

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

November 9, 1978

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P R E S E N T

LIEUTENANT GOVERNOR BLAIR LEE, III, Presiding;

HONORABLE LOUIS L. GOLDSTEIN, Comptroller;

HONORABLE WILLIAM S. JAMES, Treasurer;

EDWARD L. MIDDLETON, Secretary, Board of  
Public Works;

J. MAX MILLSTONE, Secretary, Department of  
General Services;

THOMAS W. SCHMIDT, Secretary, Department of  
Budget and Fiscal Planning;

VLADIMIR WAHBE, Secretary, Department of  
State Planning;

JOHN A. KELLY, Director of Administration,  
Department of General Services;

LOUIS N. PHIPPS, Deputy Secretary, Department of  
Natural Resources; and,

BARBARA B. ALLEN, Administrative Assistant,  
Board of Public Works.

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P R O C E E D I N G S

GOVERNOR LEE: The meeting will come to order, please.

We've got three listed personal appearances, plus one emergency item from the Chief Deputy Controller, Mr. Basil Wisner, who is front and center.

MR. WISNER: Mr. Governor and Members of the Board of Public Works, the law requires the Board of Public Works to set the salary for the Clerk of Courts and Register of Wills before they assume their next term of office, which will begin December 1.

This being the only meeting in November, it's necessary to set the salaries today.

The law requires that you use two criteria; one is the population or size of the county and the volume of business that the offices produce for the State of Maryland.

The Legislature, in the 1977 Acts, raised the ceiling from the present \$25,000 to \$30,000 maximum salary. In a letter that each of you already have, are our proposals, and what we're recommending is that each one of the Clerks of Courts of the 29 Courts of Maryland and the 24 Registers of

Wills' salary each be increased by \$5,000, and you have there a schedule of the salaries.

The large counties, the Clerks' Offices would get \$30,000 per year; the medium size counties would get \$27,500; and, the small counties would get \$25,000.

And the Register of Wills, the large counties would get \$30,000; Anne Arundel County, which is not quite as large as the large, but larger than the medium, would get \$27,500; the medium size counties would get \$25,000 annual salary; and, the small counties, \$22,500.

These salaries that you set today would remain for the next term of office, or for the next four years.

MR. GOLDSTEIN: In other words, the salary can't be increased --

MR. WISNER: The salary cannot be increased during the term of office under the Constitution.

GOVERNOR LEE: That's right. These are --

MR. WISNER: These are elected officials. The maximum salary that you can set it is \$30,000 a per the Legislation enacted in 1977.

MR. GOLDSTEIN: So, in other words, you have three

categories for Clerks of Court.

MR. WISNER: Three categories for Clerks of Courts, large, medium and small, and we have four categories for the Register of Wills, large, and then Anne Arundel sets off by itself, and the medium size and the small.

I have worksheets, Governor, if you want to see the population figures. We used the Health Department population figures for January 1, 1979, as they published, and also we've taken the four-year averages of volume of business, the revenues that these offices have produced for the State of Maryland, and the fees and commissions that they have generated, and we've averaged them out over the last four years so that we get a --

MR. GOLDSTEIN: Can we have copies to put those in the record?

MR. WISNER: I have a copy; I will give it to the Secretary to the Board, Governor.

GOVERNOR LEE: These pages?

MR. WISNER: That's the pages you already have; yes.

GOVERNOR LEE: I'll give mine.

MR. GOLDSTEIN: Item 19.

MR. MIDDLETON: Page 32.

GOVERNOR LEE: On the Secretary's Agenda.

Now, the new salary, once it's approved, does prevail for each of the next four years..

MR. WISNER: Prevails for each year -- it would be \$30,000 a year for the next four years if they are the large, and then on down the line.

GOVERNOR LEE: That fact is the only thing that keeps them from violating the President's inflation guidelines.

MR. WISNER: That's right; they're fixed.

GOVERNOR LEE: Right.

MR. GOLDSTEIN: Fixed salary.

Governor, with that explanation, there's no question, and I move we approve Item No. 19, page 32, and that the background information, together with the item, be included in the permanent record of the Secretary's Agenda (See Appendix A).

GOVERNOR LEE: Does this item have a number?

MR. GOLDSTEIN: 19, page 32, Secretary's Agenda.

MR. JAMES: Seconded.

GOVERNOR LEE: Motion has been duly made and seconded to approve Item 19 of the Secretary's Agenda; without

objection, so ordered.

MR. WISNER: Thank you, gentlemen.

MR. GOLDSTEIN: How about the other item on the --  
we might as well take it right now while you're here.

GOVERNOR LEE: What?

MR. MIDDLETON: The other item on the Accounting.

MR. GOLDSTEIN: That's under the Secretary's Agenda,  
Item 1-GEF.

MR. SCHMIDT: It's Budget and Fiscal Planning  
Agenda.

MR. GOLDSTEIN: Yes, that would be Budget.

GOVERNOR LEE: Right.

MR. JAMES: Do you have the letter from the Joint  
Budget and Audit Committee?

MR. WISNER: It was addressed to the Secretary of  
the Board of Public Works.

MR. JAMES: Well, I think that ought to go in the --

MR. WISNER: All right. If the Secretary does not  
have it, I'll see that --

GOVERNOR LEE: We'll do one other item out of order  
while Mr. Wisner is still here. It's Item 1-GEF on page 1

of the Budget Department Agenda.

MR. SCHMIDT: And 7-GI is the other part of that item.

GOVERNOR LEE: Oh.

MR. GOLDSTEIN: 7-GI.

MR. SCHMIDT: They probably should be both done at the same time.

GOVERNOR LEE: 7-GI?

MR. SCHMIDT: CI; CI.

GOVERNOR LEE: CI. What page is that on?

MR. SCHMIDT: It's on page 8.

MR. WISNER: A little bit of background on that item, Governor, and the other Members, two years ago, the Joint Budget and Audit Committee, working in conjunction with our office and the Legislative Auditor, following up the problems that existed in the financial reporting in New York City, looked at Maryland's reporting system and, over a period of some time, some studies, it was decided that we should look towards having some type of a conversion to what is considered to be generally accepted accounting principles in financial reporting. These are principles set out by the

American Institute of Certified Public Accountants and the National -- other state organizations.

As a result of the various hearings that were conducted by the Joint Budget and Audit Committee, and, later, by the Full Appropriations Committee, we felt that we did not have the entire expertise in-house to do this.

We went out to the market for a competitive bid. We received numerous bids, which are spelled out for you. The low bidder was the national accounting firm of Coopers and Lybrand, and we are recommending that they be allowed to come in and assist us, working in conjunction with the Budget Department, the Legislative Auditors and our office, to prepare financial statements that would be certified to by a national firm. This would add credibility in the municipal bond market to those investors who are out-of-state. They would know the credibility of Maryland financial statements; it would add protection to the Board of Public Works, the Members, in that they would have someone else who would be certifying, in addition to themselves, as to the credibility of Maryland's financial data, and since Maryland would be the first state to do this, it will certainly be beneficial to

us, and we will probably be setting the stage, in some cases and in some instances, as to what the proper accounting procedures might be for state governments, because they are not, in some cases, clearly established, and because we are the first state, the accounting firm that we are recommending discounted their prices by 60% just to get in to do the business, to get the expertise, so they can market it to the rest of the 49 states.

So I would highly recommend to the Members of the Board of Public Works that, in conjunction with what has been done with the Legislature, the Budget Bureau and the Legislative Auditor in our office, that we be allowed to establish this contract with the national accounting firm of Coopers and Lybrand to carry out this function and help us to do this work.

One other added point, under the Federal Revenue Sharing Act, each state is required to have a financial audit. This must be done by the end of fiscal year '79, the fiscal year we are presently in, and this would also assist Maryland in meeting this federal requirement.

GOVERNOR LEE: Does that Federal Act require an

outside audit?

MR. WISNER: It requires an audit. It doesn't say it has to be an outside audit; however, it has to be someone who is independent from state government.

Now, a question that would have to be answered is the degree of independence of each Legislative Auditor. Maryland's Legislative Auditor may qualify -- I say "may" because it hasn't been determined yet, because he is not a part of the Executive Branch of government.

However, the Legislative Auditor's Office does not have the people and the expertise to do this added burden. In their testimony before the General Assembly, other essential auditing activities would have to be curtailed if they were to assume this responsibility, and they also recommended to the General Assembly that an outside firm be sought to assist during this project, and I think the General Assembly did write a letter to recommend this.

MR. JAMES: I think there was some apprehension among the members of the Legislature concerning the necessity for this.

MR. WISNER: Right. This item was on the Agenda

before, and the Legislature asked that it be delayed until they had time to again restudy the issue and look over what had been proposed by our office, and we did meet, did testify before the Committee, spent extensive time, and they decided in their deliberations that this was the best thing for Maryland and they have since sent a copy to the Secretary of the Board of Public Works recommending that this item be approved by the Board of Public Works.

MR. JAMES: Here's a copy, Governor, to put in the record.

MR. WISNER: Victor Crawford chairs the Joint Budget and Audit Committee that made these deliberations.

MR. GOLDSTEIN: Governor, this matter was discussed very thoroughly last year out in Seattle, Washington, by the National Association of State Auditors, Comptrollers and Treasurers, and it will be discussed again down in New Orleans. Our Association meets this coming Sunday through next Thursday, and Maryland can be the model for the rest of the country.

GOVERNOR LEE: Right.

MR. GOLDSTEIN: And we've had it checked by the Legislature, as well as Senator James reviewing it; Tom Schmidt

has reviewed it, and everyone is in accord, so I move that we approve it.

MR. JAMES: Seconded.

GOVERNOR LEE: As much as it pains me to take \$200,000 out of the Emergency Fund, I think it's something that we must do.

Motion has been made and seconded to approve Item 1-GEF and Item 7-CI of the Budget Department Agenda, and, without objection, so ordered.

MR. GOLDSTEIN: Thank you.

MR. WISNER: Thank you.

GOVERNOR LEE: Right. Now, can I get back to the regular business?

MR. GOLDSTEIN: Governor, Mr. Middleton said on that Greater Baltimore item on the Agenda here, that distinguished lawyer has to get back to Baltimore; Item No. 16, page 25.

GOVERNOR LEE: What is it?

MR. JAMES: What Agenda?

MR. GOLDSTEIN: Sir, it's on the --

MR. MIDDLETON: Secretary's Agenda.

MR. GOLDSTEIN: -- Secretary's Agenda.

GOVERNOR LEE: Is there any problem with that?

MR. GOLDSTEIN: I don't think so.

GOVERNOR LEE: I don't think so, either.

MR. MIDDLETON: It's just the signing of the documents, which we could do after the meeting.

GOVERNOR LEE: Well, let's let him go back to Baltimore. Item 16, page 25 of the Secretary's Agenda. This is the subordination agreement.

MR. GOLDSTEIN: Right.

GOVERNOR LEE: GBMC.

MR. GOLDSTEIN: Greater Baltimore.

GOVERNOR LEE: We're all completely content with this, so unless you've got . . . you don't need to go too far.

MR. PLANK: Yes, sir. My name is Tom Plank, an Assistant Attorney General. We request that today the Board execute the documents so that the deal may carry forward. The bonds were sold on Monday for a price of \$6,045,000 at an interest rate which varies from 5.3% to 6.9%.

MR. JAMES: Tom, why are we getting a better deal

than we approved? We're getting a first mortgage instead of a second mortgage on that separate property. Why is the deal better than that which we approved? I couldn't quite understand that.

MR. PLANK: The Authority decided that it didn't need a mortgage on the Baltimore Street facility, and I'm not exactly sure why they did. I think they may have decided that the paperwork involved in doing that would not be justified.

MR. JAMES: But there was separate land on which we originally agreed to take a second mortgage, and, as I recall, we're getting a first mortgage instead of the original second mortgage that we agreed to.

MR. PLANK: That is correct, Mr. Treasurer.

MR. JAMES: So that we're getting an improve position, aren't we?

MR. PLANK: That's correct, but the reason for that is that the Authority decided not to take a first mortgage on the East Baltimore Street facility. They're just content with a first mortgage on the Baltimore County facilities on North Charles Street.

MR. GOLDSTEIN: That's where the value is.

MR. PLANK: Yes, sir.

MR. GOLDSTEIN: And acreage and everything.

MR. PLANK: Yes, sir.

MR. JAMES: Yes.

MR. GOLDSTEIN: So it's a good investment for the state and a good investment for the hospital.

MR. PLANK: Yes, sir.

MR. GOLDSTEIN: They've got something like \$45 or \$50 million equity there, in my opinion.

GOVERNOR LEE: Do I hear a motion?

MR. GOLDSTEIN: I move we approve it.

MR. JAMES: Seconded.

GOVERNOR LEE: Motion is duly made and seconded to approve Item 16 of the Secretary's Agenda, and, without objection, so ordered.

Back to Baltimore with you.

MR. GOLDSTEIN: That property is worth \$50,000 an acre. We paid \$30,000-some an acre years ago.

GOVERNOR LEE: Right.

MR. GOLDSTEIN: That land is like gold.

MR. JAMES: It's beautiful property.

MR. GOLDSTEIN: What?

MR. JAMES: It's beautiful property.

MR. GOLDSTEIN: I say, that land is like gold.

MR. JAMES: Just think, the Indians owned that at one time.

MR. GOLDSTEIN: Yes, the Indians owned it.

GOVERNOR LEE: Yes.

MR. GOLDSTEIN: It will be like in Maine, they'll come down and claim it. They settled in Maine the other day, you know, all that timberland.

GOVERNOR LEE: Now, I'd like to have a show of hands as to how many people in this audience are involved in the Battle of Cape Leonard.

(There was a show of hands.)

GOVERNOR LEE: Okay. I guess you go next, then. This is Item 5 on page 14 of the Secretary's Agenda, a Wetlands License case.

I have five people listed as witnesses.

Are you Mr. Bowman?

MR. LAWRENCE GOLDSTEIN: No, sir. I'm Lawrence Goldstein, the last listed on the Agenda.

GOVERNOR LEE: Do you want to explain everything?

MR. LAWRENCE GOLDSTEIN: Yes, sir, I do. I want to sort of lead into it.

I'm Lawrence Goldstein, Wetlands Hearing Administrator for the Board of Public Works.

The case before you, application by The Cape Leonard Property Owners Association for a 10-foot wide boat ramp to be constructed by dumping 17 tons or approximately two truckloads of blue stone on the shore of Veitch's Cove off St. Leonard Creek in Talbot County, is before you solely on the basis of the request for a personal appearance by an aggrieved property owner.

The magnitude of the project is such that, otherwise, it would not have appeared before you in this form.

A brief history of the application is that the application was received in October of '76. There was a hearing held November of '76, and subsequent thereto, a recommendation by the Department of Natural Resources for a denial of the project because of, at that time, the availability of an existing paved boat ramp which was accessible to Cape Leonard property owners, and would, therefore, negate the

requirement for this ramp.

The department, in its recommendation, however, stated it would reconsider the application if the applicant could demonstrate that the existing private ramp would not be available for community use.

Subsequent to that denial, the applicant did, in fact, present evidence which the department considered. In the interim, the opponents for the application filed a bill for injunctive relief in the Circuit Court for Calvert County and the case was involved in litigation through June 16 of 1978, at which time the Circuit Court dismissed the Bill of Complaint for injunctive relief.

On October 31, '77, the Department of Natural Resources reconsidered the application on the basis that the previously available private boat ramp was now not fully available to the community in that the owner, the private property owner, stated that he would permit persons to use that ramp if they would support his application for changing zoning to permit the construction of a marina for marina use.

So, in that light, the department rescinded its denial, recommended an approval of the application as it was

applied for.

We have recommendations for approval in the file from the Environmental Protection Agency dated February 16, '77, and from the Federal National Marine Fisheries Administration dated November 15, 1976.

That being the history of the case, the applicant and the major protagonists or antagonists are here, Mr. Walter Bowman, representing the Cape Leonard Property Association, and Mr. Carroll Irvin, the adjacent property owner.

Representatives of the Department of Natural Resources are here to answer any questions or respond to any inquiries of the Board.

MR. JAMES: Mr. Goldstein?

GOVERNOR LEE: Go ahead. Senator James?

MR. JAMES: I would just like to know what the scope of our review is. Aren't we limited to a review of whether we're damaging the tidewaters of the Bay and the tributaries?

MR. LAWRENCE GOLDSTEIN: Actually, an applicant, under the Act, has a right to submit an application to retain or obtain access to navigable waters or to protect property

from erosion.

The Board is supposed to rule on that application based on the ecological, economic, developmental, aesthetic, and recreational aspects of the application, bearing in mind what effect, if any, it would have on the wetlands.

In the instant case, our biologist would testify that there is an 8-foot wide marsh fringe in this cove, so for a 10-foot width of that, for a distance of 8 feet, that marsh fringe would be restored, so we're talking about 80 square feet of marsh on Vietch's Cove.

I think the major reason for the opposition, obviously, is the fear of the threat of an enlarged increased boating use this somewhat restricted area.

MR. JAMES: Well, what's your finding on the effect on the wetlands?

MR. LAWRENCE GOLDSTEIN: Minimal; extremely minimal.

MR. JAMES: Okay.

MR. LAWRENCE GOLDSTEIN: Mr. Bowman?

GOVERNOR LEE: Who owns the property where the ramp is to be built?

MR. LAWRENCE GOLDSTEIN: The Property Owners Associa-

tion has permission to utilize this property for that use. It's not owned by anyone in opposition to the application.

GOVERNOR LEE: So we'll hear from Mr. Bowman, then.

MR. BOWMAN: Good morning, Your Honor.

GOVERNOR LEE: Good morning, sir. Will you identify yourself for the record, tell them your full name and, what, you're the head of the Association and so on.

MR. BOWMAN: I'm Walter Bowman, a resident of Calvert County, living at Cape Leonard, St. Leonard, Maryland. I am the President of the Cape Leonard Property Owners Association, Inc.

This corporation was formed solely at the time to construct roads, bring them up to standard, and the county take them over, which was done.

Our bylaws say that we can enter into other matters, so, anyway, during a Director's Meeting, one of the property owners in Cape Leonard came to me, who is one of the Directors of the Corporation, asked if we could apply for a license to put in a boat ramp in Veitch's Cove at Holly Drive, which this was done.

We, hopefully, was interested in getting this in

only for the residents of Cape Leonard only, and for no one else.

Most of the people in Cape Leonard do not have a ramp. Some of us do; I have one of my own which I would normally use my own.

Anyway, we applied for this application and we have been, since '76, trying to get this through for the few people who have small boats to place them into the water at Veitch's Cove.

If issued a license to go along with this plan to block this off so that no one else would be able to use this other than the residents of Cape Leonard, plus we will take care of the area there and see that it's properly taken care of and no debris and stuff like that, so we would appreciate anything or matter that you might be able to do to help the people of Cape Leonard.

GOVERNOR LEE: Now, this would be a private ramp built with private funds and not open to the general public.

MR. BOWMAN: Yes, sir. Now, this property is owned by Bel Air Service Company, which we received information from him, by letter, that we were able to do this; that he would

approve it.

GOVERNOR LEE: All right, sir. Are there any questions of Mr. Bowman?

(No response.)

GOVERNOR LEE: All right. Can we hear from Mr. Irvin?

MR. IRVIN: Good morning, Your Honor. I'll identify myself; I'm Carroll Irvin. I am, together with my wife, owner of Lots 31 and 32, Section A of the Cape Leonard Subdivision in Calvert County, within 100-150 feet of the controversial site under discussion, this ramp, and I have prepared here some letters for all Members of the Board of Public Works -- have a dozen copies here -- and if there is a Secretary of the Public Works, I would like to have them distributed, and I'm going to read my comments here which I believe are pertinent before any decision is made.

GOVERNOR LEE: All right, sir.

MR. IRVIN: Gentlemen, first of all, I would like to state that I hope that I'm not pursuing a futile cause. I hope that your minds, you people who are interested, the Board of Public Works, all are open, and what is said here is

going to determine whether or not this project is allowed.

The Wetlands Commission letter of September 7, 1978, concerning their Case No. 77-169, appears to me to support only the opinions of the Cape Leonard Property Owners Association, which is a self-centered group of Cape Leonard residents.

In fact, the arguments they have presented, in reality, are only the personal opinions of two people, tailored to reconcile their desires. Too many of their remarks are entirely conjecture. They have so minimized the potential use of the proposed ramp that its need is very questionable, that they can state 23 lots are probably -- and I repeat, probably -- not suitable for building due to site, is not supported by Mr. Herring, who is the owner of Bel Air Service Company, or the President of Bel Air Service Company, the owner and developers of the property now. A statement made by him at a luncheon, that those beach slopes and redeemed properties are highly desirable to some people that he was aware of, potential buyers, and I question by what clairvoyance can he determine who will use this ramp and when and how. Many lot owners will own boats. The only rational projection is that all 72 lots will be sold and 72 boats use this ramp,

possibly all at once, particularly on the weekends, as well as Memorial Day, Fourth of July and Labor Day holidays, and don't forget that they all have relatives and friends. The property cannot support that volume, that mass of people.

Also, the projected development for Cape Leonard by the Capt Leonard Property Owners Association, has already been proven inaccurate. In the past two years, seven homes have been built. Their projection was less than one per year, based on past experience, as well as many lots -- I do not, of course, have the exact number -- which have been sold on which nothing has, as yet, been constructed.

The concrete ramp that Mr. Goldstein just referred to is not an alternate; it is the existing ramp and far superior to what is proposed, and it's concrete.

Mr. Scott, owner of the property on which -- and the ramp -- on more than one occasion, has stated publicly that its use is available to all residents of Cape Leonard at any time, free of charge.

Mr. Herring, whom I have previously identified, is aware of this. Several residents of Cape Leonard have availed themselves of Mr. Scott's offer, including at least

one officer of the CLPOA.

To accuse Mr. Scott of bad faith is unfair. The CLPOA does not want Mr. Scott's ramp use. We come here to the old "out of sight, out of mind". They want to shove this off to a remote area which they will not see, will not observe; you know, no worry, or have any interest in what goes on down there. It will eliminate any possible disturbance they might consider to them.

The proposed work is minor; I concur with that, and the short-term improvement is a true evaluation, but there is no existing boat ramp at Holly Drive. The CLPOA, in addition -- Cape Leonard Property Owners Association's life expires in a little more than six years. What becomes of maintenance then? Also, who will inspect this construction to see that it stays within the permissible bounds if a permit is granted, and who is going to police the area to see that no illegal work is done in the future?

At present, the site has all appearances of a developing marina. A storage shed and the illegally-constructed pier already exist, as well as a floating dock.

Another matter of major concern to the adjacent

property owners is noise; also litter. The files of Wetlands and/or the Board of Public Works contain actual photographs of this, which further support the "out of sight, out of mind" statement made earlier. Trespassing is a major threat, and there have been major instances of this in the past which are becoming intensified, since Cape Leonard Drive is a public road. Someone must assume complete responsibility for eliminating and controlling these matters, and although Mr. Bowman stated that they would, there has been never a plan advanced to any of us about how, except some rather ridiculous thing about everybody has a key to a lock.

Nothing here touches on the environmental impact to Veitch's Cove. This, too, should be of major concern, with a potential of 72 boats using such a small area would result in the marsh becoming un navigable to the great blue heron, osprey and other endangered species now using that place as a refuge.

We request that alternate sites providing water access to the residents -- which was a suggestion by the Wetlands original hearing -- be required, not urged, before consideration is given to issuing any permits.

I would also like to mention that the report of the United States Army Corps of Engineers for either February or March contains, among their list of activities -- you're all familiar, I'm sure, of the monthly report of their activities -- under the Withdrawal column, that the application of the Cape Leonard Property Owners Association was withdrawn. I think that that should end it right there, if nothing else does.

Gentlemen, thank you for your time. Thank you very much.

GOVERNOR LEE: Thank you, sir. Are there any questions of Mr. Irvin?

