
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: October 27, 2000
9:30 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Margaret M. Villane
Robert A. Roth

ALSO PRESENT:

Caroline Joyce
(representing Senator Robert E. Littell)
David Rousseau
(representing Senator Bernard F. Kenny Jr.)
Jerry Traino
(representing Assemblyman Francis J. Blee)
Mary Alice Messenger
(representing Assemblywoman Barbara Buono)
Gail Alexander
(representing Roland M. Machold)
Gary Brune
(representing Office of Management and Budget)

John Geniesse, Acting Executive Director
New Jersey Commission on Capital Budgeting and Planning



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MS. B. CAROL MOLNAR (Chair): I'd like to call the meeting to order. In accordance with the Open Public Meeting Law, the Commission has provided adequate public notice of this meeting and given written notice of time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail to *The Trentonian*, *The Times*, and *The Star-Ledger*, and filed with the Office of the Secretary of State.

We will now call the roll.

MR. GENIESSSE: Mr. Brune.

MR. BRUNE: Here.

MR. GENIESSSE: Mr. Annese. (no response)

Mr. Roth.

MR. ROTH: Here.

MR. GENIESSSE: Senator Littell. (no response)

Mr. Rousseau for Senator Kenny.

MR. ROUSSEAU: Here.

MR. GENIESSSE: Mr. Traino for Assemblyman Blee.

MR. TRAINO: Here.

MR. GENIESSSE: Ms. Messenger-Gault for Assemblywoman

Buono.

MS. MESSENGER: Here.

MR. GENIESSSE: Ms. Alexander for Treasurer Machold.

MS. ALEXANDER: Here.

MR. GENIESSSE: Commissioner Mintz. (no response)

Ms. Villane. (no response)

Ms. Molnar.

MS. MOLNAR: Here.

MR. GENIESSE: Madam Chair, according to our bylaws, and for the purposes of this meeting, we have a quorum.

MS. MOLNAR: Thank you. Is there any report?

MR. GENIESSE: Yes. Just very briefly, because we have a long agenda. I just wanted to point out a few things to the Commission members. At the last Commission meeting, we had some follow-up questions regarding the Commission on Higher Education. Specifically, the questions were what the approved projects and cost to date for the Higher Education Capital Improvement Fund, and also, the amount of the next bond issuance and when it would occur. And staff has prepared a response to that, which we have distributed to all the Commission members. I wanted to make you aware of that.

Secondly, I just wanted to point out, and this was not to cause confusion, but you may have noticed in your packages that we mailed out, regarding the Department of Environmental Protection analysis, because of the number of requests and the complexity of the Department's requests, the staff prepared its analysis based on -- with reference to project numbers and organized by category of request. So, in your packages, we provided you with, actually, two sorts of their requests: one by the project number and the other by the priority number, which is the normal way we do it.

So, also, I have to point out that the first one we sent out wasn't quite right. So we've also, I believe, distributed the corrected copy of that sorting to you. And finally, before any of the testimony, I just would like to clarify, for the Commission members, the Governor's \$98 million Open Space

Initiative, which has constitutionally dedicated sales tax revenues for open space and farmland preservation, is for budget display purposes contained in the Interdepartmental Accounts section of the budget. In actuality, these funds fund programs in three departments: Environmental Protection, Agriculture, and to a smaller extent, the Department of State, for historic preservation.

So I just wanted to point out, when you see the Interdepartmental Accounts request, that in reality the 177.8 million that is being requested there is less 98, or about 79.8 million. And that any questions that you might have regarding this initiative should properly be more directed to the appropriate departments rather than to Mr. Rusciano, who is going to be representing that request.

So, Madam Chair, I just want to point those things out. That is my report.

MS. MOLNAR: Thank you.

Okay. We will begin with our capital request presentations. I'd like to welcome the Department of Military and Veterans' Affairs and the General and his staff.

MAJOR GENERAL PAUL J. GLAZAR: Good morning, Madam Chairwoman and Commission members.

As the Adjutant General, I am pleased to present you with the Department of Military and Veterans' Affairs FY 2002 Capital Improvement Plan. This plan is in keeping with my vision of providing and maintaining a world-class infrastructure that supports our New Jersey National Guard and

Naval Militia and provides the best possible services so richly deserved by our New Jersey veterans.

This plan identifies 12 projects totaling \$20.8 million and emphasizes our most critical concerns.

At this time, I would like to bring you up to date on various projects that have been initiated or completed with previous years' funding. In August of 2000, the design phase of the New Vineland Veterans' Home was initiated. This 200,000-square foot, state-of-the-art, 332-bed facility will be a single-story design, with all major activities concentrated in a central core. The construction will take place in four phases, with an end result of 240 long-term care beds, 32 special-needs beds, and a 60-bed domiciliary care unit. The sketch below illustrates the design concept. (indicating photographs)

They are also in the process of completing the New Jersey Korean War Memorial, which will be located at the corner of Boardwalk and Park Place in Atlantic City. I would like to invite all of you to attend the dedication ceremony, once the memorial is completed, to honor the more than 117,000 New Jersey citizens who served, and especially the 822 who paid the ultimate sacrifice in giving their life in service to their country. And the date of that dedication is the 13th of November at 11:00 a.m.

We are planning the rehabilitation project at our DMAVA Headquarters Building in Lawrenceville. I am deferring this project to next fiscal year to provide sufficient time to relocate existing employees when this building undergoes major life safety, ADA, and mechanical system renovations. The initial design for replacement of the current electrical system has been completed, and we anticipate the remainder of the design work to be finished

in approximately nine months, with actual construction to begin in the middle of Fiscal Year 2002.

At the Brigadier General William C. Doyle Cemetery, we plan to award a contract for the development of the master plan. Once completed, this master plan will provide for the design and construction of approximately 20 acres of preplaced burial crypts, conversion of the current maintenance facility into a reception/information/interment center, the rehabilitation of the existing administration facility and chapel, and the installation of columbariums. This \$22 million project, which is 100 percent federally funded, will result in greater operational efficiencies and still be able to maintain the same level of quality and personal support to the veterans' families during this most difficult time. Our cemetery is the most active of all state veterans' cemeteries in the country. It is projected that over 2400 interments will be conducted this fiscal year.

At the National Guard Training Center at Sea Girt, we have completed the design of the new 20,000-square-foot training and dormitory facility. This is a joint venture between the Departments of Military and Veterans' Affairs and Law and Public Safety. The building will feature two 1500-square-foot classrooms, a mock courtroom, and a 60-person coeducational dormitory. It will be utilized by the National Guard and law enforcement agencies as part of their academic and in-service training programs and will increase the number of classrooms and student living quarters currently available at Sea Girt. Construction is expected to start in the third quarter of Fiscal Year 2001.

At Lakehurst, we are designing a consolidated logistical and training facility. This project is federally funded and will be completed in three

phases at an estimated cost of \$58.6 million. This is a 619,000-square-foot training and maintenance complex and will significantly contribute to increasing the readiness of our units and enhance the capability to provide necessary vehicle and maintenance and repair support.

With your continued support, we were able to accomplish various projects at our armories or, as we like to call them, our interactive community resource centers. These projects included the start of Phase II of a fire suppression system installation at our Teaneck facility, roof replacements at Jersey City, Newark, Woodbridge, and ADA improvements at Jersey City. We have also accomplished asbestos abatement at Atlantic City, Franklin, and Pitman. And you can see the various pictures that we have included to show you some of those projects and the state of some of the facilities. (indicating photographs)

At Franklin, we are installing soundproofing, and we have purchased a new boiler to be installed. Much needed paving projects were completed at Bordentown, Mt. Holly, Somerset, and the Sea Girt Training Center. These improvements support our ongoing commitment to the soldiers, sailors, and the airmen of the New Jersey National Guard to provide world-class facilities to meet mission requirements and to maintain their high state of readiness.

During the past year, over 4000 New Jersey National Guardsmen responded to more than 420 domestic and civil support missions. This included two community outreach programs for our homeless veterans, disaster relief support for the victims of Hurricane Floyd, and on-call assistance throughout the state in support of the State's Y2K contingency plan. We also

provided medical and logistical support to the State Police for OpSail 2000 and assisted various agencies in support of the Republican National Convention.

Our facilities are also used for after-school youth activities as part of the National Guard's drug demand reduction program. Over 6300 students from 47 schools throughout the state participated in community-sponsored activities at our facilities. These programs serve as positive alternatives to idleness and drug abuse.

The first request on our 2002 plan is for additional funding to complete the demolition and reconstruction of our Vineland Veterans' Home. Thanks to the Commission's effort, \$9.3 million was appropriated last year for the construction phase of the project. However, once the design was started, a change in the Veterans' Administration Construction Code criteria, as well as an unexpected increase in hazardous materials remediation, has made it necessary to request an additional \$3.8 million in State funding and \$7.1 million in Federal funding.

This additional funding will bring the State's total to \$16.7 million and the Federal total to \$31 million for a new project cost of \$47.7 million. Specifically, the Code criteria change increased the required program square footage and cost due to the alteration of the residents-to-lavatory ratio. At the time of the first request, the criteria was four residents to one lavatory. The new criteria is two residents to one lavatory. This change represents an increase of an additional 34,000 square feet of program space.

Priority No. 2 deals with a total electrical system replacement at our Jersey City Armory/Interactive Community Resource Center. This facility

was constructed in 1929. As depicted in the photographs, this antiquated system is inadequate to handle the increased electrical demands caused by the combined military and community use, which also includes an after-school youth program. The photos illustrate that. (indicating photographs) As you can see, it looks a little bit like a Frankenstein recharging station appropriate for Halloween, I guess. That's about the extent of it. But that's in existence today, and that's what it actually looks like.

Our Priority 3 focuses on various projects under the infrastructure category. Four armories/interactive community resource centers will receive much needed window replacement, and our Paramus Veterans' Home and Phillipsburg facility will have their parking lots and access roads repaved.

The next two items, Priority 4 and 5, address renovations and rehabilitation projects under the preservation and construction categories. These include electrical system upgrades, roof replacement, and moisture protection throughout our 200 facilities. The funding request is consistent with my long-range real property management objectives of upgrading and maintaining these facilities based on future use requirements.

Priority No. 6 addresses environmental compliance and deals specifically with the asbestos abatement program. We have previously identified these concerns in the Department of Health surveys of our buildings. The capital request continues to address these in order to alleviate major health issues.

Priority 7 addresses our fire/life safety concerns. Your funding in FY 2001 allowed us to continue to move forward in correcting various violations within our facilities. This current year's request will maintain the

momentum initiated by previous years' capital funding. It includes the installation and upgrade of fire suppression systems at nine National Guard facilities.

Priority 8 is the proposed Veterans' Adult Day Care Center at the Paramus Veterans' Home. This project, similar in design to the adult day care center at the Menlo Park Home, will consist of a 32-person unit that will be fully certified and staffed to provide necessary services to those individuals who do not need the 24-hour care of a nursing home, but do require some assistance with daily living. Funding provided for this project will support my commitment to provide veterans with alternatives to long-term institutional health care.

The next project, Priority 9, would fund the design for our multiagency training facility at our National Guard Training Center in Sea Girt. As you can see from the aerial photo, it shows the location of that. (indicating photographs) This complex will provide a centralized location for all State agencies and could be expanded to include public and private organizations.

Presently, we provide training for the New Jersey State Police and Department of Corrections academies, the Port Authority of New York and New Jersey, and criminal justice and municipal police classes. We are currently under contract with an outside consultant to conduct a feasibility and marketing study to identify both present needs and potential use of the training center. The expected completion date for this study is January of 2001. I believe the results will be conclusive in demonstrating the potential for Sea Girt to be a major training center for multiagency use.

