

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

November 7, 1979

11:00 o'clock, a.m.

Reported by:

HUNT REPORTING COMPANY
1875 Lindamoor Drive
Annapolis, Maryland 21401
841-6101

P R E S E N T:

- GOVERNOR HARRY HUGHES, 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;
- ROGER WINTER, Assistant Secretary, Department
of Budget and Fiscal Planning;
- WARREN HODGES, Director of Capital Improvement
Program, Department of State Planning;
- JOHN A. KELLY, Director of Administration,
Department of General Services;
- LOUIS N. PHIPPS, Deputy Secretary, Department
of Natural Resources;
- JAMES ROWLAND, Administrator, Department of
Budget and Fiscal Planning;
- CONSTANCE LIEDER, Secretary, Department of
State Planning;
- BENJAMIN F. LUCAS, II, Assistant Secretary,
Board of Public Works; and,
- BARBARA B. ALLEN, Administrative Assistant,
Board of Public Works.

PROCEEDINGS

GOVERNOR HUGHES: All right. The first personal appearance is Mr. Plank, State Law Department, on Item 40, page 45 of the Secretary's Agenda, Higher Educational Facilities Authority. Good morning.

MR. PLANK: Good morning, Governor, members of the Board. My name is Tom Plank, Assistant Attorney General. Present today is also Walter Schneckenburger, Vice-President for Finance of Sinai Hospital, in case the Board has any questions.

Before the Board is a request by the Maryland Health and Higher Educational Facilities Authority and Sinai Hospital to give final approval to the subordination of the State's mortgage, first mortgage on a small part of the hospital property in exchange for a second mortgage on the entire hospital property to facilitate the issuance of bonds for a construction and renovation program and, also, for the Board to execute the amendment and subordination agreement today.

I have reviewed the legal documents. In fact, I have insisted on certain changes in the legal documents to

protect the State's position and can advise you that the documents established the transaction as described to you. The documents that I submitted to you, some of them were not final. There will be minor changes, so the Agenda item contemplates that I would hold on to the documents and approve any changes made in them and not deliver the amendment and subordination agreement until the documents are in final form and have been approved by me.

If there are any questions?

GOVERNOR HUGHES: Any questions of Mr. Plank?

MR. JAMES: No, I have no questions.

MR. GOLDSTEIN: You see, now, on that Hoffberger Building, that's a first mortgage on that building, isn't it?

MR. PLANK: The Hoffberger, there is a first mortgage on the Hoffberger Building.

MR. GOLDSTEIN: That's going to be paid off?

MR. PLANK: That's going to be paid off.

MR. GOLDSTEIN: That's about a million four fifty?

MR. PLANK: Yes, Mr. Comptroller.

MR. GOLDSTEIN: And then our mortgage, our balance

of our mortgage will be a second mortgage on the entire facility; is that correct?

MR. PLANK: That's correct.

MR. GOLDSTEIN: What's the balance of our mortgage right now?

MR. PLANK: About a hundred and fifty-eight thousand as of today, as of June.

MR. GOLDSTEIN: As of today?

MR. PLANK: There was a payment in September, September 20, so it's about a hundred and fifty-eight thousand.

MR. GOLDSTEIN: So we're talking about a very small amount of money against a loan of thirty million three hundred thousand as our new bond issue?

MR. PLANK: That's correct.

MR. GOLDSTEIN: Right now, the facility must be worth about a hundred million dollars, isn't it? You couldn't replace it today for that, could you?

MR. PLANK: I don't know, but Mr. Schneckenburger could probably tell you what the value of the property is, but I'm sure it's quite substantial.

MR. GOLDSTEIN: Well, maybe just put it in the record, so everybody will know that we used good judgment.

MR. SCHNECKENBURGER: My name is Walter Schneckenburger, and I am the Vice-President of Finance of the hospital. We have an appraisal that was done about two years ago which showed the value of the property at fifty-one million dollars.

MR. GOLDSTEIN: That was two years ago?

MR. SCHNECKENBURGER: That's correct.

MR. GOLDSTEIN: Well, you've had about thirty per cent inflation since then.

MR. SCHNECKENBURGER: That's right.

GOVERNOR HUGHES: That wasn't replacement value, was it?

MR. SCHNECKENBURGER: No, that was not replacement. That was insurable value.

MR. GOLDSTEIN: Insured value, so for the record it's a good investment. I move we approve it.

MR. JAMES: Second.

MR. SCHNECKENBURGER: Thank you.

GOVERNOR HUGHES: All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. PLANK: Thank you.

MR. JAMES: I don't see any point in wasting any time on this next item.

GOVERNOR HUGHES: Which ones are they?

MR. JAMES: That's that Reynolds...

GOVERNOR HUGHES: The Mudd house and the Reynolds Tavern? Are they both here on the Reynolds Tavern?

MR. MILLSTONE: No. One's here on the Mudd house...

GOVERNOR HUGHES: Mudd house?

MR. MILLSTONE: And one's here on the Reynolds Tavern.

MR. JAMES: Well, they're both stabilization items, and there's no problem about...

MR. GOLDSTEIN: Well, there's no problem on either one of them. We just asked some sensible questions, and they alarmed everybody.

GOVERNOR HUGHES: Then there's no point in having

them?

MR. JAMES: I don't see any point.

GOVERNOR HUGHES: All right. What's his name?

MR. MILLSTONE: Masek.

GOVERNOR HUGHES: The next personal appearances scheduled are Mr. Masek and Symonds of the Department... Mrs. Symonds, excuse me, of Economic and Community Development, and the Board doesn't appear to have any problem with those two items; so we really don't need any testimony, unless you have a tremendous impulse to say something.

MR. MASEK: Not at all.

MR. GOLDSTEIN: The next time I'd appreciate it if you wouldn't alarm people, like you alarmed Mrs. Wright about what we said at our pre-Board meeting. Don't look at me that way; you know what the hell I'm talking about.

GOVERNOR HUGHES: Okay. Then we'll move on. The next item is the Department of Education facilities, page 96 of General Services. Representatives of all three possible sites have been heard once before this Board. In addition to that, the Board has visited all three sites and, also, had at each site further presentations. There

are two people listed here: Mr. Katzenberg and Mr. Lord. We don't want to cut anybody off, but we have to keep you down to about two minutes on your presentations. Only two of the three have asked to be heard today.

MR. KATZENBERG: My name is Herbert Katzenberg, one of the owners of the 707 Building in Baltimore. I've read the Agenda of the GSA, and it's obvious that I'm waging a losing battle. I appreciate the fact that you'll give me the opportunity to make a few very brief remarks, and I thank you gentlemen for visiting the 707 Building which, again, I would like to state is Baltimore-owned and the rent would be recycled in Baltimore. We would be part of the sixty-three million dollar Calvert Street renovation now taking place between the Chesapeake Center, which is being funded with State funding of twenty-five million dollars, The Sun Papers and Mercy Hospital.

I believe that my purchase option price relayed to the GSA is a further indication of the reasonableness of the rent that we have offered. The 707 Building was first rented to the Federal Government twenty years ago for \$4.50 a square foot and is now being offered to the

State for only \$5.55 a square foot, or a 25 per cent increase in twenty years, slightly over 1 per cent a year.

I have also offered the State the option to have a first right of first refusal to purchase. We have the largest economical floor plans of any of the buildings. I've learned from my many years in real estate that the cheapest is not always the best. I, again, would like to state that the rental proposed for Civic Plaza represents 30 per cent of the purchase price for half the building in one year, and the purchase price of the Civic Plaza Building actually is an open-ended price, because the future improvements which may not include improving the other half of the building are included. The State will, in effect, be buying back part of the rent that they paid to the Civic Plaza. Normally, in real estate transactions which I've had throughout the country with commerce as well as governments, these decisions are based on the best rent and the best property, and purchase options are usually secondary.

It's also traditionally been proven that what look like current high prices today are very cheap down the

road when someone wants to exercise a purchase option. It's my opinion that no matter what is done to the Civic Plaza Building, it will in no way equal facilities that we have to offer.

I thank you for letting me be heard again, and I'll answer any questions.

GOVERNOR HUGHES: Any questions of Mr. Katzenberg?

MR. GOLDSTEIN: What is your option price?

MR. KATZENBERG: I gave an option price of five million nine hundred and ninety thousand dollars, and my rent is twenty-five cents a square foot more than the Civic Plaza, which is offered for under three million dollars. And I've also come up and told the GSA that I'd be very pleased to give the State the right of first refusal any time during the lease to buy the building and meet any other, perhaps, purchaser.

GOVERNOR HUGHES: Any further questions of Mr. Katzenberg?

MR. JAMES: No.

GOVERNOR HUGHES: Thank you, sir.

MR. KATZENBERG: Thank you.

GOVERNOR HUGHES: Mr. Lord?

MR. LORD: Thank you, Governor and members of the Board. I'll be very brief as requested and will not repeat any of the things I said on behalf of my clients, Civic Howard Corporation, owners of the Civic Howard Building at the Board's meeting on October 3.

Since then, in addition to the visit mentioned by the Governor, there have been reports filed by the Department of State Planning and the Department of General Services, and I've considered the Agenda item, supporting the negotiation exclusively with the Civic Plaza Building, one of the competing buildings to our building; and I just have a couple of comments on those reports and that Agenda item.

First of all, I think common sense would indicate that there's no substantial difference in the location of the Civic Plaza and the Civic Howard Building. As I mentioned before, they're separated by one block and that block is occupied by one building, and that building is the Civic Center. I'm a little surprised to the reference to the fact that Baltimore City is supporting a lease at Civic

Plaza Building. That is completely inconsistent with information that we've received from Charles Center, Inner Harbor Management, which indicates that at least that aspect of City Government would be extremely pleased to see the lease take place at the Civic Howard Building in that redevelopment area.

Now, as far as the condition of the building, there are all sorts of criteria which have been adopted in the leasing documents and by DGS and, also, by the Planning Department. Suffice it to say that to some extent we've been a prisoner of our own success at the Civic Howard Building, because we haven't had any vacancy periods. We've had a long-standing lease with the B&O and a further long-standing lease which is obviously just terminating with Social Security. So the question shouldn't be restricted to the condition of the building as is; it's the condition of the building after the spec's have been complied with, and we believe that we can provide a really first-rate facility for the Department of Education after these occupancies are terminated and the construction work is done. We have local ownership and immediate access to

capital to do that work.

Finally, it seems to me that the cost items are irrefutable and certainly have not been challenged in any of the documents we've seen. Our rent is by far the lowest at \$4.25 a square foot with the first three months offered rent-free. Our option price is less than half, as is, of the option price offered by the Civic Plaza Building. Our option price, as is, is a million three hundred and fifty thousand dollars. We offer a building that has in excess of fifty thousand square feet, more than the immediate needs of the Department of Education, which means that although the building is not as large as the Civic Plaza Building, it certainly can accommodate the needs for a long time for not only that Department, but we would hope other departments of State Government which would use the building.

To some extent, we think there are two different ways of looking at it. You can look at the "as is" condition of the area as the Secretary of Planning did, or you can look as private developers do as to the possibilities; and on that point -- and I'll close on this -- bear

in mind that a ten-foot alley is all that separates the building that we're talking about here, Civic Howard, from a very exciting piece of new renovation by private developers. That's at 100 Hopkins Place. Within a year to fifteen months, that will be shopping and office space with three hundred and fifty parking places right next door. That shows, and I think completely belies, it shows the activity of the area and belies any notion that this is a failing area or a less desirable area. Developers do not see it that way, and Charles Center Inner Harbor Management doesn't see it that way.

I really have very little else to say. The difference over a ten-year period is more than seven hundred thousand dollars to the State of Maryland in general funds if our proposal were accepted. That's a lot of money to work with either in this building or in other places for the citizens of the State. Thank you very much. If you have any questions, I'll try to respond.

GOVERNOR HUGHES: Any questions of Mr. Lord?

(No response.)

GOVERNOR HUGHES: No questions. Thank you, Henry.

MR. JAMES: There's some information that I have here that's not filed as part of the record -- the letter from the Secretary of Planning, and the other from Mr. Bosley, and lease cost analysis tables. At the proper time, it seems to me they ought to be filed with this item.

MR. GOLDSTEIN: I think they ought to be heard. I think Mr. Bosley ought to present the case and put it in the record.

MR. JAMES: Yeah. Well, now's the time to do it, isn't it, unless you want to talk about it later?

MR. GOLDSTEIN: No, I think it ought to go in the record right now while we've got this presentation here by Mr. Katzenberg and by Mr. Lord.

MR. JAMES: Yeah. There are a couple of things I'd like to know. Is this the final decision here, or is this just a proposal to approve further negotiations? For instance, this says the option price is considered negotiable here. Are they going to come back with a final proposal for approval, or is this just approval to continue negotiations? I think the item ought to be clear.

MR. MILLSTONE: I think the item is a request to

negotiate a lease and that the purchase price is negotiable, the option to purchase is negotiable; is that correct, Ray?

MR. BOSLEY: Yes, sir.

MR. MILLSTONE: But it will be not more than two million eight hundred and fifty thousand dollars.

MR. JAMES: Well, what do you want to do? I want something that puts more information in the record than we have just in this.

MR. GOLDSTEIN: I think they ought to get up there and put it in the record myself.

MR. JAMES: Okay.

MR. GOLDSTEIN: I mean they wrote the letter, they ought to put it in the record. That's the way I feel about it. Mr. Bosley's letter...

GOVERNOR HUGHES: Ray, do you want to appear and introduce in the record these documents.

MR. GOLDSTEIN: And the State Planning Commission.

MR. BOSLEY: I'm Ray Bosley, Department of General Services. Governor, Mr. Comptroller, Senator James, as you know, the Department of General Services has been working with the State Department of Education in trying

to locate a facility in which to relocate them from the International Towers. We've been working, I guess, for the past five or six months.

The Department of Education, when they finally agreed, the fact that they would be moving from the International Towers, we ran an advertisement in the local newspaper for some sites that would provide 87,000 square feet of space in the general Baltimore area. There were several sites that were submitted, and they were narrowed down to three: the Civic Plaza, the 707 Building, and the Civic Howard Building. The Department of General Services took the State Superintendent of Education around to visit the buildings. We took members of his staff around to visit several of the buildings. We took a committee representing the employees of the Department of Education around to look at the various buildings, and we took the State Board of Education around to look at the various buildings. And after the visit, it was the unanimous choice of all those various committees that the Civic Plaza Building is the one in which they wish to be relocated.

We brought an item to the Board two meetings ago

requesting permission to negotiate a lease agreement for the Civic Plaza Building, at which time, of course, action was deferred pending an inspection by the three members of the Board of Public Works so that you could see first-hand what the various buildings had to offer. That inspection was made and at which time Mr. Katzenberg mentioned the fact that he was willing to meet the offer that was submitted of the Civic Plaza Building which at the time was \$5.55 per square foot. We then went back to the other two buildings, both to the Civic Plaza... to representatives of the Civic Plaza as well as the representatives of the Civic Howard Building to offer them the same opportunity -- did they want to revise their initial proposal?

As a result, as Mr. Lord just stated, the Civic Howard Building, they were willing to give us three months free rent during the initial five-year term which effectively reduced their rate several cents per square foot over the ten-year term of the lease.

The Civic Plaza Building, they reduced theirs thirty cents per square foot down to \$5.25. Their initial purchase option was offered to us for three million dollars.

They have reduced that now to two million eight hundred.

The analysis that we have presented to the Board, the Civic Howard Building, their purchase option was a million three fifty and, as Mr. Katzenberg stated, his was five million nine ninety. The buildings themselves, the Civic Howard Building represents one hundred and forty-two thousand -- rough figures -- five hundred square feet of net usable space. Mr. Katzenberg's, one hundred and seventy-two thousand eight hundred net usable square feet; and the Civic Plaza, one hundred and eighty-five thousand net usable square feet.

The 707 Building represents easy access to traffic entering Baltimore from Route 83. In checking with the Department of Education, they feel like that eighty per cent of the traffic that would visit their facility would be coming in the Russell Street/Route 95 Baltimore-Washington corridor, as a result only that ten, fifteen, maybe twenty per cent coming down Route 83. The traffic coming into Baltimore, the natural flow would be going east on Baltimore Street; the Civic Plaza being located right at the corner of Baltimore and Liberty, we

feel like it would make it more easily accessible than either of the other two buildings since, in order to get to the Civic Howard Building, you'd have to come into the city for the most part and then take a route going back out going west on Lombard Street, or by the same token you could get to it either north or south on Howard, but most of the traffic would be up Russell Street and maybe going east on Baltimore.

The Civic Plaza Building, if that were selected, it offers easy access to the hotels which are downtown. The Department of Education has indicated that approximately thirty, maybe thirty-five, individuals are required to be in Baltimore during each week visiting their facility in which they are required to stay one, two or maybe three nights. If they come in, they can park their car in one of the garages, stay in either the Lord Baltimore or the Hilton or the Holiday Inn. Their car would not have to be moved. They could walk the block or block and a half to their meetings in the Civic Plaza, and when they're ready to leave town, just take their car and go out.

If they went to the 707, they would have to have

some other means of transportation back and forth from the hotels. So we feel like that makes it more accessible than the other two buildings. The parking is more readily available right nextdoor in the garage next to the Civic Plaza Building; or visitors coming in, of course, by the same token, there is a parking garage which will be adjacent to the 707 Building, the 600 Parking Garage that's being planned for the Chesapeake Center.

But we just feel like the overall use of the building, the location plays a prime factor in the choice of the selection of the buildings, and we have recommended the Civic Plaza.

MR. JAMES: Well, I have letters here from... to Secretary Millstone from Secretary Lieder and, also, a letter to the Governor from you with a table of cost analysis, and I think those ought to be filed in the formal record.

MR. BOSLEY: Yes, sir. I have some copies I can take and give so they can be made a part of the record.

MR. JAMES: Right.

