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P R E S E N T

GOVERNOR HARRY HUGHES, Presiding;

WILLIAM DONALD SCHAEFER, Governor-elect;

HONORABLE LOUIS L. GOLDSTEIN, Comptroller;

HONORABLE WILLIAM S. JAMES, Treasurer;

JAMES J. MCGINTY, Secretary, Board of
Public Works;

EARL SEBODA, Secretary, Department of
General Services;

LOUIS H. STETTLER, III, Secretary,
Department of Budget & Fiscal Planning;

CONSTANCE LIEDER, Secretary, Department
of State Planning;

MICHAEL NELSON, Assistant Secretary,
Department of Natural Resources;

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

K. P. HEINEMEYER, Director of Real Estate.

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P R O C E E D I N G S

GOVERNOR HUGHES: Good morning.

MR. MILLER: Good morning. I'm Jim Miller from the Department of Transportation. We have 27 items on today's agenda. At this time, we'd like to withdraw Item 13-AE, page 21.

MR. GOLDSTEIN: Item 13, page 21.

MR. MILLER: 13-AE, page 21. We had one revised item, 24-GM, page 40, which I believe everybody has a copy of. If not, I have some extras.

MR. GOLDSTEIN: What item is that, sir?

MR. MILLER: The revised item was 24-GM, which you got at the pre-Board meeting.

MR. GOLDSTEIN: Right. Yes, sir.

MR. MILLER: At this time, we're prepared to answer any questions you may have on the agenda.

MR. GOLDSTEIN: Governor, I think we ought to have a short explanation on Item 3-C and 4-C with reference to the McComas Terminal.

MR. MILLER: Item 3 and 4-C, yes, sir. I think we have a public appearance scheduled for this

item, also. Mr. Nelson will explain this item.

MR. GOLDSTEIN: Yes.

MR. NELSON: Good morning. I'm Bob Nelson with the Maryland Port Administration. 3-C and 4-C are two contracts for building work at the McComas Street Terminal, which we are preparing for AT&T in accordance with the agreement, which was signed with them last summer, to move from their present Western Electric property over to McComas Street.

We opened bids in this contract, and the Jolly Company was the apparent low bidder. After opening the bids, there was a protest from Calvert General Contractors, who protested irregularities on the bid form. That protest was taken to the Board of Contract Appeals, and a decision was reached last Friday from the Board of Contract Appeals that their protest was rejected.

The Jolly Company has signed this contract and is ready to proceed as soon as this Board approves it. If you have any detailed questions about the legal end of the procedures in this, Mr. Mark Moore of the

Assistant Attorney General's Office is here to answer them.

MR. GOLDSTEIN: My question is -- time is of the essence.

MR. NELSON: Yes, sir.

MR. GOLDSTEIN: We made a deal with AT&T to give up their property to take over this new site and bring in all their ships from all over the country.

MR. NELSON: Yes, sir. We have a contract --

MR. GOLDSTEIN: So I think time is of the essence.

MR. NELSON: The state has a contract with AT&T Communications to have their facilities completed by August 18, next summer.

MR. GOLDSTEIN: So time is of the essence.

MR. NELSON: Time is of the essence. We've -- yes, sir, very definitely.

MR. GOLDSTEIN: I feel we ought to go ahead with it, myself.

GOVERNOR HUGHES: Is there anybody that's going to be heard on this? Mr. Garrett?

MR. GARRETT: Good morning. Governor, Governor-elect, Mr. Comptroller, Mr. Treasurer, my name is Judson Garrett. I am an attorney, and I represent the Calvert General Contractor Corporation, or perhaps I should say Calvert General Contractor Corporation, which bid on these contracts.

We very much appreciate this opportunity to appear before you. We are here to urge your disapproval of the award of these contracts. We are not here, as counsel for Jolly has suggested in his letter to you, to retry our bid protest. We fully recognize that the Board of Contract Appeals and the courts are the proper forum for bid protests and for legal objections. However, we also recognize that the Maryland Constitution and the procurement law give this Board responsibility for all capital contracts of the state, for the supervision of those contracts and the expenditures under those; and we are here today to ask you to decide not on a legal basis, but as a matter of good business judgment that the award of these contracts to the Jolly Company under the circumstances of this bid is not in the best

interest of the state.

Permit me to take a minute or two to develop the facts, because the facts which the agency has presented to you are, in my opinion, exceedingly glossed over, exceedingly superficial. The pertinent facts are as follows. The MPA, acting as agent for the Maryland Transportation Authority, sought competitive bids on these projects. Bidders were given the choice of bidding the two projects in one of three ways. They could bid them separately. They could bid them on a combined bid, or they could choose to bid one project. There were four bidders. Jolly bid the project separately. We bid the projects on a combined basis. Whiting-Turner bid them both separately and on a combined basis, and Orfanos Contracting bid only one, the highbay storage contract.

I believe you have the numbers before you, but I'll run through them just quickly. Jolly bid 2,982,000, or, at least, that was their apparent bid on the highbay storage contract. They bid 2,990,000 on the McComas Street contract, and no combined bid. Whiting-Turner

bid three million roughly seven on the highbay storage, four million five or six on McComas, and a combined bid of seven eight. Orfanos bid on the highbay storage only at four seven, and we bid the combined only at seven six.

Jolly was lower than Whiting-Turner on the separate highbay by about \$700,000, at least according to their apparent bid. Jolly was 1,180,000 or so lower than Whiting-Turner on McComas, again according to their apparent bid; and they were in the aggregate, apparently, about a million six lower than us.

MPA's own review of Jolly's bids revealed a series of errors and irregularities, which we think are material. Their own review, without any protest by us, for example, revealed that in one matter, on the highbay storage contract, Item 1002, the bid carried a typed bid of \$230,000 in words and the number.

MR. JAMES: What's that? A tight --

MR. GARRETT: Typed, typewritten.

MR. JAMES: Oh, typed, okay.

MR. GARRETT: Written over the number \$230,000 was a \$93,000 figure. It was not initialed; it was not

signed. The invitation for bids tells us in these kinds of contracts that, where there's a conflict between the handwritten number and the numerical number, that you go with the handwritten number; but the agency chose not to.

In another item, Item 6002, there was typed in \$15,000 in words. There was typed in in numbers \$115,000. In Item 7001, there was no amount typed in for words. There was a handwritten number, which MPA says was \$20,000, and we say could be 20 or could be 29.

On the McComas Street Terminal rehabilitation contract, there was a number that seems to keep changing. We say it's unclear. It could be either 1,422,125, or it could be half a million dollars larger, 1,922,125. Please keep in mind that half a million dollars, because I think that becomes important a little later on.

There was a total given, handwritten, an alleged total for this contract of \$2,990,000. It was some \$400,000 less than the total of the individual items on that contract. MPA, again on its own and without any protest from us, was sufficiently concerned with these irregularities that it decided to ask for a

meeting with Jolly to confirm Jolly's bid. We were sufficiently concerned to protest. Jolly was so concerned that, before the meeting was arranged, it wrote to the MPA and stated that, "because of the substantial disparity" -- these are Jolly's words -- between its bid and those of the other bidders, it had investigated its bid to determine if there were errors in its bid, and that investigation had confirmed that, "There are substantial mistakes in each of our bids." Now, that's in a letter that I hope has been made available to you of October 23, 1986, addressed to Mr. Nelson on Jolly's stationery from Mr. Mendell Freedman. Substantial mistakes in each of its bids, this bidder admitted. That's before any protest.

According to Jolly's letter, there was a \$100,000 mistake in Item 1002, which is the demolition item on the highbay storage contract. Jolly claimed that it had bid some \$99,993 when it says it intended to bid \$100,000 more, 199,993. This is an item for which Jolly had typed in two places \$230,000. I referred to this earlier. So we have a bid which types in in two

places 230, then handwrites in another substantially lower figure, and then Jolly comes back after the bid and says, "Gee, it was supposed to be something substantially higher than what we had written in"; and, indeed, as I pointed out earlier, the written number is, we think, an illegible number, which might have been 93,993, might have been 93,903, might have been 93,703, or might have been 93,793, and the state somehow determined that it was 93,903.

As to Building Number 7, Jolly alleged that it had made several mistakes. First of all, it said that, with respect to Item 2006, the \$320,000, which it bid, should have been 435,000, a \$115,000 mistake. As to Item 4003, the alleged \$200,000 it included for siding -- now, this is a figure that is not broken out in the bid -- should have been \$335,000, an alleged \$135,000 mistake. In Item 4003, it alleged that the \$75,300 it had included should have been \$220,300, a \$412,000 mistake.

Jolly has alleged all of this in addition to the \$400,000 mistake, which I mentioned earlier. It is

apparent from the fact that, when you total up the individual items on this bid, it is \$400,000 less than the number they apparently put down as their total bid. So Jolly would say that the bid really was some 800-plus thousand dollars higher than the number which was its apparent bid.

And the saga doesn't end there. If you total the mistakes alleged in Jolly's letter, in which it said it had discovered \$412,000 of mistakes, you find that the \$412,000 is incorrect. The errors they allege in that letter total \$495,000.

Thus, on October 23, we have a contractor who's alleging that it actually intended to bid on the McComas Street project not the \$2,990,000 that was stated on its bid, not the \$3,390,000, which the Port Administration says that it realized Jolly meant to bid, because the administration totaled all of the individual items and came to that conclusion, but Jolly is now saying that it intended to bid something like \$3,785,000 for this matter. That is extremely close to the \$500,000 variance that I mentioned earlier. It is also

extremely close to a number which appears on the top of Jolly's bid, and which I understand was written in by the Port Administration, which says \$303,990,000, for which the administration has no explanation except that it was in error when it intended to write something less than that, three million three hundred and some thousand.

Gentlemen, this is not a court of law. So I'm not here to argue what mistakes are material and what mistakes are minor and what the rules are under those circumstances. I am here to argue that we are talking about consistent and substantial discrepancies in this bid. There is something like a ten and a half percent difference between what Jolly bids on the one contract and what it says it intended to bid. This is a ten and a half percent discrepancy on work, which everybody in this business knows has a profit margin of somewhere in the neighborhood of three to eight percent. What's going on here? We think it's as plain as the nose on our collective faces. Either the bidder was deliberately creating ambiguities and irregularities and errors in order to give itself some flexibility in the case of a

close bid -- you've got a high number and a low number; and, if the bids are close, you can argue that you intended to bid the low number -- or it truly made several serious mistakes, which are likely to cost it its entire profit on at least one of these contracts, indeed more than its entire profit if it has to perform at the price it bid. Of course, we don't know which of these scenarios actually happened, and we are certainly not alleging bad faith on Jolly's part; but we do know that the State of Maryland is the loser under either of these scenarios if it proceeds with these contracts under these circumstances.

MR. GOLDSTEIN: May I ask you a question right on that point?

MR. GARRETT: Yes, sir.

MR. GOLDSTEIN: Your total bid was 7,622,500.

MR. GARRETT: Yes, sir.

MR. GOLDSTEIN: Jolly's two bids are, the way I add them up -- is 5,972,000, a difference of \$1,655,000.

MR. GARRETT: We're not going to --

MR. GOLDSTEIN: Well, let me finish.

MR. GARRETT: Okay. I'm sorry.

MR. GOLDSTEIN: And now he's already signed the contracts, says he can perform, and he's got performance bonds. So how can the State of Maryland lose, when your client wants to charge 1,655,000 for the same job?

MR. GARRETT: Okay. Let me tell you, sir, how the state can lose. First of all --

MR. GOLDSTEIN: How can they lose? They've got a bid, and they've got a performance bond, and they've got a reputable contractor. How can they lose?

MR. GARRETT: Well, I think we all know that you get what you pay for; and, when you put a contractor in a position where he's lost his profit before he puts the first shovel in the ground, then one of two things happens. Either he cuts corners on his work, and you end up with a shoddy product; or he comes in with change orders. By the time the thing is finished --

MR. GOLDSTEIN: Well, wait a while now. Right on that point, right on that point, the engineer's estimate for Item Number 3-C is 2,535,431.

MR. GARRETT: That's right. Everybody was over the engineer's estimate, but Jolly has admitted that it was substantially lower than the other bidders in the marketplace and so substantially lower that it went back and investigated its own bid and found what it calls substantial errors. There's simply no question that this price is not a reasonable price. There is no question about that at all.

MR. GOLDSTEIN: Time will tell about that.

MR. GARRETT: Yes, sir.

GOVERNOR HUGHES: What is the price that's on here? Is that the price adjusted for the mistakes or not adjusted for the mistakes?

MR. GARRETT: I don't know what price you have, Governor, but the actual price --

GOVERNOR HUGHES: Well, I've got on one of them 2,982,000.

MR. GARRETT: Okay. That number should be 3,382,000. The 2,982,000 was a mistake, which MPA determined was \$400,000 low. They didn't total up the individual items correctly; and there's no argument, as

I understand it, between the Port Administration and Jolly on that. They both agree that that was a mathematical --

GOVERNOR HUGHES: The other bid was 3,390,000 on the Building Number 7.

MR. GARRETT: That's my understanding, this number over here.

GOVERNOR HUGHES: Three million three hundred ninety?

MR. GARRETT: Yes.

MR. JAMES: Haven't all these issues been resolved by the Board of Contract Appeals?

MR. GARRETT: Well, what's happened on the Board of Contract Appeals is that we've had an argument on an expedited basis, and they have told us on Friday over the telephone that they're ruling against us. They indicated to us that we would have a decision either Friday or Monday, and we have yet to see a written opinion. There are standing issues that have been raised in that case. We don't know why they ruled against us. They may have ruled that we don't have

standing, in which case we are likely to ask a judge to review it; but we simply don't know, and we don't know what the delay is.

MR. JAMES: Well, were these issues that you raised before them?

MR. GARRETT: No, sir. The issues I'm raising with you really are business judgment issues, and the Board of Contract Appeals would say to us, "Those kinds of questions are for the agency or within the agency's discretion and for the Board of Public Works. These are not legal issues. These are business judgment issues."

What I'm saying in a nutshell is that clearly you have before you a contractor who has won this contract, who's said clearly in writing, "Our numbers are substantially erroneous. Please relieve us of this bid. Permit us to withdraw this bid." And the agency said no. I think it's abundantly clear that this contractor is going forward and is going to take this loss rather than accept the alternative of having the state go against its bid bond. I mean, there's just no question which way a contractor on these kinds of

numbers is going to go, given that situation.

So you've got a contractor who's being forced to do work, which it really doesn't want to do; and, in those situations, the contractor is going to do what the contractor has to do to minimize its losses, and that's going to mean that you're going to have a contract that's going to be very difficult to administer. There are going to be constant bickerings as to what the specifications require, whether there ought to be change orders for this or that, and we all know what that's like. The state simply does not end up winning in those situations. It really does get either a shoddy product, or it gets a contract that's inflated down the road by change orders.

The other thing you get in this is a terrible precedent. If this is permitted to stand, the signal to other contractors bidding on other kinds of contracts is that, while Jolly may have done this innocently, there's no way of knowing when any contractor does this whether it's an honest mistake or it's a clever device; and the result is the contractor is going to be encouraged to

play these games and to give you bids which have apparent discrepancies in them on the hope that, if the numbers are right, they can talk you into going forward with them. That clearly undermines the integrity of your competitive bid process, and you shouldn't permit it.

Now, I understand that this project is urgent, but I also understand that it's already behind schedule; that, if this contract is performed according to the terms of the contract, the contractor has over 300 days in which to perform it, that they're not going to bring it in within the original time, anyway.

In any event, I would suggest to you that the issues are raised here with respect to how the state will do business are much more important than bringing this in somewhat later than it already is; and I would suggest to you that, for those reasons, you should disapprove this contract.

GOVERNOR HUGHES: Any further questions of Mr. Garrett?

(No response.)

GOVERNOR HUGHES: Thank you, Jud.

MR. GARRETT: Thank you.

GOVERNOR HUGHES: You're welcome. Mr. Nelson, do you have some brief rebuttal, please?

MR. NELSON: Yes, sir. Mr. Mark Moore, our Attorney General, I think, could address the state's position.

MR. MOORE: Good morning, members of the Board. I'll be very brief. In response to Treasurer James' request about the protest, I prepared a brief summary of what the protest was about for the Board; but, just to address a couple of the things Mr. Garrett said, he began by talking about this being a situation where we need to use good business judgment.

MR. GOLDSTEIN: Right.

MR. MOORE: The Maryland Port Administration used good business judgment. You can't separate, though, from the use of good business judgment the fact that we have a procurement law in this state and that that procurement law requires our administration to take certain steps in the face of a protest, and that's

exactly what we did, took the legal steps that we're required to take in the face of a protest.

Mr. Garrett said he was not here to retry the case that was brought, the protest which was appealed in front of the Board of Contract Appeals; but everything I heard sounded like the exact same problems that were brought in front of the Board of Contract Appeals. The Board of Contract Appeals has rendered a final determination. They are the statutorily authorized forum to hear bid protests. They heard this one, and they denied Calvert's appeal. What COMAR provides, and specifically Title 21, the procurement law allows this Board, when faced with a request for award of a contract and an outstanding bid protest -- and I cite this section in the letter, which I've just submitted today to the Board -- that the Board can award the contract if it finds either of the following: that a timely protest or appeal has been filed, and the contract can be executed if either the Board finds that execution of the contract without delay is necessary to protect substantial state interests; or, if the appeals board, the Board of

Contract Appeals, makes a final determination concerning the appeal. Well, both have occurred here. Both exist. The Board of Contract Appeals has made a final determination. Secondly, because we have another agreement with AT&T, which requires construction of these buildings by a date certain, and exchange of that property with AT&T, and that we're behind a month already on that agreement, there are reasons that are in the state interest to award these contracts on an expedient basis.

So I think, as to the question of the protest, it's been decided. It's been decided by the proper forum, and a decision was rendered in favor of the Maryland Port Administration.

As to the alleged mistakes that Jolly made, which Mr. Garrett mentioned, again, they presented us with a letter indicating these mistakes. We did exactly what the procurement law requires us to do. We had them come in. We allowed them to come in for two hearings, present any evidence they could to convince us that they had, in fact, made a mistake. They could not convince us with any evidence of a clear and convincing nature

that they had, in fact, made mistakes. So their request to withdraw was denied.

The original problem, which was presented to the Board, was whether or not the MPA could tell, from the face of the two bid documents, what Jolly intended to bid, and that was what the subject of the protest was; and our procurement people determined what Jolly intended to bid, and all that was the subject of the protest, and Calvert was unsuccessful; but, based on what we determined Jolly bid on those contracts, we awarded the contract subject to this Board's approval, and Jolly, the contractor, has accepted those prices. He has signed all the bid documents. He has signed the contract, returned it to us; and, in fact, he has not made any reservation that he intends to bring any claim for those four alleged mistakes. In fact, his attorney on the record at the Board of Contract Appeals stated that he's advised his client that he can no longer bring any claim based on the fact of those four alleged mistakes.

So, very simply, the State of Maryland is not

the loser here. The State of Maryland has done what it needed to do. When faced with a situation where there was question about what was written on the bid, we were able to discern what was on the face of those bids, and we've awarded the contract subject to this Board's approval on that basis.

AT&T, the contractor with whom we have the agreement to exchange this property, has approved of Jolly. So I don't think they're going to have any complaint about the fact that Jolly is the contractor on this job; and, as I stated, Jolly has accepted the award without reservation.

So we would ask that, for both of the reasons listed in my letter, on both expediency and on the fact that the Board of Contract Appeals has rendered a final decision, a final determination, that this Board approve these two agenda items.

I have also with me Mr. Edward Harris of the Contract Litigation Unit, who is the trial attorney on behalf of the MPA. If you have any specific questions about the protest itself, I'm sure he'd be happy to

answer them. If you have any questions of me, I'd be happy to answer them, too.

GOVERNOR HUGHES: Well, let me ask one question to get it clear. What is the bid price on Item 3-C?

MR. NELSON: That's as shown on the agenda item, Governor.

GOVERNOR HUGHES: 2.9?

MR. NELSON: Two million nine eighty-two.

GOVERNOR HUGHES: So it's not 3,382,000?

MR. NELSON: No, sir.

GOVERNOR HUGHES: Then do I understand that the mistakes alleged were not allowed; is that correct?

MR. NELSON: The mistakes --

GOVERNOR HUGHES: The mistakes that would have raised the price --

MR. NELSON: -- that would have raised the price were not allowed.

GOVERNOR HUGHES: -- were not allowed.

MR. NELSON: There was an arithmetical error of adding all the items up that was \$400,000, but that

has been included in --

GOVERNOR HUGHES: Well, if you didn't allow the mistakes, it doesn't make any difference if it didn't add up right, does it?

MR. NELSON: There were several items on the face of the bid that were -- according to Calvert were mistakes. There were two types of mistakes.

GOVERNOR HUGHES: Those that you allowed and those that you didn't, I guess.

(Laughter.)

MR. MOORE: All right. Very briefly, Mr. Nelson is correct. There were two types of irregularities. First were the irregularities that were the subject of the protest. One of the questions in the protest was, for the second contract, there was a question of what Jolly did was bid an amount that was \$400,000 less, as we determined from adding up the line items. We noticed that they had left out one of their line items, a \$400,000 item. So, therefore, in looking at what they intended to bid, it was clear to us that they had made a \$400,000 mistake; and we allowed -- we increased the

amount they had written as their total by 400,000, simply because they had just written down the wrong number for the total. That mistake has nothing to do with their subsequent request to withdraw their bids because of four alleged mistakes, one that they made in the amount of 100,000 and another -- and three other mistakes allegedly made by the subcontractor.

MR. JAMES: In other words, you disallowed their items, but you allowed the total?

MR. MOORE: That was a subject of bid protest. That's correct. All the items added up to an amount of money which was \$400,000 more than what they had written in as their total for the second contract, and it was clear to us that they had just left out \$400,000.

GOVERNOR HUGHES: You mean they added wrong.

MR. MOORE: They added it up wrong; that's correct.

MR. JAMES: Yes. Okay.

MR. HARRIS: Just to clarify, the subjective errors were not corrected. Nobody tried to go into the bidder's mind. The only errors that were corrected were

errors that were apparent right on the face of the bid documents, and that's what's permitted by the procurement regulations. They can't come in later and tell us what they intended.

GOVERNOR HUGHES: I hope they can measure better than they can add. Any further questions on these?

