

STATE OF MARYLAND

BOARD OF PUBLIC WORKS

GOVERNOR'S CONFERENCE ROOM

STATE HOUSE

ANNAPOLIS, MARYLAND

10:00 o'clock a.m.

March 5, 1975

Reported by:
Clifton J. Hunt

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PRESENT

Governor Marvin Mandel, Presiding

Honorable Louis Goldstein, Comptroller

Honorable William S. James, Treasurer

George R. Lewis, Secretary, General Services

Louis N. Phipps, Deputy Secretary, Department of Natural Resources

Vladimir A. Wahbe, Secretary, Department of State Planning

R. Kenneth Barnes, Secretary, Department of Budget and Fiscal Planning

H. Louis Stettler, Assistant Secretary, Department of Budget and
Fiscal Planning

Max Millstone, Deputy Secretary, General Services Department

Edward C. Middleton, Administrator, Board of Public Works

Edward Hoover, Analyst, Fiscal Services, Board of Public Works

Ms. Betty Chaney, Administrative Assistant, Board of Public Works

PROCEEDINGS

GOVERNOR MANDEL: Can we get started?

The Comptroller is to go before a legislative committee and he will be delayed a little bit, but let's get started in the meantime.

MR. HUEBECK: Item 1, page 1.

GOVERNOR MANDEL: Larry?

MR. LAWRENCE GOLDSTEIN: Governor, Treasurer, I am Lawrence Goldstein, Wetlands Hearing Administrator for the Board of Public Works.

The item this morning deals with four cases that have accumulated which call for compensation arising out of creation of fast land in wetlands cases. Prior to this time, there had been some statistical analyses conducted with respect to the formula to be utilized in assessing compensation for the creation of fast lane out of state wetlands. At that time, it was determined that a fair compensation would be one-third of the fair market value of the acreage to be created. This was arrived at after considering the cost to the applicant in creating the property, benefit

to the state and local subdivision by having the new property on the local tax rolls, and all the other financial aspects involved to the applicant and to the state.

There had never been a formal policy adopted as to that compensation formula and for that reason, the formula has not been followed as an automatic provision on each case.

However, in the four cases before you, they have been reviewed by the Department of Natural Resources and myself and we find that that formula would be applicable in these matters.

I would propose to go through the four cases and explain them as to why compensation was deemed necessary.

In the first case, 75137, application by A. Smith and Sons, this calls for the creation of approximately 2900 square feet of commercial property to be utilized for the expansion of shipyard facilities off of Pennington Avenue in Baltimore City. The applicant would have had the right to construct a bulkhead to protect his property from erosion. However, the bulkhead would have been recommended

to be put at the mean high water line without the creation of any acreage. Considering the area the property is in, the low ecological value of waters in front of the property, the Department acceded to the fact that the expansion of the facility would be in order. However, since the applicant would be gaining commercial value from it, they called for compensation. I concurred in their recommendation.

That is basically the reason for compensation in this case.

Are there any questions on that case, Governor, or Treasurer?

GOVERNOR MANDEL: Billy, do you have any questions?

MR. JAMES: No. I don't have any questions on any of these.

MR. LAWRENCE GOLDSTEIN: The next case is different, a residential property. We don't normally extend compensation in residential situations. However, this gentleman unfortunately filled this property without a license in violation of the law and at the hearing, the Department testified that they would have permitted him to

construct the bulkhead. However, their recommendation would have called for the bulkhead to be placed in such a position that 1700 square feet of the area which he filled would not have been permitted to be filled and therefore, that is why the compensation is being charged in this case.

On the third case, 75222, the applicant purchased the property in 1972 at which time it had the configuration which it currently has, like between two adjacent properties which protrude 35 feet seaward of this property. The applicant wants to fill out in order to construct a straight shoreline and thereby increase the size of his property in lineal distance 35 feet from that which now exists. He could protect his property from erosion by simply putting the bulkhead at the mean high water line. However, there would be a benefit to the public by permitting the 35 foot expansion in that the property does cause an unsightly debris trap to exist and in consideration of the low ecological value of the river area in -- is in, the fill was permitted. However, the applicant will receive the benefit of a 35 foot increase in length of his compensation. Compensation was set in this matter.

Finally, 75268. This application is an application by a developer. The filling requested calls for filling of 5,800 square feet, and allows the developer to complete eight building lots which would otherwise be below the lot size requirement set by Worcester County.

The applicant at the hearing contended that the 29 feet of erosion occurred since 1972 when he acquired the property. However, the DNR aerial photograph taken in 1971 showed definitively there was at least 25 feet of erosion at that time. Therefore, I decided with the Department and recommended compensation in that matter.

That explains the reason for compensation in these cases. Are there any questions?

MR. JAMES: No.

I may have a question.

GOVERNOR MANDEL: Senator James has a question on the general policy.

MR. JAMES: I don't have a question about these particular applications, but the wetlands law recognizes the right of property owners to participate in protecting his property from erosion. Do you determine in each case

whether there is an invasion of the State-owned land under the particular river involved?

MR. LAWRENCE GOLDSTEIN: Yes, sir. In this preliminary manner, an applicant has a right to protect his property from erosion or to protect access to navigable waters. Within the protection of erosion viewpoint, we allow reasonable engineering distances for the emplacement of erosion control devices. For instance, two to ten feet for dead man emplacement and construction of bulkhead is the normal distance we allow without assessing compensation or if he wants to go further than that, he would have to show a public benefit or at least not a public detriment, and then we would consider compensation in that matter.

MR. JAMES: Some of those wetlands applications, I notice that the bulkheading is sometimes ten, 20, maybe 25, even more feet channel work?

MR. LAWRENCE GOLDSTEIN: The distance out is quite often dependent upon the height of the bank. In other words, if you have a steppage, 40 to 60 feet high, there has to be a certain distance out to allow the three to one slope to prevent runoff or erosion from occurring and spilloff

into the water.

MR. JAMES: Should your rules include a description of how you determine whether the property owner is invading state-owned beds for the river?

MR. LAWRENCE GOLDSTEIN: In every case, they go beyond the mean high water line, they are encroaching on state bottom. However, within the context of the law, we feel that he can protect his property from erosion. If he has to go out two, four feet to put that erosion control device in, as a necessity, if that is as close as he can get it, and we have people from the Shore Erosion Control Section, DNR --

GOVERNOR MANDEL: Larry, I think what the Senator is getting at is that in each case, would it be possible just to include in the report on it that this man has gone four feet, for example, into state property? The reason for it is A, B, C, what ever it is, and that we have determined that this is necessary and therefore no charge is made. We would be aware --

MR. LAWRENCE GOLDSTEIN: The only time we have a hearing is if he is going into state property. It

only concerns state wetlands.

MR. JAMES: How do you determine if he is to pay?

In other words, you charge people in some cases; some cases you don't. I would like to know what your rule is for making that determination.

MR. LAWRENCE GOLDSTEIN: We will put a statement in to indicate the encroachment is the minimum possible in order to accomplish the desired needs.

In other words, there is no benefit to the applicant other than protecting from erosion. I will include that in from now on.

MR. JAMES: Or you could put it in your rules for determining compensation. That would give you basic guidelines in making determinations to start.

MR. LAWRENCE GOLDSTEIN: I understand.

GOVERNOR MANDEL: Any further questions?

MR. JAMES: No.

GOVERNOR MANDEL: I have no questions on that.

Larry, do you understand, I think what

the Senator is saying, that you have a case by case decision to make as to whether or not this should be a charge made or charge not made, and what we would like to have included in the report on each case is why the charge is not made.

MR. LAWRENCE GOLDSTEIN: Yes, sir.

GOVERNOR MANDEL: So that you can't have one person coming in and saying, look, I was charged under the rules and the other one saying I wasn't and we don't know why the decision was made.

MR. LAWRENCE GOLDSTEIN: Yes, sir.

GOVERNOR MANDEL: Thank you.

If there is no objection, Bill --

MR. JAMES: I move it be approved.

GOVERNOR MANDEL: We will approve it. Item 1 is approved.

MR. HUEBECK: Next is item 4, Governor, page 8.

GOVERNOR MANDEL: Go right ahead, Doctor.

DR. LEONARD SIMMONS: Thank you very much.
I am Dr. Leonard Simmons, Regional Mental Health Director for Baltimore City. I thank you, Governor Marvin Mandel, and

members of the Board for this opportunity to meet with you.

The Department of Health and Mental Hygiene is in the process of constructing a multimillion dollar facility at 608 West Fayette Street in Baltimore, Maryland. This facility is part of the Inner City Community Health and Mental Retardation complex. It will provide mental health services and mental retardation services to southwest Baltimore, and mental retardation services to the entire State of Maryland.

The Department of Health and Mental Hygiene has recommended that the building be named for the late Walter P. Carter, Civil Rights leader in Baltimore City. Mr. Carter was from North Carolina. He attended college there and then came to Baltimore during the fifties.

During the sixties he was very active in the Civil Rights Movement. He was the chairman of the Congress of Racial Equality, community organizers in many cities, and was assistant professor of social relations and sociology at Loyola College. He was known as a very forthright, courageous, and responsible Civil Rights leader. At the time of his death in 1972, he was attending a meeting

discussing Civil Rights policy.

We believe in the building being named for Mr. Carter, it would be extremely appropriate, a singular honor for him, and as well as appropriate recognition by the City of Baltimore and the citizens of Maryland.

The building will provide humane services. It will be concerned with improvement of quality of life as well as providing mental health services. This is what Mr. Carter was all about, improving the quality of life for citizens of Baltimore and the State of Maryland.

The Department's recommendation has been endorsed by the Inner City Advisory Board. It has also been supported by various community groups in Baltimore.

I am here to ask that the Board of Public Works approve the Department's recommendation and name the building for Mr. Carter.

GOVERNOR MANDEL: Any questions?

MR. JAMES: No.

GOVERNOR MANDEL: No.

Thank you very much.

Do you have any objection?

MR. JAMES: No objection.

GOVERNOR MANDEL: If there is no objection, we will approve it.

DR. SIMMONS: Thank you.

MR. HUEBECK: The next personal appearance, Governor, General Services Agenda, item P-2, page 40.

MR. PHIPPS: There is no problem on this. It should be approved for acquisition.

MR. LEWIS: This involves Patapsco State Park, P-2 and D-2. One is a condemnation of the Mears property in Patapsco State Park, 78 acres unimproved.

MR. GLEN BESA: Good morning, Governor, Treasurer. My name is Glen Besa. I am representing Citizens Opposed to Metropolitan Boulevard and I am here advocating the purchase of two tracts of land on the State's agenda, items P-2 and D-2. They are proposed additions to Patapsco State Park in southwestern Baltimore County.

A telegraph sent to the Public Works Board yesterday by my endorsement and with the cooperation of eight other leaders requested purchase. These two tracts are important planned acquisitions by the park as

important recreation, green space, and protection. They provide lands suitable for recreational development. It is contiguous to Patapsco State Park which prior to Hurricane Agnes incurred 45 percent of the state park visitations in the entire state. Additionally, the green space is needed as a buffer zone between the already heavily developed southwestern Baltimore County and the rapidly expanding Columbia complex.

Under river protection, a prime reason for this purchase is to protect the stream valley, which runs through the developed campground area. If there is heavy rains, the only access is cut off by the stream. I understand the DNR plans to take precautions against excessive runoff from this property if the land is bought. I believe this demonstrates the need to acquire the land and I hope the Board will rule favorably on this purchase.

Thank you.

GOVERNOR MANDEL: Thank you very much.

Any questions?

Thank you very much.

MR. JAMES: I have no questions. This is

a request --

GOVERNOR MANDEL: Mrs. Merrill, I will be glad to hear from you, but there is an old adage in the law; when you are ahead, quit.

MRS. LUCY MERRILL: I will be glad to.

GOVERNOR MANDEL: I think the Board is ready to approve these two items and really I don't see any controversy. There is no one opposing it.

MR. JAMES: I move we approve both of them.

GOVERNOR MANDEL: Senator James has moved that we approve it and if there is no objection, we will approve them.

MRS. MERRILL: No objection.

GOVERNOR MANDEL: Thank you very much for coming down.

MR. JAMES: Very disappointing when you have a speech and nobody wants to hear it.

GOVERNOR MANDEL: Let's get started on Andy's agenda. I don't know how long Louis will be.

Are there any questions?

Andy, on item 8, I just want to ask a

question, on page 12.

Is somebody here from the Health Department?

MR. GROSS: Yes, sir.