Priority 10, a new request, will provide for the architectural and engineering design of a military cultural center that details the rich heritage of the New Jersey citizens and service to their country. Included will be a museum, auditorium, and amphitheater, serving as both a research and learning center that would chronicle the significant contributions of the New Jersey veterans.

Also, a new request this year, Priority 11, is for the design and construction of a World War II Veterans' Memorial to recognize all New Jersey citizens who served this great state and nation during a time of war. A proposed plan is to construct the memorial on Department property, which is located at the corner of Essex and Hudson Streets on the Jersey City waterfront. It is located approximately two miles northeast of the Liberty State Park.

The building of this memorial will give us an opportunity to recognize the more than 10,000 fallen citizens and, in a small measure, gratefully acknowledge the supreme sacrifices that they made in the cause for freedom.

Another new request, Priority 12, will provide funding to design a rehabilitation project of approximately 4000 square feet of dormitory living space at the Sea Girt Training Center. This program space will be constructed to meet current National Guard Bureau and United States Army training standards. The current facility does not meet various fire/life safety codes and program space criteria, which could ultimately jeopardize potential Federal funding and school accreditation if not completed.

The final request, Request No. 13, is for the reconstruction of a new armory and interactive community resource center in the city of Camden. Although no funding is requested for this year's submission, I am bringing this request to your attention for future considerations.

It is my intention to bring back a National Guard presence in the Camden area, in partnership with the local community, and expand our activities in support of local economic development plans and revitalization efforts. This facility will replace the Cherry Hill Armory/Interactive Community Resource Center which lies within a floodplain and is being encroached upon by new highway construction. An adjacent watershed has also accelerated building deterioration and settlement. The need to find an alternative site in Camden County for a new armory is very, very critical to us. And as you can see from some of the accompanying pictures, some of the problems associated with that building-- (indicating photographs)

With over 200 structures at an average age of 46 years old, we remain the fourth largest Department in total assets and the third largest in total buildings. With a veteran population ranked as the ninth largest in the nation and the oldest, it is imperative to have quality facilities available for their care and well-being.

I appreciate your continued support in helping us implement an effective long-range capital plan that meets the training needs of your National Guard and provides those critical services and programs so richly deserved by New Jersey veterans.

I thank you for this opportunity, subject to your questions, Madam Chairperson.

MS. MOLNAR: Thank you, General.

Any questions?

Gail Alexander.

MS. ALEXANDER: One question on the new ratio from the Veterans' Administration for the new Vineland building. Will that affect the Menlo Park facility, also? Will you have to retro or--

MAJOR GENERAL GLAZAR: No. It's on current--

MS. ALEXANDER: It's only for new construction?

MAJOR GENERAL GLAZAR: It's on new construction only. We just dedicated the final opening-- Actually, we opened Menlo Park officially -- cut the ribbon yesterday morning. It's just a magnificent structure.

MS. ALEXANDER: Thank you.

MAJOR GENERAL GLAZAR: So , if anybody gets a chance, they can get down and take a look at it -- four-star nursing home.

MS. MOLNAR: Any other questions?

MR. ROTH: Madam Chair.

MS. MOLNAR: Mr. Roth.

MR. ROTH: General, good morning.

Last year, I remember we had quite a lengthy discussion about the development or construction of a museum for the *Battleship New Jersey*.

MAJOR GENERAL GLAZAR: Yes, sir.

MR. ROTH: Are you familiar with that, sir, and can you tell me where we are and what we're doing?

MAJOR GENERAL GLAZAR: Yes, sir. Colonel Warner sits on the Committee -- the Support the Battleship Commission, excuse me, that

supports the home port alliance in conjunction with the DRPA. And in that process, we are working very closely to ensure that, number one, the Battleship gets retrofitted to ensure that it's able to handle people and the site development starts to take place, as well as the construction of the pier facilities to ship upriver for its final spot. Right now, the phases are really focused on a little bit of getting the contracting done for the ship, investigating the possibilities for the museum piece of that, and really looking to set the contracts in place for the pier facility. So, close to really delving into the museum piece, we're not quite there yet.

MR. ROTH: Thank you.

MAJOR GENERAL GLAZAR: Oh, you're welcome, sir.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: General, good morning.

MAJOR GENERAL GLAZAR: Good morning.

MR. BRUNE: Two questions on Vineland.

MAJOR GENERAL GLAZAR: Yes, sir.

MR. BRUNE: The first one: Since the Federal government is one to change the criterias, is it fair to assume that if we put up the match that the Federal funds are pretty much assured to come?

MAJOR GENERAL GLAZAR: Yes, sir. We had Colonel Bertsch down to Washington earlier in the week and very receptive. We actually take a higher priority over new construction, because it's considered a rehabilitative project. And they're looking at 2002, 2003 to help us with the complete funding package. But it's presented to them in phases, so that we can do the construction in phases so it doesn't displace our veterans all at once. And we

manage the veterans' care and the construction in conjunction with the optimum use of both facilities, and also, the funding stream that supports that. So it's a well-orchestrated program. We did the same thing up in Menlo, and it worked out extremely well.

MR. BRUNE: Okay. Just one other question. As you go through the phased construction, is there any potential impact on bed capacity that would affect your revenues for that facility?

MAJOR GENERAL GLAZAR: The bed capacity goes down to a low, at the end of Phase I, of about 252 beds. The revenue piece of that -- there's a juggling of all of that. So there's a slight drop. But in that process, we wind up two-to-three years down the road with the total capacity up to where it needs to be. It's just that--

MR. BRUNE: There's not a significant drop?

MAJOR GENERAL GLAZAR: Not a significant-- No. It's a minor per diem drop because of the reduction in the bed space. And what we do is we shift some of that over to our two other homes. So it's kind of, sort of offset. The new admissions -- instead of taking them at Vineland, we'll take more of those new admissions from that area up to the Menlo Park area--

MR. BRUNE: Okay.

MAJOR GENERAL GLAZAR: --just for the interim period.

MR. BRUNE: Thank you.

MS. MOLNAR: I just have one question on the Camden facility. Would there be any Federal matching funds to reconstruct the armory in Camden?

MAJOR GENERAL GLAZAR: Yes. It's a 25/75 split, like -- or actually it's-- The veterans home is a 30, 33/60, 65 or 66 percent split.

MS. MOLNAR: Any other questions or comments? (no response)

If not, I want to thank you, General, for coming this morning.

MAJOR GENERAL GLAZAR: Thank you very much.

MS. MOLNAR: Our next department is the Department of Environmental Protection. I'd like to welcome Ron Tuminski, the Assistant Commissioner.

Good morning.

A S S T. C O M M I S S I O N E R R O N A L D S. T U M I N S K I:

Good morning.

Good morning, Madam Chair and members of the Commission. Before I go into my testimony, I'd like to introduce the members of the DEP's staff with me. At my far left is Dave Barth, who is the Director of Budget and Finance. To my immediate left is Sue Boyle, who is now the Assistant Commissioner of Site Remediation. And to my right is Cari Wild, who is now the Assistant Commissioner of Natural and Historic Resources. Also, I note that in the audience is Jim Hall, who is representing the Palisades Park Commission. So, if there are questions on the Palisades Park Commission, I know that Jim will be glad to answer them.

On behalf of Commissioner Shinn and the Department of Environmental Protection, I want to thank you this morning for the opportunity to present DEP's capital needs for Fiscal Year 2002. Overall, DEP's FY 2002 capital budget requests totals some 641.3 million. I would note that the staff analysis for the Commission was correct in the figures that

it transmitted to the Commission and that the Department had, in fact, increased or amended its request in the past week by adding an additional 14.2 million that I'll cover in the presentation.

The funding is distributed as follows. One hundred-four million is in General State Fund sources. The request for the Garden State Preservation Trust is 140.4 million. There are 25.6 million in bond funds, 216.2 in Federal funds, the majority of which is earmarked at shore protection and flood control. Shore protection is 32.4 million. Corporation Business Tax, or CBT, is 51.6 million. The Environmental Infrastructure Trust has requested 56 million. There is 2.4 million requested out of the Sanitary Landfill Contingency Fund, and we anticipate some 12.7 million in matches from local bodies.

While we are seeking the Commission's concurrence with our FY '02 capital spending plan, the Department will also present, as in the past, its priority listing of Site Remediation and Environmental Infrastructure Trust projects to the Legislature for their review and approval in accordance with the legislation.

With respect to the specific components of our request, I would like to highlight the following.

In the area of open space funding, the goal for New Jersey is to preserve an additional 1 million acres by the year 2009, with 300,000 of those acres preserved as open space or farmland by 2002. As members of this Commission, you are well aware that the State's funding mechanism is in place, and similarly, ballot questions, in terms of preserving open space, continue to appear and be approved at the local level.

In concert with this open space preservation goal and the State's established funding mechanism, DEP's FY '02 capital plan includes 140.4 in requested funds for preservation trust projects. Specifically, 60 million is included for State acquisition, while 80.4 million is included for the Green Trust program, which funds loans and grants to local governments and nonprofit entities.

More than 30 percent of our state residents take part in some form of wildlife associated recreation, whether it be fishing, hunting, bird-watching, wildlife photography, or feeding birds. Similarly, over 15 million visitors enjoyed New Jersey's parks and forests in 1999. Recreational opportunities are provided at 39 State parks, 11 State forests, 4 recreational areas and golf courses, 115 wildlife management areas, 42 natural areas, and 23 individual historic sites. These areas encompass some 610,100-plus acres of New Jersey.

In September, Governor Whitman charged the Garden State Preservation Trust, through its Chair, Chris Daggett, with the task of assessing the needs of New Jersey's parks, forests, and wildlife management areas and to make recommendations by the end of this year as to what resources are required to make these areas world class.

In our budget for FY 2002, we have total funding requests of 55.9 million for parks, forests, and our fish and wildlife areas. The requests are aimed at enhancing the quality of recreational opportunities and the experience for New Jersey's citizens, as well as for visitors to our state. Of this total request, 37.1 million has been categorized as urgent. Within the urgent category, 23.2 million, or 63 percent of that request, would be used to renovate or rehabilitate existing parks and fish and wildlife facilities to bring them into

environmental compliance, eliminate health and safety issues, repair roads, parking areas, and bridges within those recreational areas, and tackle the backlog of deferred maintenance.

While the above requests have been conveyed to the Chair and members of this Commission for your consideration and recommendation, we understand that the recommendations of the trust will weigh heavily on final decisions in this matter.

One of the key indicators that is reported on, as part of the Governor's Sustainable State Initiative, and in particular, the report that's put out each year on living with the future in mind, is beach and bay closings. The State's shoreline and quality of our ocean water are vital to New Jersey's economy. Accordingly, one of the Department's major initiatives for FY 2002 is to implement a coastal beach closure abatement program for Wreck Pond, which has the municipalities of Spring Lake and Sea Girt involved, as well as addressing storm water discharges to the coastal bathing areas in the Wildwoods.

Specifically, \$5 million is requested for dredging and the associated dredge material disposal of Wreck Pond, while 2 million is requested for a 100-foot extension of the Wreck Pond storm water pipe. In addition, 4.8 million is being requested for the feasibility, design, and construction of a storm water discharge system to abate beach closings in the Wildwoods. Both of these initiatives are essential to protecting ocean water quality and preventing beach closings through the utilization of storm water management alternatives.

One of the themes that will run throughout our request for Fiscal Year 2002 are the issues of sustainability of the State's natural resources, water quality, and stewardship of our lands. The New Jersey Environmental Infrastructure Financing program has proven to be a valuable asset to the State in terms of water quality protection. Earlier this month, project sponsors again had the opportunity to submit planning documents for consideration of 2001 financing. Eligible projects fall under the broad categories of wastewater treatment facilities, storm water and nonpoint source pollution, and water supply facilities, and specifically address such projects as those dealing with wastewater and drinking water treatment facilities, new water supply wells, combined sewer overflow problems, storm water management, landfill construction and closures, brownfields, streambank stabilization, and now, open space acquisition to protect water quality.

