
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: November 17, 2000
9:30 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony F. Annese, Vice-Chair
Robert A. Roth

ALSO PRESENT:

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)
Edward Troy
(Representing Janice Mitchell Mintz)
Gary Brune
(Representing Office of Management and Budget)

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



Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

TABLE OF CONTENTS

	<u>Page</u>
Christine M. Grant Commissioner New Jersey Department of Health and Senior Services	3
Ken Drake Project Director CUH2A	12
James S. Blumenstock Senior Assistant Commissioner Public Health Prevention and Protection New Jersey Department of Health and Senior Services	21
James H. Houston Assistant Commissioner Division of Management and Administration New Jersey Department of Health and Senior Services	22
Michelle K. Guhl Commissioner New Jersey Department of Human Services	26
Virginia Schnorbus Chief of Staff New Jersey Department of Human Services	37
Bruce D. Stout Executive Director Juvenile Justice Commission New Jersey Department of Law and Public Safety	38
Keith Poujol Facilities Manager Juvenile Justice Commission New Jersey Department of Law and Public Safety	46
Albert B. Ari Deputy Commissioner New Jersey Department of Transportation	50

TABLE OF CONTENTS (continued)

	<u>Page</u>
Christopher D. Kniesler Deputy Director Division of Motor Vehicles New Jersey Department of Transportation	57
Richard J. Williams, J.A.D. Administrative Director Administrative Office of the Courts	63
James R. Rebo Assistant Director Information Systems Administrative Office of the Courts	68
Christina P. Higgins Assistant Director Division of Management Services Administrative Office of the Courts	69
James Poole Director Office of Public Finance New Jersey Department of the Treasury	70
APPENDIX:	
Testimony plus brochures submitted by Christine M. Grant	1x
Presentation notes submitted by Ken Drake	34x
Testimony submitted by Richard J. Williams, J.A.D.	38x
rs:1-78	

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 by giving written notice of time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail and/or fax to *The Trenton Times* and *The Star-Ledger* and filed with the Office of the Secretary of State.

We'll now take a roll call.

MR. GENIESSSE (Acting Executive Director): Mr. Brune. (no response)

Mr. Annese.

MR. ANNESE: Here.

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

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. (no response)

Commissioner Mintz. (no response)

Ms. Villane. (no response)

Ms. Molnar.

MS. MOLNAR: Here.

MR. GENIESSSE: Madam Chair, we have five members present. That does not constitute a quorum at this point in time.

MS. MOLNAR: Okay. We'll hold off on anything that requires action.

Next item is the minutes, which we will -- which was not in your packet -- plus we do not have a quorum.

Did you want to make any comments on our Executive Director's Report?

MR. GENIESSSE: Yes.

Thank you, Madam Chair.

I'll be very brief.

I just want to point out first, the Department of Health and Senior Services is first on the agenda to testify. Their initial capital budget request included a \$10 million request for the new Public Health and Environmental laboratory. That was kind of a placeholder, pending findings of a feasibility that has been conducted -- has been on kind of a fast track. They do have some preliminary findings, which they will present today. And I believe they will be amending their request. We do not have that officially at this time, but I believe the Commissioner will be talking about that in her presentation. I just wanted to mention that.

Secondly, the Judiciary, which did not initially provide a capital request, has asked to submit one and appear before the Commission. They are on the agenda today. And we will be passing out a copy of their request.

And finally, just to mention, the Department of Transportation is also on our agenda. As Commission members know, the highway and mass transit capital funding is funded through the Transportation Trust Fund, which the Commission, at this point in time in the process, only gets a preliminary number of projects at this time. By law, the Transportation Trust Fund projects are submitted in March to the Governor and the Legislature. The capital request that is before you today from the Department is for the Division of Motor Vehicles. This does not concern the Trust Fund.

Madam Chair, that is the end of my report.

MS. MOLNAR: Thank you very much.

Under capital request, as you know, we are moving the debt report to the end. So the first Department that we will do is the Department of Health and Senior Services. I'd like to welcome Commissioner Grant.

COMMISSIONER CHRISTINE M. GRANT: Good morning all.

MS. MOLNAR: Good morning.

COMMISSIONER GRANT: Thanks for the opportunity to present the Department of Health and Senior Services' capital needs for Fiscal Year 2002. With me today are Mr. James Blumenstock, our Senior Assistant Commissioner; Mr. Jim Houston, our Assistant Commissioner for Management and Administration; Dr. Shahiedy Shahied, Assistant Commissioner for our Division of Public Health and Environmental Labs; and Mr. Ken Drake, who is the Project Director from the consulting firm of CUH2A, whom you will hear from in a few minutes.

The Department's Fiscal Year 2002 capital budget request totals \$24.537 million. It covers three specific areas of need: Public Health and Environmental Laboratories' equipment, building repairs, and automation; information technology enhancements of the State's childhood immunization registry; and a down payment or a placeholder for the site acquisition, design -- construction design phase for a new Public Health and Environmental Laboratory facility.

As in prior years, the capital needs of our Public Health and Environmental Laboratories actually do dominate our funding request. I really can't overstate the critical importance of the State's Public Health Laboratories, particularly in this era. We continue to need it to protect the public health, and the public depends on the State Public Health Lab for the rapid and reliable detection of infectious, biological microorganisms and the presence of harmful chemical agents.

During this past spring and summer, I hope you agree that we feel we successfully managed the West Nile virus for the second year of its existence in the Western Hemisphere. It was necessary for us in New Jersey to develop our own analytical capability. It was quite clear Federal resources and capabilities were no longer going to be able to adequately serve the segment of the nation -- this is part of the country -- to combat this public health threat. I mention that because it's indicative of what we need in the way of a lab. Our laboratorians developed the skills necessary to accurately analyze various specimens that we need to detect the virus in crows and mosquitos, as well as in human blood and spinal fluid, to see what the infection was out there.

To date, we have tested over 2000 crows, 1600 mosquito pools, and 50 human specimens. The Federal Centers for Disease Control and Prevention have commended our lab, as has its director, for the efforts in the quality and quantity of work that we were able to perform, really, with a template that we had to develop here.

This summer, a two-year-old child, sadly, who lived in Morris County, died due to an infection acquired after eating contaminated ground meat. That tragic event thrust our laboratory into high gear to support the investigation team to identify the infectious agent, which turned out to be E. coli 0157. We had to locate its source in order to prevent further exposures. In fact, there was a risk of further exposures in the area. This was not a -- potentially an isolated case. We were able to find it and stop it.

Earlier this month, on Election Day, we had to activate our Bioterrorism Lab to analyze a threatening letter received in Union County. Fortunately, that was just a hoax, but I mention it because it's illustrative -- where out of the blue, we're required to do very serious, immediate kind of testing.

Concerns about drinking water contamination in communities including Buena Vista, Readington, Blackwood, and Toms River were also addressed this year, with our environmental laboratory supporting the investigational efforts of a variety of environmental and public health agencies to determine the extent of contamination in order that those communities be able to take the necessary protective measures.

Now, these are just brief illustrations of a few of what I would like to call the highest profile kinds of activities that we've undertaken in this past

few months alone. It's important to understand that every year we have 160 laboratory technicians who routinely conduct over 2 million tests. Under various regulatory programs, we have to contest many consumer commodities at the facility. These include drinking water, both tap and bottled, foodstuffs, and milk and dairy products. We have to test ground and surface waters, soils contaminated by hazardous waste sites, animal and vector-borne diseases such as Lyme disease, Rabies, and a variety of infectious diseases, including tuberculosis and its drug resistant strains, sexually transmitted diseases, substances of abuse, and our very important and very large newborn screening program. Every newborn in New Jersey is screened for inborn errors of metabolism every year.

The clients served by the laboratory not only included a number of the Department of Health and Senior Services' own divisions, but also Departments of Environmental Protection, Transportation, the Administrative Office of the Courts, our local and county health departments, public health clinics, and the state's birthing hospitals. We've learned that time and time again, while our commercial labs and the hospitals can be very good and an important part of a variety of fronts, they really can't substitute for the State Public Health Lab, which has to be available to do emergent, novel, or quite often, noncommercially viable kinds of laboratory tests.

The value of public health labs and the need to build capacity has been widely recognized in very recent years. For example, CDC, in 1998, published a publication, *Preventing Emerging Infectious Diseases - A strategy for the 21st Century*. The enhanced laboratory capacity was identified as a major objective in that study. More recently, just this September 2000, a report

prepared by the U.S. GAO, entitled *West Nile Virus Outbreak - Lessons for Public Health Preparedness*, pointed out that one of the most important of the five lessons learned was a need to ensure adequate laboratory capability as being essential. And provided for your review are two very good publications prepared by the State -- excuse me, the National -- essentially, Trade Association of Laboratories -- the Association of Public Health Laboratories, which really clarified -- quite specific about the role and value of public health labs in protecting public health.

Capital investments in our public health laboratory infrastructure must continue to be a priority if we're going to ensure safe and adequate facilities and the availability of analytical, automated instrumentation that must be reflective of current technological advancements in order to maintain a high standard of performance and state of readiness to respond both to routine and crisis situations.

I point out that, during the past five to six years, at least 20 other states have already undertaken major capital projects to strengthen their labs, to construct new labs, or they're in the advanced phases of preparing to do so.

So, at this time, I'd like to briefly summarize our capital request. First, let me present the element that's not related to the lab. The public and the physicians in New Jersey want, and they really need to have, a level of service that we can't currently offer from the State's Immunization Registry. We really need to overhaul what has been a sort of stand-alone registry. The technology is now available. The registry is really needed to help not only parents and physicians know the status of immunization of their children, but it also helps public health in general understand the immunization rates across

the state and to work with communities where the immunization rates are lower than should be expected. So, to this end, \$220,000 is being requested to replace the old client server with new Web-based technology. Basically, we're going to use these funds to purchase necessary hardware and software so we can configure a Web-based technical environment. This will allow us to greatly reduce error, increase accuracy -- I guess we're all thinking of going computer-based rather than paper-based these days for a variety of things -- but to accurately enter and monitor and update the immunization data. We know that immunization has been a fabulous success story around the U.S. in general and in New Jersey in particular. It was touted as one of the 10 most important public health achievements of the 20th century.

That having been said, New Jersey needs to move into the 21st century. And we have not reached our goal. So we need to ensure that our immunization registry is going to be a cornerstone of our system by 2010.

These registries are gaining widespread support from parents and providers, because they offer benefits so the parent can have, in one place, access to a child. And as the child grows, that individual's updated immunization record, which frankly is a record that they need for a lifetime -- and it needs -- can also provide the kinds of reminders and recalls that physicians need to know when an immunization is due, and may have been missed, so that they can remind the parents. And it obviously prevents duplicative immunizations so children don't have to receive extra injections if those aren't necessary. And it also helps the State manage what is a tens of millions of dollars worth of vaccine distribution system each year.

So it is necessary for New Jersey to upgrade the current registry, to better deploy the resources, and to do a better job for the public.

This year, the lab is also requesting \$2.317 million to maintain the deteriorating infrastructure of our existing lab facility -- we talked about that last year -- and to purchase new technology.

In a few minutes, you're going to be hearing about the progress of pursuing a new lab facility. However, notwithstanding that initiative, we still need the capital request that I'm asking for to make the essential repairs to ensure that the lab facility we have is a safe work environment. It has conditions that are going to compromise the accuracy or validity of the test which we are performing.

Pending a favorable action on the part of you, the Capital Planning Commission, the Legislature, and the Governor regarding moving ahead with the construction of a new facility, we are saying that we would only really pursue those repairs and renovations absolutely necessary to ensure the safety and the quality -- can be preserved in the facility that we have.