GOVERNOR MANDEL: I have no question on the project itself. The question is, it says eligible cost for general construction grant. What does that mean?

MR. GROSS: That means --

GOVERNOR MANDEL: I will tell you why I am asking the question.

MR. GROSS: That means everything but the ten million under section 52A of the Water Quality Loan of 1973, which is earmarked just for the septic tank.

GOVERNOR MANDEL: But, is this --

MR. GROSS: This is not to be confused with the general construction loan.

GOVERNOR MANDEL: No. I am talking about is this a federally approved project?

MR. GROSS: It could be. This is beyond the currently available federal funds for fiscal year 75.

GOVERNOR MANDEL: The Court just ruled, the

Supreme Court, that they had no right to impound that 11 million dollars that they impounded over there, and that the Federal government should free up that money.

Now, if the Federal government is going to free up that money, shouldn't we apply for that portion which we would have been entitled to and never got?

MR. GROSS: It will be, in fact, in the Federal Register of, I think, February 26 or 27. The administrator of EPA announced release of the full impounded funds.

GOVERNOR MANDEL: That's right.

MR. GROSS: That is available now, but in our analysis, this has not been even cleared through the Department. It is at our staff level. We feel that that money can be used and should be reserved for projects that are coming in fiscal year 76.

GOVERNOR MANDEL: What I am getting at goes a little further than that. We have approved a lot of projects here that the Federal government, where they were submitted to the Federal government, the Federal government approved them, right?

MR. GROSS: No, sir. These may have been before the Federal government. They were not actually approved because there was no federal funding available.

GOVERNOR MANDEL: I realize that.

MR. GROSS: I don't think we could report anything that would actually require federal approval, if they had remained there and had been acted on, I don't see any problem getting federal approval. I don't think we did anything that the Feds wouldn't have done.

GOVERNOR MANDEL: The thing I am getting at is that if the Federal government hadn't acted according to the Supreme Court illegally and impounded those dollars, the projects that the state has been paying for would have been paid for partially by the Federal government.

MR. GROSS: That's correct.

GOVERNOR MANDEL: Can't we recover that money?

MR. GROSS: That is a legal question. I can't answer it.

GOVERNOR MANDEL: I know it is a legal question but should we approve now new projects that the state

will be paying for out of state funds where federal money now is being freed up, 11 billion dollars worth. I don't know what our share is.

MR. GROSS: Nine was the impounded amount.

GOVERNOR MANDEL: That's right. They released two. I don't know what our share would be.

MR. GROSS: 297 million dollars.

GOVERNOR MANDEL: 297 million dollars.

Now, can we recover any that we have already laid out?

MR. GROSS: I doubt it, but that 297 is there for us to use. It is available for obligation on new projects, and if I can run through it quickly, this is not a departmental posture yet, but what we would recommend --

GOVERNOR MANDEL: I would like the Senator to understand this and the Board to understand what we are going through.

MR. GROSS: Let's say ignoring the 297 million dollars for the moment, that our federal funds available, plus the available state, could be used on the projects that are on our 1975 priority list. We have a potential demand in 1976 of 406 million dollars in project

costs, which would generally, rapid mental arithmetic, over three hundred million dollars in federal grant funds that would be required. That is why we are saying if we continue what we are doing on the 75 priority list and then take 1976 and start with federal funding, almost straight down the line, there would be, we think, hardly any need to have state funds in lieu of federal on projects in Fiscal Year 1976.

MR. JAMES: I think they owe us 16 million. Will we be reimbursed under that?

MR. GROSS: They still owe us 16 million under the reimbursement program. That can't come forward until there are additional authorizations for that particular section in the Federal law.

MR. JAMES: 279 million doesn't include any of that?

MR. GROSS: No, sir. That is another section of the Federal law, not including reimbursement.

MR. JAMES: I see.

GOVERNOR MANDEL: But under the Clean Water Act of 1972, whenever we approve one of these projects without federal dollars, we can't go back and reclaim it,

is that right?

MR. GROSS: Generally, that's right.

Now, I think it throws a different light on it now that the impoundment has been ruled illegal and I just don't know.

GOVERNOR MANDEL: But I mean under the law itself.

MR. GROSS: It says once you start construction --

GOVERNOR MANDEL: -- once you start, you can't go back and claim it.

MR. GROSS: That's right.

GOVERNOR MANDEL: I want to be careful in each of these projects now that the court has ruled the way it did that we don't get started in any projects where we could get federal funds and be precluded from getting them, because we have not complied with that law.

MR. BARNES: Governor, this is money in the bank, or bonds you don't have to float.

MR. JAMES: Are you suggesting we defer this and see if we can get federal money on this?

GOVERNOR MANDEL: No, I am not suggesting we defer it. I want to bring the point out we have been approving a lot of these things because we felt we had to go ahead with the program and the Federal government says fine, it is a good project, we are in favor of it, but we don't have the money. Now they have the money and I think that on every project that comes along, we ought to be applying for that federal money rather than using state money.

MR. GROSS: Can we come back to you, hopefully at the next meeting, and present to you what we think the course of action to follow is?

GOVERNOR MANDEL: That is what I would like you to do. I have asked Mr. Wilner to get in touch with you and work with you on this so that we know exactly where we are heading on it.

MR. JAMES: Let us know in advance so we can look at it before the meeting.

MR. GROSS: Yes. We will make every effort to do that, yes, sir.

GOVERNOR MANDEL: I would appreciate that. I have no objection to this project. I just want to make sure

that we are no longer using state money when that federal money is freed up.

MR. GROSS: All right.

I would like to leave with you a copy of the testimony that we prepared for the new bond bill yesterday. I think this may shed a little additional light on the questions you are asking.

GOVERNOR MANDEL: Would you pass that up?

This brings up another question.

MR. GROSS: I just have one. We used 50 sets yesterday.

MR. JAMES: Why don't you make copies for each of us.

GOVERNOR MANDEL: Madeline, you and Mr. Gross, in view, again, of the Supreme Court's decision, do we need this bond bill?

MR. GROSS: We have no need to use it, but I think, and I think probably the attorneys would agree that all the Court ruled was that the funds had to be allotted to the states. I am not a lawyer but what little I have read of the decision, I think it still might mean that the

Administrator of EPA can refuse to obligate the funds.

GOVERNOR MANDEL: No, it doesn't mean that. The decision doesn't mean that at all, but what will happen, as you know and I know, in practice, they will just strangle us to death approving the applications so that we don't get the money anyhow.

MRS. SHUSTER: But it has to be obligated by 1977, and so you know how they play the game with us. They might not give us the money. They might hold up a whole bunch of applications until the last day, the way they did when they granted dollars to us. We have some outstanding state dollars that have not been encumbered yet which have been applied to the priority list projects.

I think we have to look at the whole package together, unencumbered state funds and the new federal funds together as a package and not just one separately. We don't know how far we are going to go. Also, now that EPA is saying in their latest pronouncement they don't think we have to put in denaturalization until 1980, it is their latest ruling, which will cut the cost, projected cost on a number of the plants.

GOVERNOR MANDEL: Have they done that on Blue Plans?

MR. GROSS: I think they have announced a decision like that, but because of the court cases that were involved there and the discharge permits, they have to go through some adjudicatory hearings before the court before they officially change their stance on that.

MRS. SCHUSTER: Dan Snyder is going to make an announcement on that.

GOVERNOR MANDEL: Madeline, if you will get together with Mr. Gross and Allan Wilner and work us up a program, or at least an analysis of what the situation is, we would appreciate it.

MRS. SCHUSTER: I think your suggestion is at least getting them all approved by the Feds is the most important thing. We should send in applications as soon as possible.

GOVERNOR MANDEL: Louis, what we are talking about is the water quality loans. After the Supreme Court decision the other day releasing impoundment money, I have brought up the point, I have no objection to this

particular item but to bring into focus what is happening, that I felt that we ought to send all our projects to Washington for approval because the money, some money is available, rather than using state money wherever we can, so they are going to prepare a memorandum for us on the whole aspect of this new release of this money and what it will mean to the state and where we stand with it, so that we will know what we are doing.

How soon do you think we can get that?

MR. GROSS: I hope we can have it within a week and a half.

GOVERNOR MANDEL: If you can, get it before the next meeting.

MR. GROSS: So that you can have it several days before the next meeting.

GOVERNOR MANDEL: That will be fine. Thank you.

MR. JAMES: They should include an analysis of how much is needed in this current session.

GOVERNOR MANDEL: Senator James asked if you would include in that an analysis of what we need in the

current session of the legislature.

MR. GROSS: I am sorry.

GOVERNOR MANDEL: If you will, include in that analysis what we need in the current session of the legislature.

Louie, do you have any questions? We are on Andy's agenda right now.

MR. GOLDSTEIN: I think you covered the one I have.

MR. JAMES: That would be page 12, the one we just finished.

MR. GOLDSTEIN: How about item 9, page 14?

GOVERNOR MANDEL: Mr. Gross, item 9, page 14. Louie has a question on it.

MR. GROSS: This is associated with the same project, item 8. Again, if you will key on the project number, ST, means it is the collector sewers essentially, and that is out of the ten million dollars, section 52A of the Water Quality Loan of 1973, and these collector sewers are generally not eligible for federal participation. They are eligible but have extremely low priority.

MR. GOLDSTEIN: Item No. 10, University of Maryland.

MR. BARNES: Governor, I would like to suggest that item 10 be held up until the next meeting, which is only two weeks away. I didn't see the item until Friday when we got the section's agenda. Apparently the University of Maryland has ten people per year going to Pennsylvania College.

GOVERNOR MANDEL: That doesn't effect you, Mr. Gross.

MR. BARNES: Ten going to Pennsylvania College of Optometry and five to the Southern College for each class year. This would add three more, a total of 18, which means we would have 17 people in college at any one time. It is not in the 1976 budget for the University. We have handcarried item 11. I think we should tie that in. It may well be the University has looked into whether they are flooding the market with optometrists or not. We think that is an important factor. A two week delay is not catastrophic. We will come back to you within two weeks.

MR. JAMES: That is not much of a contract

they sent us to look at. You can't tell much by looking at it.

MR. BARNES: We tried it for three years.

MR. GOLDSTEIN: I read the contract and couldn't make sense out of it. That is the reason I asked to get some information on it.

GOVERNOR MANDEL: We will delay it until the next meeting. It will be placed on the agenda for the next meeting.

MR. BARNES: Ten and 11.

MR. MIDDLETON: Are you approving eight and nine, Governor?

GOVERNOR MANDEL: Yes, they approved. Item 10 will be delayed.

Any other questions on Andy's agenda?

MR. GOLDSTEIN: I have no other questions.

GOVERNOR MANDEL: Do you want to go to budget? That is Ken Barnes' agenda.

MR. GOLDSTEIN: Open Space is next.

GOVERNOR MANDEL: Do you want to take the Open Spaces?

Buster, on the Open Spaces.

MR. PHIPPS: Yes, sir.

1-A, I think there is no problem.

2-A, I feel there is no problem.

3-A, 4-A, no problem.

5-A, we have a substitute item for 20 acres at five thousand dollars per acre. By the time the item was drawn up, they had actually purchased the property for five thousand dollars an acre.

MR. GOLDSTEIN: Do you want to get rid of this page?

MR. PHIPPS: Yes, sir.

6-A is a little park in Washington County. Pason Park Recreation Center, the project less the insurance, reimbursement for the facilities that were torn down, no problem there.

That is all we have, sir.

GOVERNOR MANDEL: Do you have any questions, Louie?

MR. GOLDSTEIN: No. I have no comment on this program this time.

GOVERNOR MANDEL: Okay.

Let's go to Ken Barnes' agenda.

MR. BARNES: Governor, if there are any questions of any of these, we are prepared to answer them. Otherwise, they are relatively --

MR. GOLDSTEIN: I had one on item GEF-5, page 4.

MR. BARNES: This particular one is a request of the Public Safety Investigating Services endorsed by the Attorney General's Office for bills for the care of a number of employees who were sued as a result of inmates who felt they had legitimate grievances.

In August 1973, the Board approved 38 thousand, one hundred dollars, which the Attorney General called a progress payment. This is, as far as I understand, a final payment.

GOVERNOR MANDEL: This is a result payment?

MR. BARNES: Yes, sir, right.

MR. GOLDSTEIN: This is the final payment.

In other words, 82 thousand dollars?

MR. BARNES: That is what we have been told.

MR. JAMES: A lot of money.

MR. GOLDSTEIN: That was a hell of an expensive case for three or four inmates.