GOVERNOR-ELECT SCHAEFER: Just as a procedural matter, what -- this comes before the Board; the Board makes a determination of all the facts that they have; and then, if the bidder doesn't like it, he takes it to the appeal board; the appeal board hears it; and, if he doesn't like it, they can come back here?

MR. JAMES: No. They have to go to court.

GOVERNOR-ELECT SCHAEFER: They go to court. What are they doing here?

GOVERNOR HUGHES: But there is --

GOVERNOR-ELECT SCHAEFER: Why are we here?

MR. JAMES: Well, if we would turn it down, it would go back to the agency for rebidding.

GOVERNOR-ELECT SCHAEFER: Why can we --

GOVERNOR HUGHES: It's dual jurisdiction.

GOVERNOR-ELECT SCHAEFER: Just as a matter of procedure, after they've tried all the remedies, they come back again? And suppose today we suddenly find something that's different?

MR. JAMES: If you send it back to the agency, they have to go through the procedure again.

MR. GOLDSTEIN: They have to rebid it.

GOVERNOR-ELECT SCHAEFER: Rebid it.

GOVERNOR HUGHES: But there is this strange thing of dual jurisdiction between this Board and the Board of Contract Appeals on bid protests, something we tried to get straightened out with the Legislature, but have not.

MR. JAMES: If we approve it, they could continue in court and maybe upset the thing. The contract is about half completed, which is ridiculous.

GOVERNOR-ELECT SCHAEFER: So, really, what we do here, theoretically it can go through another whole process.

GOVERNOR HUGHES: Only the court.

MR. JAMES: Through the courts.

GOVERNOR HUGHES: If we approve it, then the only other --

MR. JAMES: Yes. That's what's wrong with it, what's wrong with the procedure.

GOVERNOR-ELECT SCHAEFER: Well, how can we correct that, so it --

GOVERNOR HUGHES: Through the Legislature.

MR. JAMES: You'd have to put the final decision on bid protests here. See, that's where you --

MR. GOLDSTEIN: Are you ready for a motion?

MR. JAMES: And that has been before the Legislature a number of times. Mr. Garrett and I have had numerous disputes on that. He likes the way it is.

GOVERNOR-ELECT SCHAEFER: Oh, is he some kind of a lawyer?

GOVERNOR HUGHES: I think so.

MR. JAMES: And a very good one.

MR. GOLDSTEIN: I move we approve Item 3-C and 4-C because of the time element and the fact that we made a contract with AT&T, originally got those folks

to bring a lot of money to that port. That's a big asset. They're going to bring in all those ships and do all that work out of the port of Baltimore.

GOVERNOR-ELECT SCHAEFER: One thing, did we ever ask Jolly if he's going to be able to perform?

MR. GOLDSTEIN: He signed the contract. He's already signed the contract.

GOVERNOR-ELECT SCHAEFER: With all this stuff going on?

MR. GOLDSTEIN: Yes, sir. It's my understanding he signed a contract and signed the bonds.

MR. HARRIS: That's correct. There's a representative of Jolly here today to confirm that; but they, in fact, signed the contract in --

GOVERNOR HUGHES: Who is --

MR. GOLDSTEIN: Why don't you get him up here?

MR. KOZLAKOWSKI: Good morning. My name is Lou Kozlakowski. I'm the attorney for Jolly Corporation. I think a couple of things clear, that Jolly has waived its errors that it alleged by accepting the contract. The case law is quite clear, in fact. While I was an

Assistant Attorney General, I was able to stick a contractor with a mistake that he had made in a similar fashion. When he accepts the contract, he cannot come back at a later point in time to raise that error that he had in his bid as a contract claim later on. Jolly is ready, willing and able to perform the contract, which is why we signed the contract and submitted performance and payment bonds.

I disagree with Mr. Garrett. No one forced Jolly to take the contract. We had a number of legal options ourselves; and, instead, we chose to take the contract, and that's why we're standing behind the contract, and we're ready to do the job at the price in the contract.

GOVERNOR HUGHES: But you did try to withdraw from the contract, didn't you?

MR. KOZLAKOWSKI: That's correct.

GOVERNOR HUGHES: Why?

MR. KOZLAKOWSKI: Because of the errors that we had alleged in the letter initially; and, after that point, when it was denied by the agency, the options for

Jolly would be, one, to try to get rescission through the Maryland State Board of Contract Appeals, which we would have the right to do on a rescission issue, or also take the contract. At that point, Jolly made a business decision to take the contract and, at the same time, was aware that, by taking the contract, that they had waived their right to -- or had agreed to absorb the cost of those errors that were alleged in their letter.

GOVERNOR HUGHES: That's one thing, but can you state for Jolly that they feel they can do this job for the price that they now have for it?

MR. KOZLAKOWSKI: Yes.

GOVERNOR HUGHES: Realizing that they can't file a claim on the errors?

MR. KOZLAKOWSKI: Yes, sir. Yes.

GOVERNOR HUGHES: But they can file claims on other things.

MR. KOZLAKOWSKI: The bonding company asked the same question prior to issuing the bonds; and, before the bonds were issued, Jolly had to convince the bonding company to the same extent, and the bonding

company issued the bonds.

GOVERNOR-ELECT SCHAEFER: Having had a little experience, who watches change orders on contract bids, because Mr. Garrett alleges that what will happen now, there will be \$500,000 worth of change orders? Who in the state approves and watches the change orders?

MR. JAMES: The Port Administration.

GOVERNOR HUGHES: Well, the Department of Transportation, and then it comes here for approval.

MR. NELSON: I'm directly responsible for the inspection and change orders and that kind of thing. I have a qualified inspector in this type of work. He'll be on it daily, and I'll be very closely involved in it.

MR. JAMES: I'd like to second the motion. It's not often we have the opinion of the Board of Contract Appeals before we act.

GOVERNOR HUGHES: It's the first time. It's not only not often, it's the first time.

MR. GOLDSTEIN: Right.

MR. JAMES: The first time. Usually, we don't have their opinion when we act. So really I don't see

how we can turn this down with their opinion in hand. I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 3-C and 4-C be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The items are approved. I must say it does disturb me a little bit.

MR. JAMES: Yes. We're not in a position really to delay.

I don't really have anything.

MR. GOLDSTEIN: Item 14, Governor, is inspection of bridges, 14-AE, page 23. I think we ought to have --

MR. MILLER: Mr. Moeller will review that item.

MR. MOELLER: Good morning. My name is Jack Moeller. I'm from the Maryland Transportation Authority. The agenda Item 14-AE that we have before the Board

today is for an extra work authorization to Greiner Engineering Services, Inc. This supplemental agreement will provide funding for the consultant to do some physical testing and additional inspection of the catastrophic elements of the Transportation Authority's projects.

I'd be happy to answer any questions you have, Governor.

MR. GOLDSTEIN: This is on that Millard Tydings Bridge up on I-95, this particular one; right?

MR. MOELLER: No. This is on several bridges. It's on the Tydings Bridge --

MR. GOLDSTEIN: I know, but -- yeah, but I'm talking about that one part, the first part of the paragraph "Remarks," had to have additional testing.

MR. MOELLER: Yes. One of our bridges, the Millard Tydings Bridge on the Kennedy Highway, experienced some cracking in a lead plate, in what's called a hanger. This hanger, while it is a critical element, is redundant in that it has several plates that take part of the load; but what we wanted to do with

this extra work authorization is put strain gauges on the bridge to check and see what the actual stress was on the members, so we could be assured that we wouldn't have any further cracking and that sort of thing and to also make sure that we have taken care of our problem once we fix the crack.

MR. GOLDSTEIN: Also doing work on the William Preston Lane Memorial Bridge, the Chesapeake Bay Bridge, and the Harry Nice Bridge out across the Potomac.

MR. MOELLER: That's correct. On any bridge that we have similar type elements, we are planning to do the same testing, and that is because we experienced the one problem up on the Kennedy Bridge.

MR. GOLDSTEIN: Is the problem now aggravated because you have these heavy loads, 80,000 to 100,000 pounds, going across the bridge at high speeds?

MR. MOELLER: Well, the problem, of course, is caused by loading, caused by temperature; it's also caused by corrosion. In this case, we had some corrosion on the pin connector on the hanger, and it caused a member that is normally only in tension to also

act in a bending mode, and that bending mode caused a fatigue crack.

MR. GOLDSTEIN: I was down in Florida three weeks ago, and they now have a limitation on the speed of trucks and vehicles on bridges; and I stopped and asked the man at the toll booth. He said it's because the heavy speed and these heavy loads makes them contract and expansion and causes these bridges to deteriorate. Have you ever thought about that in Maryland?

MR. MOELLER: Well, there's no doubt that the speed has something to do with the impact that a bridge receives. Matter of fact, bridges are designed for 30 percent additional loading, live-load loading, to take care of that impact; however, we don't feel that it would be practical on an interstate highway, such as the Kennedy Highway, to reduce speeds, because you would have rear-ender type accidents because of a slow moving vehicle on an interstate highway, that sort of thing. So we feel it's better procedure to take care of the additional loading that would occur from that and have a

safer facility.

MR. GOLDSTEIN: But, if the bridge is going to deteriorate much faster -- for example, look, now you've got that original Bay Bridge closed. They're resurfacing the entire bridge because of deterioration; is that right, sir?

MR. MOELLER: Right. Yes, it is.

MR. GOLDSTEIN: And you just finished probably working on the Harry Nice Bridge the same way.

MR. MOELLER: That's correct. Both of those cases, the major work that had to be done was due to deterioration of the concrete deck, which is caused --

MR. JAMES: Caused by salt. Is that by salt?

MR. MOELLER: -- primarily by salt. Yes.

MR. JAMES: Caused by salt.

MR. MOELLER: Yes.

MR. GOLDSTEIN: Well, it's a combination of salt --

MR. JAMES: They've been putting salt on all the roads.

MR. GOLDSTEIN: -- and calcium chloride, but

the high speed, these extra -- that bridge was built around '40 or '41. I can remember driving across that bridge when Virginia was a mud hole, when 301 wasn't even finished; but, back in those days, your trucks never carried much over 30 or 40 thousand pounds. That's 45 years ago.

MR. JAMES: Well, I just think we ought to have more annual --

MR. GOLDSTEIN: That's right.

MR. JAMES: You should always have annual inspection. I know sometimes you have them every two years --

MR. GOLDSTEIN: If something goes wrong --

MR. JAMES: -- but I think, on these high-speed bridges, you ought to have annual inspections.

MR. MOELLER: Yes. By our trust agreement that the Maryland Transportation Authority has, it is required to have annual inspections, and we do have annual inspections, plus we have these other in-depth inspections on a periodic basis.

MR. GOLDSTEIN: Well, I take it you're

an engineer, and you're advocating these high speeds over these bridges with these 100,000-pound loads?

MR. MOELLER: No.

MR. GOLDSTEIN: That's what you're saying to me. I just want to be sure I understood you.

MR. MOELLER: I'm sorry.

MR. GOLDSTEIN: I understood you to say you're advocating the high speed across these bridges with those heavy loads.

MR. MOELLER: I'm advocating the speed limit, not high speeds, and --

MR. GOLDSTEIN: Well, it's high speed. You know, if it's 55, they go 65 to 75. If you get behind these damn big trucks on a rainy night or in snow or sleet, you'll damn soon find how fast they're going. Maybe you don't travel those areas like I do.

MR. MOELLER: The one item that you did mention about 100,000 pounds --

MR. JAMES: Do they go pass you?

MR. GOLDSTEIN: Pass you? Just go right on by, and all that stuff, whew, all over your windshield --

but I'm not worried about it. I'm worried about the deterioration of the bridges and the inconvenience to the public after they have to redeck and rebuild them because of the extreme loads and extreme speeds.

GOVERNOR HUGHES: Isn't the main problem of trucks on bridges the stopping and starting on a bridge, this stuff that does the damage? We had one fall in Denton.

MR. MOELLER: That's correct; and, also, once the bridge has deteriorated, it rides rougher, and then the impact that is caused by that rougher ride causes additional fatigue problems.

MR. JAMES: Well, let's face the facts. You just have to keep them maintained.

MR. MOELLER: That's correct.

MR. JAMES: You're never going to slow them up.

MR. GOLDSTEIN: Okay. I was bringing it here, so that if something goes wrong, they're going to blame it on Mr. Moeller, not going to blame it on me, if they can find him. He'll probably be --

(Laughter.)

MR. JAMES: He looks like a good "fall guy."

GOVERNOR HUGHES: I don't think they'd blame it on you, anyway, Louie.

MR. GOLDSTEIN: Okay. Thank you. I made my point. Thank you, sir.

MR. MOELLER: Thank you.

MR. GOLDSTEIN: Merry Christmas to you, sir.

MR. MOELLER: Thank you.

MR. GOLDSTEIN: I made my point. What's your next one, Bill?

MR. JAMES: Well, I think we ought to go right to this 22. Those other things are unimportant.

MR. GOLDSTEIN: Yes, I know.

MR. JAMES: And talk about that ad contract over at BWI. That has been challenged, as I understand it.

MR. MILLER: Item 22, sir?

MR. JAMES: Yes.

MR. MILLER: Okay. Mr. Taliaferro will explain that item to you.

MR. TALIAFERRO: Good morning. I'm Peter

Taliaferro. I'm the Assistant Attorney General, counsel for the State Aviation Administration.

Item 22 is an item in which the State Aviation Administration requests this Board to approve the award of the lease and concession agreement, under which the fixed advertising displays are operated at BWI Airport. This was a contract that was subjected to a competitive award process. It's a revenue-generating contract, not subject to the conventional procurement code. In that competitive award process, Victor Bacigalupi and Associates prevailed in the competition on the basis of both the money proposed and, also, the technical evaluation. The second bidder was Ackerley Airport Advertising, who has a protest here today.

The protest is based on the fact that the State Aviation Administration included as a factor in the technical evaluation the opportunity for a competitor to gain additional credit for having a minority business enterprise participant in its program. Ackerley Advertising did have such a proposal; but, when it sought certification for its minority business enterprise from

the Department of Transportation, that certification was denied at the threshold administrative process and on appeal within the State Department of Transportation. Following that, the State Aviation Administration determined it was prepared to go ahead and make the award to Victor Bacigalupi and Associates, primarily because these new contracts promised a significant enhancement of revenue to the State Aviation Administration over the existing contract.

Ackerley Advertising has advised, however, that they plan to exercise a right to take an appeal from the State Department of Transportation's --

MR. JAMES: Well, could you explain for Governor Schaefer that this is not under the procurement law, but this is a federal deal; right?

MR. TALIAFERRO: That's right. This process, first of all, is not under the procurement code, because this is a revenue-generating contract. The procurement code specifies that contracts that entail expenditure of state funds are subject to the procurement code, and that's the present code. That will be changing next

year. In addition, this minority business enterprise attribute arises in the context of the operation of a facility that receives funds from the federal government. The U.S. Department of Transportation provides those funds and thus gets into this minority business enterprise certification process, and that is the process that Ackerley Advertising seeks to have reviewed. Ackerley cannot state how long that process would take. They cannot state whether they would want to go into the U.S. District Court or possibly the U.S. Circuit Court, if they don't receive gratification early on.

The state, desiring to get the revenues that would be derived from the Bacigalupi contract, proposes that this Board approve the award to Bacigalupi and Associates. The Bacigalupi contract provides in it that, if in the event that Ackerly does eventually prevail in its minority business enterprise and thus might become eligible to get this contract, that if this action by the state, the State Aviation Administration, in awarding this contract causes Ackerly any financial detriment, Bacigalupi will indemnify the State Aviation

Administration. In essence, this is a proposal to go forward with the situation that entails no monetary risk to the state. It entails significant monetary advantage to the state; consequently, we are urging this Board to approve this contract.

I'd be glad to address any questions you might have, and I would also point out that Mr. James Winston, an attorney for Ackerley Airport Advertising, is here and has requested to address the Board. Also, not on the Board's preliminary agenda is the presence of Robert Smith and Mr. Bacigalupi, who are here, should the Board have any questions of them regarding this agreement.

GOVERNOR HUGHES: Well, we want to move along. We'll hear from Mr. Winston, if he's in agreement.

MR. TALIAFERRO: I understand. All right.

GOVERNOR HUGHES: Could I ask one question while he's getting his papers? The issue here is over certification of a minority business?

MR. TALIAFERRO: That's right. The remaining protest is purely on the certification.

GOVERNOR HUGHES: Well, why isn't it a moot

question, if Bacigalupi is the best bidder we got?

MR. TALIAFERRO: The State Aviation is concerned that, under the point process, without making a final characterization, there's substantial likelihood that, if the minority business enterprise certification is awarded to Mr. Winston's client, that the whole contract would turn around and that Ackerley would prevail on the basis of the points. That is the concern we have.

GOVERNOR HUGHES: Mr. Winston, we're going to have to move along, so if you would proceed and be as brief as possible, please.

MR. WINSTON: I will try to, sir.

GOVERNOR HUGHES: We've got a big agenda.

MR. WINSTON: Thank you for the opportunity to speak. My name is James Winston. I'm accompanied this morning by Mr. and Mrs. Elias Cato, the principals of MITCA, Inc., which is one of the joint venturers in Ackerley BWI Advertisers, Joint Venture. The other joint venture partner is Ackerley Airport Advertising. I'd like to make that distinction, because oftentimes,

when people are referring to Ackerley, they mix both Ackerley, the present concessionaire, and Ackerley BWI, the current joint venturer; so that, when I refer to Ackerley BWI, I will be talking about the current bidder for the new concession, as opposed to Ackerley Airport, the current concessionaire.

Let me begin by saying that I'm not here to present all of the reasons why Ackerley BWI should be awarded the concession. Rather, I wish to address the very narrow issue of why it would be ill-advised for the Board to act upon the Bacigalupi contract at this time.

There are four points, which I believe the Board should consider before acting upon the Bacigalupi contract. The first one is the one which Mr. Taliaferro just referred to, which is the MITCA, Inc., minority business enterprise, certification issue. MITCA is denying that appeal to the U.S. Department of Transportation. This is significant, because the documents we have obtained from the State Aviation Administration concede that, if MITCA receives MBE certification, Ackerley BWI would be the preferred bidder under the

SAA's own evaluation.

Because we believe that MITCA has a high probability of success on its appeal, we believe the Board should give this matter serious attention. Our reason for believing that MITCA will be successful is based upon the fact that denial of the MBE certification was both based upon an extremely technical and narrow interpretation of the MBE regulations.

MITCA has been denied MBE certification because the corporation, MITCA, Inc., has no prior business history. MITCA, Inc. was incorporated shortly before the bid was submitted. This justification for denying MBE certification puts MITCA and any newly formed MBE in a "catch-22" situation. What MITCA has sought certification for was to get into the business of airport advertising. What MITCA has been told is that it can't get into the business of airport advertising because it's not already in the business of airport advertising, clearly a "catch-22" situation.

MITCA was told this despite the fact that MITCA's principals, Mr. and Mrs. Elias Cato, have over

11 years' experience in the transit advertising business. They worked for another company. They have now set up their own company; but, because that company itself does not have experience, the experience of its principals is being ignored. Whatever the rationale for this circular reasoning loses all rationality when applied to the present situation.

There is only one airport advertising concession in the entire state of Maryland. MITCA, Inc. is a Maryland corporation. Mr. and Mrs. Cato are long-term residents of the state of Maryland. The present contract is the only opportunity in the state of Maryland for MITCA to get into the airport advertising business. To deny MITCA MBE certification because it did not presently have a concession, when there was only one concession to be had in the entire state, reflects a complete lack of willingness to interpret the MBE rules in a rational manner.

To make matters worse, the chairman of the MBE Committee specifically advised Mr. Cato that, if he'd come in as a sole proprietor, he would probably have

received MBE certification. He conceded that Mr. Cato and Mrs. Cato had extensive experience in the advertising business, which would be applicable; but, because they requested MBE certification for a corporation instead of individually, they were ruled that they had no experience.

MR. JAMES: Who does the certification? Who does the certification that you're talking about?

MR. WINSTON: It's the MBE Division of the Department of Transportation. It's not within the State Aviation Administration. It's a separate group of people.

MR. JAMES: They turned -- they did not certify?

MR. WINSTON: That's correct.

MR. JAMES: You're objecting to the fact they did not certify?

MR. WINSTON: Okay. We are objecting to the U.S. Department of Transportation, that they did not certify. That is not presently before this Board. Our position, of course, is that, with that type of an appeal pending where there are cogent rational arguments

for granting the appeal, we feel very confident that the U.S. Department of Transportation will look at this and say, "Clearly, form is being put over substance here. We're going to grant the MBE certification." We think, given that high probability, it would be a mistake for this Board to move forward to enter into the Bacigalupi contract before that appeal has gone through the U.S. DOT.

MR. JAMES: Well, what do you have to lose? I can't understand what you have to lose here, because the only power we have would be to turn it down and send it back to the agency. You're not going to have a contract for quite a long time because of that; and, on the other hand, if you win your appeal, you probably get the contract. So you're facing a delay either way.

MR. WINSTON: Okay. The distinction that -- I'm glad you raised that issue, because that's an important distinction. First of all, Ackerley Airport Advertising, Inc. currently holds the concession. MITCA, Inc., its joint venture partner in this bid, has already begun working with Ackerley in the current

concession, so that both parties would be able to continue their current form of business while an appeal is pending.

Now, to skip to the point of harm, which I was going to get to at a later point, let me address that now. From the state's viewpoint, there is no potential harm to the state from maintaining the status quo. Ackerley Airport Advertisers, the existing concessionaire, is willing to guarantee an amount equal to the amount which is being guaranteed by the proposed awardee for the new contract.

MR. GOLDSTEIN: Two million, a hundred and five, against one million eight thirty-six?

MR. WINSTON: Okay. That's right. We bid one million eight in our bid for the new contract.

MR. GOLDSTEIN: Right.

MR. WINSTON: We'd be willing -- that's a total of about \$300,000 difference.

MR. GOLDSTEIN: Right.

MR. WINSTON: Over five years, it comes out to about \$30,000 per year. The existing concessionaire --

MR. GOLDSTEIN: No, that would be \$60,000 a year. Five years, \$300,000.

MR. WINSTON: I'm sorry?

MR. GOLDSTEIN: You said 300,000?

MR. WINSTON: Three hundred thousand over five years, true.