MR. BOSLEY: That both the Department of State

Planning and our office did an analysis of the three buildings. They were independent analyses and different criteria was used, but the result was the same, that we have both recommended the use of the Civic Plaza Building. The Department of Budget has indicated there are funds available for the use; and I say, while the Department of General Services would under normal circumstances recommend the lease that represents the lowest rental to the State because of the location, because of the thoughts and requests of the Department of Education and the recommendation of State Planning; that's why we are offering our recommendation for the Civic Plaza.

MR. GOLDSTEIN: Do you have a contract already drawn up?

MR. BOSLEY: No, sir, we do not.

MR. GOLDSTEIN: Well, in other words, you're asking us to approve this in principle, and you'll bring a contract back when?

MR. BOSLEY: Yes, sir, we would bring the final document back to the Board, which would then spell out the terms of the purchase option.

MR. JAMES: I think that option ought to be negotiated in a very severe way. I think that option is a little stiff, myself.

MR. BOSLEY: You mean as far as the price?

MR. JAMES: Yes.

GOVERNOR HUGHES: Any further questions of Mr. Bosley?

MR. GOLDSTEIN: Well, I just want to be sure that we understand that we don't have any written contract here today.

GOVERNOR HUGHES: That's right. We're authorizing them to enter into negotiations and come back, if we approve this.

MR. GOLDSTEIN: Right. I just want to be sure of what we're doing here.

GOVERNOR HUGHES: You will enter those in the record, the documents?

MR. BOSLEY: Yes, sir. This will allow us to go forward with the negotiation for the lease agreement, so that the move of the Department of Education could take place March 1, because their present lease expires the end

of February, and it will be about four months involved in the renovations of the building.

GOVERNOR HUGHES: Any further questions of Mr. Bosley?

(No response.)

GOVERNOR HUGHES: Thank you, sir.

MR. GOLDSTEIN: I think we ought to have something direct from Dr. Hornbeck, the Superintendent of Schools.

GOVERNOR HUGHES: Well, he's testified once before in favor of this location, but we'd be glad to hear anything further you might have to add, Dr. Hornbeck.

MR. BOSLEY: Mr. Preiser is here as a representative of the Civic Plaza if you want to ask him any questions. He is here.

MR. HORNBECK: I think the Board members have...

MR. GOLDSTEIN: Governor, I think we want the complete record here, myself.

MR. HORNBECK: My name is David Hornbeck.

MR. GOLDSTEIN: The reason I'm asking you to testify, you know, we've had problems before when we moved from Baltimore down to Friendship and people said, "Well,

we were made to move." So I want you to put it in the record, sir, that you want to move from there to Baltimore and, also, the State Board of Education and your employees and all these folks.

MR. HORNBECK: Yes, sir.

MR. GOLDSTEIN: So there will be no misunderstanding in the future. Somebody can look at the record and say well, here's what Dr. Hornbeck said on November 7 at approximately 11:30 a.m.

MR. HORNBECK: Yes, sir. My name is David Hornbeck. I'm the State Superintendent of the Schools. And after several months of very careful and thoughtful consideration by the State Board, by my own executive staff, by employees of the Department, by the contemplation of both General Services and by the Department of Planning, for the record I can say to you that the Department is enthusiastic about the prospect of moving to the Civic Plaza Building in the City of Baltimore.

And I'd be pleased to answer any questions, but we have spread before you on previous occasions all of the reasons and thoughts and feelings, and we're gratified to

find that the Departments of Planning and General Services independently looking at the issues arrived at the same conclusions.

GOVERNOR HUGHES: Any further questions of Dr. Hornbeck?

(No response.)

GOVERNOR HUGHES: I have a letter here from the President of the State Board of Education, Mr. Sykes, dated October 24, and I think that should be entered in the record as well. Anything further on this item?

MR. GOLDSTEIN: I think it's very important, Governor, that when this contract is drafted, that the State is very clear about this option purchase and they'll give us ample time to review and see if the building is completely satisfactory. You never know how a building feels until you move into it and you start operating your business. It may look nice after you put your improvements in there, but the air conditioning may not work just right or the heat may not work just right or you may not be able to open the windows. We learned that up there at 301 West Preston Street. That was a beautiful building, but it's

the damndest building in the world to work in. You can't get any fresh air; you can't open the windows. It's like being in the black hole of Calicut.

MR. JAMES: Calcutta.

MR. GOLDSTEIN: Calcutta, wherever, I've never been there, but I've read about it.

(Laughter.)

MR. GOLDSTEIN: Calcutta, India, yeah. I've been in places just as bad, I think, in that State office building when you try to work there with people smoking and the heat. I just want to be sure that we have ample time in the option to demonstrate that that building is functional and that the people are comfortable working there. Where are the owners? Are they still here? Maybe we ought to get them to stand up there and put it in the record.

MR. PREISER: Gentlemen, my name is Richard Preiser. I represent the owners of the Civic Plaza Building. I'll be glad to answer any questions that any of you gentlemen may have.

As I indicated to Mr. Bosley about his comment,

we are prepared to negotiate an option purchase agreement from the point at which the dollar figure was presented to you gentlemen today. So I'm sure that when we all sit down and discuss the terms, it will be equitable to all parties involved. If there's anything I can answer, I'll be glad to.

GOVERNOR HUGHES: Any questions of Mr. Preiser?

MR. JAMES: No, not from me.

MR. GOLDSTEIN: How long of an option do you have in mind, sir?

MR. JAMES: I think that's part of negotiations.

MR. GOLDSTEIN: Well, I'd just like to get some indication from him, because it may take you a year to get the feeling of the building after you move in there, to be sure the heat works right and the air conditioning is right.

MR. PREISER: The discussions I've had...

MR. GOLDSTEIN: The plumbing.

MR. PREISER: Excuse me?

MR. GOLDSTEIN: I mean I'm just talking about the basic things that people need in the building.

MR. PREISER: I understand that.

MR. GOLDSTEIN: Comfort, air conditioning, heat

light, bathrooms function properly and all that business.

MR. PREISER: Well, we are prepared to, obviously, as landlords of the building to comply with any of the requirements that the State has in terms of creating a satisfactory work environment. If after you're in there in the building there is some deficiency that's been pointed out to us, we will make every attempt to correct it.

In terms of a purchase option period of time, the only discussions I've had to date regarding that really have been with Mr. Bosley, and this was discussed primarily in terms of incorporated in the lease would be an option to purchase the building based upon the appropriation by the General Assembly for the funds at, I believe, the next meeting of the Assembly when it convenes next year. Other than that, there has not been any lengthy discussions.

MR. JAMES: You'll have to have a longer option than that.

MR. PREISER: Well, as I said, I am prepared to discuss any reasonable request the State has.

MR. GOLDSTEIN: That's the point I make.

MR. PREISER: If there's a specific proposal they

would like to make regarding the terms and the time frame, we're prepared to sit down and discuss it absolutely.

MR. GOLDSTEIN: Well, in other words, you have no objection to having an option period of maybe a year or a year and a half, so they have the experience with the building in all four seasons -- spring, summer, fall and winter. See, the conditions are different for each season in the City of Baltimore, the State of Maryland.

MR. PREISER: Absolutely. I understand that. The term, the time period...

MR. GOLDSTEIN: In my opinion, you ought to have at least two years, no less than two years for the option. I mean, I'd like to get some indication.

MR. JAMES: I think we'd want at least three.

MR. GOLDSTEIN: Maybe three then, right.

MR. PREISER: Well, let me say this. Rather than negotiating the terms...

GOVERNOR HUGHES: Anybody go for four?

MR. GOLDSTEIN: No, but the point is getting...

MR. JAMES: I'm serious. It takes a long time to deal with the legislature and to get a legislative

appropriation and all that kind of thing. The State ought to have ample time.

MR. GOLDSTEIN: I have no objection. Three years is fine.

MR. JAMES: All right. That's the least.

MR. GOLDSTEIN: At least three years. I just want to be sure we understand each other as long as we're having this discussion here.

MR. PREISER: I understand that you gentlemen are recommending that there be an extended period of time, and we're willing to consider any reasonable proposal; and in terms of the specifics, we'll sit down with the State and negotiate those out. I'm sure we'll reach an equitable solution.

MR. GOLDSTEIN: See, it's like a ship, a new ship.

MR. JAMES: A ship of state.

MR. GOLDSTEIN: A ship of state, you have to have some trial runs, be sure everything is in gear.

MR. PREISER: Well, I understand your concerns. They're valid, and we will do our best to comply and satisfy them.

GOVERNOR HUGHES: Do the windows open?

MR. GOLDSTEIN: Oh, yeah, we tried them.

MR. PREISER: The windows open.

GOVERNOR HUGHES: I thought you were going to ask that question.

MR. GOLDSTEIN: I tried those windows.

GOVERNOR HUGHES: I did, too. I just want to get it in the record, that's all.

(Laughter.)

MR. GOLDSTEIN: The point is, when they start fixing the building up, they may fix them so you can't open them. Have you been in these new hotels where they used to open the windows, the Holiday Inns where they used to open them? They've now got them all so damn tight, you can't open them. They had that fire in Ohio. The guy had to take that big sofa and break the window in order to get out of there to save his life -- that big plate glass.

MR. PREISER: Rest assured the windows will open.

MR. GOLDSTEIN: I got a good chair up there in Baltimore to break that damn window in my office, I can tell you right now. I've got it sitting right there. I

know how to break that window so quick, it'd make your head swim, if I have to do it.

MR. PREISER: That promise I make to you, sir, the windows will open in the building.

MR. GOLDSTEIN: I just want to be sure. Here's a building here that's better than two hundred years old and the windows open. Sometimes they paint them so, you can never get them open. Max knows what I'm talking about. We have some down in Annapolis, you have to take chisels and chisel the paint to get them open. Okay.

GOVERNOR HUGHES: Well, it's a good place for chiseling, I know that.

(Laughter.)

MR. JAMES: Well, I move we terminate the humor and go on to other things.

GOVERNOR HUGHES: I think so, too. Any further questions of Mr. Preiser?

MR. GOLDSTEIN: No. I've asked him all the questions I wanted to ask him and put in the record.

GOVERNOR HUGHES: Thank you, sir.

MR. PREISER: Thank you.

MR. GOLDSTEIN: Thank you, sir.

GOVERNOR HUGHES: Okay. Do you want to act on this now?

MR. JAMES: I move that we approve the negotiations.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that we authorize the negotiations for the Civic Plaza Building.

MR. GOLDSTEIN: I think we ought to tell Mr. Katzenberg and our good friend over there that there is other space needed in downtown Baltimore, and we'll probably be back in touch with you.

MR. LORD: That's very, very assuring, Mr. Comptroller.

GOVERNOR HUGHES: All in favor of the motion, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. Now we go to DOT.

MR. TREXLER: Goodmorning. I'm Ed Trexler from the Department of Transportation. We have forty-seven "T" items on the Budget and Fiscal Planning Agenda, of which Items 40 and 41 are IDBC items. These items are recommended for approval by the Secretary of Transportation.

MR. GOLDSTEIN: Give me a chance to get that book, please, sir.

MR. JAMES: While we're waiting for the Comptroller, are you making any progress on trying to develop some rules on delegations?

MR. TREXLER: Yes, sir. There's something on the verge of coming to you.

MR. JAMES: Okay. I'm not smart enough to figure it out myself, but I'm hoping that you are.

MR. TREXLER: We'll give you something to shoot at anyway.

MR. JAMES: Maybe I can make a contribution. This Agenda is getting to the point that I can hardly lift it.

MR. TREXLER: Well, this is a three-week Agenda, you know. The next one will be a little lighter.

MR. JAMES: Okay.

MR. GOLDSTEIN: Okay. Let's see, Item 1 is satisfied. Let's see, Item 3T. Governor, on Item 3T where they're letting this contract for the cargo weighing franchise, and I asked a question -- why couldn't MPA with their own staff do this type of work?

MR. TREXLER: Mr. Green from the Maryland Port Administration is here to answer questions on that item.

MR. GREEN: Good morning, gentlemen. I'm Bob Green, Deputy Port Administrator. This Agenda item calls for private business to operate scales that have been constructed by the Port Administration. This particular operation traditionally has always been run by the International Longshoremen's Association; so this is union labor working on facilities that the Port Administration has constructed. And we did put it out for public bids, and we take whichever bidder provides the greatest revenue to the State of Maryland.

MR. GOLDSTEIN: You think this is a more efficient way of doing it than having your own people?

MR. GREEN: Yes, sir.

MR. GOLDSTEIN: Okay.

MR. JAMES: Could you provide a cheaper operation and make the port more attractive if you didn't have the private profit element in here?

MR. GREEN: Number one, the State in our calculation and determination of the tariff rate to be charged -- see, it's a Port Administration tariff; it's a public tariff -- what we did was, one, put into the cost our determination of the tariff rate, the cost to construct, plus the...

MR. JAMES: I'm an ignoramus on this. What do you mean, the tariff rate?

MR. GREEN: Well, all the rates that the Port Administration charges at any of its terminals have to be in a published tariff. Our tariff is reviewed and approved by the Federal Maritime Commission -- all rates for land, dockage, wharfage, scale weighings, whatever. We develop, one, the cost too for the State to get its money back for construction of these scales; two, the cost for the steamship... or the stevedore operator to man the scale approximately fifty hours per week; and based on that minimum

cost, we then put it out for bids and say, "Gentlemen, we'll take the highest bid above that figure."

GOVERNOR HUGHES: Any further questions on that item?

MR. GOLDSTEIN: No, that's all I had.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Item No. 6, Governor, the low bidder didn't qualify, and they gave it to the high bidder which is in the budget estimate. I think they ought to make a comment on it.

MR. KIMBALL: My name is L. A. Kimball from the Mass Transit Administration. The Item 6 represents the action of review on our part to find that the low bidder was not qualified to... or the apparent low bidder, I should say, was not qualified and non-responsive; therefore, the second low bidder was responsive in this case. You'll notice that the price for the second low bidder is approximately equal to the budget estimate. The estimate was essentially based on the kind of equipment which does meet our specifications which is being proposed to be furnished by the second low bidder. We recommend award to the second

low bidder in this instance.

MR. JAMES: I want to congratulate Mr. Kimball on his recent appointment although... as I read in the paper, you're the new Administrator of the Mass Transit; is that correct?

MR. KIMBALL: Mr. James, I'd be happy to accept those congratulations just as soon as Mr. O'Donnell makes that official, sir.

MR. JAMES: It's been in the paper. Well, we'll have somebody to kick around now.

(Laughter.)

MR. KIMBALL: Thank you very much.

MR. GOLDSTEIN: I think we ought to have a comment on Item 117 that we discussed the other day, you know, we asked some questions.

MR. KIMBALL: Yes, sir. Mr. Goldstein, in response to your question, we did attempt to determine whether or not the bidder would be accepting of a proposal to make a change. His comment to us is that in any change of this sort he would have to go through a rebid process. They would not, obviously, offer the same amount of money

in that respect. In view of the fact, Mr. Goldstein, that this contract proposes to give us about 74 per cent more per month over the five-year period, I do think sincerely that it is in the best interest for this one. Following your suggestions, I would like to suggest that when we do go to the advertising contract for the rapid transit vehicles themselves, that we attempt to do exactly what you propose; that is, use a percentage basis and then in that basis compare these two contracts.

MR. GOLDSTEIN: Governor, what I suggested, like in a rental of a large department store, you have a base rent and then you have a clause -- the rent escalates based on the gross business. And I was asking why we didn't have such a clause in this contract. He said, well, we got such a good deal based on the previous contract that it wasn't put in there; but the next contract for the Baltimore Rapid Transit, they'll include that; isn't that right, sir?

MR. KIMBALL: Yes, sir, and that way we'll have a direct comparison to determine how best to proceed thereafter.

MR. GOLDSTEIN: Thank you. And they've got to put up a bond.

MR. JAMES: Amazing income, really.

MR. GOLDSTEIN: You know that's a very important way to advertise. You know, people are riding on a bus or a train and they read it maybe eight or ten times.

MR. JAMES: Well, they're bored to death and they'll read anything they can see, I guess.

MR. GOLDSTEIN: That's right. You take where it's on television when it's flashed on so fast, you can hardly really get it in your mind, whereas when you're riding on a vehicle, you gaze at it maybe for ten minutes or five minutes, as the case may be; so it's a very effective way of advertising.

My next one was 16T.

MR. TREXLER: Item 16T is for the State Aviation Administration. Mr. Howard Durham is here.

MR. DURHAM: Gentlemen, good morning. I'm Howard Durham, Director of BWI. Item 16 on our Agenda is Change Order No. 11 to Belsinger Sign Works for the amount of \$5,063 for additional signing, both temporary

and permanent, to continue on of the signing program in the new terminal building. We recognize that we've had a considerable amount of over-run on this particular contract, but we believe that in the interest of the traveling public and the interim signs that we've had and the conditions that the people have from the various lots into the terminal, that it has been a justified expenditure.

MR. GOLDSTEIN: Okay.

GOVERNOR HUGHES: Thank you.

• MR. GOLDSTEIN: Governor, I don't know if you want an explanation on Item No. 30 and 31T with reference to the glass back in the storage that got broke. Maybe Mr. Durham can make a short comment on that.

GOVERNOR HUGHES: Howard?

MR. TREXLER: 30 and 31?

GOVERNOR HUGHES: Yes.

MR. DURHAM: Items 30 and 31T are change orders to Pittsburgh Plate Glass Industries for their particular work out at the terminal expansion program. Item 30T addresses the window wall and entrances. It is additional work that we've had to have done in this particular instance.

The change order addresses the removal of some interim electrical feeders that we have both for the North and South Terminal, which in the vestibules that are connecting the Main Terminal with the roadway system, that is also part of the PFG's work for the window wall. This was for temporary work until such time we were able to complete the Central Terminal.

The major item on Item 30T is a fourteen thousand dollar increase in Change Order No. 29 which was required from the doubling handling and the storage of the materials that we had for the large massive window wall areas. When we had to change the location of those from the original planned area with the demolition of the service building and, likewise, confining them into the centralized terminal there, it changed the equipment requirements that he had, and we entered into a time and material operation for this. It has been a little more costly than we anticipated, but under the circumstances I think it's a justifiable expenditure.