MR. BARNES: The Attorney General now has a staff member or two who are able to take up this work in the future.

MR. GOLDSTEIN: That is what I was going to ask next, do they have people on the staff to handle a case like this.

MR. BARNES: They discussed the Board's approval sometime ago and hired to extra people, and they have one employed and they have the other one on the way. Once they have that, they should be able to handle it in-house without going outside, but this was something in the middle of things before they actually got staffed up for it.

GOVERNOR MANDEL: I think the problem was a little more than that. I think the Attorney General's Office was involved in an investigation of the situation and couldn't at the same time defend the very people that they were investigating.

MR. STETTLER: They were actually prosecuting

a number of these guards.

GOVERNOR MANDEL: Prosecuting in administrative hearings and couldn't defend them in the court, so they were caught right in the middle of that and came down and recommended that they be allowed to hire private counsel and we reimbursed them. All I know is law fees have gone up in the last five years. I guess inflation has really set in, hasn't it?

MR. JAMES: I never made anything like that.

MR. BARNES: Three law firms and the reporting service involved in this so it was spread out.

GOVERNOR MANDEL: I guess we have to approve it. We don't have much choice.

MR. GOLDSTEIN: Right.

GOVERNOR MANDEL: If there is no objection, item GEF-5 is approved.

MR. JAMES: Didn't the legislature pass a law relating to the Attorney General to defend state employees in suits of this kind? Wasn't that in 1974?

MR. BARNES: They asked for extra staff.

GOVERNOR MANDEL: We have given them some extra people to do it.

MR. GOLDSTEIN: Just like doctors in the hospitals being sued.

GOVERNOR MANDEL: You see what happens, Billy, like in this case, as I said, there was a administrative hearing going on where they were prosecuting for the State against these people for violation of state rules and then they were sued in the Federal Court and they would have to be defending them and prosecuting them at the same time, and it was a rather untenuous position to be in, to be alleging that they violated state rules and then to defend them and say he didn't.

MR. JAMES: There is one other item I would like to bring up on the meals.

MR. BARNES: Employee meals?

MR. JAMES: Yes.

MR. GOLDSTEIN: Item No. 10.

MR. JAMES: On page 10.

MR. GOLDSTEIN: Page 9 and 10.

MR. JAMES: Was this supposed to be included

in the action we took before?

MR. BARNES: This item was supposed to be included, but due to the committee on travel regulations leaving out the word, overnight, it meant we would get stuck with a lot more meal bills and the present policy and the past policy was allowed so we really did this, so it would be clear as to when you are allowed to charge your dinner, which is if you are working so that you can't get home. In other words, excluding your travel time, two hours, or you stay overnight from the office, in either instance.

MR. JAMES: Down at the bottom, it is part of a duly authorized flat rate per diem. I understood that part, or part of a maximum rate of reimbursement. Why is that? What is that?

MR. BARNES: Mr. Radford asked we include that.

MR. STETTLER: He didn't seem to think flat rate per diem was what the legislature perceived. Rather he preferred the language, part of maximum rate of reimbursement because the employee did not receive a flat rate whether or not they spent it but there was a maximum

up to which they could claim. This was better language he thought.

MR. BARNES: This would also affect the legislature.

MR. GOLDSTEIN: Pay whatever they want for a room and whatever they want for meals.

MR. JAMES: In other words, that is designed to clarify that particular situation.

MR. STETTLER: Yes, sir.

MR. GOLDSTEIN: I had one on GI-9, about the unclassified jobs for personnel. Originally it was supposed to be paid by Federal money, 15,186 for one year.

MR. BARNES: This is a federal grant and it is the only place we have this kind of position so we set it up as unclassified. When the grant expires, the job goes.

MR. GOLDSTEIN: I hope that every department will take a long, hard look at all these federal fairylands coming over here and say, we are going to give you a hundred percent for a job for one year and then you have the responsibility to fund it, pay the retirement, social security, have office space, desks, secretaries, assistant secretaries, clerks.

It grows like topsy. It starts off with one job. Then you have ten people surrounding the job and you have to find all kinds of ways and means to fund it. That is the reason the state is getting in trouble with their budget.

GOVERNOR MANDEL: Louis, I can tell you as soon as the legislature is over and we get this rush behind us, that there is going to be a program and analysis done in each department of the state to determine whether or not programs are needed, whether they should be continued or whether they should be discontinued. We are going to do that on a department by department basis. There are programs in existence that started 20, 25 years ago. The question is, are they producing what they should, are they needed today, or are they not needed. This is going to be done in every agency, or every department of the state.

MR. GOLDSTEIN: The reason I ask, I have one of the best training programs in state government. We don't have these kind of experts. We go to our college right here. There are plenty of people who have the expertise right here. You put them under a little contract, give them a little work in the a.m. or p.m. They can do their job. I

don't say we don't need this person.

MR. BARNES: This is Mr. Bosz's attempt to do statewide what you are doing.

MR. GOLDSTEIN: I hope he will. I don't need an expert telling me how to do it. When you have an expert, you have two assistants, secretaries, clerks. Then they have a waiter to bring them coffee or tea.

GOVERNOR MANDEL: Then telephone and desk.

MR. GOLDSTEIN: That is it. I wanted to make my position clear.

GOVERNOR MANDEL: You forgot the cars, too.

MR. GOLDSTEIN: I forgot about the cars. They have to have a car.

I will vote for it this time.

MR. BARNES: That is the only job on this agenda we held up from January.

MR. GOLDSTEIN: It is unusual, I am telling you. Where is that item three T, page 4-T.

GOVERNOR MANDEL: What is that?

MR. GOLDSTEIN: That is one on transportation.

MR. GOLDSTEIN: I don't have any other questions.

GOVERNOR MANDEL: Madeline, that reminds me. I had forgotten. I don't think I spoke to Val. Would you bring up to Val the question of a bond bill or bond authority on the Martin-Marietta Airport?

MRS. SCHUSTER: Okay.

MR. GOLDSTEIN: They have negotiated, as I understand, the price on it but we are going to need the money to buy it and we are going to have to do it through the general obligation bond. Ask Val to get a hold of Harry Hughes up there and get it straightened out.

GOVERNOR MANDEL: Do you want to take up the Department of Transportation?

There is not much here on the Department of Transportation.

Are there any questions on it?

MR. JAMES: I move we approve the Department of Transportation's agenda unless you have something you want to bring up, Lou.

MR. GOLDSTEIN: No. Everything looks all

right this time.

GOVERNOR MANDEL: All right. Let's go to General Services.

MR. GOLDSTEIN: My first item was C-4, on page 16.

The only reason I bring it up, there is a big credit we get here, \$11,110.00. That is one of the few times I have seen a big credit on a job.

MR. LEWIS: I asked the staff to check this out. It concerned me that we were taking this material out of the job.

Did you get a report?

MR. MIDDLESTONE: No. They would require the money for something else.

MR. LEWIS: I suggest we defer that.

MR. GOLDSTEIN: This is the first time I have ever seen this much money taken out of a small contract.

MR. LEWIS: It concerned me we bid something of this nature and take this type thing out of it. I have asked the staff to give me a report. I didn't get it before the meeting. I request we defer it.

MR. GOLDSTEIN: Want to defer it? This didn't look right. The job cost 145 thousand, and taking that much money. That is something unusual.

MR. LEWIS: If the college had money to put it under contract, it seems to me we should go ahead as long as it was programed that way. I am sure it was. There is a question in my mind whether the program should change to eliminate these things. We will have a report for the next meeting so we will defer it for this one. That is C-4 on page 10.

MR. GOLDSTEIN: Billy, do you have any before that?

MR. JAMES: No.

MR. GOLDSTEIN: The next one is item M-2, subitem 3, on page 27.

It is just a small contract for a shore erosion control program.

MR. LEWIS: I would like to bring out, Governor, and members of the Board, that that project is for a piece of property that is owned by my Deputy Secretary, Bill Badger. It has been worked through the system monthly and be over a three year period in getting through the sewer

erosion control project. It has been bid. Everything is according to all regulations.

MR. GOLDSTEIN: Thank you.

The next item I have is M-3, on page 28.

MR. JAMES: I have a note on that.

MR. GOLDSTEIN: Point Lookout. What is the idea of tearing all these houses down?

MR. LEWIS: I have gone over these with my claims engineer. He has reviewed them on the site. He has worked with the Department of Natural Resources and the indication is that it would be impossible to relocate these structures and that the Department has use for the salvage material that is in the buildings, so we have complied with their request to have their staff tear them down and to salvage the material that is in them. The buildings are in rather bad shape, if I recall. I saw pictures of them.

MR. PHIPPS: These are old acquisitions.

MR. GOLDSTEIN: Is anybody living in the homes now?

MR. PHIPPS: No. They have been abandoned.

They are really not homes. They are summer-type.

MR. LEWIS: They are summer buildings.

There was only one that was in anywhere fairly decent shape, and I would say that was not really livable. There apparently is material and they can salvage it for use in the park system. We have reviewed them thoroughly.

MR. JAMES: One of the big criticisms of the park system is to buy these properties with good houses on them and let the houses fall down.

MR. LEWIS: These are all in that little area down below the Point Lookout Hotel.

MR. PHIPPS: Yes. These are left-over summer cottages, not really houses. We have the policy, Senator, we try to let the occupants continue in the houses, or get tenants there before we settle the property. The policy has been approved by the Board.

MR. GOLDSTEIN: I have made an observation many times, up in Howard County, we bought a beautiful house, with the property. Before we bought it, we were able to rent the house for 275. It was a beautiful old colonial home. They would let it deteriorate. There is a brick home over at Sandy Park State Park. That would deteriorate. Now, we

have people who want to restore it. Maryland Federation of Garden Clubs wants to make it their headquarters.

MR. JAMES: On that same subject, I believe my fellow Harford County Bar Member, John Clark, made a proposal that some of these good houses be actually placed out for bid. You have examples where people would be willing to go in there to give them a life estate and spend some money on it. That would be their rent. You have got an example over at Chestertown, where people were granted a life estate by the Maryland Historical Trust. They spent about \$50,000 of their own money fixing it up, River House, is it?

MR. GOLDSTEIN: Yes.

GOVERNOR MANDEL: We saw it.

MR. JAMES: That is a prime example.

MR. GOLDSTEIN: That house has certain visitation days that people can come and visit.

MR. JAMES: I would like to see that policy put into effect, if we could do it.

MR. PHIPPS: Senator James, I am sorry --

MR. GOLDSTEIN: Another example, Mount Airy, the Lord Calvert Estate, the beautiful old home, aren't you

working on that same approach? A doctor and his family want to fix the swimming pool and act as caretaker. We paid a big price for that piece of property, two million dollars plus.

MR. PHIPPS: One million, one million federal government.

MR. GOLDSTEIN: Add up cost, relocation, about two million dollars.

MR. PHIPPS: Two million, 25 thousand.

MR. GOLDSTEIN: Yes, sir. That was Old Lord Baltimore's hunting, loving ground where he used to go in the old days.

MR. JAMES: I think the idea was the Maryland Historic Trust would look at all the state properties and if they had properties that were worthy of restoration, that maybe private parties might be willing to participate in that kind of a program, if you can get the Maryland Historic Trust to do that. That is one of the main problems. If you can't, maybe the Department of Natural Resources should do it itself.

MR. PHIPPS: We are moving forward on the

house in Prince Georges County.

MR. GOLDSTEIN: Is somebody in the house now?

MR. PHIPPS: We have a -- the property is rented except the big house. This is the one we are working on a proposal. We did have two policemen from Montgomery County living in the big house.

MR. GOLDSTEIN: Are they still there?

MR. PHIPPS: No, sir.

MR. GOLDSTEIN: Can't you get police? You leave a house like that vacant two weeks in any county and stuff will disappear, brass locks on the door.

MR. PHIPPS: We have four houses. All the rest are leased and we have a park employee, superintendent, in one of the small houses. We have the stable quarters rented.

MR. GOLDSTEIN: The most valuable thing is the main house. Somebody ought to be in that house rent free for the time being. Get somebody to move in there. The things on those doors, the locks, are irreplaceable.

MR. PHIPPS: Fred is not here. I will give

you a report on that next week.

MR. JAMES: This is a darned good example, but I think we have this throughout the state.

MR. PHIPPS: It has been a real problem.

MR. GOLDSTEIN: We discussed this many times around here. Any place where there is a decent house, we got a tenant before we okayed purchase.