MR. GOLDSTEIN: Well, that would be \$60,000 a year, not 30. Five times 60 --

MR. WINSTON: Is my math wrong? I'm sorry.

MR. GOLDSTEIN: Five times 60 is 300,000. Five times 30 is 150,000.

MR. WINSTON: Oh, I'm sorry. You're correct. You're correct.

MR. GOLDSTEIN: Yes, sir. I'm quick on figures.

MR. WINSTON: My math is wrong. I stand corrected.

MR. GOLDSTEIN: Yes, sir.

MR. WINSTON: The difference is a difference which the current concessionaire is willing to make up during the interim while the appeal is pending, so that

the state need not lose a dime in this process. On the other hand, the bidders, Ackerley BWI, Joint Venture, is substantially harmed if the contract is given to Bacigalupi and then reinstated to us when our appeal is successful. We have lost revenues. We have lost advertising contracts. We have lost supplier contacts. The entire business of providing service at the airport would be substantially disrupted when we were later reinstated after winning our appeal. So there's substantial disruption by going forward. There is no disruption and no injury to the state by maintaining the status quo.

MR. JAMES: Okay. I think we got the picture. I think we have the picture.

MR. WINSTON: Okay. May I make one point? This is a matter that recently came to our attention. We obtained some documents from the state concerning the evaluation process just very recently, and we found a very significant concern there, which was not previously addressed to the administration. That concern is that there's been serious impropriety in the manner in which

Victor Bacigalupi and Associates was chosen as proposed contractor. Specifically, it appears that the State Aviation Administration improperly allowed VBA to upgrade its proposal after the evaluation process.

On October 6, 1986, the staff of the State Aviation Administration contacted Victor Bacigalupi and Associates and asked for an expanded proposal for marketing in the Washington area. VBA provided the requested expanded proposal, and this is what is important about that: VBA had been specifically criticized in the evaluation for its inadequate plan for marketing in the Washington area; however, after VBA upgraded its proposal and expanded its proposal for marketing in the Washington area, the State Aviation Administration staff prepared a memorandum summarizing that upgrade, and the Administrator specifically relied upon that memorandum and upgraded information in approving VBA as preferred bidder.

I have with me a set of documents, which I'd like to submit to the Board, which reflect the evaluation, which reflect the memorandum which was

placed in the files, and which reflect the Administrator's signature with a note indicating that he is relying upon the October 8 memorandum; and I think, if you look at those documents, you will see that there was a significant expansion of the proposal, which VBA submitted to the Board -- submitted to the State Aviation Administration, when it was finally approved. So we believe that that is a matter which also raises serious concerns about going forward at this time. We believe it's a matter which you should look at to determine whether or not you are comfortable with the manner in which the process has been brought to fruition.

I had a couple of legal points, which I think I will avoid making. We have made those points in our protest and will not raise those again here.

MR. JAMES: How long do you think it will take you to resolve this question with the federal people?

MR. WINSTON: I'm relying -- I believe it was Mr. Taliaferro, your attorney, who advised me that the process takes approximately three to four months.

MR. JAMES: Well, then you can go to the

federal court after that; right?

MR. WINSTON: We would have that right. I don't believe that's going to become necessary.

MR. JAMES: This thing could go on interminably, couldn't it?

MR. WINSTON: No, I don't believe so, sir.

MR. JAMES: Oh, I think so.

MR. WINSTON: But I believe that maintaining the status quo, the state would not be injured in the process, even if it did last for a year.

MR. JAMES: For a year. Well, it might take more than a year, knowing the federal courts.

MR. WINSTON: Are there any other questions, sir?

(No response.)

MR. WINSTON: Thank you very much for the opportunity to speak.

GOVERNOR HUGHES: Just one question. You said that Ackerley was willing to pay to the state the same as the top bid; right?

MR. WINSTON: That's right. That would be

during --

GOVERNOR HUGHES: During the period of time that this matter is under appeal?

MR. WINSTON: That's correct.

GOVERNOR HUGHES: Suppose you win the appeal?

MR. WINSTON: When we win the appeal, we would assume that the contract would have to be awarded to us based upon the bids that were submitted initially. We wouldn't be allowed to upgrade our bid. Because we're in existence now, we can offer you the amounts that were proposed outside of our bid, but I believe you would have legal problems if we offered to change our bid subsequently; however, the evaluation demonstrates that, even with the lesser dollar amount, with the MBE certification we would have the superior bid before the Board right now.

MR. GOLDSTEIN: Well, that's the point. In other words, if you won this case, say, in one year, the state will lose then 240,000, because you wouldn't be willing to pay that extra \$60,000 a year. You just said that; is that right?

MR. WINSTON: We would most certainly be willing to pay. I believe you might have legal problems if we offered to pay. We would certainly be willing to pay that difference. The question is whether or not legally the state would be able to accept it, and that's what I don't know. I mean, I --

GOVERNOR HUGHES: I would think, if you were awarded the contract based on your original proposal, and then later you wanted to pay the state more money, I don't think we'd have any objection to that.

MR. GOLDSTEIN: No, certainly not. We'd agree to that.

MR. SEBODA: Well, it would be a contract "mod," because it's a deal that's fiscally advantageous to the state.

MR. JAMES: I'd like to ask the Department of Transportation a question, if you don't mind.

MR. GOLDSTEIN: Thank you.

MR. JAMES: You've got two people here. One offered no minority -- made no effort to make a minority participation; is that right?

MR. TALIAFERRO: No, no. Victor Bacigalupi also proposed a minority business enterprise participant, and certification was denied for Bacigalupi's minority business proponent as well, but they elected not to take the appeal on to the U.S. Department of Transportation.

MR. JAMES: Thank you.

MR. TALIAFERRO: I'd be glad to address some of the other points possibly concerning this offer.

GOVERNOR HUGHES: Quickly, very quickly.

MR. TALIAFERRO: Is that enough?

GOVERNOR HUGHES: Very quickly.

MR. TALIAFERRO: Okay, very quickly. Simply, the technical merits of Victor Bacigalupi, based on their demonstrated performance in other airports, also offers advantages over what has been seen with regard to Ackerley; so that, with regard to the proposal just addressed by Mr. Winston, the state doesn't think it's leaving anything significant on the table by not taking this up, because it's going to get the revenue from Bacigalupi, and it's going to get a technical performance that it thinks will exceed over Ackerley's as well.

We'd rather have the new aggressive kid on the block, as it were, to give them a shot.

MR. GOLDSTEIN: How about this notation about Washington, D.C.?

MR. TALIAFERRO: The memo that came in is a request from the State Aviation Administrator. The State Aviation Administrator got a recommendation from the review panel. He wrote back to a member of the panel to ask in what way Victor Bacigalupi had agreed to address marketing in the Washington arena. This memo, dated October 8, comes from the review panel and is an elaboration of the information received by the review panel, rather than a second bite of the apple accorded to a competitor.

GOVERNOR HUGHES: Okay.

MR. TALIAFERRO: Thank you.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: Thank you.

MR. JAMES: I think we ought to take the highest bidder, and I move that we approve the recommendation of the Department of Transportation, the

State Aviation Administration, on Item GM-22. If we're overruled, we'll have to face that problem when we come to it.

MR. GOLDSTEIN: Well, I second the motion, because they can still go into that federal board and take them two, three or four months.

MR. JAMES: No, it's more than that.

MR. GOLDSTEIN: Pardon?

MR. JAMES: Heaven knows when it will happen.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the item be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. JAMES: We have the amendments of the channel dredging contract, which I think we ought to have a separate motion on that. I move the approval of the --

GOVERNOR HUGHES: Number 24?

MR. JAMES: -- Item 24.

MR. GOLDSTEIN: 24, yes, sir. I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 24-GM-MOD be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. JAMES: I move we approve the agenda except where we specially acted.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Transportation Agenda be approved except for those items specially acted upon. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

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BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The agenda is so approved.

MR. MILLER: Thank you, gentlemen.

GOVERNOR HUGHES: The Secretary's Agenda.

MR. SEBODA: Item 28, 29 and 43 are --

GOVERNOR HUGHES: Is that on your agenda?

MR. SEBODA: Yes, sir.

GOVERNOR HUGHES: We're going to take up the item on the General Services Agenda, because there are people here on it. The Days Cove item is --

MR. SEBODA: Item 28.

GOVERNOR HUGHES: 28 and 29; right?

MR. SEBODA: Start with 28; 28 relates to 43. I'll explain it, and then we'll go to 29.

Item 28 is a real property item that is being presented to the Board for acquisition of property in Gunpowder State Park. The Department of Natural Resources is here with maps, on which they can show you the property.

Specifically, on the Smuck property, which is

near Route 40 on the Baltimore County side, we discussed this with the Board previously, and the Board instructed the Department of General Services to go back and to negotiate a better contract. As a result of those negotiations, we are in the situation where we have a tract that consists of 737 acres. On Item 43, there will be 281 acres donated to the state. Then we will pay \$3,500,000 for 456 acres that will have with the property the ability for the existing owners to honor the leases that they have, and which we will have a rubble operation that will be kept at \$4,000,000 with a time period not to exceed six and a half years. We will have a sludge operation that will run for four years, and then we will have a quarrying operation that can run the term of the lease, is for ten years.

The in-fee price for the property, based on appraisal, is \$6,400,000 and \$6,662,000, based on our appraisals, and that by allowing these contracts to continue in force, we get the property for \$3,500,000, at which time there will also be a \$200,000 donation to one of the agencies of the Department of Natural

Resources.

Mike, do you want to pick up the --

MR. NELSON: The Chesapeake Bay Trust will be the agency that's going to receive it.

MR. SEBODA: You want to pick up the maps?

MR. NELSON: Sure. What we'd like to do is show you a map, which indicates the overall project.

GOVERNOR HUGHES: Their annual visit. Come on in.

SANTA CLAUS: Merry Christmas, everybody. Merry Christmas, old buddy. Merry Christmas.

GOVERNOR HUGHES: This is an annual event, as you all know.

SANTA CLAUS: Merry Christmas.

GOVERNOR-ELECT SCHAEFER: Who are you?

SANTA CLAUS: I shook hands with you a lot down at the harbor. Ho, ho, ho. Merry Christmas, everybody.

THE AUDIENCE: Merry Christmas.

SANTA CLAUS: Happy New Year.

MR. GOLDSTEIN: Yes, sir. The same to you.

GOVERNOR HUGHES: Thank you.

SANTA CLAUS: I'll see you around.

GOVERNOR HUGHES: All right. Oh, yes.

SANTA CLAUS: I've been coming here about 26 years. So now we're going to have another new one.

GOVERNOR HUGHES: That's right.

SANTA CLAUS: You'll invite me next year?

GOVERNOR-ELECT SCHAEFER: Yes. Oh, sure.

SANTA CLAUS: Okay. You hear what he said, "Come on in." Oh, we have a good time every year, folks, every year.

GOVERNOR-ELECT SCHAEFER: Very good, Santa Claus.

MR. JAMES: Come back on December 25.

GOVERNOR-ELECT SCHAEFER: He gets more energetic every year.

MR. JAMES: Well, you know, Governor, we've had this -- I've been over this.

GOVERNOR HUGHES: We've been through this, yes.

MR. JAMES: We've been through this a number

of times. I don't know if you would like to have him go through it.

GOVERNOR-ELECT SCHAEFER: I don't have to go through it. You're buying on both sides -- each side of the counties?

MR. SEBODA: No. It's all in Baltimore County.

GOVERNOR-ELECT SCHAEFER: All in Baltimore County.

MR. JAMES: All in Baltimore County.

GOVERNOR-ELECT SCHAEFER: There are some contracts that are going to continue on?

MR. SEBODA: Yes.

GOVERNOR-ELECT SCHAEFER: What's going to happen to the rest of the property? The Chesapeake Bay is going to --

MR. SEBODA: The Chesapeake Foundation is going to get \$200,000 as a grant.

GOVERNOR HUGHES: Chesapeake Bay Trust.

MR. SEBODA: Chesapeake Bay Trust; and then, as part of the contracts, the gravelling operation has

been permitted in such a way that the park will be developed, so that, by allowing it to continue, the Department of Natural Resources requires a park that is being built by the quarry.

GOVERNOR-ELECT SCHAEFER: They're going to bring it back to the way it should be?

MR. SEBODA: Yes. And, when they get done, they --

GOVERNOR-ELECT SCHAEFER: When the party is over, the contractor will restore --

MR. SEBODA: That's correct.

GOVERNOR-ELECT SCHAEFER: -- the complete area back, so that you won't have a big --

MR. SEBODA: That's correct. What you will have, lakes, recreation areas, and he can discuss that in the development phase.

GOVERNOR-ELECT SCHAEFER: Okay. That's all I needed.

GOVERNOR HUGHES: Well, this gets the park on line earlier than it would otherwise, if he just waited, and they have agreed to work with the department as this

work goes on in developing it as a park, which is really a greater requirement than just the normal reclamation.

MR. NELSON: Yes, sir. Normally, we'd have to go through the capital budget process following the acquisition to have any developments at the park. In this case, we're working with the private companies to actually reclaim the mining, the rubble areas to a use which can benefit the state.

MR. JAMES: Also, a revenue element may develop, which could be quite substantial.

MR. NELSON: Yes, indeed. Since the revenues have been capped on a rubble fill at \$4,000,000, anything over that will come to the state of Maryland and the Department of Natural Resources.

MR. GOLDSTEIN: May I make an observation?

MR. NELSON: Yes, sir.

MR. GOLDSTEIN: I'm in favor of this park, but I want to be sure now with this sludge and rubble being placed in there over a period of six and a half years for the rubble and four years for the sludge --

MR. NELSON: Yes, sir.

MR. GOLDSTEIN: -- that, when we get the park, that we want to be sure there's no kind of chemicals in there, like you have up in the Joppatown properties you bought that you can't use --

MR. NELSON: Yes, sir.

MR. GOLDSTEIN: -- and it will cost millions of dollars to extract all that hazardous waste, that we have something that survives this agreement to tell us, when you take over that park with the beautiful lakes and all the landscaping that's been described, that we have a usable park, so people can go in there and commune with God, get in their canoes with their loving friends and really enjoy it. I want to be sure that's going to be done, because we've had too many things come before this Board, paint a beautiful picture; and then, when the time comes to use it, the property can't be used, because somebody closed their eyes or went to sleep and didn't know what the hell was going on. Tar has come up out of it, hazardous waste. I want to be sure that we put that requirement in this contract and this agreement.

MR. NELSON: Yes, sir. You have before you a revised agenda.

MR. GOLDSTEIN: I see.

MR. SEBODA: Item 5, in which it says, "The grantor agrees to comply with all health requirements of the permits, which exceed the requirements in the law. He will post adequate bond as required by the state-granted permit. The provisions shall survive closing and not be merged with the deed."

MR. GOLDSTEIN: Well, now, you say "post adequate bond as required by the state-granted permit." Who's that? Is that the Department of Natural Resources?

MR. NELSON: Health and Mental Hygiene.

MR. GOLDSTEIN: Right. Okay. I just want to be sure, because here we're buying it, we're paying for this property, and these folks are going to continue to own it for six and a half years and dump the rubble in there. They get \$4,000,000. For four more years, they keep putting sludge in there. Now, where is that sludge coming from? Is that coming from Back River?

MR. SEBODA: The sludge is coming from Back

MR. GOLDSTEIN: Now, doesn't that have some of the chemicals that are -- trace elements that are hazardous?

MR. NELSON: No, it does not. It does not. In fact, it is not a fill. It's a mixing operation, where they mix the sludge. It's not a --

MR. GOLDSTEIN: I understand that, but how do you take those chemicals out that's in that sludge, the cadmium and the mercury, the titanium and the different chemicals? Dr. Brown maybe can explain that and put it in the record.

MR. BROWN: It doesn't have any chemicals in it, Mr. Comptroller.

MR. GOLDSTEIN: How do you know that?

MR. BROWN: The sludge from Back River now is classified as clean sludge, because of pretreatment programs that take out chemicals prior to their entry into the plant. Sludge that comes out of Back River complies with all federal and state guidelines for chemicals.

MR. GOLDSTEIN: And where does that chemical go that you take out?

MR. BROWN: Pardon?

MR. GOLDSTEIN: Where do the chemicals go that you take out of the sludge?

MR. BROWN: They take them out at the plant that would have otherwise put them into the sewer, take out nickel, copper, cadmium --

MR. JAMES: Pretreatment.

MR. BROWN: -- before they put it in the sewage.

MR. GOLDSTEIN: But, in other words, what you're saying is --

MR. BROWN: The Back River sludge, when analyzed, is clean.

MR. GOLDSTEIN: I see.

MR. BROWN: It can be put on agricultural land as fertilizer now. That wasn't true five years ago.

MR. GOLDSTEIN: In other words, what you're saying is now all the companies that produce these chemicals in their sludge are now taking the chemicals out before it goes into the pipes?

MR. BROWN: No, I won't tell you that all

companies do everything right, but I'll tell you that the sludge that comes out of Back River is clean by analysis; and we analyze it monthly.

MR. GOLDSTEIN: Well, in that report they put out the other day with all these different sewage plants, they have to come up to the requirements. So you're saying that Back River is now up to all the requirements?

MR. BROWN: As far as toxic materials or heavy metals. Back River is on the way to meeting all the requirements as far as sludge --

MR. GOLDSTEIN: And all the sludge that will be placed in that park for the next four years --

MR. BROWN: Is clean.

MR. GOLDSTEIN: -- is clean?

MR. BROWN: Yes, sir.

MR. GOLDSTEIN: And how about the rubble?

MR. BROWN: The rubble is construction debris and --

MR. GOLDSTEIN: Well, so you don't know whether there's asbestos in it or some other chemicals or maybe tar; you don't know?

MR. BROWN: No. As far as the rubble is concerned, we are not going to allow them, and we're not going to have tires in the upper 20 feet, and it's going to have a five-foot cap of topsoil instead of the required two foot of topsoil over the --

MR. GOLDSTEIN: And who's going to supervise that?

MR. BROWN: We'll supervise that.

GOVERNOR-ELECT SCHAEFER: Louie is absolutely correct.

MR. BROWN: Yes, sir.

GOVERNOR-ELECT SCHAEFER: What happens many times when rubble contractors get overloaded, they just dump anything in.

MR. BROWN: I understand.

GOVERNOR-ELECT SCHAEFER: And the same way, he's absolutely correct on watching the Back River plant, and you say you analyze it each month, and I think that's very important. He's absolutely correct in that. When the Back River plant gets overloaded, sometimes the sludge comes out with chemicals in it;

and, if you analyze each month, it's all right; but that rubble -- Louie is absolutely correct. We got caught on the landfill over on Monument Street. Had all the safeguards in the world, but you get anxious in the dumps -- who is responsible? You or the Health Department?

MR. BROWN: We will be responsible for surveying and overseeing all of those operations all the time, because we'll be on the project.

GOVERNOR-ELECT SCHAEFER: That doesn't answer my question. Who's responsible for it?

MR. BROWN: The Health Department is responsible for the sludge and its chemical content.

GOVERNOR-ELECT SCHAEFER: How about the rubble?

MR. BROWN: And the rubble, if it were to have any hazardous materials in it.

GOVERNOR-ELECT SCHAEFER: Well, I don't want to pin you. I'll pin you later. Who is responsible -- who would be responsible, so that, if Louie called up or somebody called up and said, "I want to know who's inspecting at the landfill and who is responsible," and not say you've got part of the responsibility, and the

Health Department has got part of the responsibility. That's not satisfactory. The Chesapeake Bay Foundation, they're not going to stand out there and watch the rubble. Who's going to check it every month or so?

MR. BROWN: The Health Department monitors it several times a week.

GOVERNOR-ELECT SCHAEFER: Okay. I hear you.

MR. GOLDSTEIN: In other words then, there will be written reports placed in where? In your office or the Department of Health and Mental Hygiene?

MR. BROWN: Their reports will be in their offices; but, because we're going to be responsible for the entire property, we'll have them also. We will want to know what is being done there at all times.

GOVERNOR-ELECT SCHAEFER: So, if we get a new Department of the Environment, it may be in there. Torrey, not to put you on the spot here, but this half-this and half-that and somebody else, that doesn't work. You've either got to -- you've got to know who is going to watch the landfill, so that you don't have the leaching into the Gunpowder River and all the rest of

these problems that you have; and it's a very simple process once it's set up. It's got to be set up. The Chesapeake Bay Foundation has a responsibility, too. Louie's right on worrying about landfills.

MR. GOLDSTEIN: Well, I've sat here and seen all these pictures painted, and it's very nice; but, on this, you've got people supervising it, and put the responsibility in one office. It ought to be right in your office, because you're the one that's here advocating this. I agree, we ought to have the park, so people can commune, fish and really enjoy life, 100 percent of that.

MR. JAMES: I think we can solve it by approving this subject to your development of a satisfactory inspection and monitoring program with the Department of Environment, reporting back to the Board.

MR. BROWN: Yes. It's a unique situation, in that we own the land, but the Department of Health is responsible for this rubble fill and every other one, including those that we don't own.

MR. JAMES: So that will be on record and satisfactory to the Board.

MR. BROWN: Yes.

MR. JAMES: All right.

MR. GOLDSTEIN: And report to us, say, every three months; so, if something is going wrong, we can correct it.

MR. BROWN: Oh, yes.

MR. GOLDSTEIN: Not after the fact, before it happens.

MR. JAMES: Catch it in its birth.

MR. GOLDSTEIN: Pardon?

MR. JAMES: Catch problems in their birth.

MR. GOLDSTEIN: That's right. We're spending a lot of money here, a lot of money.

MR. JAMES: So, with that condition, I move that we approve this agenda item, Number 28.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 28-RP be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. GOLDSTEIN: And, also, Item 43-RP, Governor, which is a gift, which ties right in here. So we're buying 456 acres and getting a gift of 281 acres. So that makes up to 737 acres.

MR. JAMES: Mostly wetlands, I understand. I second that motion.

GOVERNOR HUGHES: 43?

MR. GOLDSTEIN: Yes, sir, Item 43-RP, page 49.

GOVERNOR HUGHES: It's been moved and seconded that Item 43-RP be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. SEBODA: Item 29-RP is the acquisition of another 15.82 acres that ties in with the property.