31T is a series of changes, a total estimate of thirteen thousand nine, again with Pittsburgh Plate for

window wall activities. These were... primarily, there's some nine thousand five hundred dollars of that thirteen nine -- is for the repair and the freeze damage that we had the previous winter in the vestibule areas. Where we've made the final investigation, we actually had to replace the system in there in its entirety, as opposed to try to repair them in place; and this is on a keep-cost basis. This particular nine thousand five hundred dollars will... a request for recovery on our Builders' All Risk is presently being processed, and we have every reason to believe that that will be reimbursed under our All Builders' Risk Insurance.

MR. GOLDSTEIN: How about 33T? That's State Aviation, Governor. That's a change order, two hundred and forty-one thousand.

MR. DURHAM: Item 33T is the amount of two hundred and forty-one thousand dollars. It's Change Order No. 1 to the Wright Construction Company who has been doing the extension of our North Apron - Phase II giving us several hundred thousand additional apron area for parking of cargo aircraft on the North Terminal area. Some hundred and

seventy thousand dollars of this amount is for a change condition which we involved in during the winter season and the tremendous amount of rainfall that we've experienced in the spring and the summer this year. The contractor has actually experienced a changed condition in the treatment of the soil condition out there, opening up of that large area. As you recall, our terminal of the airport is really built on gravel, sand, and over clay deposits, and we have a very meticulous problem to control that even on the driest of conditions. With the wet weather, the contractor actually had to experience the conditions -- our amount... type of construction methods of taking out the proper amount of material, drying it, placing it in, and then putting in soil cement to seal the areas off so that we could actually get the compaction that's required for the heavy aircraft that will be parking on that particular area.

In addition to that amount... included in that amount of two hundred and forty-one thousand dollars is repairs in the amount of some eleven thousand dollars to emergency repairs, more or less, or urgent on Runways 10-28

and 15-33 where we were experiencing a failure in several areas on the main two runways of the airport; Wright Construction Company being mobilized there at the time using a blacktop material which is the type we would re-require placed in there, we entered into a time and material replacement for it and repaired the particular items on Runway 15-33 and 10-28.

GOVERNOR HUGHES: Will this solve the drainage problems?

MR. DURHAM: Yes, yes. We have the drainage problem solved as far as the North Terminal is concerned. That contract... the concrete is down and the blacktop is in position, and just the final punchlist items for that particular contract is underway at the present time, which gives us an extensive capability to handle additional cargo activity. We can park two 747's at one time, some three DC-8's... extended DC-8 cargo and numerous smaller 727's which is very badly needed with the expanding air cargo business that we're experiencing.

MR. GOLDSTEIN: You've got to have your runways right. You saw what happened to that plane down in Mexico.

where they were repairing a runway and hit that damn truck that was sitting out there.

GOVERNOR HUGHES: Did you see what they did? They lighted the wrong runway.

MR. GOLDSTEIN: I say, lighted the wrong runway, that's right. He landed on the one they were repairing and hit that truck. The runways have got to be right.

MR. JAMES: 35.

MR. GOLDSTEIN: 35T.

MR. JAMES: 35 and the two contracts out there for the National Freeway.

MR. GOLDSTEIN: 35 and 38T.

MR. JAMES: Take them together.

GOVERNOR HUGHES: 35 and 38T, National Freeway contracts, Fred.

MR. GOTTEMOELLER: Good morning, gentlemen. I'm Fred Gottemoeller, Deputy Administrator of the State Highway Administration. 35 and 38T are two final design contracts for Section Two of the National Freeway. Section Two is the eight and a half mile section which crosses Sideling Hill. We have another approximately nineteen and

a half mile section which is now under discussion with the Department of Natural Resources through Green Ridge State Forest, and that is still in the environmental impact statement stage and is, I would say, about two years behind this.

This particular section, the environmental impact statement was approved several years ago, and we are now in final design. We should be able to start construction on this on some bridges west of Sideling Hill late summer of '80 or early '81.

GOVERNOR HUGHES: I'm glad to hear anything that says final with regard to the National Freeway.

MR. GOTTEMOELLER: Yes, sir, so are we.

GOVERNOR HUGHES: You say the Sideling Hills at the cut?

MR. GOTTEMOELLER: Yes. The major part of the construction here is the cut at Sideling Hill which would be a major amount of earth work.

MR. JAMES: Think the Board of Public Works ought to walk this route?

MR. GOLDSSTEIN: I've hunted over it. I've hunted

wild turkeys over it. I can tell you right now, if you want to walk it, buddy, you better put yourself on a real good pair of stiff boots and some briarproof pants and wear a pair of heavy gloves, because you're really going to go over some rough terrain.

MR. JAMES: Is that right?

MR. GOLDSTEIN: Yes.

GOVERNOR HUGHES: It was walked, wasn't it, Fred?

MR. GOTTEMOELLER: I've walked it myself several times and I know other people on our staff have, and I'd be glad to take anybody out there who'd like to go.

MR. GOLDSTEIN: I say, it's rough terrain, isn't it?

MR. GOTTEMOELLER: It sure is.

MR. GOLDSTEIN: Yes, sir. I'll be hunting up there in November again before Thanksgiving.

MR. JAMES: These engineering firms lots of times, don't they just photograph it and then make their plans in accordance with the photography, and sometimes they make mistakes?

MR. GOTTEMOELLER: The basic engineering work is done from aerial photography, that's correct. Now, we

do send survey crews in the field to check the aerial photography and, also, to do the soil borings. So there are people out in the field working on these hillsides.

MR. JAMES: That's good. I know in some of the Kennedy Highway work where they relied on photographs and we got a bunch of smart engineers from Aberdeen Proving Ground who came out there and showed them where they could make some improvements and finally made the change, but I noticed that they were relying heavily on photographs.

MR. GOLDSTEIN: What's it going to cost per mile to build this eight and a half miles?

MR. GOTTEMOELLER: Well, it's going to be approximately forty-eight million dollars -- is our current estimate -- and eight and a half miles, that's a little under six million dollars per mile.

MR. GOLDSTEIN: And this is 30 per cent State money?

MR. GOTTEMOELLER: 20 per cent State money, 80 per cent Federal money; and the Federal money...

MR. GOLDSTEIN: 80/20?

MR. GOTTEMOELLER: Beg your pardon, sir?

MR. GOLDSTEIN: You say 80 per cent Federal?

MR. GOTTEMOELLER: Yes, sir.

GOVERNOR HUGHES: Well, there's a difference, isn't there, between construction and engineering? This says 70/30.

MR. GOTTEMOELLER: Yes. The engineering was done... originally programmed prior to the change in the matching ratio, but the construction will come out at an 80/20.

MR. JAMES: Well, these engineering fees certainly aren't very high. Let's take this first contract; it's only twenty-six thousand.

MR. GOLDSTEIN: About two ninety-nine.

GOVERNOR HUGHES: No, no.

MR. GOLDSTEIN: Two ninety-nine four fifty.

MR. JAMES: Doesn't it say the total fixed fee for all services?

GOVERNOR HUGHES: That's a fixed fee.

MR. JAMES: Yes, but I mean, from the standpoint of the engineering firm itself, that's their profit, isn't it?

MR. GOTTEMOELLER: Yes.

MR. JAMES: Well, not even their profit; that's what they get paid for their services.

MR. GOTTEMOELLER: Well, the total amount that they'll get paid, referring to 35, is two hundred and ninety-nine thousand four hundred and fifty dollars.

MR. JAMES: Isn't that just reimbursement of cost? Isn't that just mostly reimbursement of cost?

MR. GOTTEMOELLER: No, that's all their salaries, the overhead and direct costs and fee, all inclusive.

MR. JAMES: Yeah, but that's really a payment of their expenses, isn't it?

MR. GOTTEMOELLER: No, sir. That's all they're going to get.

MR. TREXLER: The fixed fee is included in that.

MR. GOTTEMOELLER: The fixed fee is included in that.

MR. TREXLER: The fixed fee being their profits.

MR. JAMES: The fixed fee is what they make; that is their profit?

MR. GOTTEMOELLER: Yes, and that is twenty-six

thousand five hundred and fifty.

MR. JAMES: I don't think that's very much, myself.

GOVERNOR HUGHES: Do you want to up it?

MR. JAMES: No. I mean, it looks like a lot of money for a lot of work, but when you come right down to it, it's for a skilled type of work like this...

MR. GOLDSTEIN: Well, that's off the top, you see.

GOVERNOR HUGHES: Yes, but the, you see, employees are fully reimbursed on an hourly rate including fringe benefits and overhead; right, Fred?

MR. GOTTEMOELLER: Yes.

GOVERNOR HUGHES: And if principals are involved, that's a different rate; so I think they'll make out all right.

MR. GOTTEMOELLER: I should say that a lot of the work has been done on this project by their previous agreements and the in-house; like, the preliminary design work up through design hearing was done in-house. So they're strictly doing the contract plans which is why their fee is a little lower than normal.

MR. GOLDSTEIN: How many times... This road has been surveyed so many times. I've been traveling over it... let's see, '46. I've been traveling up there for about forty years, and I know in the last ten years, there have been groups out there surveying Sideling Hill. They're getting rid of that old curve.

MR. GOTTEMOELLER: Yes.

MR. GOLDSTEIN: Let me ask you a very pertinent question. Mr. Caltriter the other day met with some folks downstairs here and says with the fall-off in revenues and the escalated costs due to inflation, they're going to have a hard time meeting their estimates. Now, this forty-eight million, is that the present estimate, or is that going to be the estimate next year when you start building the road or building the bridges?

MR. GOTTEMOELLER: Well, we can't be sure until we actually get an advertised contract, but our current estimate is forty-eight million.

MR. GOLDSTEIN: Now, do you have the money? Where are you going to get the money from?

MR. GOTTEMOELLER: We're working with this

Appalachian program. The Federal aid for this particular length of highway comes from the Appalachian program and cannot be spent for any other project in Maryland. It's earmarked for the Appalachian Highway.

MR. GOLDSTEIN: I understand that, but I mean do you have the State money?

MR. GOTTEMOELLER: We have enough Federal money out of that program for this section. We also have enough State money under the current allocation from the Secretary's office for the State's share also. Now, you did, Mr. Comptroller, at the pre-Board meeting ask for a memorandum on that. I'd be glad to distribute that.

MR. GOLDSTEIN: I'd sure like to have it.

MR. GOTTEMOELLER: Okay.

MR. GOLDSTEIN: In other words then, you've set aside money for this particular highway?

MR. GOTTEMOELLER: Yes, sir.

MR. GOLDSTEIN: You've set aside?

MR. GOTTEMOELLER: It's approximately ten million dollars.

MR. GOLDSTEIN: That was the question I asked

the other day with reference to Route 235 and Route 2 and 4. Why haven't you set that money aside? That road is just as important to those people as that road is to Western Maryland.

MR. GOTTEMOELLER: Well, I'm sure it is. We have to... if you might want to take a look at page 3 of the memorandum which Ed is distributing. The kind of things that we look at in setting priorities between projects and, of course, every project is important to the people who are using it or propose to use it, but one of the things we particularly look at is the availability of Federal aid and the ability of a certain investment of State funds to earn Federal funds. In this particular case, the only way we can earn the approximately forty million dollars in Federal aid is to put up the ten million dollars in State funds. So, naturally, we tend to give that a high priority.

Of course, the National Freeway itself is expected to be a major benefit to the entire State because of the effect it will have on the accessibility to the port. So, in terms of the total Statewide priority, it

has a very high priority from the point of view of economic growth.

MR. GOLDSTEIN: I see.

GOVERNOR HUGHES: It's a special program on the Appalachia, and the whole thing has been on the basis that it could only be built if those funds are available.

MR. GOTTEMOELLER: Yes, sir.

GOVERNOR HUGHES: And it's not like the normal Federal highway program that says you get so much a year for primary and for secondary. It's a special program, providing they continue to extend the Appalachia authorization.

MR. GOTTEMOELLER: Right. That, I understand, will be coming up for an extension this year.

MR. GOLDSTEIN: Thank you, sir. I think maybe, Governor, Items No. 36 and 37 and 39 are very similar and ought to be explained.

GOVERNOR HUGHES: 36, 37 and 39.

MR. GOTTEMOELLER: 36, 37 and 39 are individual contracts for remedial repair of bridges around the State. We have been identifying, since we revised our bridge

inspection program several years ago, a number of problems that we've found throughout the State; and I presented a list at the pre-Board meeting of approximately forty-seven individual items that we expect to assign most or all under these particular contractors.

Basically, what's happened is that we, between the fall-off in our personnel in the Bridge Department and this increasing workload from deteriorating bridges, we've run out of the ability to do these bridges in-house, and so we've had to go more and more to contractors.

These first three are to kind of cover the interim until we can get... We are now starting two larger contracts through the Board of... or the Transportation Professional Services Selection Board, and we'll be running those on a longer term basis; but in order to cover the interim while we're getting those contracts set up, we put together these three smaller contracts.

GOVERNOR HUGHES: You revised the bridge inspection program as a result of Denton Bridge falling.

MR. GOLDSTEIN: I'm in favor of this program.

GOVERNOR HUGHES: It's an important program.

MR. GOLDSTEIN: I believe I sent you a letter last year. It was a report in Parade magazine showing how bridges all over the country that was built back in the '20's and the '30's when you didn't have all these heavy truckloads, you didn't have all that salt and all that chemical used on roads to melt ice. Now bridges are deteriorating.

GOVERNOR HUGHES: Well, we have a significant portion of bridges that are more than thirty or forty years old. I forget what the percentage is, but it's a very high percentage.

MR. JAMES: We've got a salt program that's specifically designed to...

GOVERNOR HUGHES: To deteriorate.

MR. JAMES: To deteriorate.

MR. GOLDSTEIN: Right. Well, that's the point. So I think this is a good program, myself. I want to congratulate you going ahead and doing it, because I know there's Federal money for bridges, too, isn't it?

MR. GOTTEMOELLER: Yes.

GOVERNOR HUGHES: What's the situation at the

Federal level, Fred? They were really talking about making a significant increase.

MR. GOTTEMOELLER: Well, in the 1978 Surface Transportation Act, they increased the bridge rehabilitation program by a factor of about ten. Our individual allocation went from about one and a half million to over eleven million from '78 to '79. So they made a big jump, and we're taking advantage of that.

MR. GOLDSTEIN: Well, another example, you take the Potomac River Bridge from Morgantown, last winter it had to be closed, and that's a very important highway. There's thousand of people who work over on both sides of the river, Virginia and Maryland. It's very important to have that bridge inspected. That was built back at the promise in the election of 1938 when Mr. Roosevelt was campaigning to oppose Senator Tydings. I can remember it like it was yesterday. Am I right?

MR. GOTTEMOELLER: Well, we have that bridge back in service now, as you know.

MR. GOLDSTEIN: Right. And I was there the day they dedicated that bridge when the road wasn't even

finished on the Virginia side. So we got that bridge, and we got the Choptank River Bridge as a result of that election; you realize that, Governor?

GOVERNOR HUGHES: I remember Congressman Goldsboro had something to do with the Choptank River Bridge.

MR. GOLDSTEIN: Yeah, but, see that was during that campaign when Roosevelt was trying to purge Tydings for David Lewis, and Allen Goldsboro was smart. He was with Roosevelt and he got that bridge, and Gambrill was the Congressman down home, Steve Gambrill from Howard County, and he got that bridge down there. It was all a part of...

GOVERNOR HUGHES: Well, I was terribly young at that time.

(Laughter.)

MR. GOLDSTEIN: Right.

GOVERNOR HUGHES: And, as I recall, I was a tenderfoot Boy Scout, as I recall, when President Roosevelt came to Denton; you remember that?

MR. GOLDSTEIN: I was running for the House of Delegates, and I managed Senator Tydings' campaign in our

county along with Governor Tawes' campaign. I can remember like it was yesterday. I've got a good memory for political facts.

GOVERNOR HUGHES: I can remember it in Denton.

MR. GOLDSTEIN: You was a Boy Scout.

MR. JAMES: Well, a lot of bridges are built on political deals, you know that.

(Laughter.)

MR. GOLDSTEIN: I know. I know that. The Patuxent River Bridge...

GOVERNOR HUGHES: Without approach roads, too.

MR. GOLDSTEIN: Right. Yes, sir, we'll write the book after everybody's gone to their great reward in heaven.

(Laughter.)

MR. GOLDSTEIN: Baltimore City's Item 40 and 41T, Governor.

GOVERNOR HUGHES: IDBC?

MR. GOLDSTEIN: Just received those two items.

MR. JAMES: They really have those change orders in those Baltimore City contracts. I was just wondering...

242 per cent, see, that's a good example. I guess it's... I hope it's all right.

MR. COLDSTEIN: All we do is receive it. It says Baltimore City and Federal money. We have no input in that. It's just here for the record.

I think Item No. 42 ought to be explained. It's that Carroll Creek Trestle, that emergency, Governor, up there in Frederick to bring that chlorine into that plant.

MR. TREXLER: You'll remember the emergency contract we had to put that trestle bridge back into service, and we had an estimated amount on that contract to be done on a time and material basis. Things were going admirably. We were within the estimate until they investigated the masonry footing on the north abutment of the bridge, which was one of the last items to be completed. Lo and behold, there was no footing under that abutment; so they had to completely reconstruct the abutment, and that is the reason for this extra on this contract. We do not yet have the final cost, but we believe that this revised contract amount of two hundred and twenty-five thousand is very close to the final figure.

There were no record drawings on that bridge. There was no way to know until they got in there and excavated and found that there was no footing under there. Our engineers say they can't understand why it stayed there.

MR. GOLDSTEIN: The good Lord was on our side. I think Item 43 ought to have an explanation for the record. That's the trackwork installation for the Baltimore Rapid Transit.

MR. JAMES: 43?

MR. GOLDSTEIN: Yes, sir. It came in about eight hundred thousand above the estimate.

MR. TREXLER: This is the award of the contract for Mass Transit Administration in connection with the Rapid Transit. Mr. Kimball is here.

MR. KIMBALL: It's my understanding that Mr. Jones would like to address the Board, Mr. Hanford Jones of the Maryland Minority Contractors Association, and I certainly defer to him at this point and would be happy to answer any other questions.