(No response.)

GOVERNOR LEE: All right.

MR. LAWRENCE GOLDSTEIN: I would just like to add one thing, not meant in rebuttal of any way, but the proposed works can constitute only dumping of some gravel. If, in fact, there was to be a higher use, other than a minimum occasional use of this as an access to the water by the residents of this property, the stone wouldn't remain there. If, in fact, 72 lots were developed in the future and 72 boats were

used on a daily basis, the applicant would have to come back for some additional improvements, a concrete ramp, or some other more sturdy structure, and at that time, I was thinking, we could limit the use of the site.

The improvements that are being sought would not permit a high intensity use and, therefore, it is the department's position that the fear of any impact on the wetlands is extremely minimal.

MR. JAMES: What about his point on the threat to the blue heron, the osprey and other wildlife? Would there be any impact there?

MR. LAWRENCE GOLDSTEIN: Mr. Clark, would you comment on that? Mr. Clark is a Biologist, Department of Natural Resources, who is the biologist in charge of this case for the department.

MR. CLARK: My name is Allen Clark of the Department of Natural Resources.

As a result of putting more boats in the cover there, there would be some noise and additional disturbance which could occasionally bother the wildlife while the boating is going on. It all depends to -- well, it depends on how many

boats will be using the cove at any time, the intensity of the use, and it was our opinion that the -- at least, in the next few years -- the ramp wouldn't be used that much and that there wouldn't be that much disturbance to wildlife in the vicinity.

MR. GOLDSTEIN: Are you familiar with Cape Leonard?

MR. CLARK: Yes.

MR. GOLDSTEIN: That's an old subdivision.

Dr. Settinger started that subdivision years ago. There hasn't been much activity down there except in the last two or three years.

MR. CLARK: That's my understanding. I don't have a knowledge of much of the history of the subdivision. I know that there's a number of undeveloped lots there that could still be developed and the figure being thrown around now is a potential of 72 homes, total, there and I think there's 30-some there now.

MR. GOLDSTEIN: Well, with the high cost of mortgage money right now, it will be a long time before they build 72 homes down there, I can tell you.

MR. CLARK: Well, that was somewhat one of our considerations. In fact, the ramp, the construction that they're

going to be doing now would not be permanent. It's only a few loads of stone, and that, you know, in the future, after this ramp has deteriorated to some degree and has to be improved, we would have a better idea of how much the community will develop, and, at that time, we could possibly deny the application or allow further improvements to be done.

MR. GOLDSTEIN: Well, in other words, then, could you have a conditional permit? As Larry said, they're only going to put, what, 17 tons of blue stone, according to this information in the submission here.

MR. CLARK: Yes; that's all we're authorizing right now. We could put a condition in there that any improvements made to the ramp would have to receive another license, at which time we would have control over what would go on in the future.

MR. PHIPPS: It would have to be, anyway.

MR. GOLDSTEIN: In other words --

MR. JAMES: But that's automatic, isn't it?

MR. PHIPPS: That's right.

MR. GOLDSTEIN: That's automatic. You see, there's very little use of those boats down there after Labor Day.

MR. LAWRENCE GOLDSTEIN: With respect to your question about the lots, there are 124 platted lots in the subdivision, 52 of which have been sold and they support 37 houses. In other words, there wasn't a house built on each lot that was sold. There are 72 lots remaining.

The opponent indicates that there would be a house built on each lot. That's conjecture; we don't know. The applicant indicates that it could be as few as 49 houses built on these 72 lots, so we're talking about another 72 homes, maximum.

GOVERNOR LEE: I can't speak for the great blue heron but the ospreys don't seem to care too much about privacy. You see them nesting in very public, highly congested places, Knapps Narrows and Summers Cove, and the main Oxford Marina is there, and they're all over the place.

Now, the permit, if approved, is limited to precisely what is stated here.

MR. LAWRENCE GOLDSTEIN: That's correct, Governor. Any alteration or further improvements would require a license. Any placement of matter seaward of the mean high water line would require additional license.

GOVERNOR LEE: All right. I have Mr. Lewandowski listed as a witness. Is he here?

MR. LAWRENCE GOLDSTEIN: He's here from the department. He would answer any questions that might be raised.

GOVERNOR LEE: I see. Anybody else? All right, sir. Will you identify yourself for the record, please?

MR. WILSON: I'm J. Paul Wilson, a resident of Cape Leonard in Calvert County, Secretary of the Cape Leonard Property Owners Association, Inc.

I haven't had the benefit of seeing the letter that the protestant here gave to you gentlemen. I took a few notes as I went along, and in the first place, Mr. Irvin knew or he should have known, or he could have known when he bought his property, that he overlooked the waterway that was to be used for access of boats to the water. He's protested, and right along, for two years or more, that nobody should use Holly Drive to get to the water.

Now, that we have proved successfully from time to time that we do have authority over Holly Drive, he is still protesting; he doesn't want anybody to use that cove. It's not his private lake down there; it's a public place for the

people of Cape Leonard -- not for the general public, but for citizens and residents.

Now, he states that the Cape Leonard Property Owners Association, Inc., represents the opinion of a few people. We took -- and it's in your records here -- a membership and non-membership ballot, and it came out a two-to-one vote in our favor, so it's not the opinion of a few people; it's the opinion of a lot of people, the vast majority.

He talks about the lots that are desirable. I've talked to the developer and he gave us the information on what we claim to be lots that the developer deems to be not desirable.

You have a topographical map which shows what the non-desirable area is, so the probability of Cape Leonard selling out all its lots with a high congestion of density of building is not there. It just isn't there.

Now, he makes a point that everybody might use that area at once for launching. That's not so, because most of us in Cape Leonard are on high bluffs. We put our boats in in the spring and take them out in the fall; once in the spring and once in the fall. There aren't that many boats.

He talks about seven homes having been built. The average over 30 years is two homes. Of the seven homes, two are on deep water and have big boats. Another one has a good, fortunate launching spot right on his own property. There are four inside houses that have been built; only one of those has a boat, so where is all this congestion that's going to come from seven homes? It just isn't there.

Now, I have a deed and there are a number of deeds which specifically grant us the right -- the right -- to use Holly Drive for access to the water. It's a simple thing to say to anybody that you can use Holly Drive to get to the water but you can't put your boat in or take it out. That's what the ramp, the idea is for.

It's been called a ramp. It's not a ramp. A good ramp would be a concrete structure with reinforced iron. This is merely to firm up a water edge.

Furthermore, the talk about the environmental impact on the life that's there, we don't intend to tear up a lot of stuff there. What we've got to do is firm that edge. The effect is minimal. The claim that the little stub pier there, about 20 feet, 30 feet long, is illegal isn't so. It's up-

held under an Army permit, and I can give you the number if you need it.

Now, there are not alternate sites in the sense that the existing ramp that the protestant has spoken about is privately-owned, and what somebody owns privately, he can deprive you from using. We have to have this for the lot owners in Cape Leonard.

Thank you, gentlemen.

GOVERNOR LEE: A couple of questions. What is the legal status of Holly Drive?

MR. WILSON: Holly Drive is a privately-owned access, owned by Bel Air Service Company, for which we hold written authority, recorded in the Calvert County Courthouse.

GOVERNOR LEE: And in Mr. Irvin's letter, he says that the Property Owners' life will expire in about six years. Do you exist under a covenant, or what is it?

MR. WILSON: Under our program, those who advanced road dues for ten years were thereby freed of any further road assessments. That gave us the funding with which we improved the roads to county specifications so that the county would take over the roads.

GOVERNOR LEE: All right.

MR. WILSON: Now, what happens seven years from now, I don't know. We can extend the life of the corporation or terminate it.

GOVERNOR LEE: Yes.

MR. WILSON: Probably, to be fair about it, probably we would want to terminate at that time, but that's seven years ahead, so who knows what happens then?

GOVERNOR LEE: All right. Any other questions?

(No response.)

MR. WILSON: Thank you, gentlemen.

MR. GOLDSTEIN: Mr. Wilson, just one question.

MR. WILSON: Yes, sir.

MR. GOLDSTEIN: You all will take care of this ramp and keep it clean?

MR. WILSON: Yes, sir; yes, sir. We all live there; we're not going to have a --

MR. GOLDSTEIN: I know.

MR. WILSON: -- a dump or trash there.

MR. GOLDSTEIN: How many of you all actually live down there, actually live there year around? The ones that

are in favor of this facility?

MR. WILSON: Anybody want to make a guess?

MR. BOWMAN: At least 20 in favor of it that live there.

MR. GOLDSTEIN: Twenty.

MR. BOWMAN: There's 30-some all together.

GOVERNOR LEE: Just a moment, please.

MR. WILSON: With regard to the withdrawal of an Army Engineers application, which we put in, the reason the Army withdrew it was because we couldn't process the application because we had no Maryland permit, upon which they insisted, so we're stuck both ways. We don't have a permit here and we can't put a permit through there, and the Court, itself, in the injunction case, cast considerable doubt on whether we actually needed an Army Engineers application permit. It stated so by Judge Pullen in the Court case, so on every score, we've documented everything we can and we've been two years on this, and it's time to do something for the community. A few, one or two, protestants have held us up.

GOVERNOR LEE: All right, sir. Thank you.

MR. WILSON: Thank you.

GOVERNOR LEE: Mr. Irvin, do you need rebuttal time?

MR. IRVIN: I would like, sir --

GOVERNOR LEE: Come up here, then, to the mike.

MR. IRVIN: I would like to go over the points, not necessarily in the order, that Mr. Wilson mentioned them, but one point, let me state to you, I mentioned the illegal pier. There is no Corps of Engineer permission having been granted. In fact, Mr. Herring is under a Cease and Desist Order for any activity in that area. That's a matter of public record and I know it's in our attorney's files and I'm certain that I supplied Mr. Goldstein's office with a copy of that letter for the attorney. However, Mr. Herring did allow one of the people there who's very anxious to use that place -- gave him verbal permission to go down there and build a ramp if he wanted to. I questioned that, finally convinced the Court-house at Prince Frederick, Calvert County, that it was entirely illegal, so they come back with what I consider very poor government in issuing after the fact a permit. It still doesn't make it legal. It's just something that they chose to ignore.

Now, as far as these statistics Mr. Wilson just

mentioned about the approvals, after the Wetlands Commission notified Cape Leonard Property Owners Association at that hearing that their application was denied, the annual meeting of the Cape Leonard Property Owners Association was held, at which the question of support, "Should we pursue this," "Should we hire an attorney, make an appeal," etc., etc., was advanced.

At that meeting, there were eleven people who voted; four -- myself and three others, who were present -- were very close to this site, well within a few hundred feet of it, voted emphatically against it. For the appeal, there were seven. That's a very close margin. One of those -- whom I do not know or I could not identify; another one is a man that's been there, I think I've seen him twice in eleven years, who I think paid his dues that date to make himself eligible, and the only one of the balance of five is anywhere near this. All the rest of these people live around bends. They never see this site; they never see the litter and are subjected to the noise and see all these trespassers come in there, and I will return to the same old statement, "out of sight, out of mind."

I'm afraid we've taken on here the aspects of a

family squabble. I have no intention of denying anybody anything that he's entitled to, but the Cape Leonard Property Owners Association was formed, their attorney circulated all of this, highly recommending that we advance our road dues for ten years hence in order that a fund could be raised to bring this road up to specifications and since the majority of the people in Cape Leonard wanted it, those residents, permanent residents there -- and it was tremendously to their advantage for snow removal, etc., because the other road was disappearing -- I went along with it. I'm a member of Cape Leonard Property Owners Association. In fact, I contributed more to the Cape Leonard Property Owners Association in dollars and cents than all of the other people on my street combined, the private property owners.

Now, I'm considering about the value of my property. I have spent a lot of money, of course, building a house and I have a valuable piece of property, but if we get a nuisance at our back door, my value will decrease rapidly; there's no doubt about that, and I agree with the gentleman who mentioned about interest rates. I'm sure that it should be a deterrent to real estate development, but if you'll just look

around any city or any urban county in this country, it looks like they can sell \$100,000 homes like they sell hotcakes. I know a man in Fairfax County, for instance, a developer, that sold 80 houses that started in the high nineties in two weeks -- townhouses.

GOVERNOR LEE: They're doing it.

MR. IRVIN: This 10% interest is high, and I'm glad I'm not paying it, but I've heard an awful lot of conjecture that it's going to go higher, so you'd better get in now.

MR. GOLDSTEIN: Right.

MR. IRVIN: I'm glad I'm not subjected to that.

Gentlemen, I think the decision that's here is, Is this ramp valuable and will be used, or are only one or two people going to use it? All those people on those inboard lots...and Holly Drive, it has been determined, is not geographically where shown. Waterway 1, I believe they called it, or Waterway 3 -- there are three waterways -- did not appear on certain plats. When I purchased the property -- and, of course, I don't think that I should succumb to the sales pitch of the owner at that time, but he -- when I pointed out this, what at that time was a rickety dock, a few sapplings

driven into the mud and a plank run out there so a man could walk out to a boat -- and it disappeared every winter, of course, during the ice -- the developer told me, he said, "Well, that hasn't been used for years," and it hadn't been used for years.

MR. GOLDSTEIN: Fine; thank you.

MR. IRVIN: So I fail to see any necessity for the ramp as long as that concrete ramp exists and is available without charge. It's a much better ramp than Cape Leonard proposes to install and that cove is so -- I mean, that roadway is so eroded that 17 tons or two loads, or whatever, of gravel they're going to put in there won't last a season. It's going to take a continual rebuilding process and then they'll have the cove filled up.

Gentlemen, thank you again.

GOVERNOR LEE: Thank you. I hope that there are no other witnesses; is that correct?

Gentlemen, what's your pleasure?

MR. JAMES: Well, the role of the Board of Public Works, under the law, is relatively limited, as I see it. You've got to find that there really is -- you have to make a

finding on whether there's environmental damage to the wetlands. That's our role, as I see it, under the law, not what the effect is on the property values surrounding the area. It's really legally irrelevant, as I interpret the problem.

In addition to that, the law says riparian owners -- and this is a riparian piece of property -- have the right to improve it for access to navigable waters.

So on both counts, it seems to me that the Board would have to approve it, so I move we approve it.

GOVERNOR LEE: All right.

MR. GOLDSTEIN: I second it, with that explanation, and it's just a temporary thing. If they want to enlarge it, they've got to come back for a new application.

GOVERNOR LEE: Right.

Motion has been made and seconded to approve Item 5 on the Secretary's Agenda, page 14, and I think recognizing that this Board has a limited purview of this matter, we're not a Court of law, we're not a zoning board or anything like that, and I'm having considerable trouble reaching any valid reason for denying the license, and so I will vote in favor, also. Without objection, the motion is approved.

All right. Let me also say, I hope this will not produce a long-term feud in Cape Leonard and that you will all sort of try to get together and keep an eye on the ramp and avoid litter and confusion; let life be happy down there. You live in one of the, really, most beautiful parts of Maryland, and I'd like to see you all be happy, and we will now proceed with the next item.

MR. LAWRENCE GOLDSTEIN: Governor, may I interrupt, please? There are two other extraordinary cases -- the prior two pages, Items 4 and 3 -- we do have personnel from the Department of Natural Resources should there be any questions about those items; if not, there need be no discussion.

MR. GOLDSTEIN: Well, I reviewed them and I didn't see anything wrong with them.

MR. JAMES: No.

MR. LAWRENCE GOLDSTEIN: Item 3 was the application by Maryland Port Administration, and Item 4 is the application by Avocet Development Company, and both of these are revisions to prior licenses that had been issued by the Board.

MR. GOLDSTEIN: In your explanation there, it says that all the requirements of the law are being met.

MR. LAWRENCE GOLDSTEIN: There are no problems with these cases.

MR. JAMES: 3 is a reduction, isn't it?

MR. LAWRENCE GOLDSTEIN: Sir?

MR. JAMES: 3 is a reduction, isn't it?

MR. LAWRENCE GOLDSTEIN: It's a reduction; yes, sir. We're reducing the works that were granted under prior licenses.

MR. JAMES: Yes.

GOVERNOR LEE: I didn't have any problems.

MR. GOLDSTEIN: I read it and I didn't see anything wrong with it.

MR. JAMES: Right.

MR. LAWRENCE GOLDSTEIN: Thank you. I certainly appreciate the time. I apologize for the length of time that was involved in the Cape Leonard dispute.

GOVERNOR LEE: All right. Thank you.

MR. LAWRENCE GOLDSTEIN: Thank you.

MR. WILSON: Thank you, Your Honor.

MR. GOLDSTEIN: Thank you.

GOVERNOR LEE: Secretary's Agenda, Item 17 on page

27, Mr. Gary Lee.

MR. LEE: My name is J. Gary Lee; I'm Executive Director of the Maryland Wholesale Food Center Authority.

Governor and Members of the Board of Public Works, it's a pleasure to present to you the sale of an additional five acres to the Truckers Inn.

I have provided a summary to the Board of Public Works. If there are no questions on this, I won't elaborate too greatly.

The basic terms of the purchase are, the sale of five acres for \$325,000, or \$65,000 per acre. It's an installment sale contract with 15% down, a term of ten years, annual interest rate of 9%, monthly payments of interest and principal of \$3,499.42. We have our normal clauses that we incorporate in all of sales agreements which would be front foot assessments paid by the Authority, deed restrictions imposed, deed upon full payment and construction commencing with five years. We also have a reverter clause that if these provisions are not complied with, we take the property back and we keep 10% of the original purchase price.

GOVERNOR LEE: The interest rate is 9%?

MR. LEE: Nine percent, Governor. This transaction was negotiated --

GOVERNOR LEE: That's the best offer I've seen all week.

(Laughter.)

MR. LEE: Well, we do better than that on our own stuff, but the 9% was negotiated in the spring and they actually put a deposit on the property in April of \$32,500. The reason for the delay has been working out the documentation.

If you recall, this has been presented to the Board of Public Works on previous occasions and there are some complexities involved in the documents. It took the attorneys that long to work it out and we just really got the documents about four weeks ago.

MR. JAMES: Are you just going to put parking on this five acres?

MR. LEE: Essentially, that's what it will be, Mr. James.

MR. GOLDSTEIN: I think the most important thing is, we tried to several years to get an operator to come in here and build this facility, and the first one we had, in

my own mind, I knew it would never work out; it was one of these OPM, Other People's Money. But the people you've got here now are very well fixed financially and they've gone ahead and already put in the facility. I went by there last week.

MR. LEE: They're actually pumping fuel in there at this time at a rate that exceeds their three-year projection. They've only been open for about five months, so they're doing very well and they're undertaking work on the construction of the motel.

MR. GOLDSTEIN: When you've got Ralph DeCherio, you've got a good man. He's not going to let anything go by him, I can tell you.

I move we approve it.

MR. JAMES: Seconded.

GOVERNOR LEE: Motion is made and seconded to approve Item 17 of the Secretary's Agenda, and, without objection, so ordered.

MR. LEE: Thank you.

Governor, this will be my last time to appear before the Board of Public Works while you're here, and I want to

tell you that in June, when you approved the refinancing of the General Obligation Bonds, it enabled us to proceed with soliciting leases for the expansion of the produce market and we've obtained signed leases, pre-leased the entire expansion area, 29 units -- we have 12 companies coming in there -- and I want to thank you for your help over the past couple of years.

GOVERNOR LEE: You're very welcome. I think I owe you a member of your board. You have one vacancy, don't you?

MR. LEE: Yes, sir, we do. He has to be from Howard County.

GOVERNOR LEE: Howard County. I've asked Senator Clark for a recommendation.

MR. LEE: Fine, sir.

GOVERNOR LEE: It will be forthcoming shortly.

MR. LEE: Thank you, Governor.

MR. JAMES: Where are you going?

MR. LEE: Where am I going?

MR. JAMES: Yes. Did you say it was the last time?

MR. GOLDSTEIN: No.

MR. LEE: Well, this will be the last time . . .

GOVERNOR LEE: No, I'm going; he's not.

(Laughter.)

MR. LEE: I don't know; maybe you know something I don't know.

(Laughter.)

MR. JAMES: You said it was the last time you were going to appear before the Board of Public Works.

GOVERNOR LEE: While I'm here.

MR. LEE: Thank you.

MR. GOLDSTEIN: He meant it that way; he didn't say it that way.

MR. JAMES: Yes.

MR. GOLDSTEIN: Well, Governor, we've got this thing really rolling. I'm the man that's been there right from the start. I was initially a member and I'm still a member, thank the good Lord; the voters gave me that recognition on Tuesday.

MR. JAMES: It was tough getting started, wasn't it?

MR. GOLDSTEIN: Yes, sir, and we were over at Giant Food the other day, and those folks are really -- they want to make that their main center.

GOVERNOR LEE: Oh, really?

MR. GOLDSTEIN: Oh, yes, sir, because they're jam-packed where they are over there in Prince George's.

GOVERNOR LEE: Well, it seems to be totally successful.

MR. GOLDSTEIN: Yes, sir, and as I said before, it will be the greatest market on the Atlantic Seaboard, and it's coming true, and George Lewis sure will tell you that.

We had a lot of Doubting Thomases, didn't we, George?

MR. LEWIS: We sure did.

MR. GOLDSTEIN: They doubted for a hell of a long time, and then I said, one day, "Okay; you folks don't want it, we're going to go to Washington and get the people," and it woke them up and now they're getting the vendors from Washington as well as the Baltimore area, Virginia, Delaware, Pennsylvania. It's gotten to be a regional market now; it's a regional market.

MR. JAMES: Didn't Hyman Pressman oppose that?

MR. GOLDSTEIN: Oh, yes; everybody opposed it. They all opposed it.

MR. JAMES: Yes.

MR. GOLDSTEIN: But we went ahead, full-steam, and I knew I was talking common sense because I know the Washington area demands the best food in the market, and they're flying strawberries in there from Australia, fruit from Australia, Mexico; it's amazing the produce that's for sale in that market today, things that people around Baltimore never knew existed, so you've got a market for it now. It's great. Thank you.

MR. LEE: Thank you.

GOVERNOR LEE: Thank you.

That's all of the personal appearances that I have listed here.

MR. GOLDSTEIN: Let's get moving, then.

GOVERNOR LEE: Right. Is there anybody else who has a really valid reason for wanting to be taken out of order; if not, we will go to the regular order of business. I don't hear any screams.

The Transportation Items.

MR. TREXLER: Good morning. I'm Ed Trexler of the Department of Transportation.

We have 34 T Items on the printed Budget and Fiscal

Planning Agenda. We submitted, on November 1st, supplemental items 35T through 38T, which I presume you have. We have one additional item, 39T, which we have hand-carried today.

MR. GOLDSTEIN: Okay; 39T.

GOVERNOR LEE: All right.

MR. GOLDSTEIN: 39T, I don't have that.

MR. TREXLER: Here.

MR. GOLDSTEIN: I see.

GOVERNOR LEE: It's a new entry. Do you have any withdrawals, Ed?

MR. TREXLER: No, sir. On 28T, we failed to include the supplemental sheets that had the list of properties.

GOVERNOR LEE: Oh, is that the excess?

MR. TREXLER: Property; disposal of excess property.

GOVERNOR LEE: Right; yes.

MR. GOLDSTEIN: Right. I had a copy of that, I think; I know I did.

MR. TREXLER: Yes; we sent them --

MR. GOLDSTEIN: Yes, I have a copy; I've been through it. I went through it last night. I'm telling you, it was a struggle, Bill.

GOVERNOR LEE: What?

MR. GOLDSTEIN: I said, I went through it last night.

MR. TREXLER: I've got several minor corrections that I'll address as we go through.

MR. GOLDSTEIN: My first item was 3T. Do you have one before that, Bill?

MR. JAMES: I just really didn't understand Item 1T, the temporary road. I just can't quite get the geographical -- I'm sure it's all right, but it's just that I have a hard time understanding the geographical situation.

MR. TREXLER: Well, we have Mr. Carroll Stein of the Port Administration.