The New Jersey Environmental Infrastructure Financing program has entered its second decade. Since 1987, the trust and DEP have provided more than 1.8 billion in low-interest loans to finance clean water projects. Also, it has been estimated that New Jersey residents have saved nearly 500 million, or 30 percent, as a result of these low-cost loans. This year's financing, which closes on November 9, funds 27 county and municipal projects worth 138 million. The projects will address such problems as removing and replacing combined sewers, replacing collapsed and cracked sewer pipes, as well as the purchase of equipment necessary to increase sludge handling capacities. The 2001 financing program, which corresponds to our Fiscal 2002 request, currently includes 96 projects with a projected cost of \$600 million.

Earlier this year, the financing program and the Green Acres program began working on ways to maximize State funding for open space initiatives. Headwaters, stream corridors, wetlands, and aquifer recharge areas are among the types of land purchases that are eligible for financing. As the financing program does not have a cap on the amount of money a project sponsor can borrow, combining this tool with Green Acres funding may allow local units to acquire parcels faster than initially anticipated and free up funds for additional acquisitions.

In the area of water supply, the Federal Safe Drinking Water Act amendments of 1996 provided the State with the opportunity to leverage State loan funds to improve drinking water infrastructure facilities. We expect that 47.5 million in projects will be financed in November of this year. The current drinking water SRF priority list identifies 222 projects and a need of \$600 million. Our Fiscal Year 2002 capital request of 39.6 million for water supply represents the fifth year of financing under the Federal Drinking Water SRF program. As with the 79.2 million in Federal funds available from Fiscal Years 1997 to 2000, the Department plans to leverage these moneys through the Environmental Infrastructure Trust. The FY 2002 funding will utilize Federal Fiscal Year 2001 moneys and 3.6 million in 1981 water supply loan repayments to capitalize the project's financing.

New Jersey's shore protection program received a boost when the Governor signed a bill that increased dedicated funding for shore protection from 15 million to 25 million annually. That funding, coupled with Federal and local support, has been and will continue to be critical to the State's effort to protect this vital resource. For example, over the course of the past year

alone, some 3 million cubic yards of sand have been added to beaches in Avon, Bradley Beach, Ocean Grove, and Asbury Park.

Our FY 2002 capital request of 32.4 million for shore protection will be used for beachfill projects that cover such areas as Deal to Asbury Park, Absecon Island, Townsends Inlet to Cape May Inlet, and Long Beach Island. As in the past, our request for dedicated shore protection funds will be used in large part to leverage some 73.8 million in Federal funds.

The flood control projects contained in our request include both the deferred maintenance of culvert repairs/replacements and funding required as the State's match the Federal HR-6 projects. Specifically, some 14.6 million in State funds will leverage some 57.2 million in Federal funds. Major projects to be continued in the Fiscal Year 2002 budget include Green Brook, Poplar Brook, Ramapo River at Oakland, and Newton Creek.

Here, the Department's request again includes capital moneys to address needs at Bay Shore Floodgate. Specifically, 500,000 is being requested to address capital needs involving storm sewer outfalls.

In our dredging area, our FY 2002 request includes 5 million in capital moneys needed to maintain New Jersey's navigable channels and harbors. The funds will not only serve to eliminate the hazards of shoaling and the lack of regular routine maintenance dredging, but will also leverage an estimated \$4 million in Federal funds.

The Fiscal Year 2002 funding needs for site remediation include some 47.7 million in funds in order to continue ongoing projects, water line replacements, operation and maintenance, and closure of sanitary landfills. We also anticipate Federal participation in the Superfund program at a level

of \$30 million. Further, the Fiscal Year 2002 request includes the additional commitment of 20.9 million in CBT funding for underground storage tanks.

The availability of the dedicated CBT funds for cleanup has allowed the State to avoid the issuance of approximately \$133 million in bonds to date. This alone has already saved the State some \$231 million in interest, which would have otherwise been incurred if our cleanup efforts had continued to be funded through the traditional bonding method.

In addition to the above requests, I also want to call your attention to these items which are contained in our FY 2002 capital submission.

The Department has included 1.8 million in capital funding in order to upgrade our IT infrastructure by replacing switches and routers throughout our facilities, thus increasing by tenfold our ability to exchange data information. We have also requested through the Department of Treasury to consider a \$2.5 million request in order to upgrade the current wiring at our headquarters facility at 401 East State Street. Both of these initiatives are critical to our newly developed environmental management, or NJEMS System, as well as contributing to the Governor's goal of being the on-line State.

We are also requesting the continuation of 2.4 million from the Sanitary Landfill Fund for the roundup and disposal of tires. This initiative has taken on even greater importance, given the direct association between the fact that tires are a breeding ground for mosquitoes, and thus, a potential contributing factor to the West Nile Virus problem within the State. Accordingly, we seek your approval to utilize another 2.4 million to address the disposal of tires in FY 2002, an effort that we are initiating in the current year.

Requests on behalf of the Palisades Interstate Park Commission are included at a level of 5.1 million. Specifically, the Commission is requesting 3.4 million for recreational development, for such projects as the boat basin restoration, and \$1.7 million for road improvements on the Henry Hudson Drive, in terms of paving and drainage.

Equally important, our request for the State Mosquito Control Commission includes 150,000 for open marsh management and some 810,000 for the addition or replacement of equipment. The open marsh water management projects will eliminate mosquito populations that may transmit Eastern equine encephalitis, while also eliminating the need to apply pesticides to those sites that are managed. The equipment purchase will be used on other water management projects, which will eliminate breeding sites of mosquito species implicated in St. Louis encephalitis and West Nile Virus.

Thank you for your time. If there are any questions on our individual requests, the DEP staff members and I will be glad to answer them.

MS. MOLNAR: Thank you.

Any questions?

Mr. Rousseau.

MR. ROUSSEAU: As you guys know, Senator Kenny has always had an interest in Liberty State Park. Could you update us on the status of the terminal project with HVAC and everything that's going on today? I understand that a couple of weeks ago we had a JBOC meeting, and it was represented there may actually be some money left over from that project to do some other things in Jersey City. I was wondering -- because the project

came in under cost or because you've decided not to do certain things in the terminal building--

ASSISTANT COMMISSIONER CARI WILD:

Actually, we have not yet gone out to bid for the HVAC contract. So I'm not even able to tell you whether it would be under that or over the estimates for that project. We do expect to go out to bid in December, and we hope that construction will start in early spring. Certainly, it is our hope that the bids would come in lower than we estimated, and we could certainly look to putting money into other projects at Liberty State Park.

MR. ROUSSEAU: One more question. Is there any money anywhere in here for dam replacements?

ASSISTANT COMMISSIONER WILD: Yes. There's a number of requests for dam repairs.

MR. ROUSSEAU: And how much is that total?

ASSISTANT COMMISSIONER WILD: I think it's a little over \$4 million as part of this request. We've requested money to make repairs to the DEP State-owned dams that are categorized as high-hazard and significant hazards.

MR. ROUSSEAU: Okay. So this would be money for State-owned--

ASSISTANT COMMISSIONER WILD: For DEP-owned.

MR. ROUSSEAU: --DEP-owned dams. Okay.

ASSISTANT COMMISSIONER WILD: That's correct.

MR. ROUSSEAU: Thank you.

MS. MOLNAR: Any other questions?

Mr. Roth.

MR. ROTH: With respect to open space funding, have any acres been set aside at this point? And if not, what applications are in process?

ASSISTANT COMMISSIONER WILD: Yes, there are a number of acres that have been acquired and preserved with this funding over the past year and a half. We--

MR. ROTH: Do you know how many, more or less? Are we at roughly 10 percent of our goal since--

ASSISTANT COMMISSIONER WILD: We're on track to meet our goal. There's \$300,000 that we would hope to have preserved by the end of 2002. DEP is responsible for 150,000 acres of this 300. We are on track to meet those projections.

MR. ROTH: Good. Thank you.

I have a question for staff.

MS. MOLNAR: Sure.

MR. ROTH: I hate to sound like a broken record, but literally, every meeting now I will be pointing out that the recommendations do not really have cost impacts attached to them. There were 93 projects listed for the DEP, and only two of them had a cost impact statement related to it. And it's really important that we get some sort of a feel as to how much is going to be added or subtracted from the operating budgets, as a result of all these new projects going into place. And I think we should really be emphasizing the need for that as you're interviewing the departments and getting their requests.

Thank you.

MS. MOLNAR: Thank you.

Ms. Messenger.

MS. MESSENGER: You're requesting money related to the West Nile Virus -- I think 1.1 million -- and the Governor recently requested, I believe, 19 million from FEMA. If we receive the FEMA money, would that eliminate this request, or is this in addition to whatever--

ASSISTANT COMMISSIONER TUMINSKI: I don't believe it would eliminate the request. I believe the Governor's recent request to FEMA was based on reimbursements to the State for their expenditures, as well as to counties for expenditures.

MS. MESSENGER: Okay. Thanks.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Good morning, Ron.

Just two questions. One which -- getting back to Dave's question on the dams-- As you may know, we have a situation where we have a request from you for about 4.5. We have a piece of language that may provide up to something like \$10 million from the Hurricane Floyd moneys left over. My question is, is there a way to get a context against the State-owned dams, whether they're owned by DEP or not, how much inroads you make toward the repairs that are needed for the high-hazard subset given those two pots of money? Because this seems to suggest that 4.5 addresses about 18 dams of the 91 that you seem to own. There's a bigger question here, I guess, about the State-owned dams, in general, that are in need of repair, and we have two pots of money. So we're trying to get a sense of context.

ASSISTANT COMMISSIONER WILD: Well, it's been confirmed that there is approximately \$10 million left from tropical storm

moneys. We haven't received transfer of those funds yet. We've been asked to start to think about making recommendations towards that \$10 million. We were given \$9.5 million last year, both for high-hazard dam repairs and tropical storms damaged dam repairs, and worked off a list that DEP has in awarding funding in those two categories of dams. The State projects did not rank high enough on a list of high-hazard dams to be eligible for any funding. It's not clear whether we would take that same approach with respect to the distribution of this \$10 million or not. So I don't know that any of the \$10 million will be available for DEP-owned dams at this point. This \$4.5 million package again gets at -- repair of DEP-owned, high-hazard, significant-hazard dams. There's also a number of low-hazard dams that are in need of repair. No real rough numbers. We might be looking at about \$12 million in repairs to all low DEP State-owned dams.

Did that answer your question?

MR. BRUNE: In part. I guess-- I'm not sure. Maybe again, I would ask John, as I'm not sure if we were in receipt of something like what I was describing, which is, as you go through the process we're about to do in the budget process, whether we have something that gives you context of the bigger question of not only DEP's State-owned dams, but the State-owned dams in general, some kind of categorization of which ones need the most immediate work. And I'm wondering whether we should ask for that here or--

MR. GENIESSE: Yes. I think we should ask for that. I think the Department does have a ranking--

ASSISTANT COMMISSIONER WILD: Yes.

MR. GENIESSE: --of the various categories.

MR. BRUNE: It would just be helpful--

ASSISTANT COMMISSIONER WILD: Not a problem.

MR. GENIESSE: --to gauge the sense of--

The other question I had -- maybe for Ron -- there's a reference here to the wiring in the headquarters building, and obviously, we've invested a fair amount of money, at this point, in technology. Could you just help us with the need -- having put the systems in place, the need for the wiring, in general, for both the NJEMS projects and the other stuff you've done.