GOVERNOR HUGHES: Is Mr. Jones here?

MR. JONES: Good afternoon. I don't want to...

GOVERNOR HUGHES: I understand there are a couple of items you wanted to address.

MR. JONES: Yes, they are 43T, 47T and 11T, but I believe you were about to discuss some eight hundred thousand dollars at bid time over the engineer's estimate prior to, you know, Mr. Kimball introducing me. I didn't know if that was something you all wanted to discuss.

GOVERNOR HUGHES: We didn't know you wanted to appear until we got here today. We wish in the future that you could give us some advance notice so we can schedule it, but we'll give you a few minutes. You have three items you want to discuss?

MR. JONES: Well, in the contract, 43T, there was Herzog, the apparent second low bidder -- had filed a complaint in that they say North Star Electric who was the first apparent low bidder did not have their MBE package according to UMTA's new guidelines at the time of bid opening, and Herzog hadn't had theirs signed. Theirs was included, but not signed by a certified Maryland Department of Transportation Advisory Committee minority business enterprise; whereas North Star Electric

who are using a minority business enterprise that has not been certified by the Maryland Department of Transportation Advisory Committee.

Our purpose for being here today is asking for deferment until either the North Star Electric proposed MBE is taken through the Maryland Department of Transportation Advisory Committee process as certification, or if the apparent second low bidder, Herzog, is awarded since they already have an MBE who has been certified through the Maryland Department of Transportation minority business enterprise certification process.

There's a million dollar difference approximately as it stands now. If they re-advertise it, if it's found out that this firm that North Star is using is not a minority business enterprise, it's going to cause an increase in the already increased low bid price that's been submitted.

On 43T... I mean 47T and 11T...

MR. GOLDSTEIN: Well, maybe we ought to hear from Mr. Kimball about it on this item.

MR. KIMBALL: As regards to this item in

particular, first of all, it is true that the Herzog people did file a protest with us. That protest was investigated. It was also filed with the General Accounting Office of the United States. The General Accounting Office has dismissed that complaint. The Attorney General's Office of our State has reviewed the protest and found that the protest is without standing and that the State can accept the bid of North Star. There were only minor irregularities in terms of filling out the forms, that obviously the full and complete intent of North Star is to have a full, in compliant program of MBE. That is stated in the contract as 10 per cent of the contract amount plus 10 per cent allowance for overhead plus 10 per cent allowance for profit, which puts the total amount of MBE commitment well above the total of 10 per cent required in our contract.

Secondly, the Department has reviewed the particular firm involved proposed by North Star, find them at this point generally to be in compliance, and is under the Secretary's review and guidance ready to recommend award of the contract as proposed here. The contract, notwithstanding any of that, of course, as you understand,

requires the prime contractor to meet his goals with a certified MBE. So, if by chance, the particular firm proposed should not be found in compliance at some time in the future, they would have to... that is, the prime contractor would have to substitute a certifiable firm so that we are fully protected and our goals are being met. The Department, therefore, is recommending...

MR. GOLDSTEIN: Let me see if I understand you.

MR. KIMBALL: Yes, sir.

MR. GOLDSTEIN: You're saying that North Star Construction of New Rochelle, New York...

MR. KIMBALL: Yes, sir.

MR. GOLDSTEIN: ...has complied with the minority 10 per cent?

MR. KIMBALL: We believe they have, yes, sir. They have certified to us a firm that is a certified MBE under the Federal processing in the State of New York. That firm is a very well qualified minority firm. North Star itself is a well qualified firm in trackwork installation. We have no doubt that they will be fully certified here.

GOVERNOR HUGHES: Did you say the proper Federal agency, whatever, the GAO has approved as is being in compliance?

MR. KIMBALL: The proper Federal agency, GAO in this sense, has dismissed the complaint as not having any standing.

GOVERNOR HUGHES: Okay. 47T, Mr. Jones.

MR. JONES: Right. First, that there is no Federal process certification. U.S. DOT has imposed new guidelines. They have not been approved by Secretary Goldschmidt as of this date. Those new guidelines would say that any other MBE from another state certified with that state would be allowed to participate in Maryland's process even though they have not gone through Maryland's minority business enterprise certification. Those guidelines, again, by U.S. DOT which would include UMTA have not been approved by Secretary Goldschmidt and are not standing rules of operation. Therefore, the Maryland Department of Transportation minority business enterprise certification process supersedes any other state's process in as far as MBE's...

MR. GOLDSTEIN: Are you talking about Item 47T now, Mr. Jones?

MR. JONES: Yes, on 43T, in rebuttal to the claims that since this MBE from North Star has been...

MR. GOLDSTEIN: Excuse me. We're still on 43T or 47T?

MR. JONES: In 43T, yes. I know the Governor did say 47, but there was some comments made by Mr. Kimball that were misleading in the sense that, again, the U.S. Department of Transportation has new guidelines that would make any MBE certified with another state eligible to participate here in Maryland without going through Maryland's...

MR. JAMES: Well, what do you want us to do?

MR. JONES: Well, I had asked for a deferment to award of this, unless the Board of Public Works wants to accept Herzog's low bid who has...

MR. JAMES: Well, we can't do that.

MR. JONES: ...a certified MBE through the Maryland Department of Transportation process.

MR. GOLDSTEIN: Well, how can we accept Herzog's

bid when it's ten million five forty, and North Star is nine million seven thirty-nine, and Mr. Kimball says that the General Accounting Office and the Attorney General's Office of Maryland have reviewed it and found their protest not applicable?

MR. JONES: Now, as to what...

MR. GOLDSTEIN: I mean, it's your statement against his, and he says he's checked it out. Do you have anything in writing to present here today showing that he's wrong? Do you have anything in black and white?

MR. JONES: The fact that the MBE that has been proposed by...

MR. GOLDSTEIN: Yes, sir. Do you have anything...

MR. JONES: North Star Electric is not certified. It's in the records in the Maryland Department of Transportation Minority Business Enterprise Advisory Committee.

MR. GOLDSTEIN: Yeah, but you heard him just say that he's had all that reviewed by the Attorney General and by the General Accounting Office and they denied their protest.

MR. JONES: That review that he spoke of is in

as far as the complaint of Herzog as per North Star being the low bidder, not to the bonaficity of the MBE proposed by North Star Electric which, again, has not been taken through the Maryland Department of Transportation's MBE certification process, and should not be accepted by any other state because currently U.S. DOT's new guidelines have not been passed by Secretary Goldschmidt. Therefore, any MBE certified in another state is not necessarily qualifiable here unless they go through the supposed one uniform MBE process as stated in the 1979 Rules of Operation in the MBE Guideline; and if some committee he says has gone ahead and approved this firm as a certified MBE, myself as a member of the Maryland Department of Transportation Minority Business Advisory Committee, have no knowledge of that, and there's no need to have an Advisory Committee set up if they're going to, as Mr. Kimball has presented, certify someone without taking it through the Advisory Committee for, you know, final oversight. I have not been aware of such a firm being brought to the Maryland Department of Transportation MBE Advisory Committee for certification, and the guidelines by UMTA which would allow

them to participate under being certified in New York have not been passed by Secretary Goldschmidt as of yet and, therefore, Maryland's MBE program still supersedes anything that U.S. DOT has.

GOVERNOR HUGHES: Do you want to address that?

I think I understand that.

MR. KIMBALL: Yes, just quickly, and you'll fully recall the MBE certification program that we have in the Department of Transportation has an Advisory Committee that reviews certifications. It is the responsibility of the Secretary obviously to undertake the certification. He has reviewed... his staff, I should say, has reviewed the MBE certification proposed by North Star for Trevor Sears, the particular firm that will be the minority firm on this contract. They find it in compliance from their point of view. They have not procedurally as yet gone through the meeting of the Advisory Committee and gone through that review; however, they are fully satisfied with the certification and are ready to approve it.

This contract is an important contract scheduling-wise, as you understand; so the Department is proposing

that we proceed in order to get the contractor on the job, give a notice to proceed because, as of next month, he has to be on the job and receive materials coming to us from five separate contracts that we've already let. It is his responsibility to receive, store those, and make installation under this trackwork contract.

The Department is fully satisfied that this contractor that is proposed and the subcontractor, the minority subcontractor, meets our qualifications and guidelines for certification.

The second part of that is that, if for some reason or another, it should subsequently find that that was not the case, the contractor has the responsibility to provide a certifiable firm; so the Department and the State are fully protected in every instance, and the State's best interest we think is proceeding especially with this bid. You can determine by the bids that are here that to proceed otherwise would cost a considerable amount of money. But in any event, the State's purpose in terms of MBE and its goal at the program is going to be fully satisfied.

GOVERNOR HUGHES: 47T.

MR. JONES: 47T and 11T, as well as 43T, all have the same system of being brought before this Board, and that's without our invitation to see those names of MBE's submitted. Now, prior to certain personnel at MTA leaving, this system was done, and I don't know, but for some reason it has ceased in as far as MTA submitting the names of the MBE's that the general contractors have submitted to MTA for approval prior to coming before the Board of Public Works for notice to proceed.

And our basic point here is that to proceed in a fashion where the goal which is not being met continues not to be met is disillusioning to those MBE's who go through the very lengthy and intimate scrutinization of their firm's financial status to do work here under the 10 per cent MBE program, which is part of the MDOT's system as well as part of the State law. And this is the aspect that we're looking at also besides the fairness to the State in getting the lowest possible bid. We're looking at the fairness of those MBE's that go through this very time-consuming and costly certification process

just to do work, and then when they go through the other protocols of bidding; that is, submitting to a general prior to the bid opening, being in compliance, being in low bid, being in good form as a bidding contractor, and they get lost out by a firm that doesn't even go through certification, and it's very disillusioning to the entire process and most directly to those who originally sought to have this program benefit all those contractors who have not historically been competing in Maryland construction work.

MR. JAMES: Well, this firm inevitably had to comply with the minority program when it went on the job originally. Now, certainly I assume that they're just going to continue the same type of program.

MR. KIMBALL: Thank you, Mr. James. That's exactly the case. In this particular contract, the contractor is proposing subs that have already been certified in every respect by our process. There are no new subs that have not been certified. So everyone that's proposed is a certified sub and has valid standing with the Department as a certified MBE. There's no reason for any repeat

of a process that's already occurred.

MR. GOLDSTEIN: Well, right here in the presentation, quote, "In accordance with the Governor's Code of Fair Practices, the contractor has executed an approved Affirmative Action Plan as part of the contract."

MR. KIMBALL: Yes, sir.

MR. GOLDSTEIN: So that means he's going to give at least 10 per cent to the minorities; is that correct?

MR. KIMBALL: No, no, no, I'm sorry. What I'm saying in regard to the Peter Kiewit contract here, 47T...

MR. GOLDSTEIN: That's what I'm talking about.

MR. KIMBALL: Yes, sir.

MR. GOLDSTEIN: That's what I just read. I read you gave the award to Peter Kiewit Sons' Company, Milmont Park, Pennsylvania.

MR. KIMBALL: Yes.

MR. GOLDSTEIN: "In accordance with the Governor's Code of Fair Practices, the contractor has executed an approved Affirmative Action Plan as part of the contract."

MR. KIMBALL: That relates to the employment of workers on the job, sir.

MR. GOLDSTEIN: I understand that. I understand that. And, also, he's also complied with the minority, hasn't he?

MR. KIMBALL: Yes, sir, because all of the subs had...

MR. GOLDSTEIN: Otherwise, he wouldn't be on the job.

MR. KIMBALL: That's correct. That's correct. All of the subs that are there, he's already proposing, he's already certified.

GOVERNOR HUGHES: The issue that might be overlooked here is that there's a process to certify minority contractors; correct?

MR. KIMBALL: That's correct. Now... Pardon me, Governor, I'm sorry.

GOVERNOR HUGHES: In the first, 43T, it hasn't gone all the way through that process yet.

MR. KIMBALL: That's correct, sir.

GOVERNOR HUGHES: The Department feels that there's no question that they can comply and be certified on that one.

MR. KIMBALL: Yes, sir, right.

GOVERNOR HUGHES: On this one, the subs that are being used have been certified previously.

MR. KIMBALL: Already certified, yes, sir. There's no reason to repeat the process.

GOVERNOR HUGHES: Plus there's only one bid.

MR. KIMBALL: We already have them.

MR. JONES: But that wasn't my point. When I comprised all three of these particular contracts, I was saying that there was an intermediary process whereby MTA would send us carbon copies of those names of MBE's who were being submitted by the general contractors prior to coming before this Board for notice to proceed. That system of documentation has elapsed with MTA, and we think that it would be more beneficial to the State in as far as achieving its goal and a lot easier for us to honor to these contracts per contract. In as far as the bonaficity of the MBE's, as you know, the Maryland Department of Transportation has an internal audit going on because of many fraudulent practices taking place at bid time in submission of MBE's names; and because of this, if this

Board would put on their general item a section there where the award would be approved in as far as the MBE process, then that would be different than what you read in accordance to the Governor's Code of Fair Practice -- and I'm imagining that's in reference to Governor Mandel's Code of Fair Practices -- and, again, as Mr. Kimball said, deals strictly with employment and nothing to do whatsoever with MBE utilization.

If your Board would think of the idea of putting in your general item a section where those contracts that fall under the various agencies' MBE programs and list those names, it would be easier for everyone concerned. MTA has been wrong in '77 with their first three contractors that they used -- Traylor Brothers and Peter Kiewit -- and, you know, it's not a personal thing that we're taking here. We're talking about those people who need to be working, as opposed to those that are being fraudulently placed in a position to work. So MTA is not a perfect agency and neither are we, but I'm saying that they have been wrong in certifying departmentally those contractors that they consider to be MBE's. John

Henry Corporation is an example. Island Contractors is another example, and R&W which MTA was about to proceed in certifying is another example of their interdepartmental fallacies in certifying MBE's; and this is why we urge that they go through the Maryland Department of Transportation certification as a uniform system which is, again, written into the procedures of the 1979 MBE Directory as signed by Secretary O'Donnell which is not being done now. As he said, they've gone through a process in-house already certifying. When they come before the Advisory Committee, of which I'm a member, it's cut and dried. I really shouldn't be even wasting my time there if this is what's going on, you know, because people have taken their time and CPA finances to get certified and then bid somebody and don't get utilized because firms who are using other people who are not MBE's are getting the work.

If it is found that this firm is not legitimate, then he has a letter of intent with that MBE. He can't just walk out and sub something else out just that easily and comprise 10 per cent. It's unusual that a contract can get one individual contractor that comprises 10 per cent

anyway. That's not the standard. Usually, it takes two or three subcontracts to meet it. This is a rare and... You know, in as far as our concern -- and you know it's very deep -- it looks, you know, from this part of the system, Secretary O'Donnell wants to be uniform, and this is basically what we're trying to present to the Board -- one, that the uniform process stand intact and not just indiscriminately per agency per modal start certifying people and then bring them before the certification process, and these people are already working. You know, there are many contractors who are certified that are not working and are bidding, and this is why the goal wasn't met when they reported down to their House Appropriations the other day... the other month. And, you know, this is basically what we're saying. Our interest is very sincere in this whole matter, and if the Board was to put on your general item a section where those contracts that have MBE regulations per agency -- the Department of General Services, IAC, University of Maryland and DOT -- then you would be able to see the names of the firms, whether they're certified or not, and that

would only apply to MDOT because they're the only agency of those mentioned that have a certification process.

You know, it gives you more and ourselves more knowledge of exactly what's going on underneath the surface, and right now we just have a surface idea that this guy is in compliance.

GAO does not know the intensity of the Maryland MBE program. GAO does not certify MBE's. So their word is their report, but it does not saying that this firm is legit; and, again, pointing out the four firms that MIA has previously interdepartmentally certified and found out to be... one which was Federally prosecuted and convicted and sentenced is to show you that their process is not necessarily the best one, and that the MDOT MBE certification process which is intact, which I'm a member of, is the one that should supersede any intermodal certification.

GOVERNOR HUGHES: All right, one final word.

MR. KIMBALL: Yes, sir. Perhaps I can help you by indicating that what is proposed here has been through the MDOT certification process. The MDOT process does not

provide that there be a repeat of every certification once it has occurred.

GOVERNOR HUGHES: There's been some suggestion to do away with the certification process, hasn't there?

MR. JONES: Yes, sir.

MR. KIMBALL: There is some at the Federal level, as you're well aware. So certainly we have complied with the MDOT process. What is proposed here is MDOT review of the contract that finds it's certified, and the Secretary would not have presented to you had he not been satisfied that those processes had been met.

MR. JAMES: We've got an overall consideration here that's very important as far as I'm concerned. You've got to fit these contracts chronologically into place. Unless you do, you're talking about a lot of money which is really not only going to hurt the job, but hurt the people working on the job if it doesn't work out properly.

MR. KIMBALL: That's correct.

MR. GOLDSTEIN: Let me see if I understand what Mr. Jones was talking about. In other words, when these contracts are sent down here to the Board of Public Works,

he wants the name of the prime contractor and the subcontractors?

MR. JONES: The MBE subcontracts would be most useful since there's a program...

MR. GOLDSTEIN: The name and address of the minority contractor, for example.

MR. JONES: Yes, as well as the description and the dollar amount per cent of the total contract.

MR. GOLDSTEIN: Is that possible, Mr. Kimball?

MR. KIMBALL: Yes, sir. Mr. Goldstein, that is possible. There is a process established by the Department by which he can get that information, and that is through the Department's Fair Practices Office. Mr. Jones is aware of that, and that information is available through that Department. When the Department consolidated this practice in response to suggestions by you and several others that it improve its process, it did so in a way to ensure that uniform requests for information were uniformly processed and handled; and so that process still exists. He knows that. He knows that he can get that information from them. We don't go in that instance to each modal

Administration agency any more. His funnel for that information, his source, is through the MDOT Fair Practices Office. That information is available to him.

MR. JAMES: Well, in the past, in the backup material with some of these contracts, my recollection is that you had a list of the contractors with the subs.

