

OFFICE OF THE INSPECTOR GENERAL
CITY OF BALTIMORE



Isabel Mercedes Cumming
Inspector General

Investigative
Report Synopsis

OIG Case # 23-0005-I

Issued: April 12, 2023



OFFICE OF THE INSPECTOR GENERAL
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City Hall, Suite 635
100 N. Holliday Street
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April 12, 2023

Dear Citizens of Baltimore City,

The mission of the Office of the Inspector General (OIG) is to promote accountability, efficiency, and integrity in City government, as well as to investigate complaints of fraud, financial waste, and abuse.

In July 2022, the OIG received a complaint alleging that the Baltimore City Health Department (BCHD) leases the Hebrew Orphanage Asylum (HOA) building for \$600,000 per year, with only one employee assigned to work in the building. The complaint further alleged that employees assigned to BCHD's COVID-19 contact-tracing program at the HOA teleworked and did not physically report to the building. The complainant asserted that BCHD's use of the HOA building is a waste of City resources due to the lack of occupancy and the limited use of the building.

EXECUTIVE SUMMARY

The allegation that only one employee works at the HOA was not sustained by the OIG. The assigned OIG Special Agent observed multiple employees working in the building on several occasions. Interviews with BCHD staff revealed that employees assigned to the building work a hybrid schedule of two days in the office and three days at home.

The investigation also revealed that the rent is currently covered by ARPA funds. The City had entered a 15-year lease agreement for the HOA, paying approximately \$300,000 annually in rent, along with all taxes and operating expenses. Rent increases by 3% each year. The City has assumed all financial responsibility for the HOA. The OIG found that the City initially planned to sublease the excess space to offset operating expenses, but that the COVID-19 pandemic negatively affected those plans. The City has entered into a lease agreement for the building to house a Stabilization Center, as a cheaper and more efficient alternative to a hospital emergency room for patients suffering from a drug overdose. The Stabilization Center is located on the first floor, leaving the remaining three levels available for City use.

The OIG recommends that BCHD coordinate and focus its efforts to work with the Community and the City's Department of Real Estate to find appropriate tenants for excess space in the HOA.

BACKGROUND

The HOA is located in the Rosemont neighborhood of Baltimore City, an area found to have the highest level of healthcare disparity in the State of Maryland in 2008.

The original structure was built in 1815 and then rebuilt in 1876 after a fire. The building has deep roots in the surrounding community, having served as the Baltimore City and County Almshouse (1820 – 1866), the Hebrew Orphan Asylum (1872 -1923), the West Baltimore General Hospital (1923-1945), and the Lutheran Hospital of Maryland (1945-1989.) The building became vacant in 1989. In 2003, it was purchased by Coppin State University (CSU), a branch of the University System of Maryland Network.