MR. GOLDSTEIN: Wait a while now, wait a while. That don't tie in with the property, and this thing just was given to us on Monday. Here we're paying

\$1,211,000 for a barroom, and here's an article that appeared in the Evening Sun yesterday, "Inflation Puts a Clamp on DNR's Holiday Spirit." Here they're spending -- this was never discussed with us, and there's no need for this piece of property, because you've got the Langenfelder property to give you access on Route 40. Doesn't make sense to go out there and buy this kind of property, a commercial piece of property, and thrust it right on this Board of Public Works at the last minute.

MR. NELSON: It wasn't our intent to thrust it on the Board at the last minute. The negotiations got to a point where they wanted to settle by the end of the year, and we thought we would bring it to the Board for your review and action; and we have a small presentation. We'd like to show you why it's significant to us and to the overall Days Cove section of the park.

MR. GOLDSTEIN: It has nothing to do -- this is out there on Route 40, and you acquired the Langenfelder property and paid a hell of a big price to give you access.

GOVERNOR HUGHES: Well, can we see it? I'd

like to see it.

MR. GOLDSTEIN: It's purely a piece of commercial property. This is a real waste of taxpayers' money, and here's an article written by -- where they can't even finish the fishing pier down at Point Lookout, and they can't even complete the fishing pier on the Choptank River Bridge because they don't have any money.

MS. PEULECHE: I guess I should explain to you where this piece of property is. It's right here. Our main entrance is for the whole 2,200 acres --

MR. GOLDSTEIN: Where's the Langenfelder property you just bought?

MS. PEULECHE: It's right here.

MR. GOLDSTEIN: Right.

MS. PEULECHE: The problem is there's no cut in the median on Pulaski Highway at that point.

MR. JAMES: You're on the wrong side, aren't you? It's on this side. It's on this side of that road.

MS. PEULECHE: Langenfelder is right here.

MR. JAMES: Are you talking about the Belgian Village property?

MS. PEULECHE: Yes.

MR. JAMES: That's on the south side of the main entrance. It's on the south. Belgian Village -- I just looked at it yesterday, and it's --

MS. PEULECHE: There's a strip of Langenfelder that's on the east side of -- this is a bad map to show it to you. Can you show it on the other map?

MR. KREBBS: I think you're thinking about this road here.

MR. JAMES: It's the main road here. As I understand it, this will be the main road into the park; is that right?

MS. PEULECHE: This blue piece was the little piece of Langenfelder that we recently acquired, and this is Belgian Village.

MR. GOLDSTEIN: How many acres of the Langenfelder property?

MR. JAMES: There are two roads in, if I understand.

MS. PEULECHE: This piece.

MR. KREBBS: There was 15, I believe.

MR. GOLDSTEIN: Fifteen acres, yes, sir.

MR. JAMES: Bring it over here, will you. There's a road here. There's a road here, and it goes in. There's a road here, and this is the property. That's the Belgian Village property right there. Two entrances, in other words. Which is going to be the main entrance? This road?

MS. PEULECHE: Yes.

MR. JAMES: Or this road?

MS. PEULECHE: Jones Road.

MR. JAMES: This one?

MS. PEULECHE: Yes. We can't use this road because it's the Hall road.

MR. JAMES: I see. Okay.

MS. PEULECHE: This road has the cut in the median already, and we wouldn't be able to put another one that close, and it already has the widened stretch of the road for us.

MR. JAMES: Okay. I'm satisfied with it.

GOVERNOR HUGHES: Is that Route 40?

MS. PEULECHE: Yes.

MR. JAMES: Yes, that's Route 40 right there.

MR. GOLDSTEIN: But the blue property is the Langenfelder property.

GOVERNOR HUGHES: Yes.

MS. PEULECHE: Yes.

MR. GOLDSTEIN: That's where you've got the cut. That's where you've got the cut. That's what you bought it -- that's why they came here and gave us all that business, had to have that piece of property, went up and looked at it, because that was the access. There was nothing ever said about buying that barroom and that kind of property and paying \$1,200,000 for it. It's a waste of taxpayers' money, when you can't go down here and take care of the fishing piers and Point Lookout, and you can't take care of the fishing piers up at the Choptank River. Doesn't make sense.

MR. JAMES: It's a truck stop.

MR. GOLDSTEIN: Truck stop, whatever the hell you call it.

MR. JAMES: It's not a barroom, is it?

MR. NELSON: No, sir. It's a restaurant, a

motel, a filling station and some buildings used for repair and maintenance of trucks.

MR. GOLDSTEIN: Well, fine.

MR. NELSON: The improvements, I believe, were in the neighborhood of \$689,000. We would need a maintenance complex for that 2,200-acre park, anyway; and we ran some figures as to what it would cost for us to develop a maintenance complex, and it came up around \$600,000. We could use some of those buildings to take care of that task.

MR. GOLDSTEIN: Here, that thing isn't the only price. You've got to pay all kind of moving and relocation costs. We haven't got a figure on that even. To just thrust that thing right on the Board of Public Works here at the last minute doesn't make sense.

MR. JAMES: The rush here is the capital gains situation, isn't it?

MR. NELSON: That's correct. That's correct.

GOVERNOR HUGHES: Oh, sure.

MR. GOLDSTEIN: The difference between 22 percent and 28 percent.

MR. JAMES: Well, it's a real eyesore in there. My golly, it's an awful place; and to have it right there in the heart of the park, I think it's a pretty bad thing. That's the way I feel about it.

MR. NELSON: That's why we brought to you. We didn't mean to thrust it upon you.

MR. JAMES: It's one of the worst looking places I've ever seen.

MR. GOLDSTEIN: So, in other words then, you say you paid 14,375 for Langenfelder, and now they paid 9,513. You figure -- you divide 15 into here with all these ramshackle buildings you're talking about. It's a sweetheart deal here for somebody.

MR. JAMES: Let's hear from Torrey. Let's hear from Torrey.

MR. BROWN: We think it's an essential purchase. It's the only piece of non-park on that side of Route 40 between the little and the big Gunpowders. It is an absolutely outrageous eyesore. It could be turned into a great maintenance complex with a berm between the road and the maintenance complex.

I guess the other thing is, if you're in the middle of a park, the last thing you need is a truck stop that has trucks loaded with gasoline and chemicals and Lord knows what else parked all the time in the middle of your park. We'd have to build a maintenance complex, anyway. We've arrived at what is a very reasonable price. It's less than the Department of General Services believes we'd have to pay if we used the income approach, and we'd have a finished maintenance complex. We'd have an eyesore out of the park, and it accomplishes all the purposes that we need to accomplish.

GOVERNOR HUGHES: I agree.

MR. JAMES: I think -- to me, when you buy a piece of property, you really are trying -- you have to analyze it from the standpoint of what it's worth to the state; and it seems to me that, after spending all this money to create a beautiful park between the two Gunpowders, to leave an eyesore right in the middle of it, which impairs your entrance, is just not good policy.

GOVERNOR HUGHES: I agree.

MR. JAMES: I move we approve it. You know, I

disagree with the Comptroller about once a year, and it hurts me right here. It gets to me.

MR. GOLDSTEIN: All right.

MR. JAMES: It gets to me. I really don't like to do it.

MR. GOLDSTEIN: So you vote my sentiment, and I'll vote mine. I know what I'm doing here. They can justify anything. Dr. Brown can justify anything, you see. When I read this article by Mr. Burton, he can't go down here and give the people of Southern Maryland a fishing pier, and he can't do it on the Eastern Shore, because we're spending this kind of money for this kind of eyesore. You're buying an eyesore, based on what you're saying. It's a hell of a price to pay for an eyesore, when we bought the Langenfelder for \$14,375 an acre, and what you're paying here.

MR. JAMES: That was vacant land. That was vacant land, wasn't it?

MR. GOLDSTEIN: All right. So here you're buying an eyesore. I never had a chance to look at the buildings, haven't seen the appraisals or a damn thing.

Just thrust right on us. As a responsible Comptroller, this is not the way to do business. I want the record to show that.

MR. BROWN: We obviously don't want to thrust anything on you ever, but --

MR. GOLDSTEIN: Beg your pardon, sir?

MR. BROWN: -- it either happens now, or it doesn't happen. They're not interested in selling it to -- the reason for selling it now for this price is that --

MR. GOLDSTEIN: You all used the same argument up there near Hereford several years ago, wanted to buy a restaurant and a barroom, and I went up and looked at it. Way off, the same way right as this deal right here, sir, another similar situation. Wasting taxpayers' money, that's what the hell you're doing. Has nothing to do with the park.

GOVERNOR HUGHES: Well, I agree with the Treasurer on this. I like Bill Burton, but I don't think he's going to question me too much on my vote --

MR. JAMES: Well, I don't know much about this fishing pier.

GOVERNOR HUGHES: -- and I will second the motion.

MR. JAMES: What's the fishing pier all about?

MR. BROWN: The fishing pier came in over bid; and, as I understand it, that all was the problem, but we'll solve it somehow.

MR. JAMES: Okay.

MR. BROWN: We mean to have a fishing pier there, and we'll have a fishing pier there.

MR. JAMES: Okay.

MR. BROWN: It may not be exactly as originally designed, and it may cost a little bit more, but that's a separate problem, and we'll take care of that.

MR. JAMES: Okay.

GOVERNOR HUGHES: It's been moved and seconded that Item 29-RP be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

MR. GOLDSTEIN: No.

GOVERNOR HUGHES: The ayes have it, with the Comptroller voting "no."

MR. JAMES: Should we have asked your opinion?

GOVERNOR-ELECT SCHAEFER: I'm glad I didn't have to be on this one.

(Laughter.)

MR. JAMES: Well, we'd just put you on the spot.

GOVERNOR-ELECT SCHAEFER: Louie's right, but what you did is probably the right answer. You can't have something like this. It's too bad you're buying some really terrible places; but, unfortunately --

MR. JAMES: It can be fixed up. It's going to be utilized.

GOVERNOR HUGHES: It can be utilized.

MR. JAMES: I think it's going to be utilized.

GOVERNOR-ELECT SCHAEFER: The only thing I would advise is that I would have made sure that Torrey does build that maintenance -- whatever thing he needs out there, and he does it in such a way that it adds to the enhancement of the park.

MR. JAMES: Okay.

MR. GOLDSTEIN: They'll move out, and it will be the same -- like all the things they buy, it will be

ramshackled, things stolen, the windows will be broken out. That's typical of the Department of Natural Resources.

MR. BROWN: No, it won't.

MR. GOLDSTEIN: Well, I hope you're right. Bill James and I have been after them week after week. They buy all these properties and don't do a damn thing about maintaining or protecting them. Vandals get in there, and I want to go up there and look at it.

GOVERNOR-ELECT SCHAEFER: Louie, if it does, it's going to be my fault.

MR. GOLDSTEIN: It won't be your fault. You have nothing to do with making that, but I'm just telling you.

GOVERNOR-ELECT SCHAEFER: No, it's going to be my fault, and then we'll go talk to Torrey. We're going to commune together, and we'll go out there and fix the windows.

(Laughter.)

GOVERNOR HUGHES: I want you to know that all of the Department of Natural Resources property are not

in dilapidated condition.

MR. GOLDSTEIN: Not all of them, no.

GOVERNOR HUGHES: No. By a long shot, they all aren't.

MR. GOLDSTEIN: That's right. A hell of a lot of them are. Look at Sandy Point and see how much money we spent on that property over there, and it's still closed up.

MR. JAMES: That's one of our great sources of state pride.

MR. GOLDSTEIN: I know. I know it is. Sandy Point; the buildings over there are not. I've said my piece. Nothing personal.

GOVERNOR HUGHES: Is there any other item?

MR. SEBODA: We can stop, if you want to go back to your regular agenda.

GOVERNOR HUGHES: Oh, okay. Go to the Secretary's Agenda.

MR. MCGINTY: All right. The Secretary's Agenda has --

GOVERNOR HUGHES: We need to stop at 12:30.

MR. MCGINTY: -- 53 items. We are withdrawing Item Number 48 on page 71 at the request of the agency. We're withdrawing Item 48.

GOVERNOR HUGHES: 48?

MR. MCGINTY: There was a question.

MR. GOLDSTEIN: Item 48?

MR. MCGINTY: Yes, page 71.

MR. JAMES: Governor-elect Schaefer, the first four items in here are the activity reports from the agencies where we have delegation. As you can see, we've delegated, and these agencies are making reports on a monthly basis.

MR. MCGINTY: We have one revised page, page 77, which is a minor revision that we talked about.

MR. GOLDSTEIN: 77?

MR. JAMES: So that's the delegation -- comes in once a month in very abbreviated form.

MR. GOLDSTEIN: You say you've got an additional page 77?

MR. MCGINTY: No, it's a revised page.

MR. GOLDSTEIN: Revised page.

MR. MCGINTY: Revised. The last line on page 77 is revised. That's the one we had talked about taking money out of the capital appropriations. Found out we couldn't do it. So that's the reason.

MR. JAMES: Okay.

MR. MCGINTY: I guess the first item is -- unless anybody has any questions before Item 5 -- a request by the Wetlands Administrator to have Mr. Lawrence Mason address the Board briefly, relating to the possible designation of the Chesapeake Bay as a wetland of international importance.

MR. CASSELL: Good morning, members of the Board, Governor-elect Schaefer. My name is Harold Cassell. I'm the Wetlands Administrator for the Board of Public Works. With regard to Item 5, page 5 on the Secretary's Agenda, the U.S. Fish and Wildlife Service has inquired with Maryland and Virginia natural resource agencies concerning possible interest and assistance in developing documentation and support leading to the international designation of the Chesapeake Bay and its associated wetlands as a wetland of international

importance.

No action by the Board of Public Works is required at this time; however, before documentation development and nomination procedures are initiated, we feel it's appropriate that the Board be briefed on this subject; and, for this briefing, I am please to introduce to the Board Mr. Lawrence N. Mason, head of the International Affairs Office of the U.S. Fish and Wildlife Service, who has some brief comments to make. Mr. Mason.

MR. MASON: Mr. Governor, Mr. Governor-elect, and members of the Board, I appreciate the opportunity to be here. There is a convention which the United States has recently become a party to, which is the Convention on Wetlands of International Importance, especially as a waterfowl habitat. The convention seeks to identify wetlands of extreme value internationally, whether that's for flood control or for waterfowl production or mari-culture or whatever those values might be, and highlight them.

The purpose of the convention is not to

constrain the management of those properties, not to set up different management regimes, vis the federal government or the state governments. It is not to affect resource use of the areas. The idea of the convention is to highlight and bring to the public attention various wetland values and provide through that process an education and public awareness of wetlands, which would lead to their conservation generally.

The United States, in joining the convention, recognizes that its basic value internally within the country is just that, a public awareness campaign for important wetland areas. Outside of the country, we have some other values that we see in the convention, particularly since we have large numbers of migratory birds between here and South America. It would help to better protect habitats used by those migratory birds when they're in Latin America.

We have talked at a very general level with the Department of Natural Resources and with the environmental people in Richmond and here about the possibility of listing the Chesapeake Bay system,

specifically federally and state-managed areas within that system, as a wetland of international importance, and presenting that presentation to the World Wildlife Fund, International Union for the Conservation of Nature and to UNESCO, and using that designation within the state, within the commonwealth and within the U.S. to heighten public awareness of the Bay and the clean-up campaign and such.

If there are questions you have on it, I certainly would entertain them and basically are asking your permission to go ahead and work at the technical level in considering a nomination of the Bay system under this convention.

I would stress again the listing process does not affect the management regime of any protected areas, be they state or federal, within the Bay system, and it does not in any way affect resource use. Its primary value, again, is educational and public awareness.

I have a set of documents that I will be leaving with the DNR people, and I can certainly leave one with the Board, that is simply background on the

ratification process, a copy of the convention itself, a list of sites that have been designated by other countries, the criteria for listing those sites, and the nomination papers that were used for the first four wetlands that are nominated by the U.S., which include both federal and state-managed areas.

If you have questions, I'll certainly entertain them, but I do ask your permission to work with the DNR in developing a nomination for the Chesapeake Bay system.

GOVERNOR HUGHES: But there's no legal significance then to this, I assume?

MR. MASON: No, sir. No, sir.

GOVERNOR HUGHES: It would help us get federal funds?

MR. MASON: Before we could even get permission from the United States to join, we ask each of the states through the Department of Natural Resources to examine the question. They came to an organization known as the International Association of Fish and Wildlife Agencies, which is really not inter-

national, but represents all of the 50 states where we got a unanimous approval to go ahead, for the U.S. to join, specifically because it would not interfere with management regimes and specifically because it was valued by some for its educational values.

GOVERNOR HUGHES: What other bodies of water or areas have been listed so far or certified so far?

MR. MASON: Having just joined, Mr. Governor, the papers are at the U.N. right now on deposit, the ratification papers. We're listing the Okeefenokee National Wildlife Refuge in Georgia that has value for research. There are endangered species there. It is used by non-game birds. We're listing the Forsythe National Wildlife Refuge in New Jersey because of its value to waterfowl, because of its public use and education values. We're listing Ash Meadows National Wildlife Refuge in Nevada because of its value for endangered species and endemic plant communities; and we are listing a combination of the Isenbek National Wildlife Refuge and the Isenbek State Game Refuge in Alaska, a combined state and federal listing, because

it's one of the most heavily used waterfowl areas for staging in the country. Those are the type areas that are on the U.S. list as of now.

There will be a conference of parties to the convention next year that will take place in Canada. We would like to make additional listings at that time, and we would like for our listings to be not frivolous, but as important as possible; and, as we cast around for important areas that we would like to put on the list at that time, the Chesapeake Bay system was at the top of the list and is the reason for being here today.

MR. GOLDSTEIN: Could we have some information on this thing? All we have is this one sheet here.

MR. MASON: Yes, yes.

GOVERNOR HUGHES: The RAMSAR convention, is that the convention you're talking about?

MR. MASON: I have here a copy of the convention and its protocol, the list of U.S. sites and international sites. I'm pleased to leave this with the committee.

GOVERNOR HUGHES: Have you got one of those?

MR. GOLDSTEIN: I haven't had a chance to look

at it.

MR. MASON: This will probably tell you more than you want to know, if you have time to read it.

GOVERNOR HUGHES: Okay. Thank you.

MR. GOLDSTEIN: Thank you, sir. Thank you.

GOVERNOR HUGHES: Any questions of Mr. Mason or comments?

MR. JAMES: What is the technical process of making the nomination? Who does that? The United States government?

MR. MASON: Yes, sir, because we are the signatory to it; but, technically, our preference is to work with state fish and game agencies, Department of Natural Resources, to jointly prepare the documentation. For example, if we were to proceed with your blessing to list the Chesapeake Bay system, we would want to make very sure that both here and in Richmond that, as the documentation were put together, we covered only protected areas, the state-managed or federally-managed areas, that we don't step over onto privately-owned areas and create any potential problems down the road

that might occur. We only want to deal with those areas that are already in public management in one form or another. The only private lands I can think of that one might consider would be something, say, owned by the Nature Conservancy that they plan --

MR. JAMES: We manage private lands -- we list private lands in this state. We have a critical area list for everything bordering the Bay. It's managed in one way or another.

MR. MASON: How that would be handled within the state would, in my feelings, have to be a state matter.

MR. JAMES: Okay.

MR. MASON: We're only putting the idea before you and if it's something that you're comfortable with and working within your definition.

GOVERNOR HUGHES: Thank you very much.

MR. MASON: Thank you, sir.

MR. GOLDSTEIN: Thank you, sir.

GOVERNOR HUGHES: Do you need any action, Harold, on this?

MR. GOLDSTEIN: I don't think -- action, no.

MR. CASSELL: No action at this point. What the natural resources agencies will be doing is meeting with the Fish and Wildlife Service people to develop necessary documentation. A lot of that documentation already exists. It's a matter of compiling it.

MR. JAMES: Well, I'll just move we cooperate and try to do the best we can.

MR. CASSELL: Eventually, there will be an official request.

GOVERNOR HUGHES: No objection. We'll cooperate.

MR. JAMES: Yes. Okay.

MR. CASSELL: Thank you for your consideration.

GOVERNOR HUGHES: Thank you.

MR. GOLDSTEIN: My next item is Number -- let's see, it's Number 9. Governor, I think there ought to be some kind of memorandum on Number 9. That's where they had --

MR. JAMES: Could I mention 7?

MR. GOLDSTEIN: Sir?

MR. JAMES: Let me mention 7. Harold, 7 is

construction in a critical area zone, industrial park.

MR. CASSELL: Item 7, Dickinson Associates is -- Bay Meadows Industrial Park, it's up in the Furnace Creek area, continuation of development they've done at that industrial park; and it involves storm drainage and stormwater management. They will be putting in, since it's a parking lot development, in effect, to serve that industrial park, they'll be putting in a large sediment and stormwater management pond system to treat discharge before it enters Furnace Creek.

MR. JAMES: Already there.

MR. CASSELL: Yes, sir.

MR. JAMES: Just an expansion.

MR. CASSELL: That's right.

MR. JAMES: Okay.

MR. CASSELL: They've been fairly effective in their designs. They've been quite properly developing that industrial park.

MR. JAMES: Go ahead, Louis.

MR. GOLDSTEIN: Number 9, I think, ought to just have a short explanation, Mr. Cassell. That was

the first and last meeting at the Maryland Port Authority -- Port Administration. You had a Mr. Gutman objecting to it.

MR. CASSELL: Yes, sir. The Maryland Port Administration proposal to dredge channels to serve the proposed Seagirt Marine Terminal, that project is not controversial in terms of the dredging. There was a question raised by Mr. James E. Gutman concerning the use of -- or deposition of that five and a half million cubic yards of dredge material in the Hart-Miller Island facility, a question of capacity. Has this material been accounted for in the available volume and capacity of Hart-Miller Island? There has been subsequent reassurance to Mr. Gutman provided by the Maryland Port Administration to this point.

Actually, today, I believe, the Governor's Advisory Committee on Hart-Miller Island is meeting and is discussing this particular issue. So the Maryland Port Administration has provided for the record the facts sheet, which details that this material is appropriate and is within the capacity to go to Hart-Miller

Island. It's lumped into the 50-foot channel dredging project.

MR. GOLDSTEIN: You recommend we approve it?

MR. CASSELL: Yes, sir.

MR. GOLDSTEIN: Okay.

GOVERNOR HUGHES: I think that will do it.

Good.

MR. GOLDSTEIN: That's right. You can't stop the project. This is a very important project. Time is of the essence.