ASSISTANT COMMISSIONER TUMINSKI: The two specific requests were 1.8 million for switches within the facilities and 2.5 million for wiring within the facility. It's correct that there's been a significant investment made through the Governor's budget in initiating building and developing and putting in place a new environmental data system within DEP, the Environmental Management System, NJEMS. What we have found, though, as we're bringing that system on-line, that the wiring capabilities in the existing 401 facility are at a low level in terms of technology. And we were discussing with the Department of Treasury having a, perhaps, consultant come in and look at the facility to upgrade the wiring to what's considered Cat 5 or Cat 6 level. It's basically one of putting data through the terminologies through the pipeline.

Given that the new system is there and a lot of our submissions to the Department, whether they be enforcement information now, admission statements for companies in the regulated communities, or even applications for air permits, are now coming in electronically. That electronic way of doing business now, both to receive, to review, and then sending back approved

permits out of our system, puts a heavy burden on the infrastructure, including our switches and wiring within that building.

MR. BRUNE: So is it fair to say, Ron, that this is kind of setting us up for the growth you expect in the electronic data interchange so we'd be able to handle what's about to come in?

ASSISTANT COMMISSIONER TUMINSKI: I think the growth is hitting us already. We do have a number of electronic submissions now, and we're very successful at that. We have a number of E-government initiatives also, Web-enabled initiatives for the regulated community. We're going to bring on other ones that benefit the citizens in the next few months. And the infrastructure in the building, it's a matter of sending all that data through really outdated wiring and switches to the desktop and also to pump the data back out to industry or to citizens.

MR. BRUNE: Thanks.

MS. VILLANE: I have a question.

MS. MOLNAR: Maggie.

MS. VILLANE: Ron, rather than ask Treasury for money to hire a consultant, can you use the services of the Office of Information Technology?

ASSISTANT COMMISSIONER TUMINSKI: In our discussion with Treasury, we certainly put the option -- and in fact, they mentioned to us in our meeting the other day on our building that they would be approaching OIT to see whether they had resources available to do that. So we don't have a preference. We would just like from either resource -- resources made available to take a look at the structure.

MS. MOLNAR: Any questions?

John.

MR. GENIESSE: Ron, the kind of supplemental capital request we received this week, which, I guess, totals about 14 million--

ASSISTANT COMMISSIONER TUMINSKI: Right.

MR. GENIESSE: --and I know this has kind of integrated into the operating requests which was made for 2002, as well, we received this week-- In the context of the Department's total request, should the Commission now consider this to be a high priority to the departments under request?

ASSISTANT COMMISSIONER TUMINSKI: Yes. They are clearly-- You're correct. We added a total of 14.2 million over our initial request: 11.8 of that was for the beach closure abatement program; 2.4 was for the sanitary landfill. We have been considering those requests as part of the development of our overall planning document for Fiscal Year 2002. And when deciding and arriving at the high priority of those items, we also realized that they probably fit better into the capital requests than the operating budget requests, but they are high priorities for the Department.

MR. GENIESSE: Thank you.

MS. VILLANE: I have a question.

MS. MOLNAR: Yes. Maggie.

MS. VILLANE: How many beach closings did you have last summer?

ASSISTANT COMMISSIONER TUMINSKI: Excuse me?

MS. VILLANE: How many beach closings did you have this past summer?

ASSISTANT COMMISSIONER TUMINSKI: I don't have with me the exacts for the past summer. I was looking at the chart here (indicating), that for 1998. But for the past summer, I don't have the statistics with me. I'd be glad to get them back to you.

MS. VILLANE: Would you please?

MS. MOLNAR: Any other questions or comments? (no response)

If not, I want to thank you for your presentation.

We're taking the agenda a little bit out of order. The next department we will do is the Department of Agriculture. I'd like to welcome Secretary Brown. Okay.

SECRETARY ARTHUR R. BROWN JR.: Good morning.

Is that on? (referring to PA microphone)

MS. MOLNAR: Yes.

SECRETARY BROWN: Chairwoman Molnar and Commission members, it's certainly a pleasure for us to be here again. I want to thank you for the opportunity to appear before you today to present the Department of Agriculture's capital budget request for FY 2002. We are distributing a little memento. It's a dairy cow from the Garden State, and we hope you keep agriculture in your minds as you're reviewing our capital budget requests -- so keep this right up front on your desk.

MS. MOLNAR: Is that a Jersey cow?

SECRETARY BROWN: It's whatever you want to call it, because they're all different colors. (laughter)

With me today, I have Jack Gallagher, who is the Division Director of Administration for the Department. I also have a number of my staff here to answer any questions you may have as we proceed through the program.

As you know, my Department works very closely with all segments of the Garden State's multibillion dollar food and agriculture industry. The projects in our Fiscal Year 2002 capital request provide the program support necessary to continue some important services to several facets of this very diverse industry.

My first request for FY '02 funding is for \$50,000 for continuation of a project already under way, thanks to the Commission's approval last year. There's a couple of little mistakes in your copy, but I corrected them in mine. The project involves replacement of one of two cooling towers at the Phillip Alampi Beneficial Insect Laboratory in Ewing. This facility is where we raise insects that control harmful agricultural, forest, and other weed and insect pests without becoming pests themselves.

Many beneficial insects are unable to withstand New Jersey's cold winters and establish themselves as pest predators. Therefore, at the Beneficial Insect Lab, we must maintain reproductive colonies from which to produce the insects year after year. The success of our mass production efforts depends on precise temperature and humidity control. High outdoor temperatures require both cooling towers to be in operation in order to maintain precise temperature control inside the laboratory. If either of the cooling towers should fail during our hot summers, years of work could be lost. Replacement of the boiler and one of these cooling towers has begun, but we need your approval to fund replacement of the second tower in Fiscal Year 2002.

My second Fiscal Year 2002 request is for \$80,000 for the design, acquisition, and installation of a 28-foot by 54-foot double-wide educational trailer/classroom at the Horse Park of New Jersey at Stone Tavern in Monmouth County. In addition to serving as a venue for horse shows and competitions, the Horse Park hosts a variety of educational activities during the year. Unfortunately, the Park must rely on tents to provide shelter for many of these educational activities. The tents offer little relief from the elements, making them impractical during the winter months, and in fact, during severe weather, the tents actually pose a safety risk to the participants.

The double-wide trailer I am requesting funding for today would be nearly turnkey when acquired and would contain handicapped-accessible restrooms, as well as interior features compatible with a classroom setting. The trailer would provide a safe, modern, and efficient setting for educational events on a year-round basis.

My next request is for \$575,000 to build a structure attached to the covered work area now under construction at the New Jersey Horse Park. The addition of this 40-foot by 200-foot enclosed structure significantly alters the covered work areas used as defined in the BOCA Code. Because it will provide retractable bleachers suitable for spectator seating, as well as floor space for vendors and educational uses, we are required to include a very specific kind of fire suppression system.

My fourth capital budget request is for \$200,000 for replacement of the glass greenhouse attached to the laboratory building at the health/agriculture complex. Constructed well over 30 years ago, this greenhouse cannot resume a productive role for the Department's plant

industry regulatory and diagnostic efforts without major renovation. The temperature controls are obsolete and malfunctioning and must be replaced. The lighting must be upgraded. The shading and ventilator controls can no longer be repaired. Since glass greenhouses are not as efficient as their modern plastic counterparts, we propose demolition of the existing structure rather than costly repairs and construction of a new greenhouse on the same site. With a new facility, our Department will be able to offer a broader array of plant disease testing services, expand our varietal identification service to growers, and test pasture grasses for endophytes, a fungus which can be toxic to grazing farm animals.

Lastly, while I'm not requesting funding for specific improvements to the Horse Park at this time, other than the two I've included in this year's request, I am seeking your support for further development of the Park as outlined in its master plan. This would include the future construction of a 2500-seat indoor arena, as well as a second access road to support the indoor arena's activities. These future plans, to be initiated in FY 2003, assuming funding becomes available, would provide the necessary facilities at the Park to help it realize its fullest potential.

Madam Chairwoman, that concludes my Fiscal Year 2002 capital budget request, but I also would like to make one other comment.

In November, the Department of Health and Senior Services will offer testimony before this Commission requesting support for the construction of a state-of-the-art laboratory facility. As you are aware, this request is a result of a detailed consultant study designed to assess the feasibility, size, and cost of a new laboratory for our respective departments.

We have been working with the Department of Health and Senior Services and the consultant to produce a report which documents all aspects of designing a facility which would address all of our essential laboratory needs. The deterioration and health and safety concerns of our current laboratory facility are thoroughly documented. For New Jersey, we feel the time is now at hand to provide its citizens with a facility appropriate to meet the current demands of both the public health and agricultural constituencies.

When Commissioner Grant presents this proposal to the Commission, I ask for your full support. As leaders in the field of laboratory sciences, this support will be critical to the Governor's mission to protect the public health of our citizens and all of its valuable animal and plant resources.

Certainly, as I said, I have several key members with me to help answer any questions, and thank you for your time.

MS. MOLNAR: Thank you.

I just had one question.

On your proposed out-year \$10 million indoor arena, I believe you were investigating the possibility of some private funding. Have you found any or some possibility?

SECRETARY BROWN: We're still investigating. It's difficult to come up with private funding. But with the money that we received last year to put up a covered work area -- is almost three-quarters done. As far as the building itself, the structure is up, the siding is being put up, and the roof is now being put on. And then, we're going to come up shy, and we're looking for private funding to pick up some of the added accessories that we need to complete this building. A million dollars did not cover it, because the cost

came in a little bit higher than what expected. So, yes, we're still investigating, but we don't have a lot of private funding at this point in time. But we do have a great demand for the facility. We have one of the -- a very, very nice horse show at the Park this weekend, starting today, and the dressage show. If anybody wants to come out and see some of the best horses in the Northeast, come on out, because we've got representatives from all the way down in Virginia. It's going to be fully used this weekend and every weekend from now on. It was used all summer, and it will be used up until it freezes.

So we need the indoor facility. The work area is going to be fine as an interim, but eventually, to carry on a full 12-month program, it's going to be needed.

MS. MOLNAR: Terrific. Thanks.

Any questions from staff?

Mary.

MS. MESSENGER: Good morning, Mr. Secretary

SECRETARY BROWN: Good morning, Mary.

MS. MESSENGER: One quick question on the lab. I know it's not your project, really, but if the lab were to go forward and construct a new one, would that have any impact on the greenhouse project, since the greenhouse is connected to the old lab?

SECRETARY BROWN: No. No. That wouldn't have any-- I would think that they're going to convert the old lab into office space. Therefore, they would not destroy the laboratory, so that would continue to be there. The laboratory's facilities, where we do a lot of the diagnostic work, would be part of that new laboratory project.

MS. MESSENGER: Okay.

MS. MOLNAR: Any questions?

Maggie.

MS. VILLANE: Your greenhouse, did you think about doing a prefab, or is this from the ground up?

SECRETARY BROWN: Well, we're going to demolish the old one, and we have a foundation. There's already a concrete foundation. So we would just-- It would be the same size. It would just be a-- They have packaged production units, and it's not really a problem. They're very available, and they fit the needs of what we want.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Mr. Secretary, good morning.

SECRETARY BROWN: Good morning.

MR. BRUNE: Just a quick question. In the cost benefit sense, since both the cooling tower and the greenhouse are approaching, or if not, 20 years old, is it fair to assume that there's some type of operating savings, if we were to replace one or both, that is somewhat significant?

SECRETARY BROWN: The major operating savings would be if one of them went out during a period of hot weather and we lost all of our work that we've been utilizing for the last several years. That would be the major savings. Of course, maybe the newer equipment may be more efficient, also. I would think it probably is.