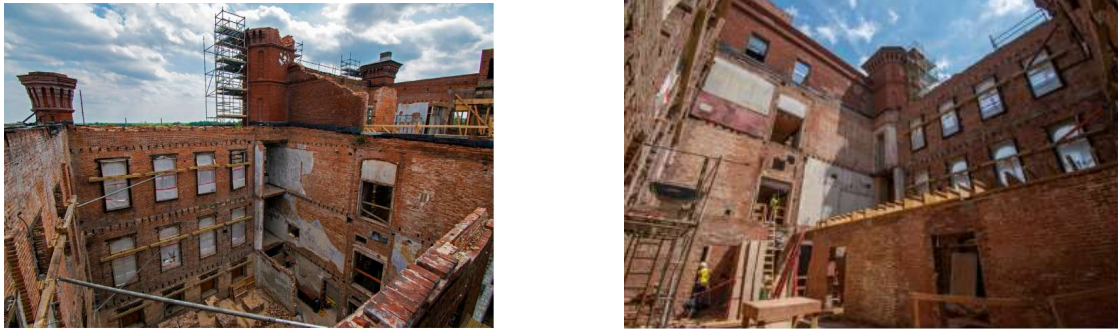
REPORT FRAUD, WASTE AND ABUSE

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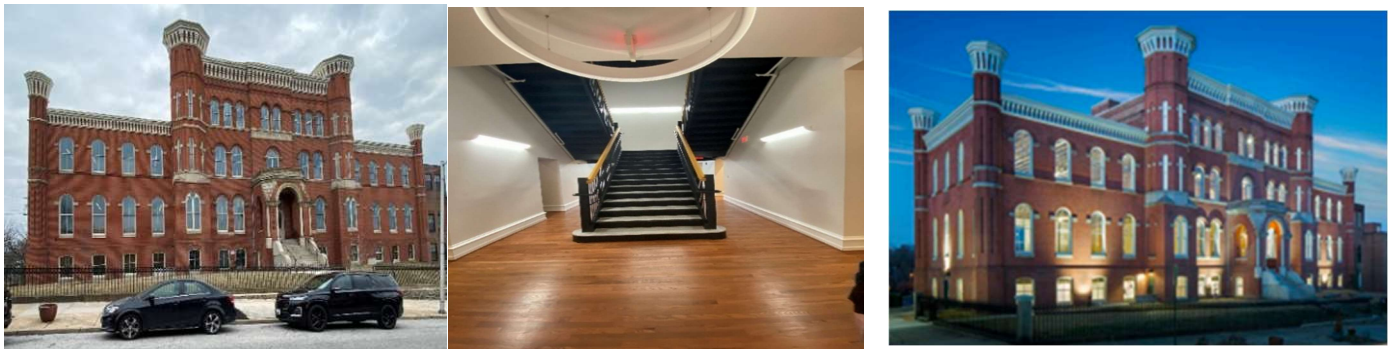
At the time of CSU’s acquisition, it was a deteriorating shell with a partially collapsed roof. In 2005, the University of Maryland proposed demolishing the building due to its worsening condition. In response, the Coppin Heights Community Development (CHDC), in conjunction with Baltimore Heritage and other community organizations, created a coalition to restore and redevelop the HOA so that it could once again serve its community. As a result of these efforts, the HOA was eventually sold to CHDC in 2017.

Figure 1: “Before” pictures of HOA¹



Trying to address the opioid crisis in Baltimore City and to mitigate the healthcare disparity in Rosemont, the City planned to open a stabilization/sobering center. The vacant HOA building became a prospect to house that center. In 2019, construction and redevelopment were completed. The City agreed to a 15-year lease of the building, with a four-year renewal term. The Stabilization Center began operating on April 1, 2020, on the lower level of the building.

Figure 2: “After” pictures of HOA²



METHODOLOGY

The OIG Special Agents visited the HOA building in October 2022 and February 2023. During the investigation, current and former BCHD employees were interviewed, as well as CHCD Chief Executive Officer Dr. Gary D. Rodwell (Dr. Rodwell). The OIG also consulted with an employee from the Department of Real Estate in regard to the lease agreement. In addition, numerous lease-related documents, including HOA expense invoices were reviewed.

¹ The pictures of the HOA before redevelopment were taken from the CHCD website at www.coppinheightscdc.com.

² The “after” pictures were taken by the OIG as well as obtained from the CHCD website at www.coppinheightscdc.com.

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OIG INVESTIGATION

HOA lease

The original lease for the HOA is dated June 20, 2017. The agreement is for 15 years, with a four-year renewal term. Under the lease, the City obligated itself to begin paying rent once the Stabilization Center was operational (i.e. April 1, 2020.) The annual rent for Year One is listed as \$273,556.50, to increase by 3% every year, and ending at \$413,461.11 in year 15. In addition to rent, the City is also responsible for all operating expenses, real estate taxes, and building insurance.

The OIG interviewed a BCHD Deputy Commissioner (DC1) and a former BCHD executive regarding the City's plans for the HOA at the time the lease was entered into. Both asserted that the City planned to sublease excess space to offset expenses. Under the agreement, the City requires written consent from the landlord to sublease any part of the premises.

DC1 stated that, to obtain a \$3 million bridge loan for development, the City had to commit to a 15-year lease for the entire building, with an understanding that the building would be occupied and used. The lease included a clause that the Stabilization Center would not pay rent. BCHD's intent was for rent to be paid by subtenants, with a contingency plan that BCHD would occupy the space if subletting turned out to be not feasible. DC1 also stated that BCHD is very tight on space and needs additional locations to accommodate employees.

BCHD's contact tracers are currently using space at the HOA. Federal funding via the American Rescue Plan Act (ARPA) covers the rent and all other expenses for the HOA building as long as it is used for legitimate COVID-19-related purposes. ARPA funding is expected to end in Fiscal Year (FY) 2025. According to DC1, once ARPA funding ends, the City will assume full financial responsibility for the HOA, unless BCHD acquires subtenants for the building. The OIG learned that for FY 2023, the monthly rent for the HOA building is \$22,425, with estimated monthly operational costs of about \$11,175, including maintenance, property management, internet, etc.

The OIG also interviewed a Baltimore City Real Estate Agent (the Agent) in regard to the lease. The Agent stated that the City, as the principal leaseholder, is financially responsible for everything, including taxes on the building. In this case, the City issues a check to the landlord, who then pays the taxes on the building. The Agent informed the OIG that the lease for the HOA is a "triple net lease," meaning the landlord nets the rent amount, and the tenant covers all the operating expenses.

HOA visits

During its first visit to the HOA, the OIG visited the Outbreak Investigation office located on the first floor and spoke with the Acting Team Lead in School's Outbreaks (Team Lead). The Team Lead informed the OIG that there are five people who work with them in outbreak investigations. Also located on the first floor are the Call Center and the Infant & Maternal Health Center.