The laboratory instrumentation addressed in the capital request includes replacement of those capital which are outdated or have reached the end of their useful life. New acquisitions are reflective of the technological advancements that are available. One such area in that request is the request to purchase two tandem mass spectrometers that will enable us to more cost-effectively expand the menu of tests for those newborn tests I mentioned earlier. And these are provided on about 112,000 infants each and every year to detect a variety of inborn errors in metabolic diseases, and in some cases, a variety of genetic situations. It's something that needs to be identified within

days of birth. It can't wait. Prompt and accurate testing is required if we're going to send it back to parents and physicians so these illnesses can be managed immediately in the first few weeks of life.

When I appeared before you last year, I presented what I hope was a compelling case for the deteriorating and crowded condition of our current lab facilities. You responded quite helpfully by recommending an appropriation of \$750,000 for the Department. It allowed us to begin the planning phase for a new laboratory building. And so in the remaining time that we have together this morning, I want to focus on that, the most major capital project we're requesting.

With the assistance of the Department of Treasury, we fast-tracked the development of a scope of work for the preparation of a program, feasibility study, and business plan. We were able to retain the services of a premier, internationally known architectural and engineering firm based in Princeton, New Jersey, which specializes in research and lab facility design. It was our goal to have, at the very least, preliminary results available to share with you today, which we do.

Before I introduce you to Mr. Ken Drake, Project Director from CUH2A, who will give you the details on this project, I want to emphasize three points. First, in order to move ahead with the project in Fiscal Year 2002, the Department is requesting a capital appropriation of \$22 million. This is based on projections for the next phase, which would entail land acquisition, hard design, State oversight fees, and contingencies.

Second, as you will hear, the new laboratory program includes the Department of Agriculture as a co-occupant, as they are presently in the

existing building, and they have participated in this feasibility phase. In our judgement, this made the best planning sense, since DOA is experiencing similar difficulties in efficiently operating under the current environmental situation. There is no benefit in operating and maintaining two facilities, in our view, if the AG lab was to remain where it's now housed. We also anticipate efficiencies and synergies to be realized with the two labs continuing to operate in one location.

Third, our consultants were tasked to develop an operational analysis and business plan for the Department's Public Health and Environmental Labs. They finished a first draft. The report's going to be finalized in time to be part of the budget negotiations and to ensure that we have a solid business plan that will optimize revenues and control costs for the lab as it goes into the next century.

This is the first time that the State has performed such a detailed analysis and allowed us to provide -- and give ourselves a fresh, objective look at the enterprise that we have going in State laboratories in this state. We are looking at new market strategies. We're looking at analytical service capabilities, potential for revenue enhancements, obviously potential for cost management, and how we can best handle workforce development and training.

The development of the new lab program and feasibility study was influenced in part by the results of this assessment, with regard to some future growth of our comprehensive public health and environmental lab services.

With that, I'd like to introduce you to our consultant, Mr. Drake, Project Director from CUH2A, who will make some comments.

K E N D R A K E: Thank you very much, Commissioner.

In September, CUH2A was commissioned to prepare a feasibility study for the programming and site evaluation of a replacement facility for the combined functions of the Department of Health, Environmental, and Agriculture Laboratories.

Many of you are aware of the existing overcrowded and deteriorated conditions of the Departments of Health, Environmental and Agriculture facilities in downtown Trenton. These aging facilities can no longer meet the technological needs of either agency and can no longer adequately accommodate the current safe procedures that are required by the agencies' charters. In particular, for instance, standards for ventilation, safe operation of their fume hoods, filtration, and just, in general, operating in terms of nighttime and temperature settings -- are at risk.

In CUH2A's professional opinion, the existing laboratory structure is ill-suited for its function and cannot be economically renovated to meet its intended need.

In addition to CUH2A's services for the feasibility and the site evaluation, we are also including the assistance of the Department of Health in the preparation of a business plan by highly qualified public health consultant Dr. David Carpenter. The results of this entire study is in this draft report, which will be made available as the -- basis for the information.

Some of those initiatives in the business plan that were done in parallel address such things as significant new instrumentation and the integration of new testing technologies with the agencies' epidemiological databases.

Facilities supports in maintaining public health readiness and response affected, also, emerging infectious diseases, the potential for bioterrorism threats, and incidents of environmental contamination, as well as expanded training, which led to the development of Biological Level 3 -- the laboratories -- and enhanced information technology and infrastructure, special laboratories for genetic testing, and training laboratories. All those facilities are not currently housed within the current building structure.

The programming and planning, as well as site evaluation activities, were conducted simultaneously, in order to allow the developing mission objectives of the business plan to be reflected in both the cost and space requirements.

The planning process included detailed interviews with the staff to identify their operational, functional, and staffing requirements forecasted over the next six to eight years. There was a difficulty projecting beyond that and looking out 10, 12, 15 years. And the feeling was that anything that might come out of future legislation or mandates would be looked at as future expansion. And each of the sites were looked at to make sure that they had expansion potential so that you didn't find yourself in a position of being in a facility that you couldn't expand in the future.

This planning process identified the need for a combined facility for both the Department of Health and Environmental, as well as the Department of Agriculture, of approximately 248,000 gross square feet. Approximately 83 percent of it was assignable to the Department of Health of approximately 207,000 gross square feet, with 17 percent to the Department of Agriculture of 41,000 square feet.

Much of the program size has accommodated the current overcrowding conditions through rightsizing of the functions for their intended use. For instance, many of the laboratories currently have equipment and staff that are in conditions that they can't either reach or adequately provide the new equipment with some of the equipment and files in storage out in the corridor, which severely hampered the egress and operation of proper exiting of the building.

By decompressing these and putting them in the right size spaces, it would not only give to the better access of the building, but then provide for the number of people and the proper equipment to support the mission.

These new facilities will also enable the agency to perform work that they currently are not able to perform because of either deteriorated or substandard conditions. As stated previously, to be able to perform the Biological Safety Level 3 testing for both infectious disease and potential emergent bioterrorism threats, as well as large animal necropsy testing -- and the safe environmental testing within the fume hoods could be provided.

One of the aspects incorporated into this is also the stand-alone approach to the central utility plan. Currently, the laboratories are supported by a central plant that supports many of the downtown buildings that are office buildings in nature. So the current laboratory is a small component of a larger office complex. The specialized nature of this laboratory requires that the reliability, redundancy, and capacities exceed those of the office complex, as well as the required technological training of the staff to support and maintain that facility.

We propose, in a new building, that the building maintain its own stand-alone central utility plant that could maintain the proper type and size facilities, as well as a more specialized, smaller staff of technicians that can support the operations.

In order to determine the range of the total project costs and evaluate potential viable sites, a site evaluation analysis was performed. Working with the Department of Treasury, we identified four sites that were used as realistic, viable test sites to be able to apply the costs to: two in urban downtown Trenton, one in suburban Mercer County, and one in North Jersey.

In addition, other research sites were considered to make sure that there weren't potential existing sites. There were some considerations with the recent merger of ExxonMobil or other pharmaceutical sites. The thought was there might be some existing viable, applicable research-type of facilities available. And through looking at ExxonMobil sites, other pharmaceutical sites, as well as sites that were being vacated by General Motors in Ewing, or the PSE&G site that's currently being taken care of, in terms of clean up, right here in Trenton, none of those sites were either available, had proper infrastructure, or could be subdivided in such a way that they could support the current needs of the agencies.

Each site was evaluated for eight different major criteria and twenty-eight different subcriteria for their operational fit and ability to support the agency's mission; their impact on the existing or future workforce; transportation and access; site development potential; compatibility with land use; ownership and acquisition impact, both on the cost side, as well as

availability; project execution and delivery, which could relate to phasing, etc.; and its overall project cost.

Because of the variability of the different sites, both in North Jersey, suburban, and downtown Trenton, that could relate to such factors as a need for a parking structure versus surface parking, etc., there were different factors that led to a range in total project costs. Those project costs also were related to the configuration of the different ideal building footprint. There might have been a taller building in downtown Trenton versus a lower, more idealized structure in, let's say, a suburban site.

This range of cost ranged between \$112 million to \$126 million, which includes, also, all of the appropriate State supervision, architectural and engineering fees, arts inclusion, and other mandated fees associated with the project.

If you were to take the \$126 million total project cost, which would represent a typical downtown urban site approach that is split between the Department of Health and the Department of Agriculture, there was still that approximate 83 percent/17 percent split, with \$105 million assignable to the Department of Health and about \$21 million assignable to the Department of Agriculture.

In doing this study, we also used a benchmark to try and target our costs and our approach looking at -- if you were to relate it to an American car -- a Buick rather than a Cadillac -- to make sure that we were not overstating or overdesigning in terms of our projections.

These projections, as a basis of design, led towards the thinking towards high-quality and reliable systems with high efficiency and low maintenance that would give the State a viable, long-term building.

Illustrated in my handout there is a comparison to several recent other completed state laboratories in Washington state, Virginia, Illinois, and Georgia, where, obviously, the populations in those states vary to the 8.2 million people in New Jersey. But as a median, our projections fall very closely to the others in terms of the gross square feet per staff, at about 750 gross square feet per staff, which is on the lower to the medium side compared to the other states, and on the lower range for cost, in knowing that we would not anticipate building an Oedipus to the glory of American architecture, but something that was of value to the state and something to be proud of.

From those project totals, as the Commissioner has stated, we would be looking for a capital request from this Commission for just the land acquisition, design fees, and State supervision and oversight, of approximately \$22 million.

As a time line, if we were successful in getting the funds requested, we would expect a notice to proceed to begin detailed design and programming on or about July 2001, which would allow us to begin construction on or about November of 2002, which would give us a new facility to occupy in about December of 2004. So that gives you a good sense of the overall time line with dates to design and deliver a project of this size.

COMMISSIONER GRANT: Thank you, Mr. Drake.

Well, this is an, obviously, very serious, major, I think, very exciting project. I hope you see that we have worked very hard to have a very credible beginning.

I also took the opportunity, since, here in New Jersey, we have many fine pharmaceutical facilities, to have a consultant from one of the bigger companies, who really is known nationally and is a respected expert on laboratory design and use, take a look at what we've done just sort of to give us a second look. We see some favorable comments and some ideas on that, which, of course, would be included. And I would expect we'll have many other eyes looking at this.

So, at this point, I really wanted to thank you for your attention, and staff and Mr. Drake are here for any questions you might have.

MS. MOLNAR: Thank you very much.

I had two questions.

One to Mr. Drake.

Does CUH2A translate to anything? (laughter)

MR. DRAKE: Actually, CUH2A stands for the the five initial founding partners back 35 years ago, which was Collins, Uhl, Hoisington, Anderson, and Azmy, which was then converted to an acronym. All those partners have retired, and we've retained the acronym. (laughter) It's not a chemical equation.

MS. MOLNAR: Thank you. I was sitting here going "hmm."

Commissioner, I had just one question about the current lab. What will you do with the current lab once the new one is constructed.

COMMISSIONER GRANT: Well, that, ultimately, will be a matter for Treasury and Property Management to consider. And certainly, they-- One option would be to demolish it, because it is a rather antiquated round building, which doesn't, for a variety of reasons, serve today's needs or -- certainly for wiring needs for computers -- real well, but if it were to stay, it would provide, potentially, other kinds of office space for backfill. Again, Property Management is going to have to look at that.

MS. MOLNAR: Thank you.

Any questions from Commission members?

Ms. Messenger.

MS. MESSENGER: This is for Mr. Drake. In your report, you talk about two urban Trenton sites, a suburban Mercer County, and a North Jersey site. Could you tell us where those are?