MR. JAMES: Yes.

MR. TREXLER: He can perhaps give you some more detailed information on the item.

MR. STEIN: This road actually runs underneath the Fort Avenue Bridge, Senator, and it was placed there on a temporary basis while the bridge was under repair.

MR. JAMES: I guess what my problem is, I'm having a hard time visualizing where the Fort Avenue Bridge is.

MR. GOLDSTEIN: Well, look, as you go to Fort McHenry --

MR. JAMES: I know Fort Avenue.

MR. GOLDSTEIN: Well, there's a big lumber yard on the right.

MR. STEIN: Right; Fort McHenry Lumber is on the right-hand side.

MR. GOLDSTEIN: It's right in that area. That's where that bridge is.

MR. STEIN: East.

MR. GOLDSTEIN: Yes, sir.

MR. STEIN: On Fort Avenue, and then right after Fort McHenry Lumber, you also have the Southern States area --

MR. GOLDSTEIN: Cooperative.

MR. STEIN: -- down there; yes, sir.

MR. GOLDSTEIN: That's Locust Point. I went down there for the big festival back here in the summer and I walked all around there. That's where my father landed in 1894, so I go back there about once a year. It's a nice part of Baltimore, a beautiful park, good people; they vote Democratic. I know exactly where it is.

MR. JAMES: Well, I remember the question I had, now.

Are you able to condemn railroad operating property? You know, you're dealing with the railroad, you're trying to get access through them?

MR. STEIN: Yes. That has never been a possibility. What we try to do is, we try to go ahead and negotiate a lease for some time and condemnation is --

MR. JAMES: What's the problem? Why won't they give it to you?

MR. STEIN: I think it's basically a matter of terms and price. I think the railroad historically has tried to go ahead there and --

MR. JAMES: This has been going on for quite a long time, hasn't it?

MR. STEIN: Yes, sir; yes, sir, it has.

MR. JAMES: I mean, what's the excuse for not really going ahead with the solution?

MR. STEIN: We just, frankly, have been unable to go ahead there and negotiate acceptable terms. That's basically all I'm prepared to say.

MR. JAMES: You'd better have some legal research done and really solve the problem.

MR. STEIN: Ultimately, it's going to have to be done; there isn't any question about it, but I don't think that the Port Administration, right now, is willing to go ahead and enlist that option that we obviously have.

We've got Mr. Green here; he's the Maryland Port Administrator, and he'll explain that aspect.

MR. GREEN: Bob Green, Deputy Port Administrator.

The negotiations with the B&O Railroad, the Chessie System, have been going on for quite sometime on this particular road. The delay has been on the part of the Chessie system, not unwillingly, but because they own quite a bit of property in there and it is nearby to the new Locust Point Southside Terminal and they want to make certain that whatever is done does not hurt their interest in that particular area.

MR. JAMES: Well, the railroad is the most difficult people in the world to deal with, almost as difficult as the Federal Government, so if you expect them to cooperate, that's probably wishful thinking.

MR. GREEN: It takes a while to work cooperatively.

MR. JAMES: Yes; all right.

MR. GREEN: But we're doing our best.

MR. GOLDSTEIN: Well, I find you've got to go to the top. That's how we got the railroad facility into this market authority. If we had kept dealing around Baltimore, we wouldn't have had the market open yet.

MR. JAMES: I think Mr. Intemann ought to look into that.

MR. GOLDSTEIN: Go to Mr. Watkins; go to the top man. That's what you've got to do.

MR. GREEN: We'll be there.

MR. GOLDSTEIN: They're dealing with the state every day. You've given them rights-of-way across highways and everything, haven't you?

MR. GREEN: Yes.

MR. GOLDSTEIN: Well, you've got to get as tough as they are, you know.

MR. JAMES: Okay. That's all I want to say.

All right.

MR. GOLDSTEIN: I agree with you.

MR. JAMES: Okay.

MR. GOLDSTEIN: They don't pay any taxes.

GOVERNOR LEE: Item 3T, did you have a problem, Louis?

MR. GOLDSTEIN: 3T. I read this. It's pretty hard to understand. I thought one reason we acquired that Masonville property, Number 1, is to go out here and establish about 375 acres for a terminal and to fill in that area that will be used for the dredging of the Inner Harbor. Will this interfere with that operation?

MR. TREXLER: No, it will not.

MR. GOLDSTEIN: Is this over there next to Patapsco Avenue?

MR. TREXLER: It's near the pier that we have leased from Weyerhauser and subleased to the Japanese automobile firm.

MR. GOLDSTEIN: Right.

MR. TREXLER: And these people perform an import service for the Datsun people -- Nissan, and the area that they are using will not hinder the development which, of course, cannot start right away. There has to be plans made and approved before we can ever get involved in the development of Masonville.

MR. GOLDSTEIN: Now, we paid \$6 million for 160 acres, plus or minus, and we're letting them have 8.53 acres.

MR. TREXLER: Yes, on a leased basis. It provides us some revenue in the interim.

MR. GOLDSTEIN: I just want to be sure we're getting enough rent on the investment we've got there.

MR. TREXLER: Well, of course, the investment was not based on rental of more or less unimproved property. The return, in the long run, would be at a higher rate than the rental rate, which is a minimum rental rate for the unimproved property by the port. All they're going to have there is a paved area with a fence around it.

MR. GOLDSTEIN: All right, but now. . . .do we get --

MR. TREXLER: There are no other improvements being provided by the Port Administration.

MR. GOLDSTEIN: -- the rent in addition to the pavement? They're going to pave it and pay us the rent?

MR. TREXLER: That's correct. They're going to provide the improvements.

MR. GOLDSTEIN: Plus the rent.

MR. TREXLER: Plus the rent; yes.

MR. GOLDSTEIN: I just want to be sure.

MR. TREXLER: And at the end of the term, the improvements will become the property of the Administration.

MR. GOLDSTEIN: And this will, in no way, interfere with the overall plans for that Masonville?

MR. TREXLER: That's correct; that's correct.

MR. GOLDSTEIN: I just want to be sure of that because when you start putting that building there and build those bulkheads. . . that would be to the north of it, wouldn't it?

MR. TREXLER: There is much to be done before the Masonville development can be undertaken.

MR. GOLDSTEIN: Okay.

GOVERNOR LEE: All right. Where's your next one?

MR. GOLDSTEIN: Thank you. I just wanted to be sure. My next one was Item 11T.

MR. TREXLER: 8T is one I have a correction on.

MR. GOLDSTEIN: 8T.

MR. TREXLER: On 8T, in the two references to the street number, the 1401 should be stricken and the 1411 should stand.

GOVERNOR LEE: It's just 1411.

MR. TREXLER: It's just 1411. That's in the first paragraph and then down opposite the property, the third unit there. That's all on that one.

ll was the next one?

GOVERNOR LEE: Yes.

MR. GOLDSTEIN: That change order is a right big change order. It's almost a 25% change order.

MR. TREXLER: Yes, sir. This is an engineering contract for the design of the North Ramp improvements and near the end of the design phase of the contract, the FAA increased their requirements for the strength of paving for this ramp. They required redesign and this is payment for that redesign work. The feds participate on the change order as well as on the construction work that will result.

MR. GOLDSTEIN: Yes, 75% federal money and 25% Special Funds.

GOVERNOR LEE: All right.

MR. GOLDSTEIN: All right. That answers my question. My next item was 24T. I don't know if Bill has got one before that.

GOVERNOR LEE: Do you have any others, Bill?

MR. JAMES: No; 25 is my next one.

MR. GOLDSTEIN: 24T, page 50.

MR. TREXLER: All right. 20T, I have a small correction to make on. The original contract approval date on that one, it shows 1978; it should be 1973.

MR. GOLDSTEIN: 24T.

MR. TREXLER: I have a similar correction on 22. The original contract approval date on Item 22 should be December 16, 1977.

Now, was there a question on 24?

MR. GOLDSTEIN: Yes, sir. 24T, why can't that be done in-house, putting those signs up there? Why do you have to go out here and hire an expert to put up some signs down on Route 50 and 113?

MR. TREXLER: This is a consultant contract for the design of signing. We have Mr. Fred Gottemeuller from the State Highway Administration here.

MR. GOLDSTEIN: I know; I'm very familiar with the road and when you rebuilt it. Why do you have to have experts to put signs on a road that runs north to south, east and west?

MR. GOTTEMEULLER: Good morning. I'm Fred Gottemeuller, Deputy Administrator of the State Highway Administration.

The reason we have gone to a consultant in this case is that we just have our in-house staff loaded with work, the engineering work, necessary to put up these signs and we need consultant help just from the point of view of workload, alone.

MR. GOLDSTEIN: To put up signs? My Lord, in the wintertime, they sit around and play cards around these State Road garages. Why can't they ride down there and put up some signs?

MR. GOTTEMEULLER: Well, these aren't the --

MR. GOLDSTEIN: I know what kind of signs -- they're big signs and you have to have metal posts so you can see them going and coming, east and west, north and south.

MR. GOTTEMEULLER: Right. They're overhead signs involved.

MR. GOLDSTEIN: Yes.

MR. GOTTEMEULLER: Engineering structural steel work to get them, you know, up in place.

MR. GOLDSTEIN: And you have to have experts from out of the state come in and do that?

MR. GOTTEMEULLER: These are not out-of-state.

GOVERNOR LEE: Is this contract to design them or to locate them, or what work will be done under this contract?

MR. GOTTEMEULLER: To locate them exactly and then to do the engineering work for the steel structures necessary to support the signs, the foundations and all the work involved. I believe this is a local firm. This is a Baltimore firm.

MR. GOLDSTEIN: Well, I hope they'll design some signs; when you've got fog or mist and rain, you can't hardly see them at these different places where you've been hiring these experts. I've traveled these roads all hours of the day and night in the last several months. You get any kind of little fog or mist, you can't even see the signs, even.

MR. GOTTEMEULLER: Well, we design them according to National Manual on Uniform Traffic Control Devices. You know, the sizes of the lettering and the sizes of the signs are established to make them, you know, as visible as possible.

MR. GOLDSTEIN: Yes.

MR. GOTTEMEULLER: But there always conditions where

they're just not going to be visible.

MR. GOLDSTEIN: But you can't do this in-house. You've got to hire outside help to do it.

MR. GOTTEMEULLER: Yes, sir. It's strictly on a workload basis.

GOVERNOR LEE: Did you have a question on 25?

MR. GOLDSTEIN: Well, maybe that's why it took so long to get those signs up for that Woodrow Wilson -- I mean, that Francis Scott Key Bridge. They've got that pretty well signed now, since Senator James made his complaint. You can pretty well see it now, Senator.

MR. JAMES: Well, that's good. That does my heart good.

MR. GOLDSTEIN: Okay. In other words, you can't do it in-house; you have to have outside people do it.

MR. GOTTEMEULLER: That's correct.

MR. GOLDSTEIN: Fine; thank you, sir.

MR. JAMES: On 25, I just want a little explanation on that. What do you do, just have these people on call so that if something develops, they can rush right to the job?

MR. GOTTEMEULLER: Yes, sir. Again, it's a situa-

tion where we've got a limited staff and, as you know, the bridge situation is pretty dire at the moment and we're trying to provide ourselves capability to handle emergency or semi-emergency situations that would come up without disrupting the rest of our workload.

MR. JAMES: Standby? Is this a standby service?

MR. GOTTEMEULLER: Basically, it's a standby service, yes, sir.

MR. JAMES: And how are they paid? Are they paid on a work -- they don't get a flat fee, do they?

MR. GOTTEMEULLER: No. There are unit costs identified in the program for engineers' time, draftsmen's time, and that sort of thing, and they are paid as they use the time.

MR. JAMES: I see. All right; okay.

MR. GOLDSTEIN: My next one was 28T.

MR. TREXLER: All right. On 26T, I have a correction on the funds. It shows 50% federal; it should be 70% federal and 30% Special Funds.

GOVERNOR LEE: Good.

MR. TREXLER: Did you say 28T, Mr. Goldstein?

MR. GOLDSTEIN: Yes, sir. That's the surplus property.

On the three lists, Lists 1, 2 and 3 --

MR. TREXLER: Yes, sir.

MR. GOLDSTEIN: -- I looked at them and I think they look all right to me.

GOVERNOR LEE: They're all right?

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: Okay. By the way, how much surplus property does the State Highway Administration own? When I checked into it years ago, they owned about 2,000, maybe 2,500 pieces of property. I was just wondering if they've made any progress in getting rid of surplus property.

MR. GOTTEMEULLER: We have a special group in our Office of Real Estate that's working on that problem. At the present time, I don't know what our holdings are. I could get you that answer if you'd like.

MR. JAMES: Well, of course, it's a continuing problem; I understand that, but I know that years ago you had a lot of property that should have been sold.

MR. GOLDSTEIN: Well, Bill, in response to your question, that's why we set up this kind of procedure several years ago, to have the three different categories, you know;

adjoining owners that's probably landlocked, that would be one category. The other category you can sell at public sale and the other, third category was with government agencies, whether it be local, state or federal.

MR. JAMES: Well, it would be interesting to know how many parcels there are.

MR. GOLDSTEIN: I think it ought to be brought up-to-date.

MR. GOTTEMEULLER: Okay; we'll be glad to do that. I understand we are operating under a Mandate from the Board to get ride of as much as possible, and, as far as I know, we're doing that, but I'll get you a report.

MR. GOLDSTEIN: You see, that was the purpose, the very thing we had in mind, especially these little, small pieces of property adjoining people's homes or old roads that have been abandoned.

MR. JAMES: Well, for instance, they've got a piece out there in Western Maryland, I understand, about 150 acres, the School Board wants. Now, they can't sell it to the School Board unless they get the exact amount of money they have vested in it and so it's just kind of created this kind of

dilemma, the property is sterilized there; it's not any use to anybody. The School Board wants it.

MR. GOLDSTEIN: You're talking about Garrett County.

MR. JAMES: Yes; well, it's in Western Maryland someplace.

MR. GOLDSTEIN: Garrett County.

MR. JAMES: This aspect of it -- I know, when I was the Attorney for the Town of Aberdeen, the town wanted a piece of ground owned by the State Highway Administration for a sanitary disposal plant, and they would only sell it to the town for what they had invested in it, which was too much money, and the consequence is, the property is still there, the State Highway Administration has no use for it, and it will lie there indefinitely because of the rigidity of the law on the disposal of the property. I'll tell you where it is, if you want to know -- later.

MR. GOTTEMEULLER: I'll get you a report on the status of that program.

MR. JAMES: Allright. I think, really, an examination of that provision that requires in every instance to get exactly the amount of money on sale or disposal that you have

invested in it, plus interest, is a very artificial provision. Somebody, somewhere ought to have the right to waive that provisions.

MR. TREXLER: Does that apply on public auctions, Mr. James?

MR. JAMES: I think it applies to every sale or disposal of State Highway Administration property. You have to get the exact amount you have invested, plus interest.

MR. TREXLER: Yes.

MR. JAMES: If you bought in 1920, you've got to include interest from 1920. That's rather ridiculous.

GOVERNOR LEE: Gentlemen, where's your next one?

MR. GOLDSTEIN: My next items, Governor, 30 through 34, are those Baltimore City items. They're just received, not acted on.

GOVERNOR LEE: Let the record show that Items 30 through 34T, the Baltimore City items, are received as information. Okay.

MR. GOLDSTEIN: My next item was 36T, the World Trade Center putting down all this carpeting.

MR. JAMES: I was going to ask about 35.

MR. GOLDSTEIN: Excuse me; 35.

MR. JAMES: Those Kiosk elevators. I didn't quite understand that one. Just give me a little clarification on 35.

MR. TREXLER: Yes, sir. Mr. Howard Durham, the BWI Airport Director, is here.

MR. DURHAM: Senator, I didn't hear your question.

MR. JAMES: I just want you to explain that item a little bit more.

MR. DURHAM: Oh. This is the -- well, the last purchased contract we have for the installation of elevators in the new terminal. These particular elevators are at the terminus end of the tunnel that leads from the central part of the terminal underneath the roadway out in front and then it terminates right at the premium parking level.

MR. JAMES: Oh, I see.

MR. DURHAM: And we are three levels below, or two levels below the main terminal as we pass under the road, and this provides the access up to ground level into the parking area.

MR. JAMES: I see. Okay.

GOVERNOR LEE: All right.

MR. GOLDSTEIN: On 36T, you're putting down this carpeting.

MR. TREXLER: Yes, sir.

MR. GOLDSTEIN: Are the tenants going to pay for this carpeting, or is this something gratis?

MR. STEIN: No, sir. This is in public areas, Mr. Goldstein.

MR. GOLDSTEIN: Public areas?

MR. STEIN: Yes, sir; corridors and core areas, core elevator areas.

MR. GOLDSTEIN: I see.

MR. STEIN: Carroll Stein, Maryland Port Administration.

MR. GOLDSTEIN: Now, will you find it will be easier to keep clean, with less noise and more attractive?

MR. STEIN: Yes, sir, and it's mainly attributable to the fact that with the tile floor, you have to go ahead and strip that on the average of about once a week, if you're going to keep it right, whereas, with carpeting, it's a matter of shampooing it about once every four to six months.

MR. GOLDSTEIN: Well, have you had any trouble with anybody else breaking anymore of those big windows?

MR. STEIN: Well, we lost a sum total of two. I believe we've already received approval to replace the one and the other is presently down in Mr. Schmidt's office getting approval through a BB-4 process because it's less than \$5,000. But we have lost two of the stabilizers down in the lobby of the World Trade Center, one of which was, I believe, hit with a rock and that was the latest one, and an early one, it was difficult to tell what caused that one. In all likelihood, it was debris -- it occurred during a high wind time.

MR. GOLDSTEIN: Don't you think that maybe when those windows get broken, you could put a different type of glass in there, unbreakable glass?

MR. STEIN: We've explored that, Mr. Goldstein, and there really isn't any other type of glass of the thickness. You're talking about three-quarter inch float glass, which is basically what we use down there. We've explored tempered glass and also a plexiglass type of affair and the three-quarter inch is the thing. We would have to modify the entire

design of the glass down in the lobby in order to get that  
so . . .

MR. GOLDSTEIN: Do you carry insurance on that  
glass?

MR. STEIN: Presumably, we're self-insured.

MR. GOLDSTEIN: Self-insurance.

MR. STEIN: But I think \$10,000 is the maximum. I'm  
unclear on that.

MR. GOLDSTEIN: With all that activity around there  
and nobody to watch it. . .

MR. STEIN: Well, we've got police down in the lobby;  
they're at the console 24 hours a day, but -- and they patrol  
outside from time to time, but, I mean, anybody can come up  
there and pick up a rock and throw a rock in, or a gun, or  
whatever.

MR. JAMES: Anybody who does business has got the  
same problem.

MR. STEIN: Yes, sir.

MR. JAMES: I know, I have a small, minute interest  
in a little shopping center and about once a year, somebody  
throws a rock through a plate glass window.

MR. GOLDSTEIN: Okay. I just wanted to call it to the attention of the Board. Thank you.

MR. STEIN: Yes, sir.

GOVERNOR LEE: All right. What's the next one?

MR. GOLDSTEIN: 37T. That's that Downtown subway.

MR. KIMBALL: Governor Lee, Mr. Goldstein, Mr. James: I'm L. A. Kimball, the Deputy Administrator of the MTA. I didn't hear your question, Mr. Goldstein; I'm sorry.

MR. GOLDSTEIN: This is building these slurry walls to stabilize the soil under those several buildings Downtown like the B&O Railroad Building and the --

MR. KIMBALL: Yes, sir. Mr. Goldstein, if I could relate this back to what Secretary Intemann discussed with you on October 4th, I believe it was --

MR. GOLDSTEIN: Well, that's why I want to put it in the record here.

MR. KIMBALL: This is a part of the series of change orders relative to the eventual construction of the slurry wall. This particular change order deals with the compaction grouting that is required underneath five of the major buildings along the Charles Center Station right-of-way.

MR. GOLDSTEIN: And this is necessary in order to go ahead with the project -- stabilizing the buildings.

MR. KIMBALL: This is necessary in order to stabilize the foundations of those five buildings so that the slurry wall can be constructed; yes, sir.

GOVERNOR LEE: All right?

MR. GOLDSTEIN: Yes, sir. I just want to get it in the record. Thank you, sir.

38T; that's the Western Maryland Railroad; condemnation.

MR. TREXLER: Yes, sir. This is a property acquisition from the Western Maryland Railroad. Mr. Kimball, again.

MR. GOLDSTEIN: That's some kind of price to pay for it. Did you see that?

MR. KIMBALL: Governor Lee, Mr. Goldstein, and Mr. James, this item is the conclusion of our right-of-way negotiations with the Western Maryland. We have with us here our counsel, Mr. Tittsworth, and our real estate manager, Mr. Bordley, if you wish any detailed explanation.

This, as you can see from the information given to you, is the result of appraisals and consideration negotiation

with the railroad for this 36-some odd acres of total right-of-way that we're involved here, and you'll note that the settlement includes a decrease of value for the type of title on a portion of the property.

MR. JAMES: What does that average out to an acre?

MR. GOLDSTEIN: It's \$1,600,000 for 36 acres.

MR. KIMBALL: It's about, as I calculated it, \$43,000 per acre, Senator James, which is somewhat consistent, if you'll recall, with the property takings of similar property in that area, in that industrial area, along the right-of-way at Wabash Avenue in Northwest Baltimore.

MR. JAMES: Well, is this usable ground or is this just bits and pieces that have to be --

MR. KIMBALL: These are all bits and pieces along the right-of-way, Senator.

MR. GOLDSTEIN: It seems to be about nine different parcels.

MR. JAMES: Highway robbery.

MR. KIMBALL: As you can see, with the exception of generally one parcel, they are all small acreages.

MR. JAMES: Yes; you take a piece like a 0.16 of an

acre -- I don't know what that's appraised at -- it's appraised at \$9,000.

MR. KIMBALL: Well, we find ourselves cutting across slivers of rights-of-way in order to get our track alignment in here, sir.

MR. JAMES: It's a hold-up settlement, I can tell you that. Of course, I don't know if you have a right to condemn it or not. There is some law which prevents from condemning the operating property of a railroad, and whether we're in a position to condemn it, I'm in a little doubt.

MR. KIMBALL: I'd defer that question to Mr. Tittsworth, if you want to discuss the condemnation authority.

MR. GOLDSTEIN: And this is paid 80% federal money and 20% state money.

MR. KIMBALL: Yes, sir. This is all qualified under the UMTA grant.

MR. GOLDSTEIN: Well, where's Mr. Tittsworth? I wonder if he could get up there and put it in the record, you know, that this is a good settlement and all that business.

You see, I've just been through a very unusual

election, been accused of voting at things blindly, so I want everything to go in the record.

I want you to give your name, your title and what your recommendation is so we'll have it in the record here, so when these so-called experts come back and look at the minutes, they'll be able to see that we did it based on expert advice, not on something up here in the air that's nebulous.

MR. TITTSWORTH: Governor, Mr. Comptroller, Mr. Treasurer: My name is Bill Tittsworth; I'm the Assistant Attorney General assigned to the MTA.

In this particular acquisition, we have secured the services of two independent appraisers; the railroad has secured the services of its independent appraisers, and they were really close, and the question at this time was not measurably a spread that we would have to consider condemnation. It was basically the title on about eight parcels as to whether or not we could live with the right title and interest the railroad owned into those eight parcels.

We have compromised with the railroad. We have agreed to offer them 75% of the fee value for their right in and to those parcels.

Now, the alternative is to file condemnation, and the railroad has assured us, since the MTA lacks the right of quick take, that they will challenge the right of one public body desiring to put their public use of the land to a use contrary to the public use the property is presently put to, and we estimate that will take about three years to resolve, and we're going to have construction delays and to that extent, I assure you that it is my opinion and it is the opinion of Mr. Bordley that we have struck a good deal and one that's good for the State of Maryland.

