy it again. So, it kept, you know, it stopped that. So, it would go --

SECRETARY RUTHERFORD: But, Nelson, even if it's a transportation property it came out of transportation trust fund.

GOVERNOR EHRLICH: Once it goes to the clearinghouse there is --

MR. REICHART: The only caveat I put on that, Governor, if it was bought with federal funds there's usually federal strings attached.

GOVERNOR EHRLICH: We understand that's different.

DELEGATE PORTS: Yeah.

MR. REICHART: Yeah.

GOVERNOR EHRLICH: We're talking about --

DELEGATE PORTS: Let us go back and verify that.

GOVERNOR EHRLICH: All right. I want to know that.

DELEGATE PORTS: And we will get you that information.

GOVERNOR EHRLICH: Thank you.

MR. REICHART: Okay.

COMPTROLLER SCHAEFER: This 26, are these these houses that have been around for a long time?

MR. SMITH: I'm going to ask Chris Larson our Director of the Office of Real Estate to help you with that question.

Chris?

MR. LARSON: Chris Larson, Director of Office of Real Estate.

In this situation what we've done is we've acquired a piece of property that was an acre in size for \$254,000. We only needed two tenths of that part, so we sold eight tenths of that to a another property owner for \$160,000.

COMPTROLLER SCHAEFER: Now, this isn't those houses?

MR. LARSON: No, sir.

COMPTROLLER SCHAEFER: Oh, okay. Thank you.

Twenty-seven. Are you talking about 27? Are you talking about 27?

DELEGATE PORTS: No, sir.

COMPTROLLER SCHAEFER: Twenty-six.

DELEGATE PORTS: Twenty-six. Twenty-seven is a similar situation, though.

COMPTROLLER SCHAEFER: Oh, similar -- okay.

Twenty-eight. This is less than the appraised value. Just wanted to get rid of them?

DELEGATE PORTS: This one was land locked. And so -- go ahead Rick.

MR. SMITH: We also have -- it was land locked and the two adjoining owners and one of the adjoining owners bid on the property, so we only got one bid on this property.

COMPTROLLER SCHAEFER: But you sold it for less than the appraised value?

MR. SMITH: Yes, we did.

Typically when the State Highway keeps these properties in our inventory we have to maintain the property. So, when we are able to sell the properties

we also remove the cost of maintaining those properties off of our books.

COMPTROLLER SCHAEFER: Okay.

Twenty-eight. Twenty-nine. Yeah, 28. No, number 29. No appraisal, why?

MR. LARSON: Mr. Comptroller, Chris Larson again.

This is a situation where it's a road that we're maintaining, but we never have full fee title to it. We have a prescriptive right of use and the property -- the road was then abandoned and the property owner wants to get clear title in order to get the State Highways off the title. We're conveying a quitclaim deed to him. Any right and title, interest that we had to the property goes to the property owner. There's no appraised value.

COMPTROLLER SCHAEFER: No appraisal?

MR. LARSON: It's just an old road bed.

COMPTROLLER SCHAEFER: Okay. 30.

SECRETARY MCDONALD: That's been deferred.

GOVERNOR EHRLICH: 30's been pulled.

COMPTROLLER SCHAEFER: Oh, 30's pulled.
Okay.

DELEGATE PORTS: Yeah, that's been withdrawn.

COMPTROLLER SCHAEFER: Okay. Thank you.

GOVERNOR EHRLICH: Joel, I know you've been -- Joel, my friend Joel Myerberg is here. And the item that has brought you to Annapolis has been pulled today, as you know. And you've been sitting here for the entire meeting. I wanted to -- I think you're known to all of us, particularly those of us who've been active in disability related issues over the years. You've certainly been a valuable friend and advisor to me throughout the last -- over the last 17 years, particularly during my tenure in Congress on disability related issues.

So, I wanted to just welcome you here today. We'll be seeing you again, I know, in the future. I wanted to acknowledge your presence and thank you for coming down today.

Now, Delegate, I have -- we have a favorable motion before. We have a second?

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

Subject to deletions of item 1-C, 6-AE
Contract A, 13 --

SECRETARY MCDONALD: All of it.

GOVERNOR EHRLICH: -- and all six?

SECRETARY MCDONALD: Right.

GOVERNOR EHRLICH: 13-S, 14-S, 15-A, and 30-MG. Is that correct, Jim?

DELEGATE PORTS: 15-M.

GOVERNOR EHRLICH: 15-M. Okay. Is that correct, Jim?

DELEGATE PORTS: And 30-GM is that --

GOVERNOR EHRLICH: And 30-GM is there.

The motion is favorable. The motion's been seconded. The motion carries. Thank you.

SECRETARY MCDONALD: Thank you.

GOVERNOR EHRLICH: You're welcome, Sheila.

(Whereupon, at 12:35 p.m., the above-entitled meeting was adjourned.)