MR. DRAKE: The two urban sites-- One is the site just adjacent to their existing facility on Warren and West Market Street. The idea would be to construct a new facility, and what it would be -- the existing parking area, and then with initiatives with both the State and the city to build a new parking structure that would accommodate the displaced cars in that area so that it would literally be right next to where they're currently located.

Another urban site that we looked at, which was really considered more of a typical or generic urban site -- it could be applied to other sites if they were determined -- was around Perry Street, which is not as good a fit, in terms of the master plan, with the adjacent residential neighborhood. But it was looked at for its -- the costs associated with a tighter, less downtown site.

The suburban Mercer County site was a site located in Hamilton Township on Cabot Drive, which is currently zoned for both laboratory research and governmental properties, which is a greenfield site right off of Route 195 and is well suited to the circle of influence that the Department already has in terms of both its employee base and its access from the different agencies around the state that they supply.

And the North Jersey site was at University Heights Science Park in Newark, New Jersey, which was the site that the State is aware of and is the North Jersey incubator site for the New Jersey Economic Development Authority. That site is probably less suited because of it is so far north. It really has less -- poorer access for both the Department of Agriculture base, as well as its central location to the state.

MS. MESSENGER: Has the Department made any determination which of these they would be looking to use?

COMMISSIONER GRANT: No, we're going to continue to work with Treasury and Property Management on it. But I think the bottom line is, when you look at the report between now and December, you're going to see a Trenton area site comes out on the some 28 to 30-some criteria, as much more desirable not only costwise, but as far as having access for our customers for the lab -- access to the lab where specimens have to be brought in and taken away. It's more centrally located. So I think that-- Among the three Trenton sites, we haven't felt it appropriate to take a position at this time. But you'll see where the numbers are.

MS. MESSENGER: Thank you.

MS. MOLNAR: Mr. Troy.

ASSISTANT COMMISSIONER TROY: Commissioner, if I may. Do you charge fees for your lab services?

COMMISSIONER GRANT: For some of our services we do, and for some we have a cost. We basically subsidize them. We both charge-- Hospitals are required, for example, to pay a fee for those inborn errors of metabolism tests I mentioned. We charge some businesses fees. The bottled water fee, we charge, for example. In some areas, we are continuing to look at, and would like to suggest, fees need to be increased by some of our other regulated parties. And then we constantly negotiate with our other agency partners in making sure that we can come as close as possible of covering costs. But the bottom line is, because of the standby readiness of some of the instrumentation that we have to have for infrequently used testing, some tests don't pay their way -- can't pay their way and require continued State subsidization.

ASSISTANT COMMISSIONER TROY: Just as a follow-up, approximately how much money do you collect on fees in a given year?

ASSISTANT COMMISSIONER JAMES S. BLUMENSTOCK: Good morning.

Approximately \$8 million.

ASSISTANT COMMISSIONER TROY: Eight million dollars. And what happens to this money? Is that (indiscernible) to the fund, or is this in a revolving fund for the Department?

ASSISTANT COMMISSIONER BLUMENSTOCK: It goes into a revolving fund, and that represents approximately 65 percent of the operating budget for the Department (*sic*) of Public Health Laboratories.

ASSISTANT COMMISSIONER TROY: So that's the way the lab is budgeted -- by using these fees to supplement salaries and whatnot, as well.

ASSISTANT COMMISSIONER BLUMENSTOCK: Materials, supplies-- Correct.

ASSISTANT COMMISSIONER TROY: Just a last question. Do you ever use master lease -- Treasury's master lease to buy equipment of this type?

ASSISTANT COMMISSIONER JAMES H. HOUSTON: No, we haven't.

ASSISTANT COMMISSIONER TROY: Is that a possibility, to leverage more equipment for a less dollar payout?

ASSISTANT COMMISSIONER HOUSTON: It's a possibility. It's not something we've really looked into. We funded most of our heavy equipment in there through the capital appropriation.

ASSISTANT COMMISSIONER TROY: Thank you.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: How many people-- First question-- Are there any other sites besides your current site where you're doing laboratory functions, or is everything being done in that one site right across the road?

COMMISSIONER GRANT: Yes, everything--

MR. ROUSSEAU: Everything's being done there. So there won't be any consolidation of other sites bringing--

Was there any consideration to also doing a lab that would cover DEP, as well, and I guess the State Police, as well, I guess, also do lab functions? Was there any consideration of, basically, a superlab?

COMMISSIONER GRANT: There was some consideration. Maybe, Jim, you can talk about what we already do for DEP.

ASSISTANT COMMISSIONER BLUMENSTOCK: Yes. Approximately three years ago, there was a major laboratory consolidation effort. So, in essence, the Department of Health and Senior Services took over virtually all of the DEP functions. I understand that they still are maintaining a small laboratory out on Scotch Road, and I am just not personally familiar with that. But it was decided several years ago that that would not be included.

I also understand, back when we initiated our laboratory consolidation effort, that forensic and criminal investigation services maintained by the New Jersey Division of State Police really would be inappropriate to be considered for more civil general population types of activities. So, for the purposes of this exercise, that was not included.

And as part of our long-term consolidation effort, our Department did, in fact, bring in a satellite laboratory that the Department operated several years ago, as well, into our round building. And that, to some degree, added to some of the compression issues and spacing difficulties that we are now experiencing.

MR. ROUSSEAU: I have one more question. I guess this may be even directed to John.

Has the Building Authority started looking at this project yet? I'm assuming this will be built by-- One of the options would be to have the Building Authority build this.

MR. GENIESSE: That is an option, Dave. I think it's under their scope, but that decision-- We've just-- I guess we're just getting this report now from the consultant that-- I think that decision is down the road.

MR. ROUSSEAU: One of the things I would urge is that whatever site is picked, especially if it is a non-Trenton site, that somebody make sure they get the Governor's okay before it goes down the road so we don't have the whole Division of Revenue debacle again where we go and approve a project, and then have the footings in place, and then all of a sudden have the project stopped. (laughter)

COMMISSIONER GRANT: We will obviously be working very closely with the administration on this.

MR. ROUSSEAU: Well, everybody thought that Treasury was working very closely with the Governor's Office, too, a few years ago, and we all found out that wasn't true.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Commissioner, you mentioned very briefly in passing that the Federal government was inadequate in diagnosing some of the recent problems -- health problems. Could you explain to us a little bit if you see, on the horizon, any expansion of their services to the State or any regional coordination we might have with other states to address regional problems?

COMMISSIONER GRANT: On the first issue-- CDC itself, and I've actually been down there, is trying to get the congressional support to rebuild its own lab facility. They have more than they can handle in just handling the Federal requirements and some of the very novel issues that they have to handle each year. For example, they do, each year, the influenza strain

identification. They get involved in some military uses. So while they were very, very helpful, and we worked very close -- hand in glove in the first year of the West Nile virus epidemic -- where no one had the capability when this hit in the Western Hemisphere-- They were quickly, absolutely swamped by, initially, New York, then New Jersey, then Connecticut, and very quickly made the decision that the states would have to handle that. That's not an unreasonable position on their part. And it is the kind of position we would expect should there be another West Nile virus-like event.

So we tend to work with them on the initial discussion about how we should approach a laboratory test, whether it be animal or human. They have a facility out in Fort Collins that has been, and continues to be, very helpful. But as soon as you start getting from the first identification into the ongoing and then routine review of large numbers, they back out real quickly and very understandably.

We certainly are prepared to, and I'm sure the Treasurer would want us to work on the potential -- if there is any possibility down the road of Federal funding for this. There is no, to my knowledge, dedicated funding, but we've bits and pieced some money from the grants, wherever possible, from the Federal government. They usually cover operating costs.

On the regional cooperation, that is something that's an excellent idea. And that's something I asked staff to look into when we talk about the business plan. Is there something which we, while we're at it, since we do a very good job on the newborn screening, to at least look at -- adjacent states or nearby states to see if there are any tests that we might be able to work on collegially? Obviously, we'd want to do that in a businesslike fashion that pays

its way. And it's too preliminary. I can't answer if there are those. We certainly asked to look at those.

MR. ANNESE: Thank you.

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

If not, Commissioner, I want to thank you and your staff for your comments. We will be reviewing your requests.

COMMISSIONER GRANT: Thank you very much for your time.

MS. MOLNAR: Our next department is the Department of Health and Senior Services -- I'm sorry, Department of Human Services. I'd like to welcome Commissioner Guhl.

Good morning.

COMMISSIONER MICHELLE K. GUHL: Good morning.

Good morning Madam Chair and members of the New Jersey Commission on Capital Budget and Planning. I'm honored, once again, to appear before you to present the Department of Human Services' 2002 capital budget request. With me at this table is Deputy Commissioner Jim Smith, Chief of Staff Ginger Schnorbus, and Vince Giampeitro, Director of Operations Support.

I have to digress a bit and say that I know that the size and scope of our request annually, relative to other State agencies, is incredibly large, as you all know. We maintain a huge infrastructure across the state and also support a massive inventory in our community, so it is a bit daunting. And you have to all keep in mind the 1 million lives touched every year by the Department and the many, many vulnerable people we serve.

Let me start by saying, very genuinely, that I've been very aware of the accomplishments we have achieved with your assistance and that of OMB. Based on your recommended appropriations, we've completed several major capital initiatives in the past year, which I'd just like to real quickly outline for you.

We completed construction of a new 50-bed addition to Ann Klein Forensic Center.

We completed construction of a new intensive treatment unit at Trenton Psychiatric Hospital.

We installed fire sprinkler systems in patient living units at New Lisbon, Hunterdon, Vineland, and North Jersey Developmental Centers, and began construction on a similar project at Woodbine.

We are also starting a new fire suppression project at our remaining developmental center in Woodbridge, which will be completed next year.

We brought our wastewater treatment systems into compliance with regulations, have completed a major upgrade at Hagedorn, and have begun a major upgrade at Ancora Psychiatric Hospital.

Thanks to John Geniesse, Ted Kukowski, and Roger Bushyeager, we're also able to access Treasury funding for hazardous material cleanup and underground storage tank remediation. With the help of OMB and the Division of Property Management and Construction, major improvements have been made to the environmental fitness of our facilities. I'd also like to recognize Dave Millstein for his support of many ADA-funded projects in

recent years. His work and support has significantly improved working and living conditions for clients and staff at our facilities.

Specifically, the \$25 million appropriations we received last year has been used for the following: to make necessary improvements at Greystone Park Psychiatric Hospital, to begin the renovation of Elm Hall at Ancora Psychiatric Hospital, to begin expanding two of our regional schools, to begin a project to replace the boilers and a generator at North Jersey Developmental Center, and to start a project to improve water service to support a future fire suppression project at Trenton Psychiatric Hospital.

While our requests have exceeded appropriations each year, the money we have received has helped us to make significant upgrades and to maintain our facilities. Our requests are ongoing and carry forward through each year. While they are still extensive, you can see that the changes each year, through your support, have -- actually demonstrate the progress we've made.

Given the number of projects involved in our request for '02, and knowing that you've already received some detail on each, I'll focus my remarks on the broad themes that drive this request, as well as review some of the top critical 25 projects which we are requesting. Following that, of course, we'll be happy to discuss aspects of any individual project. And I have with me today not only the people I've introduced, but representatives from each of our divisions.

Underlying our overall request are some basic principles. For one thing, we must make sure that we comply with all of the applicable regulatory

standards, including building codes, Federal requirements, and accreditation standards.

Second, like any prudent home owner, we have to make wise investments in the maintenance of our buildings and properties to avoid costly repairs down the road.

Third, we have to be good stewards of the New Jersey environment. We want to continue to remediate any environmental problems we discover at our sites, and we want to make sure not to create any new ones. We also want to make our operations as energy efficient as possible.

Please allow me to highlight some of the major projects covered by our FY '02 request.