MR. GOLDSTEIN: Well, see, that's why I want this in the record. In other words, you're saying if you had to litigate it, it would take at least three years.

MR. TITTSWORTH: Yes, sir.

MR. GOLDSTEIN: We don't have the quick take proposition.

MR. TITTSWORTH: MTA does not have quick take.

MR. JAMES: You might not win.

MR. GOLDSTEIN: And you may not win.

MR. TITTSWORTH: I didn't hear you, sir.

MR. JAMES: You might not win.

MR. GOLDSTEIN: And that would hold up the construction.

MR. TITTSWORTH: Well, that's right; that's right.

MR. GOLDSTEIN: That would hold up the construction of the facility.

MR. TITTSWORTH: It would probably require realignment.

MR. GOLDSTEIN: And you recommend that reasonable men accept your recommendation.

MR. TITTSWORTH: I do, sir.

MR. GOLDSTEIN: Okay. I just want to get it in the record here so if there's anybody looking at it five years from now, or next year, we'll say, "Well, here's why we did it."

MR. JAMES: That's right.

MR. GOLDSTEIN: Thank you, sir. That answers my question. I'm ready to vote for it.

MR. JAMES: I move we approve it.

MR. GOLDSTEIN: Seconded.

GOVERNOR LEE: Why don't we do them all together?

MR. JAMES: Okay.

MR. JAMES: All right.

GOVERNOR LEE: There's just one more.

MR. JAMES: Okay.

MR. GOLDSTEIN: 39T, we just got it this morning.

MR. TREXLER: 39T is a hand-carried item. This is a construction contract. It was publicly advertised and our recommendation is to award to the low bidder. It has to do with the repairs to the parking for imported automobiles adjacent to Berth 15 at Dundalk Marine Terminal.

MR. GOLDSTEIN: You know, for the record, I would appreciate it, Mr. Tittsworth, if you all would put in the record, when you submit these things, the very reason you gave us here today. Now, anybody looking at this item, if you hadn't testified, would never know it, would they? It would certainly save a lot of time, then anybody looking at the record in the future -- because, actually, we're making history here. I sure would appreciate it. Excuse me; I didn't mean to interrupt you.

MR. TREXLER: That's all right.

MR. GOLDSTEIN: How much more of this area needs this type of work where it's got to be heavily reinforced to

carry all this weight from trucks?

MR. TREXLER: Bob, is there additional area, or does this take care of all the soft areas that you know about in the Berth 15 for automobile parking?

MR. NELSON: Bob Nelson, gentlemen, Maryland Port Administration.

This is an area that developed soft spots last spring and, of course, this fall it's been usable because we haven't had any rain for two months.

MR. GOLDSTEIN: Right.

MR. NELSON: But we expect to get it unusable again and our terminal is just jam-packed with foreign automobiles. As you know, they're not selling very well now and they're still shipping them over here and we just --

MR. GOLDSTEIN: Well, let them keep them over there. With the damn inflation and the way they're treating our dollar, let them keep them over there. If they're waiting for me to buy one, they'll be waiting a hell of a long time, let me tell you.

MR. NELSON: We need this space to handle the foreign cars, and particularly the winter time, which is always a

large import period. We don't want to have this area unusable.

MR. GOLDSTEIN: I see. And they can do this work before the cold weather sets in?

MR. NELSON: Well, that's why we had it as a carried-on item today.

MR. GOLDSTEIN: Okay; okay.

MR. NELSON: Because the contractor is ready to go to work Monday.

MR. GOLDSTEIN: Right. Well, we don't want to hold it up.

GOVERNOR LEE: All right.

MR. GOLDSTEIN: But the price of those cars, those Japanese are shooting us economically. They don't have to fire one bullet, but they're going to bury us, and the people here in this country had better wake up. If they're waiting for me to buy one of those cars, they'll wait a hell of a long time.

MR. TREXLER: That's all the items we have on our T Agenda.

GOVERNOR LEE: Right; thank you. Without objection, the Transportation Items not previously acted upon are approved,

and we will proceed to the Secretary's Agenda.

MR. TREXLER: Thank you.

GOVERNOR LEE: Thank you.

MR. GOLDSTEIN: Thank you.

MR. JAMES: All right.

GOVERNOR LEE: Are you on page 2, Edward?

MR. MIDDLETON: Item 13, page 22.

GOVERNOR LEE: All right. I was looking at page 2. You've got to prove to me that there's a citizen of Calvert County named Paran who spells it with one "R".

MR. GOLDSTEIN: You've got it spelled wrong. It's P-a-r-r-a-n.

MR. MIDDLETON: That's exactly right.

MR. JAMES: The Governor is just proving to you he's looked at this.

MR. GOLDSTEIN: Yes. I looked at it, too, last night and I marked it last night.

MR. MIDDLETON: Right. We've got another one in under Waring in there, also. It's W-a-r-r-i-n-g; it should be W-a-r-i-n-g.

MR. GOLDSTEIN: Right. Governor, I see we've got

some folks here from the Baltimore Museum of Art.

GOVERNOR LEE: We do?

MR. JAMES: Yes.

MR. GOLDSTEIN: How are you all?

I saw these wonderful ladies sitting there.

GOVERNOR LEE: All right.

MR. MIDDLETON: They also want to be heard.

MR. GOLDSTEIN: They all want to be heard? I don't think there's any problem on it; just matching that loan.

MR. JAMES: I would like to know what the construction schedule is, so that we'll --

MR. GOLDSTEIN: You've got two of the wonderful ladies who will get right up there and give you all the information.

MR. JAMES: Yes.

MS. HARPER: Thank you, sir. I'm Anne Harper, Assistant Director for Administration at the Baltimore Museum of Art.

GOVERNOR LEE: Ms. Harper, just a moment.

MS. HARPER: Yes.

GOVERNOR LEE: Now, where are we?

MR. GOLDSTEIN: That's Item 1, page 1.

MS. HARPER: Item 1.

MR. GOLDSTEIN: The Baltimore Museum of Art Loan of 1978.

MR. JAMES: Well, I've read the terms of the bond issue and I see that the bond issue merely requires that the evidence be presented that the money will be available, and I would assume you are depending upon the approval of the bond issue by the voters?

MS. HARPER: Yes.

MR. JAMES: So that's been approved.

MS. HARPER: Yes, sir.

MR. JAMES: Well, now, what is your construction schedule and when will you need the money? That's what the Treasurer's Office is interested in.

MS. HARPER: That's right. What we hope to do is that we're working on the final documentation for Phase 1 of the renovation and climate control of the Museum, and we hope to begin in February 1979.

MR. JAMES: I see.

MS. HARPER: And it will be at least a two-year

program. One of the reasons for phasing it, we would work on half the building first, is to keep the Museum open.

MR. JAMES: Well, we're planning two bond issues; one is somewhere in the winter, maybe the end of January or first of February, and then there will be another one maybe in June, and the question would be when to include this item in the bond issue, and we would prefer to do it in June.

MS. HARPER: We had hoped to be able to have some of the money available before June because we hope to begin in February.

MR. JAMES: Well, I wish that you would get in touch with my office -- Mr. Jones --

MS. HARPER: I certainly will.

MR. JAMES: -- and discuss these requirements with him.

MS. HARPER: I certainly will.

GOVERNOR LEE: If a significant amount of money, of current revenue, is applied to the loan fund, is there any legal prohibition against doing some of these as separate bond issues?

MR. JAMES: No, indeed. That would be one of the

reasons why we would prefer to postpone including this in the January bond issue if we can finance it otherwise.

MR. GOLDSTEIN: That's right. That's \$57 or \$58 million and we recommend that it be used for pay-as-you-go.

GOVERNOR LEE: Right.

MR. GOLDSTEIN: And that would take care of a lot of these items.

MR. JAMES: Yes.

GOVERNOR LEE: We had that in mind.

MR. JAMES: So that your money will become available, it's a question of whether it becomes available in February or maybe about next July, or maybe somewhere in between if the Legislature would happen to include in this next budget money to pay on a pay-as-you-go basis. It might be available immediately after the Legislature concludes, so that there's several possibilities.

MS. HARPER: All right. I'll get in touch with you.

MR. JAMES: I think that we ought to postpone it. All right. Thank you.

GOVERNOR LEE: All right.

MR. JAMES: Ed, would you notify Jones on this one?

MR. MIDDLETON: Yes, sir.

MR. GOLDSTEIN: Let me see. My next one was Item 13, page 22. Item 13. Do you have any before that, Bill?

MR. JAMES: I had 9. I was just wondering . . . let me see what I had on that one.

GOVERNOR LEE: Item 9?

MR. JAMES: Yes. This is an authorization of paying 5% of the money withheld.

GOVERNOR LEE: Oh, yes.

MR. JAMES: I guess that's all right, but I think maybe we ought to have an explanation for the record.

MR. GOLDSTEIN: Item what? What was that item?

MR. JAMES: Item 9.

MR. GOLDSTEIN: Item 9. Oh, that's out in Western Maryland, Allegany County; right.

MR. JAMES: Yes. Is Mr. Gross here?

MR. GROSS: I'm sorry?

MR. JAMES: This is the Jennings Run-Wills Creek item where you want to pay out 5% of the money withheld. I would just like you to tell us why you think the remaining 5%

is a sufficient withholding.

MR. GROSS: I think compared to costs that we think are presently justified as valid; that the \$350,000 remaining will give us a sufficient cushion for any exceptions that may be discovered in the audit.

MR. JAMES: There will only be \$175,000 withheld after you pay out half of the \$350,000. Will the \$175,000 be a sufficient security for the completion of this job?

MR. GROSS: Yes, we think so; right.

MR. JAMES: All right; okay.

GOVERNOR LEE: All right. Where is the next one?

MR. GOLDSTEIN: Item 13.

MR. JAMES: You know, if the job weren't completed and we had paid out the money, you know . . . .

MR. GOLDSTEIN: Is this a loan?

MR. PHIPPS: Yes, sir. The loan will be repaid at 25 years at \$9,852.

MR. JAMES: Which one are you on, Louis?

MR. GOLDSTEIN: Item 13. This is that piece of property -- this goes back a long way, doesn't it? You know, the present the government gave the University of Maryland,

and they spent I don't know how many thousands of dollars trying to preserve it; then it was given back to the county.

MR. PHIPPS: No, given back to the Federal Government.

MR. GOLDSTEIN: Federal Government.

MR. PHIPPS: They sold it and some citizens bought it, then the county purchased it.

MR. GOLDSTEIN: Talbot County.

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: And they're now trying to go ahead and stabilize it.

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: And they're borrowing \$246,300.

MR. PHIPPS: Yes. It's a very good price. The estimate was \$350,000.

MR. GOLDSTEIN: And they'll be paying back how much?

MR. PHIPPS: \$9,852 per year for 25 years. Here's a memo on it.

MR. GOLDSTEIN: Yes; well, you see, it wasn't in here.

MR. PHIPPS: I know, sir.

MR. GOLDSTEIN: For 25 years. That's Item 13;  
right.

GOVERNOR LEE: Aha.

MR. GOLDSTEIN: Okay, because I didn't want the  
state to waste anymore money. We spent enough when the  
University of Maryland had it.

GOVERNOR LEE: This is Blackwalnut Point.

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: Yes, sir.

MR. PHIPPS: Tilghman Island, sir.

MR. GOLDSTEIN: And the erosion down there, Governor,  
is terrible.

GOVERNOR LEE: It says Blackwater.

MR. GOLDSTEIN: You see, the Federal Government was  
wise; they gave it to us.

MR. PHIPPS: We've either got poor spellers or we've  
got --

MR. GOLDSTEIN: Sir?

MR. PHIPPS: It's Blackwalnut Point, not water.

MR. GOLDSTEIN: Blackwalnut.

MR. PHIPPS: Walnut.

MR. GOLDSTEIN: Blackwalnut is the name of the place.

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: On Tilghman Island; Blackwalnut.

GOVERNOR LEE: Blackwater is in Dorchester.

MR. GOLDSTEIN: It's Blackwalnut. Okay, with that explanation, I'm in favor of it now.

My next one was Item 15, page 24, another one of those loans. I reckon we'll let them know when the money is available. That's another one where probably they could use the money if the Legislation is passed instead of paying all that interest.

MR. JAMES: Yes.

MR. GOLDSTEIN: It's another big loan, \$450,000.

MR. JAMES: Yes.

MR. GOLDSTEIN: All right. My next one was Item 17, page 27, and Gary Lee already approved that, so that's already been okayed.

Item 18, page 29.

GOVERNOR LEE: Oh, I held this up and I have no further problem with it.

MR. GOLDSTEIN: Yes; no further problem? Okay, then.

I have nothing else on that. Open Space, I've got --

MR. MIDDLETON: Excuse me, Louis. We have one additional hand-carried, Item 20 will now be Harry Georges.

MR. GOLDSTEIN: Oh, yes, that fellow that got killed.

MR. MIDDLETON: He got killed; yes.

MR. GOLDSTEIN: He died as a result of that accident.

MR. MIDDLETON: Here's the documentation if you would like to have it.

MR. GOLDSTEIN: Thank you.

MR. JAMES: He died.

GOVERNOR LEE: He died.

MR. MIDDLETON: Yes, sir.

MR. PHIPPS: You know, this crash up in Western Maryland happened within one day of the date, 13 years ago, that I crashed with Joe Roberty, the same pilot.

MR. GOLDSTEIN: The same place?

MR. PHIPPS: The same pilot.

MR. GOLDSTEIN: The same pilot.

MR. MIDDLETON: The same pilot, Joe Roberty.

MR. PHIPPS: Thirteen years ago was the date. Isn't

that strange?

MR. JAMES: Yes.

MR. GOLDSTEIN: I move we approve it. There's nothing else we can do here.

MR. JAMES: That comes under Law Enforcement Officers' Benefits Section; yes.

MR. PHIPPS: Yes, sir.

GOVERNOR LEE: Any questions on the Open Space?

MR. GOLDSTEIN: I have one question on Item No. 7. This is Item No. 7 on page 7A.

MR. PHIPPS: I have one to withdraw in Open Space, 10A.

MR. GOLDSTEIN: 10A?

MR. PHIPPS: 10A; yes, sir.

MR. GOLDSTEIN: That's withdrawn?

MR. PHIPPS: The donation is listed improperly.

GOVERNOR LEE: All right. Without objection, Item 10A is withdrawn.

MR. GOLDSTEIN: On 7A, does this meet all the requirements? You know, they have a special rule for Montgomery County on those Open Space --

MR. PHIPPS: Yes, sir, and if you'll note, on page 7A it says we were only appropriating \$1,306,000 and Montgomery County -- the total project is \$5,800,000, so they're putting the lion's share of the money up themselves.

MR. GOLDSTEIN: Yes. That's the last page of it. It shows the total project cost at \$5,851,000 and the total amount requested is \$1,306,000 and the state's share is 22.3.

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: And that meets all the requirements.

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: Okay.

MR. JAMES: Now, does this include land acquisition?

MR. PHIPPS: It includes all their projects.

MR. JAMES: It includes all their projects.

MR. PHIPPS: This is additional money over Program Open Space that they're spending themselves on a local level.

MR. GOLDSTEIN: You see, they're acquiring 692.3 acres.

MR. JAMES: I understand, but each project may be different, and a land acquisition is 100%, generally speaking,

state, and 75-25 when it's an improvement, and it's hard to tell when you look at these whether it's just land acquisition or whether it's land acquisition and/or improvements. It looks to me as though it's all land acquisition.

MR. PHIPPS: Land acquisition; yes, sir.

MR. JAMES: Yes; okay.

MR. PHIPPS: All land acquisition.

MR. JAMES: All right.

MR. GOLDSTEIN: But, you see, we made a special rule for Montgomery where they come in in a lump sum.

MR. JAMES: Yes.

MR. GOLDSTEIN: And bring in all their projects.

MR. JAMES: Yes; we're getting a break on this.

MR. GOLDSTEIN: Right.

MR. JAMES: Because they're really putting up a great local effort over there.

MR. GOLDSTEIN: Well, I suppose they've got one of the finest park programs in the country.

MR. JAMES: Yes. That's your local home county.

GOVERNOR LEE: That's right.

MR. JAMES: They're great.

GOVERNOR LEE: That's right, and I help pay both pockets.

MR. GOLDSTEIN: Yes, sir, Governor.

MR. JAMES: You do? Well, do you feel good about it?

GOVERNOR LEE: Is that all?

MR. JAMES: I'd like to ask a question before we leave this.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: What about this University of Maryland problem, you know? What is it, the Fisher property?

MR. PHIPPS: Yes, sir.

MR. JAMES: What are we going to do about that?

MR. PHIPPS: It should be on the Agenda at the next meeting to approve the purchase by the University of Maryland.

MR. JAMES: I'm talking about the piece of ground that --

MR. PHIPPS: The Lewis property; Lewis property.

MR. JAMES: Where they own half interest in.

MR. PHIPPS: Yes, sir.

MR. JAMES: Yes.

MR. PHIPPS: It's a very desirable piece of property. It would be a good Open Space Acquisition, but we just don't have the appropriations for the full purchase.

MR. JAMES: Okay.

MR. GOLDSTEIN: Right.

GOVERNOR LEE: Without objection, all the items on the Secretary's Agenda, including the Open Space items, that have not previously been acted upon, are approved, and we'll go on to the Budget Department.

MR. MILLSTONE: Governor, before we go to the Budget Department, I wonder if it would be possible to pick up a lease item that's on our Agenda involving Talbot County.

MR. MIDDLETON: Al Wood is here.

MR. MILLSTONE: Wood is here representing the County.

GOVERNOR LEE: What's the number of it?

MR. GOLDSTEIN: I thought he was just here visiting us today. I didn't know he had an item here.

MR. MIDDLETON: We just took one of them up.

MR. GOLDSTEIN: I know, Walnut Point; we took care of that. What is it, a lease?

(Discussion off the record.)

GOVERNOR LEE: Is this L-A-3?

MR. WOOD: Yes, sir, the District Court.

MR. GOLDSTEIN: Yes, that must be L-A-3. There's no problem there, is there?

MR. MILLSTONE: No, sir.

MR. WOOD: There shouldn't be. What we're doing is renovating an old Library in the Talbot County Courthouse for District Court facilities.

MR. GOLDSTEIN: The rent is reasonable, \$5.00. I move we approve it. I didn't see anything wrong with it last night.

MR. MILLSTONE: This is very routine; yes, sir. Thank you, Governor.

GOVERNOR LEE: The rent is higher than Baltimore but not quite as high as Prince Frederick.

(Laughter.)

MR. GOLDSTEIN: No problem with that item.

MR. WOOD: I appreciate that. Thank you very much.

MR. GOLDSTEIN: Yes, sir.

GOVERNOR LEE: Was there a special motion on that one just so everybody from Talbot County can go home?

MR. GOLDSTEIN: Yes; I move we approve it.

MR. JAMES: All right.

GOVERNOR LEE: Without objection, Item L-A-3 of the General Services Department Agenda is approved. Now, back to the Budget Department.

MR. SCHMIDT: Governor, on the Department of Budget and Fiscal Planning's Agenda, I would like to withdraw --

GOVERNOR LEE: Do what?

MR. SCHMIDT: I would like to withdraw Item 4-GI on Budget and Fiscal Planning's Agenda.

GOVERNOR LEE: Right; 4-GI. Ah, yes.

MR. GOLDSTEIN: Withdrawn, right; 4-GI.

GOVERNOR LEE: Without objection, Item 4-GI is withdrawn.

MR. SCHMIDT: And we have two hand-carried items that are revisions. I think you've gotten copies of these already.

MR. GOLDSTEIN: Right. Disposal of Property, revised? Yes, I have that.

Let's see. My first one was 2-GEF. That's the case of the Division of Corrections. Baltimore City and the

state are paying these legal fees.

MR. SCHMIDT: This is a legal case concerning overcrowding. The arrangement was that Baltimore City and the State of Maryland would jointly finance the legal cost of the attorneys representing the plaintiffs on a 60-40 basis and finance the cost on a 50-50 basis. The Attorney General has agreed to the arrangement with the Courts and with the plaintiffs and they're asking here for the money.

MR. GOLDSTEIN: I see. And you recommend it?

MR. SCHMIDT: Yes, sir.

MR. GOLDSTEIN: How about 3-GEF?

MR. SCHMIDT: That's the case of -- that, again, went to Court on the violation of a prisoner's constitutional rights concerning I think it was intercepting some correspondence, and the Court, in effect, said that the Ralph Williams, who acted with proper motivation, was still in violation of the constitutional rights and this is the award of \$75 to settle that.

MR. GOLDSTEIN: I see. And then we have the one for St. Mary's, 3a-GEF, page 2a.

MR. SCHMIDT: This one, as everyone knows, resulted

from the cost of building the Dove being higher than the \$150,000 that was originally appropriated. The cost is around \$200,000. The letter that I had received from the Department of Economic and Community Development and the St. Mary's Commission is saying that the private funds of \$25,000 have been raised. I think there's a question of whether it has or hasn't, but we do have to pay, I think, for the whole cost of the Dove.

MR. GOLDSTEIN: I see Ms. Polly Barber here and here representative. Maybe they can tell us if the money has been raised. The \$25,000, has that been raised? Polly, do you want to come up to the rostrum, please?

MS. BARBER: We have raised --

GOVERNOR LEE: Polly, do you want to identify yourself for the record?

MS. BARBER: I'm Polly Barber of the St. Mary's City Commission, and Jim Parrot, also of the St. Mary's City Commission, is here.

We have raised about \$110,000 in private money, and the state, as you know, appropriated \$75,000, and we would like for the state to give us another \$25,000 in order that the state part of the cost of the Dove be 50% to match the

private money that we've raised.

MR. GOLDSTEIN: But, in other words, then, with this \$25,000 and what you've raised, that will pay Mr. Richardson off in full now?

MS. BARBER: Yes.

MR. GOLDSTEIN: Is that right?

MS. BARBER: Sir?

MR. GOLDSTEIN: I'll repeat my question. With this \$25,000 that's being considered here now and with money that you have raised, that will be sufficient to pay him off in total?

MS. BARBER: We will still owe him another \$10,000. We can't give him that until six months after the contract has --

MR. PARROT: May I answer that question, Ms. Barber? I'm Jim Parrot; I'm with the St. Mary's City Commission. The terms of the contract require stages for giving to Mr. Richardson the final payment, so much with the delivery of the boat, so much three months after, and the balance six months after delivery, to ensure that the boat -- there are no problems with it and any of the problems are taken care of

prior to the award of this final payment.

GOVERNOR LEE: I think Mr. Goldstein's question really went to the matter of whether all the necessary money was in-hand and Mr. Richardson will be paid.

MR. PARROT: All of the necessary money is not in-hand. We are still raising money. A part of the \$110,000 we raised separately -- a part of that is incidental expenses to raising the money. We still have about --

MR. GOLDSTEIN: Well, in other words, then, what I'm thinking about, I want Mr. Richardson to be paid under the contract.

MR. PARROT: Yes.

MR. GOLDSTEIN: And this \$25,000 we're putting up additional will be all we'll be asked to pay on the boat.

MR. PARROT: That's all that you will be asked to pay. The balance of \$10,000, which we're still raising, will be paid by us. We are still --

MR. GOLDSTEIN: Well, I just want to get it in the record so everybody will understand what we're doing.

MR. PARROT: Yes, sir. We will not come back to the Board of Public Works for any additional money.

MR. GOLDSTEIN: Is the boat leaking, or how is the boat standing up?

MR. PARROT: The boat is beautiful.

MR. GOLDSTEIN: Right.

MR. PARROT: It's still operating very well.

Vandalism sometimes becomes a problem.

MR. GOLDSTEIN: Well, that's vandalism. Now, you see -- now, wait a while. You see, you all promised us that you would have somebody take care of that boat.

MR. PARROT: We have a Master to the boat which we are paying. It's a security force that we are having problems with.