MR. KIMBALL: That's correct.

MR. JAMES: And the minority identification.

MR. KIMBALL: That's correct. Now, in this particular instance, Mr. James, obviously because the Kiewit program has been before you more than once on at least two contracts and their program has been certified by the Department, we did not transmit that list today. I'd be happy to do so, but...

MR. GOLDSTEIN: Let me ask you. Well, now on this particular contract here for the finishing of this building, are they going to use the same subcontractors or are they going to use some others?

MR. KIMBALL: They're going to use all certified MBE subcontractors in meeting their goal, Mr. Goldstein. I don't know the specific names of the individual firms.

MR. GOLDSTEIN: Does that satisfy you, Mr. Jones?
You heard what he said?

MR. JONES: Yes, you're riding on the point that I was coming to. In other words, as you have the award in as far as in accordance with the Affirmative Action Plan...

MR. GOLDSTEIN: Can you come up to the podium, sir, Mr. Jones? So we can get it in the record, please, sir.

MR. JONES: Yes. You were getting to the point that I was making. In other words, on your general item sheets, you would have a section there that pertains to each of the agencies mentioned in Chapter 575, Article 41, Section 14F, whatever, and you would have them listed there underneath where you have "In accordance with the Governor's Code of Fair Practices, this contractor is in compliance." You would also have a section in there under the IAC program, let's say for example, that this contractor has met the twenty-five thousand over... 10 per cent over twenty-five thousand dollars, and these are his sub's, the description of work, the dollar value of that amount,

and the percentage of the MBE 'subs' amount to that of the general contractor. That would be on your general item sheet, as opposed to going to the Maryland Department of Transportation Fair Practices Office which only covers the MDOT contracts. You would have the awareness of each contract that comes before your approval that has an MBE program, not just MDOT's but all of the agencies under the State 10 per cent law; and, if that was part of your reading material for general items, you would as well as any other participant who, you know, can read that would know who the contractors are.

MR. GOLDSTEIN: Mr. Kimball, would that be too much trouble to send that information down?

MR. KIMBALL: Sir, I'm sorry, Mr. Goldstein.

MR. GOLDSTEIN: Would that be too much trouble to carry out that suggestion and give us that list?

MR. KIMBALL: It certainly is no problem for the Department of Transportation, sir. I can't speak for the other departments of State Government.

MR. GOLDSTEIN: Well, no, we're talking about your department right now.

MR. KIMBALL: In terms of the Department of Transportation, if the Board uniformly wishes us to transmit that information with each contract involved, I'm sure that we can do so.

MR. GOLDSTEIN: Well, that would certainly be a complete record, wouldn't it, Governor, and it would save...

GOVERNOR HUGHES: Yes. I guess the question is whether there's a necessity for that. We tried it once, but if there is a central place where all this information is available... I think there has to be some limit to what we have on our agendas, as the Treasurer is saying that he can hardly lift it now.

MR. KIMBALL: Essentially, the Secretary is certifying to you that those subcontractors are satisfactory. It seems to me that certification should have some standing with you in terms of that respect. If there's a new program or a new group to come down for your information and that's your desire to have new firms certified so that you're aware of them, certainly we can report on that. It's essentially the Board's determination for procedure, sir.

MR. GOLDSTEIN: It would probably be... it would just be one more sheet of paper on the reverse side of this sheet probably.

MR. JONES: It would only take a half page, sir, yes.

MR. GOLDSTEIN: It wouldn't take much more paper, would it?

MR. TREXLER: Without being frivolous, I would suggest that there are probably six dozen different laws and regulations that we have to comply with in making a recommendation for award of a contract, and we could extend the agenda items for page after page just reciting the various things that we are in compliance with. Everything is possible, as you know.

MR. GOLDSTEIN: But, no, all he's asking for is a list of names.

MR. TREXLER: This is one thing...

GOVERNOR HUGHES: You wouldn't necessarily always have this information on every contract when it came here because of the timing of things, would you?

MR. TREXLER: That's correct, and what we require

in the contract itself is that the contractor certify that he will be in compliance under the contract, and once he signs a contract, he's signing that commitment to comply to the best of his ability to come up with 10 per cent; and we don't come down with any contract that doesn't include that that's covered by the MBE requirements.

GOVERNOR HUGHES: Thank you. I think that's enough for that one.

MR. JAMES: I move we approve the Transportation Agenda.

MR. GOLDSTEIN: Item 45T, we haven't taken up Item 45, have we?

GOVERNOR HUGHES: 45.

MR. TREXLER: 45?

MR. GOLDSTEIN: Yeah, Item 45, let's get a comment on that.

MR. GOTTEMOELLER: Under the Minority Business Enterprise Program which we run at the State Highway Administration... I'm, again, Fred Gottemoeller from the State Highway Administration. We provide a number of

programs of assistance to...

MR. GOLDSTEIN: Has Mr. Jones left? I wanted him to hear about this because here you're giving him some expertise to help him.

MR. GOTTEMOELLER: Well, that's right. We provide assistance to contractors trying to break into State highway work in different areas, and this particular contract has to do with providing assistance to them in preparation of bid documents, the knowledge of our specifications, and that kind of thing. It does not refer to preparing specifications or proposals for any given project. This is just a general education or training, you might say. It is particularly aimed at our specifications and our bid forms and that kind of thing.

MR. GOLDSTEIN: Thank you, sir.

GOVERNOR HUGHES: Thank you, Fred. It's been moved that we...

MR. JAMES: Approve the Agenda except for the Baltimore City contracts.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: ...approve the Agenda with

the acceptance of Item 42T. All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. I just had a note here that the forty-five million dollars worth of DOT bonds are sold at 6.7189, which is pretty good, First Boston Corporation.

MR. GOLDSTEIN: Are they double "A" or triple "A"?

GOVERNOR HUGHES: Double "A".

MR. GOLDSTEIN: Not bad with the market you've got today.

GOVERNOR HUGHES: No, that's pretty good.

MR. MIDDLETON: Governor, did you mean 42 or 40 and 41 as information?

MR. JAMES: Baltimore City.

MR. MIDDLETON: Baltimore City, I think, was...

GOVERNOR HUGHES: Was that 41?

MR. LUCAS: 40 and 41.

GOVERNOR HUGHES: Excuse me, I'll amend that to 40 and 41. I don't know why I had 42 down here.

MR. TREXLER: Thank you.

GOVERNOR HUGHES: All right. We'll break and have lunch.

(Whereupon, at 12:37 o'clock, p.m., a luncheon recess was taken.)

MR. GOLDSTEIN: Item 4, page 4.

GOVERNOR HUGHES: Jim, on Item 4, the Ocean City groins, I guess you call them, could you...

MR. COULTER: Governor, I understand that there is some question as to whether the seven groins that are proposed to be constructed with the money appropriated here and for the Board for approval are consistent with the interim plans and the other activities that are going forward in Ocean City, and I'm pleased to report that they are. We have touched base with the consultants that are working with the Corps of Engineers, with the Corps of Engineers themselves, with the Coastal Resources Advisory Committee. All of those agree that if the groins are built in a certain way and placed in certain locations, that they will be consistent with the plans and, also, probably with the long-range plans of the Corps of

Engineers. There have been some discussions with the Mayor and others in Ocean City, and the Mayor has concurred wholeheartedly with our plans.

MR. JAMES: One of the questions I wanted to ask was -- and this is apparently considered a Wetlands permit...

MR. COULTER: Yes, sir.

MR. JAMES: Now, does the Army... do the Army Engineers also have to grant a Wetlands permit in this type of construction?

MR. COULTER: In this case, there are three permits required -- the Corps of Engineers Wetlands permit, which answers your question, the State Wetlands permit, which must be approved by the Board, and a third permit allowing for construction on the erosion control district in Ocean City, which has been issued.

MR. JAMES: The second question I wanted to ask, I've seen articles on the use of groins for the purpose of saving shoreland, and the ones I saw said that these... this type of groin creates a sort of a sawtooth effect which has an indentation right on the, I'd guess you'd say,

south side of the groin in this instance, where the tide is blowing south, and then a build-up farther on on the north side of the next groin, and that in order to do it properly, you really have to have a system of feeding in sand to fill in where the indentation or the sawtooth occurs. Now, is there any information on that?

MR. COULTER: Yes, sir, there is, and your understanding...

MR. JAMES: I hope I'm explaining it properly.

MR. COULTER: Your understanding is correct.

The situation at Ocean City, of course, as everyone agrees, is that the islands are moving inland because of the ocean removing a net amount of sand and redepositing back in the Bay; and it works out that there are about six hundred thousand cubic yards of sand a year that move south, about four hundred and fifty thousand cubic yards a year that move north where we're located. That means that the net accumulation on these groins will be on the north side. It's very interesting if you go just north of where we are to the Indian River inlet, there's the results of a very pronounced division in the way the land...

or the sand flows. If you look at the Indian River groin, you will see that the major accumulation is to the south of that large groin that they have. While if you go to the Ocean City inlet, you find there that the accumulation is to the north, which is one of the happy circumstances that permits us to proceed with actions in Ocean City that really do not disturb our neighbors in Delaware on the north. And we have a meeting coming up on that.

The short-term interim plans that we worked so long on this summer with a very large committee of concerned people and some expert consultants have indicated to us that our best best in the interim is to go forward with the construction of groins such as those that you see here, but in conjunction with that, do some depositing of sand between the groins; and, eventually, it is our hope and anticipation that the Federal Government will come forward with a Federally supported program which we can then consider as being a means of major rebuilding of the beaches and the storm protection.

MR. JAMES: Well, my main question -- and you have answered it -- is that is this consistent with the

Army Engineers program?

MR. COULTER: Yes, sir, and somewhat with the State program. Governor, I have addressed a letter to you on an upcoming meeting that I think that we have scheduled with the Department of Economic and Community Development in which I address the letter to the editor that appeared just recently and, also, the long, very thorough article by Tom Horton that appeared in the Sun, and I've sent over copies of that letter this morning. I was dictating it when I got the call to come over here.

MR. GOLDSTEIN: I don't have a copy of the letter to the editor. All I have is the letter addressed...

MR. COULTER: Sir, we hand-delivered it this morning. I believe it's in the envelope in front of you there.

MR. GOLDSTEIN: Oh, I see. Yeah, I have the article, but don't have the letter to the editor.

GOVERNOR HUGHES: That's it.

MR. GOLDSTEIN: Oh, I see.

MR. COULTER: And it really doesn't apply to these seven groins, but it does get into the general subject.

MR. GOLDSTEIN: Oh, I see. You're talking about the Ajax-Eastman, that letter to the editor, "Barrier Islands Need Protection?"

MR. COULTER: Yes, "Barrier Islands Need Protection."

MR. GOLDSTEIN: That's the letter to the editor, yes, I've got that.

MR. COULTER: That was the letter to the editor by Ajax-Eastman and, also, a letter... a rather lengthy article by Tom Horton should be attached. I thought these articles were germane because it brings to the forefront the next question, I believe, the Governor and the Board and all of us will have to answer, and that is whether it is appropriate to use public funds to protect the beach or whether, as the article put it, those who applaud the prospect of Ocean City washing away are correct in believing that this is a misuse of public funds for the benefit of private investments on the island.

Pardon me for taking the liberty of explaining to the Governor what I put in the letter to the Governor

that the Governor hasn't read yet. My purpose in writing the letter was to point that these articles brought that controversy or possible controversy out into sharp focus, and that while we in the Department of Natural Resources can determine how to pay the ocean its dues in such a way that we can stabilize the beach and while we believe that the beach is a part of the natural resources of Maryland that should be preserved, there are also economic and social considerations in that question -- is it appropriate to use money for this purpose -- that we'd like to get Economic and Community Development and others working with us on it.

MR. JAMES: How much money are we talking about here?

MR. COULTER: We have invested thus far in interim measures in Ocean City approximately a million dollars including the money that you see in front of you here. The next tenure... we believe that it will take about eight to ten years for the Federal Government to come on line if we accept the program that they propose. So interim protection during this next ten years is laid

out in a plan and program that is now being considered by a great number of people and probably will be accepted by the Secretary and submitted to you. That will cost in the neighborhood of ten to fifteen million dollars. The plan is designed in such a way that we have the highest prospects of getting the Federal Government to agree that all of these investments on the part of the State are part of the local investments for matching purpose against future Federal appropriations. I don't know if you follow me on that or not, but generally if the State of Maryland moved forward with investments on our own in advance of an approved Federal program, we could not include those investments as part of the local State and Federal contribution to be matched against a two-third/one-third type grant from the Federal Government, or in some cases 75/25 grant. However, there is a provision in the law that when the Corps of Engineers and Chief of Engineers agrees that the advance works being done by the community, the State in this case, can be incorporated substantially or in part in the overall program, then we can receive credit for those investments.

Part of our work all during this summer with Mayor Kelly and with our consultants and with the committee is to make sure that these groins and anything that we do in the interim is done in such a way that it has maximum likelihood to be acceptable to the Corps.

We've also proceeded with a request to the Corps of Engineers asking them to make the formal determination that our future investments will be included as part of the program.

MR. JAMES: I agree with the environmentalists to the extent that, if you didn't build anything at all at Ocean City, you wouldn't have any worries; but once you get the whole town there, to just say, well, let her wash away, that's pretty hard to accept.

MR. GOLDSTEIN: Well, it's the same analysis if you dredge a channel. If we didn't dredge the channels coming into Baltimore and these other great ports in America, they would soon fill up; like Bladensburg, Bladensburg at one time was the second most important port along the Atlantic Seaboard. It filled up to two feet, and I dedicated it several years ago. They dredged

it back to six feet, but at one time, it had a 48-foot channel. But the lands washed down, just like the Baltimore approach channel, the Virginia approach channel, the approach channels of the Delaware River into Philadelphia. If you want a viable area and maintain the economy, you have to do a certain amount of work.

I think the ecologists and the conservationists ought to get together and sit down and say, "Look, here's a good program. Let's do it." Instead of fighting each other.

MR. COULTER: It seems to us that we're interpreting State policy correctly, and it starts with the recognition that Maryland has set aside of its 33 miles of coastline about two-thirds of it, 22 miles in natural conservation recreation type land. The other one-third is in Ocean City which is dedicated to family, high-density type recreation. And, in furtherance of that policy, it seems to us that it's altogether reasonable to determine what kind of measurements... or what kind of measures are needed to stabilize the beaches at their present location, as opposed to just letting them successfully

wash through. There are studies that indicate to us that that can be done with an investment on the average of the cost of about a hundred and fifty thousand cubic yards of sand, but also it is certain that that investment has to be made year after year after year into perpetuity. On top of that, there will be occasional storms of a hundred year frequency or so that will do damage that has to be repaired somehow.

It seems to us, having at least solved to our satisfaction and, hopefully, to your satisfaction when it reaches you, that we have solved the problem of the natural system and the most cost-effective way of proceeding through the interim towards a long-range solution.

The two questions that remain are, one, the base question, is it worth it and is this a proper use of public funds, and then somewhere along the line we should address the question, I believe, of how to distribute those costs. Is it appropriate for the State to pay them all, or should county and city pick up a part of the cost? The Federal Government on an approved project will pick up, if memory serves me correctly, two-thirds

of the cost for maintaining the public beach and three-quarters of the cost for providing storm protection in the way of dunes or breakwaters and these kind of things.

MR. JAMES: Have you ever read Dr. Truitt's book, "High Winds and High Tides?" It's a book that he traces every hurricane that's ever hit the coast. It's a fascinating little book.

MR. COULTER: I don't believe I've read that one. I'm reading the... I've just finished the book, "The Beaches Are Moving," that's referred to in this article, but I don't believe that I've read that one.

MR. JAMES: He traced and explained and identified... explained every hurricane that's ever hit the Ocean City area. I've got it filed away someplace. I may be able to find it.

MR. GOLDSTEIN: Jim, how do you reconcile this program with, say, like on the Chesapeake Bay, if you went to a resort or a beach development where it had erosion and built a sea wall or groins or jetties, you assess the front property owner "X" dollars and the people in the back "YZ" dollars. Have you ever thought about

that in Ocean City?

MR. COULTER: Yes, we have discussed it, and I think that's one of the questions that has to be faced when we come down the line. We've laid the groundwork for it -- when I say "we", I mean the State of Maryland and the General Assembly. The General Assembly has established an erosion protection district. How it will come out, I don't know, but it is conceivable that the cost of the beach replenishment and rebuilding can be divided into two concepts: one, a public beach for public use and, two, the storm protection that is added to that to provide protection against storms of some frequency such as one in a hundred or one in fifty.

Now, on that basis, it could be possible then to divide the cost, say, for storm protection to be borne by the property and the erosion control district, while the general use of the beach... or the replenishment and recreation portion of it which is the beach could be borne by a combination of State/county and, perhaps, from various taxes that might be assessed, such as the room tax that is now assessed in Ocean City.

I think the time to address those questions would be when we have from the Corps of Engineers their first plan that shows us what the different fractions are, how much of the cost would go to... that they would allow to go to recreational purposes and how much for storm protection purposes, and get some idea of what measures they're talking about.

MR. GOLDSTEIN: Yeah, but right now in the State of Maryland you have several of these erosion controls. You have them in Anne Arundel County. You've got them down in Calvert County. You've got it at Kenwood Beach, Arundel-on-the-Bay. You've had them for several years; so that concept is not new, you know.

MR. COULTER: No, and I think that the Board of Public Works in an action about sometime last year made a landmark decision that property in the Ocean City area on the beach side should participate in storm protection and erosion control the same way they do in Ocean City on the Bay side, on the Chesapeake Bay. Now, that action was misunderstood by some of our conservationists friends, and they opposed that; but I think the basic

assumption is that a certain amount of erosion control for protection of property, that waterfront owners all around the State are sharing the cost with the State through our regular erosion control program; and, while that concept has never been applied to the oceanfront, every time a storm has come along the State or Federal Government has picked up the expense -- State Government meaning local government as well as the big State. The private property owner has never really had to share directly in any of the cost up until the Board of Public Works decided to go forward with that one project.

MR. GOLDSTEIN: Thank you.