MR. JAMES: Get people maybe 55, 60 years old, they want to retire.

MR. GOLDSTEIN: I think it is a good idea.

MR. PHIPPS: We generate 122 thousand dollars a year from these leases at the present time.

MR. GOLDSTEIN: The fact you have got somebody in the house, they act as your policeman and protect the property.

MR. PHIPPS: That is true.

MR. GOLDSTEIN: If you don't, I can assure you today people, I know I have an old farm, a man called me Sunday and wanted to know if I would rent him the barns. I said yes. I rented them at a very cheap price just to have somebody there. One barn is a hundred years old. The other

day I noticed somebody took the old weatherboard off the side of them. They will steal lightening if they could get their hands on it today.

GOVERNOR MANDEL: What bothers me in this area is not just what the state buys, and you all are going to maintain, but when a state agency, and this is what happened to Towson, is that a state agency buys the land and on it is a home and they say that they are going to maintain it, and then we just leave it alone and the next thing you know, you go out there two years later and it is falling apart.

MR. GOLDSTEIN: That is the Symington homes, one of the most beautiful homes.

GOVERNOR MANDEL: We went out to dedicate the athletic field at Towson. We rode by a beautiful home that was beautiful three years ago. It is absolutely falling apart. That home was a magnificent structure.

MR. JAMES: Doesn't take long.

GOVERNOR MANDEL: Louis, you remember when we rode by there?

MR. GOLDSTEIN: Yes, sir, John Leutkemeyer and I went out there when we bought it. The caretaker was

there. He wanted to stay there. He had his family and boys. He took great interest in keeping the place clean, had a beautiful yard even, had all the boxwood straightened out. It makes you sick now. Towson State wanted to make a club out of it, to have a bar and what-have-you. Now it will cost thousands of dollars to put it back in shape. That was a beautiful home. You could move in the next day.

GOVERNOR MANDEL: This is the problem. Our state agencies apparently have no control over that kind of situation. The agency itself, in this case, Towson State College.

MR. PHIPPS: What we do, in cooperation with Secretary Lewis, is that when Bob is out acquiring the property, he advises us of the improvements on the property, whether there are leases or not and we tell Bob to tell the people they can stay there. We contact them.

GOVERNOR MANDEL: What I am saying, Buster, you have a good program going. I am talking about where we acquire land for the use of another state agency, like we did there, and we bought that land for Towson to build an athletic field on. It was this beautiful home that was not

going to be part of the athletic field. They were going to maintain it. When we rode by there it was absolutely in terrible shape and I don't know whether it is worth fixing up anymore.

MR. LEWIS: Maybe we should put the condition in the acquisition, when we acquire it for a state agency, some condition with respect to maintenance and control.

GOVERNOR MANDEL: When you are acquiring for a state agency and we have to approve it, we ought to know whether there is any habitable property on that land so we can insist that the agency make some arrangements for the use of that. They said they were going to use it for a faculty club, something like that. They never did.

MR. LEWIS: I wasn't aware that was going to pot. That was a beautiful home. They intended to use it.

MR. BADGER: Governor, they asked for approval of the liquor license from Baltimore County. That has been approved. They are now in the process of inviting proposals from architectural firms to submit a proposal of how the building would be modified and come back to you with a formal

agreement.

MR. GOLDSTEIN: Who is going to pay for it?

MR. LEWIS: The faculty club.

MR. GOLDSTEIN: The faculty will pay for it? There will be no state money?

MR. BARNES: There will be continued maintenance and cost.

MR. GOLDSTEIN: Let them lease it for one dollar and maintain it.

MR. BADGER: Upon receipt of that proposal, it is intended to prepare an agreement between the Board of Public Works and the college for the entire program.

MR. LEWIS: We are not talking about a one dollar lease now. We are talking about a substantial lease.

MR. BARNES: Took them two years to get the liquor license. They didn't want to fool with it until then.

GOVERNOR MANDEL: In the meantime, the damned thing is falling apart. I think that is a crime.

MR. JAMES: They should bring it back into shape.

GOVERNOR MANDEL: It will cost them a lot more drinks to be able to put it back into shape than it would have two years ago.

MR. GOLDSTEIN: You see, I always use my own self as an example. I live in an old house I fixed up, and I know it takes constant care, like this beautiful old building, one of the most beautiful buildings in America.

MR. JAMES: Always working on it, aren't we?

MR. GOLDSTEIN: That's right. You can never replace what happened here, history, what it means, it is so great. Where can you find a more beautiful room than right here to work in. Remember when they worked here, there was a clear view down to the river and the Bay.

GOVERNOR MANDEL: This is what I am talking about.

MR. BARNES: There is a building at Stonehead. There is a house worth a hundred thousand dollars boarded up. No reason why that shouldn't be put in rental.

GOVERNOR MANDEL: This is what really gets to me.

MR. BARNES: Part of the problem is the state auditors want that rental to revert direct to the state. They say it costs us money to keep it going. If it went to them as a budget credit, they would be more inclined --

GOVERNOR MANDEL: I don't care whether it goes to them as a budget credit or reverts to the state. I think it is a crime to let the property deteriorate. Sooner or later we will get an item to tear it down.

MR. JAMES: The public doesn't like it. I will tell you that.

MR. GOLDSTEIN: The best example, we let that home on I-95 near Ellicott City go at a reasonable price. A doctor bought it and restored it and put it back on the tax roll.

GOVERNOR MANDEL: Can you get a letter to every agency out, including the colleges and ask them to report to us the residential properties that they presently own on the properties that they are occupying?

MR. JAMES: And whether they are being

utilized?

GOVERNOR MANDEL: And whether they are being utilized and what isn't being utilized.

MR. BARNES: We may have something like that.

MR. GOLDSTEIN: We have a survey. There was a survey made by State Planning in conjunction with your office and the tax accessor's office in Baltimore.

Have you all completed that?

MR. BARNES: It may need to be updated.

MR. GOLDSTEIN: It is supposed to be brought up-to-date, what property the state of Maryland owns, types of property, farm land or homes that were taken off the tax rolls, and I think that has to be brought up-to-date.

GOVERNOR MANDEL: Look at that and see. I am not quite sure that that just doesn't give us the properties.

MR. LEWIS: I think it does. It gives us the property.

GOVERNOR MANDEL: It just gives us the property, not the residents on it, whether occupied, etc.

MR. GOLDSTEIN: That would help, to say you own certain property, what home is on it, what is the condition of it.

MRS. SCHUSTER: We could give you a checklist after we send out the letter, to check it against all the properties.

GOVERNOR MANDEL: That is not quite it.

MRS. SCHUSTER: That isn't your point.

GOVERNOR MANDEL: That's right.

MR. GOLDSTEIN: That would be a start.

Say the University of Maryland owns two hundred acres. You know what buildings are on there, what are used, stables, commercial buildings.

GOVERNOR MANDEL: Right, and all the property we are acquiring these days, we ought to know what is on them.

MR. JAMES: I know a lot of people are reluctant to sell because they live in nice homes and they are afraid of what is going to happen to their homes.

MR. GOLDSTEIN: With State Roads we require them, they still put this on there, they gave us a master list

at one time of all the houses they had in commercial buildings.

MR. LEWIS: That is part of the study that was made.

MR. GOLDSTEIN: They have to report back periodically as to what rents they are getting.

MR. LEWIS: Governor, I have a statement on M-6 I would like to bring up. As of this morning, I was handed a letter. This was an item in which we are reverting an unused portion of the appropriations in the general construction loan. We have gone through a procedure which we normally do with these items and indicating by law which ones have to be reverted when the project is completed and the residue funds have to be reverted, or if the project has been abandoned, and we go through a procedure in which we request each agency to give us, indicate to each agency which ones will be reverted that affect their programs, and of course, we work with them over a period of four or five months to determine whether the objects can be reverted or not.

We have got four items in here which

I have been notified this morning by the Secretary of Health and Mental Hygiene, four items that involve a sprinkler system for four of the hospital centers. The program for each one of these have been completed. The sprinkler system contract has been put out. It has been constructed and there is a residue of funds on each one of these items. They are items 73 of 1971, item 92 of 1972, 95 of 1972 and 119 of 1972.

GOVERNOR MANDEL: Item 73 of 1971?

MR. LEWIS: On page 34, item 73; on page --

MR. GOLDSTEIN: Item 73, page 34.

MR. LEWIS: On page 36, it would be item 92, 95 and 119.

MR. GOLDSTEIN: 92, 95, and 119.

MR. LEWIS: The Secretary of Health agrees that these four projects have been completed as programed. He is indicating, however, that federal requirements now are requiring some additional sprinkler systems in these areas and is requesting that these four items be held open to reprogram them, to put out another program. I question whether we should hold these open and reprogram to utilize the money or whether we should have a program submitted to the planning

department and a request for funding authorization for the new program for another year so it was a question in my mind of which direction we should take. I can assure you that under all four of these, the initial program has been complied with.

GOVERNOR MANDEL: Has been completed?

MR. LEWIS: Completed, yes.

GOVERNOR MANDEL: All right.

The problem that I am having right now, George, in struggling both with the budget and the supplemental budget, is that we continuously hear that HEW is going to require certain things to be done, but nobody can find out what HEW is going to require to be done, and until HEW tells us what is going to be done, I don't think that we ought to just leave this money sitting around and laying around.

MR. LEWIS: This letter states the current problem is caused by the federal government taking a much stricter approach to the interpretation of the Code than was made by the Fire Marshall's office in the past.

They refer to Title 18 and Title 18

programs of the federal government.

GOVERNOR MANDEL: Do you want to step up here? Go right ahead.

MR. MURRAY: I concur with the nature of the problem as described, Governor Mandel. After two or three months of very intensive work with the region, we do not have definitive one, two, three, what hard steps we need to take in terms of corrective action.

The other part of that as you know is, once that is determined, we have a period of one year in which we must complete the actions or risk the loss of certification.

I think the Department of General Services acted quite properly in placing this item on the agenda, but I think in large part, it has been a failure of our department because of the federal involvement to respond to them with a definitive scope of work so that it can really be determined whether or not some of these actions might take place legally within the authorization.

GOVERNOR MANDEL: Let me tell you what we have done so that we can probably dispell a little bit of this

fear. We have put, is it, 750 thousand dollars --

MR. BARNES: If it can stay in there.

GOVERNOR MANDEL: If we can keep it in, we have put 750 thousand dollars in the budget under the Board of Public Works for the purpose of making whatever needed repairs are needed so that it can be done during the year, provided we get a plan and a program for which work has to be done.

MR. BARNES: This is your supplemental.

GOVERNOR MANDEL: In the supplemental budget we are intending to include that in the supplemental budget so then we know what we are doing. It might be this money is for a sprinkler system, hell, they may come in and say we need fire doors. I don't know whether you would be able to use it.

MR. MURRAY: That's right.

MRS. SCHUSTER: This is our concern from what Jack Hand told us when he asked for the supplemental in the general construction fund, in that he couldn't tell us what they were for or what hospitals they were for. I feel we should sit down with him and HEW and try to figure

it out, because some of these things we might be able to use. Some of them are specific, fire equipment for a specific building. Some of them are more general, and say, fire prevention. Then we reduce them to fire walls, whatever the fire marshall comes in with. We want to have a whole study to see if we can use some of this money for those items, but we still have been asking, as you know, for a program for them. HEW won't tell them what the program is.

MR. JAMES: I move we defer it.

GOVERNOR MANDEL: I think this money should revert right now and as we have it, the money is being put in the supplemental budget, if we can hold it in. We have got to go down to the legislature and say we need 750 thousand dollars and we don't know what we need it for.

MR. BARNES: It might be for personnel or supplies or something else.

GOVERNOR MANDEL: We have no idea.

MR. GOLDSTEIN: May I ask a question, Governor?

GOVERNOR MANDEL: Yes.

MR. GOLDSTEIN: Were these sprinkler systems

put in under your auspices?

MR. MURRAY: Yes.

MR. GOLDSTEIN: Before you let the contract, did you have a letter from HEW specifying what should be done?

GOVERNOR MANDEL: Let me answer the question for him because I met with Mr. Blackman's whole group down here a couple of weeks ago from HEW to try to get some of these things straightened out. These fellows acted under what was then the federal regulations and what was then the fire marshall's interpretation in complete accord, but every day HEW is changing the regulations. You don't know from one day to the next what the hell they are going to request that you so, and one minute when you have completed something and you think you have done it entirely in accord as this is, and with what they demand, and this is what they requested, and we did it; then they change regulations.