This year, we are focusing on completing fire suppression projects in our mental health and DYFS facilities. With your help, we are completing sprinkler projects at all of our facilities for the developmentally disabled and some of the Division of Mental Health facilities. We are requesting a total of \$15 million to fully sprinkle all residential areas at Greystone, Trenton, and Ancora Psychiatric Hospitals, as well as the three DYFS residential facilities at Woodbridge, Ewing, and Vineland. Certainly, given the tragedy at Seton Hall University, we want to ensure that we've done all we can to prevent a similar occurrence.

Shifting gears, I'd like to address three areas of our request which affect community programs. We are requesting \$3 million for capital improvements to our community residences for the developmentally disabled. As we continue to reduce the community services waiting list for those with developmental disabilities, we have an ever-expanding number of community

residences which, as they grow older, require significant capital improvements. We need to keep these homes safe and up to community standards.

Another community priority is our request for \$10 million to expand child care availability. With the creation of Work First New Jersey, New Jersey's welfare reform program, and the impact of a very healthy State economy, the demand for child care slots is higher than ever before, both for our welfare clients and for working families in general, particularly the working poor.

While the marketplace has expanded to try and meet these needs, it has not done so in the urban areas, where many of our clients reside. We need to stimulate the market in these parts of the state. In general, Federal funds for child care cannot be used for capital expenditures, and our voucher rate also does not support these costs. There has been significant improvement in these areas identified as *Abbott* school districts -- those 30 districts across the state with that designation. But for the other communities with large numbers of our clients, the ability to assist with growth and development of new child care slots is essential.

Last year, you funded \$3.5 million to begin the Statewide Child Welfare Information System for the Division of Youth and Family Services. This year, we are requesting an additional \$7 million. As with last year, there will be a Federal match, making a total of \$14 million available in FY '02. This will fund the second year of a three-year project, which will total \$30 million in State and Federal dollars. This computerized system will improve our case management, permanency planning, and safety for our children.

Finally, in this request for the first time is \$3 million for drop ceiling replacement in our facilities. We anticipate this to be a multiyear request for a total of \$20 million. This project will replace all of the drop, nonpermanent ceilings in our facilities' residential units, with a bolted security system that cannot be moved. As you know, our client populations may be likely to harm themselves. Therefore, we need to be ever vigilant to protect against suicide attempts. Tragically, drop ceilings provide an avenue for these attempts. These new ceilings would make our facilities safer for the people residing there.

This is an admittedly brief overview. I hope it's been of some direction and assistance to you. I do thank you, again, Madam Chair and members of the Commission, for your warm reception, your ongoing support, and we'll now welcome any comments and questions.

MS. MOLNAR: Thank you, Commissioner.

I had one question about the child care expansion.

COMMISSIONER GUHL: Yes.

MS. MOLNAR: Would funds be available for private, nonprofit centers that service low-income housing -- I'm sorry, that service low-income families?

COMMISSIONER GUHL: Yeah, that's essentially where we would want to target it. I think we are anticipating that the requests would cover about 150 different sites. And we always -- with RFP and try to triage and prioritize the most needed.

I think the interesting social phenomenon going on here, Madam Chairwoman, is that, particularly as we move, in New Jersey and across the

nation, more and more people successfully to the world of work, these are mothers with children, and they all need child care. And juggling that with often working for the first times in their lives, and their transportation issues can be a very daunting test. The need for child care ever expands in this State. It's become a requisite for economic survival of a family unit. And we would definitely want to see it expand.

MS. MOLNAR: Would there be an application process if an agency or a nonprofit wants to--

COMMISSIONER GUHL: Yeah, we would go through one of our standard RFP processes, which we do. We did expand, in our *Abbott* district, with some Bright Beginning dollars in the Division of Family Development -- I think \$11 million. We always -- RFP -- go out for a bid -- different proposals and then assess the validity. And one of the issues is what the need in that particular area would be.

MS. MOLNAR: Terrific. Thank you.

Any other questions or comments?

Mary Messenger.

MS. MESSENGER: Good morning, Commissioner.

COMMISSIONER GUHL: Good morning.

MS. MESSENGER: A couple questions, first, about Greystone.

COMMISSIONER GUHL: Yes.

MS. MESSENGER: Obviously, there's been a lot of talk. Are we closing Greystone? Are we building a new Greystone? Are we privatizing Greystone? Looking at your capital request, there's about \$10 million in improvements to the existing facility, and there's nothing about a new facility.

COMMISSIONER GUHL: Right.

MS. MESSENGER: Should we take that to mean that you don't want to build a new hospital, or it just hasn't been decided?

COMMISSIONER GUHL: No, it's a very fair question. I anticipated that it would logically come up. What we've been doing over the summer since the Governor announced the closing of Greystone, or radical reconfiguration-- We had to start-- Every time this type of thing gets done-- To do it thoroughly, you have to assess your clients. And that's not just the clients -- the patients living in Greystone. We have to sort of assess our entire system to size it properly. We are committed to maintaining a psychiatric hospital in the northern part of the state.

Those patient assessments -- who are over 1500 patients we assess -- by-- Each patient was assessed by two separate clinical teams. We've just completed that. That gives us a sense of the level of acuity -- how many people are appropriate for community living and what specific types of community living we need to develop throughout the State of New Jersey. Also, at the end of the day, when all of this is put together, it will tell us how many beds we believe we will need in an ongoing capacity in the northern region of the state.

Concurrently with that, you all know, I think, that Greystone is a massive institution, and it's a very old institution. And it's literally crumbling in many of its parts. We need to look at other potential sites in the northern part of the state, as well as building a new structure on the current site. That review of site location has not yet been completed.

What also is not quite finalized are the number of beds we will need. When we have the number of beds that we think we'll need-- Currently,

Greystone is built, I think, to be a 500-bed unit at this point. We anticipate that with a much better infrastructure we won't need that number of beds.

But all of that is ongoing now. I hope to be able to start a serious conversation with the Governor with my recommendations early in the next calendar year -- in a couple of months -- so that we can get this finalized.

In the interim, however, there are major-- Obviously, I don't want to wait to waste taxpayers' dollars, but there are major capital improvements that do need to be made just for the ongoing safety of both patients and staff. A lot of the publicity you've read about -- unfortunate publicity over the last 10 months or so -- highlighted some of those concerns. So those are the types of projects that we think-- They're the minimal projects we think we need just to ensure safety while we're doing this transition.

Even though we're eliminating a presence in the north, we will be closing Greystone as we know it. That's a very complicated system. It takes about three years to effect that thoroughly and completely. So, in those three years, we've got to ensure the safety that I referenced.

MS. MESSENGER: A follow-up just on the child care centers. I believe it was in *Abbott V*, the court ruled that it has to be educationally certified teachers who are teaching the kids in the *Abbotts*. And the school construction bill made some provision for child care -- early childhood teaching. Do I assume you're coordinating somehow with the Department of Ed to decide where you need to go ahead with your plan, as opposed to the schools going ahead with their construction plans?

COMMISSIONER GUHL: Yes. We coordinate all the time. That dedication of that funding is for the *Abbott* districts. So our funding would be beyond what is allowable under that issue.

MS. MESSENGER: Okay.

MS. MOLNAR: Any other questions or comments?

Mr. Troy.

ASSISTANT COMMISSIONER TROY: Thank you.

Good morning, Commissioner.

COMMISSIONER GUHL: Good morning.

ASSISTANT COMMISSIONER TROY: I notice here in your listing of priorities and projects that the first 25 projects are all No. 1.

COMMISSIONER GUHL: Right.

ASSISTANT COMMISSIONER TROY: Good strategy.

COMMISSIONER GUHL: It's a big one.

ASSISTANT COMMISSIONER TROY: It's a big one.

It's about \$65 million.

COMMISSIONER GUHL: It is.

ASSISTANT COMMISSIONER TROY: But realistically speaking, whatever amount of this you will be given, how would you then prioritize within all the No. 1s?

COMMISSIONER GUHL: This is what always happens to us with a Department of this size and scope. It's very hard to say one client population ought to be prioritized over another. With capital it's a little easier, where you just try to get your hands on the severity of the issue and potential risk. So that's kind of the triaging we would have to do.

We think, for them all-- They are all listed as one, because we do think that they've got to be paid attention to. Anything less we get, we just sequence it out. We roll it over into next year's request, frankly.

ASSISTANT COMMISSIONER TROY: So, Commissioner, if you were given some appropriation, you would then sit down with the Commission and then say, basically, "We're going to fund 1F or 1G or something of that-- In other words, is it just a pot of money and then you'll figure it out, or will you just say, "Well, give them \$10 million. We're going to fund B, C, D, or whatever."?

COMMISSIONER GUHL: I think you give it to us, project specific. Is that not accurate?

MR. GENIESSE: Ed, the Commission recommends by project, so we would be recommending for specific projects.

COMMISSIONER GUHL: So then we're--

ASSISTANT COMMISSIONER TROY: So it would be by project, not necessarily by the priority listing. It just shows the priority as the Department's priority.

MR. GENIESSE: Well, we would take the Department's priority into consideration. But with 25 No. 1s, we have to kind of pick and choose here.

COMMISSIONER GUHL: Right. We don't just get a block of money, Assistant Commissioner Troy. It would be attached to those specific projects from you.

ASSISTANT COMMISSIONER TROY: Okay.

Thank you.

MS. MOLNAR: Any other questions?

Mr. Brune.

MR. BRUNE: Good morning, Commissioner.

COMMISSIONER GUHL: Good morning.

MR. BRUNE: Just a few quick questions on the community residences -- the maintenance needs there. Just so I understand, are these privately operated for the most part?

COMMISSIONER GUHL: They are.

MR. BRUNE: And is there a relationship between the private operator and the State as to what maintenance gets covered by whom?

COMMISSIONER GUHL: How does that work?

VIRGINIA SCHNORBUS: Within our operating budget, we would allow for the provider to pay for basic maintenance -- just maintenance of the facilities. But when there is a need for a new roof or there is a need for a replacement of a boiler or a major renovation, then they would return to us and ask for additional dollars. And that's what we would call our capital maintenance fund.

MR. BRUNE: So these are major maintenance items.

MS. SCHNORBUS: Major maintenance.

MR. BRUNE: Do you have a standard contract with the private operators?

MS. SCHNORBUS: Yes, we do.

MR. BRUNE: Is it possible we can just get a sample to look at?

MS. SCHNORBUS: Certainly.

MR. BRUNE: That would be a help.

Also, just so I'm clear, I understand that from the sale of property, that money goes back in. And in the current year, I think we might have had a little over \$1 million.

COMMISSIONER GUHL: Correct.

MR. BRUNE: Is the status of that money known to you at this point? We would be curious to know whether that's been spent.

COMMISSIONER GUHL: It's \$1.3 million. I think it's all been obligated. I signed, recently, the recommendations to -- it's specific projects.

MR. BRUNE: So we can conclude that this \$3 million doesn't anticipate any-- This is certainly over and above that million, but it doesn't anticipate any additional sale of property that you would get into the--

COMMISSIONER GUHL: Correct.

MR. BRUNE: Thank you.

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

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

COMMISSIONER GUHL: Thank you for your time and your support.

MS. MOLNAR: Our next department is the Department -- I'm sorry, the Juvenile Justice Commission. I'd like to welcome Bruce Stout, Executive Director.

BRUCE D. STOUT: Good morning, Madam Chairwoman, members of the Commission, and Acting Executive Director Geniesse. Thank you for the opportunity to present the Juvenile Justice Commission's FY 2002 capital

budget initiatives. This request is our sixth proposal to the Capital Commission since the creation of the JJC in December of 1995.

With me this morning are Richard Bernstein, to my left, the Director of Administration for the Commission; and Keith Poujol, the Facilities Manager.