MR. CASSELL: Thank you.

GOVERNOR HUGHES: Anything further on wetlands?

MR. JAMES: No, I don't have anything else.

MR. GOLDSTEIN: I think, Governor, it wouldn't hurt to have a short explanation of Item Number 12, where they're talking about \$2,000,000 for that new Institute for Defense Analyses, Route 301.

GOVERNOR HUGHES: Oh, yes, yes. Right, very important.

MR. JAMES: Well, I think we had an explanation of it, Louis, on Monday, and it's one of those economic

development projects approved by the department.

MR. GOLDSTEIN: I just want to be sure that --

GOVERNOR HUGHES: Well, it's the super computer project that's terribly important.

MR. GOLDSTEIN: Right.

MR. JAMES: It's the start of the industrial park.

GOVERNOR HUGHES: That's right.

MR. JAMES: The first --

GOVERNOR HUGHES: One of the anchors of that.

MR. JAMES: -- sophisticated industry and industrial park.

MR. GOLDSTEIN: On this 301, that's a big project.

MR. JAMES: University of Maryland has that park.

GOVERNOR HUGHES: This is for the National Security Agency. The Institute for Defense Analyses is building the thing. They will eventually have about -- they've already started in rented space, but they will have about 200 of the top computer scientists, not only

in the country, but maybe from around the world working in this super computer research center, which is a real coup for us.

MR. GOLDSTEIN: I think what we discussed the other day, Governor, at the pre-Board meeting, in case this property is sold to a corporation by then, the state will get back its \$2,000,000. So we'll be making a profit.

MR. MCGINTY: Comptroller, I talked to Mrs. McCoy yesterday. She's preparing a summary, which is going to cover the points that you covered, and that's going to become a part of the record.

MR. GOLDSTEIN: You don't have it here today?

MR. MCGINTY: It's not here today.

MR. GOLDSTEIN: Okay. Fine. Thank you, sir.

MR. MCGINTY: I will send it around to you, sir.

MR. GOLDSTEIN: Right. It's a good project.

MR. JAMES: What's denitrification? That's a new word to me, Item 16.

MR. GOLDSTEIN: It's taking the nitrogen out.

MR. JAMES: Taking the nitrogen out? Is that

denitrification is?

MR. GOLDSTEIN: That's my understanding.

MR. JAMES: Okay.

MR. SEBODA: It's denitrification. It's denitrification.

MR. GOLDSTEIN: Right. It's taking the nitrogen out.

MR. JAMES: Oh, it's --

MR. SEBODA: Denitrification.

MR. JAMES: Okay.

MR. GOLDSTEIN: Enriches the water, you know.

MR. JAMES: Okay. All right.

MR. GOLDSTEIN: Have you got one ahead of 35?

MR. JAMES: No, no.

MR. GOLDSTEIN: Governor, I think Item 35 needs a special motion. That's where we're going to have joint legislative jurisdiction at Fort Detrick.

MR. JAMES: Yes. Are you going to move it?

MR. GOLDSTEIN: I move we approve it.

MR. JAMES: Second.

GOVERNOR HUGHES: It's been moved and seconded

that Item 35 be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The item is approved.

MR. GOLDSTEIN: Item 36 may need -- that's that new Motor Vehicle Administration facility in Salisbury.

GOVERNOR HUGHES: Salisbury.

MR. GOLDSTEIN: Wants authority to go ahead and negotiate. I move we approve that.

MR. JAMES: Second the motion.

GOVERNOR HUGHES: It's been moved and seconded that Item 36 be approved. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it.

MR. JAMES: We might explain to Governor Schaefer that we have a procedure whereby, if they want

to use lease-leasebacks, they come in and ask for the authority to look at various alternatives of financing and see if this is the proper way to do it before we do that.

MR. GOLDSTEIN: Item -- have you got one ahead of 51?

MR. JAMES: We've got the donations on 37.

MR. GOLDSTEIN: Yes.

MR. JAMES: And I understand there's some more coming through.

MR. SEBODA: Donations are on my agenda.

GOVERNOR HUGHES: Yes.

MR. JAMES: Oh, I'm sorry. Environmental easements, 37. They've got -- 37 to 48 are those environmental easement donations.

GOVERNOR HUGHES: Yes, 52 acres.

MR. GOLDSTEIN: Environmental Trust.

MR. JAMES: Yes, Environmental Trust.

MR. MCGINTY: 48 was withdrawn.

MR. JAMES: How much -- 48 was withdrawn?

MR. GOLDSTEIN: Yes.

MR. MCGINTY: At the request of the agency. I guess it must have been --

MR. JAMES: Is anybody here on that? I'd like to know.

MR. MCGINTY: Yes. There's -- Jody Roesler from Maryland Environmental Trust is here to answer any questions.

MR. JAMES: Yes. Why was that withdrawn?

MS. ROESLER: At the landowner's request, the easement has been withdrawn.

MR. JAMES: Landowner's request?

MS. ROESLER: Yes.

MR. JAMES: Okay. Where is that? Where is that located?

GOVERNOR HUGHES: Worcester County.

MS. ROESLER: That's in Worcester County.

MR. JAMES: That wasn't in Dorchester.

MS. ROESLER: No.

MR. JAMES: Okay.

MS. ROESLER: That's still on the agenda.

MR. JAMES: All right. Thank you.

MR. GOLDSTEIN: Let's see, Item 46, that's 1,171 acres, over 90 years old.

MR. JAMES: About 1,100 acres, isn't it?

MR. GOLDSTEIN: Eleven hundred and seventy-one acres.

This Item 51, this Calvert Marine Museum, do you see any problem with that, because they've already got the contractor working on it?

MR. SEBODA: No. This one on this agenda is the approval of the matching conditions for the grant.

MR. GOLDSTEIN: Okay.

MR. SEBODA: And then you have on my agenda -- you will have the award of the contract to do the shell for the museum.

MR. GOLDSTEIN: Right.

MR. SEBODA: We'll cover that when we get to my agenda.

MR. GOLDSTEIN: But you see no problem?

MR. SEBODA: No, sir.

MR. GOLDSTEIN: Folks are anxious to complete it. It's a very fine project.

Let's see, we have the Baltimore City Jail Loan. That's all right, isn't it?

MR. JAMES: I think so. We've got a problem over in Kent County. I got a letter from Walter Redden, says they're going to need their money for the jail on February 1.

MR. MCGINTY: Around there.

MR. JAMES: Do you have a copy of the letter for the record?

MR. MCGINTY: Yes, I've got copies of it.

MR. JAMES: And chances are we're not going to have a bond issue until June. I don't know how to handle it. We can't hold a bond issue just for one county.

GOVERNOR HUGHES: How much do they need?

MR. JAMES: They're talking about -- I think the agreement is two million, isn't it?

MR. GOLDSTEIN: That's the letter right there.

MR. JAMES: I think we ought to give them a formal answer. Have to borrow the money and refinance this pending -- the Secretary told me that they might be

able to get together from other projects to build a retainage fund, maybe up to 400 million; but that wouldn't take care of this item.

MR. MCGINTY: There's about 49,000 in the retainage fund, and I think we have somewhere between 200 and 300 thousand left out of the capital projects appropriation for fiscal year '86, which has no restrictions to its use. So that's about all that's available right now.

MR. JAMES: I think we'd better notify these people that they'd better make arrangements to carry this and expect reimbursement the next bond issue around July 1, unless we decide to have a bond issue in February, and we really don't need it. We don't need a bond issue. We have about 100 million dollars in the capital account; isn't that correct, Bob?

MR. SWANN: Yes, sir.

MR. JAMES: A little better than that. We're only spending about 15 to 18 million dollars a month.

MR. SWANN: We have not sold anything under this issue before?

MR. MCGINTY: Nothing, Bob, no.

MR. JAMES: No.

MR. MCGINTY: It was on the preliminary list for the last bond sale, but was -- we had other priorities, and it wasn't taken off.

GOVERNOR HUGHES: Well, they've already started on the thing, haven't they?

MR. JAMES: Yes, they've started on it.

GOVERNOR HUGHES: And they're about to run out of money.

MR. JAMES: He said they were going to need money from the state, according to the schedule.

MR. GOLDSTEIN: They need 355,000 in January, February, March, April and May.

MR. JAMES: Only other thing we could do would be to grant some money out of the general fund. We have never done that, have we?

MR. SWANN: No, sir.

MR. JAMES: Never done that.

MR. SWANN: The only thing we could -- the Board could advance their bond funds, if they so choose

to do it. That's been done before.

MR. JAMES: Let's take a look. We haven't done it.

MR. SWANN: We have done it, but we have not done it recently. We have done it before.

GOVERNOR HUGHES: No, we haven't done it recently.

MR. JAMES: Can we take a look at that and see what we can do?

GOVERNOR-ELECT SCHAEFER: Wouldn't the first thing be to find out if they really need the money?

GOVERNOR HUGHES: Well, they're under construction.

MR. JAMES: They're under construction.

GOVERNOR HUGHES: They still might have to go to the bank and borrow it.

GOVERNOR-ELECT SCHAEFER: That still doesn't -- no. I think you ought to bring the County Commissioners over and say, "What do you actually have to have? Can you carry a certain amount; and, if you can't carry a certain amount, try to find the certain amount." I

don't think, when a project starts, you can say, "You won't be able to do it until June."

MR. JAMES: Well, the man we had that did that kind of work lost his job. We'll have to get somebody else to do it.

GOVERNOR-ELECT SCHAEFER: No. Tell the County Commissioners to come over next week or call them up and ask them. In other words, if you would say -- if the city of Baltimore is starting on a project, and we're relying on it, really relying on it, no money, that means that the project stops, and you just have that delay; you never catch up.

MR. JAMES: But if you were granted some money --

GOVERNOR-ELECT SCHAEFER: Well, suppose we didn't have it, Kent County, they don't have any money. If they started on this, I would think you'd call them up and ask them, "How much can you carry? How much can we sort of get for you until such time as sell the bonds?"

MR. GOLDSTEIN: See, they're supposed to spend their own money first.

MR. JAMES: Well, suppose we --

MR. MCGINTY: They already spent almost their entire two million. That's the problem.

MR. GOLDSTEIN: Is that right?

MR. JAMES: Suppose we invite them in for the January, what, 8th meeting?

GOVERNOR-ELECT SCHAEFER: Mr. Treasurer, call them up today and ask them, get them to come over and talk to you and Louie and the Governor tomorrow. You know, these guys can't wait. They've got to know whether they're going to do it or not.

MR. JAMES: That's why I brought it up.

GOVERNOR-ELECT SCHAEFER: Well, I agree.

MR. GOLDSTEIN: That's right.

GOVERNOR-ELECT SCHAEFER: I can't suggest we do this until the 22nd; but, on the 22nd, I'll pick up the phone and call them and say, "How much money can you carry? If you can't carry it, what have you got to do?" And then -- that's your job, to find the money, isn't it?

MR. JAMES: Bob, see if you can get somebody to come over here, and we'll meet in the Comptroller's

conference room and see if we can talk about it. Maybe call Roger --

MR. SWANN: I'll call Roger and tell him that we want a meeting on it.

MR. GOLDSTEIN: Yes. Get Roger, get in touch with him.

GOVERNOR-ELECT SCHAEFER: Ask him, "How much can you carry? What do you have that you can carry the money? The state doesn't have all of it. What can you do, and what can we do?" And then come in and tell them where you get the money.

MR. JAMES: I'm sure they can borrow the money to carry it through. Might cost a little interest.

MR. GOLDSTEIN: They can get a three-month, four-month loan from the bank up there.

MR. JAMES: That's probably the simplest way.

MR. GOLDSTEIN: See, we've got some other people doing the same thing. They're working on their --

MR. JAMES: Oh, yes, sure. We can't set any precedents.

MR. GOLDSTEIN: That's right. We've got other --

GOVERNOR-ELECT SCHAEFER: But you can't promise them that you're going to do it. If the counties and the cities, all of us, are depending on you, and all of a sudden you say, "Well, we can't do it until July," and we're started, you can't -- well, you can do it, but that's not the right way to do it.

MR. JAMES: This is the first time I've ever seen this situation.

MR. GOLDSTEIN: Yes.

GOVERNOR-ELECT SCHAEFER: Only because they don't ask you --

GOVERNOR HUGHES: We usually find it some way.

MR. JAMES: We usually have the money.

MR. GOLDSTEIN: We'll get it worked out.

MR. JAMES: But this just happens to be a special situation.

GOVERNOR-ELECT SCHAEFER: Who's this guy?
Who's he?

MR. GOLDSTEIN: Robert Swann.

MR. JAMES: He's the Comptroller's right-hand man.

MR. GOLDSTEIN: He works with me, Bobby Swann, right here.

GOVERNOR-ELECT SCHAEFER: Tell him to get the money, Louie.

MR. GOLDSTEIN: Yes, we'll find it. We'll find it. We've been paying the bills a hell of a long time.

GOVERNOR-ELECT SCHAEFER: That's right. We do that, too.

MR. GOLDSTEIN: Yes, sir. I move we approve the Secretary's Agenda with the exception of the items that were previously approved or withdrawn.

MR. JAMES: I second the motion.

GOVERNOR HUGHES: It's been moved and seconded that the Secretary's Agenda be approved except for those items previously acted upon. All in favor, say "aye."

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The agenda is so approved. Open Space.

MR. JAMES: I don't have anything on Open Space.

MR. GOLDSTEIN: I move we approve the Open Space Agenda.

MR. JAMES: Second.

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

BOARD MEMBERS: Aye.

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The ayes have it. The agenda is so approved.

MR. JAMES: Do you want to take a break now?

GOVERNOR HUGHES: Yes, I've got to.

MR. GOLDSTEIN: It's about time, isn't it?

MR. JAMES: Give you a little more time to add that item to Budget and Fiscal.

MR. GOLDSTEIN: Are you going to stick around, or are you going back to Baltimore?

GOVERNOR-ELECT SCHAEFER: I'm going to see the

Governor.

MR. GOLDSTEIN: Right.

GOVERNOR-ELECT SCHAEFER: One thing I would like, if you will, if I'm not back on this, is this one on the Attorney General request. I'd want to see all the cases.

MR. GOLDSTEIN: Budget and Fiscal Planning, Item Number 1.

GOVERNOR-ELECT SCHAEFER: All the cases -- a report on all the cases before this 200,000 --

MR. JAMES: Dr. Stettler, he can get that information.

GOVERNOR-ELECT SCHAEFER: On this one, on the Department of Budget and Fiscal -- on yours, the Office of the Attorney General has asked for 200,000 for legal services. I'd like to see every case that they filed and the status of every case before they get the money.

MR. STETTLER: I will get that.

GOVERNOR-ELECT SCHAEFER: Okay.

MR. JAMES: I move we recess for a half-hour.

MR. GOLDSTEIN: Second the motion.

GOVERNOR HUGHES: We'll be longer than that, but you guys can go on.

MR. JAMES: Okay.

GOVERNOR HUGHES: Okay. We'll recess.

(Whereupon, there was a luncheon recess.)

MR. JAMES: Beginning with Item 7, I think we went over the asbestos at the pre-Board meeting.

MR. SEBODA: You did? Would you like me to put something in the record?

MR. JAMES: Yes, it might be a good idea.

MR. SEBODA: I'm happy to bring you up --

MR. GOLDSTEIN: One minute, let me get a piece of -- a Band-aid here.

MR. JAMES: Wait until the Comptroller gets repaired.

MR. GOLDSTEIN: Number 7, you say? Bill, yours was Number 7?

MR. SEBODA: 7-S.

MR. JAMES: I just thought we ought to have something go in the record. We're supporting the program.

MR. SEBODA: 7-S is a contract modification to

the contract with Tracor Jitco. Tracor Jitco is presently surveying all state buildings to determine the amount of asbestos that's in them, the exact location, to develop a plan for removal over the next few years.

As we went through, we divided the contract into two phases. Phase One originally had 1,321 buildings, totaling about 29,000 square feet. As we went through Phase One, we found that there was an additional 2,000,000 square feet that had to be in Phase One. We also found that the definition that had been placed in the RFP for defining an imminent health hazard had to be tightened. This then resulted in many additional reports that had to be published, and so this created an additional expense.

Also, the schedule originally agreed on with the University of Maryland, College Park, once the survey began, we found, needed modifications; and so that a lot of the work had to be done on weekends and on the night shift, which caused additional costs. We were also required to do a document search that was more extensive than was originally anticipated. These costs

would be offset by a reduction in the number of lab tests that were needed; and, when the debits are added to the credits, we come up with an additional contract cost of \$485,490.

MR. GOLDSTEIN: Okay. Does that satisfy you, Bill?

MR. JAMES: Yes, sure.

MR. GOLDSTEIN: What's your next one? Mine's 14.

MR. JAMES: Yes, 14 is okay with me.

MR. GOLDSTEIN: Yes, Item 14-GM, page 15, Earl.

MR. SEBODA: Yes. 14-GM is a reimbursement to the University of Maryland for their central control and monitoring system. On March 21, 1984, we brought to the Board of Public Works a settlement agreement between the state and Brown Boveri; and, in that settlement, the state got approximately 2.2 million dollars in dollars, equipment and services; and the dollars were put back into the GCL.

Subsequent agreements with the University of Maryland called for the University of Maryland to finish out the project. The straightening out of the software

was done between the College of Engineering and the Computer Science School down at the university. They then went out and hired technicians to do the actual work; and so what this is doing is being the third phase of what we originally embarked upon.

Phase One and Phase Two are completed. This will complete Phase Three. Phase Four has yet to be funded; and that what we've done, as far as a central control and monitoring system, we have a state-of-the-art system that is running well and is a model for the rest of the nation.

MR. GOLDSTEIN: Okay.

MR. SEBODA: Now, Item 16, I verbally told you of a revision; and, for the record, I have made the change, and that's on line 9; 240 becomes 165, which is the width of the beach. What this contract will do for us is allow the Department of Natural Resources to contract with the Corps of Engineers --

MR. GOLDSTEIN: You gave us this the other day.

MR. SWANN: We already revised it the other

day.

MR. SEBODA: Did you? Okay.

MR. SWANN: Yes, you gave it to us.

MR. SEBODA: Okay. I'm sorry.

MR. GOLDSTEIN: Yes, that's what I thought. I already had that.

MR. MCGINTY: Give that back.

MR. SEBODA: I lost track of the bookkeeping. So, when we get done, this will give us the construction documents for bidding of the Ocean City beach project; and then, later on in the agenda, I have an item that takes care of the donations of the easements, so that the project can move forward.

MR. GOLDSTEIN: Okay, sir. Now, real property we took up.

MR. JAMES: Before we -- let's see, real property, you know, I don't want to forget something, and I don't know whether now is the time to bring it up or sometime later. I got a letter from Delegate Colburn down in Dorchester County, objecting to the purchase of the land -- the south end of --

MR. SEBODA: Black Walnut Point?

MR. JAMES: Dorchester -- Tilghman Island,
Dorchester County.

MR. GOLDSTEIN: That's already been consummated,
hasn't it?

MR. SEBODA: Yes.

MR. JAMES: So I promised him that I would
bring it up. I don't know whether we want to wait until
the Governor gets here to review that or not.

MR. GOLDSTEIN: Yes, I think it would be best.

MR. JAMES: But before the meeting is over --

MR. GOLDSTEIN: Hasn't that already been
settled?

MR. NELSON: I don't know if it's been settled,
but it's been approved.

MR. HEINEMEYER: It's scheduled for settlement,
I believe, on the 23rd.

MR. GOLDSTEIN: Yes, see, it's all been --

MR. JAMES: Yes. Well, he's going to call my
office to find out what the Board did. In that connec-
tion --

MR. NELSON: Is it possible that we could meet with Delegate Colburn and the entire delegation and try to -- I talked with Dr. Brown about it after the pre-Board meeting.

MR. JAMES: Yes. Well, sure you can, yes. I just don't want to forget about it, so that we can tell him what the Board feels about it.

MR. SEBODA: What is his concern?

MR. JAMES: I also talked to Senator Malkus last night, and Senator Malkus is not asking us to reverse it. He's not asking us to reverse it.

MR. GOLDSTEIN: He's not?

MR. JAMES: No. I talked to him personally.

MR. GOLDSTEIN: I think this thing stands, myself personally.

MR. JAMES: What did you say?

MR. GOLDSTEIN: I mean, I objected today to buying that 15 acres, but you all overrode my sentiments.

MR. JAMES: Well, of course, I'm concerned with paying it, but I felt an obligation to call this to your attention.

MR. GOLDSTEIN: Well, I think you can tell him you called it to our attention; but, since the matter has already been consummated, and Senator Malkus wants it, and other people want it, that's it.

MR. JAMES: I think Senator Malkus is unenthusiastic, but he didn't want to reverse it. They say that the problem is that the place might wash away.

MR. NELSON: At one time, that was a real problem down at Black Walnut Point; but, since that time, that's all been taken care of. There's a problem spot, which is subject to, you know, some serious action, tidal action; but there is basically \$600,000 worth of riprap all the way around it.

MR. JAMES: Looked that way to me from the photographs.

MR. NELSON: And that's been done recently by the Aberdeen Tree Corporation.

MR. JAMES: It might be well for you to maybe work up a public statement or something like that for the people down there.

MR. NELSON: We can do that. We were even

thinking about having a meeting at Black Walnut Point to invite the local delegation, the citizens and all that, to kind of go through why we bought it --

MR. JAMES: Why don't you do that?

MR. NELSON: -- why we think it's a good idea, and what we're going to do and how we'll involve them in it.

MR. JAMES: Why don't you do that?

MR. NELSON: Okay.

MR. JAMES: Well, here's the Governor.

MR. GOLDSTEIN: You ought to have open house down there.

MR. NELSON: That's what we're going to do. We've got a date.

MR. GOLDSTEIN: Governor, we just started on the General Services Agenda.

MR. JAMES: This is not on the agenda, but I've got a letter some place here. I think it's in this folder, from Delegate Colburn from Dorchester County, in which he wants us to reverse --

GOVERNOR HUGHES: Yes, I read that letter.

MR. JAMES: Did you see that letter?

GOVERNOR HUGHES: Yes. I don't agree with him.

MR. JAMES: Well, he wanted -- he's going to call my office this afternoon to find out what the Board did. So I just had an obligation to bring it up. If there's no desire on the part of the Board to reverse it, I will tell him so.