MR. LEWIS: You have approved change orders. For instance, community mental health, for the same reason.

MR. GOLDSTEIN: Here the job is complete

with original instructions, is that right?

MR. MURRAY: Yes.

MR. GOLDSTEIN: I think the time has come and you heard me say it the other day.

GOVERNOR MANDEL: I couldn't agree with you more.

MR. GOLDSTEIN: Say, okay, we did this job, it is complete. Now you come along and because some bureaucrat who has never made a payroll in his life, don't know the front end from the back end, to use polite language at this table, changes it. This doesn't make sense.

MR. BARNES: The problem is we face a disallowance of five million in Medicare recoveries if we don't show some evidence of compliance.

MR. LEWIS: Neil Solomon's letter says ten million.

MR. GOLDSTEIN: They also have a threat over your head. That is why you make a mistake initially taking federal money. You lose control. We had the finest medical program in the country until this came on the scene. Arizona didn't take the federal money. They are taking

care of their people. You will never see those people in Washington.

MR. JAMES: They do it right in the middle of a budget year sometimes. We are having the same problem with a nursing home up in Harford County. They issued orders that you have to hire a medical director, this and that, right in the middle of the budget year when you don't have the money.

MR. GOLDSTEIN: Where does the money come from?

MR. JAMES: You have to raise patient fees. That is all you can do. They are high now. It is all over.

GOVERNOR MANDEL: That is why, Louis, we felt, when Ken and I and Al were meeting the other day on the supplemental budget, this problem came up, that rather than putting the money in the budget of any department or agency, or hospital, because we don't know. We are putting it in under the Board of Public Works so that then they will have to come back to the Board and justify the program and the reason for the program and why it is needed and then we

will be able to give the money to them from the Board of Public Works, because, honestly, it is frustrating because here you go ahead, as they have done and comply with everything you are told to do and then they come along and say you are not in compliance anymore because they changed the regulations. You can read the regulations today and two weeks from now they have got new regulations coming out.

As you say, they have got people that sit over there in Washington. It is not the Region III, our region that is at fault. They have got people sitting over there in Washington dreaming up these things, and they just pass these regulations and then we have to struggle with them.

MR. GOLDSTEIN: Okay.

GOVERNOR MANDEL: Thank you very much.

MR. MURRAY: That relieves our fears. No problem.

GOVERNOR MANDEL: We are going to take care of it in a way that we will be able to comply with whatever they come up with, but without putting that money in because I am afraid if we put it in there and we drag on the money is going to disappear and we are not going to

have it anyhow.

GOVERNOR MANDEL: Did you finish with that?

MR. MURRAY: Yes.

MR. JAMES: Could I ask about items 4 and 14,

MR. GOLDSTEIN: What page?

MR. JAMES: Page 34 and 36, it looks like two reversions of 392 thousand and 498. They are great big reversions.

MR. LEWIS: They have to be reverted by law because of the two years.

MR. JAMES: What program is that? Is that acquisition of properties?

GOVERNOR MANDEL: I think those were the three properties behind the bank.

MR. LEWIS: School Street and State Circle.

The other one, you say on page 34?

MR. JAMES: That is page 36.

MR. LEWIS: The same thing. Those two appropriations, if you recall, the first one in 1971 and the

second one in 1972, supplemented after we got the appraisal.

MR. JAMES: In this connection, Governor, the Lt. Governor during a State House Trust Meeting was complaining that you are impacted up here.

GOVERNOR MANDEL: No question about that.

MR. JAMES: Impacted for personnel and one of the studies being made is of the School Street property. Mr. Lewis has conducted a preliminary survey on that, and I think, I really believe it is important to provide the Secretary of State with some additional, with facilities in the proximity of the State House.

GOVERNOR MANDEL: Yes. We have desperate need for it, but you went through those properties over there.

MR. LEWIS: We went through the ones that belong to the bank, five, seven, whatever it is, School Street, and, of course, I gave a copy of the report to Senator James. I have sent a copy to Historic Annapolis, and a copy was submitted to the State House Trust. Those buildings, of course, are to convert for office use, it would be fantastic costs because of narrow stairways and hallways and the condition the buildings are in. I agree with the State

House Trust. Something has to be done with the buildings. Obviously they are being allowed to completely deteriorate. We are making a study on bases. We will confer with people in Annapolis with respect to what we can do in the future.

There are funds available under a bill that Senator James submitted last year. We are now going into the Morrow Apartments doing the same thing. The Morrow Apartments, of course, we have some requests by the, E-L-N-O-R-'-S, to consider purchasing that building for 185 thousand dollars, and I think we discussed that with the Board about a year ago when it initially came up.

We are into that building and making a study to consider how easily it could be converted to some type of office use. The major problem, as soon as you go into office use of any type, you get into modifications of hallways, etc., to conform to the Code, fire and safety codes, etc., and the old buildings behind the bank are very difficult to do this. I am hoping that the Morrow Apartments will be somewhat easier to handle, but we will be getting with the Historic people in Annapolis in the very near future to try to reach basic agreement on what may be done with that area

between the Shaw House and the bank.

MR. JAMES: It is deteriorating over there.

GOVERNOR MANDEL: Yes.

MR. LEWIS: Something has to be done by the State. It is pretty obvious it is not being done by the landlords, and it does affect our State House and affects the bank's, the condition of those buildings, obviously.

GOVERNOR MANDEL: What can we do with them?

MR. LEWIS: Well, of course, we are under certain restrictions or at least certain conditions that Historic Annapolis and the City have placed upon us because of the fact that they do not want the buildings torn down. They want the character to stay the same. I have several studies that has been done by Historic Annapolis on the Morrow Apartments, which are very nice, but, of course, there is a question of how much money they would cost to put it back into at least, the facade, into a condition that they feel would be worthy of the State Circle. But these are the type things we are going to get into and make a report to the State House Trust to determine just what we would recommend

can be done. I think we obviously have to work with the City and work with the Historic people in the City before we come up with any recommendations. It is pretty obvious the State has to move in and do something. What that would be, we don't know yet for sure.

MR. JAMES: I have been told by Mrs. White that they had an architect here on Monday to look those buildings over.

Was anybody with them?

MR. LEWIS: No. Unfortunately when she does things of this nature, she does it in a vacuum. She has a study already on that which she had completed when we were contemplating using that for the Executive Building about three years ago.

MR. GOLDSTEIN: Who is the head architect?

MR. JAMES: Historic Annapolis had architects here Monday looking those properties over.

GOVERNOR MANDEL: George, will you get with your people and see how fast we can move on it?

MR. LEWIS: Yes.

GOVERNOR MANDEL: Madeline?

MR. LEWIS: We intend to meet with Mrs. White and those people very soon.

MRS. SCHUSTER: I am not sure, I don't know about the commitment.

The Health Department on Springfield, on health and safety matters, made an agreement with HEW to meet standards, meet certification, and I was wondering, I do not know, item 95, if they have committed those funds.

MR. LEWIS: If item 95 ---

MRS. SCHUSTER: Springfield, a general item.

GOVERNOR MANDEL: I don't think the Health Department has committed any funds or any programs.

MRS. SCHUSTER: They have one letter of agreement with HEW laying out a program which they sent in and I don't have any of that information.

GOVERNOR MANDEL: Mr. Murray, can you answer that?

MR. MURRAY: There is a plan of corrective action that still is being worked over and put into a work program for submission to Planning, etc.

Springfield, I think we know more than the building of the hospital. I believe the supplemental budget requests we are supporting provided we can provide the necessary information to submit to the legislature. It will really put us down the road solving this problem. I can't tell you today nor can I tell Mrs. Schuster whether we are really talking five hundred thousand dollars or a million dollars of what the total requirement will be, because we just have not been able to get that negotiated through.

MRS. SCHUSTER: As soon as you complete one, HEW sends you a list of deficiencies -- that Health Department sponsored and said how and when they correct these deficiencies and what money they would use and some of these were from old general construction loans and I am just wondering if by taking this action, we would be going around something which has already been agreed to for this hospital.

MR. LEWIS: I think legally we have to take this action, as I mentioned to the Board. The contracts for the programs for which these funds were set up initially in 1972 have now been completed. They have been completed a year. That requires, under the bond bill, that requires that

that money then, the remaining money be reverted. There is no question that we have to revert the money.

MR. BARNES: If they need additional work, they have to come back in.

MR. LEWIS: That's right, for additional money.

GOVERNOR MANDEL: I don't think we have any choice.

MR. GOLDSTEIN: No.

GOVERNOR MANDEL: Do you have anymore questions on this?

MR. GOLDSTEIN: I don't have anymore.

MR. JAMES: You have some condemnations, don't you, George, page 40, P-1?

MR. LEWIS: Yes. I think that was cleared yesterday. No problems with that.

MR. JAMES: That is not official.

MR. GOLDSTEIN: I had a question on item L-A-2.

GOVERNOR MANDEL: What page is that?

MR. GOLDSTEIN: Page 46, Maryland Automobile

Insurance Fund, item L-A-2. That is an unusual lease, paying \$4.50 a square foot. The State pays the utilities. Is that the building that we used to be in at one time?

MR. BADGER: This building is about one and one-half miles from the Sulphur Spring Road location. In, I believe, December, another lease agreement was approved for the same location with identical terms, and at that time, that lease that was concluded, I believe on December 16, includes space to operate a claim office, and it was 8,332 square feet.

What this lease does will be really to transfer the uninsured motorist division into this same building. It has been determined that essentially, you know, 80 percent of the uninsured motorist business is being conducted in the metropolitan area so therefore they would like to remain in this general location.

These terms are identical to the other.

MR. GOLDSTEIN: What is going to be the cost per square foot after you add utilities?

MR. BADGER: We are estimating equivalent to six dollars a square foot.

Quite frankly, we are beginning to confront a situation with utilities that where essentially a 40 percent increase that has been proposed in the past 15 months by the Public Service Commission as well as fuel adjustments, landlords are in a very difficult position trying to predict what is going to happen to utility bills, so that we are recommending to you that wherever we have a possibility of having to meter separately, that way you know you are paying exactly what you are incurring, and we think it makes more sense to have it as a State responsibility rather than charge it to the landlord, who obviously will attempt to mark it up and inflate it by some risk that he might be confronted with during the lease term. All of these terms are identical to the previous least approved by the Board.

MR. GOLDSTEIN: Thank you.

MR. BARNES: Governor, we appear to be going this way with most of our leases. We haven't included anything in the '76 budget to provide for these additional costs. The agency is going to have to get it.

GOVERNOR MANDEL: Did you hear what he

said, Lou?

MR. GOLDSTEIN: Yes, sir. I heard what he said.

MR. BADGER: I guess, to help you somewhat in this problem, I think we could pretty well identify to you where this responsibility is being assumed by the State.

For example, we can tell you that it will be one dollar a square foot for utilities as a base, so at least that value times the square footage, you could include in the budget. The same thing with custodial. We know for example that is running 60 to 70 cents a square foot so we could really supply you with the figures you need, except for the unknown and that would be in the actual bill.

MR. BARNES: We have to have the budget so far in advance. The problem is, we have to know three months in advance if you are going to budget for it for the following year and it would take a study by each agency to make sure that they see a lease expiring, that they get in touch with me and determine what that is going to be. Otherwise, it will be left out and they will have to pay for it

themselves.

GOVERNOR MANDEL: I think it is something we will have to worry about in the next budget year.

MR. JAMES: Mr. Badger, are you in a position to say how much space the State needs, rental space, at this time?

MR. BADGER: Statewide?

GOVERNOR MANDEL: Yes.

MR. BADGER: Well, I think when we start talking about identifying space, we think of it, I guess, in two approaches.

One, that the commitment has been made by the State to really essentially house headquarters type of agencies and essentially the two complexes in Baltimore and Annapolis.

Now, the Department had prepared a space analysis of the Baltimore needs earlier in October, and there we identified some 600 thousand square feet of space. That is and should be housed in government-owned buildings because of the economics of commercial versus government-ownership.

I think you are also going to have these community type, community oriented agencies that must be located where they are delivering services. Right now, we see a need for 600 thousand square feet of space and really recommend the construction of two new office buildings and one, the acquisition of existing building in downtown Baltimore, in recognition that there are downtown oriented agencies like the Attorney General's office and the Public Defender's Office that will ~~always~~, always want to be located near the Court House, so that is as we see it currently for the Baltimore area.

MR. LEWIS: We are continually adding to our lease condition or problem, because like the recent state takeover assessment. That is adding to our number of spaces leased, a number of them being from the county or municipality. That is going to come in as a package, isn't it, Bill?