MR. GOLDSTEIN: Where is the boat anchored now?

MR. PARROT: At Broom's Wharf.

MR. GOLDSTEIN: Right; you see, I thought you were keeping it down there at that Seafarers when you weren't using it.

MR. PARROT: We will take it there once the season is over.

MR. GOLDSTEIN: I see, because here, you've got a lot of money invested in the boat --

MR. PARROT: And we will take care of it.

MR. GOLDSTEIN: -- and you all promised us right there at that rostrum that you all were going to take care of it and see that it was preserved.

MR. PARROT: And we will keep that promise to you.

MR. GOLDSTEIN: You say you've had vandalism? How much damage was done?

MR. PARROT: They have not damaged the boat, itself.

MR. GOLDSTEIN: Well, what have they damaged?

MR. PARROT: Not to the boat, to the area around the boat. People want to get aboard the boat, want to see it when we're closed down.

MS. BARBER: Especially about 3:00 o'clock in the morning.

MR. PARROT: In the mornings.

MR. GOLDSTEIN: Yes, but that's your responsibility.

MR. PARROT: And we try to live up to that responsibility, but --

GOVERNOR LEE: Well, was it vandalism or trespassing?

MR. PARROT: Well, I guess a combination, when they

break through the barrier that we have erected and go out to the boat.

GOVERNOR LEE: Yes.

MR. PARROT: We do not have -- we're using voluntary, augment hour security forces because we do not have funds in our budget to cover 24-hour-a-day security so we're augmenting that.

MR. GOLDSTEIN: The same old story.

GOVERNOR LEE: All right-y.

MR. JAMES: It's a problem, isn't it?

MR. GOLDSTEIN: The same old story. You invest all this money in something that's great and then people tear it up.

MR. PARROT: And that's the problem. Theft is no problem; it's the vandalism that we have to be aware of.

MR. GOLDSTEIN: Well, that's even worse.

MR. PARROT: Yes, from my point of view it is.

MR. GOLDSTEIN: Vandalism is the worst kind of theft. You're stealing the use from people.

MR. PARROT: Exactly.

MR. GOLDSTEIN: Then it's so damned expensive. This

is an expensive thing to keep you, you know. This is not like an ordinary cruiser where you just go right down to the store and buy another part. It has to be mostly made by hand; you know that.

MR. PARROT: Mr. Goldstein, I agree with you.

MR. GOLDSTEIN: It takes a special artisan to do it.

MR. PARROT: And we will be asking for additional monies in our next year's budget to have around-the-clock security for our area.

MR. GOLDSTEIN: Well, how long do you expect to keep the boat at Broom's Wharf?

MS. BARBER: We'll move it on the 17th of December to a marina for a winter and then we plan to bring it back on Maryland Day.

MR. GOLDSTEIN: The 17th of December. Isn't that a little late? You'll liable to have ice by then. I know. It doesn't take long.

MR. PARROT: That is a tentative date. If the weather --

MS. BARBER: That's the date.

MR. PARROT: Al right.

MS. BARBER: We're making money there, Mr. Goldstein.

MR. GOLDSTEIN: Yes; well, you're making money.

MS. BARBER: We have thousands of people. Would you all like to see that?

MR. GOLDSTEIN: I was there this year.

MR. JAMES: It's beautiful.

MS. BARBER: This is the Tom Dardin of the Department of Economic and Community Development's picture.

GOVERNOR LEE: That's a good one.

MS. BARBER: I would like very much to get a photograph to you gentlemen, if I may be so honored.

MR. GOLDSTEIN: Right; I'd like to have one to put in the office over there, but the point is, Polly, it's all very nice about the picture and all, but we've got to get down to hard tacks.

MR. JAMES: Do you want to give us the photograph or do you want to photograph us for the boat?

(Laughter.)

MR. GOLDSTEIN: Now, if you don't take care of this boat, it's a big loss to the people and taxpayers who gave you the gifts.

MR. JAMES: Absolutely; it's got to be done.

MS. BARBER: I wish I could emphasize how terribly serious I know that the matter is. There are a half-dozen of us that are watching over it night and day.

MR. GOLDSTEIN: Well, you know, you can't watch over it. You're a social lady; you're a socialite. You're moving here and moving there. You're not going to stay around and watch that boat. I mean, it's very nice, but I've got to tell you the facts of life.

MR. PARROT: But I'm not a socialite and I do watch over it.

MS. BARBER: I can look at it all night long.

MR. GOLDSTEIN: You're flittering and flittering there; I mean, you're not standing in one place very long.

MS. BARBER: We shall take care of it. We're worried as much as anyone about it.

MR. GOLDSTEIN: Okay.

MS. BARBER: We'll take care of it and I hope that everyone does take care of it. It should last a hundred years.

MR. GOLDSTEIN: We hope so.

MR. JAMES: That's right.

MR. GOLDSTEIN: Thank you.

GOVERNOR LEE: Very good.

MS. BARBER: Thank you.

MR. PARROT: Thank you.

GOVERNOR LEE: Right. Now, where's your next one?

MR. GOLDSTEIN: 5-GI, page 7.

MR. SCHMIDT: This is a request from the Secretary of Personnel to declare that an emergency exists in the classification of the Director of Operations, Natural Resources. The Department of Natural Resources has reorganized their Office of the Secretary and this will be the top administrative personnel for running the department.

MR. GOLDSTEIN: And there's money in the budget to take care of that?

MR. SCHMIDT: Yes, sir.

MR. GOLDSTEIN: Right.

MR. SCHMIDT: They certify there are sufficient funds.

MR. PHIPPS: We've abolished a position, Administrator  
III.

MR. SCHMIDT: Yes.

MR. JAMES: How does this fit into that reorganization I read about in the paper?

MR. PHIPPS: This is not really a reorganization, just redirection of effort.

MR. JAMES: Oh, is that what that is?

MR. PHIPPS: Yes.

MR. JAMES: I see.

MR. PHIPPS: Not changing the positions of people.

MR. JAMES: I'm glad you explained that to me.

(Laughter.)

GOVERNOR LEE: That was beautiful, Buster; beautiful.

MR. GOLDSTEIN: And how about this item, 6-GI, this \$950,000?

MR. SCHMIDT: The General Assembly, when they passed the budget last year, provided a restriction on the Medical Assistance Program funds. That's the actual payment for medical care to providers of services and they, in effect, said that the money could only be used for those programs which were considered at the time the budget was passed, unless the Board of Public Works approved other programs, and the General Assembly, at the same time, passed the Pharmacy Bill

last year, which provides pharmacy care or payment of pharmacy bills to people who are \$1,000 above the gross medical assistance program eligibility level, and that's what this program is here.

MR. GOLDSTEIN: I see.

MR. SCHMIDT: That's to allow the Health Department to institute that program.

MR. GOLDSTEIN: Right; okay.

MR. JAMES: I wonder why they didn't give drugs to people who are more prosperous than people who have been in the other aspects of the program? I wonder why that \$1,000 differential was passed?

MR. SCHMIDT: I'm sorry; what was the last part?

MR. JAMES: I wonder why the \$1,000 differential was established for drugs and not for other things.

MR. SCHMIDT: I think that was just to open up the eligibility standard a little bit so more people could be covered, or people who are poor but not poor enough to be on Medical Assistance. The level is still extremely low. For one person, eligibility is \$2,300 a year. This would make the person at \$3,300 a year eligible for pharmacy.

GOVERNOR LEE: Well, in the last Session, we had one bill covered in the budget that raised the eligibility levels generally for everybody in Medicaid.

MR. SCHMIDT: Yes.

GOVERNOR LEE: And then separate bills, sponsored by Rosalie Abrams and a few other people, to go \$1,000 higher for purposes of medicine and drugs, which had the catastrophic aspect that the other things don't and a lot of these old people had huge costs in that area that they don't in everything else. End of explanation.

MR. GOLDSTEIN: That takes care of it.

GOVERNOR LEE: And both of them were funded.

MR. JAMES: Well, the rest of this is handled by rule and regulation. This is the only statute.

MR. SCHMIDT: Yes.

MR. JAMES: Okay.

MR. GOLDSTEIN: That 8-CI, that's that Data Processing. That's all been checked and double-checked, has it?

MR. SCHMIDT: That's correct. Our staff double-checked this and they're recommending approval.

MR. GOLDSTEIN: All right. Then, how about 11-CI, page 12?

GOVERNOR LEE: I've got a question on that one.

MR. SCHMIDT: On 11-CI, the Department of Human Resources is not selecting the low bidder. Based on their evaluation, they have evaluated Research Triangle Corporation as having the best proposal, and Research Triangle Corporation is the fourth from the bottom onsofar as low bidder is concerned.

MR. GOLDSTEIN: Well, why wouldn't they take the University of Maryland?

MR. SCHMIDT: Well, the University of Maryland, in their proposal, they rated eighth out of the eleven proposals that they received, or right near the bottom.

MR. GOLDSTEIN: Well, the University of Maryland has one of the best social service schools in the country; they're rated in the top.

MR. SCHMIDT: Yes. Well, when they went through their proposal, they didn't give it a very high -- the proposal submitted on this project by the University of Maryland was not given a very high rating by the department.

MR. GOLDSTEIN: Well, I'm not going to vote for this. I mean, I'd like to have more reason.

GOVERNOR LEE: It's not going to pass, then.

MR. GOLDSTEIN: I mean, I'm not going to vote for it, I can tell you that right now.

GOVERNOR LEE: Is there anybody here from DHR?

MR. LOHN: Yes, sir.

GOVERNOR LEE: Would you care to explain the background of this?

MR. GOLDSTEIN: Why wouldn't you accept the University of Maryland? Here is a state school --

GOVERNOR LEE: Well, do you want to identify yourself, first, please?

MR. LOHN: Yes. My name is Harold Lohn from the Department of Human Resources.

GOVERNOR LEE: Harold What?

MR. LOHN: Lohn, L-o-h-n.

GOVERNOR LEE: Right. Thank you, Mr. Lohn.

MR. LOHN: Could you repeat the question?

MR. GOLDSTEIN: Yes, sir. My question is, here, we have the University of Maryland with one of the finest

social service schools in the country; it's rated very high, and here, \$87,794, and here you're taking an outfit down in North Carolina, Research Triangle -- that must be something from the University of North Carolina, I would imagine, based on my knowledge of North Carolina -- and their bid is about \$37,000 more. Why would you ignore that and accept this outfit in North Carolina?

MR. LOHN: The department sent down an RFP soliciting requests for proposals on conducting a survey, state-wide.

MR. GOLDSTEIN: A survey about what?

MR. LOHN: A survey that's required under Title 20 of the Federal Law, Social Security Act, which basically says that any development of a comprehensive state plan for social services, we must conduct a needs assessment. They don't dictate how, but they simply indicate we must.

MR. GOLDSTEIN: Day care for children and service to family with children; is that the project?

GOVERNOR LEE: Yes.

MR. GOLDSTEIN: Day care and then the --

MR. LOHN: The needs assessment will cover all aspects of Title 20 services and it will provide an in-depth

knowledge of the day care for services for children and services for families with children; yes, sir.

MR. GOLDSTEIN: So here, you're going to go to North Carolina when you have the University of Maryland with the extension service, farm bureau, county agents. They've got everybody indexed. They can come in any one county and tell you how many families need help. They've got a lot of that in-house already. I mean, I know something about those programs.

MR. LOHN: Yes.

GOVERNOR LEE: Who was the committee? I mean, how much of a committee was it that did the screening on this?

MR. LOHN: We had individuals from the Department of Human Resources and myself, was designated as the Project Director, to set up -- I personally wrote the RFP myself, along with the support of the in-house people. We had individuals from Research and Analysis, Planning and Evaluation, the Social Services Administration, and a few Program Specialists sitting on an evaluation panel, that looked at each of the proposals submitted by eleven different contractors/organizations throughout the United States. Each were rated according

to a variety of variables or factors and, in our ratings, our accumulated ratings, the University of Maryland's proposal, its organization and personnel, we did not rate it as the highest.

MR. JAMES: Well, couldn't you go back to them and negotiate with them and get them to provide the service that you need? Do you feel as though their proposal was somewhat defective in your analysis?

MR. LOHN: I think that would be the case if we thought that in the negotiations they can overcome some of the major weaknesses of the proposal.

For example, the survey, itself, relies heavily upon the expertise of a statistical individual or team. The team, as identified in the University of Maryland proposal, did not have that. That was a major weakness. The second weakness was --

MR. GOLDSTEIN: Well, right there, now, right on that statistical thing, we've got the greatest person in the world over there at the University of Maryland on statistics.

MR. LOHN: I'm not saying that individuals within

the University complex are not capable.

MR. GOLDSTEIN: Okay; well, why can't you get them to be part of that project?

GOVERNOR LEE: Well, the ones identified in their bid didn't have the expertise.

MR. LOHN: Right; the team that was submitted.

MR. GOLDSTEIN: I see; I get you. In other words, they neglected to tell you they had a statistician over there that could do this work.

MR. LOHN: Within the team that they proposed to the Department of Human Resources, they did not identify that individual as such.

MR. GOLDSTEIN: I see.

MR. JAMES: Well, this is a very unusual thing here where you just pick out the one you think is best, regardless of price.

MR. LOHN: I might address that particular point.

MR. JAMES: Another question I want to ask, what do the federal regulations -- do they require you to pick out the best regardless of price, or do they have any regulations at all?

MR. LOHN: No. They have no regulation regarding the procedure or the method for doing a needs assessment or identifying a contractor versus another. The thinking that went into the original RFP was -- and this was after preliminary discussions with a number of individuals -- that the price tag for something of this nature could run as high as \$2.5 million.

MR. GOLDSTEIN: Whew.

MR. LOHN: And what we're talking about here simply is -- I think I can use an analogy of the Roper survey, who goes out and does individual household --

GOVERNOR LEE: \$2.5 million doing what?

MR. JAMES: What are you going to learn?

MR. GOLDSTEIN: Find about day care and people with kids.

MR. JAMES: What do you plan to learn?

MR. GOLDSTEIN: We've got one of the greatest day care outfits in Baltimore. I can give you some people's names. I've been working with day care for watching the little kids for a long time, and why do you have to go to North Carolina and take taxpayers' money from Maryland, when we've got

students over there and people that could work on the program in Maryland, and have some in-house expertise. I wouldn't vote for this as the last act of my life, sir, and I'll look you right in the eye and tell you why. It's about time we started doing things in Maryland, and even at the University of Maryland, with some of their bad qualities, I'm sure if you went over there and talked with the new President that you could find enough people over there to do this work without going to North Carolina and save the taxpayers' money.

GOVERNOR LEE: Mr. Lohn, doesn't the department have a fairly good grip on this situation already as to the extent of need for day care services?

MR. LOHN: I would say, Governor, that they have, I think, a good feel for it, but we wouldn't be proposing to do such an extensive survey if we knew everything there was to know about day care and the extent of need for day care service in the State of Maryland.

MR. GOLDSTEIN: Look, you've got 23 in 23 counties, haven't you, sir?

MR. LOHN: And Baltimore City.

MR. GOLDSTEIN: And I make you a bet I can walk down

in Calvert County and ask them how many kids -- tomorrow morning -- well, I can't do it tomorrow; it will be a holiday; it would have to be on Monday -- but I bet I can call that good lady down there that runs that office and say, "How many children need day care," and she could tell me.

MR. LOHN: Yes.

MR. GOLDSTEIN: And I could do the same thing in Wicomico County or Queen Anne's or Kent or Allegany. It's just a matter of putting it all together. You know that. But this is federal money; it's another handout, and you figure 100% federal money. . . I can't justify my voting for that, sir, and you can go back and tell them all that I've said.

MR. LOHN: It shouldn't be misunderstood that the survey is directed only at day care and services to families.

MR. GOLDSTEIN: It says right here in the presentation, "Day Care for Children and Services to Families with Children." That's in the proposal in front of us.

GOVERNOR LEE: Well, it's all Title 20 operations, whatever they are.

MR. LOHN: Right, and Title 20 doesn't only include those two specific services.

MR. GOLDSTEIN: Well, you don't even have Title 20 on here as far as I can read it. I'm talking about what's being submitted to us on this record. Now, if you want to go back and give us a more complete item, I could then consider it, but you don't even have Title 20 on this item, even.

MR. LOHN: I'm sorry; I don't even know what you're referring to.

MR. GOLDSTEIN: You say it's to design and conduct a state-wide social services needs assessment survey with particular emphasis on the specific services of Day Care for Children and Services to Families with Children; here. That's what it says.

MR. LOHN: Okay. I just received a copy of that; yes.

MR. JAMES: Well, to bring this to a head, why don't we move that be sent back for renegotiation with the University of Maryland to come back with the best price obtainable. If they want to require them to improve their service and their proposal, why, that's okay, too.

MR. GOLDSTEIN: I second the motion.

GOVERNOR LEE: The motion is that this item, 11-CI,

be deferred so that the department can try to work out a suitable agreement with the University of Maryland, which is our preference.

MR. LOHN: Thank you.

GOVERNOR LEE: You're going to have to stay under the second-low bidder, though.

MR. LOHN: Excuse me?

GOVERNOR LEE: I say, if the University tries to raise the ante on you, you're going to have to stay under the second-low bidder. Without objection, so ordered.

MR. GOLDSTEIN: Why, they've got statisticians over there, a pile that deep, according to my knowledge, waiting to do some work.

MR. SCHMIDT: And charging for it.

MR. JAMES: Yes.

MR. GOLDSTEIN: Yes.

MR. JAMES: That's a lot of money to bring people up here from North Carolina.

MR. GOLDSTEIN: Why, certainly. You've got to bring them from North Carolina and you've got to pay their room and board and travel and every other damn thing.

GOVERNOR LEE: Any questions on Disposal of Property?

MR. GOLDSTEIN: I just had one little thing here.

MR. JAMES: Yes, I wanted to ask a question.

MR. GOLDSTEIN: The General Assembly here about  
this equipment?

MR. JAMES: Yes.

MR. GOLDSTEIN: They said they can't find it in the  
Canteen. What happened to it?

MR. JAMES: What kind of equipment is missing, any-  
way?

MR. GOLDSTEIN: That's right.

MR. SCHMIDT: There's no listing of equipment that  
was submitted.

MR. GOLDSTEIN: Well, was it one of these kind of  
deals where it never was delivered?

MR. SCHMIDT: It was just an estimated cost of  
\$5,000.

MR. JAMES: They have been unable to locate it for  
the past three years.

MR. GOLDSTEIN: That's why I have that check in there.

GOVERNOR LEE: Was it filched by Senators or others?

MR. JAMES: That might go back to my regime.

MR. GOLDSTEIN: Yes. Well, that's the new building. Probably it was put on the premises and never put in, never installed.

MR. JAMES: Well, is that state equipment housed in there?

MR. SCHMIDT: I think the state purchased the initial equipment in there, if I'm not mistaken, on that Canteen.

MR. JAMES: You know, there wasn't that much equipment in there. I'm just wondering how in the world \$5,000 worth of equipment could disappear.

MR. SCHMIDT: There was no list at all. There's a letter saying it's --

MR. JAMES: Who's the letter from?

MR. SCHMIDT: A Mary Thomas.

MR. JAMES: Mary Thomas. I think we'd better get a little more information on that, Tom.

MR. SCHMIDT: She lists procurement of equipment of \$25,900, of which they've been able to locate \$20,600, and she's assuming that the other \$5,400 is either junked or lost.

MR. GOLDSTEIN: What do you want to do on it?

MR. JAMES: Let it go.

MR. GOLDSTEIN: Okay.

MR. SCHMIDT: You're not going to find anything out.

GOVERNOR LEE: We're not going to do anything; we're not going to change it. That is the end of that group.

MR. GOLDSTEIN: Yes, sir.

GOVERNOR LEE: Without objection, then, all of the items in the Budget Department Agenda not previously acted upon are approved.

Are you hungry?

MR. JAMES: Yes, let's have a sandwich?

MR. GOLDSTEIN: Can we take General Services?

GOVERNOR LEE: Oh, Louis.

MR. GOLDSTEIN: Okay; all right.

(Thereupon, at 1:02 o'clock, p.m., the hearing in the above-entitled matter was recessed for lunch.)

- - -

AFTERNOON SESSION

(1:50 o'clock, p.m.)

MR. GOLDSTEIN: General Services.

GOVERNOR LEE: All right; General Services.

MR. MILLSTONE: Governor and Members of the Board, if I may, I would like to first withdraw Item 13 on page 8.

MR. GOLDSTEIN: Item 13, page 8.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: Withdrawn by Max Millstone.

MR. MILLSTONE: We think we can get some competition. It's a small job, but we're going to try to draw the line on this issue and see if our own department can't get some competition here.

GOVERNOR LEE: Without objection, Item 13 is withdrawn.

MR. MILLSTONE: The next item I have, if I'm not ahead of everybody else, is page 50.

GOVERNOR LEE: Page 50?

MR. MILLSTONE: Yes, sir.

GOVERNOR LEE: Well, you might as well go through the -- is this another withdrawal?

MR. MILLSTONE: Well, actually, I'm going to give you a revised page.

GOVERNOR LEE: Oh, I see.

MR. MILLSTONE: Because the last sentence was not completed so it did not make sense.

MR. JAMES: No; I've got a question mark on that.

MR. MILLSTONE: Here is a completed page.

MR. GOLDSTEIN: We can tear this one out.

MR. MILLSTONE: Yes, sir. All right. That's page 52, Item A-1.

MR. GOLDSTEIN: Item A-1, page 52.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: Right.

MR. MILLSTONE: I would like to explain for the record that this is not an architectural appointment. This is an appointment of the American Council for the Arts to develop a program from which we can solicit competitive proposals for an architect for this Performing Arts Facility.

MR. GOLDSTEIN: I have that one marked. What else have you got, Max?

MR. MILLSTONE: All right, sir. The next one I have

is page 55, A-4. I can give you a revised page, or if you would prefer to just change the -- there's a transposition there; instead of \$2,400, it should be \$4,200.

GOVERNOR LEE: \$4,200?

MR. MILLSTONE: Yes, sir.

GOVERNOR LEE: All right.

MR. MIDDLETON: All right. Where's it located, Max?

MR. MILLSTONE: It's on page 55. The lump sum fee is \$4,200 and in the tabulation of proposals, it should read \$4,200.

The next item I have is page 71, and I can either give you a revised item or, if you would, please, for the record, let me change the fund source to read Item 085, GCL 1978 instead of 277 of '72.

GOVERNOR LEE: Item 085?

MR. MILLSTONE: Yes, sir.

GOVERNOR LEE: GCL 1978.

MR. MILLSTONE: '78. Next is page 72, Item A-26. This appointment item which is an extension of an existing appointment, Secretary Wahbe has asked that I emphasize that

the funding for this project, both the design of the project and the construction of the project, will be from University funds, and I would like the record to show that that is the case.

On page 73A, I just want to be certain that the Board Members have all received this appointment, which -- Item A-27.

MR. GOLDSTEIN: A-27?

MR. MILLSTONE: Yes, sir.

MR. JAMES: I don't have that.

MR. GOLDSTEIN: I don't have it; I have A-26. I don't have A-27.

MR. MILLSTONE: This was an item that was sent down.

MR. GOLDSTEIN: A-26 is the last one I have. A-27?

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: I don't have it.

MR. MILLSTONE: Page 73A.

MR. GOLDSTEIN: I don't have it.

GOVERNOR LEE: I don't have it, either.

MR. SWANN: I have them, Max, but your secretary called, or someone from your office called and asked us to hold

it off because there was a mistake on it and you would have a new page here for us.

MR. MIDDLETON: It was A-17 first and it was changed to A-27.

MR. MILLSTONE: This is an appointment that should have made the Agenda, but the Professional Services Selection Board acted the day that the Agenda was delivered and we're very anxious to start the project if we can.

MR. JAMES: That's all right; I've got it. I've got it.

MR. MILLSTONE: Do you have it?

MR. JAMES: Yes, I have it.