MR. BRUNE: But is there -- I don't know, Jack, if you have a sense -- you probably don't have it sitting here -- but is there something you

can send to us just to indicate the kind of maintenance that's going into these facilities, because presumably, they're getting old.

JOHN J. GALLAGHER JR.: That's essentially the problem, Gary, that the cooling tower, and they're absolutely needed. And the Secretary is absolutely correct. It's critical that they both be in top form. Clearly, their upgrading will make them not only more functional, more reliable. There may be savings, due to efficiency, but we don't have a handle on what that number might be.

MR. BRUNE: Thanks.

MS. MOLNAR: Any other questions or comments? (no response)
If not, I would like to thank you, Secretary Brown, for coming today.

SECRETARY BROWN: Okay. Thank you very much. Just because our request was so small, don't feel it insignificant. Thank you very much.

MS. MOLNAR: Thank you.

Our next department is the Department of Corrections. I'd like to welcome Susan Maurer.

Good morning.

A S S T. C O M M I S S I O N E R S U S A N L. M A U R E R:

Good morning.

Are we on? Is that on? (referring to PA microphone)

MS. MOLNAR: No.

MR. GENIESSE: Is the red light on?

ASSISTANT COMMISSIONER MAURER: Is that on?

MS. MOLNAR: Yes.

MR. GENIESSE: Yes.

ASSISTANT COMMISSIONER MAURER: Good morning.

We certainly appreciate the opportunity to appear before you today on behalf of the Department of Corrections and Commissioner Terhune, who had a significant prior engagement. Here with me today, I have Mr. Dick Waldis, who is the Director of the Division of Fiscal Management, and Jeff Burns, who is the Assistant Commissioner for Operations, as well as several staff members. So we're very pleased to be here and would like to answer any questions you might have about the capital budget submission which was presented to you.

I think you are all very much aware of the kind of work that Corrections is engaged in. We have 14 adult facilities, as well as a central reception and assignment facility and a special treatment unit. We have a burgeoning population, as well as significant shortages of space throughout the institutional area. We are trying very hard to take a three-pronged approach to meeting our capital needs through expansion of new bed spaces, maintenance of existing infrastructure so we make sure that we can keep the spaces that we have, as well as trying to augment and improve our administrative spaces, such as kitchen facilities, infirmaries, and things like that. So we're embarked on a major program to enhance and improve the facilities we have, as well as to embark on a program of capital expansion.

Pleased to answer any questions you have.

MS. MOLNAR: I had one question. I believe this Commission, a couple of years ago, asked about the Rahway -- I should say Avenel -- facility. I don't know the correct title. This is the actual prison. What's it called?

ASSISTANT COMMISSIONER MAURER: There's East Jersey.

MS. MOLNAR: East Jersey, okay.

ASSISTANT COMMISSIONER MAURER: It used to be Rahway.

MS. MOLNAR: Yes. It's not really in Rahway. It's in Avenel.

Anyway, we had questioned the status of it, because we did get a tour of it. It is aging, and we were told a master plan was being developed, etc. Is there an update on the status of this East Jersey Prison?

ASSISTANT COMMISSIONER MAURER: At this time, we have no plans to replace the facility, and we are embarking on some improvements and refurbishing of that, including a project that relates to the dome. That's the current status. We are just continuing on the course as it is today.

MS. MOLNAR: Thank you.

Maggie.

MS. VILLANE: Can you tell me about the capacity at South Woods?

ASSISTANT COMMISSIONER MAURER: It is a 3000-plus-bed facility, and I can tell you that, as of today, the population at South Woods is 3336. That's the newest facility. There are three-- It's kind of a three-in-one, where there are three separate and distinct units that all are encompassed by the one facility.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Sue, good morning.

ASSISTANT COMMISSIONER MAURER: Hi, Gary. How are you?

MR. BRUNE: Good.

Two questions for you, one of which is the new 352-bed dormitory unit.

ASSISTANT COMMISSIONER MAURER: Yes.

MR. BRUNE: Can you give a sense of when that would come on and the operating -- if you know of the operating impact?

ASSISTANT COMMISSIONER MAURER: The operating costs impact?

MR. BRUNE: Yes.

ASSISTANT COMMISSIONER MAURER: Because we don't have it cited where -- we really don't have definite kinds of numbers, but the average cost per inmate is generally considered to be 26,000. So, if you have approximately 352, we're looking at about \$9 million in operating costs. We generally use, as a rule of thumb, a facility coming on-line within 18 months of the time that the shovel goes in the ground. So, if we were funded in '02 and can get the design, construction work beginning in '02, then it would come off 18 months hence.

MR. BRUNE: Okay.

Just one other question. Not to stick this with the ranking, but there is a couple of projects, one of which, I think, is ranked 25, that seems to have safety aspects associated with it. It has to do with a locking -- replacing the locking systems which are evidently antiquated. It's about 1.5 million. I'm

just curious as to why we would rank something that seems to be safety related so low.

ASSISTANT COMMISSIONER MAURER: Yes. The locking system at Bayside. I'm going to ask Mr. Burns to comment on that.

ASSISTANT COMMISSIONER JEFFREY J. BURNS: Good morning. The locking system is operational, but it keeps breaking down. It requires constant repair. So this project is to replace this mechanical system, if you would, with a pneumatic system. That's the new state-of-the-art design, a rather elaborate process, but it's actually a very simple air system that would operate these systems rather than levers moving up and down. So that's really what this is about. It's working fine, but it's very staff intensive. The locksmith -- we have a busy locksmith in that facility. So this is a plan to get that modernized and upgraded.

MR. BRUNE: My only question is, from the description, in pecking order, why it's so low?

ASSISTANT COMMISSIONER BURNS: Why is it so low?

ASSISTANT COMMISSIONER MAURER: Plus, I think, if I might add to that, Jeff-- I think that we would all agree that the Department has innumerable No. 1 priorities, and that at some point you must make decisions in terms of where they would fall. We tried very hard to develop a process this year that brought all of the institutions into the mix that have been -- talk about their No. 1, 2, 3 priorities. And in fact, it comes down to how you split the baby. These are all important things, and we need to address all of them.

MR. BRUNE: Thanks.

MS. MOLNAR: Maggie.

MS. VILLANE: With relationship to Gary's question, you have road repairs as Priority No. 8 and locking mechanisms as Priority 25.

ASSISTANT COMMISSIONER MAURER: I think, as Mr. Burns indicated, the locking system, Maggie, is in fact operable, and it's a matter of just being fairly labor intensive. The road repairs involve the maximum security perimeter at Edna Mahan. It's very important to be able to navigate the perimeter and to be able to get vehicles in and around.

MS. VILLANE: Well, if the locks work, then you don't have to worry about who's getting out.

ASSISTANT COMMISSIONER MAURER: They do. They are working. Believe me, they are working, and they are working well. This is an attempt to upgrade and to bring in something that's less labor intense.

Jeff, anything you'd like add to that.

ASSISTANT COMMISSIONER BURNS: No. I think that says it. They are working today. We make sure that those things are operational, but--

MS. VILLANE: And your locksmith lives at the facility, right? (laughter) He just doesn't have a number, but he lives there.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: First, just as a follow up on that. I think what the Commission's concern is, is that your description of it says, "The facility has been experiencing continuous breakdowns and malfunctions." Now, you're -- in essence, I think you're telling us that, no, that isn't the case. I'm sure that's what Gary was referring to when he was reading the description of

it, and I went back and looked at it, too. The way you have described this project, you would think that it would be a lot higher up. It says, "If the facility cannot lock down the inmate population, the safety and staff of its inmates is at risk." And as Maggie said, you have road repairs-- Two things before that, you have changes to administration buildings and things like that. It just seems that this should be a higher priority, but you can address that.

The 352 beds, is that going to be all in one facility, a new facility, or is it going to be throughout the system?

ASSISTANT COMMISSIONER MAURER: No. The 352-bed is a single facility. It would be a minimum-custody facility. There's a prototype of that, which is one of the units that we have at South Woods State Prison. And our plan is to bring on a series of those single, 352-bed facilities over, of course, a number of years.

MR. ROUSSEAU: Do you plan on siting them at existing Department of Corrections facilities?

ASSISTANT COMMISSIONER MAURER: Yes. That's correct. We are planning to decide which is, or which would be, the best location for those, and they would be on the same site as existing facilities.

MR. ROUSSEAU: Now, would these be housing additional prisoners at that facility, or would it be eliminated double-bunking and things like that at those facilities?

ASSISTANT COMMISSIONER MAURER: The plan, at this point, is to house the additional facilities as part of the plan to provide housing for what we anticipate to be the inmate increase over the next few years.

MR. ROUSSEAU: So, in other words, if you put it somewhere that currently has a population of 1000, this would bring it up to a population of 1352. It's not that you're going to eliminate double-bunking and things like that?

ASSISTANT COMMISSIONER MAURER: That's correct.

MR. ROUSSEAU: Nowhere in your list here, and I think it probably should be -- is the Department's No. 1 priority -- nowhere in here do I see any money for the new sex offender unit that this Department has now decided will be at Avenel. What is the status of that, and why aren't you requesting the, I guess, estimated \$40 million for the cost of this at this time?

ASSISTANT COMMISSIONER MAURER: It's simply because there are still discussions going on with Treasury in terms of what is the best funding source for that. So, at this point, it is still in discussion, and they are still going through the reviews to determine how best to request it.

MR. ROUSSEAU: Okay. Thank you.

And what's the time frame right now for getting the facility up and running? Senator Kenny represents Hudson County and has always been trying to get the temporary facility out of Kearny to wherever its permanent site is going to be. I think last year at this time he asked a question about when will they be out of Kearny and, as you know, we all know what's happened in that. But what is the time frame, right now, for actually starting construction in--

ASSISTANT COMMISSIONER MAURER: Well, right now, they are, in fact, in the process of doing the engineering and design work on the site in Woodbridge.

So Mr. Burns, do you have a better handle on that, or perhaps one of the construction staff?

ASSISTANT COMMISSIONER BURNS: Maybe Gerry -- let me ask Mr. Kennedy to help with this answer.

GERALD KENNEDY: Good morning. I'm Gerry Kennedy from the Construction Unit. Currently, we're doing a study on the soil investigations on the ADTC site to select the better of the sites there. The design will be approximately another nine months and then 18 months construction.

MR. ROUSSEAU: And you--

MR. KENNEDY: It's a design-build project, so it will be running consecutively.

MR. ROUSSEAU: You mentioned that they still haven't decided on how this is going to be funded. What are the options out there? And are you still considering using the Building Authority as it was originally proposed, or--

ASSISTANT COMMISSIONER MAURER: I think whatever options would be available are, in fact, in the mix. So it is one, the other, or a combination thereof, and I'm just not sure.

MR. ROUSSEAU: When will you be prepared to either come to the Legislature or this Commission with what you're-- What's the time frame for coming up with the finances for this right now, so then you can then start the construction?

ASSISTANT COMMISSIONER MAURER: Those discussions are ongoing, and it would be just a matter of a very limited amount of time before we're back to talk to you about that.

MR. ROUSSEAU: Because, I mean, you realize that if you decide to still use the Building Authority, the Building Authority has to go through its entire process all over again.

ASSISTANT COMMISSIONER MAURER: Absolutely.

MR. ROUSSEAU: Because it's a significant change from the project that they -- you know, a \$20 million project into 40, I think people will agree, is a significant change. And they can't use their resolution that they had previously done.

ASSISTANT COMMISSIONER MAURER: Absolutely. I believe that's all why that it is still in the process of--

MR. ROUSSEAU: Are we talking about two months, three months, two weeks, six months?