MR. BADGER: Yes. That package is being worked on now and will be presented to you. I think we are estimating, I believe, about 375 thousand dollars a year it is going to cost the State to rent space from the county

government and also probably purchase the existing furniture will be another three hundred thousand dollars. It is going to be in that general area.

MR. BARNES: The other thing is where Highway, for example, is leasing space in the Health Building, we get recovery of federal funds. We have been talking to Bill Fench, Transportation doesn't want to allow amortization of depreciation of the building. We will go back at them and rejustify that under claim for federal reimbursement so we get that rate.

GOVERNOR MANDEL: Bill, how much in the way of demands for space do you have from agencies now? Is there any way that you can tell? Is there any figures that you have for that?

MR. BADGER: The demands that we are receiving really are scattered throughout the state.

GOVERNOR MANDEL: That is what I am talking about, outside the Baltimore area.

MR. BADGER: Well, right now, for example, in Salisbury, we placed advertisements in the paper there for around 30 thousand square feet of space. There we are

housing a number of agencies and we have leases that are terminating this year and we just have to move. Montgomery County, for example, I guess they have needs of essentially about 15 to 18 thousand square feet there. We have got a major problem with the District Court in Montgomery County, including recommended purchase of an office building, which Blair Lee and I met with Mr. Gleason, I guess about a week ago on that, so throughout the state, I think we would have some major problems and certainly we see that, for example, in Towson, we must be in six or seven locations in Towson, occupying probably about 60 to 80 thousand square feet of space. We think it belongs in a state-owned building.

MR. JAMES: Any way you can have that Board of Education Building over there near the airport independently analyzed and make, try to get a nonpolitical determination of whether that building should be acquired or rental continued?

It is a political football right now, and it may be the right thing to do. The political situation may prevent you from doing that. How can we solve that problem really to avoid the political situation?

MR. BADGER: Well, last Friday, I met with the Board of Education to really review with them the terms of a lease that would be recommended to the Board at its next meeting, and at that meeting the Board of Education expressed a strong desire that they would like to remain at that location and they have indicated that they intend to submit a letter to the Governor requesting that consideration possibly be given to that.

Their position is that unlike other agencies which we are recommending be housed in the present complex, Preston Street complex, that they are conducting business statewide and because of the road network, it is ideally located to serve the state, and therefore, they feel that there is really no compelling reason to return them to Baltimore, so we have told them to go ahead and submit their justification in writing to you and to our department and it would be reviewed.

I think, as I mentioned to you before, Senator, I think when individuals or companies construct new office buildings, it does offer some form of tax shelter and essentially it comes less attractive from the point of

haven't taken advantage of the accelerated depreciation, anywhere from year six to ten. At that point you often find that companies are willing to consider selling.

MR. GOLDSTEIN: Would they sell at their cost less depreciation?

MR. BADGER: There has been no discussion at all on this.

MR. GOLDSTEIN: I think we ought to have all the facts, we ought to have an option in there to buy at their cost less depreciation. We would be doing them a favor. Money is tight.

MR. BADGER: Let me clarify this. They have not come to us to suggest that we buy the building. This is the Board of Education.

MR. GOLDSTEIN: We will pay for the building two or three times in the rent we are paying. I won't sit here and vote for anything like that. This is like we had this building down on Franklin Street. We had an option to buy it. We made a good deal by buying it. The state owns that building now. Otherwise we would have paid all the rent and not owned the building.

MR. JAMES: I don't have any campaign promises and I don't have any political commitment. It seems to me we have a duty to analyze the situation in a detached way, both renewal of the lease and the possibility of purchase and then make a sound decision, based upon the economics of the situation. That is what I would like to do personally.

MR. BADGER: If that be the direction of the Board, we will be happy to undertake a review of it.

MR. GOLDSTEIN: I think you have to get in writing from Dr. Sensenbaugh, Mr. Frameton, et al, exactly what they want so there can't be any squabbling, we didn't do this, the Board of Public Works made us do that. We want the educators to come out in black and white, put it down in simple English so anybody can understand what they want. I think we should have that first.

MR. BADGER: They have adopted a resolution at that meeting.

MR. GOLDSTEIN: Do you have a copy of it?

MR. BADGER: I don't have it with me.

MR. JAMES: They should give us a full

report.

MR. LEWIS: They are going to be here at the next meeting.

MR. GOLDSTEIN: We would like it in black and white so they can't come along and say, they meant that, we mean this.

MR. LEWIS: They have a full resolution to --

MR. GOLDSTEIN: Now they are perfectly happy to stay out there. They don't want to move back to Baltimore.

MR. LEWIS: That is the indication they give.

MR. GOLDSTEIN: One time they said they wanted to stay there two or three years and move back to Baltimore.

MR. BADGER: They indicated to me on Friday that they think now if they took a poll that they believe that the poll would support employees would like to remain at that location. After all, they have got 313 parking spaces and certainly they are not confronted with any kind of charge for parking, which they would be if they were

required to move.

MR. GOLDSTEIN: If you could only get them to put it down in black and white so you can see it.

MR. BADGER: The resolution that will be submitted to you essentially supports the agreement that will be presented to you at the next Board meeting.

MR. GOLDSTEIN: That comes from the top. Have you talked to the people, middle management and the rest of the folks who really do the work?

MR. BADGER: I asked this question whether there had been any kind of polls.

MR. JAMES: Survey?

MR. BADGER: Survey.

MR. JAMES: That would help.

MR. GOLDSTEIN: Find out what the people want.

MR. JAMES: You ought to have that. Survey their employees.

MR. GOLDSTEIN: Have contented employees. If you don't have contented employees, how do you get anything done? That is the most important thing, have people walk in

in the morning, smile, feel good in and outside. They want to produce something; instead of having a bunch of people sitting around raising hell all day, cussing the boss, saying they shouldn't be there in the first place. They should have love in their heart, music in their soul, and relax.

MR. BADGER: I asked for a survey. They said they did not have it but they gave me their impression that they felt the employees were happy there and if given their druthers, they would rather remain there.

MR. GOLDSTEIN: They sure raised enough hell when they had to move. I know that.

MR. JAMES: Yes.

MR. GOLDSTEIN: I eat in that building two or three times a week in Baltimore. I got indigestion four different times. She wouldn't even give me a chance to take a bite of a sandwich.

MR. JAMES: You sit right at the exit so everybody that comes out sees you.

MR. GOLDSTEIN: You are damned right. You are right about that. That is a modus operandi yes, sir. I don't wait until the next time to see him. I

eat there three or four times a week, eat the hash and everything. This stomach is made of cast iron.

GOVERNOR MANDEL: Bill, will you convey to Dr. Sensenbaugh exactly what has been said here, in other words, that we want black and white from them?

MR. BADGER: All right, sir.

GOVERNOR MANDEL: Their opinion, what they want, what they want to do.

MR. JAMES: And I think the purchase aspect ought to be analyzed as against rental and the adequacy of the facility.

Frankly, when I was there about two or three years ago, I didn't particularly like it personally, but I might not know what I am talking about. My memory might be playing tricks on me, in other words.

GOVERNOR MANDEL: Has there ever been any discussion about buying it with the people themselves?

MR. BADGER: No, sir.

MR. GOLDSTEIN: That building is occupied by the state, the entire building?

MR. BADGER: The entire building is proposed

to be occupied under the lease that will be presented to you.

MR. GOLDSTEIN: In other words, you don't have any federal government for other individuals in the building right now?

MR. BADGER: Except for the bank. That is a drive-in bank.

MR. GOLDSTEIN: What bank is that?

MR. LEWIS: Union Trust, isn't it?

MR. BADGER: I am not sure.

MR. GOLDSTEIN: There is no problem. The bank would as soon pay the state rent.

MR. BADGER: No problem there. The bank is a convenience for the employees.

MR. GOLDSTEIN: That is a regulated industry anyhow. That is the thing to do.

MR. BADGER: We have one lease agreement and also that will be coming before the board probably in April, and that is the one that houses the Department of Economic and Community Development. We are recommending to you an extension of that lease, and also we have been able

to negotiate with the owner to include in that an extension of the option to purchase that building.

MR. GOLDSTEIN: Where are they located?

MR. BADGER: They are out on, R-I-V-A, Road.

MR. GOLDSTEIN: That is another building. We want to stick with this one now.

MR. BADGER: I wanted to tell you we have agreements that do have options to buy buildings in them and if we see down the road there might be a need, we try --

MR. GOLDSTEIN: Anytime you negotiate a lease on a building, you ought to have the option to buy. That is the best time to put the option in, especially now when people are hard up for money.

Take the one on the corner of West Street. That guy is going broke. There is a new building that may be used by the Secretary of State. We have some useful space there.

GOVERNOR MANDEL: Where is it?

MR. GOLDSTEIN: The new building on the

corner of 60 West Street. The guy went broke. IBM has a new office there.

MR. BADGER: You are supposed to go there.

GOVERNOR MANDEL: What did you say, Bill?

MR. BADGER: Part of his office is scheduled to go there. We have been awaiting a proposal from the owners for about two or three weeks.

MR. BARNES: That is going under the hammer.

MR. GOLDSTEIN: Yes, that guy is going broke.

MR. BADGER: They have gone into receivership. They were originally asking about seven and a quarter or seven and a half for the space, and we have asked for a proposal for about 20 thousand square feet.

MR. GOLDSTEIN: Governor, that bank has gone into receivership, and the lender is taking the building over. I believe he went to the lender, if you went to the lender right now, you could work out a good deal for it.

MR. BADGER: The problem, it is a receiver corporation. They are having some difficulty with the receiver.

MR. GOLDSTEIN: The whole thing is mixed

up according to the Annapolis Newspaper. The subcontractor cut the heat and water off; is that right?

MR. BADGER: They have got this problem. We generally found their reaction to our offer favorable and we have been expecting clearance of it. We propose to put your office there.

GOVERNOR MANDEL: As part of this whole thing, I met with Senator Pascal the other day and George Lewis, Val Wahbe, and Senator Pascal, and his people are discussing the possibility of buying the County Office Building.

MR. GOLDSTEIN: The State to buy it?

GOVERNOR MANDEL: Yes, the State to buy that County Office Building.

MR. GOLDSTEIN: They want to build a complex outside.

GOVERNOR MANDEL: A complex outside of the City of Annapolis. We are discussing the possibility of buying the County Office Building.

MR. GOLDSTEIN: Would it cost less than normal -- the selling price should be less normal depreciation.

GOVERNOR MANDEL: We haven't talked finances. They are putting figures together.

MR. GOLDSTEIN: They should sell it. That is a monstrosity the way that building is built. Did you ever examine those windows? Did you ever see such damned windows in all your life?

MR. LEWIS: There are two buildings; Social Services occupies about 75 percent of the back building which they do not own, but they have an option to buy and, of course, they are building a parking structure, which we have a million dollars, and this is how we got into this.

MR. GOLDSTEIN: Now is the time to make a deal.

MR. LEWIS: We have approached them on buying the total parking structure.

GOVERNOR MANDEL: By the whole thing, County Office Building, the garage that is being built, the whole thing for the State.

MR. JAMES: Can you take care of the windows?

MR. LEWIS: I think we can take care of

the problems.

MR. BADGER: Especially with Social Services, to continue that as a lease facility doesn't make sense. There is an option in that agreement that provided for a price not less than 750 thousand, and not more than one million, two, so that provision is in there.

MR. PHIPPS: That is a good option.

MR. GOLDSTEIN: Five hundred thousand leaway.

Who represents the counties and state in drawing that kind of stuff?

GOVERNOR MANDEL: What kind of option is that, not less than, not more than?

MR. LEWIS: This is subject to appraisal.

MR. BADGER: Subject to appraisal but it can't be lower than 750 or exceed 1.2 million.

GOVERNOR MANDEL: In other words, they are going to hire appraisers to go in there and say you can't bring in that appraisal less than 750 nor more than a million two. That is a good way to appraise a building.

MR. GOLDSTEIN: This one down here, we put

the ceiling price in there.

MR. LEWIS: At the time you leased it.

GOVERNOR MANDEL: Everybody screamed about it for years and it was a good deal for the State.

MR. LEWIS: We bought it for 30 thousand less than the option.

MR. GOLDSTEIN: We got a bargain.

GOVERNOR MANDEL: Everybody complained about it at the time, if you remember.

MR. GOLDSTEIN: They don't understand real estate. Don't worry about those kind of people. That is why they don't own anything.