MR. MILLSTONE: Very good.

The next item I have is on page 77, Item M-6. Secretary Wahbe has given you a memo on this. His concern is that the parking lots 4 and 5 were not mentioned in the program for programs that were submitted to his department for inclusion in the Capital Budget.

MR. GOLDSTEIN: Is that page 76, you say?

MR. MILLSTONE: 77.

MR. GOLDSTEIN: Excuse me; 77.

MR. MILLSTONE: Item M-6.

MR. GOLDSTEIN: Right.

MR. MILLSTONE: And he would like the Board's approval to be limited to reimbursing the University for parking lot #1 only.

GOVERNOR LEE: Yes.

MR. MILLSTONE: And Dr. Kendig is here and he concurs with that.

MR. JAMES: Well, have you got the authorization for the construction funds, I mean, the construction loan?

MR. MILLSTONE: That's correct. It would be an appropriate use of Item 111 of GCL '76 to pay for the security lighting on parking lot #1.

GOVERNOR LEE: Oh. What's going to happen to 4 and 5?

MR. MILLSTONE: Well, they're going to have to be the subject of some future funding.

GOVERNOR LEE: There's no way we can do a little better than that?

MR. WAHBE: I think they're going to pay from their own self-liquidating funds.

MR. JAMES: So it's to be funded from those. They're just trying to recapture a little money. They have the money.

MR. WAHBE: Yes.

MR. MILLSTONE: That's right.

MR. JAMES: But they're just trying to get a little because of the fact that the Legislature authorized a contribution. That's what it looks like to me.

MR. MILLSTONE: That's the bottom line, and I think the University is satisfied with this arrangement if they can be reimbursed for the parking lot #1, which was an item submitted to the Planning Department; they'll be satisfied.

MR. JAMES: Okay.

MR. MILLSTONE: You can't blame them for trying.

MR. JAMES: Of course, the only thing wrong with it might be that some of this -- what's being paid for, security lighting, you know, they might not have done that much work on parking lot #1. Maybe they did and maybe they didn't.

MR. MILLSTONE: Well, that I don't honestly know until we look into how much they did pay for security lighting.

MR. JAMES: I think we'd be authorized to pay them for whatever expense there was on lot #1 for security lighting.

MR. MILLSTONE: Right. Well, that's what Val is suggesting; that we pay them, reimburse them for the --

MR. JAMES: Do you want me to make that motion? It might not be that much.

MR. MILLSTONE: It won't be, because this would have covered the security lighting on all three of those lots.

MR. JAMES: Do you want to do it now before we forget? What do you want to do?

GOVERNOR LEE: Well, I'm totally confused. What are you suggesting that we do?

MR. JAMES: Well, I'm suggesting that since the Legislature has authorized -- is the authorization for a contribution on lot #1?

MR. WAHBE: Yes, sir.

MR. JAMES: Is that the authorization? I move that we authorize --

MR. GOLDSTEIN: Well, why don't we hear from Dr. Kendig, here? See if he can't come up there to the mike.

MR. JAMES: Okay.

MR. GOLDSTEIN: Come right up there, sir.

MR. KENDIG: Governor, my name is Bob Kendig, from

the University.

This contract was awarded for parking lots 1, 4 and 5, with security lighting only affecting parking lot 1.

MR. JAMES: Well, how much would that be? How much was invested in security --

MR. KENDIG: The \$19,870 represents the cost of the security lighting out of a total contract of \$253,000.

MR. JAMES: How much can you allocate to parking lot #1?

MR. KENDIG: All of the \$19,870. That's the only parking lot in which security lighting was effected.

MR. WAHBE: Oh, I didn't read it that way.

MR. JAMES: Yes.

MR. GOLDSTEIN: That makes it very clear, so there's nothing magic about it. So you want to approve the \$19,870 out of that fund; is that right?

MR. KENDIG: Yes, sir.

GOVERNOR LEE: Well, then, it ends up, there's nothing wrong with this item.

MR. MILLSTONE: There's nothing wrong with the item; no.

MR. JAMES: Okay.

MR. GOLDSTEIN: That's the way I interpreted it.

MR. MILLSTONE: Very good; sorry about that.

MR. GOLDSTEIN: All right. Thank you, Doctor.

MR. MILLSTONE: The next item I have is Item L-A-21 on page 111, and I'd like to give a revised page on that to correct the square footage. The total square footage is now 3,920 square feet instead of 3,500, and the annual rental will change to \$17,500 from the \$15,500.

MR. SCHMIDT: Shouldn't that be \$19,500?

MR. MILLSTONE: \$17,500.

MR. SCHMIDT: I think the old one was \$17,500.

MR. MILLSTONE: I beg your pardon; you're right. The annual rental should be \$19,500 rather than the \$17,500.

MR. JAMES: Okay.

GOVERNOR LEE: And do you have any more revisions or withdrawals?

MR. MILLSTONE: I have no additional revisions or withdrawals.

GOVERNOR LEE: All right. And now we'll go back to the beginning.

MR. GOLDSTEIN: We can get on with the Agenda.

MR. SCHMIDT: The last revision was the Department of Budget and Fiscal Planning's fault.

GOVERNOR LEE: Oh.

MR. SCHMIDT: We'll take the blame for that.

MR. GOLDSTEIN: My first item was Item 28, page 19, that Frederick County project. I want to be sure everything's in order.

GOVERNOR LEE: Now, what page are you on?

MR. GOLDSTEIN: Page 19, Governor. That's that new complex for the Frederick County Courthouse.

MR. MILLSTONE: Yes. This project represents the state's participation with the county in the Multiservice Center. It will be the first one that will come to fruition.

MR. GOLDSTEIN: Okay; fine. All right. But everything here is in order.

MR. MILLSTONE: Yes, sir, everything is in order.

MR. GOLDSTEIN: In other words, the percentages.

MR. MILLSTONE: The percentages are in order.

MR. GOLDSTEIN: Right.

MR. MILLSTONE: The only thing is, we're a little

short of state funding and the county is going to advance that.

MR. GOLDSTEIN: Advance the money and be done by an appropriation.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: Okay. I just want to be sure because, you know, we had problems with the one in Westminster, so we want to be sure this one is right now when we approve it.

MR. MILLSTONE: This is in good shape; yes, sir.

MR. GOLDSTEIN: Okay; good enough. It's a good project right there by the West Paca Street.

GOVERNOR LEE: I had one little question before this item. Actually, it's back on page 6.

MR. MILLSTONE: Page 6, Governor. Item 9, 10?

GOVERNOR LEE: 9 and 10; both of them. The two low bids in each case --

MR. MILLSTONE: Oh, yes.

GOVERNOR LEE: -- are exactly the same numbers with the opposite people making the bids.

MR. MILLSTONE: I asked our people to look into it. It's so obvious. Our people looked at the worksheets, and,

quite frankly, that's exactly the way it is. The strange thing is, it looked as if Henry Albert had rounded off his worksheet numbers as he did on the Highfield Armory. If he did it on the Olney Armory, then King would have gotten -- he rounded one up \$100 and the other down \$100, but we did see it. It was too obvious not to look into.

MR. GOLDSTEIN: I had that in mind, too.

My next one was Equipment, E-18, E-19, E-20, E-21, 22 and 23, pages 25 through 30.

MR. JAMES: What page are you on, Louis?

MR. GOLDSTEIN: I started on page 25. It's the University of Maryland, Administration Building. It looks like it's awfully expensive products being purchased here, and why couldn't they go to the State Use Industries and have them build that furniture? When will this building be completed, about two years from now?

MR. MILLSTONE: Oh, no, sir; no, sir. I've asked Dr. Kendig to address these items. They are extensive.

MR. GOLDSTEIN: Dr. Kendig, these items for this new Administration Building, Items E-18, 19, 20, 21 and 22 and 23 --

MR. KENDIG: Yes, sir.

MR. GOLDSTEIN: -- are very expensive pieces of furniture. I've been sitting on this Board a long time and never seen prices come in like this.

MR. KENDIG: Mr. Comptroller, this building is about 85-90% complete. We'll be moving into it in probably February of '79.

The building is an open landscape configuration. By that, we do not have individual discreet offices, as is typical in most administration buildings. We are purchasing work stations that will actually give the workers some sense of privacy in the building. The cost of the equipment really is far less than the cost of equipment you normally experience, I believe, in typical, traditional administration buildings, and we have an appropriation of \$251,000 for capital equipment. We will have spent, with the approval today, plus some additional requisitions coming in, less than half of that amount to equip the entire building, and we think we are doing the state a real favor in being able to equip the building for less than you normally would.

Also, the cost of construction, by not having to

build partitions and dividers of rooms, was less than typically you would find in a building of that sort.

MR. GOLDSTEIN: Well, I'm just talking about the items in general. I understand the concept. Governor, we were in New York, you remember; we went up to Moody's. They had that new concept where they had those modules.

GOVERNOR LEE: Yes; oh, yes.

MR. GOLDSTEIN: You know, they all had a space -- they had one for each secretary. We made an inspection of that up there, so I know what you're talking about, but here, you've got some chairs here --

MR. SCHMIDT: \$180 average, each chair.

MR. GOLDSTEIN: Yes.

MR. WAHBE: \$540, \$572 a chair.

MR. GOLDSTEIN: Yes. You've got some chairs here, for example, on Item -- 11 upholstered swivel chairs, \$5,950. That's almost \$600 per chair, for a little swivel chair. That's on page 29. That must be a right good chair, swivel chair; \$600 for a chair. You see, these are not standard swivel chairs.

MR. KENDIG: The only thing I can say on that is

that we rejected the interior designer's first recommendations as being too expensive.

(Laughter.)

MR. GOLDSTEIN: Well, here, on page 30, you've got 20 swivel chairs with a clear solid oak base, and those chairs are costing around \$600 apiece.

GOVERNOR LEE: What item?

MR. GOLDSTEIN: On page 30, E-23.

MR. KENDIG: Yes, sir.

MR. GOLDSTEIN: They must be specially-made chairs to cost around \$600 for one chair.

MR. KENDIG: Those particular chairs go in the Board of Regents Conference Room.

MR. GOLDSTEIN: Well, I understand that. I go to to the Board; I've only missed about four Board of Regents meetings in 20 years.

MR. KENDIG: Yes, I'm aware of that.

MR. GOLDSTEIN: And I've sat on some temporary chairs, some wood chairs, steel chairs, and captains chairs. I mean, I know the Board of Regents has got to have real comfortable seats because the meeting lasts a right long while.

You've got to be comfortable.

MR. JAMES: They're not especially long. They're only two hours, generally speaking.

MR. GOLDSTEIN: Right.

MR. JAMES: So they can get by with not being too comfortable.

MR. GOLDSTEIN: I'm just asking the question; that's all. The man from the University of Maryland that ran against me said I was extravagant, and he's still over there on your Board, so anything from the University I'm going to question real closely so as to satisfy his inquiry.

MR. KENDIG: Yes, sir. He's not a member of the Board of Regents.

MR. GOLDSTEIN: Well, he's a mouthpiece for the University. He ran all over the state and said everything we did here was wrong; never paid attention to the Agendas, so I'm putting it all in the record here, I can tell you that. He's an economist and a statistician, so I'm going to show that man I do my homework.

MR. KENDIG: Yes, sir.

MR. GOLDSTEIN: These are right expensive chairs, I

can tell you that.

GOVERNOR LEE: Would you all mind going back to page 21?

MR. GOLDSTEIN: Yes, sir. 21; yes, sir.

GOVERNOR LEE: I want to know why these things are on our Agenda. I don't get any knowledge or anything out of reading this.

MR. MILLSTONE: This is a reporting process more than anything else, Governor, that is for the benefit of the Comptroller's Office. It kind of closes a loop for the Comptroller's Office.

GOVERNOR LEE: Well, why can't you write a letter to the Comptroller's Office?

MR. MILLSTONE: I'd love to be able to and we've tried. Bobby, can you explain why the Comptroller's Office needs the listing of the requisition --

MR. SWANN: The Legislative Auditor requires it; it's an audit trail, an accounting procedure that's been in existence over the years, and the Legislative Auditor requires that each agency have that in the Board of Public Works Agenda because it's monies coming out of the General Construction Loan

and --

MR. JAMES: It's not competitively bid, really, you know, generally speaking.

MR. SWANN: But it has to have Board of Public Works approval for the state to spend the money.

GOVERNOR LEE: Well, you don't know what it is or any of the circumstances.

MR. MILLSTONE: Well, they are competitively bid. They are all the results of competitive bidding.

MR. JAMES: Oh, yes, it says at the top.

MR. MILLSTONE: And they are all reviewed by the Department of Budget and Fiscal Planning and the Planning Department, as well as our Purchasing Bureau. It really -- as I say, it's the end of the trail as far as the auditors are concerned.

MR. GOLDSTEIN: Right. You remember, Bill, we discussed this when you had your study commission.

MR. JAMES: Yes.

MR. GOLDSTEIN: But if we can get it in a written explanation, we want it, Governor.

GOVERNOR LEE: I don't want any parts of it. I don't

think it ought to be on the Agenda. You're being asked to vote to approve something that you really have no idea what you're voting on.

MR. MILLSTONE: Well, what you're doing is confirming the efforts of three departments. Now, there are enough people that have been involved that . . . I'm perfectly satisfied to remove it if we can work it out and handle it by a letter.

MR. SWANN: We would have to have the consent of the Legislative Auditor to do it.

GOVERNOR LEE: Well, if you all don't mind, go ahead and leave it on there. I'm not going to be around here.

MR. GOLDSTEIN: Well, Governor, getting back to these other ones --

MR. JAMES: Well, it clutters the Agenda. We've got the Agenda cluttered enough. I would appreciate if you would look into it and see if the Legislative Auditor requires it to be on the Board of Public Works Agenda because, I mean, it's nothing to me.

GOVERNOR LEE: It is super-clutter, that is.

MR. JAMES: Yes.

GOVERNOR LEE: It's almost meaningless.

MR. JAMES: Right.

MR. SWANN: We will get you a report on it.

MR. JAMES: All right.

MR. GOLDSTEIN: Well, Governor, getting back to these items, E-18 through E-23, I know the State Use Industries makes some beautiful furniture, and I understand they could furnish this for around \$25,000 or \$26,000 and here, we're paying almost \$63,000. Now, I don't want to cut the Administration Building over there at the University of Maryland short on expensive furniture, but I've been criticized for voting for things that they claim I didn't go into in-depth, so I'm going to go into this. I wouldn't vote for this today, myself.

MR. JAMES: Well, maybe at the next meeting we could have State Use Industries' people down here.

MR. GOLDSTEIN: Right.

MR. JAMES: For reconsideration. I know they make some pretty good furniture up there, the State Use Industries.

MR. GOLDSTEIN: Yes; the best.

MR. KENDIG: If I might add, Mr. Comptroller, on

many of these, the State Use Industries was asked to bid and they were not responsive.

GOVERNOR LEE: They're listed on the bidders mostly as non-responsive or no reply.

MR. GOLDSTEIN: No, it says it wasn't compatible with the general design recommended by the interior designer adopted by the University of Maryland. So you get an interior designer, they get a commission on what they design, and they design furniture a lot of times to suit a certain supplier.

MR. KENDIG: What they did in this instance was to pick standard chairs and standard tables that are available on the market.

As I understand it, in many of these instances, the State Use Industries was sufficiently loaded with work they could not perform.

MR. JAMES: I don't understand why you can't buy a chair for \$300 that's perfectly adequate for a Regent to sit in during a meeting of the Board of Regents. You can get a good chair for \$300.

MR. GOLDSTEIN: Well, most of the time, when we go to these meetings when they have them at different places, we

generally sit on these folding chairs like you see around here. They don't hold all their meetings in one place; you know that, Doctor.

MR. JAMES: Well, I'm not opposed to them having good chairs that will last.

MR. KENDIG: Oh, they have them all over.

MR. GOLDSTEIN: They have them down at the University of Maryland, Eastern Shore; you have them over at the University of Maryland, Baltimore County Campus and set up temporary tables. They move from campus to campus.

MR. JAMES: Well, this is, of course, going to be a nice room and it's got to have good furniture in it.

MR. GOLDSTEIN: They have some meetings over there but they're not public meetings.

MR. JAMES: They don't let you into this one.

MR. GOLDSTEIN: No; I can't get in those meetings. They have those pre-Board Meetings where they've got to have a real comfortable chair, sit back and drink their coffee and eat their rolls, maybe, and you can quote me as saying that, and I'll be glad to tell Dr. Trabler and the Board at that next meeting I go to, sir.

MR. KENDIG: Would you like for us to rebid these two items?

MR. GOLDSTEIN: Well, I'm not going to vote for it, I can tell you that, today.

MR. JAMES: Well, the problem --

GOVERNOR LEE: Are you going to vote for it?

MR. JAMES: I think it's too expensive; I really do, and the problem is, I think if your specifications are so high that you've got to buy a real expensive chair -- no, I'm not going to vote for this -- not this one. No, I think we ought to have further explanation for why this stuff is so expensive. That's three of them, isn't it?

MR. GOLDSTEIN: There's five different items. There's six, actually; E18 through E-23.

MR. MILLSTONE: Well, 18 is not unusually expensive, is it?

MR. JAMES: No; that doesn't seem to me to be too bad.

MR. MILLSTONE: No.

MR. KENDIG: Item 18, I believe, averages out to \$181.

MR. JAMES: No, I think that's all right. That's probably all right.

MR. MILLSTONE: Can we have approval of E-18?

MR. JAMES: Yes.

MR. GOLDSTEIN: Okay; I'll vote for that one.

MR. MILLSTONE: All right.

GOVERNOR LEE: All right. Without objection, Item E-18 is approved.

MR. MILLSTONE: E-19, twelve conference chairs and twelve pieces of lounge furniture, again, I don't think that that's an exceptionally expensive item.

MR. JAMES: Yes, I think that's all right.

MR. MILLSTONE: Can we have approval of E-19?

MR. JAMES: Yes, I'll move on that one.

GOVERNOR LEE: Okay.

MR. JAMES: Let's see; 20. This is not very out-of-line, either.

MR. MILLSTONE: All right. E-20 really is not overly expensive. It's 52 chairs at \$9,300. That is for 52 chairs with arms and 24 without arms.

DR. KENDIG: That would average \$123 each.

MR. JAMES: That's all right. I move it be approved.

MR. MILLSTONE: All right.

GOVERNOR LEE: Without objection, Item E-20 is approved.

MR. MILLSTONE: Now, on 21, the 93 upholstered arm-chairs.

MR. JAMES: That's not too bad.

DR. KENDIG: They also average \$123 each.

MR. JAMES: That's all right. I move we approve that.

GOVERNOR LEE: Item 21 is approved.

MR. MILLSTONE: The items that appear expensive are E-22 and E-23, and I don't know whether or not Dr. Kendig or the University would be willing to go to State Use for these two items or not. The interior designer has come up with products -- I know that Bob worked with our people in trying to expand the number of lines that the designer recommended. There is considerably more competition in here than there would appear to be because of the price, but we're only talking about, quite frankly, the chairs for the program directors and the chairs for the Board Room, and I'm not

convinced that, while they are expensive, going back and going through the motions are not going to be almost as expensive as --

MR. JAMES: Well, \$540, approximately, a chair on E-22, swivel arm chairs. That's pretty expensive.

MR. MILLSTONE: It is; it is.

MR. JAMES: Well, let's defer these two items to the next --

GOVERNOR LEE: Well, how about Item E-23? I think they ought to have decent chairs in the Board Room.

MR. JAMES: \$600 apiece?

GOVERNOR LEE: Yes.

MR. JAMES: All right.

MR. GOLDSTEIN: Just vote me "no", please, sir.

MR. MIDDLETON: On the E-23 vote?

MR. GOLDSTEIN: Yes, sir, and E-22.

GOVERNOR LEE: Well, I don't care about E-22.

MR. JAMES: Well, if you're going to approve E-23, we might as well approve E-22, then, but I think they're both extravagant.

MR. GOLDSTEIN: Just vote me "no" on both of them.

GOVERNOR LEE: All right. Then, Items E-22 and E-23 are approved, Mr. Goldstein in the negative on both of them.

MR. GOLDSTEIN: I know, if I go to a meeting, I'd better carry me a folding chair; I know that.

(Laughter.)

MR. MIDDLETON: Louis, you approved the others though.

MR. GOLDSTEIN: Yes, sir. I voted for the other ones, but I'm not voting for these two.

Bobby, get me a folding chair and put it in my car.

(Laughter.)

GOVERNOR LEE: I'm glad it wasn't somebody from the Health Department that ran against you or we never would get through this Agenda.

MR. GOLDSTEIN: I know. It's just the point, just the principle of the thing. I just wanted these people to know, to send a message back that I do read my Agenda and I do comprehend what the hell goes on.

GOVERNOR LEE: Everybody knows you read the Agenda.

MR. GOLDSTEIN: Okay.

MR. MILLSTONE: I can attest to that.

MR. JAMES: Well, Louis, if you wouldn't apply guilt by association. . . you don't want to blame Dr. Trabler for everything his professor does.

MR. GOLDSTEIN: I'm not blaming anybody for anything; I'm not blaming anybody for anything. I just want to let the message go back over there that we do our work on this side of the river as well as they do on the other side of the river, and I'm not going to vote to pay that kind of money for those kind of chairs, and how many times will they sit on those chairs? Maybe twelve times a year, once a month, at the very most. I doubt it they ever do it that many times. They don't have that many meetings. Okay. I've already made my point clear.

GOVERNOR LEE: E-25 on page 32. Isn't there an error in the numbers there?

MR. MILLSTONE: 22 tables and 240 tablet arm chairs; I think not.

GOVERNOR LEE: No, in the dollars. There's a difference.

MR. MILLSTONE: Oh, indeed there is, Governor.

MR. GOLDSTEIN: It's \$8,730 in one and \$8,300 in the

other.

MR. MILLSTONE: I'll have to withdraw the item and come back because I don't know which is the correct amount.

GOVERNOR LEE: Without objection, Item E-25 is withdrawn.

MR. GOLDSTEIN: My next one was E-26, page 33.

MR. MILLSTONE: Yes, sir. This is -- back in August, we came with an item for --

MR. GOLDSTEIN: Monkey cages.

MR. MILLSTONE: Yes, sir -- and it developed that there was a mistake in the size of the cage that original low bidder had --

MR. GOLDSTEIN: Well, what is the size of the cage that was bid on for \$8,000, and this one is 24"x36"x30". What was the size of the cage you're turning down?

MR. MILLSTONE: The size of the cage that was turned down....

MR. GOLDSTEIN: It was \$8,360.10 for the low bid. Now, you come back and say those cages have the wrong the size, or somebody in Washington said that you had to have a certain -- under the Animal Welfare Law, you had to have a

certain size cage.

MR. MILLSTONE: That's correct, and I think that what happened originally was, the manufacturer thought he was bidding on the one that met the standards but the size that he bid on would not meet the standards.

MR. GOLDSTEIN: Well, I can't vote for this unless we know what the size of the cage is you're turning down.

MR. MILLSTONE: Well, we'll withdraw it and give you the size of the cage.

MR. GOLDSTEIN: Right; because if somebody says an animal cage has to be one inch squarer or one inch larger -- have you ever seen dogs on cold nights where they sleep?

MR. MILLSTONE: Oh, yes.

GOVERNOR LEE: Item E-26 is withdrawn.

MR. GOLDSTEIN: My next one is Item No. 41 -- Item C-9, page 41; excuse me.

MR. MILLSTONE: Page 41?

MR. GOLDSTEIN: Yes, sir.

MR. MILLSTONE: This is a reinstatement of the Alternates 1, 2, 3, 4, 6, 7, 8, 10 and 13, which were deduct

alternates that we took when this job was originally awarded in September of '77. Now that funding is available, they want to reinstate it, and when we went for the reinstatement, the contractor alleged that he had an error in his mechanical equipment price and the error was \$16,000. Our people checked it out. They have compared the prices with today's prices and, based on the escalation that's taken place and the error that he did actually have in his mechanical equipment, this is a fair price.