ASSISTANT COMMISSIONER MAURER: I'm afraid I really couldn't give you a time at this point other than we're moving forward with it quickly.

MR. ROUSSEAU: Where are you using the money from right now for preliminary-- Where do you have the legislative authorization or any authorization to do the preliminary work at Avenel for this facility if it's never been approved by anybody, by either this Commission or the Legislature? Where is your authorization for doing the preliminary site design and those types of things?

ASSISTANT COMMISSIONER MAURER: We're using existing balances of some other completed projects as a minor tract to go forward with, so we can continue to move it forward to get the building up as quickly as we can.

MR. ROUSSEAU: Okay. Thank you.

ASSISTANT COMMISSIONER MAURER: Thank you.

MS. VILLANE: I have a question on that.

MS. MOLNAR: Sure. Maggie has a follow-up.

MS. VILLANE: Do you have balances from other projects, is that how you're doing this?

ASSISTANT COMMISSIONER MAURER: We're not doing the project. It just gives us some up-front money to begin the very cursory initial--

MS. VILLANE: Is that money with the Department of Treasury, with the Office of the Property Management and Construction, or is just the Department of Corrections deciding that there's balances left over from other projects, and we're going to use it for this?

ASSISTANT COMMISSIONER MAURER: The dollars are with the Department of Corrections, and they're forwarded to Treasury so that we can begin the process.

MS. VILLANE: The Department of Treasury, with their Property Management and Construction Division, does your construction, correct? They did your South Woods?

ASSISTANT COMMISSIONER MAURER: That's correct.

MS. VILLANE: So the money really belongs to the Department of the Treasury for them to decide where the balances go? Yes, that's true.

ASSISTANT COMMISSIONER MAURER: We fully cooperate and work with them at every step of the way. That is absolutely true. There's no embarkation on a particular project or tact without thoroughly involving and coordinating with the Department of Treasury.

MS. VILLANE: And the Department of Treasury authorized the expenditures of those dollars for this project -- for this preliminary process?

ASSISTANT COMMISSIONER MAURER: That's correct.

MS. VILLANE: They have?

ASSISTANT COMMISSIONER MAURER: That's correct.

MS. MOLNAR: Mary.

MS. MESSENGER: I have two questions. One is on the first project of perimeter security enhancements. Does that in any way involve eliminating towers and/or staffing of towers?

ASSISTANT COMMISSIONER MAURER: No, it does not.

MS. MESSENGER: The second question is a more general question. Obviously, this is a capital intensive department, and we always seem to be playing not even catch-up, but trying to catch up. Does the Department have a master plan on capital to deal with the current population and the expected population in, say, like in the next five or ten years?

ASSISTANT COMMISSIONER MAURER: What we have done is to try to look at all of the current institutional needs, what the infrastructure problems are, what the shortages in administrative space in terms of the infirmaries and the kitchens and those things that would be needed to handle an increase in the population, as well as what do we project our population needs to be and the increase to be over the next few years. That is really reflected in the plan to bring on the new 352-bed facility as we have laid out for you, as well as making some of the major repairs to the existing facilities. To that extent, it is a planful approach.

MS. MESSENGER: Do you have an actual master plan, and are you required to have a master plan?

ASSISTANT COMMISSIONER MAURER: No, we are not.

MS. MESSENGER: You're not required then. You don't have an actual-- You have a kind of, as we go along.

ASSISTANT COMMISSIONER MAURER: Well, I wouldn't like to characterize it as that, actually, because we have a list of and a booklet that says these are our anticipated needs over the next few years, which was compiled by our capital planning staff with our capital operations staff--

MS. MESSENGER: Okay.

ASSISTANT COMMISSIONER MAURER: --and all of the engineers in charge of maintenance at each one of the facilities.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: One quick follow-up. Are you talking about one new 352-dormitory facility, or are you talking about potentially more than one?

ASSISTANT COMMISSIONER MAURER: We're talking about potentially more than one. As a matter of fact, there is funding in place now for, through accommodation of Federal funds and through the State for two 352-bed minimum facilities. This would be the third.

MR. ROUSSEAU: Okay. Thank you.

MS. MOLNAR: Any other questions or comments? (no response)

If not, I'd like to thank you for your presentation.

ASSISTANT COMMISSIONER MAURER: Thank you very much.

MS. MOLNAR: Our next department is Department of Treasury, Office of Information Technology. I'd like to welcome Kathy Krepcio, Chief of Staff.

Good morning.

KATHERINE KREPCIO: Good morning.

Thank you, Madam Chair and members of the Commission. As Chief of Staff of the New Jersey Office of Information Technology, I appreciate this opportunity to present our proposed capital budget for Fiscal Year 2002 and to thank you for your support in the past. Your generous support of capital funding has enabled OIT to meet the information technology needs of its customer State agencies and ultimately New Jersey citizens, while keeping operating expenses under control.

With me today are other key managers of OIT that I'd like to introduce. To my far right is Mark Carroll, Director of our Fiscal Services. To my immediate right is Tim Tingo, who is Director of Network Infrastructure and Telecommunications Services. To my far left is Jerry Apoldite, who is the Director of our Production Services. To my middle right, I guess, is Paul Haverkamp, Director of Administration. And to immediate left is Odysseus Marcopolus, Director of our E-government Services.

MR. ROTH: Excuse me, Madam Chair.

Could you please make sure your microphone is on?

MS. KREPCIO: Is it on? Is that on? (referring to PA microphone) Okay, I'm sorry. I thought I had a loud enough voice, but--

We are here today to answer any questions which you may have and provide a clear picture of our funding requests. Over the past several

years, your support of our capital requests has allowed us to put in place the infrastructure needed to spur progress toward E-government for the State of New Jersey. For this, we thank you. This funding has enabled OIT to modernize the Garden State Network, thus providing faster response times and more reliable access to the Internet to our constituents, government officials, and our State workforce; to install current technology computer processing systems, including ample disk and tape storage; to install more efficient and faster printers, allowing us to handle the enormous increase in processing demands, as well as provide better quality output; and to start the construction of a desperately needed loading dock and increased warehouse space at our HUB Data Center, located on the State Police campus.

As you review the booklets we have provided to you (indicating booklets), you'll see photos of the groundbreaking ceremony at the HUB, construction activities started this past August, pictures of our upgraded computer systems, and shots of new networking equipment. Also, as you look around, you'll see a schema showing the current disposition of network resources, and another one depicting how the network will look in the future, additional photographs of new systems and equipment, and a layout in blueprint of the HUB construction. This is provided to help visualize where our capital funding has been spent and how these funds are being used to support the continually increasing demands for information technology services from all levels and branches of government and as well as from our citizens.

For 2002, you may have noticed that we have scaled back our request from previous years. This is certainly not due to a reduction in need,

but instead is primarily due to two major factors: near completion of mainframe computer upgrade payments to IBM, which were spread out over four years, and support from the Office of Management and Budget to use alternative enterprise funds to procure essential items not supported by the Administration in our 2001 capital request. We certainly are grateful for those funds.

For 2002, our request totals 7.85 million and is broken into six basic categories. First is the Garden State Network infrastructure expansion of 3.75. That's our wide area network. Over the past several years, State agencies and citizens have dramatically increased their use of the network. In response, OIT has made great strides to keep up with the demand by increasing bandwidth, providing technical support to agencies to manage their network use, and by ensuring that vital communications lines and equipment, such as switches, front-end processors, and routers, are upgraded and thus reliable. What we call expansion is really just keeping up with growing business demand. This funding request is being made to continue the State's investment in strengthening the Garden State Network and ensure its continued viability and reliability.

Another request is \$1 million for our HUB facility upgrade. It's certainly evident to us that New Jersey's successful transition to E-government requires a strong and progressive computing environment for State information processing. In an effort to support a new server farm and to ensure that New Jersey has a state-of-the-art data center to support the on-line State, funding is being requested to undertake some physical renovations at a facility on the State Police campus. These funds are to support necessary health and safety

renovations to our data processing facility, as well as put in place the physical infrastructure needed to prepare for a server farm.

Another request is an automated document factory for \$1.2 million. At present, our OIT production efforts are mostly manual, with manual logs and forms being used to support the thousands of print jobs that our customers request. Today, the document production environment is becoming more complex, with State agencies requesting faster and higher quality printing, as well as output in media other than paper, such as E-mail, CD-ROM, and file transfer. Meeting service demands requires that OIT automate the production environment. An automated document factory will help OIT manage the process of creating and delivering mission-critical documents using state-of-the-art factory production techniques.

Another request is for a video bridging system of \$400,000. This initiative provides telecommunications equipment to be located at OIT, which enables State agencies to enhance current video conferencing functionality. With a small investment of funds for this bridging system, State agencies will be able to automatically connect to any other video conferencing facility and thus better integrate and coordinate their efforts. Overall, New Jersey will be able to realize a cost avoidance since it will eliminate the need for future spending for similar operations at multiple agency locations.

Another request is for a statewide voice mail expansion of 700,000. Several State agencies have older archaic voice mail systems that are not compatible with Sonja, the State's current technology voice mail system. The requested dollars will help OIT meet the growing demand from State

agencies for voice mail, as well as replace the older systems with voice mail systems compatible with Sonja.

Our final request is for an automated cartridge purchase of \$800,000. Presently, OIT maintains automated cartridge systems that are a vital part of our computer processing storage system. I actually think there's a photograph of one of those in your booklet. Effective January 2002, the manufacturer of this system is discontinuing its technical support and maintenance of the current product. This funding request will pay for an upgrade of the current system to the next level device, as well as provide faster processing speeds.

This concludes my formal summary of our request. As you can see from the materials we provided and the displays in the room, OIT is making good use of the very valuable capital funds which you provided us in the past. Our expectation is that the capital investments of the past, and those being requested today, will prove to be a solid foundation for the systems and networks needed tomorrow to support New Jersey's accelerating E-government efforts.

Thank you, Madam Chair and Commission members, and we'll be happy to answer any questions.

MS. MOLNAR: Thank you.

Any questions or comments from the Commission members?

Mr. Brune.

MR. BRUNE: Kathy, good morning.

Just two quick questions, one of which is implied in a number of these projects, it would seem, whether they be server farms or in the third

priority automated document factory. There's a discussion about a manual process converting to an automated one. Clearly implied in there is some operating savings, whether they be in your budget or someone else's. Has anyone looked at that aspect of these projects?

MS. KREPCIO: Certainly. I mean, we haven't really put the numbers together, but right now we're engaging in a very serious, what's called, business process reengineering effort. And one of our focal points is in our production area. The document factory will certainly add value to that. It's almost embarrassing that the Office of Information Technology relies on a lot of manual forms, manual processing. We should be fully automated, but you really need to reengineer your processes before you automate them. So we do foresee significant savings. I would imagine when we start to automate-- We've already started to automate some of our processes without the document factory, and it's increased our productivity a lot. We're going to be crunching the numbers soon with that.

MR. BRUNE: It is fair to say you've done the engineering, for instance, on No. 3 here already. Because at this point, you're asking for the money to automate the document factory. You're describing a manual process. Is it fair to say you've already done the reengineering work?

MS. KREPCIO: Well, you know what? Our reengineering work is being done process by process. And in fact, we have an individual on board who is a director of Business Process Improvement. She's taken a look, as well as some folks we've hired from AT&T and Lucent to look at our process. So we've done a lot of the reengineering. Let's put it this way. We've looked at our processes, and we know what we need to change and we know what we

need to automate. And the document factory will certainly help us take that next step.