The mission of the JJC is twofold: to protect and to ensure that the juveniles in our care are provided with clean, safe, and secure programs. As you will see, the majority of our capital budget requests, as in the past, directly correspond to fulfilling these goals.

Since the creation of the JJC, funding approved by the Capital Commission has enabled us to implement many of the recommendations of the Governor's Advisory Council on Juvenile Justice, including the establishment of the stabilization and reintegration program, commonly known as the boot camp, the first female secure facility, and the construction of new facilities which address overcrowding.

Your assistance has also allowed us to meet many of our ongoing, long-term goals, including fire and safety improvements and asbestos removal. I want to thank you for your honest evaluation of our requests and for your support.

Our main focus during the past fiscal year has been fourfold: first, constructing a 144-bed reception unit at the Juvenile Medium Security Facility; second, establishing new boot camp orientation and step-up unit at the Johnstone campus; third, addressing health, safety, and infrastructure issues at the New Jersey Training School for Boys; and fourth, designing and

implementing infrastructure improvements at our community residential programs.

I would like to take a few minutes to bring you up to date with these major projects.

Due to a program use change, the 144-bed facility was changed from a secure housing unit to a reception facility. In addition, an intake function and medical services were incorporated in the project design, and suicide prevention concepts have been considered as a highest priority in the design of this building. The project is under construction and is approximately 75 percent complete. Anticipated occupancy is the first quarter of calendar year 2001.

On the Johnstone campus, renovation of the Hayes Building is nearing completion. This building will provide a 32-bed capacity boot camp orientation unit and a 48-bed capacity step-up unit. Suicide prevention has been included in this project, as well. The renovated building should be ready for occupancy in January of 2001.

The New Jersey Training School first opened as a home for problem boys in 1866. Over the years, many of the buildings have deteriorated. Understanding this, this Commission has graciously awarded the JJC capital funds over the past five years to make significant safety and infrastructure improvements throughout the facility.

This year, a \$4.2 million fire safety project at the New Jersey Training School has been designed and is ready to be put out to bid. The project includes the installation of fire suppression and alarm systems and a

campus-wide fire notification system. Construction is expected to begin in February 2001 and be completed in 400 days.

A new emergency generator and high-voltage electrical switch gear were also installed at the training school at a cost of \$750,000. In addition, we are planning to upgrade the facility's electrical distribution system by replacing underground electrical cables and repairing 11 electrical transformers. Once these two projects have been completed, the campus will have a modern electrical distribution system.

In addition to our secure facilities, the JJC operates 16 residential group centers located throughout the State of New Jersey. Many have been in operation for many years and have seen the number of residents grow as we strive to place juveniles in appropriate settings. We have made significant progress on renovation projects at several facilities.

This year, a \$1.5 million renovation project at the Essex Residential Group Center was designed and has been put out to bid. The renovation includes installing a new HVAC system, constructing a second means of egress for fire safety, upgrading the food service area, and numerous security improvements. Construction is expected to begin in February 2001 and be completed by winter 2001-2002.

An \$850,000 renovation of the Ocean Residential Group Center is under way and should be completed by the end of the year.

Electrical improvements at the Wharton Boot Camp and Voorhees, Warren, Pinelands, and Green Residential Group Centers have been initiated. These projects include upgrading the primary electrical service to each facility and installing emergency generators.

As these projects near completion, the JJC is preparing for the future. We have developed a seven-year capital plan, including 40 projects for a total of \$56.9 million. Twenty-seven of these projects are requested for FY 2002 for a total request of \$16.8 million.

The Commission's FY 2002 requests have been developed to complement our FY 2001 appropriation. You will see that several of our priorities request funding to complete projects for which planning and design funds were allocated this year.

The highest projects reflect the Commission's emphasis on suicide prevention and, as in the past, resident and staff safety concerns and security enhancements.

Priority 1 requests an additional \$1 million to continue needed suicide prevention improvements being implemented throughout the Commission. The aim of suicide prevention is to replace aging toilet and sink fixtures, lighting, dormitory fixtures, doors, hardware, vents, and removing items that can cause self-inflicted injuries. The previous year's funding has been allocated to provide suicide prevention features for the 144-bed facility and the Hayes Building. This year's funding will be used to purchase suicide-safe furniture and replace toilet and sink fixtures at up to four buildings at the New Jersey Training School.

Priority 2 is a request for \$641,000 to install personal alarm systems, also known as duress alarms, to improve safety for custody staff at the New Jersey Training School. The alarm system will allow staff to locate a person in a duress situation when a push-button or man-down alarm has been activated and is effective both indoors and outdoors.

Priority 3 requests \$590,000 to install a new cell door and locking system in the housing units 6 and 10 and the guidance unit at the New Jersey Training School. The new doors and locking system will improve security and decrease response time in a fire emergency. Currently, single cell doors require custody staff to manually unlock each door. In the case of an emergency, this process can extend response time and thereby increase risk to residents and staff.

Priorities 4, 5, 6, and 24 request construction funds for four projects for which design funding was appropriated in FY 2001. Three of these are examples of critical health, safety, and infrastructure projects at the New Jersey Training School. They are construction of a new laundry, \$682,000; structural repair of the chapel, \$540,000, which provides for full use of the building inclusive of modern HVAC systems, allowing a permanent site for religious ceremonies; and upgrading the sewage plan, \$2.4 million, as recommended by OMB and this Commission. The fourth project requests \$1.1 million to renovate the track and field complex at the Johnstone campus. Currently, JJC staff transport juveniles to local college and high school recreation facilities.

Priorities 7 and 8 request increased construction funding for projects at two community residential programs allocated funds for design in FY 2001. The first project, originally planned as a classroom renovation at Warren Residential Group Center, has been increased from \$254,000 to a request for \$778,000 to construct a new educational building. An investigation revealed that the classroom was both too small and was located in a converted barn that would be unable to comply with current construction

codes. Similarly, the second project, a planned renovation of the dormitory at the Voorhees Residential Group Center, has been increased from \$319,000 to a request for \$801,000 to construct a new dormitory building. An engineering evaluation at Voorhees determined that structural deficiencies in the existing dorm made the needed renovations unfeasible. When the new dorm is built, the current dorm building will be renovated for use as educational and office space. These renovations will be performed as part of Priority 15, which requests \$472,000 for structural repairs.

Priority 9 is to replace obsolete monitoring equipment and renovate the center control room at the Juvenile Medium Security Facility. The control room must provide increased security, surveillance, fire and emergency notification functions for the expanded Johnstone campus, including JMSF, Valentine Hall, the new 144-bed facility, and the 80-bed Hayes Building.

Priority 10 seeks funding for air quality improvements needed in dormitories and classrooms at the boot camp and the Pinelands Residential Group Center. The projects will include upgrading aged heating and ventilation systems and modifying affected electrical wiring so the systems will meet current electrical and fire safety codes.

Additional capital funds for FY 2002 are requested to upgrade outdated interior electrical wiring systems at all of the New Jersey Training School's housing units, as well as the institution's food service, hospital, Wilson School, and vocational buildings. These projects are listed in Priority 11.

Priorities 12, 13, and 14 include critical repairs at institutional facilities and community residential programs, and roof replacements at various sites. Critical repair funds are used to repair or replace aged and deteriorating heating, cooling, plumbing, and electrical systems, as well as for infrastructure repairs and improvements, including parking lots, water, sewer, and utility system. These funds are also used for ADA-required alterations and additions.

Priority 16 is to refurbish the exterior building envelope of all the dormitories and the vocational, food service, and hospital buildings at the New Jersey Training School. This project will repoint the exterior brick walls and replace windows and exterior doors.

Priority Projects 17 and 18 are part of an overall energy management plan developed by the JJC and the Department of Treasury. These projects will convert the existing oil-fired boilers to gas-fired modular units at the New Jersey Training School and the Johnstone campus. As part of this plan, leaking steam and condensation lines will be replaced.

An additional noteworthy priority is 25, which requests \$169,000 to develop the design document to renovate Cooper Hall, the main residential program building at the Green Residential Group Center. Improvements will encompass installing a fire code required sprinkler system, HVAC upgrades, food service renovations, and consolidation of program space.

Finally, I want to ask your support for an initiative which has already been submitted from the Department of Law and Public Safety. As the Department of Law and Public Safety stated in their presentation to you, space is at a premium for all State Departments. The JJC alone currently leases space

at two different sites just to house administration, while half a dozen buildings remain empty and continue to deteriorate at the Johnstone campus.

As you know, the JJC has renovated and occupies several of these buildings. The JJC supports the Department of Law and Public Safety's request to continue these renovation efforts for appropriate uses.

I want to thank you for your attention and this opportunity to elaborate on this year's list of capital priorities.

I'd be happy to answer any questions that you might have.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Rousseau.

MR. ROUSSEAU: One quick question on your suicide prevention money. Is \$1 million all you can handle in getting done in any one year, or is it -- do you just want to spread it out for budgetary impact, or if we-- If this Commission or the Governor or the Legislature, in its wisdom, decided that this is a high priority and we decide to give you \$2 million, could you do \$2 million worth of projects in a year, or do you think that you can do only \$1 million worth of projects?

MR. STOUT: I'll let Keith Poujol, our Facilities Manager, answer that.

KEITH POUJOL: Good morning.

We had-- The overall project that's submitted -- I think a \$7 million initiative -- spread it out over the course of five to seven years, because there are significant design issues. It's not just simply placing new furniture.

When you put eight new HVAC grills, for instance, you need to ensure that the building systems can generate enough CFM value to push the appropriate air.

While I would love to have additional funds, I think to spread that over the five-year course is more appropriate at this time, given that I don't think the number of construction projects at the Training School, in particular, could tackle the time constraints that would be needed to do that.

MR. ROUSSEAU: How much of the \$1 million you got in 2001 have you spent or obligated?

MR. POUJOL: We're in the process of obligating \$700,000 right now to bring in the furniture for the 144-bed facility. We've got a project at Turrell, which is our special needs unit, which has got a \$600,000 renovation ongoing. So we have funds ready to go with that design effort, as well.

These funds here are to do three additional projects -- the Training School, but they're also located in buildings that we have -- the fire safety project that's out to bid. So, in the sequence of constructibility, we want to make sure that the fire safety issues are tackled first and then bring in the appropriate fixtures into the building and the ventilation equipment.

MS. MOLNAR: Any other questions or comments?

ASSISTANT COMMISSIONER TROY: If I could just--

Good morning, Bruce. How are you?

In terms of my colleague's questions here-- Obviously, you can't suicide-proof all of the residences at once. Do you go through some kind of a classification system of the new residents coming in, in terms of a high potential, low potential, and then assign those residents accordingly?

MR. STOUT: Absolutely. We have a classification process that relies on both objective risk and need assessment, but also relies on qualitative interview impressions. That's probably one of the most important things we do. We triage our population of incoming juveniles and put them in appropriate settings based on that classification process.

ASSISTANT COMMISSIONER TROY: That being the case, Bruce, is it ever a situation where you may be classifying somebody in a lower risk category just because you don't have the facility to put them into -- and then -- as then exposing the risk that something could happen?

MR. STOUT: No, absolutely not.

ASSISTANT COMMISSIONER TROY: Okay.

Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Brune.

MR. BRUNE: Bruce, good morning.

MR. STOUT: Good morning.

MR. BRUNE: Just a quick clarification.

When you mentioned Priorities 4, 5, 6, and 24 -- this is -- I think -- there's a statement in here that says that the design funding for these projects was appropriated in '01.

MR. STOUT: Yes.

MR. BRUNE: Is it fair to then assume that the design will be in place? There's no holdup on the design? The logical progression, then, is to provide the capital for the construction in '02.