MR. GOLDSTEIN: Yes, but how about the second bidder on this job?

MR. MILLSTONE: But you can't go to the second bidder now.

MR. GOLDSTEIN: I understand, but you're now giving him credit for a mistake he made. He gave you a bid and you awarded him the contract; isn't that correct?

MR. MILLSTONE: He's got the contract.

MR. GOLDSTEIN: Yes, but now you're giving him \$16,000 more because he claims he made a mistake.

MR. MILLSTONE: Well, he did. I mean, we can either do it or not do it. He's doing the contract. What he's not

doing is the third floor, basically. That's essentially what's happening. Now, we have the money to do the third floor.

MR. GOLDSTEIN: And then he wants to charge you 30% more.

MR. MILLSTONE: The price is reasonable.

MR. GOLDSTEIN: Well, the way I generally understand a contract, usually the alternates generally remain constant for a certain length of time.

MR. MILLSTONE: For a reasonable length of time, but you're talking about a contract -- this goes to September of '77.

MR. GOLDSTEIN: Right.

MR. MILLSTONE: So it's over a year. You've got over a year's escalation in this contract. You can't expect the man to hold his price for over year.

MR. GOLDSTEIN: Well, it wouldn't be much over 10%. It wouldn't be no 30%.

MR. MILLSTONE: But in addition to the escalation, he made an error in his original price.

MR. GOLDSTEIN: Yes, but we can't take care of the

error. A lot of people make errors when they put in bids on jobs.

MR. JAMES: Where does the extra money come from?

MR. MILLSTONE: The extra money is available in the funds that were appropriated this year.

MR. GOLDSTEIN: I can understand that there may be 8 or 10% escalation in one year for certain items you're putting back in, but I'll be damned if I see paying him for his mistake.

MR. MILLSTONE: Well, you're talking about more than a year. The Board approved the item in September. The bids were taken back in June, so it's -- you're talking about a year and a half's escalation and an error. The man made an error. The price is reasonable.

MR. JAMES: How does this compare with the second bidder?

MR. MILLSTONE: The second bidder would still have been the second bidder. This is the guy that is doing the other 50% of the building.

GOVERNOR LEE: Oh, it would really be goofy to bring a different contractor in to do the top floor.

MR. GOLDSTEIN: Well, you see, the way this thing

reads, this change order covers a reinstatement of Alternates 1, 2, 3, 4, 6, 7, 8, 10 and 13, at an increase of about 30% above the original price submitted, period.

MR. MILLSTONE: That's correct. Now, the increase above the original bid price is based on a mistake which the contractor allegedly made in his mechanical equipment price. In addition to that, of course, while we didn't say it in here, I don't have to tell you that there's been escalation since June or July of '77.

MR. JAMES: Well, let me ask this question to clarify it. If you had just given him 1, 2, 3, 4, 6, 7, 8, 10 and 13 on the basis of the original bid, how much would that be?

MR. MILLSTONE: About 30% less.

MR. JAMES: About 30%.

MR. MILLSTONE: But we didn't have the money then, so we couldn't do it. These are items that were deduct alternates.

MR. MILLSTONE: Well, usually you're not bound by that because you rejected it.

MR. MILLSTONE: No; it's over a year ago.

The only thing we're doing is referring to the Alternates for a frame of reference, but if it came in and I said, "I want Board of Public Works approval for a change order in the amount of \$111,000," and then listed "X" items, it would be the same basic thing. I'm telling you that when he bid it originally, it was 30% lower. He claims that part of the problem was a mistake he made. Our people checked out the prices and they tell me that it's right; the man did make a mistake, and that on today's market, this is what it's got to cost to do this work.

MR. JAMES: Well, he wouldn't have to do this if he didn't want to, would he?

MR. MILLSTONE: No; he doesn't have to do it at any price. This is his proposal and our people say the proposal is reasonable.

MR. JAMES: It's really a negotiation of a new contract, in a sense.

MR. GOLDSTEIN: That's what it amounts to; that's what I'm talking about.

MR. JAMES: Yes. And then the next question would be, would it pay to bid this additional work, and the answer is

probably "no".

MR. MILLSTONE: We could rebid it separately, but, based on an analysis of the price, you're going to get the same price. This is today's price for doing this work.

MR. JAMES: Or worse.

MR. MILLSTONE: Or possibly worse, and you're going to have two contractors in there working.

MR. JAMES: Yes; okay. I'm satisfied. I'll move that we approve it. It's not too good, but I understand.

GOVERNOR LEE: Are you satisfied with it?

MR. GOLDSTEIN: I really am not. I can understand about the Alternates going up, say, 10%, but I'll be damned if I can pay him for his mistake.

MR. JAMES: Well, I could buy that, too, Louis, except for the fact that he doesn't really have to do this. I mean, he's really negotiating --

MR. MILLSTONE: I think part of the problem is in trying to give you complete information in the item, I probably gave you much. If I had just said it's a 30% increase and not told you what it's based on and told you that it's reasonable, then you wouldn't be paying for a mistake.

MR. GOLDSTEIN: And I wouldn't be voting for it, and I'm not going to vote for it now.

MR. MILLSTONE: That's your privilege.

MR. GOLDSTEIN: Okay.

MR. JAMES: All right.

GOVERNOR LEE: Item C-9 is approved with Mr. Goldstein in the negative.

MR. GOLDSTEIN: Right.

MR. JAMES: All right. Now, let's see.

MR. GOLDSTEIN: Mine was A-1, page 52; that's my next one. Oh, that's the one we took.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: Okay; we've already done that one. That's about that thing over there --

MR. MILLSTONE: Right.

MR. GOLDSTEIN: My next one would be Item A-24, page 70.

MR. JAMES: Let me see. Would you mind if we stopped at A-5? When you're talking about --

MR. GOLDSTEIN: What page, Bill?

MR. JAMES: Page 56. When you're talking about, or

recommending all five phases, now the lump sum of \$3,400, is that for phase #1?

MR. MILLSTONE: No, sir. That's all five phases.

MR. JAMES: Is that all five phases?

MR. MILLSTONE: Yes, sir. It's just a small project.

MR. JAMES: Okay; all right.

MR. GOLDSTEIN: Have you got one before A-24,

Governor?

GOVERNOR LEE: No, I don't.

MR. GOLDSTEIN: A-24, I want the record to show that Phillip Goldstein asked his name to be withdrawn on that bid. He's not doing the work and he's asked Mr. Carroll here to withdraw any bids he may have submitted.

MR. JAMES: And I'd like the record also to show that this withdrawal is costing the state \$85.00.

MR. PHIPPS: \$250.00.

GOVERNOR LEE: Virtue marches on.

MR. JAMES: The price of that withdrawal is an additional \$85.00 to the state, which I think is absolutely ridiculous.

GOVERNOR LEE: I have already expressed my opinion.

on this entire subject.

MR. GOLDSTEIN: Okay. Well, I just want the record to show he is not getting the business.

MR. JAMES: Okay; all right.

MR. GOLDSTEIN: And I wanted to call that to the attention of the Board and I just wanted the record to show that; that he's not doing any appraisal work for the state, period. Thank you.

My next one is A-26, or did we take that up?

MR. JAMES: A-26.

MR. GOLDSTEIN: A-26 on page 72.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: That's over here at the University of Maryland.

MR. MILLSTONE: Yes; that's correct. University of Maryland, Baltimore County Campus.

MR. GOLDSTEIN: Baltimore County Campus.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: They're still building buildings over there, are they?

MR. MILLSTONE: They are; yes, sir. This will be the

Student Union Building.

MR. GOLDSTEIN: Yes.

MR. JAMES: Student Commons Building they call it over there.

MR. MILLSTONE: Well, I think it started as a Commons and it's now a Student Union. What was going to happen is, they had designed a long-running building that would have been part of several buildings. It was going to be a total of 120,000 square feet of space. When the architect got into the project, the University decided that it would prefer to build a single Student Union Building, so they changed the first two phases of design to a single building, and, really, it's for that reason that the competition is not being invoked. This man who did the first two phases has got such a leg up on design -- we invited a proposal from him, and it was consistent with what we're paying for these kinds of jobs now; it went to the Professional Services Selection Board and we explained it to them and the Board approved it.

MR. GOLDSTEIN: That's what I want to get in the record. In other words, the Selection Board approved this.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: Okay.

MR. MILLSTONE: Absolutely.

MR. GOLDSTEIN: I just wanted to be sure.

MR. JAMES: Doesn't the University of Maryland have to comply with the --

MR. MILLSTONE: Oh, they do; yes, and they did. It went through the selection process initially. This is really a change in the facility from, as I say, a long, 120,000 square feet of space that would have been part of several buildings, to one single building of only 70,000 square feet that will serve the same general purpose.

MR. GOLDSTEIN: And the Selection Board has approved it.

MR. MILLSTONE: Yes, sir; the Selection Board approved it.

MR. GOLDSTEIN: Okay; fine. I'm satisfied. I wanted to just check it for the record.

MR. JAMES: Okay.

MR. GOLDSTEIN: My next item would be Item M-10, page 81, the IAC.

MR. RITTER: My name is Leo Ritter, Executive Director of the Public School Construction Program.

MR. GOLDSTEIN: I've gone through this -- there's no removables here -- new ones -- is there?

MR. RITTER: No, sir.

MR. GOLDSTEIN: Okay, sir.

MR. RITTER: I would call to the attention of the Board that I have given to Mr. Middleton a revised page 84; it had two arithmetic errors on it. I would like Mr. Middleton to distribute it to you all.

MR. JAMES: Well, you know, it kind of offends my sense of the allocation of time to have you wait down here all day just to answer a couple of questions on this item. It seems to me that --

MR. GOLDSTEIN: Maybe we ought to take it first thing in the morning.

MR. JAMES: What?

MR. GOLDSTEIN: Let's take it first thing in the morning when he comes in here.

MR. JAMES: Yes.

MR. GOLDSTEIN: That would be the thing to do.

MR. RITTER: I had to be here for another item this morning.

MR. JAMES: Well, it's probably a wasted day for you when you attend a meeting of the Board of Public Works. I would suppose maybe you're on for about two minutes and then --

GOVERNOR LEE: It's a wasted day for a lot of people.

MR. JAMES: Well, that may be true.

MR. GOLDSTEIN: You have to get information.

MR. JAMES: Well, unless there would be some drastic, you know, development or change in this item on the School Construction, frankly, it hardly seems to me to be worthwhile to come down here to testify on it. Okay; I'm just one man's opinion.

MR. GOLDSTEIN: Right.

GOVERNOR LEE: Well, the first time that he fails to come, there will be some horrible crisis --

MR. JAMES: Well, we can handle that; we're magnificent in the way we handle crises.

MR. GOLDSTEIN: My next item is P-7, on page 90; Property, Charlotte Hall.

Have you got one before that, Bill?

MR. GOLDSTEIN: P-7?

MR. JAMES: No; I have P-7.

MR. GOLDSTEIN: Charlotte Hall.

MR. JAMES: No, wait a minute now. P-2, page 86.

MR. GOLDSTEIN: P-2. What did I ask on this? No; I guess maybe it's leased-back. What's this residence at no appraised value? What is this; is this a trailer, a house trailer, on this property?

MR. PHIPPS: Yes, sir. Billy, it's a house trailer; right?

MR. KREBS: Yes.

MR. JAMES: What are we doing, leasing it back for --

MR. PHIPPS: -- for one year.

MR. JAMES: One year? Okay.

MR. PHIPPS: And then she'll move the trailer.

MR. JAMES: Oh, yes; okay. It says it's a shack rather than a trailer, so there's no value.

MR. MILLSTONE: But there's also a trailer in there.

MR. PHIPPS: There's a trailer there.

MR. MILLSTONE: There's a trailer and an old shack on the property.

MR. JAMES: All right; okay.

GOVERNOR LEE: All right-y. Was P-7 the one you had?

MR. JAMES: Charlotte Hall.

MR. GOLDSTEIN: Charlotte Hall. I just want to make sure this is according to the agreement we had with them.

MR. MILLSTONE: Yes, sir. This item is in accordance with the agreement.

MR. PHIPPS: Max, can we get our Open Space money back? We put up \$75,000; that should be noted so that it shouldn't go back to St. Mary's County. It should go back to the state, shouldn't it?

MR. MILLSTONE: Well, you know, the agreement was to reimburse St. Mary's County. That was what the agreement called for. Where the funding came from . . . if the Board directs and if there is enough money in the fund source, and if the Secretary of Planning has no problem with it, I have no problem with reimbursing the advance option.

MR. PHIPPS: Well, you have Open Space funds; it would have to be.

MR. JAMES: Well, that was an advance option use,

wasn't it?

MR. PHIPPS: Yes, sir.

MR. MILLSTONE: Right.

MR. PHIPPS: It was \$75,000 that was put up for the advance option to purchase fund, and it would have to be returned to that.

MR. MILLSTONE: What we'll do, Buster, is, after settlement, and we determine what funding is available, we'll put an item on the Agenda to reimburse the --

MR. PHIPPS: Right; we either ought to get property or money back, one or the other.

MR. MILLSTONE: Right.

MR. PHIPPS: Okay.

MR. MILLSTONE: Okay.

MR. GOLDSTEIN: In other words, then, this sale is in accordance with the original agreement.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: Okay. And now we're getting sufficient land to take care of those buildings so there will be no encroachment. How about that little triangle over on Route 6?

MR. MILLSTONE: No, that goes.

MR. GOLDSTEIN: That goes?

MR. MILLSTONE: Yes, sir.

MR. JAMES: How will we handle the sale of the residences?

MR. MILLSTONE: The individual properties?

MR. JAMES: Yes.

MR. MILLSTONE: They are supposed to be sold privately, aren't they, Ray?

MR. BOSLEY: Yes, sir. We tried to get the county to take them over but they wouldn't do it.

MR. GOLDSTEIN: Well, I think if you advertise them widely and have a good public sale there, you'll have no trouble selling them, because that area is a hot area for residential now.

MR. BOSLEY: That's why we thought the county could do it; you know, they were right on the scene.

MR. GOLDSTEIN: Right.

MR. BOSLEY: That would be easier.

MR. JAMES: Better do it right away unless you want them to deteriorate. Is there anybody in there?

MR. GOLDSTEIN: Most of them are occupied.

MR. JAMES: They're occupied?

MR. BOSLEY: Yes, sir; most of them are occupied.

MR. GOLDSTEIN: Most of them are occupied.

MR. JAMES: Yes.

MR. GOLDSTEIN: On a rental basis.

MR. JAMES: Yes.

MR. GOLDSTEIN: You see, and that's in a good area.

There won't be any trouble selling those houses. I mean, if the state had to even take back the mortgage. . . .

MR. JAMES: That's something we ought to think about.

MR. GOLDSTEIN: You see, they're on off the road, Bill, you remember?

MR. JAMES: Yes, I remember; yes.

MR. GOLDSTEIN: Because the Headmaster's House, who's getting that?

MR. BOSLEY: The county is getting that.

MR. GOLDSTEIN: They're getting that. They're going to use that for tourism, aren't they?

MR. BOSLEY: Yes, sir.

MR. GOLDSTEIN: You see, that's the best house on

there.

MR. JAMES: Yes.

MR. GOLDSTEIN: That's that real nice brick home.

MR. MILLSTONE: You suggest we sell those at public auction or by sealed bids or just put them on the market?

MR. GOLDSTEIN: Well, you've got to get them appraised and know what you're doing.

MR. MILLSTONE: Well, we do have appraisals of the property; yes, sir.

MR. GOLDSTEIN: Okay.

MR. BOSLEY: We have appraisals on them.

MR. JAMES: If you want to do it.

MR. GOLDSTEIN: I think if you advertise and have a sale down there, you'll get a better price -- let people know they're available.

MR. MILLSTONE: All right.

MR. GOLDSTEIN: That would be my suggestion.

MR. MILLSTONE: We'll report back to the Board --

MR. GOLDSTEIN: Okay.

MR. MILLSTONE: -- before we dispose of them; the method.

MR. GOLDSTEIN: On this Item P-8 -- P-8 is my next one here, this piece of property you're buying down here, the 2 acres, is that unimproved? It's a 20-foot right-of-way --

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: And paying \$14,000 an acre for it. Is it on the water?

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: It's on the water?

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: How much waterfront is there?

MR. PHIPPS: Well, what we plan to do. . . this is the acreage here with the right-of-way here. We plan to take this property and trade with that property, to get that in-holding right there.

MR. GOLDSTEIN: I mean, in other words, this is the piece of property that you're buying.

MR. PHIPPS: That's the piece we're buying. This piece of property to make a trade with this property. This property is being appraised now.

GOVERNOR LEE: Dr. Kendig?

DR. KENDIG: Yes, sir?

GOVERNOR LEE: Are you checking out?

MR. KENDIG: Unless the Board has other questions.

GOVERNOR LEE: I had a little matter I wanted to take up with you after the meeting.

DR. KENDIG: Yes, sir; fine.

MR. GOLDSTEIN: Well, this is backland here.

GOVERNOR LEE: We'll be through in a moment.

DR. KENDIG: Fine.

MR. PHIPPS: Yes, sir. That's waterfront there, that much waterfront.

MR. JAMES: Just a little bit.

MR. PHIPPS: A little bit on the water. This is the full waterfront here. This is the property that Mr. Greenwell gave one time to one of his employees and he doesn't want to sell it; he wants the piece of property so we are trading this for that. This will be the final analysis.

MR. GOLDSTEIN: But we're paying \$14,000 an acre for this land here.

MR. PHIPPS: Yes.

MR. JAMES: But you're getting more waterfront over there.

MR. GOLDSTEIN: I understand that. Okay; I just want to be sure we understand what we're doing; okay.

MR. PHIPPS: And we'll own all the property . . . .

MR. GOLDSTEIN: Right; I just want to be sure.

MR. PHIPPS: We want to sell it while Mr. Greenwell is still living.

MR. GOLDSTEIN: Right; okay.

MR. JAMES: Okay.

MR. GOLDSTEIN: My next one was P-9.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: This piece you're selling up in Fairhill.

MR. PHIPPS: Yes, sir. Originally, we put this out on bid. This is one that the Historic Trust --

MR. GOLDSTEIN: Well, it was certainly a high appraisal. Vernon Hall was \$26,000 and we got a bid for \$22,000. The second appraisal was \$17,000. I know Vernon Hall is a very competent appraiser --

MR. PHIPPS: And we're selling -- they couldn't get a permit to put a septic tank in, a sewage system, so we had to sell them additional land in order to get enough acreage

to put the septic tank in.

MR. GOLDSTEIN: Right.

MR. PHIPPS: That's that property with the deteriorated building that's on the corner there as you go into Fairhill.

MR. GOLDSTEIN: Right.

MR. JAMES: The purchaser has got to make some improvements and I think it's part of a package. I really think we ought to go along with it.

MR. GOLDSTEIN: Okay; I just wanted to be sure. So he's paying \$29,000; right?

MR. MILLSTONE: Yes, sir.

MR. JAMES: It probably will be a very interesting feature of the park when they get it reconstructed and in operation.

MR. GOLDSTEIN: What are they going to run, a tavern there, or something.

MR. PHIPPS: Yes, that's the plan, I think.

MR. JAMES: Restaurant.

MR. PHIPPS: Restaurant and tavern.

MR. GOLDSTEIN: Okay; I just want to be sure.

MR. JAMES: Maryland tradition, you know; a tavern.

MR. PHIPPS: I think it's a good proposal for the state.

MR. JAMES: Drink 'em up and have a good time.

MR. GOLDSTEIN: That's right; wine, women and song. Nothing like it.

MR. JAMES: Yes; the Southern Maryland habits have crept north.

MR. GOLDSTEIN: Yes, sir.

You've got this lease here on L-A-1, page 93. That's that expensive lease. I believe I voted against it the other day when they passed it around, you remember, prior to the Board Meeting?

MR. JAMES: Which one's that, Louis?

MR. GOLDSTEIN: That's L-A-1.

GOVERNOR LEE: That's the New York one.

MR. GOLDSTEIN: \$18.23 a square foot.

MR. JAMES: Oh, yes; oh, yes.

MR. GOLDSTEIN: Just be sure I'm recorded "no", please, sir.

MR. JAMES: All right. Well, this is a bad day, isn't it, Louis?

MR. GOLDSTEIN: Yes, sir; it's a bad day, but I voted "no" on it when it was at the pre-Board Meeting, back there on October the 30th.

GOVERNOR LEE: But I thought it was circulated after that.

MR. GOLDSTEIN: October 30th, it was circulated.

GOVERNOR LEE: Okay. Well, let the record show that L-A-1 is approved, with Mr. Goldstein voting in the negative.

MR. GOLDSTEIN: Right. I'm just carrying out what my best thoughts are, Bill; that's all I can do.

GOVERNOR LEE: That's right. My next one is L-A-18, page --

MR. JAMES: You know, virtuous people are hard to live with; you know that?

MR. GOLDSTEIN: What?

MR. JAMES: When people get too virtuous, they're hard to live with.

MR. GOLDSTEIN: I'm not virtuous. I make mistakes; I'm just as wild as the next guy, on occasions.

MR. JAMES: Okay. About that lease, L-A-18, leasing 300 acres of farmland for \$6.00, that's pretty cheap.

MR. GOLDSTEIN: That looks like a very low rent to me. And it was advertised?

MR. MILLSTONE: The land was advertised; yes, sir.

MR. GOLDSTEIN: They're just using it for pasture.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: One year.

MR. MILLSTONE: Well, it's two years.

MR. JAMES: Two years.

MR. MILLSTONE: Two years; yes, sir.

MR. JAMES: I guess it's just kind of surplus land they had there.

MR. MILLSTONE: I expect that's probably the case.

MR. GOLDSTEIN: Well, he used to farm that land, Bill. He used to raise tomatoes up there and corn and had a big canning factory on that, and he's not doing that. He had one of the biggest canning factories in the state, canning tomatoes, corn, pease.

MR. JAMES: Of course, land's not worth much for pasture, as it is for cropland. I would say \$10.00 would be a fair price for pasture -- did you say it was advertised?

MR. MILLSTONE: Yes, sir.

MR. JAMES: What's this, an adjoining farm?

MR. MILLSTONE: It was advertised in the -- is he the adjoining property owner, the farmer?

MR. BOSLEY: No, sir. Ray Bosley, Department of General Services. It's another firm, called the Dutchman-Hereford Company. They were the -- using the property before and they went bankrupt around May. The Division of Corrections did not realize this until later on when they hadn't gotten their rent and actually they were late advertising for the property --

MR. GOLDSTEIN: Well, don't they get paid rent in advance on something like this?

MR. BOSLEY: That's what they were waiting for, waiting for it in advance, and when they went after it, the guy was gone; they were out of business.

MR. GOLDSTEIN: Well, in other words, these people are going to pay the rent in advance?

MR. BOSLEY: These people here are paying in advance; yes, sir.

MR. GOLDSTEIN: That's the only way to rent land, or any time you sell timber; get their money in your hand. If

you don't have the money in your hand, don't rent it to them.

MR. BOSLEY: Yes. The going rate up there for grazing land is about \$15.00 an acre, but because of the circumstances, the Division of Corrections is respectfully requesting that you approve this because they have already entered into the agreement with the people and they're letting them use it. Hereafter, the Department of General Services will take care of the advertising.

MR. JAMES: Well, you're giving them a two-year lease. If you're were just giving them one year, it wouldn't bother me so much, but you're giving it to them for two. It's too cheap.

MR. BOSLEY: It's a lot of stone; they say there's a lot of stone, a lot of briars and stuff through there.

MR. GOLDSTEIN: That's limestone.

MR. JAMES: Is it good pasture?

MR. BOSLEY: No, sir.

MR. JAMES: Oh, that's not good pasture?

MR. BOSLEY: It's mediocre.