GOVERNOR MANDEL: You get back to Jim Sensenbaugh and tell him exactly what the Board has discussed.

MR. JAMES: I think we should have the whole picture.

MR. GOLDSTEIN: We have got to in this case. I told Dr. Frameton, he is on the Board of Washington College, I told him two weeks ago, we have to have the whole picture in writing. This is a political thing anyhow. We have to have an understanding. We have to have it from

impartial educators, what they want to do, if they want a permanent building and why. Then they can't come along and say they were forced into something.

MR. JAMES: Okay.

GOVERNOR MANDEL: What else?

MR. GOLDSTEIN: I have an item, item L-A-4.

Has that been discussed yet?

GOVERNOR MANDEL: No.

MR. GOLDSTEIN: I think that should be discussed.

GOVERNOR MANDEL: It sure does.

Go ahead, Bill.

MR. BADGER: Governor, we have received a space request from the Maryland Commission on Human Relations, Department of Public Safety and Correctional Services, to accomodate the Parole Probation Offices, one from the Department of Employment and Social Services to take care of what they call a work incentive program that is funded by the federal government, and also for consideration of an opening of a branch office for the unemployment insurance.

In addition, we have received requests from the office of the Attorney General to open an office for the Consumer Protection Division.

In reviewing these requests, it appeared to us that they were all community oriented and in every instance, the agencies, requesting agencies, had identified a general area of west, northwestern part of Baltimore City as being the best location to accomodate them.

Rather than go out individually with the leases or lease request we felt this might be some advantage here to consolidate this into a single requirement, and we thought there were a number of advantages.

One, by possibly housing the agencies together, they could enjoy common services, such as conference facilities and hearing rooms, and therefore eliminate the necessity of acquiring space that you might ordinarily have to acquire if you treated them all individually, but perhaps more importantly we thought that through a consolidation of all the requests, that it might benefit a lower rent to the state and therefore a savings to the respective agencies.

With that in mind, we advertised in

both Baltimore newspapers on December 19th and 20th, 1974, outlining the general area, inviting listings of approved property. The general boundaries were by Cold Spring Lane on the north, Garrison Boulevard on the west, North Avenue on the south, and Fulton Avenue on the east.

In response to this advertisement, only one proposal was received, and that proposal provided for an \$5.00 rental rate for a five year period, and a renewal rate of \$6.72 should the State decide to exercise that option.

Extensive negotiations with the owners, we have been able to reach an agreement to rent the entire space, total 29,238 square feet at a rental of \$5.25 a square foot, with the lessor responsible for all building management services, including utilities and custodial services.

I might tell you that we feel it is an excellent rental, and I can only compare it with rentals that are being paid by Baltimore City at the same location of \$6.00 and the federal government as high as \$7.50 a square foot with the same improvement. We think this offers a good example to the Board of hopefully the benefits that can be

obtained where an agency request can be consolidated into a single agreement.

MR. GOLDSTEIN: Let's see, in other words, what you are saying is that they will use the same conference facility, hearing rooms, etc. In other words, they can schedule them in one area, like we do in the Treasury Building. We have one hearing room downstairs that everybody uses.

MR. BADGER: Yes. A number of the agencies felt they needed a conference room to accomodate hearings up to a hundred people. Well, if you allow ten square feet per person, you are talking about a five to seven thousand dollar investment a year just for a conference room that might not be used perhaps once a week or five times a month.

MR. GOLDSTEIN: I agree.

MR. BADGER: Therefore, we felt by having everyone at the same location, there could be a common sharing of areas. For example, the Consumer Protection indicated they wanted a hearing room, the Commission on Human Relations said they needed a place to accomodate anywhere from a hundred to three hundred people.

MR. GOLDSTEIN: By the same token, take on

L-A-2, you were paying six dollars a square foot for uninsured motorists. Why couldn't they come here, too? You rent this for five and a quarter. You save 75 cents a square foot.

MR. BADGER: The reason being that operation there is generally designed to serve that part of the community. As you know, they are opening up branch offices.

MR. GOLDSTEIN: You said Uninsured Motorists are in the center of the City, L-A-2.

MR. BADGER: This division was for the Uninsured Motorists, and they felt that by moving it down with the claim office, there would be some benefit of having it all together, perhaps an interchangeability of personnel so that is why they preferred that.

MR. GOLDSTEIN: The Commissioner of Motor Vehicles is at Mondawmin, isn't he?

MR. BADGER: Yes, sir. They are renting 15,000 square feet, and have been there since 1974.

MR. GOLDSTEIN: What I was thinking, at a savings of 75 cents a square foot, there you are renting 6,000, so that is 4500 dollars right there you save per month.

That is 54 thousand dollars a year you would save.

MR. BADGER: Mr. Goldstein, it is my understanding it was the space occupied by the City of Baltimore and the federal government. There is no additional space.

MR. GOLDSTEIN: At here at Mondawmin?

MR. BADGER: No, sir.

MR. GOLDSTEIN: I think Mondawmin space is as good as the space down at the beltway.

MR. BADGER: I don't think there is any question about that.

MR. GOLDSTEIN: Here you pay six, here you pay five and a quarter.

MR. BADGER: It is really modern office space. The interior of that building has been completely gutted and they are all new systems, mechanical, etc.

MR. GOLDSTEIN: I was there in October. I visited the whole building from the basement to the top. You have Social Security there and all. I talked to the people. They are very happy. I spent about five ours there.

MR. BADGER: It is beautifully done.

MR. GOLDSTEIN: I think the rate is reasonable. In other words, that is for five years, and they supply all the utilities, clean the building and everything?

MR. BADGER: Yes.

MR. JAMES: Escalation clause.

MR. GOLDSTEIN: After five years.

MR. JAMES: After the first base period, 95 to 96.

MR. GOLDSTEIN: I thought it was five and a quarter for five years you said a while ago.

MR. BADGER: That is five and a quarter, but along with that, in the event that the property taxes would be raised, or you would have utility increases granted by the PSC, or adjustments to the minimum wage by the federal government, any share that would result on a per square foot basis would be assigned to the respective agencies. These are not unlike any other clauses in other leases.

MR. JAMES: The base year is July 1st, 1975, to July 6, 1976. Beyond that I think this might be escalated, as I interpret it, is that correct?

MR. BADGER: That is exactly right.

GOVERNOR MANDEL: But they are paying all the utilities?

MR. BADGER: Yes.

MR. JAMES: That is no more than fair it seems to me.

GOVERNOR MANDEL: Bill, let me ask you a question, Consumer Protection has 908 square feet. As I understand it, they now are not sure that they want to utilize that 908 square feet; is that correct?

MR. BADGER: Yes, sir. Subsequent to receiving their original request for space, I was advised Friday that they believe that, I think an additional 16 positions will be funded in this budget to really offer these services to the Baltimore area, so I think what they are talking about now is pending some decision on this, they might think about exploring the possibility of either having a central office in downtown Baltimore or continuing to open up branch concepts. In anticipation of that, I have spoken to Secretary Cowrey, who has indicated a willingness, if they don't accept the space, to take this additional 908

square feet for Parole and Probation. They asked for 1,050 square feet to take care of the Parole Office and it was not their to give them to use. We planned 2730 square feet of space. This additional space would be transferred to Secretary Cowrey.

GOVERNOR MANDEL: I think this is another one of those situations that we ought to put in perspective because I know that this, again, is what Billy has called a political situation and I just want to bring out some of the facts. I think what you have presented is fine. If I am not mistaken, an you correct me if I am wrong, you got into this because the agency itself went out and started negotiating for space unknown to you or me or anyone else; is that correct?

MR. BADGER: That's right, sir.

GOVERNOR MANDEL: And they were negotiating at what figure?

MR. BADGER: Six dollars.

GOVERNOR MANDEL: And it was only when we found out about it that you got into it, and started negotiations for them; is that right?

MR. BADGER: Yes, sir.

GOVERNOR MANDEL: It was the agency that wanted to move here, not anyone that asked them to move there. They went out and started negotiations on their own, is that correct?

MR. BADGER: Yes.

GOVERNOR MANDEL: I just want to make sure that is completely understood, that the agency felt that this is their main area of service, and that they wanted to be in that area. Isn't that what they said, and they had already started negotiations and were in the process of negotiating when you stepped in?

MR. BADGER: Yes.

MR. GOLDSTEIN: Governor, that is why I think it mandatory, all agencies, Social Services, Health, Education, come before the Board of Public Works, make their request, go through Mr. Lewis' office, Mr. Badger, who have expertise and know how to negotiate leases. These bureaucrats may know how to sit in a chair and occupy space but they know nothing about negotiating for space. They are spending the taxpayer's money and wasting it. I think the time has

come now, I don't care what agency it is, has to come through the Board of Public Works.

GOVERNOR MANDEL: George Lewis has this, as you know, we issued an executive order.

MR. GOLDSTEIN: Then we check it out.

GOVERNOR MANDEL: This order is dated, I will find the date in a minute, but it has been sometime ago where we consolidated all leasing. It was in 1973. We thought we had covered all of the agencies in the state.

Now, apparently Social Services is taking the position that some of the agencies, that they fund, control their own leasing, and that this order doesn't cover them because it says, for all privately owned property to be occupied by state agencies, and they have interpreted that to mean that if an agency is not in itself a state agency, even though they fund it, that it doesn't come under this order, so we are going to change the order and I have just written in some temporary language, but I will have Allan Wilner to go over it to say, by state agencies, state supported agencies or agencies requiring approval of their leases by state agencies, which I think would cover about every area

which we lease space because this is a perfect illustration I think of the benefit that can flow from having one agency doing the leasing. It is a 75 cents cheaper rate but when you are talking about the kind of space that you are talking about, that runs into thousands and thousands of dollars a year, but what I was trying to get across was the fact that this was in the process of an ongoing negotiation before Mr. Badger even got into it. He didn't originate it, he didn't look for it, he didn't go out or no one approached him for the space. The agency was already negotiating for it before he got into it.

Are there any other questions?

MR. GOLDSTEIN: Well, Governor, I will make a motion that the Executive Order be amended to include the rental of any space by any agency in the State of Maryland.

GOVERNOR MANDEL: Supported by the State or State Agency.

MR. GOLDSTEIN: Supported by State, Federal money, any kind of money at all from the State, have their leases approved through the Board of Public Works and General

Services prior to the signing of the leases.

MR. JAMES: I will second that. We talk about state supported agencies; would that include, for instance, a hospital or, say, the Maryland School for the Blind?

Are you talking about government agencies?

GOVERNOR MANDEL: We are talking about governmental agencies, are adjunct to the operation of the state agency.

MR. GOLDSTEIN: The other day the University of Maryland, any rental under two hundred thousand dollars, they can rent, they are renting buildings for experiments in pesticides, herbicides for particular crops, they may be carrying on some experiments with fish, oysters, crabs, soft shell crabs. We are talking about leasing space for a length of time, buildings.

MR. JAMES: Are you talking about Johns Hopkins Hospital, who gets money from the State? I think it ought to be clear that we are talking about governmental agencies basically.

GOVERNOR MANDEL: Yes.

MR. JAMES: Not private.

GOVERNOR MANDEL: No.

MR. GOLDSTEIN: If they get the money from the State of Maryland and rent a place, it ought to be in compliance.

MR. BADGER: To the best of my knowledge, there are only two that aren't covered by the executive order. That would be the Department of Employment and Social Services and the Department of Health and Mental Hygiene, who on a local level do contract for office space. They are the only two, I think.

MR. GOLDSTEIN: But they are spending state money, not spending their money. Then when they go out and get a lease for seven dollars, that sets the rate for everybody else. They ought to have the controls. Those people are bureaucrats. They know nothing about renting space. They are wasting taxpayer's money is what they are doing.

GOVERNOR MANDEL: I think the illustration, you are well aware, that Louis is talking about, down at

Prince Frederick when one of the local agencies that are funded by the State completely and are really a subsidiary of the State agency, went in and leased a building.

What was it, Louie?

MR. GOLDSTEIN: Better than six dollars, brand new building. The man evidently got a lease. I didn't know anything about it. It was right in my home town. I catch all the hell. I said I don't know a thing about it. I said it is those bureaucrats wasting your money.

MR. BADGER: We would like to see in time, work with the county and Salisbury.

MR. GOLDSTEIN: Anybody wastes money is a bureaucrat. If the hat fits him, let him wear it.