MR. STOUT: That would be correct. Yes.

MR. BRUNE: The only reason one is 24 is just in the ranking of things. You obviously tried to front-load safety issues -- up toward the front.

MR. STOUT: Correct.

MR. BRUNE: Thanks.

MR. STOUT: Thank you very much.

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

If not, I thank you for your presentation.

I'm sorry, Mr. Geniesse had a question.

MR. GENIESSSE: Forgot me already.

Bruce, I just wanted to ask, has the secure population under the Commission now pretty much stabilized? You're not asking for significant bed spaces -- additional bed spaces?

MR. STOUT: That's correct.

MR. GENIESSSE: Is that the reason for reprogramming the 144-bed to a reception unit?

MR. STOUT: We're projecting flat growth for the next, at least, two calendar years. And projections of this nature are very volatile. So we don't want to go out any further than two years.

I wouldn't say that that's the primary reason for the huge change at the 144. It really gets to what Ed was touching on. We are implementing what I think will be a really world-class classification process, which is critical to effective programming. And that facility, in my determination, provided the best opportunity to do that. It just has very limited program space attached with it. A reception unit would have the shortest length of stay, which would

put the need for program space at a minimum. So it was the best match between use and facility that we could come up with.

MR. GENIESSE: Thank you.

MR. STOUT: Thank you.

MS. MOLNAR: Any other questions or comments?

Gail.

MS. ALEXANDER: Bruce, good morning. One question. You said, two years out you're projecting flat growth?

MR. STOUT: Correct.

MS. ALEXANDER: How do you do that? On what basis--

MR. STOUT: Well, you track -- go back all the way to arrest. You look at the docketing of delinquency complaints in family court. And you do it by type, because obviously, not all the fences have the same probability of commitment as others. So it's basically a mathematical projection of where you see arrest, court docketing, and conviction trends going.

MS. ALEXANDER: Okay. Thank you.

MR. STOUT: Sure.

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

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

MR. STOUT: Thank you very much.

MS. MOLNAR: Our next department is the Department of Transportation. I'd like to welcome Deputy Commissioner Al Ari.

Good morning.

DEPUTY COMMISSIONER ALBERT B. ARI: Good morning.

I want to say good morning to the Commission. And thank you for the opportunity to come before you today to present the--

MS. MOLNAR: I don't think your mike is on. (referring to PA microphone)

DEPUTY COMMISSIONER ARI: Is it on now?

MR. GENIESSE: Is the red light on?

DEPUTY COMMISSIONER ARI: It was on.

MR. GENIESSE: Now you're on.

DEPUTY COMMISSIONER ARI: Let me start all over again.

Good morning. Thank you for the opportunity to be here this morning to present the Department of Transportation's capital budget request for FY 2002.

Our top three priority requests focus on the modernization of Motor Vehicle Services' agencies and our ability to more efficiently service our customers. Our motor vehicle agencies process approximately 10 million customer transactions annually. Given the growing population in New Jersey and the digitized driver's license requirements which are upon us, the number of transactions that our agencies must process will be increasing.

Nearly every citizen of New Jersey has some interaction with an agency at one time or another. The DDL essentially guarantees their interaction over the next several years. This interaction can either be positive or negative. Negative experiences will contribute to a poor public image through increased complaints from our citizens to Motor Vehicle Services directly and/or through elected officials and the press.

NJDOT hired the consulting firm of Klynveld, Peat, Marwick, Goerdeler to perform an organizational study of MVS. This study identified a number of factors that prevent the agencies from providing the public the type of service they expect and deserve. The study also identified a means of improving our services.

Our capital request for agency modernization centers on improving customer service and decreasing wait times in the 45 MVS agencies. Our plan provides the tools necessary to process transactions efficiently, balance workload, and measure performance. The modernization of each of the 45 agencies requires physical work flow improvements, installation of a workload management/queuing system, and designing and installing a new customer transaction computer system.

Our first request of \$1.317 million for agency modernization addresses the physical process, or work flow changes, which need to be made. The current inefficient work flow design directs all customers to one intake window, regardless of how simple or complex the transaction may be. The work flow at each agency will be redesigned to include multiple one-stop shopping windows that can handle all customer transactions. As a result, customers will spend less time in the agencies. The FY 2002 request of \$1.317 million covers 23 of the 45 agencies. For FY 2003, we will need an additional \$1.289 million to complete the changes in the remaining 22 agencies. We have specifically divided our request into the two fiscal years to allow for an orderly rollout of the changes to occur.

Our second request of \$253,000 for agency modernization funds the installation of a queuing management system at each agency. This system

will allow agency and division management to monitor customer flow and wait times, to prioritize the handling of certain types of transactions, and to make adjustments for periods of heavy traffic by rerouting customers, reassigning workers, and/or giving selected transactions priority.

In addition, the system can be Web enabled so that our customers who have access to the Internet can look at agency wait times before deciding when to go to an agency. Funding in the amount of \$253,000 is being requested to modernize 23 agencies in FY 2002. An additional \$242,000 will be needed in FY 2003 to fund the remaining 22 agencies.

Our third request of \$4.391 million for agency modernization addresses rewriting of the agency information system, which processes millions of customer transactions annually. The current system is old and cumbersome. It forces agency staff to duplicate data entry when changing screens, requires multiple terminals to get information needed to complete a customer transaction, and is thus increasing the likelihood for those entering the data to make errors and resulting in longer time being required to complete the customers' transactions.

The rewrite of the agency information system will include operator-friendly features allowing agency staff to directly interact with the MVS mainframe databases and significantly improve transaction efficiency, accuracy, and throughput. Simply put, we'll be able to service our customers faster and with less chance for error. Again we are asking for funding to be provided over a two-year period. Our FY 2002 request is \$4.391 million, and \$1.319 million will be needed in FY 2003 to complete the remainder of the work.

Our next group of requests covers funding for physical plant improvements at various MVS inspection stations, MVS agencies, and combined inspection/agency facilities. Many of these aged buildings and appurtenances require capital investment to correct major health and safety problems such as removal of lead-based paint, worn out and leaking roofs, deficient paving in driveways and parking lots, and building code violations. Other facilities require capital investment to prevent future problems. Work such as the painting of structural steel, masonry walls, and exterior metal panels is needed to prevent buildings and building systems from deteriorating due to exposure to the elements. Also included are investments such as HVAC improvements and window replacement to improve energy efficiency, health, and safety, as well as comfort for both the public and employees.

We have grouped similar projects in different facilities into a single project request. There are eight groupings which include roof replacement; HVAC shared replacement; paving, curbing, sidewalks, and signage; windows and exterior lighting; HVAC nonshared replacement; exterior painting; building exterior panels, doors, and masonry; and office construction to replace deteriorating mobile home type trailers. The total value of these capital improvements for FY 2002 is \$2.717 million. In future fiscal years, NJDOT will be requesting additional funds for capital improvements to MVS facilities.

Our final FY 2002 capital request is \$3.505 million for internal cabling and related equipment at the MVS headquarters building at 225 East State Street. This funding will bring the MVS building into compliance with industry standards and provides MVS with the additional bandwidth needed to perform daily operations. It also brings this building into conformance with

the model agency standards and sets the groundwork needed to support E-government applications. Without sufficient bandwidth and routing and switching technology, E-government technology cannot be delivered to the desktop and general users, both public and private. In the building's present configuration, Cat 3 cabling and single Ethernet segment, the traffic on the single Ethernet cannot support the increasing bandwidth demands. Response times within the segment are increasing, as is access to the OIT hub for mainframe and Internet access. This makes it again take longer for work to get done given the major dependence on systems within Motor Vehicle Services organizations.

This request includes both cabling and equipment requirements for all State government agencies within the MVS headquarters complex. This includes MVS, Labor, State Police, Health, Highway Traffic Safety, and the New Jersey Redevelopment Authority. Our request of \$3.505 million includes \$1.972 million for MVS and \$1.533 million for other State agencies. If each State agency in the MVS complex were to pursue a cabling effort independent of each other, the per workstation costs would increase, since the economies of scale cannot be achieved on smaller projects. Therefore, we are recommending that the cabling of the MVS complex include the other State agencies.

In conclusion, without the requested funding, our level of service to our clients will erode. We will undoubtedly have a much more difficult, if not impossible, role in meeting legislative mandates.

Chairperson Molnar, that concludes my Fiscal Year 2002 capital budget request. I'm more than pleased to answer any questions you may have.

MS. MOLNAR: Thank you very much.

I had just one question.

On this one-stop service-- This is intriguing. I'm looking forward to it. I suspect it's going to require additional employee training, because not everyone is geared for that type of service. Who would fund the training, the agency or the State government?

DEPUTY COMMISSIONER ARI: We would help with the training, because we're going to help set up the system. So we would do it through our own staff.

MS. MOLNAR: Are the employees State employees, or are they employed by the agency?

DEPUTY COMMISSIONER ARI: I'm not sure which employees you're referring to, the ones that would do the training?

MS. MOLNAR: No, the ones that actually work at the agencies servicing--

DEPUTY COMMISSIONER ARI: They're all contracted employees. They're not State employees.

MS. MOLNAR: Okay, thank you.

Any other questions or comments?

Ms. Messenger.

MS. MESSENGER: The bulk of the motor vehicle work is being done at the privatized stations, is that correct -- the ones that are run by vendors, not by the State?

DEPUTY COMMISSIONER ARI: What percentage--
Did you say inspection stations or agencies?

MS. MESSENGER: The agencies.

DEPUTY COMMISSIONER ARI: The bulk of it is. Yes, it's all private.

MS. MESSENGER: Is there any financial participation from the vendors, or is it entirely State responsibility for upgrading?

DEPUTY COMMISSIONER ARI: It's the State's responsibility. They essentially meet our contract requirements.

MS. MESSENGER: Okay. Thank you.

MS. MOLNAR: Mr. Troy.

ASSISTANT COMMISSIONER TROY: Thank you.

Just a couple of questions. Is there a problem at the agencies in terms of wait time or response time? Do you know what the average wait time is for a customer at an agency?

DEPUTY COMMISSIONER ARI: I don't know if I have the exact answer, but apparently you've never been to motor vehicles. (laughter)

ASSISTANT COMMISSIONER TROY: Maybe I was just luckier than the rest of them.

DEPUTY COMMISSIONER ARI: I'm being extremely facetious.

We have individual agencies, because of the locations in the area, that move very rapidly. And we have others -- the lines are right out the door. Chris Kniesler, Deputy Director, could probably speak more to that than I can.

C H R I S T O P H E R D. K N I E S L E R: Obviously, location is everything. We don't have any wait times down there in Cape May. But if you go into Elizabeth or Newark or whatever, we have some long wait times. Of course, also, the wait time is also determined on the type of transaction that

you have because of our antiquated technology. If we have to track an older title, that can't really be done at the agency. We have to fax stuff back to the headquarters and be verified at headquarters and then faxed back. So, if you have an older title, you may be there for two hours for no reason but the fact that our technology is so old that we can't handle that kind of information at the agency location. If someone comes in for a regular renewal for a car -- for their vehicle registration, that's a two-minute transaction.

So it depends on location. It depends on the type of transaction. It depends on how long your wait is.

ASSISTANT COMMISSIONER TROY: If I could just follow up-- I guess it gets to your other request about upgrading your mainframe databases. Right now, if you're out in an agency, you cannot go directly into the database in terms of Treasury mainframe? You're faxing information to someone, and they're bringing it back?

MR. KNIESLER: Well, that's on older titles. We have the capability -- at least one terminal within the agency to be able to access the driver history record so that we make sure that we don't renew a license of someone whose is suspended, for example. So that is accessible through the agent themselves. The staff doesn't have that kind of access.