GOVERNOR HUGHES: No desire on my part.

MR. JAMES: Okay.

MR. GOLDSTEIN: None on mine either. I have the same vote.

MR. JAMES: Okay.

MR. GOLDSTEIN: 12-17-86, let it stand; right?

GOVERNOR HUGHES: Have to let it stand.

MR. JAMES: Right. Okay. Where are we now? Starting with real estate, Louis?

MR. SEBODA: Yes, sir.

MR. JAMES: That would be 31, wouldn't it, the next one, 31-RP?

MR. GOLDSTEIN: Let's see, we took care of 27

and 28 and 29. 31, Item 31, we have a letter here from Michael Nelson justifying paying \$2,640,000 for this property.

MR. JAMES: Wait a minute now.

GOVERNOR HUGHES: Which one is this?

MR. SEBODA: 31 is the O'Neill farm.

MR. MCGINTY: That's 27.

MR. GOLDSTEIN: Excuse me, excuse me, excuse me, 27.

MR. SEBODA: 31-RP is --

MR. GOLDSTEIN: Wait a while, 27. I asked --

MR. JAMES: Oh, 27 first?

MR. GOLDSTEIN: Yes. That's what I thought, 27.

MR. JAMES: Oh, yes. Okay.

MR. GOLDSTEIN: You all are moving too fast here.

MR. JAMES: Yes, I guess you're right.

MR. GOLDSTEIN: I asked, Governor, at the pre-Board meeting -- we had never had any discussion on this property until Monday.

MR. SEBODA: 27-RP --

MR. GOLDSTEIN: Yes, sir.

MR. SEBODA: -- is the acquisition of 211 acres in Baltimore County for the use of Patapsco State Park. The property has on it two dwellings, two barns, a grainery and --

GOVERNOR HUGHES: And a partridge in a pear tree.

(Laughter.)

MR. SEBODA: Must be the time of year.

GOVERNOR HUGHES: Certainly is.

MR. SEBODA: And that the property is located just off Frederick Road as it goes into Ellicott City. Do you have --

MR. GOLDSTEIN: Is the property --

MR. SEBODA: I'll show you a small map.

MR. GOLDSTEIN: -- we're buying on Frederick Road?

MR. SEBODA: Yes.

MR. NELSON: Yes.

MR. SEBODA: Here, I'll show it to you on the small map. This is Frederick Road as it comes in. Ellicott City is here. This is where Frederick Road

intersects with Glen Road, which is in a flood plain and rolls down along the river, and over here it goes up Ilchester where it goes into Howard County. This is an operating farm, 211 acres, and adjacent to it are the other properties --

MR. NELSON: Earl, I think you had a letter from them, didn't you?

MR. SEBODA: I gave it to them.

MR. NELSON: At the pre-Board meeting, the --

MR. GOLDSTEIN: It's better than a \$300,000 difference in these two appraisals, too.

MR. SEBODA: And this is land where you are flanked by houses; and, if it wouldn't be acquired, it wouldn't be too long before this would be rezoned and developed.

MR. JAMES: Where do you get the 2.6 for the improvements? I understand everything is run down on this property.

MR. GOLDSTEIN: That's right. You told us the other day the houses were unlivable.

MR. SEBODA: One house they're living in. The

caretaker lives in it. There's two houses, two barns, a grainery. What else is in the real property?

MR. GOLDSTEIN: I haven't seen the appraisal.

MR. HEINEMEYER: The biggest thing is the -- one of the working barns for the cows is a relatively substantial barn. There are two livable houses. There's what used to be the old manor house on the property, is the one that's not being lived in; but there are two livable houses on the property. The main structure, as far as value for the farm implements and things for farming, is the barn, milking the cows, various things like that.

MR. JAMES: Apparently, \$11,000 an acre seems to be the price paid, plus the improvements, I guess. Is that what it is? Pretty big price.

MR. SEBODA: When you are in that area of Baltimore County, they're literally running out of space to build houses, and that's cheap. That's if you go over on the other side, the Broussard property in Howard County where they're moving, that stuff is 15,000; and then when they get a subdivision plot, the price goes up

to 50, 60, 70 thousand dollars an acre.

MR. GOLDSTEIN: But, here you have a \$300,000 difference in two appraisals.

MR. SEBODA: Yes. We are in a situation --

MR. HEINEMEYER: You know, that's well within the limits. We normally have a problem if it's 215 percent out. We have reviewed them. Our review appraisers, when we have a split like this, we have two of them go through them independently, and both of them arrived at the conclusion that because the Griffith appraisal broke down the acreage by zoning, we felt that was a more accurate appraisal of the property.

There were three types of zoning on the property.

MR. GOLDSTEIN: It must be zoned as agricultural for \$203,000 to be the assessed value.

MR. HEINEMEYER: No. No.

MR. SEBODA: It's all zoned residential.

MR. HEINEMEYER: They have three types of zoning. DR 3.5 -- in Baltimore County, 3.5 is one house per three acres. DR 2, which is two houses per acre,

and DR 1, which is one house per acre. And so, that --

MR. GOLDSTEIN: Well, if that's true, why is the assessment so low?

MR. HEINEMEYER: Because it is assessed as agricultural.

GOVERNOR HUGHES: It's not how it's zoned. It's how he used it.

MR. SEBODA: That's right. It's assessed as agricultural.

GOVERNOR HUGHES: That doesn't say he used it. Even though it is zoned the other way, they still use it as a farm.

MR. GOLDSTEIN: What?

MR. SEBODA: What will happen, if we don't buy this, this will then be sold off and you'll lose a farm. You'll also lose a real prime piece of real estate as part of the Patapsco Valley --

MR. GOLDSTEIN: You can't afford to farm it. They go broke farming it. They can't make a living farming it.

MR. SEBODA: These people don't need the

money. This is the Whitings of Whiting and Turner, and this particular lady is getting up in age, and she's going to sell out.

MR. HEINEMEYER: She is ill.

MR. GOLDSTEIN: Pardon?

MR. HEINEMEYER: She is ill.

MR. GOLDSTEIN: How old is she?

MR. HEINEMEYER: Close to 70, I think.

MR. GOLDSTEIN: That's young.

GOVERNOR HUGHES: That's not very old.

MR. JAMES: Yes, that's young.

MR. HEINEMEYER: Her health is not very good.

GOVERNOR HUGHES: You didn't help yourself there.

(Laughter.)

MR. SEBODA: She's middle-aged and in poor health.

MR. JAMES: I used to think 80 was pretty old, but I'm kind of modifying my opinion.

(Laughter.)

MR. GOLDSTEIN: All right. Let's see. The next one here is 31.

MR. SEBODA: Yes. Thirty-one is the Gill Farm. That was -- you asked us to go back and get the -- from the last Board meeting, and asked if we did it in one lump sum, if we could get a better price.

We went back to the owner and he came down in price \$44,000. At the pre-Board meeting you wanted -- the Comptroller asked that we get guarantees that the present owner will hook up the well, and so that we have an operating well pump with fresh water. He has agreed to that guarantee, and he will guarantee us the water supply at his expense, by hooking up the well pumps.

MR. GOLDSTEIN: Okay, Governor, I went and looked at this property, and whoever appraised this never even checked the well, and the pumps and the motors. I had to go there and cut away weeds, and they tried to use the argument, "Well, that wasn't part of the property." Well, everybody knows that an Artesian well, unless you get water, what good is it?

And, the expert is here from the Department of Natural Resources. They want to use the building for offices, is that correct?

MR. NELSON: We will be using it for the Tidewater Administration.

MR. GOLDSTEIN: So, my question was, "How are you going to get the water?" Well, we'll have to buy new motors, and new pumps. I said, "Well, that's not the way you do it." If these people would look at the damn property before they want to deliver it, they could at least give you the details. You never buy a dry cow. If you go to buy a cow for milk you want to be sure -- you want to pull the tits and make damn sure some milk comes out. You don't want to buy a dry cow. The same way here. You don't want to buy a well that doesn't have a pump to get the water.

MR. ZENI: I'm Lee Zeni, a gentleman from the Department of Natural Resources. This particular agenda item stems from the action recommended by the Oyster White Paper Committee for the restoration of the oyster resource throughout the Bay. They had proposed

a major --

GOVERNOR HUGHES: I don't want to cut you off, but the only question is whether the well is in there and the pump is there.

MR. GOLDSTEIN: That's right. In other words, we now have agreed for a price. In other words, when I kept asking about the water situation, I was trying to justify the fact we didn't have to have a well pump, and a motor. That doesn't make sense.

MR. ZENI: Well, sir, I think you've pointed out very clearly we did need the well for housekeeping facilities. I had mentioned, only in terms of the oyster propagation, but apparently Secretary Seboda was able to get us a guarantee that that well would flow and flow properly, sir, and I think that should satisfy the situation.

GOVERNOR HUGHES: We'll get a pump.

MR. SEBODA: The pump is there. All you have to do is the electric has to be hooked up, checked out, and then if it has to be adjusted, they will do it.

MR. JAMES: They don't need this water for oyster propagation, but I think they need it for any offices that they put in there.

GOVERNOR HUGHES: Yes.

MR. SEBODA: Yes. But, we've got the protection that the state needs. They will guarantee us a fresh water supply from those wells. Okay.

MR. GOLDSTEIN: What are you going to do? Hold up some money or something in escrow?

MR. SEBODA: Yes.

MR. GOLDSTEIN: Once these people go, we're never going to find them, based on the presentation made. The one man is a front man and the rest of these people were limited partners and they never did give us names of who they were. I asked, "Give us the names." They never have given them. I have no more idea who owns this property than flying. You have a front man, but he will not give me the names. I've never gotten them yet.

MR. SEBODA: We will be in a situation today where we tell them to go and hook it up and when they

notify us that it is hooked up, we'll see that it runs, and then we'll settle.

MR. GOLDSTEIN: Right. That's the thing to do. Otherwise, you are going to have a burden on your hands, extra money. Thank you. I appreciate your cooperation.

Everybody wants the oysters to be seeded and have a lot of oysters, and people stay in good health and keep raising children.

MR. ZENI: Thank you.

MR. GOLDSTEIN: Thank you.

MR. JAMES: Item 32, the condemnation settlement. I guess we ought to approve that.

MR. SEBODA: Yes. This is on the Howard County side between Route 40 and I-70. Previously we brought to you the Chi property we had settled out. This is the next piece of property to it. It's the Broussard, and this will about finish protecting the Patapsco Valley in that Howard County strip between 70 and Route 40.

MR. JAMES: I move we approve that 32-RP.

MR. GOLDSTEIN: I second the motion.

GOVERNOR HUGHES: Moved and seconded that Item 32-RP be approved. All in favor, say "aye."

BOARD MEMBERS: "Aye."

GOVERNOR HUGHES: Opposed, "no."

BOARD MEMBERS: (No response.)

GOVERNOR HUGHES: The "ayes" have it. It is approved.

MR. GOLDSTEIN: Item 37 -- he's paying the same rent as the policy established; therefore, the other owners of the property shall --

MR. SEBODA: That's correct. When they give the license, it's the same thing that's being paid by Mr. and Mrs. Marley, Abner Derfelting, and General Hogaboom, and they do that as a matter of policy. When they buy the property, if people want to stay, they give them a license for three percent of the assessed value.

MR. JAMES: I don't want to go back, but I didn't quite understand Item 35. I wonder what's going on there? If somebody goes in state land and

conducts mine reclamation, what's the purpose?

MR. SEBODA: As part of the Bureau of Mines, they are in a situation where there is an adjacent piece of property to the Savage River State Forest that has to be reclaimed in accordance with the permit. In order to get through it, they have to come through the state land and some of the reclamation may be over the line on the state land, and before you actually get the contract for the reclamation, you have to have the easement approved, so that they can actually enter into the contract.

MR. JAMES: I see. Well, what value is this to the state?

MR. SEBODA: The value to the state is, when you are dealing with mine reclamation, you will not have acid bleaching into and I guess the Savage goes into what, the Potomac?

MR. NELSON: Yes. We have a situation now where there is an unreclaimed mine on state property and this fellow, to do the reclamation on the property adjacent to ours, is concerned about -- let me show you

some photographs. Here's what we've got up there now. This is the state property, and you can see the high walls along it, and this little ravine we've got. So, what he's afraid of is that the reclamation work he'll have to do on his property will be eroded by the condition of the small portion that's unreclaimed on our property. So, he says, "Rather than risk my reclamation, I'll go in and do the state's area as well." So, it's a good deal for us, because we'd have to use our own reclamation monies to fix that problem.

MR. GOLDSTEIN: Is he going to charge us here?

MR. SEBODA: Not a thing. All we have to do is give him a right-of-way to do it for us.

MR. GOLDSTEIN: That's the first time I've ever heard of that deal. Congratulations. We certainly want to okay that for free reclamation.

MR. JAMES: But, it didn't have any explanation here at all. It just says "reclamation."

MR. SEBODA: So, before you see the reclamation contract, they had to have the easement

in there, and then the reclamation contract will come back at a later date.

MR. JAMES: I see. Okay.

MR. GOLDSTEIN: Governor, I think we need some little detail put in the record on Item Number 39-RP, page 47, the Ocean Beach Replenishment Project, the number of right-of-ways the agency has now acquired without cost to the State of Maryland.

MR. SEBODA: We have -- on the Ocean City Beach Replenishment, part of the program is for the Department of Natural Resources to go out and east of the building line to get easements from the property owners. When the 284 property easements were donated to the state, we'd then be in the situation where you could then put into place the 100 year storm and recreation plan that you are familiar with, and that would run from the Delaware line down to the jetty.

The Governor has previously accepted, by a letter dated October the ninth, the acceptance of the gift easements, and what this item will do is allow us to move forward with the actual transfer.

If you are interested in where the easements lie, we are in the situation where most of them are spotted up --

MR. GOLDSTEIN: That's north up there?

MR. SEBODA: Right. This is the Delaware line, the north area, and with some in the middle, and then a few down in the south. In the area of the Boardwalk, we don't have a problem, so if we have no easements, we could always stabilize the beach from 27 south, and I think you had asked for a copy, which I will give to you.

MR. GOLDSTEIN: Yes, sir. Can I have this copy?

MR. SEBODA: Yes.

MR. GOLDSTEIN: This was okayed?

MR. SEBODA: We had extra copies made.

GOVERNOR HUGHES: Were there 200 and some altogether?

MR. SEBODA: Two hundred and eighty-four, and this will leave 238 yet to obtain. Of that 238 -- since we've had this Board item, I think you've had

a couple other ones come in.

MR. NELSON: Yes. We have about 67 in hand right now. There was a series of condominium meetings late fall where we actually, for the first time, were able to explain to the boards of directors of associations what the program was all about. Presently, those associations are having our easement forms reviewed by their attorneys, so we're hoping that we're going to get a new surge of easements in the next month.

GOVERNOR HUGHES: Good.

MR. GOLDSTEIN: I know I've helped get several of them. Last summer when I was up there campaigning down at that beach, I had a number of people ask me, and I said, "My soul, sign it right away. It's a gift from heaven." It's amazing how valuable they are to have these easements given to start off on the project. Look what happened to the Topsail Island, off South Carolina, about four weeks ago when they had that bad storm. Did you see it on television? Topsail Island is right south of Camp

LeJeune. I've marched up and down that beach many a time, back when I was in the service, and they started to develop it, and they had an unusual high tide, like we had here. They had a due east wind. It washed out I don't know how many homes and big buildings. Washed out the highway. That's a much wider beach there than it is up at Ocean City. It's a very wide beach in that area.

GOVERNOR HUGHES: I hope we don't get one of those before we get this thing finished.

MR. GOLDSTEIN: I hope not. These people ought to get on the ball, get on the stick, and give them to you.

MR. JAMES: People are strange.

MR. GOLDSTEIN: It's a gift. Item 55.

MR. SEBODA: Item 55. Item 55 was one that I had asked prior approval of the Board members, and what this does is enter into a change to the contract for the Bel Air MVA facility for \$313,000. Of those monies, \$61,000 are for changes that the agency has requested in the building. The remainder of the monies

relocate roads, guardrails, as a result of interaction between state officials and the community. The community didn't want the road close to the residential properties. It was placed away from the residential properties. Now the community is happy. So, this solves the community relations problem.

MR. GOLDSTEIN: Have you seen this letter, Governor? I haven't had a chance to read it. Bob just gave it to me.

MR. SWANN: Yes, I just got it in the mail. It's Lou's letter on the item.

MR. JAMES: Which item?

MR. SWANN: Saying that the budget hadn't approved it.

MR. STETTLER: Well, there's a question of whether we have to approve it or not. The main issue is where is the money going to come from.

MR. JAMES: Which item? ⁵⁵₆₅?

MR. STETTLER: I'm sorry. I'm thinking of the wrong one. Our only question on this is the question we always have asked.

MR. SEBODA: Where it is coming from?

MR. STETTLER: No, this is the Motor Vehicles. Our policy refers to those items that are -- those projects which are revenue producing. My interpretation is that has always been that we are talking about self-supporting activities. This is a tax collection agency, just like the Comptroller's office. That was my question. I mean, I think we ought to even modify our policy here.

MR. JAMES: That's not revenue producing.

MR. STETTLER: What?

MR. JAMES: This -- the Motor Vehicles.

MR. STETTLER: That's what I said. I mean, our lease back, or whatever it is, policy talks only about revenue producing properties. This is not a revenue producing in that --

MR. SEBODA: What you are saying is --

MR. STETTLER: We ought to modify -- if we're going to do this, which we have done three of them now, I believe, we ought to modify our policy.

MR. SEBODA: Oh, I see.

MR. STETTLER: To make it office buildings and things like that. All I'm saying is, it's not consistent with our policy.

MR. SEBODA: Lou has a good point and I think that, as we go into more and more office building development, that we should broaden the policy so that it allows us to do that.

MR. JAMES: Maybe you better make a recommendation to do that.

MR. STETTLER: Let me make a recommendation. I mean, it was Connie -- I'll talk to Connie. Connie was the one who was the chairman of the task force and bring it forth.

MR. JAMES: I really feel as though the role of the Board of Public Works ought to be clarified in these things because the tendency is to make the Board of Public Works a procurement agency for these agencies, and my concept of it is that the agency ought to be the one that enters into the installment purchase agreement, and the Board of Public Works approves it. If we're going to go into these things, and if it is

going to be an expanding type of thing, we really ought to have some statutory recognition of the role of the Board of Public Works, whether it should be with the agency, or whether the Board of Public Works is going to act as a procurement agency for the State agencies. I have a grave legal status about whether the Board of Public Works has this legal authority. I realize that Bill Kahn has made a very extensive study and he has come to the conclusion that the Board of Public Works, because you are dealing with a real estate and you are leasing the real estate, that as a part of that we can take any consideration that may come into effect, even though it involves purchased back, even though it involves mortgage, because of our broad interpretation of the consideration for real estate we can do anything. I'm not too happy with that broad interpretation and I feel as though some legal study should be made to define the powers of the Board of Public Works in connection with this type of arrangement.

MR. STETTLER: It would seem to me that the

Board, as the review and approval authority, would not have to be the procuring agent, and still retain that which is essential, oversight and control. The same way with our contracts for a leased purchase. Most of that equipment is out there in the agencies, and the agency is the one who should monitor it, you know, and should not be the Board doing it.

MR. JAMES: It seems to me the law should recognize it and define what the role of the Board of Public Works is, and what the role of the agency is.

MR. GOLDSTEIN: You can make that comment, Doctor, on Item 52, 53, and 55. Three items.

MR. STETTLER: Yes. These are the motor vehicle.

MR. GOLDSTEIN: Right.

MR. JAMES: My problem isn't that these aren't good deals. My problem is that the policy that we've adopted refers to a certain type of project, and I don't think this fits the mold. I think in this particular case we ought to change our policy.

MR. SEBODA: What does it have to do with

53?

MR. STETTLER: Fifty-two is the motor vehicle ones.

MR. SWANN: Fifty-two is State Route 50.

MR. MCGINTY: It's 52, probably, on the Secretary's agenda, isn't it?

MR. STETTLER: Really what we have with the MVA is 55. The rest are on the Secretary's agenda for the --

MR. SEBODA: Right.

MR. STETTLER: It's the Secretary's agenda.

MR. JAMES: Right. We are going in the direction, I think Bob, that we need a policy written up to adopt at the next meeting.

MR. STETTLER: I will talk to -- Connie was the one who originally was responsible, and I will talk to Connie and get it.

MR. JAMES: Somebody ought to accept the responsibility for some legal clarification.

MR. GOLDSTEIN: All right. Let's see. How about Item Number 64.

MR. SEBODA: Item 64 goes with the matching request that you approved on the Secretary's agenda, and what this is is the contract for building the museum building at the Calvert Marina.

MR. GOLDSTEIN: Calvert Marine Museum.

MR. SEBODA: Right. And, this will build the shell of the building, and once that is completed, the county is now going back through their budgetary process to acquire additional funds to finish the facility out. And, I would suspect that they may come back to the state with a legislative initiative during the next session of the General Assembly, I suspect. I could probably guarantee it.

MR. GOLDSTEIN: All right. That takes care of that. Item 65.

MR. SEBODA: Right. This is a request for an expedited procurement. We, basically, were in the situation where the specifications for this contract were drawn by the Department of General Services in June, and given to the Division of --

MR. GOLDSTEIN: Which item are you talking

about now?

MR. SEBODA: 66.

MR. GOLDSTEIN: You went by 65. There should be some comment on 65.

MR. SEBODA: Sorry about that. Sixty-five is the swimming pool for the City of Frederick.

Back in 1985, the local officials had come through the Secretary of the Board of Public Works and had asked for, and demonstrated their matching that is required by the law. Since that time, the county has gone out, has actually bid the swimming pool, built it, entered in the change orders, and it is open, and they never got around to coming back to us to give us the award of the contract, so that they could get the rest of the matching monies. And so, this is what they are doing belatedly, so that they can obtain the state match.

MR. GOLDSTEIN: I get you. Everything else in in order, right?

MR. SEBODA: Yes, and it is working.

MR. GOLDSTEIN: Item 66.

MR. SEBODA: Item 66 is an expedited procurement request to obtain an operator for the power plant at Eastern Correctional Facility.

We drafted the specifications for this in June and have given them to the Division of Corrections.