GOVERNOR HUGHES: Any further questions?

(No response.)

GOVERNOR HUGHES: Thank you, Jim.

MR. COULTER: Thank you, sir.

MR. MIDDLETON: Secretary's Agenda.

GOVERNOR HUGHES: Do you want to take that now?

MR. MIDDLETON: Item 4.

GOVERNOR HUGHES: Yes, I know.

MR. MIDDLETON: Normally, we use Budget and

Fiscal and then went back to the Secretary's Agenda. Finished up Budget... So we've done DOT, so Budget and Fiscal would be next.

GOVERNOR HUGHES: All right. Let's go back to Budget and Fiscal.

MR. WINTER: I'm Roger Winter representing Tom Schmidt this afternoon. I'd like to point out with respect to the first GEF item, that in the Agenda itself it is unnumbered. We've numbered it Item A-1-GEF. I'd also like to point out because it does not appear to be clear from the text that the items related to the two hundred thousand dollar appropriation made to the Board of Public Works during this current fiscal year which is for the actual design of the fifth pod of the Tawes Building. Twenty thousand dollars is for the preparation of the program that would precede the Natural Design Building.

MR. JAMES: Any windows in this building? Is this another windowless pod?

MR. WINTER: I hope not. I'm afraid I'm not able to answer that.

MR. MILLSTONE: That would be one of the items that would be covered by the program.

MR. JAMES: Okay.

MR. MILLSTONE: Presumably, it would be compatible with the existing buildings, but the instructions now to all architects are building windows will open.

MR. GOLDSTEIN: I hope so. Otherwise, I want to vote against this. I don't know what architect will design this building, who you're going to hire, but I think the word ought to get to him loud and clear. You walk into that building on a hot day, you almost die.

MR. MILLSTONE: Right.

MR. GOLDSTEIN: And the people complain. They've got all these damn compartments up and they can't breathe. Am I right?

MR. PHIPPS: Yes, sir, we want windows.

MR. GOLDSTEIN: I've heard more complaints out of your building and the one out in Baltimore than any two buildings in Maryland. Otherwise, I want to vote "no", I want to put it in the record, if they don't put windows in the building that you can open -- then I want to vote

against it.

MR. MILLSTONE: Oh, it's definite. There will be no more buildings designed without windows that open.

MR. GOLDSTEIN: Right. See this building here, two hundred years old, you open up these beautiful windows, you get some fresh air in here, you look outside, you see birds singing and the flowers and the pretty girls walking around the sidewalks. It's great, it makes you feel good. Okay. You got the message. Suppose you had to replace them today.

MR. JAMES: Oh, don't talk about it.

MR. GOLDSTEIN: You feel the ghosts of George Washington here, Thomas Jefferson, James Adams, and all those people. Man, it's good for you. Charles Carroll of Carrollton, Albert Stone, Samuel Chase, William Paca; it's great.

MR. JAMES: Louie Goldstein.

MR. GOLDSTEIN: Yes, sir, and Bill James and Harry Hughes.

(Laughter.)

GOVERNOR HUGHES: You can go on and on, you know,

to the point of being ridiculous.

(Laughter.)

MR. GOLDSTEIN: Okay. Let's not now, Governor. Let's get on with the business at hand.

MR. JAMES: Okay. Anything else on this Agenda?

MR. GOLDSTEIN: I think Item GI-2, page 1... let's see here, the sale of bonds here. No, it's sale of a boat, the Prowler, excuse me, that boat. I couldn't read my own writing here.

MR. JAMES: Which one is that?

GOVERNOR HUGHES: 2-GI on page 1.

MR. GOLDSTEIN: How come you didn't use a local auctioneer on selling this boat?

MR. PHIPPS: We asked for bids, and he came in at three-quarters of one per cent.

MR. GOLDSTEIN: Oh, I see.

MR. PHIPPS: And Campbell was one per cent; so we took the lowest bidder.

MR. GOLDSTEIN: I get you.

MR. PHIPPS: So it's not very much money for selling it.

MR. GOLDSTEIN: Right. Item 8-CI on page 6.

MR. JAMES: Could I ask about 5?

MR. GOLDSTEIN: Excuse me.

MR. JAMES: In this budget... I notice this University of Maryland, never have a surplus, it always balances out. They always spend exactly the amount of the surplus. On this particular item, you get down to miscellaneous operating expenses, it's obvious that they put that 37,842 in there just to make the figure balance out. Do you always look at that? Do you look at that?

MR. WINTER: Yeah. In this case, for example, the food catering services, the food service itself, the miscellaneous operating expenses in this case are items of equipment related to the operation of the cafeteria; for example, it involves purchase of a table and several other items that, I agree with you, does tend to add the same amount. It seems to be an opportunity for the school to utilize available funds to purchase the needed items; in this case, the feeding of the extra hundred and sixty-nine students.

MR. JAMES: Good thing other departments don't

operate that way. We'd never know what they're doing, really doing.

GOVERNOR HUGHES: Item 6-GI has been withdrawn.

MR. WINTER: Item 6-GI, yes, sir.

MR. JAMES: On page 5 on 7-CI, you know, I'm for this, but what amazes me is that the Department of Natural Resources has to employ somebody to do this. The Department of State Planning several years ago prepared a document which identified all of the features of the State, I suppose you'd say, interesting features in the State of Maryland. I have a book at home which seemed to do exactly this. Now we have to pay The Nature Conservancy \$311,000 to maybe do what the State Planning Department has already done. I'm just wondering why we have to get Nature Conservancy to do something that the State Planning Department has done, and the State Department of Natural Resources really ought to be able to do itself.

MR. PHIPPS: We have some base material to start with, but there's been several studies of this nature -- one by the Smithsonian Institute on critical areas and

natural areas, but we believe that the whole State really does not have a good inventory. We will start from the inventory and use it, but Steve Hamblin from The Nature Conservancy is here. Steve, do you have something about that?

MR. JAMES: Yeah, it was the natural areas of the State. That was the study made by the State Planning Department.

MR. HAMBLIN: I can answer a question if you'd like.

MR. GOLDSTEIN: I wonder if you would define the word "natural heritage." Give your name and where you're from, Mr. Hamblin.

MR. HAMBLIN: Steve Hamblin; I'm Mid-Atlantic Director for Nature Conservancy.

MR. GOLDSTEIN: Do you live here in Maryland?

MR. HAMBLIN: I live in the District of Columbia, and my office is in Maryland.

MR. GOLDSTEIN: Yes, sir?

MR. HAMBLIN: The Natural Heritage Program here will be the same as our Natural Heritage Program in

twenty-one other states, and it essentially combines and utilizes all previous existing natural area work.

MR. JAMES: Are you aware of the State Planning Committee study in this same area?

MR. HAMBLIN: Yes, sir, I use it all the time.

MR. JAMES: Okay.

MR. HAMBLIN: And the Smithsonian inventory and the Coastal Zone Management Unit upland natural areas study. They're all done on different formats. The information is in different types of documents. You can't work with them on the same basis. What our program does is put all that data on the same footing. It updates it and makes it available to all the planning agencies on a daily basis. It's been highly successful across the country.

MR. GOLDSTEIN: When you finish this study, can the members of the Board of Public Works get a copy of the results?

MR. HAMBLIN: Yes, you can.

MR. GOLDSTEIN: How long will it take you to make this study?

MR. HAMBLIN: Our pilot program takes two years to get the program up to complete operational speed.

MR. GOLDSTEIN: In other words then, this contract here goes from October 15 of '79 through '81; so it's two years, and that's going to be the total cost, \$311,176.

MR. HAMBLIN: Yes, sir.

MR. WINTER: The total cost is \$411,000 with The Conservancy investing, in fact, \$100,000 of their effort.

GOVERNOR HUGHES: It's a three-way split, the Federal Government putting up \$200,000, the State \$100,000 and the Conservancy \$100,000. Secretary Andrews came here to announce that grant.

MR. GOLDSTEIN: Well, see, it doesn't say that here.

MR. JAMES: It doesn't say that here.

MR. GOLDSTEIN: You say two hundred Federal money, Governor?

MR. WINTER: Two hundred thousand.

GOVERNOR HUGHES: Two hundred, yes.

MR. WINTER: The last paragraph of the item points out the extra hundred thousand dollars from the Nature Conservancy.

MR. GOLDSTEIN: And a hundred thousand from the Nature Conservancy; right?

GOVERNOR HUGHES: Right, in-kind services.

MR. GOLDSTEIN: And then the State puts up...

MR. PHIPPS: \$105,588.

GOVERNOR HUGHES: It's basically 50/25/25.

MR. GOLDSTEIN: 50 per cent, 25 per cent and 25 per cent. Thank you, sir.

GOVERNOR HUGHES: It was announced the same day that Nature Conservancy gave us ten islands in the Potomac River, as a matter of fact.

MR. GOLDSTEIN: How many copies of this report will be published?

MR. HAMBLIN: Pardon me, sir?

MR. GOLDSTEIN: How many copies of this report will be published by you?

MR. HAMBLIN: There will be an executive summary report published sometime during the second half of the...

sometime during the second year of the program, and be unlimited quantities available.

MR. GOLDSTEIN: Limited? How many is that?

MR. HAMBLIN: I'd say anyone that would want one could get one.

MR. GOLDSTEIN: Right. I'd sure like to see the Board of Public Works get a copy of this study.

GOVERNOR HUGHES: How about briefly just addressing the purpose of this? It's sort of, as I understand it, an inventory of things that could be of use in plant sites and other things in the future from an environmental standpoint.

MR. HAMBLIN: It's an inventory of what's remaining of the importance now in natural areas, but species in Maryland. On a map basis, your normal USGS topographic map, it plots out the location of these special elements of Maryland's heritage, and this data is also computerized and it's available to everyone making environmental decisions, to power plant siting people, highway planners, private developers, corporations wanting to locate in the State; and it tells them

ahead of time whether or not they will be facing potential regulatory problems by locating a facility in a sensitive area. It's an early warning system that fosters, in a certain sense, development.

MR. JAMES: Did you say it was kept up to date?

MR. HAMBLIN: Yes. This is one of the sort of unique features of the system, that it does not become obsolete.

MR. JAMES: You keep it up to date, or does the Department of Natural Resources?

MR. HAMBLIN: Beginning year three, the Department of Natural Resources will update it.

MR. JAMES: Okay.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Excuse me. One question, Governor. How many people will be required to keep it up to date? How big a staff?

MR. HAMBLIN: Two to three people.

MR. GOLDSTEIN: Two to three people; hear that, Buster?

MR. PHIPPS: Yes, sir. We should be able to

absorb it.

MR. GOLDSTEIN: Okay. You're not going to have a whole new bureaucracy.

MR. PHIPPS: There's a lot of responsibility each year we have to absorb, so we'll keep trying.

MR. GOLDSTEIN: Thank you. My next one is 8-CI.

MR. PHIPPS: This is a subject, the contractor would study the potential impact of coal fired plants on air quality in the rough terrain of Western Maryland. We have models now where it's only valid in level, flat country areas. Martin Marietta was selected by the Selection Committee as the most knowledgeable and best equipped to do the service.

MR. GOLDSTEIN: How about this Environmental Measurements, Inc.?

MR. PHIPPS: They had a very low rating by the Selection Committee which is made up of the scientific council that we had.

MR. GOLDSTEIN: Okay. Thank you, sir.

GOVERNOR HUGHES: It seems to be tremendously

way out of line with all the rest.

MR. PHIPPS: Well, the sixty-four is way out of line.

GOVERNOR HUGHES: That's what I mean.

MR. GOLDSTEIN: Thank you. I see the Transportation people are gone. There's an item on disposal of property, Governor, under 10-DP. That's where they had those seventy-two drums of menthanol, and they sold them for \$77 for the drums. The average drum is worth \$5, the empty drum, a fifty-five gallon drum. Most you have to pay \$10, but you can buy one for \$5 and use it for garbage. Somebody got a bargain. Just wanted to call it to your attention. I meant to ask the State Highway people before they left, but they're gone now.

MR. JAMES: Those things are hard to get.

MR. GOLDSTEIN: Yes, sir, good steel drums.

MR. JAMES: We use them on the farm.

GOVERNOR HUGHES: Yes, but getting them full of something you don't want might make it less attractive.

MR. GOLDSTEIN: That may be true. I say for somebody... They sold them to Agro Motors for \$77.

MR. MILLSTONE: They took bids on that.

MR. GOLDSTEIN: Did they?

MR. MILLSTONE: Yes, sir. That was the...

GOVERNOR HUGHES: Were they the only bidders?

MR. WINTER: Yes.

MR. GOLDSTEIN: I reckon some farmer... anti-freeze, he could probably use it in his tractor. I don't know.

MR. MIDDLETON: No, you can't use it the way you've got the pressure caps because it will boil away on you. That stuff boils out. That's the problem. It has a low boiling point. See, it will boil under water.

MR. JAMES: I move we approve it.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's moved and seconded we approve Budget and Fiscal Planning's Agenda. All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. I guess we

go to the Secretary's Agenda.

MR. GOLDSTEIN: The Secretary's Agenda, Item 1, the one about that bond. Bill, doesn't that have to be okayed separately? That matching money for Baltimore City Jail.

MR. JAMES: Well, there are several bond issues here. Item 1, that's the Baltimore City Jail; Item 37 is the Johns Hopkins Medical School; and 38 is -- let's see -- Maryland Institute, that Item 39, I believe, Item 39.

MR. GOLDSTEIN: Item 39, page 44, Maryland Institute, College of Arts.

MR. JAMES: Yeah. Those three bond issues, the grants, maybe we ought to move on separately for approval.

MR. GOLDSTEIN: Yeah, that's why I was calling your attention to it.

MR. JAMES: And I want to ask Mr. Middleton if he would immediately send copies of those over to Charles Jones, Deputy Treasurer. Do that right away.

MR. MIDDLETON: Yes, sir.

MR. JAMES: Because we're going to have to revise

our next bond issue and add these.

MR. MIDDLETON: Right, I'll be glad to.

MR. GOLDSTEIN: Actually, it's four, isn't it?
It's Item 1, 37, 38 and 39. There's actually four of them.

MR. JAMES: 1, 37...

MR. MIDDLETON: 38 and 39.

MR. JAMES: All right, four of them, all four
of them.

GOVERNOR HUGHES: Do you want to move on those
separately?

MR. JAMES: Yes, I'd like to move on those
separately.

GOVERNOR HUGHES: We can take all four of them
in one motion.

MR. JAMES: Yes.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved we approve
Items 1, 37, 38 and 39. All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GOLDSTEIN: On this Item 3 on Wetlands, have they gotten rid of all the objections on that, building a causeway?

MR. PHIPPS: Lagenfelder?

MR. GOLDSTEIN: Yeah, remove those sunken barges.

MR. PHIPPS: I believe they have, sir.

MR. GOLDSTEIN: That's where they have all those oyster shell deposits over there on Kent Island, Governor, on the north end up there; used to be the old docking area for that ferry that used to run from Love Point.

GOVERNOR HUGHES: Smokey Joe.

MR. GOLDSTEIN: Smokey Joe, it used to run from Love Point over to Baltimore.

MR. JAMES: The Army Engineers objected originally. Did they come along with the new plans?

MR. PHIPPS: I'm not sure, sir. I'll check.

MR. JAMES: Because that has to be approved.

MR. GOLDSTEIN: Okay. It seems to be all right then, I reckon. My next one was Item 20, page 23. Shouldn't this read St. Mary's River instead of St. Mary's

Bay?

MR. MIDDLETON: Item 20?

MR. GOLDSTEIN: Yes.

MR. JOHNSON: My name is Clifford Johnson. I'm with Environmental Health Administration. This is, I believe, the last segment of the design for what they've been calling St. Mary's... well, it's Bay Interceptor which runs down along, I believe, highway... toward Point Lookout down there.

MR. GOLDSTEIN: Yeah, I know, down Route 5.

MR. JOHNSON: No, it cuts straight down and then across Mattapany Road, is it? It cuts back in there.

MR. GOLDSTEIN: That goes over east towards the Naval Air Station.

MR. JOHNSON: Well, the treatment plant... It ends up at the treatment plant which is just south of the Naval Air Station, and it goes on down to St. Mary's City. That's where the name came from.

MR. GOLDSTEIN: Yeah, but they call it St. Mary's City Bay Interceptor. Is that the real name of it? It's really St. Mary's River.

MR. MILLSTONE: St. Mary's River, it is.

MR. GOLDSTEIN: Because I was trying to find St. Mary's Bay on the map. It's always been called St. Mary's River.

MR. JOHNSON: No, but I think it's Bay Interceptor because it's on the Bay side of the peninsula. I think that's where the term comes from.

MR. GOLDSTEIN: Oh, I see.

GOVERNOR HUGHES: The Bay goes with Interceptor rather than with St. Mary's.

MR. JOHNSON: It's not referring to St. Mary's Bay.

GOVERNOR HUGHES: It probably should be St. Mary's City Bay Interceptor. That's what it says up at the top, and then at the bottom it leaves "City" out.

MR. GOLDSTEIN: Okay. I just want to be sure we have the right terminology. That's my only question on that.

Item 24.

MR. JAMES: Item 24, I wanted to ask a question on that one.

MR. GOLDSTEIN: Item 24, too; it's a big expense.

MR. JAMES: I think, didn't we adopt some rules which cover this?

MR. JOHNSON: Yes, sir.

MR. JAMES: The question that I'm asking is that there's no statement in here that these rules have been complied with; that is, where you have failing septic tanks systems.

MR. JOHNSON: Well, I think the computation is verbatim from the rules really. I didn't put a specific statement saying... I did put a determination that it is ineligible for Federal funding which was one of the mainstays of the rules.

MR. JAMES: Yeah. How about... is this a prior approval? Is this a prior approval before start of work?

MR. JOHNSON: Yes. They have not started on this.

MR. JAMES: Okay. I do think when you have these, you ought to put a statement in there that the rules the Board of Public Works adopted on a certain date have been followed.

MR. JOHNSON: I've got some more coming down the pike, and I'd like to just mention them here if I might. Back about two years ago, we had a contingent from Friendsville in here, as you all will recall, a large group.