Again, because of our technology, we have-- The way it's set up is that the different individuals within the agency are doing different functions, because we don't have Windows on our terminals. If someone comes in to do a license renewal and a reg renewal, they can only do one of them at a time, and they have to back out of that whole -- the first process, then do the second process all over again.

DEPUTY COMMISSIONER ARI: Let me add a little to-- The system with the agencies has really not been upgraded in almost 20 years. We're working on a system that's 15 to 20 years old, other than a few Y2K adjustments that were made to it at the end of last year. That's all that's been done with it.

ASSISTANT COMMISSIONER TROY: So these are basically the old DMV databases through OIT.

MR. KNIESLER: Right.

ASSISTANT COMMISSIONER TROY: And you're proposing to go to some type of a client-server technology or just upgrade the databases at OIT to some kind of new technology.

MR. KNIESLER: Actually, both. We do want to go to more of a client-server type technology at the agencies, but then we also feel that we need to upgrade at OIT because of the size of our main database. We have hundreds and millions of files that have to be regularly accessed. And we believe that we need to start looking at improvements to that so we can maintain the integrity of the database.

ASSISTANT COMMISSIONER TROY: And just as a last question, in terms of increasing your bandwidth for your Internet access -- and I guess sitting on some of the committees-- This has been an issue through several agencies -- departments -- of having these same issues. I know that OIT had put about \$5 million or \$6 million out to give to departments who made a request in terms of cabling, whether it be from the street to the desktop or within the network itself. Did DMV/DOT avail themselves of any of this funding?

DEPUTY COMMISSIONER ARI: Yes, we have. Actually, the request for redoing the 225 East State Street building is a request that has also been submitted by OIT. We're not trying to double dip. Both OIT and DOT feel this is critical to the organization, so we're both making a request. Hopefully, one of us will be successful in having the money made available to us.

MS. MOLNAR: Ms. Alexander.

MS. ALEXANDER: Thank you, Madam Chair.

One question on the mainframe update again. How far back do your records go on titles now that are accessible by the agencies?

MR. KNIESLER: The titles go back to the Pricewaterhouse crash in the mid '80s. So anything prior to whatever that was -- '86 or '87 -- has to then go -- come back in house and -- basically a manual search through microfiche has to be done.

MS. ALEXANDER: Do you contemplate putting those older recorders on the new mainframe if you upgrade that?

MR. KNIESLER: Yes.

MS. ALEXANDER: Thank you.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Al, good morning.

DEPUTY COMMISSIONER ARI: Good morning, Gary.

MR. BRUNE: A couple quick questions on the queuing system.

First question, actually-- Of the three things -- modernization, queuing system, and the rewrite of the system -- can those be considered

mutually exclusive, in that you can make a discrete decision about one without (indiscernible) relationship to another one?

DEPUTY COMMISSIONER ARI: You could consider it mutually exclusive.

MR. BRUNE: Do you have a queuing system in place in Wayne? Do you know?

DEPUTY COMMISSIONER ARI: Antiquated system.

MR. BRUNE: So this is a different--

DEPUTY COMMISSIONER ARI: This is a modern system. This is a totally modern system.

MR. BRUNE: In what sense is it different?

DEPUTY COMMISSIONER ARI: My understanding, and believe me, I'm not the-- My understanding with the new queuing system is that it would allow the agent to determine the type of transactions that have to be made and really helps manage the system, where the other ones just told you the number of people waiting and not necessarily the type of transactions.

MR. BRUNE: As I understand it, the idea is to call up based on the transaction that the person represents rather than the old bakery approach of taking a number.

DEPUTY COMMISSIONER ARI: That's right.

MR. BRUNE: What was your experience in Wayne with the older system?

MR. KNIESLER: Actually, the Wayne system is not on the agency side, but on the regional service center side. So that was just dealing with driver conferencing, because that old system couldn't handle the variety

of transactions on the agency side. They've now caught up with their technology to the vendors. They can now handle more types of -- more different transactions and those at varying lengths of time. So what we're looking for, initially, is-- Actually, we're going to be testing, in three or four locations, how these work out. But we believe that the new technology can now handle the multitude of transactions that we have and the varying times that they take.

MR. BRUNE: Just one last question as to the timing. I noticed you split it over two years.

DEPUTY COMMISSIONER ARI: That's correct.

MR. BRUNE: First question, I guess, is, can we assume that this is to address the agencies, as well as the places where you have both the agency and the Department in the building?

DEPUTY COMMISSIONER ARI: It's primarily for the agencies, but we will put it into our regional centers.

MR. BRUNE: Is there a reason it takes two years as opposed to doing it in one, just out of curiosity?

DEPUTY COMMISSIONER ARI: Well, let's talk about the experience that we just had with the enhanced inspection. We're doing an automated system here. That's why.

MR. BRUNE: Okay.

DEPUTY COMMISSIONER ARI: Don't want to rush into these things.

MR. BRUNE: Thanks.

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

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

DEPUTY COMMISSIONER ARI: Thank you.

MS. MOLNAR: Our next department is the Judiciary. I'd like to welcome Richard Williams, Administrative Director of the Courts.

Good morning.

RICHARD J. WILLIAMS, J.A.D.: Good morning. Thank you for the opportunity of being here.

Madam Chair, I'd like to begin by introducing the other members of the Judiciary that are here with me today. As indicated, I am Richard Williams. I am a Judge of the Appellate Division and presently serve as Administrative Director of the Courts. To my left is Ted Fetter, who is the Deputy Director. To his left is Gerry Williams, our Support Services Administrator. And to my right is James Rebo, our Chief Information Officer. And to his right is Chris Higgins, our Assistant Director of Management and Administrative Services.

We appreciate the opportunity to appear before the Commission to present two requests for capital funding in the coming fiscal year. We're asking for a total of \$6.4 million in capital in the area of information technology and \$1 million in capital to meet facilities needs in the Hughes Justice Complex. We appreciate your consideration.

Our capital request in information technology covers several very important needs. As we all know, technology is constantly evolving, and products which were once industry mainstays become outmoded and obsolete even within only a few years. Similar to many other large organizations, the Judiciary is facing obsolescence of the technology supporting many of its vital

operations. Our case management systems, which support all court users and many related agencies, including law enforcement, are in danger of becoming unusable. Similar to case management systems, much of our internal office automation infrastructure, including network technology, our PC operating system and software, and even including our word processing standard, are reaching the end of their IT life cycle, and they must be replaced with newer systems that the industry is currently supporting. If we do not take action, we will find ourselves, very soon, unable to operate. This is a major initiative, which over the next five years, between capital and operating budgets, will probably exceed \$100 million.

Our capital request for the first year is \$6.4 million. The importance of the request cannot be overstated. The Judiciary relies on its information system for its basic operation, and this reliance will only increase in the future. Our dockets, that's the books that list the events in a case, no longer exist in paper form; they are only electronic. Hard copy files remain, for the most part, but they're accessible, primarily, through indexes and sorts that are done electronically. Payments and transactions are recorded on the systems; jurors are summoned and paid by means of the systems; information is shared with law enforcement and other agencies by electronic transfer; and the use of our automated systems go on and on.

Today, New Jersey courts' information systems serve over 20,000 users with 3.3 million lines of logic and 5100 programs. Nearly 3 million on-line transactions occur every day. Not only do the courts rely on this information, but also local and State Police, jails and corrections, prosecutors and public defenders, Division of Youth and Family Services, domestic

violence service providers, Motor Vehicles, and many others do, as well. We simply cannot afford to lose these systems.

As a practical matter, whether it be dealing with criminal cases, whether it be dealing with family matters involving child abuse or neglect or domestic violence, all of our operations depend on these automated systems. Losing these systems may sound dramatic, but it is a real prospect. Our case management systems are based on 1980s technology. And while we, at one time, were a leader, nationally, in terms of automation, that lead was in the 1980s, the time when our systems, for the most part, were developed and implemented. The information technology industry is moving from one generation of technology to another. It's analogous to many of us who had our first home computers -- where we now find them stored in the basement or a closet somewhere unusable, because they're not supported by the industry. There's no current software available for them. This is happening to us, but it's happening on a huge scale.

Something similar is happening, as well, to our office infrastructure. Most of our PCs are using Windows 95 and Windows 3.1, and we need to move on to Windows 2000. Most State agencies are using Microsoft Word. We've had difficulty exchanging documents with many of them. We must move on to Microsoft Word. Our wide area networks are using routers that are no longer being manufactured and supported, and parts for them will be unavailable for them soon. The changes we are making in these essential areas and our plans will make us compatible with the executive branch so that coordination with the rest of State government will be much easier.

To make the changes we need will take us several years. We must essentially rewrite those 3.3 million lines of logic and 5100 programs in a new database system, all the while continuing to serve the daily needs of those 20,000 users. We must procure new equipment to operate the new systems and new software that is using the new database. While we are rewriting the systems, we cannot lose the opportunity to bring those systems up to date so they continue to meet users' needs for the foreseeable future. We must use newer and more modern technology that will continue to be supported for the next generation of information development.

Finally, in the information technology area, there are five areas where we're asking for capital funds. First, we need to expand our wide area networks, procuring new, high-speed routers. Secondly, we need to move to Windows 2000, replacing our old systems. Third, we need to expand in the area of electronic filing. We are expanding our statewide electronic filing from our special civil part cases to civil law division and dissolution cases, which will enable us to receive pleadings and papers much more efficiently, promote better and more accurate communication between law firms and the court. Fourth, we need to convert our old database system. And we're asking, in this budget, for several large servers, for systems development work stations, and software licenses. And finally, we need to expand our data center with new equipment, which will enhance our data storage capability and improve our ability to compile reports using data from throughout the system -- reports that are necessary not only for the Judiciary, but for a variety of other agencies with whom we interrelate. All of these areas are essential, and they relate to basic operational needs. We would appreciate your favorable consideration.

The second area that we are asking for capital funds for is in Hughes Justice Complex facilities needs. Basically, we are asking to upgrade the office space in the Justice Center over the next four years at a total cost of \$3.9 million. We've occupied the Hughes Justice Complex since 1982. In much of the building we're still using the original furniture, the original office partition walls, and they're deteriorating. They inhibit modern use of electronic and voice-data communications, they involve safety hazards, and they use more space than modern office furniture does.

What we want to do then, since we've exhausted space in the Justice Complex, and we've even moved to other places in Trenton, is try to implement a plan that will enable us to reconfigure office layouts and essentially provide three professional work space stations in the same space that we now use for two workstations. Using modern design, we can handle the wiring and cabling more efficiently, we can improve safety, and we can provide modern office equipment to all stations. The cost for these upgraded facilities averages about \$5100 per workstation. We hope, through this request, to use existing space better to meet the needs of our staff and enable us to solve problems of overcrowding without seeking additional outside space.

This also matches well with the current work by the Department of the Treasury to improve the use of the Justice Complex. Again, we hope you'll be supportive.

Both of these capital requests are vital. Both support projects that will take several years. But it's essential that our operations begin now, with regard to these. We appreciate your support that you have given us in the past, and we would ask for your favorable consideration of our current needs.

And I would be prepared to answer any questions that the Commission might have.

Thank you.

MS. MOLNAR: Thank you.

I think it's very appropriate that Judiciary is making their presentation in this room, which used to house the Supreme Court.

JUDGE WILLIAMS: I was a law clerk for that court. The room holds special significance.

MS. MOLNAR: Good. I'm glad we had you here, your honor.

Any questions or comments?

Mr. Troy.

ASSISTANT COMMISSIONER TROY: I'm sorry.

MS. MOLNAR: That's okay.

ASSISTANT COMMISSIONER TROY: I want to know, just as a question, how much did the Judiciary spend on their Y2K initiatives?