The second floor accommodates the contact-tracing and mobile vaccination centers. The OIG met with the Director of Contact Tracing (DCT) who stated that the BCHD has been in the HOA building since August of 2022 and that employees assigned to the HOA building are currently on a hybrid schedule consisting of three days working remote and two days in the office. According to the DCT, there are about 40 people on the contact-tracing team and around 74 BCHD employees in the building in total.

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Deputy Commissioner 2 (DC2) confirmed there are 109 current and proposed COVID-19 mitigation positions assigned to work at the HOA. Twenty-six (26) of those positions are currently vacant. The COVID-19 response program took occupancy in the HOA building on April 1, 2021. DC2 stated that BCHD had been experiencing program expansion in different departments over the five years prior to the pandemic. With COVID-19, an influx of new employees created the need for more space. Originally, contact-tracing staff was located at a rental property that cost the City \$18,000 a month. Since the City was already responsible for and in the process of completing construction at the HOA building before COVID-19, BCHD decided to move the COVID-19 response staff there to save the City money.

Figure 4: Cubicles being used as storage



DC2 confirmed that the HOA building currently houses multiple COVID-19 teams: The COVID-19 administration team and COVID-19 testing teams began working intermittently at the location on April 1, 2021. The COVID-19 contact tracers, call center, and outbreak staff began working at the HOA two days a week on September 12, 2022. The COVID-19 mobile vaccination staff began working two days a week at the HOA on September 19, 2022.

DC1 informed the OIG that the number of contact tracers would be reduced soon, however, they were unsure of the exact number. The OIG Special Agent noticed about 30 employees working in the building. However, many cubicles were empty, with several being used as storage. DC1 stated that they are still seeking sub-tenants for the excess space.

Coppin Heights Community Development & Future plans for HOA

The OIG interviewed Dr. Gary Rodwell, Chief Executive Officer of the CHCD to learn more about CHCD's perspective on the HOA building. Dr. Rodwell and the CHCD are passionate about using the HOA to better serve the Greater Rosemont community. Dr. Rodwell is currently working on plans for potential tenants to sublease space in the HOA. Among other prospects, Dr. Rodwell has been in contact with a local college about potentially housing an outreach operation. He stated that he had not been contacted for assistance by BCHD, but that he is willing to meet and work with BCHD, Housing and Community Development (HCD), and Community stakeholders to develop symbiotic uses for the HOA. Dr. Rodwell informed the OIG that he hopes to host a grand opening in the future with the BCHD, which was previously canceled due to the COVID-19 pandemic.

Dr. Rodwell further described the benefits of redeveloping the HOA for the Rosemont community. According to Dr. Rodwell, the HOA provides a center focused on community health in an underserved area. The Stabilization Center serves those affected by the opioid crisis without adding turmoil to the

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community. The development of the HOA also created the opportunity for the expansion of Tuerk House.³ With the Stabilization Center and Tuerk House both being located at the HOA, the building serves as a strategic asset in the fight against the opioid crisis in Baltimore.

DC1 is tasked with finding tenants to sublease the HOA. They have met with several interested private entities, but have no firm commitments as yet. Originally, DC1 had hoped to find an urgent-care or medical institution to sublease the space, but has been unsuccessful as of the date of this report.

The OIG was informed that, while the Department of Real Estate (DRE) typically locates spaces for agencies, that office does not usually assist agencies in finding third-party tenants for leased space. The Agent from the DRE also stated that agencies do not have a budget to market or advertise extra space.

INVESTIGATIVE FINDINGS

The OIG found the allegation that only one employee works at the HOA to be unsubstantiated.

Investigation revealed the City has committed to a 15-year lease agreement for the HOA, paying approximately \$300,000 annually in rent, along with all taxes and operating expenses. The annual rent increases by 3% each year. The City assumes all financial responsibilities for the HOA unless subtenants are obtained for the building. Currently, the City receives ARPA funding to cover rent and expenses, which is set to end in 2025. At that time, the City will assume full financial responsibility for the HOA.

It is in the best interest of the City to either use the space for and with other City agencies and/or sublease unused parts of the building to offset the cost of the lease. To that end, the OIG recommends that BCHD coordinate efforts to work with Dr. Rodwell and the other executives at the CHCD, and the City's Department of Real Estate to find appropriate tenants for excess space in the HOA. Dr. Rodwell has stated that he is willing to meet with BCHD as well as co-host a town hall meeting to provide members of the Rosemont community and potential tenants with a first-hand look at the building.

Sincerely,



Isabel Mercedes Cumming
Inspector General

CC: Hon. Brandon M. Scott, Mayor of Baltimore City
Hon. Nick Mosby, Baltimore City Council President
Hon. Bill Henry, Baltimore City Comptroller
Honorable Members of the Baltimore City Council
Hon. Ebony Thompson, Acting Baltimore City Solicitor

³ Tuerk House is a drug and alcohol treatment center for those struggling with addiction. It provides comprehensive treatment and a transitional living environment in a home-like setting.