MR. GOLDSTEIN: Very familiar with it.

MR. JOHNSON: I've been out there, and we've gone over the whole town's finances and everything else, and I've got it sitting on my desk; but the Department of State Planning came along and said, "Hey, how many more Friendsvilles have we got?" So, within a matter of a couple of weeks or so, I will have reviewed the indebtedness of all communities of that nature that got their grants under the old program and where they stand financially vis-a-vis their debts from us and FHA. I think I'll probably have a list of about maybe as many as a half-dozen or so that I'll submit to you individually in letters before I go any further, and say, "Hey, I've looked at all these towns; it looks like maybe we can backfund some money into them perhaps," depending upon your pleasure.

MR. GOLDSTEIN: Sudlersville's one and Walkersville.

MR. JOHNSON: Sudlersville has already been before you.

MR. GOLDSTEIN: Yes, sir.

MR. JOHNSON: That was the first one, and Friendsville was to be the second one, and I've got Accident. I've got Secretary. There's a few of them scattered here and there, some of which have not been complaining for money, but when you take a look at what they're paying and the annual fees for their service, sewer service, it seems inordinately high compared to other communities.

MR. GOLDSTEIN: How about Prince Frederick, Maryland?

MR. JOHNSON: I don't recall if that's on the list or not. Right now we're doing...

MR. GOLDSTEIN: I know they just had a meeting down there, and I know some widows there who are raising all kinds of hell. They've jacked those prices up so high. It's worse than Accident, believe me, or Friendsville,

I can tell you that.

MR. JOHNSON: I'll see if they're on it. They probably didn't borrow any money, and that's the only way I've got to identify whether they're in trouble.

MR. GOLDSTEIN: I see. Okay. I know Friendsville, we've had to kind of hold back on collecting their money. First, they blamed it on the Highway Department, Governor, when they built that highway out there, and said they disrupted everything. It's a long story.

GOVERNOR HUGHES: I remember that, the National Freeway.

MR. JAMES: Well, the problem before was they plunged into these things, and then after they all got in trouble, they'd come in and ask the State for money; so we try to get the things approved in advance so we know where we stand.

MR. GOLDSTEIN: And let them know how much they've got to pay. Are these people here agreeable to pay \$1,050 to hook up?

MR. JOHNSON: We sent this out to them before I brought it down here, and said, "If you don't like it,

had construction pending. That's how this increase came about. Now, apparently, this is... at least two years ago when the grant was originally approved as a step three grant, it was all taken into consideration with the other treatment plants on the Patuxent.

MR. JAMES: Well, all I've been able to read about the Patuxent River, that the place is overloaded now. Here's another one:

MR. GOLDSTEIN: There's been a series of articles written in the local papers about a survey made on the River.

MR. JOHNSON: I think this may actually -- if I might, I'm surmising now -- it may well reduce the loading on the River because of the increased and better effluent that you're putting out, as opposed to what you're putting out there right now.

MR. JAMES: I hope so. I think we ought to have some information. I'd really like, if you can get us any more information, a little more information upon that. I'd like to have it. I'm not going to hold this up.

MR. JOHNSON: Okay.

MR. JAMES: I don't know how many of these sanitary disposal plants we can build on it, the Patuxent River. It's reached the point where the nutrients build up in there. This river can't stand it, that's all.

MR. JOHNSON: There is a treatment plant at this point now, as I understand it. This is to increase and improve it...

MR. GOLDSTEIN: Yeah, but as you know, many of those treatment plants failed during the storm David.

MR. JOHNSON: Yes, sir.

MR. GOLDSTEIN: As a result, they had to close the whole Patuxent River from oystering; right, Mr. Phipps?

MR. PHIPPS: (Nods head affirmatively.)

MR. GOLDSTEIN: The whole river was closed, and that's the largest river in the State of Maryland. It starts at Parr Springs and flows out into the Chesapeake Bay at Drum Point and Cedar Point. They closed that whole river up because of that deficient operation of those sewage plants during that storm. And the people down there are really up in the air, Governor.

GOVERNOR HUGHES: I'm going down there soon.

MR. GOLDSTEIN: When you get down there, the oysters will be fat, juicy and nice.

MR. JAMES: There really ought to be an overall study -- I guess it's being done -- as to how much sewage effluent this river can stand.

MR. JOHNSON: There are a number of groups and studies being done on the Patuxent River relating to all the treatment plants that are there. I think there's one currently, a continuation of earlier studies, which really comes back to DNR and their discharge permitted program.

MR. GOLDSTEIN: You see, Dr. Wolmer one time proposed bringing a pipeline out in the Chesapeake Bay instead of dumping all this in the river, in that larger body of water. Cost more money, yes, but you could hook it in like they're doing down at Kent Island and like they've done out here at Sandy Point.

MR. JOHNSON: I think the Department of Natural Resources could probably give you much, much better information on the status since they do issue permits for each

of these plants as to what discharge amount and total loading as far as pollutants.

MR. JAMES: Well, I don't know what responsibility the Board of Public Works has in this area. It probably doesn't have very much. It's probably just limited to the fiscal aspects, but at the same time I really think that some recognition ought to be made of the capacity of the river. Okay.

MR. GOLDSTEIN: My next item is Item No. 28. I see you eliminated a certain amount of money because of the rights-of-way for hiker/biker trails and all. This doesn't have anything to do with the sewer and water.

MR. JOHNSON: Yes, sir. The Environmental Protection Agency, which is the prime determiner on what's eligible and what's not eligible as far as costs are concerned in these projects, has set forth a policy that where, you know, the county or the applicant wants to put in a hiker/biker trail, they'll only pay the equivalent of restoration to the natural site that it was originally before the sewer was put in, which means they'd give a certain amount of credit for grass seed and leveling and

retopsoiling the area toward the cost of the asphalt hiker/biker trail. So you get kind of a split. The extra has got to be picked up by the applicant.

MR. GOLDSTEIN: Thank you. How about Item No. 31? I'm particularly interested, Governor, in the "b" part down there at St. Clement's Island. How much more work is going to be done down there, Buster, to complete that erosion project there?

MR. PHIPPS: This appropriation will take care of just about 80 per cent of it.

MR. GOLDSTEIN: How much?

MR. PHIPPS: About 80 per cent. It's almost all the way around the island.

MR. GOLDSTEIN: Why can't we get the rest of it finished?

MR. PHIPPS: I don't think we have enough money appropriated. We're moving toward completion.

MR. GOLDSTEIN: Well, see, you're going to transfer a million up in "a", five hundred thousand...

MR. PHIPPS: That's different money, sir. That's a loan program. The other is transferring the money that was appropriated for the project. Oh, I'm

sorry, the five hundred thousand, St. Clement's Island.

MR. GOLDSTEIN: That St. Clement's Island project has been going on for several years now, and you've got the worst kind of erosion on that river.

MR. PHIPPS: We just put in last year.

MR. GOLDSTEIN: It's one of the most historic places in the State. Okay. Have you ever been there, Governor, St. Clement's Island?

GOVERNOR HUGHES: (Shakes head negatively.)

I want to go down there.

MR. GOLDSTEIN: You really ought to go down there sometime. Maybe on Maryland Day fly down in a helicopter. Really something to see. That's where they have the cross.

GOVERNOR HUGHES: Yes, I've seen that.

MR. GOLDSTEIN: It's a beautiful place.

MR. JAMES: On these Items 31 and 32, you say the projects are complete and then you record the documents, as I recall this. Don't you record the documents in advance of the project being started?

MR. PHIPPS: Yes, sir, we do.

MR. JAMES: Do you?

MR. PHIPPS: Yes.

MR. JAMES: Okay. I just wondered about intervening lands. Okay.

MR. PHIPPS: We've had to introduce legislation this year to clarify that and make it a different program and make it transferrable. We hope to modify the program as far as land records are concerned, deeds on records and loans. Make it easier to transfer.

MR. JAMES: Oh, yes. The one I was thinking about specifically was, say, 33. It says, "The project is now satisfactorily completed," and then the instrument is recorded, and now we are asked to levy the land. I was just wondering if we... Well, as long as the instrument is recorded at the start of the work, I think we're all right.

MR. PHIPPS: (Nods head affirmatively.)

MR. JAMES: Okay. That's all I have.

MR. MIDDLETON: Gentlemen, I think we'd better put in the record that we revised Item 18, 26, 35 and 36 in our Agenda, and you have copies of those. They were

just typographical errors that had to be corrected.

MR. GOLDSTEIN: 18, 35 and 36?

MR. MIDDLETON: Yes.

MR. GOLDSTEIN: 18 and 26.

MR. MIDDLETON: 18, 26, 35 and 36.

MR. GOLDSTEIN: Okay, Open Space. Item No. 3A on Open Space, the price they're paying is way above the two appraisals.

MR. PHIPPS: It's court awarded.

MR. GOLDSTEIN: I know. I see that.

MR. PHIPPS: The appraisals were done in May of '74.

MR. GOLDSTEIN: I mean, the appraisals average around twenty-two hundred and fifty dollars of the two appraisers, and the award was seven thousand a hundred and forty-two dollars. So somebody was way off, weren't they? See, Governor.

GOVERNOR HUGHES: 3A?

MR. GOLDSTEIN: Yes, sir. The average of the two appraisals, Vernon Hall and Gelston, an average of around twenty-two fifty, and they come in at seventy-one

forty-two.

MR. PHIPPS: The appraisals were of May of '74. The project was approved in January of '75, and then the court award just was recently.

MR. GOLDSTEIN: Big difference, isn't it?

MR. JAMES: Pretty expensive property.

MR. GOLDSTEIN: Yeah, see, the court award was so much above, way above the appraisal, the average appraisal, almost five thousand dollars an acre.

MR. JAMES: On 4 and 5, there's a...

MR. GOLDSTEIN: Yes, 4A, my question was why was there such a large increase in the cost. The original estimate was seventy-two thousand and now it's a hundred and eighty-three thousand.

MR. PHIPPS: There were seven bidders on the project who just came in higher than they originally estimated.

MR. GOLDSTEIN: I see.

MR. PHIPPS: That was approved again in March of '76.

MR. GOLDSTEIN: The same way for Item 5A.

MR. PHIPPS: Ten bids on that property.

MR. JAMES: What I wanted to ask, is that Federal money can be used any way for construction improvements?

MR. PHIPPS: Yes.

MR. JAMES: Do you have any particular allocation of that, or can you use that any way you want to?

MR. PHIPPS: No, they have requirements. It's in with the Open Space money, but it's all lumped in one fund. The reason why we're using the Land and Water Conservation now is because we're running out of money in Program Open Space, and we're getting by.

MR. JAMES: Is that just pooled with the fund? Do you put it in the same fund?

MR. PHIPPS: Yes, sir, it's just deposited in one account.

MR. JAMES: It's administered under the same principle?

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: How about Item 6A? There you have appraisals...

MR. PHIPPS: That came before the Board...

MR. GOLDSTEIN: I know, but eight thousand dollars, and you brought in a verdict of eighteen thousand, a difference of almost ten thousand.

MR. PHIPPS: Those appraisals were April of '75, and the Board approved it previously in April of '76 and, of course, the court award was in '79.

MR. GOLDSTEIN: Why were they so long in trying the case? See, it's four years difference. If they tried the case promptly, we probably wouldn't have had that high of award. Are they still delaying the trying of these condemnation cases that long?

MR. PHIPPS: This has been up to Baltimore County, not the State. This is a local project and not the State's project.

MR. GOLDSTEIN: Oh, I see.

MR. PHIPPS: We hope we don't have to make condemnation any more than that. We're a little short of money.

MR. GOLDSTEIN: You've been delaying them for years.

MR. PHIPPS: Speed them up, then we've got to slow them down.

MR. JAMES: On 7A, I wish you'd explain something to me. I don't quite understand how you figure the 25 per cent when you have a grant, a donation of land.

MR. PHIPPS: That's a gift of Irving Ober. Of course, they've named the park after him. The locals are putting up 17 per cent, and the value of the gift can be used as part of the local contribution. Now, this gift has a value of twenty-five thousand dollars, and they're going to use it over a five-year period, five thousand dollars a year.

MR. JAMES: I was trying to figure out just how that works. If you have a project, say it's worth... I mean, a total project that's costing, we'll say, four hundred thousand dollars, if the local people have a donation of, say, a piece of ground worth fifty thousand and then they put up an additional fifty thousand, is that the way it works?

MR. PHIPPS: You can use 75 per cent of the appraised value of the donation as the local share.

I guess it was set at 75 per cent so that with taking cases, any inflated value as far as the property values.

MR. JAMES: I see.

MR. PHIPPS: It would be 75 per cent of that.

MR. JAMES: I see.

MR. PHIPPS: As the local share.

GOVERNOR HUGHES: What's the name of the park?

MR. PHIPPS: Irving Ober is the people's name that gave it.

GOVERNOR HUGHES: Irving?

MR. PHIPPS: Yes, Irving Ober, and they named the park after him. I'd like to withdraw 8A.

MR. GOLDSTEIN: 8A, withdrawn?

MR. PHIPPS: Yes, the county requested we withdraw it.

MR. JAMES: That was the one I couldn't figure out. The total cost of the project was a hundred and fifty-nine thousand. Wait a minute now. The total cost of the project is two twelve. How do you figure the local share on that one?

MR. PHIPPS: It's 75 per cent of the appraised

value they're allowed to use; so the appraised value would have been, what, another eighty thousand dollars, I guess. Use 75 per cent. So that's their share, 75.

MR. JAMES: You didn't have the appraised value in here.

MR. PHIPPS: We withdrew it. I didn't bring the file, so I don't have it.

MR. GOLDSTEIN: My next one is 14A, Ocean City. I can't make out the sixty dollar an acre land you've got down there. I'm trying to find that.

MR. PHIPPS: Oh, I think that's clear in title to the State Wetlands.

MR. GOLDSTEIN: You what?

MR. PHIPPS: It's State Wetlands that surround the property that we're clear in title and appraised as...

MR. GOLDSTEIN: Sixty dollars an acre. I didn't know they had any wetlands you could buy for sixty dollars an acre. Seems like an awful low price. But the other land is worth ten thousand dollars an acre. I studied that thing and studied it.

MR. PHIPPS: I think it's a fair appraisal

because the property was assessed at a hundred and ninety-seven thousand dollars.

MR. GOLDSTEIN: Well, right here you've got three hundred and ninety-eight thousand, one appraisal; and the other one is six hundred and eighty-seven thousand dollars. See what I'm saying?

MR. PHIPPS: Yes.

MR. GOLDSTEIN: One guy appraised it at... both appraised, evidently, the wetland at sixty dollars an acre. The fastland, one appraised it at seventeen thousand six thirty-seven, and the other at ten thousand two twenty-seven.

MR. PHIPPS: I think the four hundred thousand is a fair valuation because it's assessed for a hundred and ninety-seven thousand, and it's waterfront on the Bay.

MR. GOLDSTEIN: Okay. Buster, don't you have a hand-carried one?

MR. PHIPPS: Yes, sir. I believe everyone has a copy. It's the Alton Jones project in Talbot County, the Talbot County Community Development Center. It's just been dedicated this past weekend. And the county is short

of funds. They'd like to have their funds as soon as possible, so I told them I'd try to hand-carry it. It's a hundred and forty-seven thousand dollars. It's all the funds that they have available, and future requests would be thirty-nine thousand dollars, would be received once the money is available. Mrs. Jones contributed a million dollars.

MR. GOLDSTEIN: Governor, I was down there representing the Board of Public Works on Sunday. There was approximately two thousand people there when they opened around 2:00 o'clock, and that one million dollars from Mrs. Jones comes from the W. Alton Jones Foundation, and Mr. Farrell who heads up that Foundation was there and he certainly did appreciate and asked me to express to you and Senator James and the Board of Public Works and the Legislature and the citizens of Maryland, their contribution to match that million dollars. That's right across the road from that Hogueck Golf Course that Mrs. Jones gave. So she's been very, very charitable. It's wonderful to have those kind of people in the community, and she now lives down at Charlottesville.

She's up in her 80's, a very brilliant woman. She's got a bad ankle, but her mind is like a steel trap.

GOVERNOR HUGHES: A great benefactor for that county.

MR. GOLDSTEIN: Yes, sir. You know much about her benefactress to your hospital down there in Talbot County and to the library and the YMCA and many other activities.

I move we approve the Open Space Agenda.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded we approve the Open Space Agenda. All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. MIDDLETON: I need one on the Secretary's, too, Governor. We haven't had that.

MR. JAMES: So moved.

GOVERNOR HUGHES: It's been moved and seconded we approve the Secretary's Agenda. All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. General Services?

MR. MILLSTONE: You think it's too late to start?

GOVERNOR HUGHES: Yes, it is.

MR. JAMES: I move the Agenda be approved.

GOVERNOR HUGHES: I'll second it right now.

(Laughter.)

MR. GOLDSTEIN: Item 10.

MR. MILLSTONE: Item 10 on page 10, Mr. Goldstein, that's where we had a problem. The low bidder has asked to, for personal reasons, be able to withdraw his bid. His bid bond will pay the difference between the... his low bid and the second low bidder, and we're asking for approval of the award to the second low bidder.

MR. GOLDSTEIN: Okay. Item 12, Ocean City Convention Hall.

MR. MILLSTONE: Well, we're asking for approval to award the base bid on this contract which covers

replacement and patching of the promenade deck, repair of the masonry, waterproofing of the walls, reworking of the lobby glass and the aluminum entrances, a new deck drain, caulking and a sealant, and some painting. We're not able to accept any of the add alternates at this time, partly because we have a problem with the roof and the superstructure that we're going to have to address. The roof will have to be replaced, and there will have to be some bracing of the superstructure. The building that holds the roof, there's movement in it. The conditions at the Ocean City Convention Hall are a result of protracted lack of year-to-year maintenance.

GOVERNOR HUGHES: Didn't you tell me that you'd sometime had worked up a preventive maintenance program for that hall?