MR. GOLDSTEIN: Right.

MR. JAMES: All right.

MR. GOLDSTEIN: What was the rate that the bankrupt people were paying?

MR. BOSLEY: \$10.25.

MR. GOLDSTEIN: And they didn't pay it in advance.

MR. BOSLEY: No, sir.

MR. GOLDSTEIN: Did they ever have their cattle on it?

MR. BOSLEY: They did last year; yes, sir. They had it for one year, but this would have been their second year and that's when they --

MR. GOLDSTEIN: Well, did they pay for the first year?

MR. BOSLEY: Yes, sir; they did. I'm saying they did; I'm pretty sure they told me it was this year's rent they did not pay.

MR. GOLDSTEIN: Well, you'd better be sure this man pays the money in advance; otherwise, let's give him notice to get the hell off there and rebid it.

MR. BOSLEY: We'll tell them when we send it back.

MR. GOLDSTEIN: The state would be better off putting some cattle up there, Herefords and Black Angus and -- you

remember, Bill, we tried to get a Butcher's training course in that school; do you remember that? The Meat Cutters asked us to start a course up there in cooperation with the AFLCIO to train these prisoners.

MR. BOSLEY: Well, this is where they had the diary farm, wasn't it, when they closed it up?

MR. GOLDSTEIN: That's right. They could put some of their own cattle up there, as high as meat is now.

MR. JAMES: Well, I'm in the beef business and I don't want the state competing.

MR. GOLDSTEIN: They won't compete with you.

(Laughter.)

MR. GOLDSTEIN: Look, this country is importing meat; do you realize that?

MR. JAMES: Well, I was just kidding.

MR. GOLDSTEIN: Here, you've got the lease for one year; original option for two years.

MR. JAMES: Well, you say it's not very good pasture?

MR. BOSLEY: No, sir. I'm taking the word, now, of the Division of Corrections. They had the local agent look at it and he said --

MR. GOLDSTEIN: You're tying this land up for four years.

MR. JAMES: Two, isn't it?

MR. GOLDSTEIN: No; they've got two years with one renewal option for two more years.

MR. JAMES: Wait a minute.

MR. GOLDSTEIN: So it's four years.

MR. JAMES: Yes; you're right.

MR. GOLDSTEIN: It's a four-year lease.

MR. JAMES: Yes.

MR. GOLDSTEIN: I would like to get some more information before I vote for this.

MR. JAMES: Let's defer it to the next meeting.

MR. GOLDSTEIN: Right.

MR. JAMES: Let's get some more information; okay.

MR. GOLDSTEIN: I second the motion.

GOVERNOR LEE: L-A-18 is deferred.

MR. JAMES: At the most, I think, two years at \$6.00.

MR. GOLDSTEIN: Governor, the next item is L-A-20; that's this Social Services Building here in Annapolis.

GOVERNOR LEE: Oh, yes; we sent it back to them,

didn't we?

MR. GOLDSTEIN: The rental here seems all right but this option to buy it doesn't look right to me. If you turn over on page 110, #9.

MR. BOSLEY: The first word should be "lessee", in Item #9.

MR. GOLDSTEIN: I know; I say, that's the first question that needs to be made. The Lessee has the option to purchase the building in fee after the 7th year. Such option shall be exercised in writing at least six months prior to the end of the 7th year of occupancy. Settlement shall take place within six months. Purchase price shall be determined by an average of three appraisals, one by Lessor, one by Lessee and one independent and at a price based on the actual construction costs --

MR. MILLSTONE: Excuse me; that's "or".

MR. JAMES: "Or."

MR. GOLDSTEIN: "Or"; all right. "...or at a price based on the actual construction costs increased by 10% compounded interest per annum whichever is lower."

MR. JAMES: What's that mean? I don't quite

understand that, increased by 10% interest per annum?

MR. MILLSTONE: What he's saying is, he'll sell it to you for fair market value at the end of seven years, or he'll sell it to you for what it cost him, plus 10% a year --

MR. GOLDSTEIN: Compounded.

MR. MILLSTONE: Compounded; right.

MR. JAMES: Well, you mean 70% over the cost?

MR. MILLSTONE: More than 70.

MR. JAMES: More?

MR. GOLDSTEIN: That's right. We never agreed to that; we never agreed to anything like that. Here, we can building a building ourselves. We can borrow money for around 5 1/4, 5 1/2. This man is going to have to pay at least 12 to 15% for his money; am I right?

MR. LASKIN: That's right.

MR. GOLDSTEIN: Are you the gentleman that's building this building?

MR. BOSLEY: This is Mr. Laskin.

MR. GOLDSTEIN: This is Mr. Laskin?

MR. LASKIN: I'm Dennis Laskin. We had difficulty establishing a fixed price so we felt that the appraisal was

the best way to go, but as an alternative, we contrived this other method of establishing value. I would really just as soon go on an appraisal cost at the end of 7 years, if that would be satisfactory.

MR. GOLDSTEIN: Well, you're going to depreciate the building, aren't you?

MR. LASKIN: Yes.

MR. GOLDSTEIN: Each year, you're going to take off so much depreciation for that building.

MR. LASKIN: Yes.

MR. GOLDSTEIN: So after seven years, you're going to be depreciating -- I don't know; 5% a year. That would be 35% depreciated value. So, say the building cost \$5 million.

MR. LASKIN: Yes.

MR. GOLDSTEIN: We don't expect to pay any \$5 million for it. You're going to be depreciating it and getting your tax break, and here, you've got a prime, triple A tenant in order to borrow your money.

MR. LASKIN: Well, the building is also appreciating at the same time we're depreciating it and we feel that the lease --

MR. GOLDSTEIN: Yes, but you may not even make any repairs. You may just let that roof deteriorate, the plumbing deteriorate, like I've seen so many landlords do. You're not dealing with a fool now; you're dealing with somebody that knows something about buildings.

MR. LASKING: Well, we don't know that you're going to be buying it, to begin with, so we aren't going to, you know, let it depreciate on the basis of the possibility of your purchasing it, Number 1; secondly, the lease that we're coming up with, we feel, you know, on the bid basis to the state, was appreciably lower than it's actually going to cost us to operate and to construct the building, and we anticipate taking a loss on the building for the first few years of operation.

MR. JAMES: Well, that's from the tax standpoint, when you're talking about taking a loss because you're taking depreciation and that's where your profit is. I mean, I know about that.

MR. LASKIN: Well, from a cash flow standpoint.

MR. JAMES: I can hardly believe you're going to be taking a loss from a cash flow standpoint. My only objection

is to the 10% a year. If you come back to a reasonable increase per year, I could buy that. If it were 5%, I wouldn't mind that. At 10%, you know, we're really paying you practically double what you have in the property at the end of seven years.

MR. GOLDSTEIN: You see, he's having the cake and eating it, too.

MR. LASKIN: Well, it was really difficult coming up with a fixed cost, and the 10% was based upon just an arbitrary inflationary --

MR. GOLDSTEIN: Well, you know what the land is costing you and you know how much it's going to cost you to put the building up.

MR. LASKIN: We know approximately what it's going to cost. You never know until you finish what it's really going to cost.

MR. JAMES: But we'd pay you what you have in it, plus 5% a year. That wouldn't be . . . but 10%, plus the interest, we'd be paying, at the end of seven years, approximately twice what you have in it, twice the construction cost, or the appraised value, whichever were the most favorable.

MR. LASKIN: We were really relying upon the appraised value and felt that that was the safeguard that the state had. I would just as soon cross off the second portion of that and just go on the appraised value.

GOVERNOR LEE: I think the appraised value is about a 99 to 1 shot for being what will be actually used if we ever exercise the option, but it doesn't cost us anything to leave the other one in.

MR. JAMES: We could have a choice.

GOVERNOR LEE: Right. When you take it out, all you're doing is limiting your own options.

MR. JAMES: Yes; I know what you mean.

GOVERNOR LEE: I'll admit, it's not a very juicy one.

MR. JAMES: I don't think it's of much value.

GOVERNOR LEE: How does 7% compounded sound?

MR. LASKIN: Fine.

GOVERNOR LEE: What?

MR. LASKIN: Okay.

GOVERNOR LEE: You mean it?

MR. LASKIN: Sure.

MR. JAMES: All right.

GOVERNOR LEE: Okay.

MR. JAMES: All right.

GOVERNOR LEE: All right.

MR. JAMES: I'll buy that.

GOVERNOR LEE: Good enough.

MR. JAMES: All right. I'll move we approve it.

MR. MILLSTONE: We'll send a new item out.

MR. GOLDSTEIN: Pardon?

MR. MILLSTONE: We'll send you a revised item out  
on it.

GOVERNOR LEE: All right. Is that okay, Louis?

MR. GOLDSTEIN: Yes, sir, with the amendment; right.

GOVERNOR LEE: Motion is made and seconded to approve  
Item L-A-20 with one change --

MR. JAMES: On page 110.

GOVERNOR LEE: -- in Section 9, on page 110, where  
the reference to 10% compounded interest is changed to 7%, and,  
without objection, so ordered.

MR. GOLDSTEIN: The next item was Item D-1 on that  
little building down there. It's 10 feet by 7.5 feet high.

That's that little building down there on the Eastern Shore, Assateague State Park.

MR. MILLSTONE: Here's a picture of the type of building we're talking about. You've seen them around, I'm sure.

MR. GOLDSTEIN: Yes, sir.

MR. MILLSTONE: That's a little bit larger.

MR. GOLDSTEIN: I cannot see paying that much money for that little damn building.

MR. PHIPPS: Well, we're going to pick it up and move it and put it away each winter so it won't blow away or the vandals won't get to it, so it's a savings in that respect, whereas, if we built the temporary building, they'd break the windows out and they'd vandalize it.

MR. GOLDSTEIN: Well, why don't you just get yourself a little trailer, one of these little small trailers, and bring it down there, on wheels?

MR. JAMES: It's kind of a kiosk.

MR. GOLDSTEIN: Well, this way, you've got to pay a lot of money to take it out and put it up there. A trailer would have wheels.

MR. PHIPPS: Our people will pick it up and move it.

MR. MILLSTONE: Here's a picture of the type of building.

MR. JAMES: Yes..

MR. PHIPPS: It's completely equipped, with electric in it; right?

MR. JAMES: It would have to be pretty sturdy, too.

MR. ESKEW: Yes.

MR. JAMES: Yes. I don't think that's out of line.

MR. MILLSTONE: It really isn't.

MR. PHIPPS: It sounds like a lot of money.

MR. MILLSTONE: It sounds like an awful lot of money, but the design standards that were imposed . . . .

MR. JAMES: I move we approve it.

GOVERNOR LEE: Okay.

MR. GOLDSTEIN: Okay.

GOVERNOR LEE: That does it, then.

MR. GOLDSTEIN: Yes, sir.

MR. JAMES: All right.

GOVERNOR LEE: Without objection, then, all of the

remaining items on the General Services Department Agenda that have not been previously acted upon are approved. That wraps it up.

(Thereupon, at 2:59 o'clock, p.m., this date, the hearing in the above-entitled matter was adjourned.)

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APPENDIX B

SENATE OF MARYLAND  
Annapolis, Maryland

October 23, 1978

Honorable Blair Lee, III  
Acting Governor of Maryland

Honorable Louis L. Goldstein  
Comptroller of the Treasury

Honorable William S. James  
Treasurer of the State of Maryland

Board of Public Works  
State Treasury Building  
Annapolis, Maryland 21401

Dear Honorable Members:

At the meeting of the Joint Budget and Audit Committee on September 18, 1978, a report was presented to the Committee by the State Comptroller's Office and the Legislative Auditor on the status of conversion of the State's accounting and reporting practices to generally accepted governmental accounting procedures. This subject arose at an earlier meeting at which time the Committee moved that the Board of Public Works be requested to defer approval of the General Emergency funding of the accounting and reporting conversion until the Committee has had an opportunity to review certain aspects and to discuss the

issue with the chairman of the budget committees of the General Assembly.

The issues raised by the Joint Budget and Audit Committee relating to the conversion and addressed by the Offices of the Comptroller and the Legislative Auditor are as follows:

1. What financial benefits to the State would result from the conversion?

It is believed that two significant savings would result from the conversion. First, there would be a savings in debt service on State bonds resulting from reduced interest rates paid on the bonds. Because the State could report in its debt prospectus that its finances are stated according to accepted governmental standards, this should produce a greater demand for Maryland bonds and a reduced interest rate. Second, it is believed that the conversion will prevent the State from being sued by taxpayers and bond holders claiming the State is misrepresenting the condition of its revenues and expenditures because of failure to report them in a generally accepted format. Such a suit would be an embarrassment to the State which the conversion would prevent, as well as saving the cost of defense of these suits.

2. Is it possible that the Comptroller's and the Legislative Auditor's Offices could revise the accounting and financial reporting practices to conform them to the generally accepted standards? .

Both offices indicated it is not possible to do the conversion with State employees. The Federal Revenue Sharing Act requires an audit of these revenues for FY 1979 which means the revenues must be reported and accounted for according to generally accepted governmental accounting standards. The urgency of this mandate coupled with the need for expertise in computer programming, writing of accounting manuals, and other specialized skills, would dictate the use of the best qualified legislative auditors for almost a year to make the conversion and audit. This would require an intolerable delay in the performance of regular auditing of State agencies. Also, the use of consultants still would be needed to assist the State personnel. In summary, it is felt that the disadvantages of the use of in-house staff for the job outweigh the cost of hiring outside consultants.

3. If the consultant prepares the conversion and does the first audits, can State personnel perform the subsequent

years' audits or will a consultant be required to do this in the future?

The two offices agree that the subsequent annual audits could be done with State personnel. However, as the conversion and the audit are inter-related, it was felt that the audits for fiscal years 1979 and 1980 should be accomplished by the firm undertaking the conversion. As to the audit for subsequent fiscal years, this could be accomplished by an outside firm, by the Legislative Auditor or by a combination of efforts. After the conversion and audit for fiscal year 1979, a detailed review will be made of the alternatives. One advantage of using an outside firm in either an audit or a review capacity would be an increase in the perception of auditing independence by the bond market or other entities.

4. Can the proposed Coopers and Lybrand contract be separated into the conversion aspects and the auditing portion, and would it not be cost beneficial or equitable to separate the contract into two parts?

The Comptroller's Office indicated that a substantial amount of redundancy would be experienced if the conversion and audit portions were separated. This would lead to additional

and overlapping work. Consequently, the Comptroller's Office believes that the conversion and the start-up audit would be more efficiently carried out by the same project team.

Further the conversion and the audit for the first year are inter-related to one another. In addition, the low bid cost of doing both the conversion and the audit is very modest for a substantial project.

After discussing the responses from the Comptroller's and the Legislative Auditor's Offices to the issues, the Joint Budget and Audit Committee concluded there is an immediate need for action to convert State accounting and reporting practices. The Committee believes that the proposal before the Board of Public Works represents the most economical and efficient means of achieving the conversion. Therefore, the Committee has no objection to the Board proceeding to consider the contract and the allocation from the General Emergency Fund in order that the project may be initiated promptly.

Sincerely,

/s/  
Victor L. Crawford, Chairman  
Joint Budget and Audit Committee

VLC/jbb

APPENDIX C

STATE OF MARYLAND  
COMPTROLLER OF THE TREASURY  
STATE TREASURY BUILDING  
P. O. Box 466 - Phone 269-3805  
Annapolis, Maryland  
21404

November 9, 1978

Board of Public Works  
Old Armory Building  
Bladen Street  
Annapolis, Maryland 21404

Gentlemen:

Article 17, Section 23 of the Annotated Code of Maryland, 1973 Replacement Volume, provides that the Clerk of each of the Circuit Courts of this State and the Clerks of the six Courts of Baltimore City shall be entitled to receive annually a salary to be fixed and determined in each instance by the Board of Public Works.

In 1957 the minimum salary for the Clerks of Courts in the Counties was \$4,500 and the maximum of \$12,000, except in the case of Anne Arundel County where the minimum was \$7,500 and the maximum was \$9,000. At that time the Clerks of Courts in Baltimore City received a specified annual salary of \$12,000.

In 1962 this Section was amended to set the limitation on

salaries of Clerks in the Circuit Courts in the Counties between \$6,000 minimum and \$13,000 maximum. Prior to that time, in 1961, a separate salary criteria for the Clerk of the Circuit Court for Anne Arundel County had been repealed.

In 1970 this Section was further amended to set a minimum salary for Clerks of the Circuit Courts in the counties at \$6,000 and the maximum not more than \$20,000. At the same time the Clerks of the Courts in Baltimore City were subjected to a minimum salary of \$12,000 and a maximum of \$20,000.

In 1973 this Section was further amended to set a minimum salary for Clerks of the Circuit Courts in the counties at \$6,000 and the maximum not more than \$25,000. At the same time the Clerks of the Courts in Baltimore City were subjected to a minimum salary of \$12,000 and a maximum of \$25,000. A 1977 amendment to the Code, Courts and Judicial Proceedings, Section 2-504 substituted \$30,000 for \$25,000.

The 1974 Supplement of the Code Estates and Trusts, Section 2-205 establishes minimum salaries for Registers of Wills of not less than \$6,000 and not more than \$25,000. The 1978 Supplement provides that the Board of Public Works may raise this maximum salary to \$30,000.

In order to assist the Board of Public Works in establishing the salaries of Clerks of the Courts and Registers of Wills, the following suggested salaries are submitted for your consideration.

	<u>SALARY RECEIVED NOVEMBER, 1978</u>	<u>PROPOSED SALARY AFTER BEGINNING NEW TERM</u>
Clerk of Circuit Court - Allegany County	\$22,500	\$27,500
Clerk of Circuit Court - Anne Arundel County	25,000	30,000
Clerk of Circuit Court - Baltimore County	25,000	30,000
Clerk of Circuit Court - Calvert County	20,000	25,000
Clerk of Circuit Court - Caroline County	20,000	25,000
Clerk of Circuit Court - Carroll County	22,500	27,500
Clerk of Circuit Court - Cecil County	22,500	27,500
Clerk of Circuit Court - Charles County	22,500	27,500
Clerk of Circuit Court - Dorchester County	20,000	25,000
Clerk of Circuit Court - Frederick County	22,500	27,500

	<u>SALARY RECEIVED NOVEMBER, 1978</u>	<u>PROPOSED SALARY AFTER BEGINNING NEW TERM</u>
Clerk of Circuit Court - Garrett County	20,000	25,000
Clerk of Circuit Court - Harford County	22,500	27,500
Clerk of Circuit Court - Howard County	22,500	27,500
Clerk of Circuit Court - Kent County	20,000	25,000
Clerk of Circuit Court - Montgomery County	25,000	30,000
Clerk of Circuit Court - Prince George's County	25,000	30,000
Clerk of Circuit Court - Queen Anne's County	20,000	25,000
Clerk of Circuit Court - St. Mary's County	22,500	27,500
Clerk of Circuit Court - Somerset County	20,000	25,000
Clerk of Circuit Court - Talbot County	20,000	25,000
Clerk of Circuit Court - Washington County	20,000	27,500
Clerk of Circuit Court - Wicomico County	22,500	27,500
Clerk of Circuit Court - Worcester County	22,500	27,500
SIX COURTS FOR BALTIMORE CITY	25,000	30,000

	<u>SALARY RECEIVED NOVEMBER, 1978</u>	<u>PROPOSED SALARY AFTER BEGINNING NEW TERM</u>
Register of Wills for Allegany County	\$20,000	\$25,000
Register of Wills for Anne Arundel County	22,500	27,500
Register of Wills for Baltimore County	25,000	30,000
Register of Wills for Calvert County	17,500	22,500
Register of Wills for Caroline County	17,500	22,500
Register of Wills for Carroll County	20,000	25,000
Register of Wills for Cecil County	20,000	25,000
Register of Wills for Charles County	20,000	25,000
Register of Wills for Dorchester County	17,500	22,500
Register of Wills for Frederick County	20,000	25,000
Register of Wills for Garrett County	17,500	22,500
Register of Wills for Harford County	20,000	25,000
Register of Wills for Howard County	20,000	25,000

	<u>SALARY RECEIVED NOVEMBER, 1978</u>	<u>PROPOSED SALARY AFTER BEGINNING NEW TERM</u>
Register of Wills for Kent County	17,500	22,500
Register of Wills for Montgomery County	25,000	30,000
Register of Wills for Prince George's County	25,000	30,000
Register of Wills for Queen Anne's County	17,500	22,500
Register of Wills for St. Mary's County	20,000	25,000
Register of Wills for Somerset County	17,500	22,500
Register of Wills for Talbot County	20,000	25,000
Register of Wills for Washington County	20,000	25,000
Register of Wills for Wicomico County	20,000	25,000
Register of Wills for Worcester County	17,500	22,500
BALTIMORE CITY REGISTER	25,000	30,000

These salaries in each instance have been established on the basis of relative size of the county and volume of work handled by each office.

Very sincerely yours,

/s/  
Louis L. Goldstein

- - -

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Registry of Wills Salary Data  
November 9, 1979

	1	2	3	4	5	6	7	8	9	10
	Population Jan 1, 1979		4 Year Average Dist. Receipts		Percent Salary					
Baltimore City	784,500		4,061,131		2,500.0					
Prince Georges	709,600		990,694		2,500.0					
Baltimore	670,900		2,801,123		2,500.0					
Montgomery	620,000		2,690,358		2,500.0					
Anne Arundel	360,700		778,399		2,250.0					
Harford	140,800		298,809		2,000.0					
Hobart	117,200		204,071		2,000.0					
Washington	109,800		553,126		2,000.0					
Indevidle	101,800		507,891		2,000.0					
Carroll	86,800		341,692		2,000.0					
Albany	78,700		266,076		2,000.0					
Charles	68,700		140,868		2,000.0					
Wicomico	61,000		268,039		2,000.0					
Saint Marys	58,000		61,826		2,000.0					
Seal	55,400		202,651		2,000.0					
Cecil	30,200		77,466		1,750.0					
Dorchester	29,200		134,924		1,750.0					
Worcester	29,000		168,986		1,750.0					
Talbot	26,400		294,047		2,000.0					
Harrett	24,000		68,812		1,750.0					
Queen Anne's	20,800		113,733		1,750.0					
Cecil	20,700		126,478		1,750.0					
Somerset	19,300		68,011		1,750.0					
Kent	16,800		113,427		1,750.0					

*Clerks of Courts Salary Data*  
November 8, 1979

		1	2	3	4	5
		Population Jan 1, 1979		4 years average Fees & Commissions		4 years average Receipts Paid Into Treasury
1	Lincoln County	709,600		119,305		386,945
2	Baltimore	670,900		127,020		336,595
3	Montgomery	620,000		142,830		472,543
4	Anne Arundel	360,700		101,436		217,498
5	Harford	140,800		32,445		68,629
6	Howard	117,200		47,380		119,388
7	Washington	109,800		26,139		34,022
8	Fredrick	101,900		35,485		71,533
9	Cornell	86,800		26,928		57,184
10	Allegany	79,700		14,403		15,285
11	Charles	68,700		21,254		48,811
12	Wilkes	61,000		18,607		27,075
13	DeWitt	58,000		15,243		26,789
14	Calvert	55,400		19,711		23,038
15	Chesapeake	30,200		11,509		21,891
16	Princess Anne	29,200		7,862		9,453
17	Worcester	29,000		27,907		64,215
18	Talbot	26,400		8,638		20,326
19	St. Mary's	24,000		7,789		9,083
20	Queen Anne's	20,800		7,249		17,311
21	Cecil	20,700		5,919		6,894
22	Somerset	19,300		5,704		4,357
23	Kent	16,800		5,441		7,633
24						
25	Baltimore City	784,500				1,352,756
26	Court of Common Pleas			144,502		
27	Superior Court			9,001,69		
28	Circuit Court			188,825		
29	Circuit Court #2			145,453		
30	City Court			51,784		
31	Criminal Court			63,710		
32						
33						
34						
35						