One of the things we don't have-- As you know, we do a lot of printing. We're really trying to move a lot of the State agencies off of printing and put things on-line or do things in another way, like CD-ROM or file transfer E-mail. We don't have the capability right now. For instance, I'd just like to give this example. When you get a State paycheck, if you get an automatic deposit, we still have to print out that print deposit. With this automated document factory, we'd have the ability, if OMB wanted to do this, instead of printing those things out, we could E-mail those to those State employees. We don't have the ability to do that now. That would position us to do that kind of activity, thus saving money on a lot of paper stock -- which you have pictures of those enormous paper stocks as well -- thus saving warehousing space for other things.

MR. BRUNE: Just two other questions, Kathy.

NJN, in the past, has expressed an interest in video conferencing. In fact, they've had some small inroads in that regard. I'm assuming you might have coordinated with them versus this.

MS. KREPCIO: I believe we have.

Tim, do you want to give--

T I M T I N G O: Yes. We are working, along with NJN, on video conferencing, and they're familiar with our bridging activities that we've requested also in capital planning.

MR. BRUNE: Just one last question. I understand that there's been maybe several years running of requests for both the Garden State

Network and the HUB facilities upgrade. At least, certainly, there was money in their one budget for these things. Is there something like an infrastructure improvement plan that you have in place that gives one the sense of the context through this request versus the others?

MS. KREPCIO: Well, I can have Tim speak to the Garden State Network Infrastructure Improvement Plan. I can speak a little bit to the HUB facilities.

Do you want to talk about the GSN?

MR. TINGO: Sure. I'd like to answer that in two ways: really talk about what we've done to date with the moneys that have been expended to date, and then talk about the plan going forward from today. Actually, this fiscal year we are undertaking the largest upgrade of the Garden State Network infrastructure in 16 years. Not since OTIS was formed in 1984 has the Garden State infrastructure been transformed on such a major scale to support both State government and the needs of the citizens. So what was required of the last number of years was really to bring us up to the status quo, where we could provide these types of services.

The plan from this point forward is to request from the Capital Planning Commission the means to replace one-third of the Network for a year, which would effectively replace the entire Network in three years. Replacement of a network in three years is what has been recommended to us by a number of consultants, including the Gartner (phonetic spelling) Group. We'll be replacing the network in three years when, in fact, technologies today are changing every three or four months. So it seems reasonable that our infrastructure should be replaced in approximately three years. So the funding

request this year of \$3.7 million for the Garden State Network is more in line with what we see year in and year out for baseline support of the State's network infrastructure.

MS. KREPCIO: In terms of the facilities, several years ago, when formerly OTIS made its request for a HUB warehouse expansion in a lot of the preservation projects, there was not a master plan. And as Tim sort of mentioned, technology happened so fast, I don't think folks at the time could have foreseen some of the different infrastructure needs we would have, especially in terms of a server farm, nor have, perhaps, predicted the enormous growth in super servers and the servers that are going into that facility.

So what we did this year is we did two things. One is, we did an engineering study of our HUB facility, and the \$1 million request that we made is based on that. So, in a way, that is the master plan. They gave us a lot of recommendations. One of the things that's interesting to note is the HUB was originally designed as a computing facility, not as a printing facility. And right now, we've had sort of a dual-printing computing facility, which compromises the facility and makes it very noisy. But now that we've have an explosion in servers and are trying to consolidate all the servers, we needed to take another look. So we had the engineering study. They gave us a number of recommendations, one, in a healthy, safety way. It's a very noisy facility, and we need to put acoustic tiles in there. We need to really dress it up. A lot of things haven't been done to the facility. Besides the warehouse expansion, we needed some conference space, we needed office space for new systems administrators that are going to administer the server farm. We're going to be

looking at -- one of the things that we need for the server farm that's part of our master plan is racking for the servers.

And a big issue for us is security. While you have to have many key cards to get into the facility, it still is not a secure facility as we like in terms of you could walk right up to some of these multimillion dollar servers and mainframes. We'd like it to be a little bit more secure. So part of our master plan is to buy a lot of moveable equipment where we can continue to limit access to the people who really need access.

The other thing that we're doing is we're getting a computer engineer in the facility and giving us a floor plan about how to make best use of the space. We could have come back in a year or two for probably another capital request to blow out a wall in the HUB and expand our computing facility, but with new state-of-the-art racking, we've looked at our-- We have lots of servers and not a lot of space. They're able to take, with innovative racking, I think, 1500 square feet of space used by servers now and consolidate it into 300 square feet of space. So hopefully, in the next year or two, it will look like a private-sector, state-of-the-art data center. That is part of our master plan.

MR. BRUNE: Just so I'm clear, Kathy, has that plan been shared with this Commission or Treasury?

MS. KREPCIO: I believe we-- No. We shared it with OMB, our engineering report. I'd be happy to make sure people get a copy, if they'd like it.

MR. BRUNE: Just one last question. Does it address the staffing implications of what we talked about before about these investments, or is it just basically a description of the capital?

MS. KREPCIO: It's just the capital.

MR. BRUNE: Okay. Thank you.

MS. MOLNAR: Any other questions or comments? (no response)

If not, I'd like to thank you for your presentation.

MS. KREPCIO: Great. Thank you so much for your support.
We appreciate it.

MS. MOLNAR: Our last department is the Interdepartmental Accounts. Bob Rusciano will make the presentation.

Good morning.

ROBERT A. RUSCIANO: Good morning.

Is this on? (referring to PA microphone)

MS. MOLNAR: Yes.

MR. RUSCIANO: Good morning, Madam Chairman and Commission members, and thank you for the opportunity to present the Department of Treasury's Fiscal Year 2002 Interdepartmental capital budget request.

With me today are Marcia Karrow, the Assistant Director of the Office of Planning, Programming, and Budgeting, and Jeffrey Bourne, the Assistant Director of Audit and Administrative Services.

As you are aware, the Division of Property Management and Construction is responsible for the maintenance of office space in the Capitol Complex, as well as renovation of State-owned facilities. Therefore, the

Division's capital request is driven by its responsibility to safeguard the condition of these facilities, preserve the State's investment in these assets, and ensure compliance with current standards and codes.

The Division also administers, in conjunction with OMB, programs that are funded through statewide accounts on behalf of all State agencies. These programs include compliance with the Americans With Disabilities Act, remediation of State-owned underground storage tanks, and abatement of hazardous material.

The Fiscal Year 2002 capital budget request includes 33 projects totaling \$108.2 million over seven years. Of this amount, 79.8 million is requested in Fiscal Year 2002. These projects address life safety, maintenance and renovation, preservation of capital investments, and energy conservation initiatives. In addition, this year's request includes funding to repair the State House Annex roof and analyze potential sites for the construction of a State-owned warehouse.

I would like to begin my comments by reviewing some of the projects previously supported by the Commission. As you may recall, last year the Division requested, and the Commission approved, seed money to begin an aggressive facilities assessment program for State-owned buildings. This initiative will allow for the analysis of all major building systems in order to identify components in need of replacement or upgrade prior to emergent system failure. This information is vital for the development of future capital budget requests. To date, the Division has been working with an agency consultant to prepare the RFP, which is anticipated for release by December of 2000.

For the past several years, the Division's capital budget submission has included funding requests for various security projects, including the central station monitoring facility and the mandatory systems upgrade. The Commission graciously supported these requests, and I am happy to report that the central station project, which will provide a centralized fire and security monitoring station, is in the final design and will be put out for bid by February 2001. Once completed, the central station will monitor fire and security alarms at all State-owned buildings in the Capitol Complex and Mercer County, and it will also have the capacity in the future to monitor State buildings statewide.

Also funded was the mandatory system upgrade, which will provide for the replacement of obsolete security and fire protection equipment in State-owned buildings in the Capitol Complex. Bid documents are completed for all three phases of the project, with Phase I scheduled to be released by the end of this calendar year.

The Capital Commission has also been very supportive of our underground storage tank removal program and the Americans With Disabilities Act compliance program. In accordance with State and Federal regulations, 1163 underground storage tanks were required to be pressure tested, upgraded, replaced and/or closed statewide. To date, 962 tanks have been removed, closed in place, or taken out of service, including remediation and site cleanup. The remaining 201 tanks include 173 heating oil tanks and 28 motor fuel tanks.

All of the 173 heating oil tanks were air-tightness tested and approved by the Department of Environmental Protection to remain active

through December 31, 2003. A project is under way for the removal of these tanks prior to this deadline. With regard to the 28 motor fuel tanks, additional testing and record documentation verified that the tanks were compliant with all Federal EPA and DEP requirements, and consequently, those tanks have been approved to remain in service. The Division is requesting \$10 million in Fiscal Year 2002 to continue this underground storage tank and compliance project.

Likewise to date, \$16 million has been appropriated and has funded numerous projects in accordance with the provisions of the American With Disabilities Act for physical and programmatic access. These projects were completed in conjunction with agency programmatic relocations which reduced the overall amount of capital improvements required.

This year, the Division is requesting \$4.2 million to support design and construction funding for renovations in State facilities, including recreational parks, developmental and psychiatric hospitals, juvenile and adult correctional and residential facilities, and multiuse State Police barracks for structural access compliance. Approval of this request will ensure that the State continues to meet the goals of the ADA plan.

To ensure that expenditure of these funds is coordinated with other statewide construction initiatives, the DPMC has initiated a process whereby all requests for new projects are circulated through the ADA coordinator prior to contracting for services.

Other projects completed with FY 2001 capital funding include the replacement of badly worn carpet in the Roebling and Ashby Buildings, the replacement of the roof at the DEP building, repairs to the roof of the Roebling

Building, and the restoration and maintenance of parking lots at the Departments of Labor, Health, and the State Museum.

Again, I wish to thank the Commission for its previous support and assistance in preserving the State's investment in these facilities.

The Fiscal Year 2002 submission includes requests to fund ongoing complex-wide capital improvements and maintenance. It also includes security, energy, and programmatic projects. There are several new project requests of note.

Of particular importance is the project request to fund the remediation of the State House Annex roof. During the course of the Entablature renovation, the facility was subjected to several severe rain events, including Hurricane Floyd. The significant amount of rain experienced during these storms called into question the ability of the roofing decks to handle large quantities of water. The DPMC commissioned an assessment of the roof slab, which confirmed the need to remediate the deteriorated decks on all three wings of the State House Annex. This request is for funding for the design and construction phases of this project.

In addition, this year's request includes funding to construct alternate fuel vehicle stations. To date, up to nine potential locations have been identified. The Board of Public Utilities was appropriated 1.1 million in petroleum overcharge reimbursement funds towards this initiative. The additional 2.5 million in this request will allow for the further implementation of this plan.

In response to numerous agency requests for warehousing space, the DPMC has engaged an agency consultant to prepare a needs analysis study

for warehouse facilities. The consultant's report recommended the construction of a 350,000-square-foot warehouse as part of the overall strategy that includes leasing and consolidation of current inventory space to deal with short- and long-term warehousing needs statewide. The funding requested in Fiscal 2002 will be used to begin analysis of potential warehouse sites.

Lastly, the Division is resubmitting the prior year's request for funding to complete a space planning and facility assessment of the Health and Agriculture Building.

As you know, with the Commission's help, the \$21 million Justice Complex renovation project has been initiated. As this project moves forward, the Health and AG building remains the last major facility in the Capitol Complex to be renovated. This study would analyze existing space configurations and recommend ways to improve space utilization in conjunction with program requirements. All building systems and infrastructure will also be evaluated and recommendations made regarding type and cost of required renovations. Based upon the results of this initiative, design and construction funding will be requested in Fiscal Year 2003.

In closing, approval of these funding requests will allow for continued corrective action to comply with existing laws and regulations. More importantly, funding of these projects will allow for renovations and upgrades to address life safety concerns, environmental issues, and provide for cost savings to the State.

