
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 9
State House Annex
Trenton, New Jersey

DATE: September 13, 2002
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony F. Annese, Vice Chair
Assemblyman Joseph Cryan
Gary Brune



ALSO PRESENT:

Jennifer Langer
(Representing Senator Wayne R. Bryant)
Beth Schermerhorn
(Representing Assemblyman Peter J. Biondi)
David Rousseau
(Representing State Treasurer John E. McCormac)
Concetta Caponegro
(representing Edward Troy)

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

Meeting Recorded and Transcribed by
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MR. GENIESSSE: I'm going to call the meeting to order here. Let me read the Open Public Meetings statement. In accordance with P.L. Chapter 231, 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.

I will now call the roll.

MR. GENIESSSE: Senator Littell. (no response)

Ms. Langer, for Senator Bryant. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. GENIESSSE: Ms. Schermerhorn, for Assemblyman Biondi.

MS. SCHERMERHORN: Here.

MR. GENIESSSE: Mr. Rousseau, for Treasurer McCormac.

DEPUTY TREASURER ROUSSEAU: Here.

MR. GENIESSSE: Mr. Brune.

MR. BRUNE: Here.

MR. GENIESSSE: Ms. Caponegro, representing the Department of Personnel.

MS. CAPONEGRO: Present.

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

Mr. Annese.

MR. ANNESE: Here.

MR. GENIESSSE: Ms. Molnar.

MS. B. CAROL MOLNAR (Chairwoman): Here.

MR. GENIESSSE: Madam Chair, we have eight members, or their representatives, in attendance. That constitutes a quorum for this meeting.

And our first agenda item is the election of the Chair and Vice Chair. And by the Commission's statute and bylaws, the Chair and Vice Chair are elected from the public members of the Commission. So I will open up the nominations for Chair.

MR. BRUNE: John, if I could make a motion to nominate Carol as the Chair.

MR. GENIESSSE: Do I have a second?

MR. ANNESE: Second.

MR. GENIESSSE: Okay, are there any other nominations? (no response)

I will call a vote on Ms. Molnar for the Chair of the Commission.

MR. GENIESSSE: Ms. Langer.

MS. LANGER: Yes.

MR. GENIESSSE: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. GENIESSSE: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. GENIESSSE: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. GENIESSSE: Mr. Brune.

MR. BRUNE: Yes.

MR. GENIESSSE: Ms. Caponegro.

MS. CAPONEGRO: Yes.

MR. GENIESSSE: Mr. Annese.

MR. ANNESE: Yes.

MR. GENIESSSE: Ms. Molnar.

MS. MOLNAR: Yes.

MR. GENIESSSE: Okay, the motion is carried, and you've been elected Chair.

MS. MOLNAR: Thank you very much.

MR. GENIESSSE: Would you like to conduct the nominations for Vice Chair?

MS. MOLNAR: Yes.

I'd like to nominate, as Vice Chair, Anthony Annese.

DEPUTY TREASURER ROUSSEAU: I'll second it.

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

If not, we'll take a roll call.

MR. GENIESSSE: Ms. Langer.

MS. LANGER: Yes.

MR. GENIESSSE: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. GENIESSSE: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. GENIESSSE: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. GENIESSSE: Mr. Brune.

MR. BRUNE: Yes.

MR. GENIESSSE: Ms. Caponegro.

MS. CAPONEGRO: Yes.

MR. GENIESSSE: Mr. Annese.

MR. ANNESE: Oh, sure. (laughter)

MR. GENIESSSE: Ms. Molnar.

MS. MOLNAR: Yes.

MR. GENIESE: Madam Chair, that motion has passed.

MS. MOLNAR: Thank you.

I'd like to thank you for your support. As many of you know, I was appointed to this Commission by Governor Kean, and then reappointed by Governor Florio, and then appointed Chair by Governor Whitman. So it's good to be back.

Next, on the order of business, we will approve the minutes from October 12, 2001; October 26, 2001; November 16, 2001; December 7, 2001; and December 14, 2001.

Do I hear a motion?

MR. ANNESE: So moved.

MS. MOLNAR: Second?

MR. BRUNE: Second.

MS. MOLNAR: Any discussion? (no response)

If not, I'll take a vote.

MR. GENIESE: Ms. Langer.

MS. LANGER: Yes.

MR. GENIESE: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Abstain.

MR. GENIESE: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. GENIESE: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. GENIESE: Mr. Brune.

MR. BRUNE: Yes.

MR. GENIESE: Ms. Caponegro.

MS. CAPONEGRO: Present, not voting.

MR. GENIESSSE: Mr. Annese.

MR. ANNESE: Yes.

MR. GENIESSSE: Ms. Molnar.

MS. MOLNAR: Yes.

MR. GENIESSSE: Madam Chair, that's six votes in the affirmative.

That's a majority of the quorum. That carries the motion.

MS. MOLNAR: Thank you.

MR. GENIESSSE: The minutes are approved.

MS. MOLNAR: The next item is our Executive Director's report.

MR. GENIESSSE: Yes, my report is very brief. I would just like to direct your attention to a chart, which was passed out. It looks like this, (indicating) which is a comparison of the capital funding recommendations -- Fiscal Year 2002 actual and the Fiscal 2003 recommendations.