This contract will do two things. It will be in a situation where the contractor will be responsible for procuring the fuel and paying for it, as well as operating the plant, and that we would estimate that the amount of money required this year would be somewhere in the neighborhood of \$800,000.

Of that \$800,000, we anticipate, if things work out as we plan, selling \$200,000 worth of electricity to the local power plant. Now --

MR. GOLDSTEIN: Do you have a copy of Dr. Stettler's --

MR. SEBODA: I know what's in the letter. Now, if we don't enter into this contract, this is what will happen. The contract called for the power plant to be completed late December, early January. In

January they will be starting up the power plant. As part of the contract, they were supposed to give at the time that they started up, three weeks of instructions to the people that will operate the power plant. If we tell them at this time that you have to come back later, they are in a situation where they can maintain a trailer on the site, hit you with a claim, extended overhead, and so that if we don't start now, we're going to pay a claim on the construction contract, and the problem is, it was under-budgeted. But, we are in the situation where we have a prison that has got to start up because we need electricity, we need heat, and we need those utilities so that we can accept and test the rest of the buildings that are due to be finished in the period between January and June.

MR. JAMES: You say, your recommendation is to approve the item contingent upon a report being prepared and submitted to the Board on January the eighth?

MR. STETTLER: I think the bids are due on the sixth, are they not?

MR. SEBODA: Yes. But, that we're really in a situation where, if we don't put this contractor in place, we are flirting with the potential for a large claim and then also delaying the opening of ECI, because this is necessary to accept the rest of the buildings in the complex.

MR. JAMES: Well, this letter says, Jim, about \$100,000 is available in the ECI --

MR. SEBODA: You have \$125,000 that was budgeted in the fuel account and you have about \$78,000 that was budgeted for direct salaries for people to operate the plant. Then there are other monies for other people in the plant.

MR. JAMES: Why do you say \$100,000 a month will come back?

MR. SEBODA: Because we'll be selling electricity to Delmarva.

MR. JAMES: I understand. But, you said 200,000 and he said 100,000 a month.

MR. STETTLER: I thought we were using the same numbers, about 100,000.

MR. SEBODA: Well, what you are getting into, the net expense, would be probably this year, maybe we would save about \$200,000 with what we sell, but you are in a shakedown period and that's the kind of thing that I would not want to guarantee until it is up and running, and that I know all the equipment is performing properly, people learn how to use it, and so, it looks that way, but I wouldn't stake my reputation that it will happen exactly that way.

MR. GOLDSTEIN: Do you have wood on the spot, already started using some wood?

MR. SEBODA: They are prepared -- well, this is what this contract will do. He will buy the wood that we need for the plant and the whole thing, and he needs start-up time to get his people in there, that sort of thing.

MR. JAMES: Well, Mike tells me -- where do you think you are going to get the money? Where are the resources?

MR. SEBODA: Well, we're in the situation where this plant, this wood chip burning plant, has

been known that this has been coming now for two years and I think the budget that was submitted and approved by the General Assembly was insufficient for the time tract that we are moving on.

MR. STETTLER: The budget that was submitted before the General Assembly assumed that state employees would run it, and it was the one that was submitted, you know, last January, and that was how they understood it. So, when the switch came to a contractual approach, we obviously needed more money.

MR. SEBODA: Because they were in a situation where Public Safety and Correctional Services was anticipating running the plant with six people, and --

MR. JAMES: Well, wouldn't it be possible to scrape the money out of the present budget, and have contingency appropriations to refill that pocket?

MR. STETTLER: I guess we all have to know how much it's going to cost, but the only way to get the money is a contingency appropriation, yes.

MR. JAMES: You could use some of the money

in the Department's budget and then replace it.

MR. STETTLER: There's no issue that it cannot -- it can be handled in the short term. We're going to have to get a deficiency appropriation to fund it if we, in fact, we move ahead.

MR. GOLDSTEIN: Let me ask you this question here. I mean, we have a similar situation at the airport, where they got heat, air conditioning, and all that, and they originally said they could have the local people operate it, and they've never been able to get any local people, so they always keep getting a new contract. Is this going to be one of -- a job like that? In other words, they'll never train anybody? We have an affair, we can't operate this plant, so we have to keep going with a contractor. Here is 6,200,000 right now. How long will this contract run for?

MR. SEBODA: This contract will go for three years.

MR. GOLDSTEIN: Three years. So, in other words, you have three years to train your people.

MR. SEBODA: Yes.

MR. GOLDSTEIN: That's hoping that at the end of three years, well -- you've got a new head of the prison, "Well, wait awhile now. We don't think our people down there are really sure they can run this plant."

MR. SEBODA: We are in the situation that I would tell you that if I was operating that plant, that you wouldn't have the problems. However, we are in the situation that this is another agency, and --

MR. GOLDSTEIN: Yes, but you recommended we use this kind of thing. I remember that.

MR. SEBODA: That's correct. And, in order to guarantee that it's up and running, the contract will do it, and when you are done, when you look at the cost-effectiveness of this, the cost-effectiveness is there, the numbers are there, and the numbers still work.

MR. GOLDSTEIN: Providing it works?

MR. SEBODA: Yes.

MR. GOLDSTEIN: I hope it's not like one of these Monsanto's, the job like they had here in the

Baltimore Harbor --

MR. SEBODA: Just remember one thing, in these United States, we knew how to burn wood long before we learned about coal, oil, and that the technology that is being used is the same old stoker feeders that used to be used for coal burning plants.

MR. GOLDSTEIN: Yes, automatic stokers.

MR. SEBODA: Yes. And, the only thing that you're doing that is a little bit different is, we are generating electricity. Springfield Hospital was the last state facility to generate electricity. They went off in 1973 because in those days, the economics, with fuel at six cents a gallon, showed that it was cheaper to get it from the power company.

Down in this area we are at the end of the power line, and we are in a situation where we have a non-air-conditioned facility and we are able to sell them electricity when they need it the most, namely in the summertime. Therefore, from a business prospective, we are dealing with a power company that has a high per kilowatt hour cost, and it's a good

business deal. And, if you were to go up into New England, where fuel is high, there are a number of wood generating plants that actually do nothing but burn wood and sell it to the local power companies.

MR. GOLDSTEIN: I hope it works.

MR. SEBODA: And, I think that in order to insure that it works, this is the way, and then three years into it, when we know that it works, and then you can train the state employees to take over.

GOVERNOR HUGHES: Well, do you have any objection to approving this, as Lou suggests here?

MR. SEBODA: Well, the only thing that I want to caution you, Governor, is if we don't work it out, ECI doesn't open on time, because you need the power to run the facility.

GOVERNOR HUGHES: I understand that.

MR. STETTLER: The bids are due on the sixth, aren't they?

MR. SEBODA: Yes.

GOVERNOR HUGHES: But, I think you have to approve it with the understanding that it is going to

go.

MR. SEBODA: Yes. But, I mean it is a financial problem that I think has to be worked out.

MR. JAMES: Well, it's obvious that they are going to have to scrape the money out of their present budget with the understanding that the emergency appropriation will refill the tank, correct?

MR. STETTLER: It will have to happen one way or another.

MR. SEBODA: Because, if you just use the thing of time that you are looking at running for five and a half months, and that you've got an \$800,000 problem, with \$200,000 in cash, the worst scenario, you can't find the money, the plant starts late.

MR. JAMES: Okay.

MR. GOLDSTEIN: Anything else? Item 67-EX, St. Mary's College.

MR. SEBODA: All this is is a construction inspection contract, so that we have a construction inspection for the construction contract that we previously awarded.

MR. GOLDSTEIN: Now, this is not state money. We're just --

MR. SEBODA: This is U.S. Department of Education grant. That's what they are using for building the dormitories.

MR. GOLDSTEIN: Right. And, there's 159,000 coming out of that?

MR. SEBODA: Yes, sir.

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

MR. SEBODA: Yes.

MR. JAMES: Didn't they get a mortgage?

MR. SEBODA: Yes, it's a mortgage, I think. Don't hold me to it, but I think it's like five or six percent.

MR. GOLDSTEIN: Do you want to make a motion on this agenda?

MR. JAMES: I move we approve it.

MR. GOLDSTEIN: Okay. I second the motion, with the exception of items that are prior approved, or withdrawn, or ones that were voted against. I voted against one of them. Let the record show that.

MR. JAMES: Okay.

MR. GOLDSTEIN: Right now we've got to finish up -- we didn't finish the Department of Budget and Fiscal Planning, have we?

MR. SEBODA: No, sir.

MR. GOLDSTEIN: We didn't finish that this morning.

MR. STETTLER: I have 46 items on my agenda, two of which are hand-carried, which I will discuss at the end of the agenda.

MR. JAMES: Not too fast, now.

MR. GOLDSTEIN: The Department of Budget and Fiscal Planning. The first one is Item 1-S. That's the one that Governor-Elect Schaefer wants the status of every case that's pending: lawyers' names and addresses, and fees, and all that business.

MR. STETTLER: We have a report from the Law Department as to what has been used and what the status of the cases are.

MR. GOLDSTEIN: That will be for each member of the Board of Public Works?

MR. STETTLER: Yes.

MR. GOLDSTEIN: Okay.

MR. STETTLER: As you know, this group did work with the special counsel, and the special counsel with special counsel. Now that special counsel has been hired by the Law Department to pursue certain claims that we have against a number of the participants in the savings and loan crisis, and this firm is assisting in that work.

MR. GOLDSTEIN: All right. The next item is Item Number 2-S.

MR. STETTLER: Matt Puncke is here on 2-S and 3-S, if you have questions.

MR. GOLDSTEIN: Yes. Do you want to give a little short explanation on 2-S?

MR. PUNCKE: First I will address Item 2-S. My name is Matt Puncke, Director of the Maryland Lottery. It's the institution of a service contract with Control Data Corporation. It only deals with the servicing of it, requesting that it be granted. It's a sole source contract, based upon the software and the

hardware that we presently have. It's a continuity of the program that would be very important to us. It also gives us the availability on the development of other software that is done by Control Data Corporation with the other five states that they have under contract. Anything they do for them, as far as new programs, new products, and so forth are concerned, we get on a freebie basis, and we can institute it because we have the contract with them.

We also have the penalty clauses involved, and on the central system the penalty clauses are such that if the central system goes down between six a.m. and four o'clock in the afternoon, we give them ten minutes to fix it. If it's not fixed in 10 minutes, then there is \$1,000 penalty for every ten minutes thereafter, until it gets repaired. If it goes down between four o'clock and 7:30, that penalty goes up to \$4,000 penalty every 10 minutes.

If we change contractors, I think we would have a very hard time maintaining that type of a penalty clause and if we go down in the central

computer, we're out of business, and we can't afford that.

Basically, this contract is about 1,300,000 less than what we are presently paying and therefore we recommend it and think it's a contract that's very advantageous to the lottery and to the state and its operation.

MR. GOLDSTEIN: Do you say it's 1,300,000 less than you are paying right now?

MR. PUNCKE: Pardon?

MR. GOLDSTEIN: You said it was \$1,300,000 less than you are paying right now?

MR. PUNCKE: That's correct, sir.

MR. GOLDSTEIN: Who do you have the contract with right now?

MR. PUNCKE: Control Data Corporation, the same company.

MR. GOLDSTEIN: And, they're going to reduce the price?

MR. PUNCKE: Yes. It's basically -- they've got a percentage of volume of the Lotto game. As that

goes up, more money is coming in, and we are paying -- I guess the average is around two and a quarter, two and a half percent of gross now. This contract calls for one and a half percent.

MR. JAMES: You'll have more machines, too, don't you? More machines -- have more machines?

MR. PUNCKE: Well, we have more machines, but the machines are owned by us, but we still have to pay a maintenance on each one of the machines. It's a very complicated data processing system. We do about two and a quarter million transactions per day and so, it's really the heart of our operation and without it, we can't operate and we are very hesitant to bother with something that is going very well and we don't want to break it.

MR. JAMES: It's very unusual to see one of these maintenance contracts go down. It's very unusual.

MR. PUNCKE: Well, we've got -- the staff did a very good job of negotiating on this, and we think we've got the best we can get out of it, and I

think it's a very worthwhile contract. It would be advantageous to the state and to us also.

MR. GOLDSTEIN: When was the last time the equipment went down and you had to wait ten minutes?

MR. PUNCKE: It was about three years ago. They went down and we charged them \$40,000 for down time. Actually, Lou, we've got CYBER 1820's. They are dual CYBER 1820 systems. We've got one. We've got another one that runs at the same time, and we've got a slave that backs that up, so what really has to happen is, number one has to go down, transfers to two, two goes down, it transfer to three, three goes down, and then the penalties start to apply, unless there is an error someplace in the software that turns the whole system down, and that's what happened. We had been running, I guess, for a year and a very particular type of a combination of bets came in at the exact second and the computer says, "I don't understand it." and boom, it stopped. And, we didn't have it before. They fixed it. We haven't had it since.

MR. GOLDSTEIN: Do you have auxillary power

units?

MR. PUNCKE: Yes, we've got auxillary power and we've gone as high as 169 days without having one minute of down time. It's very efficient, and we're doing right now, this calendar year, I think we're doing about 14,375,000 a week, and the net profit of that is about 5.6 million a week. If you take it all the way down, we're running in the vicinity of \$70,000 worth of net profit per hour of operation. So, we certainly don't want to have any type of hazardous situation with our computer system.

MR. GOLDSTEIN: Congratulations. You've done a good job on it, making a lot of money for the state. That should be over 300 million.

MR. PUNCKE: We'll run about 330 to 337 million in this coming year.

MR. JAMES: You shouldn't have said that. You're going to get our budget director excited.

(Laughter.)

MR. PUNCKE: Mr. James, I think the budget director has his finger on it, just like I do.

(Laughter.)

MR. GOLDSTEIN: Anything mechanical and you can have that kind of record, it's a damn good record.

MR. JAMES: It's a wonderful record.

MR. GOLDSTEIN: Yes, sir.

MR. PUNCKE: I have Mr. Simmons here, if you would care for any type of a technical explanation of any particular part of it, of the lottery.

MR. GOLDSTEIN: I think you explained it. I don't think it's necessary. I thank you for doing a good job. Keep making the money.

MR. PUNCKE: All right. Sir, on the next item.

MR. GOLDSTEIN: 3-S.

MR. PUNCKE: The next item is the TV contract and I think it's a little bit unusual for this Board that the money is going in a different direction than it normally does out of this Board. They are paying us, rather than us -- the state paying somebody else. So, this contract was put out to five vendors, TV stations in the state. Two of them returned a bid.

The best bid we received was from Channel 13, WJZ.

MR. JAMES: I thought they were just doing us a public service.

MR. PUNCKE: Well, actually, Mr. James, the lottery is a product. In other words, we have a product that is saleable, and what they do, they are buying our time, putting our program on their system, because this brings the viewing people into watch the lottery draw, which keeps them for Evening Magazine, which is the next program that's right behind them, and gives them better ratings, which means that they can charge --

MR. JAMES: Have they always paid us for this? Have they always paid us for --

MR. PUNCKE: They've paid us before I came there, but this contract is twice as much as we got before. I'd like to state that in all of the 23 states that I am familiar with in the United States, we have the best deal, and we're only one of I think two states that actually get paid for this. We have some of the states that get the time free in public service. We

also have other states that pay for this. But, through the negotiations and experience we've had, it's a very saleable product, and during the course of the five years, it's going to be in about three million dollars of payment in kind in return advertising that comes back to the lottery. So, I think it's a compliment to the staff and everybody who has put this together.

MR. JAMES: Very good.

MR. GOLDSTEIN: Good job. Merry Christmas, and a Happy New Year. Keep up the good work.

All right. My next item is 5-S.

MR. STETTLER: 5-S, I have a revised item which adds some language, that came about as the result of some prior discussions.

Basically, 5-S is a contract for the Maryland State Employees Deferred Compensation Plan for the Administrative Services. There's a long history to this contract.

The current administrator, and the administrator who has been the administrator since the program started up in the mid-'70's, and who will

continue to be the administrator of the program, was purchased in the early 1980's by the one company that had virtually all the products that were available to members of the plan. The Attorney General said that that was a conflict that the Board had to resolve. We went out for competitive solicitation and got a number of bids. When we evaluated the bids, we found that even though there may have been another firm that could have done this business, we would have had to add their fee over and above the fees that were already built into the product, and since those fees that were built into the products were being paid to PEBSCO to administer the program, it would have meant a double level of fees to our participants.

We received a proposal from the PEBSCO, Nationwide. Under that proposal, Nationwide was no longer offering new products to the members of the Deferred Compensation Program. In lieu thereof -- what will happen instead, that money which is right now in the fixed annuity program, which is the largest program or product within the system, about 150 million out of

200 million in assets, the money that's there will be frozen and will earn the normal interest rates, with all new monies in a fixed mean will go to another product which the Board is in the process of selecting. All monies that are in the Nationwide variable annuity will be switched to -- it will be taken out of the variable annuity program and put in as mutual funds and over time we will replace those mutual funds.

So, we have gotten rid of the conflict. The other piece to the program is -- to the contract is that the fees have been reduced, basically. The fee that Nationwide charged on the old fixed was 45 basis points. It will now be 30. What Nationwide charged in variable annuity mutual funds was 95 and it will now be 75 percent -- 75 basis points.

There was a mutual fund option under the old program. Under the current program, the T. Rowe Price mutual fund, which had no fee on it. Participants in that program, which represented about seven million out of the 200 million dollars in assets, right now get a free ride. They will be forced to pay their pro rata

share of the costs.

This is a program that the total costs of the program are to be borne by the participants. The law is very specific that there should be no state general funds in it. So, it is basically -- so, the new program that we have has lower costs per dollar invested than the old, and provides a number of flexibilities that weren't there before, a number of performance standards in the contract of the administrator that weren't there before. We feel it is the best contract that we could have gotten under the circumstances. It does solve the conflict.

MR. GOLDSTEIN: Any questions?

MR. JAMES: What's the total compensation of the administrator?

MR. STETTLER: On the basis of the items of the September 30th balance sheet, the total fees, including deferred sales charges would be about 1,400,000. That's how much they will generate out of the program.

MR. JAMES: Do you have any concept of their

expenses, or is that private?

MR. STETTLER: That's private, but included in those expenses, of course, are the expenses that Nationwide will have to -- which we've never been able to get a good handle on -- to run the fixed annuity program itself.

MR. GOLDSTEIN: We've got a lot of people. You've got about 200 million dollars in the program, about 10,000 people working.

MR. STETTLER: We've had other bids on the program. We've had some bids and the companies that were bidding when we had it, the ones that looked good, fortunately we didn't take one, because it has gone under, were up in that same area, about a million dollars.

MR. JAMES: Well, that's not too bad. I think our mutual fund administrator usually charges something in the neighborhood of a half to one percent, which could be a million dollars on 200 million.

MR. STETTLER: Now, this also has a big marketing feature, whereas most mutual funds do not

have a person-to-person marketing feature.

MR. GOLDSTEIN: All right. Thank you. I think Item 6-S ought to have a short explanation on it.

MR. STETTLER: Yes. 6-S is essentially four contracts with the State Retirement System Investment Agency, and four firms that will do the reality investment -- be reality investment fund managers.

Basically, the Retirement System has made the decision that it should diversify its investments into real estate.

Currently we have -- most of our assets are in a -- are in securities, either in the equity fund, where they are basically common stocks, or in the fixed income fund, where they are basically bonds, or similar type of fixed dollar assets.

We have looked -- the Board has looked at a number of other alternative investments, believes that over the long run real estate has been a superb investment vehicle, and is certainly well suited to a pension system, a retirement system, where we can take the long view. We're not interested in just tomorrow's

money.

The Board had a very lengthy process, wherein it reviewed the benefits, or dangers going into real estate, made the decision, advertised for people to provide real estate management. The Investment Agency narrowed this down to a smaller group. A subcommittee of the Board reviewed the various proposals and has selected four firms. Each of these is in a different area, has a different style. Each of these, essentially, will operate in the State of Maryland, will commit a certain amount of money to that trust. They will commingle this with other monies that they have, and we will have a certain percentage share of the value of the real estate in that trust. Very similar to a mutual fund.

MR. JAMES: A mutual fund. They are just taking different approaches.

MR. STETTLER: Except that they are buying real estate instead of --

MR. JAMES: Yes.

MR. STETTLER: This is an important

diversification into an area which has traditionally been a very good area, as far as investment goes.

MR. GOLDSTEIN: Thank you for your good explanations.

Do we have any questions on number 7, Transportation? Item Number 7, Mr. Miller. Would you just give us a quick overview of that?

MR. MILLER: Yes. Jim Miller, Department of Transportation. This is an acquisition of software for the personal computers.

I think this software was previously purchased as part of the Univac contract, which was very expensive. So, we decided to place that on bids and some of these bids are extremely good. I'm not sure how people can afford to sell them to us this cheaply, but anyway, I guess we are getting 500 copies of Word Perfect, which is a word processing, and I guess that's the one this is used mainly, and then Lotus, which I'm sure the financial people are familiar with.

But, generally, this acquisition will save

the Department quite a bit of money in its personal computer software.

Do you have any specific questions?

MR. GOLDSTEIN: I think it answers any questions.

MR. STETTLER: This is a good approach.

MR. GOLDSTEIN: Thank you, sir.

MR. MILLER: Yes, sir.

MR. GOLDSTEIN: Item 9-S. Natural Resources. My question is, how can you award this contract without prior approval?

MR. NELSON: We have a representative from the Critical Area Commission.

MR. GOLDSTEIN: Give us your name and title for the record please, sir.

MR. POLLOCK: My name is Marcus Pollock, and I am the Administrative Officer for the Chesapeake Bay Critical Area Commission.

MR. GOLDSTEIN: The question is, how could you award this contract on November 30th -- today is December the 17th -- without prior approval of the

Board of Public Works?

MR. POLLOCK: Yes, sir, we haven't awarded the contract as yet; in fact, we are awaiting your action today. We had anticipated that the contract would have gone before you last month; that's why you find that date there.

MR. JAMES: I'd be interested in what you expect this outfit to do. Are they providing guidelines for the county?

MR. POLLOCK: No, sir. What they will be doing is conducting a study of economic impact regarding the Commission's criteria on the 60 or so affected jurisdictions in the critical area. What we hope to do is to first create a base line of information of current land uses and economic conditions, and we expect the outfit to make some projections about the kind of economic impact to be expected in those local jurisdictions.