Again, I think you, Madam Chairman and members of the Commission, for the opportunity to present this information to you. I would also like to thank John Geniesse and the Commission staff for their ongoing

support and assistance. As always, your consideration of these requests and past support is most appreciated. I now welcome your comments.

MS. MOLNAR: Thank you.

I have one question on the State House Annex's--

MR. RUSCIANO: Yes.

MS. MOLNAR: --roof slab. You state that you would relocate the fourth-floor personnel.

MS. VILLANE: That's us. (laughter)

MS. MOLNAR: That's us. Will you have to shut down this entire fourth floor for years?

MR. RUSCIANO: At this juncture, we are certainly still pulling together all of our facts on this. At this juncture, we are anticipating that we may have to do that. It may happen in sections. As we get further along with the actual design of what the solution would be, we'll try to eliminate as much of that as we can. At this point, though, we figured it was better to assume that we may have to vacate whole sections, but it's too soon to really know until we get the designer on board.

MS. MOLNAR: Now, you've restored the interior up here and other floors. Will that stay intact, or will any damage occur as a result?

MR. RUSCIANO: We are certainly going to make every attempt to minimize whatever damage to all the restored areas, because this project came about certainly at the back end of the whole process. We have gone through a major restoration, and finding out that the roof slab may need to be replaced at this juncture is certainly not the most opportune time to do that.

But we are going to do whatever we can to make sure that the interiors and all the work that we did is protected and supported throughout the process.

MS. MOLNAR: Did the original engineer, when this was renovated, did they look at the roof slab? Was it considered at all?

MR. RUSCIANO: That's a subject of an investigation that I've asked to take place. I have asked that an independent consultant look at everything going back. That these projects date back as early as 1986 and '88. There is a lot of information that we are trying to compile that would point to some suggestion that back then there was some knowledge about the slab needing repair. The strategy that we've decided to employ is to have a consultant look at all of what went on previously, while we simultaneously deal with the health and safety issues in moving forward to make sure we can address the problem. So, in answer to that question, there may be some indications there, but it's a subject of a lot of research right now.

MS. MOLNAR: It's unfortunate.

MR. RUSCIANO: Very much so. And it has a very long history, so that we are-- At this point in time, I don't think it's appropriate to lay the blame at any particular consultant or people working on the project. But we do need to take a hard look at it, which is what we're going to be doing.

MS. MOLNAR: Are we talking a total replacement of the slabs?

MR. RUSCIANO: I believe so, yes. In the preliminary assessment that we did, the one that we commissioned, and we asked that-- First off, there was the assessment, then we asked for an independent verification of that assessment -- would indicate that the slabs need to be replaced. The methods that are being recommended to us for how that happens, we are not ready to

fully accept. There is some discussion about putting another slab on top of that, leaving the old one in place, putting in supports to prevent the old one from deteriorating any further. So, I think it's premature to tell you exactly how it's going to happen, which is why the strategy we're going to employ is to have an independent designer, who has not done work in this particular chain of events, to help us design a solution that makes the most sense for the building.

MS. MOLNAR: Now, the original renovation was part of the Building Authority's bond, I believe.

MR. RUSCIANO: Yes. Well, the renovations were done in a series of, I guess, sections. I think the majority of them were funded through the Building Authority. It was, in fact, the entity that financed this.

MS. MOLNAR: Is there any funding left in any of those bonds to add towards this project?

MR. RUSCIANO: Very minimal.

MS. MOLNAR: Okay. That's all I had.

Any questions?

MR. ROTH: Madam Chair.

MS. MOLNAR: Mr. Roth.

MR. ROTH: Concerning the alternative fuel stations.

MR. RUSCIANO: Yes.

MR. ROTH: We're talking about two stations here, is that correct?

MR. RUSCIANO: The 1.1 million that currently exists was originally projected to construct two facilities. From my latest discussions with

the BPU, they're indicating to me that they think that we may be able to get more from that funding. They're still looking at what makes the most sense in terms of how to put all of this together. So our original information talked about to -- subsequently, they've told me they think they could stretch it to maybe get some more as well.

MR. ROTH: Now are these for, like, electrical recharging stations or are they natural gas or what are we talking about here?

MR. RUSCIANO: I think for the most part they're going to be the propane.

MR. ROTH: Propane. And would you know what the capacity of each station is?

MR. RUSCIANO: Not yet. I do not know that right now.

MR. ROTH: Do we have any idea how many vehicles presently can be retrofitted with this technology?

MR. RUSCIANO: Unfortunately, that's not information that I'm privy to. What we're trying to do is identify when this-- There's a task force that's working on those issues. And when they identify the sites to us, the role that the DPMC will play is to begin to contract to implement those recommendations. So we're really requesting the funding on behalf of the BPU.

MR. ROTH: I think we really have to know what the expenditure of \$2.5 million is going to be used for. I mean, if only for the sake of argument, we only have 10 vehicles in the State that can use this thing -- \$2.5 million is a lot of money to spend. I think we really have to see a cost benefit analysis on this one before we can go any further.

MR. RUSCIANO: I can tell you that-- I think I had mentioned in my remarks -- there are nine potential locations that the combination of the 1.1 and the 2.4 are anticipated to fund. Again, until we get further information on exactly what we would be doing at each of those sites, it's pretty difficult to figure out where that's going to go.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Do you know, will these stations help alleviate the problems just noted in a recent audit that was done on the fact that we have all these cars that can use alternative fuels, but either because there isn't the availability to get it or because the employees who are using it are just filling it up with regular fuel anyway -- is this to help alleviate that? I guess we have about -- what? -- 800 or 900 vehicles already out there that can use alternative--

MR. RUSCIANO: Correct. This is directly related to that. This is part of the overall plan to deal with that entire program. And there are some other initiatives involving the negotiations with PSE&G and other entities that currently have these stations available, which would allow the State to use them while we're moving forward to create more permanent solutions. So there's a number of initiatives. What this is is consistent with trying to deal with the long-term issue of the State's infrastructure related to how we're going to deal with that.

MR. ROUSSEAU: So, as a follow-up, I mean, the State's intent is to continue -- is to increase the number of these alternative fuel vehicles in the future.

MR. RUSCIANO: Correct.

MR. ROUSSEAU: We're at least to 900 now, and just to keep-- I think that's what Mr. Roth's question really was, was that. How many do we have, how many do we plan on going to, and that kind of stuff.

Thank you.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Same topic, Bob. Is it possible that there's money available from BPU's, like, poor fund petroleum overcharge for some of these stations?

MR. RUSCIANO: I know the original 1.1 came from that account. The 2.4, if it is available from there, that's certainly not something that I would know. We just are dealing with what is the projected amount that's needed and so on. If, in fact, it could come from that source as it did before--

MR. BRUNE: It's legit, though, if the money is in there. Anybody looked at linking it with transit, which has a fair number of alternative fuel buses? Is there any kind of--

MR. RUSCIANO: Well, the task force that's working on the solutions is chaired by DOT. I think there's a lot of connection between DOT, DEP. The different agencies and the BPU are all working in concert to try to figure out how to address this. We're waiting for those results so that we can begin to deal with our construction issues.

MR. BRUNE: Okay. Bob, on the underground storage tank issue and use of the CBT funds in the past, I noticed the right of mention cleanup. As you know, in the past, what we've done on State-owned underground storage tanks to a degree is use some dedicated money from DEP to do the

cleanup part. Is this request for the removal of tanks that have been taken out of service, or is this also for cleanup?

MR. RUSCIANO: This is for the continued cleanup. For the most part, the tanks that are out of service in many cases have been removed. The ones that were really problematic had to be pulled out in order to comply with all of those deadlines that we had to meet last year. That's been done. Now we need to go back and probably pull some more tanks, but also do a good deal of the cleanup that's required. That's why we have that extended deadline of 2003 to allow the time for the cleanup in the fund.

MR. BRUNE: It might be helpful, Bob, just for us to know, heading forward, if there's a split of the 10 between the two things.

MR. RUSCIANO: Okay.

MR. BRUNE: X amount is for cleanup. X amount is for the--

MR. RUSCIANO: Yeah. I think the way that historically, when the money has been appropriated, what we've tried to do, through the expenditure, is to track what was used for which purpose so that we could bill it to the correct account.

MR. BRUNE: Okay. Just a couple of other things real quick. The Van Sciver renovation-- We can assume that if that were to go forward, there would be some lease savings in the Department of Health?

MR. RUSCIANO: Yes. There will be backfilling of the leases that are currently out in, probably, Hamilton Township or other locations throughout the state that would be moving back into that building.

MR. BRUNE: I'm sure you don't know offhand what that is?

MR. RUSCIANO: In terms of--

Marcia, do you know?

MARCIA KARROW: Yeah. The lease savings per year are in excess of \$800,000.

MR. BRUNE: And the timing of all this if we were to go forward with renovations versus the lease amount?

MR. RUSCIANO: Actually, it's a three-pronged-- Right now, certainly, the building is occupied by the Division of Revenue. With the RFP for the construction of the new Division of Revenue facility -- it's out on the street with an anticipated completion of November of next year -- just sort of almost a year from now. Upon occupancy of that, it would leave Van Sciver open. That would allow Health to begin to backfill into that space. What we would like to do is, while the other facility is under construction, that we begin to do some of the interior renovations that would allow for Health to move and consolidate their services there by vacating some of those leases that we talked about.

MR. BRUNE: So, Bob, I can assume maybe half a year's worth of-- When would they move in by, realistically speaking?

MR. RUSCIANO: I think we're talking about two years.

MR. BRUNE: Two years.

MR. RUSCIANO: Yeah. Probably two years.

MR. BRUNE: From today?

One last question. We added Corrections and, I guess, Veterans' Affairs, and you're talking about the need for hazardous material removal in some of their requests. Can we assume that this amount here, which is for hazardous material removal, regardless of how much and how it gets funded,

is it at least fair game for them to ask from that pot to address some of their needs?

MR. RUSCIANO: Absolutely.

MR. BRUNE: Okay. Thanks.

MS. MOLNAR: Mary.

MS. MESSENGER: I have a question on the display for the Open Space Preservation program. It's only indicated the 98 million General Fund money. Each year, there's no indication of what level of bond proceeds will be used, and I understand it's roughly 200 million a year. Do we have those?

MR. RUSCIANO: John--

Just in answer to your question, there were questions sort of put into this particular document, because there's really nowhere else for it to go. So I don't have a lot of the details on that. I don't know whether--

MR. GENIESSE: Yeah. Maybe we can get that for you. I know Bob doesn't have that with him, but we can get that for you.

MS. MESSENGER: Okay. Thanks.

MR. RUSCIANO: I apologize.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Just something in one of your answers brought up a question. You noted that the RFP for the Revenue building is about to go out. Has a site been picked?

MR. RUSCIANO: No. Actually, the way-- Because this is a leased facility, this will be sort of a lease-purchase facility. There are nine bidders with nine potential sites that have been identified in concert with the city of Trenton and the county and a number of entities, so that all of those

bidders are eligible to present their proposals. So it isn't at one particular site yet.

MS. MOLNAR: Any other questions or comments? (no response)

If not, I want to thank you for your presentation.

MR. RUSCIANO: Thank you.

MS. MOLNAR: Now, on other business. Our next meeting is November 17. And to accommodate some of our members who indicate they might be late, we've moved the debt report to the end of the meeting. So it will be Department of Health, Human Services, Juvenile Justice, Department of Transportation, Judiciary, and then the debt report.

Any other questions or comments? (no response)

Are we adjourned?

MS. VILLANE: I make a motion that we adjourn.

MS. MOLNAR: Terrific. Meeting's adjourned.

See you next month.

(MEETING CONCLUDED)