MR. MILLSTONE: Yes, sir, we have, and it's a question of its being funded over a reasonable period of time. This, by the way, is part of it; this and then the roofing contract which you'll see probably at the next agenda. The bids on the contract came in... or the single bid on the contract came in way over the money available,

and our people are meeting now with the architect in the contract... That's another bid. That's not before you right now.

GOVERNOR HUGHES: I understand, but I thought this covered roofing and...

MR. MILLSTONE: No, sir.

MR. JAMES: How much is that?

MR. MILLSTONE: Oh, it will run very close to between two and three hundred thousand dollars for the roof job.

MR. GOLDSTEIN: Well, there's no question in my mind, this building needs a maintenance program and somebody to execute it, and unless it's done...

GOVERNOR HUGHES: And funds to carry it out.

MR. GOLDSTEIN: That's right, to carry it out and execute it.

GOVERNOR HUGHES: Have you gotten together with Economic or Jim Roberson?

MR. MILLSTONE: Well, I haven't been with Jim, but our people have met with Baird down at the Ocean City Convention Hall. They've laid out a plan for him. The

Ocean City Convention Hall Commission is very interested in doing something. In fact, I got a call from Delegate Pilchard, and he said he was thinking about putting a bill in to put responsibility for maintenance of that under General Services, how did I feel about it? And I said I feel like I have to resist it very strenuously.

GOVERNOR HUGHES: Well, I think you and Jim Roberson...

MR. MILLSTONE: I'm sure it can be resolved. Somebody has got to maintain it.

GOVERNOR HUGHES: It's got to be resolved. We've got to get something.

MR. GOLDSTEIN: Well, this Convention Hall is a real asset, not only to Ocean City but to the State. It generates a lot of business down there, and the building ought to be taken care of.

MR. MILLSTONE: Yes, sir.

GOVERNOR HUGHES: When was this built?

MR. MILLSTONE: '68 or '69.

MR. JAMES: Ten years ago.

MR. GOLDSTEIN: About ten years.

Trust has with the Davis Corporation for stabilization of the Dr. Samuel Mudd house. When this twelve thousand dollar, almost thirteen thousand dollar change order is accomplished, we're advised that this will end the stabilization problems, but it is not going to be anything more than just a stabilized building.

MR. JAMES: Well, I don't mind moving to approve this to stabilize the building, but I think we ought to get Mr. Middleton to write a letter on behalf of the Board of Public Works that within a short period of time after this is completed, we'd like to have them present to us a program for either an assumption by a non-profit group or a sale to a private party.

MR. MILLSTONE: Yes, sir. That was part of a contingency on the fund source that Charles County would agree to accept or find a non-profit group that would accept responsibility for the maintenance of the building, and so far, they haven't...

MR. JAMES: I don't really think that the county is really capable of operating a place like this. You've got to have interested volunteers who take a real personal

interest in it.

MR. GOLDSTEIN: Well, Rockville took the Dr. Lyons house, you remember, over there, that big mansion, and they maintained it. You've been there, haven't you, Governor?

GOVERNOR HUGHES: I've been by it. I haven't been in it.

MR. GOLDSTEIN: A tremendous building, Dr. Lyon. Couldn't build a building... almost as big as this State House, and they're maintaining it.

MR. JAMES: They had a Montpelier over in...

MR. GOLDSTEIN: Prince George's.

MR. JAMES: Prince George's. Is that a private group?

MR. GOLDSTEIN: It's in the Historic Trust, but I think it's a different group in Prince George's that are trying to raise money to refurbish it and all.

GOVERNOR HUGHES: How big is this house?

MR. MILLSTONE: The Mudd house, it is not large.

MR. MIDDLETON: It's a typical farmhouse, 1900, you know, early 19th century.

MR. GOLDSTEIN: It's two and a half stories, a frame house and with a little annex to it.

GOVERNOR HUGHES: And this will amount to how much so far that's been put into stabilize it, relatively small place?

MR. MILLSTONE: This will bring it up to the... The original contract was sixty... almost sixty-two thousand, and this is approximately thirteen thousand; so you're talking about seventy-five thousand dollars to stabilize it.

GOVERNOR HUGHES: Plus acquisition costs?

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: We paid ninety-four thousand when we acquired it. It was a hundred and fifty thousand for the acquisition, ninety... for fifteen thousand for architects' fees. In '78, we spent fifteen thousand, and a hundred and twenty-five thousand for completion; two hundred and ninety plus seventy-five thousand Federal funds; three hundred and sixty-five thousand dollars.

GOVERNOR HUGHES: That's been not spent yet, has it?

MR. MILLSTONE: Well, we spent the money to buy the property, the ninety-some thousand, and we are under contract now for sixty-one thousand nine hundred and ninety-seven thousand.

GOVERNOR HUGHES: That's about a hundred and sixty thousand.

MR. MILLSTONE: Yes, sir.

MR. GOLDSTEIN: I know we paid fifteen thousand for architects' fees.

MR. MILLSTONE: That's correct.

MR. GOLDSTEIN: See, we paid... In 1974, there was a hundred and fifty thousand dollars appropriated for the acquisition, ninety-four thousand of that acquiring the land and the house, fifteen thousand for architects' fees. Then we spent fifteen thousand in '78.

GOVERNOR HUGHES: What was the intended use of this? We keep hearing about getting money for the programs before you start design and all that. I assume that the reverse operated here.

MR. MILLSTONE: Yes, sir.

GOVERNOR HUGHES: It was acquired and started to

be stabilized before anybody decided what to use it for.

MR. MILLSTONE: That was added late in session to a general construction loan bill, a hundred and fifty thousand dollars. We caught hell for not spending a hundred and fifty thousand for buying it. We were told that that's what was expected when that hundred and fifty was put in, but the appraised value of the property never came up that high.

MR. JAMES: Well, the John Wilkes Booth house where John Wilkes Booth lived up there in Harford County has always been in private hands and maintained by private people. It's in pretty good shape today because it has been lived in.

MR. GOLDSTEIN: Did John Cochran own it at one time?

MR. JAMES: Yeah, he owned it and he fixed it up.

MR. GOLDSTEIN: I know he did.

MR. JAMES: Yeah, and a book called "Mad Booths of Maryland"; there's a lot of history in that place. His father, John Wilkes Booth's father, came from England with his paramour. He left his wife and then because of the

fact that he didn't want her die right professed, he leased this for a thousand years for a dollar a year. So then there was a lease, and there's no die rights in the property.

GOVERNOR HUGHES: Good thing he didn't live in the jet age.

MR. JAMES: He proceeded to have ten children before he married the lady. After he had ten children, he married the lady and made her honest. Well, if you get property like this in private hands and somebody living in it, you know, that's the way to preserve property like this.

MR. GOLDSTEIN: I thought you ought to have this background, Governor.

GOVERNOR HUGHES: Yes, I agree with what you're saying that you can't continue to just put money into this without some commitment from somebody.

MR. GOLDSTEIN: I think we ought to get that from the State immediately, because soon as this house is put in this kind of condition, unless somebody comes right in there and takes it over, it's going to go right back

again.

MR. MILLSTONE: Absolutely. It will be stabilized at the time.

MR. GOLDSTEIN: It's just the exterior.

MR. JAMES: Do you think we can get General Talbert to report this at the next meeting on this, Ed?

MR. MIDDLETON: Yes, sir.

MR. GOLDSTEIN: Because that's in a remote area, and I know what's going to happen.

How about giving us a little comment real quick on C-21? I think the Governor ought to be brought up to date on that. That's Frostburg State College where you're solidifying the coal mines on which the buildings set.

MR. MILLSTONE: This is a change order for additional grouting under three more buildings at Frostburg where they're filling in abandoned mines. There was more of a void than they originally anticipated, but the unit price of the grouting came in lower than was anticipated; so we're going to be able to do the stabilization of three additional buildings, and this is being done at the unit price that was originally bid.

MR. GOLDSTEIN: This is mostly Federal money, isn't it? Federal money here?

MR. MILLSTONE: Yes, there was quite a... Most of it was Federal money. This happens to be a change order with State GCL money, but the largest part of the project, probably 90 per cent of it, was Federal funds.

MR. GOLDSTEIN: See, Governor, here's another situation where they built the buildings without taking proper borings.

GOVERNOR HUGHES: Which came first, the buildings or the mines?

MR. GOLDSTEIN: The mines have been there for many, many years. That was that famous coal.

MR. JAMES: Imagine, they built right on top of open shafts.

MR. GOLDSTEIN: You see, here's another situation where you didn't have proper borings, see, and they put these high-rise... Some of these are high-rise dormitories.

MR. MILLSTONE: Yes, they are.

MR. GOLDSTEIN: Sitting on top of an earthquake, so to speak. Just shows you what happens when you don't

do things right. You've got to come along and spend a lot of money.

Item M-3, page 69, is my next one. I don't know if you have one before that.

MR. MILLSTONE: Item M-3 on 64.

MR. GOLDSTEIN: On page 64, excuse me.

MR. MILLSTONE: Yes, sir. That's that Reynolds Tavern request by Maryland Historical Trust. I think this is the item that Mr. Masek went over with you at the pre-Board meeting.

MR. GOLDSTEIN: Right.

MR. MILLSTONE: And left with the wrong idea. I don't think there was ever any question that this contract would be approved, just a question of how rapidly Maryland Historical Trust or Historic Annapolis would get somebody to take care of the interior, but this is...

MR. JAMES: I think we can approve this and, here again, I think we ought to... upon completion, we ought to get a report on what they're going to do.

MR. MILLSTONE: All right, sir.

MR. GOLDSTEIN: That's it. That's what I'd like

to have. In other words, this building right now is an eyesore. It's right there on the main circle right opposite St. Anne's Church right next to the courthouse. It's been sitting there for months. I want to see the exterior preserved, but I feel definite that we ought to have some answer as to what the building is going to be used for. That's all.

MR. MILLSTONE: We'll get a report.

MR. GOLDSTEIN: And that's the question I asked that man the other day, but he went and ran off somewhere and told these people that we're opposed to it.

MR. MILLSTONE: We'll get a report from Historic Annapolis and see that it gets to the Board members before this work is completed.

MR. GOLDSTEIN: That's all we're asking, but we're not rubber stamps.

MR. JAMES: The next one is Howard County Jail,
76.

MR. GOLDSTEIN: Yeah. I guess Item M-4 is all right. M-6... P-5.

MR. MIDDLETON: Was that Item P-5, gentlemen,

page 76?

MR. GOLDSTEIN: Item P-4, page 75, let's see...

MR. MILLSTONE: I think your question on this...

MR. GOLDSTEIN: Item P-4 first, that's the one of the Nature Conservancy.

MR. MILLSTONE: You want to know whether or not the State would get all rights to the land?

MR. GOLDSTEIN: Right. Is that in fee simple including all repairing and all gravel rights? There's no exceptions?

MR. PHIPPS: No exceptions.

MR. GOLDSTEIN: All mineral rights and everything?

MR. PHIPPS: We even paid a dollar for the State wetlands so there wouldn't be any problem there, too; a dollar per acre.

MR. GOLDSTEIN: Right. So, in other words then, everything is in fee simple?

MR. PHIPPS: Yes, sir.

MR. GOLDSTEIN: And there's no mineral rights retained by these owners?

MR. PHIPPS: That's right.

MR. GOLDSTEIN: I'm very familiar with the property. I know exactly where it is. All rights, fee simple. Thank you.

Excuse me, Bill, you had something. I didn't mean to interrupt you.

MR. JAMES: No, that's all right. Just the Howard County Jail's lot is next; you know, jail purchase, page 76.

MR. GOLDSTEIN: Governor, Connie Lieder is not here today, but she made a very fine suggestion.

GOVERNOR HUGHES: She is; she's sitting over there now.

MR. GOLDSTEIN: Oh, I didn't see her come in.

MS. LIEDER: I just came in. That's all right.

MR. GOLDSTEIN: Well, go ahead. I was just telling them about the suggestion that you made the other day with reference to property of the Department of Corrections and other State agencies, what policy should be followed. I thought your suggestion was a good one.

MS. LIEDER: Yes, sir. We had problems when, in dealing with surplus land, an agency negotiates in a way

before anybody has had a chance to review it, and we think that before that, that no agency should really negotiate individually with some outside source for the disposal of property before it has gone through the surplus review and we've had a chance to examine it. In this situation, if we had been asked to find a piece of land for them, we could have found a piece of land that was probably less valuable to the State. It would have equally served their purpose, but in this situation they went ahead and designated the land they wanted, and then local legislation saying that the jail could only go on that site; and then the Department of Corrections agreed to give it to them, and we were stuck with the negotiating with them of an agreement already done with a piece of land that we think could be used for other purposes more advantageously.

GOVERNOR HUGHES: Why don't you recommend to me a procedure that might incorporate...

MS. LIEDER: We have a procedure. It's just that people aren't following it, I think.

MR. GOLDSTEIN: It's happened several times.

MS. LIEDER: We will. We do have a report

coming to you on the whole issue of this.. This was one of the things that started us looking into the whole situation. We have some others in process we know about when local jurisdictions have approached State agencies about use of land, and we hear about it through the grapevine. Very often, the agency will agree to give them the land before anybody has been consulted about whether that's a wise use.

GOVERNOR HUGHES: Well, it shouldn't happen that way. Of course, the agency can't agree to give them the land.

MR. GOLDSTEIN: Well, Governor, I think maybe a directive coming from you to all these different agencies right now would certainly help to stop it, but now we've already made a deal with Howard County and I don't see how you can back out. You already made a deal with Howard County. It's too late to back out now.

MS. LIEDER: A lot of things happened in that situation.

MR. GOLDSTEIN: Right. I don't know if you've seen that plat or not.

GOVERNOR HUGHES: Yes, I've seen it. Well, I agree that the agency should go through the Planning Department, probably General Services. I also feel there are probably circumstances where you have extenuating problems that say you really have to do something other than just finding the lowest cost piece of land, and locating correctional facilities is one of those things. You've got a lot of local sympathy. You have four or five years of battle here over where to put it.

MS. LIEDER: We found an equally good site just about a quarter of a mile down the road which wouldn't have disrupted the integrity of that eighty-five acres but because the legislation had already written in this particular piece of land...

GOVERNOR HUGHES: I understand that, but it might have disrupted the community a half a mile down the road that would have precluded getting approval from the County Council which would have then precluded from getting the facility. I mean, it's those things that do have to be considered, but I agree... I think that agencies should not be on their own dealing with local

government or anybody else for sale of disposable State land.

MR. JAMES: All right. I don't have anything else. I move we approve this Agenda.

GOVERNOR HUGHES: Did you have any others, Louis?

MR. GOLDSTEIN: No, I don't think so, not on this Agenda... Well, leases, I think there's one thing that ought to be called to the Governor's attention. It's that Seneca State Park, L-A-5. It won't take but a minute to do that.

MR. JAMES: Is that that holding pond, you mean?

MR. GOLDSTEIN: Yes, just bring him up to date. Governor, that was done approximately ten years ago for a holding pond. That's L-A-5 on page 79. Now we're extending it for three more years. I thought you would be interested in that.

MR. MILLSTONE: Another temporary extension.

MR. GOLDSTEIN: Yes, sir. That's one of those temporary things that get to be a permanent thing.

GOVERNOR HUGHES: Any further questions on the

General Services Agenda?

MR. GOLDSTEIN: No, I don't have any.

MR. MILLSTONE: Governor, I have only two items that are hand-carried additions. One is an equipment item to formalize the approval of the purchase of State cars, and the other is...

MR. JAMES: Did we get this?

MR. MILLSTONE: Yes, sir, we gave it to you at the pre-Board meeting.

MR. GOLDSTEIN: Yeah, I've got it right here. That's 54A.

MR. MILLSTONE: The other is a request for approval of a property that we purchased at a tax sale at a very substantial savings, and we're going to have to make settlement on it with the Washington County Treasurer. If we can have your approval of these items... These also were handed out at the pre-Board meeting.

MR. GOLDSTEIN: Yeah, I got a copy of that.

MR. MILLSTONE: We'd like to have those included in this Agenda, if we may.

MR. GOLDSTEIN: I thought you got a good deal

on those tax sale properties.

MR. MILLSTONE: Yes, sir, they really did.

MR. JAMES: If they're not redeemed. Tax sale title is nothing great.

MR. MILLSTONE: No, it's not.

MR. GOLDSTEIN: Yeah, but, Bill, I think since these prices I see here, I think most of these people... It's all vacant land and we're damned glad to get it. Otherwise, they can let their taxes...

MR. PHIPPS: We identified all these properties ourselves and then told the county about them. We couldn't find any owners, so we told the county. They sold them and we bought them.

MR. GOLDSTEIN: Right, but they're all delinquent on taxes. I move we approve it. I think we got a good deal on it.

MR. JAMES: I'm sure we can't lose because we get interest if they come in and redeem them.

MR. MIDDLETON: Senator, before you go, could you move to approve this.

GOVERNOR HUGHES: Yes, we should do that.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded that we approve General Services Agenda. All in favor, say "aye".

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no".

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. MIDDLETON: Sorry to interrupt you, Governor. I want to get you to sign these for Sinai Hospital, if you will, please.

GOVERNOR HUGHES: To come before the Board here or in my office?

MR. JAMES: I think we're supposed to be in your office, if I'm not mistaken.

MR. GOLDSTEIN: A small contractor is subject to great deal of embarrassment as well as harm. He's paying high interest rates and can't get his money for the construction projects; so if we could have some kind of a program that General Services can contact the military instead of some kind of escrow fund...

MR. MILLSTONE: If we could get a letter from the Secretary of the Board saying that the Board of Public Works directs the military department to set up an escrow fund requiring that these payments be made by them and that they would be then reimbursed by the Feds.

GOVERNOR HUGHES: Well, do you need that from the Board, or do you need that from me?

MR. MILLSTONE: It would be better from you.

GOVERNOR HUGHES: I'll sign it.

MR. GOLDSTEIN: Yes, sir.

GOVERNOR HUGHES: You fix me a letter.

MR. MILLSTONE: You've got it.

(Whereupon at 2:53 o'clock, p.m., the hearing in the above-entitled matter was adjourned.)

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