JUDGE WILLIAMS: Jim, would you like to respond to that, please?

J A M E S R. R E B O: We spent about \$11 million, if my memory is correct. But it's within that ballpark.

ASSISTANT COMMISSIONER TROY: And of that \$11 million, none of it was spent on upgrading the PCs or software or anything else to kind of kill two birds with one stone; in other words, upgrade your software and take care of the Y2K problem? Was that all OTIS money?

MR. REBO: I'm not sure which money was which offhand. But we spent about a total of \$11 million. Some of it did go towards upgrading

PCs to Windows 95. Windows 2000 was not available at that time. And we did have a number of issues with the wide area network software, as well as client PCs. And we did spend moneys in those areas. I don't know the particular amounts in proportion.

JUDGE WILLIAMS: We can provide that for you if you would like.

CHRISTINA P. HIGGINS: I have some insight on that point.

With regard to the expenditures, about \$7 million was appropriated in the data processing initiative line for Y2K. The balance was through agency funding -- our own funding.

ASSISTANT COMMISSIONER TROY: Okay.

MS. MOLNAR: Mr. Roth.

MR. ROTH: Madam Chair, I'm not really sure I understand the request for the Windows 2000 software as being part of a capital project. I would think that that would be covered through an operating budget of some sort. Normally, software is only part of a capital project when you're buying new computers so that they will operate. But just to upgrade existing computers-- I don't see this as being a capital expense.

MR. REBO: We are-- What really is here is buying new hardware bundled with the new software. We're not talking about using this money to upgrade existing hardware.

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

If not, I want to thank you, your honor and the Judiciary staff, for your presentation.

JUDGE WILLIAMS: Thank you very much.

MR. REBO: Thank you.

MS. MOLNAR: Our last presentation is the debt report. I'd like to welcome Jim Poole and his staff.

JAMES POOLE: Thank you, Madam Chairwoman and members of the Commission.

I'm pleased to present today the fourth annual debt report of the State of New Jersey. I have a real quick opening statement.

The only thing I would turn your attention to was, during the last 12 months, Standard and Poor's has upgraded all the appropriation debt of the State of New Jersey from AA- to a AA. They have put out their most recent credit report on the State of New Jersey and have kept everything else pretty much stable -- AA+ and stable. The debt, as you can see, has grown by a little over \$1 billion, of which about three-quarters of that increase is the Transportation Trust Fund.

And with that, that's the highlights of the report.

I will open it up -- offer to take any questions.

MS. MOLNAR: Thank you, Jim.

Any questions from Commission members?

Mr. Rousseau.

MR. ROUSSEAU: I'll defer to anybody else, first, but--

Good morning, Jim.

MR. POOLE: Hi, Dave.

MR. ROUSSEAU: One of the questions I ask every year at this time, since this report is a snapshot in time of June 30 of 2000, and we're now

already five or six months into that-- What have we done since June 30? Have we issued anything since June 30 of significance?

MR. POOLE: Yes. For the next couple of years -- for next year and beyond, what I would like to do is include, somewhere in here, probably D-3, a recap of the issuance.

But for your specific question, there have been two sales that would have shown up in this book -- or that will show up in this book next year that have been completed. The first one was done at the end of July, through the Education Facilities Authority, for the Higher Education capital improvement fund. That was a legislation that was passed, I believe, in 1999, authorizing up to \$550 million for institutions of higher education. And of that \$550 million, we issued \$132 million at the end of July.

The second sale that we have done since June 30 was for the Building Authority, in the amount of about \$29 million, done towards the end of August. And that \$29 million was for renovations to both the Justice Complex and DOT. And there are two sales contemplated for early next month, one in the amount of about \$140 million for again the EFA Higher Education capital improvement, and \$15 million for the Sports Authority.

MR. ROUSSEAU: On the-- As we discussed yesterday, on the negative side, there's also a positive on the debt side, too, though, as we discussed -- the retirement of some of the pension bonds. Do you want to give the Commission a little bit of a breakdown on that?

MR. POOLE: Sure. Thanks, David.

In July of 2000, there was an appropriation of \$14 million from the General Fund, which related to savings on a prior GO sale. The

appropriation was to the Division of Investments to actually buy back up to \$14 million of cash -- \$14 million cash worth of pension bonds. That was effectuated in July and August -- excuse me, September and October of this year by the Division of Investments. And the two trades that they finally consummated-- They bought about \$34 million of pension bonds maturing in 2021, and \$20 million of pension bonds maturing in 2016. So, in next year's report, you will see a larger decrease in pension bonds than you saw this year. You'll have the normal payoffs that we would normally -- that are scheduled, in addition to the two trades that I just mentioned.

MR. ROUSSEAU: One final thing. It's not really a question, it's more of a comment that I will throw out to the rest of the Commission just to get their views on.

One of the things that we're charged with doing is doing the estimated debt service for the subsequent five fiscal years. What I would like to suggest to the Commission is maybe that we adjust table D-1. D-1, right now, shows just simply the debt service payments of the current debt that's out there.

That's correct, Jim?

MR. POOLE: Yes, that is.

MR. ROUSSEAU: And then, in order to figure out what the debt service payments are in future years, you have to go into each one of the tabs at the back to figure out school construction is going to be this, EDA is this, that, that. I would just suggest to the Commission that maybe on D-1 we put a line that says additional estimated debt service as a subtotal and then do a total off of that, so somebody can look at one page and see what the projection

is on. Because right now somebody could look at this and think that our debt service is going to go down in the next five years. And everybody knows that that isn't going to be the case. It just makes it easier for reference -- have to go back and look at each different tab to figure it out.

I just throw that out to the Commission for when we do finally adopt the report in December -- about whether or not we want to make that change or not.

MR. GENIESSE: Through you, Madam Chair--

Dave, are you asking Jim to modify his report eventually, or are you--

MR. ROUSSEAU: I'm asking the Commission to consider it and to direct him to, if we want to. But I know it's a spreadsheet. It's probably no big deal to do it.

MR. POOLE: Honestly, we will modify it. Dave and I have talked. We will modify it for future years, and we'll make copies of it available. It's all here, it's just a matter of-- It's a lot simpler for us to do it -- get the number out there -- than David or whoever has to flip through seven different tabs. We'll take care of it from here.

MS. MOLNAR: Thank you.

I had the same issue. I had to keep going back and forth to the tabs to figure out-- So that would be helpful. I think you could add that.

MR. POOLE: I mean, again, all the information is in here. It's just a matter of putting it together the right way. I mean, if that's one of the major comments, I think we're in great shape.

MS. MOLNAR: Any other questions or comments?

Mr. Rousseau.

MR. ROUSSEAU: No, that's it for me.

MS. MOLNAR: Oh, okay.

MR. ROTH: Madam Chair.

MS. MOLNAR: Mr. Roth.

MR. ROTH: Last year, I believe on the schedule -- I presume it had the same numbering last year -- M-1 -- pertaining to lease payments-- We had some questions that were raised by one of our former members for which we were supposed to receive a separate report in the beginning of January or February. And I don't ever remember seeing that report.

The question had to do with, number one, what interest rates are you using or imputing here. And if my recollection serves me right, it was an extremely high rate, and that was because you had maintenance costs built into it which should have been backed out, because they belong in the operating budget, not the capital program.

I'm wondering if that report was ever done. If not, perhaps you can tell us what these numbers consist of right now.

MR. POOLE: Okay.

The report was supposed to be done, but that report was supposed to come out of OMB and not my office.

MR. ROTH: Oh.

MR. POOLE: If you remember correctly, when it got to capital leases, I turned it over to two other individuals, one from--

MR. ROTH: And they're not here today.

MR. POOLE: --one from the Office of Management and Budget, and one from Treasury's leasing side of it. I don't know exactly what the title is anymore.

I am unaware if the report was done or not. I do know that there were discussions internally in OMB as to -- there have been modifications to this schedule. I know that one of the office buildings in question -- the value was raised -- the value of the property was raised. The value of the property was raised to a more market condition.

I think I'm going to turn it over, basically, to the Executive Director, because he's had more interface inside of OMB in the last week or so on this issue.

MR. GENIESSE: Mr. Roth, the answer to your first question is, we did not get those adjustments to the June 30, 1999 figures. I think it was determined that it was better to go forward and make what adjustments there were to this forthcoming report -- the June 30, 2000 report. And I understand that some adjustments are made, as Mr. Poole said. I believe the fair market value on which these rates are computed was raised in at least one or two cases. So these figures you're seeing before you are -- the adjustments have been made.

MR. ROTH: What is the imputed interest rate that's come out of this?

MR. POOLE: I guess I'll take a stab at it.

If you turn to M-1-- I mean, you'll see the interest cost there. The principal amount of capital leases is just about \$80 million.

MR. ROTH: Well, you're giving me dollar amounts, but I want to know what the interest rate is.

MR. POOLE: Well, I'm giving you the facts first. I mean, \$80 million-- If you were paying \$11 million of interest -- on \$80 million, you're somewhere around 13 percent.

MR. ROTH: And how does that compare to commercial leases?

MR. POOLE: I'm going to turn that back to the Executive Director. Questions on capital leases, if there are any, should be handled by either OMB or Tony Mazzella's shop, which is the leasing operation.

MR. ROTH: These should really be tax exempt leases. I would think a 13 percent interest rate, at this time -- error's a little high.

MR. GENIESSE: Mr. Roth, I've exhausted my knowledge on this subject. We'll have to get that information for you.

MR. ROTH: Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Traino.

MR. TRAINO: I just have a quick question on the school construction program. Do you know when you'll begin issuing the bonds on that?

MR. POOLE: The bond council selection has just been made. The selection for underwriter will be made next week, so the team will be in place -- the financing team will be in place by the end of next week. The first issuance of bonds is tentatively scheduled for February, sometime after the budget presentation, so we have proper disclosure in the documents. But we'll-

- The size is to be determined. It will be based on whatever the cash need is at the time. But February or March of 2001--

MR. TRAINO: Thank you.

MR. POOLE: Just as a follow-up to that-- That is not a holdup to any cash needs within the appropriated -- within the State budget -- Fiscal Year '01 appropriation is \$175 million of pay-as-you-go capital that is currently available for projects. So there is-- Construction does not have to wait until the bonds--

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

I'd like to thank you for your presentation, Jim. Today, we cannot vote, because we do not have a quorum of the actual members. So, on December 8, we will have to vote on your debt report.

Thank you very much.

MR. POOLE: Thank you very much.

MR. ROTH: Madam Chair.

MS. MOLNAR: Yes.

MR. ROTH: I would ask that answers to my questions pertaining to the interest be available to us before we vote.

MS. MOLNAR: Okay. Thank you.

Okay, our next meeting is December 8. Do we have a time for that? Did we decide on when we would start that meeting?

MR. GENIESSE: I don't think we had determined a time.

MS. MOLNAR: I didn't think so.

MR. GENIESSE: Do you want to make it 9:30?

MS. MOLNAR: We're going to have-- Hopefully, we'll have the actual members. It may be more difficult for them.

MR. ROUSSEAU: I think 9:30 is okay with Senator Kenny.

MS. MOLNAR: I don't know about Senator Littell. He comes all the way from Sussex County.

How about the other Assembly people? Barbara Buono is Middlesex County. And Mr. Blee-- Where's he from?

MR. TRAINO: Atlantic County.

MS. MOLNAR: Can he make it here by 9:30?

MR. TRAINO: I think so.

MS. MOLNAR: All right.

If there is no objection, could we start the next meeting on December 8th in this room at 9:30 -- around that time, give or take a few minutes?

Is there any other matter to come before the Commission? (no response)

If not, meeting adjourned.

(MEETING CONCLUDED)