MR. JAMES: How many areas did you say it was? Sixty what?

MR. POLLOCK: About 60 jurisdictions,

meaning counties and municipalities which fall in those local counties.

MR. GOLDSTEIN: My next question is, when can the members of the Board of Public Works get a copy of this study after it is made? I want it understood, I'd like to have a copy of it. We have all kinds of studies made, we are paying out a lot of money, but we never see them.

MR. POLLOCK: I will promise you that after this study is conducted, which the study will be completed in 14 months, assuming that everything goes well and that you approve the contract today, we fully expect for the contractor to be completed the study by the '88 General Assembly.

MR. JAMES: Will it be done in sections, or are you going to wait until the whole thing is completed before you --

MR. POLLOCK: No, the whole study should be completed by then.

MR. GOLDSTEIN: In 16 months you say?

MR. POLLOCK: Fourteen.

MR. GOLDSTEIN: Fourteen months. Well, will you be getting interim reports, or will you be waiting for one final one?

MR. POLLOCK: Well, there will be progress reports along the way, of course. But, the full study --

MR. GOLDSTEIN: Can we get copies of these progress reports?

MR. POLLOCK: Absolutely, if you wish, sir. I'll make sure that they will be available to you.

MR. GOLDSTEIN: Yes. See, I live right in the heartland of the Chesapeake Bay.

MR. POLLOCK: I understand that.

MR. GOLDSTEIN: And, I face people every day. Every day.

MR. POLLOCK: And, this is one of the reasons why we are conducting the study, so that we can have an objective means to take a look at the impacts.

MR. GOLDSTEIN: Copies will be supplied, right?

MR. POLLOCK: I'm sorry, sir?

MR. GOLDSTEIN: Copies will be supplied to us?

MR. POLLOCK: Yes, sir.

MR. GOLDSTEIN: I don't want this to be like that Baltimore Stadium Study, where we put up the money and the guy said I couldn't get a copy of that, after I voted to give him the damn money.

MR. POLLOCK: I'll make sure --

MR. GOLDSTEIN: Do you know what I did? I held up the money and I got a copy of the report. We made a deal. So, I hope you won't take that same position of bureaucrats -- after they get the money, they get very powerful.

MR. POLLOCK: No, sir. I will promise you, the second day after the study is completed, you will have a copy on your desk.

MR. GOLDSTEIN: All right. I want to put it in the record, so there is no misunderstanding, sir.

MR. POLLOCK: Absolutely.

MR. GOLDSTEIN: After we paid this big county firm a lot of money to go up there and study the

stadium, and people are calling me up, the newspapers, television, radio, "Mr. Goldstein, what is your opinion of that report?" I said, "I haven't gotten a copy." "You haven't?" I said, "No. I can't get a copy. It's supposed to be top secret." They said, "Well, we understand that copies have been distributed." I said, "Well, let's wait and see. Let me check." I called upstairs, and we hadn't paid the bill. Do you remember that, Doctor? I said, "So, pay the damn bill to get a copy." That's how we got a copy of it.

You know, we vote all kinds of money for all kinds of studies and reports, and we never see them. We never hear anymore about it, and don't know a damn thing of what's going on, yet we have to go out hear and face these people, the public who is going to be affected by it.

MR. POLLOCK: Yes, sir. Let the record show that on the second day after the study is completed, I will bring you a copy.

MR. GOLDSTEIN: I want to be sure we understand each other. Sometimes there seems to be a

misunderstanding, how people ask questions and the responses they get. So, I just want to be sure we understand each other, on the same wavelength.

MR. POLLOCK: Yes, sir. I understand.

MR. GOLDSTEIN: Like a lady said to me on the telephone yesterday, I was talking to Time Magazine. She said, "What part of Texas do you come from?" I said, "Lady, I'm not from Texas. I'm from down in Southern Maryland." She said, "You talk like President Johnson used to talk." I said, "Well, maybe I do, but I'm not from Texas."

So, we understand each other?

MR. POLLOCK: Yes, we do.

MR. GOLDSTEIN: He and I understand each other. He's a fine gentleman. A Merry Christmas to you, and a Happy New Year.

MR. POLLOCK: Same to you. Thank you very much.

MR. GOLDSTEIN: I think you answered my questions. Thank you. This is a very important study, the economic impact.

Number 10. Acid rain.

MR. JAMES: That's an important study, too.

MR. GOLDSTEIN: Doctor, do you want to give us a short explanation of this acid rain study? I think we ought to maybe get that deferred to hear from the Academy of Natural Science.

MR. MASSICOT: My name is Paul Massicot, Administrator of the Maryland Energy Administration.

This is a contract to conduct a survey statewide of approximately 500 streams in Maryland which are potentially affected by acid rain, so that we may determine the impact on Maryland's resources, including the fisheries that utilize these streams.

This will involve -- it's a very massive sampling effort. It will involve the use of volunteers from organizations such as Trout Unlimited, and I'll be happy to answer any more detailed questions.

The one --

MR. GOLDSTEIN: Could we defer this to the January eighth meeting?

MR. MASSICOT: Yes, sir, I believe we can.

If I may offer one comment on the situation at the Academy. They were notified of our tentative decision in October. There was no indication -- they were notified how the decision was reached. There was a panel of scientists that reviewed these bids and advised us, a very thorough review. There was no indication from them at that time, or any time since -- it's been more than two months ago -- of any discomfort with the decision. I believe it was a fair decision and I believe they have accepted it as an appropriate procedure.

MR. GOLDSTEIN: Well, if you have no objection, I'd like to get it deferred until January the eighth.

MR. MASSICOT: Yes, sir.

MR. GOLDSTEIN: Okay, sir?

MR. MASSICOT: Yes, sir.

MR. GOLDSTEIN: Thank you. I appreciate your cooperation.

What's your next one? Mine is 12-S.

MR. STETTLER: 12-S is an after-the-fact

approval of a conference center at the Annapolis Ramada Inn. There were some personnel shifts up in the Mental Hygiene Administration and the person who contracted this was not a procurement type person.

MR. GOLDSTEIN: I notice there's been two or three of these, even on those power reports, where they have these kind of meetings, are late paying the bills and all. Why is it necessary to go to hotels and have these meetings?

MR. STETTLER: There is a policy that we have outstanding to that that says they are to contact local public facilities, particularly the state facilities, the colleges, and sometimes their own hospitals, to have these meetings. This is a fairly large meeting. They had, I believe it was, 235 people in one day. I think the other day they had 200. But, there is a policy, and if you look at the work, they did call the colleges around this, and the public facilities, to see if in fact they had a meeting space. We have a lot more people going to state facilities now than we did, let's say, five years ago, but it's

something we have to work on. We have to continue to get.

MR. SEBODA: That's one of the things we've done. We listed them all in the state telephone directory, where the state conference rooms are, and where the state conference facilities are.

MR. GOLDSTEIN: I don't suppose --

MR. STETTLER: I don't suppose they have it up in Western Maryland, too.

MR. GOLDSTEIN: I know, but it's mostly the Mental Health and Hygiene Department that have all these conferences and bring all these people to stay overnight and spend this money.

MR. JAMES: I don't know why they can't meet in the morning and go home in the afternoon, and have an adequate conference. Of course, with these nights, I agree, they go, spend the night, and have a good time.

MR. GOLDSTEIN: Well, you take in Baltimore, you've got a big auditorium up there.

MR. STETTLER: Yes.

MR. GOLDSTEIN: A big auditorium. You've got the Fifth Regiment Armory right across the street from the Department of Health and Mental Hygiene, and you've got the St. John's College Auditorium in Annapolis we use for different meetings.

MR. JAMES: Remember when the trustees of the retirement system had its seminar over at Washington College. It was a low-cost operation.

MR. STETTLER: It's lower costs, yes. We do encourage --

MR. GOLDSTEIN: That's right. I mean, we can go to a beach resort where it costs \$150 a day.

MR. STETTLER: We haven't made perfect progress, but I think we're a little bit better than meeting down in Ocean City to talk about cutback strategies. Do you remember that one?

MR. GOLDSTEIN: Don't misunderstand me. It's nice to have two days off, and get out in nature and commune with God and your fellow man, your fellow lady, and all that. That's very nice.

MR. JAMES: And have a few drinks?

MR. GOLDSTEIN: Yes.

MR. STETTLER: I think, you know, we need to do more work on it -- on the agencies to make sure that they do it. There's no question about that.

MR. GOLDSTEIN: Okay. Our next one is 44. Do we have anything ahead of that?

MR. JAMES: You've got those Energy Assistance contracts, 13, 14, and 15. I guess that depends on who gets the administrative contracts?

MR. STETTLER: That's correct. Some of these are nonprofit groups. They are not state agencies, so they appear on the Board of Public Works. Some of these are state -- not state agencies -- but local government agencies, and as such they are exempt from all the procedures.

MR. JAMES: And the ones that get the administrative contracts, automatically get the money for the --

MR. STETTLER: Basically, these go to the local community action agencies. Remember the community action agencies that first began back in the

1960's, but some are government agencies and some aren't.

MR. GOLDSTEIN: All right. What's the next one? Eighteen.

MR. STETTLER: The tourism one.

MR. GOLDSTEIN: Eighteen, you say?

MR. STETTLER: I believe it is 18-S.

MR. GOLDSTEIN: Yes, the Swift Mailing Service.

MR. STETTLER: They have price scores, because they are based on different functions that the group will do. You know, some stuffing, and single letter mails, and a whole host of different tasks that this group will do and it does not lend itself easily to a single price quote. So, they've added these altogether, and that's how they've scored it.

MR. GOLDSTEIN: \$240,000.

MR. STETTLER: This is a big business. We are trying to get tourism.

MR. JAMES: If I call up and want to get some information on tourism, they will mail me

something.

MR. STETTLER: Hopefully, they will.

MR. GOLDSTEIN: There's an outfit over in Ridgely, Maryland, right here in Caroline County, one of the biggest in the United States. Do you realize that? Did you ever contact them? They mail out all this stuff for Kodak.

MR. STETTLER: There are quite a few around here. I don't remember whether we do business with them.

MR. GOLDSTEIN: I met that man not so long ago. He said, you ought -- I think he hires 275 people over there.

MR. JAMES: This is a three-year contract.

MR. GOLDSTEIN: Sir?

MR. JAMES: This is a three-year contract.

MR. GOLDSTEIN: Yes.

MR. JAMES: Get me a tourist kit sometime,
Lou.

MR. GOLDSTEIN: What's the next one, Bill?

MR. STETTLER: Let's see. 22-S, competition

for ad services. Let's see. That's for the State Aviation Administration.

MR. GOLDSTEIN: That was Mr. Schaus. He said they bid every -- I don't know if he is here or not, but they bid every three years.

MR. JAMES: Is this an amendment of an existing contract?

MR. STETTLER: Yes. It is an amendment to an existing contract. Each year we put a slightly different amount in the budget and I believe this conforms to this year's budget.

MR. JAMES: I know what my question was. Does this contract ever run out? It seems to be an annual -- run annually, and then additional modifications are made, just really extending this contract. Is it a five-year contract, with an annual --

MR. GOLDSTEIN: This is a three-year contract. See, Mr. Schaus testified before the pre-Board meeting; it is bid every three years. Is that right, Mr. Miller?

MR. MILLER: Yes, sir.

MR. JAMES: Okay.

MR. MILLER: I think our original estimate is just that, and that is what we expect to spend, because when we put money in the budget for the services, we never know how much of it will be approved.

MR. GOLDSTEIN: All right.

MR. JAMES: Twenty-three. This is "Add 'Development of a Waste Reduction Advisory System' to a study of hazardous waste treatment and disposal needs of the State."

My question is, is the Maryland Environmental Services involved in this, or is this -- well, this is an area of the Maryland Environmental Services. They are the ones who provide the service of waste disposal for the state and I was just wondering what role they play in this.

MR. NELSON: I can look into that for you.

MR. JAMES: Is this an independent study of the Department?

MR. NELSON: No one is here from MES, but I could find out for you.

MR. JAMES: Well, this is probably a good study to make. I thought the department involved in this should have some connection with it.

MR. NELSON: The question is, what is the role of MES.

MR. JAMES: Yes.

MR. STETTLER: This is a modification.

MR. GOLDSTEIN: This is one of the biggest problems in the United States today, not only in Maryland. In the Florida newspapers three weeks ago were giving the areas where the people couldn't drink the water because what people had been putting in the soil for year after year is now down in the aquifer and the water can't be drank. You see several incidents right here in Maryland recently in the paper.

MR. JAMES: This study may be analyzing what the Environmental Services are doing to see if they are doing an adequate job.

MR. NELSON: Maybe. Can we have that

approved, subject to getting these answers?

MR. JAMES: Sure, approve it. It's a good idea.

MR. GOLDSTEIN: We just need more information. We'll get more details. Well, I can tell you, you think we have problems today with the population in the United States of American at about 242 million. You just wait. By the year 2000 -- there's all kinds of stuff being dumped and people don't know what in the hell is being dumped.

MR. JAMES: And, I don't understand 25. Could somebody explain that to me?

MR. GOLDSTEIN: Is there anybody here from the Department of Helth and Mental Hygiene on Item 25?

MR. JAMES: I saw them sitting here for all this time.

MR. STETTLER: These are --

MR. JAMES: What I looked at is, they have nine slots and that costs -- let's see, on the original contracts here, 337,000, but six slots, that costs 792,000. The revised total for nine slots is 420. The

revised slots for six slots is 928. Does that mean you only have six people? What does "slots" mean?

MR. STETTLER: No, those are additional slots. Those are the slots -- those are the number of people that they treat, basically.

MR. JAMES: Is that all -- is that six additional?

MR. STETTLER: Yes, these were people who were added, and this is the modification for this year for those people who were added. Nine were added to Charles County.

MR. JAMES: Well, it costs 900,000 to add six and 337,000 to add nine. They are two different places.

MR. STETTLER: There could be a number of explanations for that. One is, the level of services that they need. That's one. Besides, we're also talking about different areas of the state and at different costs.

MR. JAMES: I understand that.

MR. GOLDSTEIN: See, there's two of them,

Charles County at La Plata, and St. Luke's in Bethesda. You very seldom get enough information on these items for some reason. Do you want to defer it until the next meeting?

MR. JAMES: Well, you know --

MR. STETTLER: Let me get the information and get back to you.

MR. JAMES: I just thought there was a contrast between the --

MR. GOLDSTEIN: Do you want to defer it?

MR. JAMES: -- costs.

MR. STETTLER: I can get the information and send it to you in a letter.

MR. JAMES: All right.

MR. GOLDSTEIN: Dr. Stettler will get information.

MR. JAMES: The last one I have is -- oh, never mind. I think 26 needs a little explanation.

MR. STETTLER: Twenty what?

MR. JAMES: Twenty-six. The Wall Street Week transcripts. There's not much information here.

It's concerning the cost of the transcripts, but -- oh, there's a sheltered workshop? No competition.

MR. STETTLER: That's correct. They had a preference --

MR. JAMES: They are a preferred supplier.

MR. STETTLER: You have a member on that board; I have a member on the board; and there is a third member, the sheltered workshop education.

MR. SEBODA: The Association of Sheltered Workshops.

MR. STETTLER: The Association of Sheltered Workshops.

MR. GOLDSTEIN: They charge for these copies, don't they?

MR. STETTLER: There is a charge.

MR. GOLDSTEIN: Wall Street Week usually after they finish a program, you can get a copy of this program by sending --

MR. STETTLER: I believe it is \$2.00.

MR. GOLDSTEIN: Yes, whatever it is.

MR. STETTLER: These are the people who

actually fill it for them.

MR. GOLDSTEIN: Right. You have to send it to New York somewhere, I think it is. That's where it is on the tape.

MR. STETTLER: In the past, this has been a big contract. We've had a regular commercial, but this is the first year that we have a handicapped and we have a preference law.

MR. JAMES: It looks as though you are going to get fewer copies for the amount of money being appropriated because it's going to cost more, right?

MR. STETTLER: (Nods affirmatively.) Their costs go up, too.

MR. GOLDSTEIN: All right. What's your next one, Bill?

MR. JAMES: That's all I have, Lou.

MR. GOLDSTEIN: My next one is Item 44-S.

MR. STETTLER: Item 44 is another one of those contracts which gets bogged down in the bureaucracy. There is an Educational Accountability Task Force which is -- was created by the same statute

that created the Civiletti -- put in the Civiletti money. This task force is supposed to review how local governments have spent that money, and whether or not -- you know, how it has been spent. Has it been spent conforming to the law, and if there are, and what are the results.

The Chairman of that task force is Larry Sheignell, who used to be the Budget Review Director of Fiscal Services, and now is with Legg Mason. I think the committee is assigned to the Department of -- Maryland State Department of Education, but basically they are independent of its activities.

MR. GOLDSTEIN: What does this lady do, Lois --

MR. STETTLER: Lois Kelberman is essentially their staff person, does all of the work for the committee.

MR. GOLDSTEIN: She gets \$51,000.00 a year?

MR. STETTLER: No. This is for a period of -- for that contract period.

MR. GOLDSTEIN: And, it's June '85 to --

MR. STETTLER: March 31st, '88.

MR. GOLDSTEIN: Yes. So, it's six months after the fact, they come here.

MR. STETTLER: It's a little longer than six months.

MR. GOLDSTEIN: Longer than that. It's been a year and six months.

MR. STETTLER: Originally -- there is a long history. Originally someone in the Department of Education said that that contract was one of these social, cultural, educational contracts which was exempt. It is not.

MR. GOLDSTEIN: How can it be? I mean, in other words --

MR. STETTLER: It was not. I mean, they made a mistake.

MR. JAMES: Just a couple of agencies have that privilege, don't they? The Department of Education doesn't, do they?

MR. STETTLER: Well, remember that exemption was for direct services to clients. This is not a

direct service to a client. This is a staff function. There was a problem. When it came to -- it came to our attention maybe a year ago, when they tried to get it resolved. Less than a year ago. Last summer. We got it cleaned up is what this does.

MR. GOLDSTEIN: Is this a part-time job?

MR. STETTLER: This person just works a limited amount of time, does the work that is necessary to support the Commission. Works at home. Does not work at the agency. Basically uses her own tools. I think there is some Xeroxing done by the Department.

MR. GOLDSTEIN: I see.

MR. STETTLER: I have two hand-carried items. The first one is the normal one that happens around this time of administration, a portrait for Governor Hughes, to be funded through the Emergency Fund. It's quite common. That's Item Number 45.

And, Item Number 46 is an item that there's been some press play on. The Administration has received a letter from the Transition Manager who has asked that there be a, by the Board of Public Works

approved, higher level of salaries for three critical positions, the Secretary of Transportation, the Secretary of Public Safety and Correctional Services, and the Secretary of Economic and Community Development.

Under the first case, they are trying to obtain --

MR. JAMES: Do you have an extra copy?

MR. STETTLER: Yes. That's someone who is quite marketable on the outside and we would like to retain in state service, the current Secretary.

In the case of Economic and Community Development, they have been trying to attract someone to state government and they find that the salary is just not -- well, for the other two cases, they cannot do it for the existing salaries.

Of course, under the provision of the law, the Board can approve these things, but the law requires a recommendation from the Secretary of Personnel. I have contacted the Secretary and of course we will send up the papers he requested to him

to review and get the Board a recommendation.

MR. GOLDSTEIN: Did you get any verbal okay?

MR. STETTLER: No, I didn't give John -- I did not give him the information that was submitted. I just told him it was here and that I would simply send the letter for he and his staff to review.

MR. JAMES: Now, as I understand it, this amount of money, this lasts six months, until July the first --

MR. STETTLER: Under the statute, any emergency salary action lasts for the current budget year, and it has to be approved by the General Assembly for the budget year.

MR. JAMES: In other words, you are going to put the same amounts in the budget.

MR. STETTLER: Yes. We will have these amounts in the budget for the next fiscal year.

MR. GOLDSTEIN: But, first it has to be recommended by the Secretary of Personnel.

MR. STETTLER: We will get a recommendation from the Secretary of Personnel.

MR. JAMES: Will this need to be reaffirmed?

MR. STETTLER: Pardon me?

MR. JAMES: Will this need to be reaffirmed at the next meeting?

MR. STETTLER: I don't know that we need to. I will get a recommendation and send you a copy.

MR. JAMES: It might be a good idea to reaffirm it, don't you think?

MR. GOLDSTEIN: Well, they've got to let them know, because they've got these people being interviewed right now. Time is of the essence.

MR. STETTLER: Yes, obviously.

MR. JAMES: That's not what the chronology of the law is, though. The law says that you have to get that first.

MR. GOLDSTEIN: We do everything to comply with the letter of the law.

MR. JAMES: I would think so.

MR. GOLDSTEIN: So, whatever, you would inform the Board of Public Works?

MR. STETTLER: I shall, sir.

MR. GOLDSTEIN: And, we will act accordingly.

All right. Is there anything else to come before the Board of Public Works for the good of the State of Maryland and the citizens thereof?

MR. JAMES: I move we adjourn.

MR. GOLDSTEIN: First, we need a motion on this agenda.

MR. JAMES: I move we approve the agenda, unless we have acted otherwise specifically.

MR. GOLDSTEIN: I second the motion. Yes, sir?

MR. SEBODA: Don't forget, you've got to do the University of Maryland, too.

MR. GOLDSTEIN: Yes, that's next. All in favor, signify by saying, "aye."

BOARD MEMBERS: "Aye."

MR. GOLDSTEIN: Opposed, "no."

BOARD MEMBERS: (No response.)

MR. GOLDSTEIN: The "ayes" have it.

The University of Maryland. What item

number? Item Number 1-M, page 1C.

MR. JAMES: Move it be approved.

MR. GOLDSTEIN: Second the motion. All in favor, signify by saying, "aye."

BOARD MEMBERS: "Aye."

MR. GOLDSTEIN: Opposed, "no."

BOARD MEMBERS: (No response.)

MR. GOLDSTEIN: So approved. All right. Do I hear a motion to adjourn?

MR. JAMES: So moved.

MR. GOLDSTEIN: Second. All in favor, signify by saying, "aye."

BOARD MEMBERS: "Aye."

MR. GOLDSTEIN: Opposed, "no."

BOARD MEMBERS: (No response.)

MR. GOLDSTEIN: The "ayes" have it. So moved. Thank you. Merry Christmas and a Happy New Year.