GOVERNOR MANDEL: By the time of the next meeting, we are going to have that executive order amended to include those agencies and you can tell them right now, as far as we are concerned, they are included in the executive order. There was never any intention to leave them out.

By next year on your local health agencies, we are going to be paying the total cost anyhow. Right now, next year, they will only be paying three percent or three

cents on the tax dollar.

MR. BARNES: I haven't been in the health field for a long time, Governor, but the exception may be that capital rental was excluded from the case formula and the county is paying the full cost. Then there would be exception but if the state has got any money in it, if I understand you, then we would want to be involved. We don't want to pick up anything we are not picking up now.

MR. MURRAY: That's correct.

MR. BARNES: I think capital cost, the state doesn't match. The local health office, we are not involved in cost and I hope we never are.

GOVERNOR MANDEL: You mean capital costs?

MR. BARNES: In the rental of it. They can't bill us for partial rental, because under the case formula, they get a match of 50-50, or 20 percent.

GOVERNOR MANDEL: Will you check that out?

MR. BARNES: Yes, sir.

GOVERNOR MANDEL: But even so, the problem that it causes for us, and that is exactly what Louis is talking about, is that they go in and rent an office down there

for, say, six dollars, whatever it was, and we go in and want to pay five and we are caught right in the middle.

Check that aspect of it out, will you, Ken?

MR. BARNES: Yes.

GOVERNOR MANDEL: Thank you.

Item L-A-4, is there a motion on it?

MR. JAMES: I move we approve it.

MR. GOLDSTEIN: Second.

GOVERNOR MANDEL: If there is no objection, it is approved.

MR. GOLDSTEIN: That is all the questions I had.

MR. LEWIS: Governor, I have three hand-carried items.

The first one is a request to, basically to change the fund source on a request that we made to condemn Park Manor Island, March 13, 1972. We have not proceeded with that condemnation. We are now requesting that we be allowed to proceed with the condemnation of Hart Miller Island and Treasure Island and funding be from 166, outdoor

recreation loan, the fund set up last year by the legislature.

MR. JAMES: How does this fit in with the statement that you are employing independent consultants to review the situation?

MR. LEWIS: Mr. Coulter discussed with me the possibility after a discussion he had with the Mayor and the County Exec of Baltimore County, getting an independent consultant to review the Hart, Miller Island Study, during the time that the Corps of Engineers is now taking to have another set of hearings with respect to the proposed area.

MR. JAMES: Suppose we have another site. We will have on the record we will condemn Hart-Miller Island?

MR. LEWIS: Mr. Coulter indicated to me he is convinced that the Hart-Miller Island is by far the best site that has been proposed.

GOVERNOR MANDEL: Billy, --

MR. JAMES: It might well be.

GOVERNOR MANDEL: -- the purpose of this is not to say that we are going ahead with the Hart-Miller Island or anything of the sort. In 1972, the right of

condemnation was gotten. It was held up all this time pending the Corps of Engineers and pending the Department of Interior and everyone else. This is merely to, again, give that right of condemnation.

The whole idea there is, I think, that if the Corps of Engineers ever gets through with what they are doing, and ever stops proceeding the way they are, and makes a final decision, at least we will be in a position to move.

MR. LEWIS: One of the problems, of course, that has been presented for a long time, and the committees that we have had with respect to Hart-Miller Island has committed themselves and I think the Board has committed themselves to the use of Hart-Miller Island on the completion of the dig area for open space and park recreation use, and, of course, at the time that we requested permission to condemn, we were utilizing funds that had been provided under the legislature for the dig area. This, of course, would put it back into the program open space, which would require that it be utilized as open space and park and recreation. Condemnation with this fund source would assure

everyone that the site will be for park and recreation and open space.

GOVERNOR MANDEL: In other words, the method of doing it will alleviate any problem that it is going to be used for anything else other than open spaces area, that portion of it.

MR. GOLDSTEIN: I thought we made that very clear initially.

GOVERNOR MANDEL: We have made it clear time and time again.

MR. GOLDSTEIN: We passed a resolution saying any land created when the containment area was erected would be recreation area.

GOVERNOR MANDEL: I wrote a letter yesterday on that.

MR. JAMES: I think this is all right, provided, of course, if we ever revoke it, in the event that this new survey shows there is better place.

GOVERNOR MANDEL: They don't have to go through with the condemnation. They don't have to do it. It is just to make the fund source guarantee that if it is

condemned, we do go through with it, that that will be used for recreation purposes. It puts, really puts a clinker on the fact that no one then can come along as has been done in the past and give out all kinds of misconceptions about it.

MR. GOLDSTEIN: I want it clearly understood where I stand, there has been all kind of talk Langenfelder sold it, it was condemned and he wanted to use it for industrial purposes. It was talked that the Bethlehem Steel wanted to acquire it and use it for industrial purposes. I think that has been part of the discussion down in Tidewater, Baltimore County, the fears of it being made into an industrial area.

I would like to move if an when the property is ever acquired, that it be used for recreational, open space, and not any type of industrial use.

GOVERNOR MANDEL: I second.

MR. JAMES: I agree with that.

GOVERNOR MANDEL: I don't think there is any question about the motion carrying, but that has been the intention all along.

MR. GOLDSTEIN: Number two, we go ahead and file condemnation, if it can't be furnished with a willing buyer and willing seller agreement.

GOVERNOR MANDEL: If there is no objection, that motion carries.

MR. GOLDSTEIN: I think the record is complete now.

The first motion, open space, recreation, and if we can't have a willing buyer, willing seller, have condemnation.

MR. JAMES: In the wings is the study that Coulter agreed to. He agreed to the point of detached consultant.

MR. GOLDSTEIN: Impartial.

MR. JAMES: If they locate another place that is better, we will have to change this.

MR. GOLDSTEIN: The paper this morning said Bell Spreader Shoals, mouth of Patapsco River.

MR. LEWIS: There were five altogether. In the original report there was five, in which Hart River Island was considered to be the best.

GOVERNOR MANDEL: I understand that you, together with Jim, are going to recommend some new people who have had no connection with this whole project.

MR. LEWIS: To review this.

GOVERNOR MANDEL: To study it, to be completed in 90 days.

MR. LEWIS: That's right.

MR. GOLDSTEIN: Have you ever been down to Crane Island in the Norfolk area?

MR. JAMES: I have been down in the area. I am not sure I recognize the Island.

MR. GOLDSTEIN: Maybe we can get a group to go down again. You should see what they have done. I went to San Diego. I went over to, when I was in Memphis, Tennessee, for the football game, I got a hold of Bryan Miller from the University of Maryland and hired a car, and I made an inspection with the Army Engineers, to see the beautiful island they have made in that Mississippi River. It is amazing what can be done. Here in Maryland we have dredged for years, thrown it overboard. We could have created maybe four, five thousand acres of beautiful

recreation land over the years. Take in the Susquehanna, Agnes created that, the good Lord.

MR. JAMES: Plus the Army Engineers.

MR. GOLDSTEIN: That's right.

GOVERNOR MANDEL: They think they are Lord.

MR. GOLDSTEIN: That's right, but it is amazing. I went to South Hampton when I was over in England for the American Bar Association. You were there. I took two days off, went down on the train and made myself known to the Port people and they put me on a launch and took me around, to show me the area where they are dredging out for docks and deep ships.

We have been throwing the stuff overboard year after year. Doesn't make sense.

GOVERNOR MANDEL: I think it would be a good idea, Louie, and I am serious, if one morning, if we could get together and fly down to Virginia.

MR. GOLDSTEIN: I think you ought to do it and take the press along if they will go.

GOVERNOR MANDEL: They can't go with us. They would have to go by themselves. We would be violating

some code or something.

MR. GOLDSTEIN: We can take care of that. You have to see these things to really appreciate them.

MR. LEWIS: There has been a number of trips down there, if you recall. I think there is a lot of misinformation.

MR. GOLDSTEIN: You should take Senator Stone down, people who complain and don't understand unless they see it. They really should see it.

MR. LEWIS: In item, Governor, I think each Board member has a letter on this. This is the result of a condemnation of the Kunlo Property in Montgomery County, and our recommendation, we abandon proceedings on this condemnation. We referred this to the Board January 2nd, and you deferred it pending a study of how much it was going to cost if we did amend it.

GOVERNOR MANDEL: I remember seeing the letter.

How much will it cost?

MR. JAMES: Here is the letter to you.

MR. LEWIS: Do you have the figures on this?

MR. HARRISON: The figures are spelled out in the letter.

GOVERNOR MANDEL: Three thousand.

MR. HARRISON: Approximately 15 thousand dollars for attorneys fees, in addition to, I think, another three thousand dollars for appraisals and experts costs.

MR. JAMES: What was our appraisal of this property before we went in? Do you have that?

MR. HARRISON: Did I spell that out; I think it is in there.

MR. LEWIS: It is not in this item, Bob.

MR. GOLDSTEIN: This is 11 thousand dollars.

MR. HARRISON: In the original item I have, that is spelled out.

MR. JAMES: It is in the original item?

MR. HARRISON: It is in the original item, yes.

GOVERNOR MANDEL: We don't have the item here.

MR. LEWIS: We don't have it here.

MR. JAMES: It was on the agenda of January 2nd.

MR. LEWIS: Do you know, Buster? State's appraisers were 35 thousand five hundred and 39 thousand three hundred. The State's appraisers were 35 thousand five hundred and 39 thousand, three hundred; owner's appraisals, 99 thousand, three hundred, and 110 thousand. The inquisition was 61 thousand.

MR. GOLDSTEIN: This won't interfere with the park in any way, will it?

MR. LEWIS: Natural Resources has agreed this could be dropped.

MR. PHIPPS: Yes. This is adjacent to, what is the other property.

MR. ESKEW: This is adjacent to the urban tract which was zoned industrial at one time.

MR. GOLDSTEIN: That is the little narrow road, the railroad is on the north side of it and you have a big drop on the west side running down?

MR. JAMES: Sewerage disposal across it.

MR. GOLDSTEIN: Then a big light line running through the middle?

MR. ESKEW: That is the one. It is subject

to appeal right now. The property owners took it to appeal but as I understand, in the court case, the fact the tract next door to it was zoned and it came out in the court case and it was influential in the award made, which we got. It is excessive for that land. It is the highest amount we have paid in Seneca State Park.

GOVERNOR MANDEL: My personal feeling is, I don't want to establish a precedent of anything like this. We have more land to acquire.

MR. ESKEW: We have more land up there.

MR. PHIPPS: Considering the size, only five acres, it is not that important.

MR. JAMES: I move we abandon it.

MR. GOLDSTEIN: Second the motion.

GOVERNOR MANDEL: Motion made and seconded that we abandon.

How much time do we have left to abandon?

MR. HARRISON: April 6th.

GOVERNOR MANDEL: Don't hesitate.

MR. HARRISON: I will turn it over to the

attorney tomorrow.

GOVERNOR MANDEL: Make sure.

MR. LEWIS: Here is another one, Governor, that Senator James and Comptroller Goldstein asked me to bring back. This was at the January 2nd board meeting where we deferred permission to enter into condemnation to acquire, E-I-S-E-N-M-A-N, property. It was deferred pending a meeting with Mrs. Eisenman. I think Bobby can give you a report.

MR. HARRISON: In this case, if you remember, Governor, the lady was sitting back there, and you deferred, and said, Bobby, have a meeting with her. She, her attorney, and her husband came into the office. We had a meeting. We exchange appraisal reports. I had out staff review and study the report of Mrs. Eisenman's appraiser, and they felt that the comparables used by Mrs. Eisenman in no way represented Mrs. Eisenman's property, and therefore, I turned down her suggestion that we offer her this figure and sent a letter to both Mrs. Eisenman and her attorney, making them a final offer. If not, I told them I was going to follow through as instructed by DWR and ask the Board of Public Works for

permission in this matter. It is now before you.

MR. GOLDSTEIN: Do you want to enter into condemnation?

GOVERNOR MANDEL: Yes.

MR. JAMES: I move we approve the request.

GOVERNOR MANDEL: I will second it.

MR. GOLDSTEIN: In other words, you made a reasonable attempt to negotiate it?

GOVERNOR MANDEL: They want 356 thousand.

MR. HARRISON: She wants 356 thousand. It is all in the report.

GOVERNOR MANDEL: If there is no objection, we will approve item B-6 to enter into condemnation.

Is there anything else?

MR. LEWIS: That is all I have, Governor.

GOVERNOR MANDEL: Okay.

We are finished.

(Thereupon, at 12:40 p.m. the meeting was adjourned.)

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