I, basically, wanted to report to the Commission the result of its recommendations to the Governor, and what eventuated in the 2003 Appropriations Act.

Just to cut through this, I think, I just want to draw your attention to the third and fourth columns, which show what the Commission recommended, last December, and, then, what resulted in the Appropriations Act. I think what can be observed here is that, basically, the Commission's recommendations, with a few exceptions, were adopted. The two large differences in the columns, really, have nothing to do with the Commission's recommendations in December. The one difference for the Department of Transportation is the Transportation Trust Fund.

In December, the Commission was, at that point in time -- just had the authorized preliminary number for the Trust Fund, based on the

authorizing statute and what was eventually appropriated. As a result, the budget process was a lesser amount, representing the constitutionally dedicated revenues to the Trust Fund.

The other large difference is the New Jersey Building Authority. This is, represents the debt service of the Building Authority. It is displayed as capital in the budget, but it is not presented as a request to the Commission. So that is why there is no recommendation there.

So looking at the discretionary capital that was recommended in the budget -- it was actually the Governor's recommendations. And the Appropriations Act, pretty much, mirrored the Commission. Actually, another \$20 million of, what we would call, discretionary capital was added to the budget out of that process.

And just to give you a quick run-down of that, there was money added for dam repairs in DEP, \$3 million for that; park capital, \$2.5 million. In Human Services, an additional \$3.3 for the SACWIS System. Five million, which is seed money for the new State Police training center, was added into the budget. And the OARS project, the OIT OARS project, which you're going to hear about later, when OIT testifies-- The Commission had originally recommended this project, or the staff had recommended it, to the Commission. When we came back to reduce our recommendation, recognizing the fiscal situation, we had eliminated it from the Commission's recommendations, but, subsequently, it was put back into the budget at \$5.5 million. So those are the major additions to the capital requests.

Are there any questions on that? (no response)

Okay, Madam Chair, that is my report.

MS. MOLNAR: Thank you.

I also wanted to welcome our new members of the Commission, who have joined us today and will, hopefully, be with us at other meetings.

We will now move on to capital requests. The first department is the Department of Agriculture. I'd like to welcome the Agriculture Secretary, Charles Kuperus.

S E C R E T A R Y C H A R L E S M. K U P E R U S: Kuperus.
(indicating pronunciation)

MS. MOLNAR: Kuperus. (indicating pronunciation)

SECRETARY KUPERUS: Well, congratulations over your election.

MS. MOLNAR: Thank you.

SECRETARY KUPERUS: I didn't know there was going to be an election here when I came. And I have prepared comments. So that would have been, really, something if there was a contest for the Chairman.

I have some prepared comments here. I just want to introduce Jack Gallagher, who is Chief of Operations in the Department of Agriculture, and Charlie, who is sitting behind me -- help me here--

UNIDENTIFIED SPEAKER FROM AUDIENCE: Marcello.

SECRETARY KUPERUS: Marcello, thank you, from the Animal Health Lab, who are here to answer any questions the Commissioners may have, with respect to our request.

Good morning, Chairwoman Molnar and members of the Capital -- Commission on Capital Budgeting and Planning. Thank you for the opportunity to appear before you today to present the Department of Agriculture's capital budget request for the year 2004.

As you know, my Department works closely with all segments of the Garden State's multi-billion dollar food and agricultural industry. Over the

years, our capital funding requests, and all subsequent capital appropriations, have helped us administer programs and services that have served the industry well.

In recognition of the current economic times, our FY '04 capital request omits several key areas of need. Rather, we are submitting two requests for capital funding that are related to health and safety issues.

Our first request is for \$95,000 for essential laboratory equipment. Specifically, we are requesting this funding to acquire replacement liquid and gas-- You know what? I've got a problem. I'm having a problem pronouncing that word.

JOHN J. GALLAGHER JR.: Chromatographs.

SECRETARY KUPERUS: Chromatographs, thank you.

This equipment is used by two of our laboratory divisions to identify harmful chemicals and compounds, such as mycotoxins, in pasture grasses and animal feeds. Contamination of pasture grasses and animal feeds with these substances often results in the death of New Jersey livestock, especially prominent this year with the drought.

This, of course, causes serious economic loss to New Jersey's farm animal owners. New equipment will ensure a prompt and accurate analysis of feeds and pasture grasses, which will protect the health and safety of our animals, of our state's livestock industry.

Our second request, in the amount of \$298,000, is to replace the carpet in our primary office spaces in the Health and Agriculture building. This is not a cosmetic issue. The condition of our carpet presents a safety concern for our Department employees.

Installed in 1989, the carpeting has deteriorated at its seams in nearly every location on the two-and-one-half floors of the building that we

occupy. Requested funding will allow us to replace our current rolled carpeting with carpet tiles that can be replaced more easily when they become damaged.

Altogether, my total FY 2004 capital request is \$393,000.

For your information, our future capital needs include replacement of two growth chambers in our Department's laboratory.

In addition, recent changes to the lease agreement at the Horse Park of New Jersey now permits events of a non-equine, but agricultural, nature at the Park. Funding will be requested in the year 2005 for the construction of a livestock pavilion that will permit youth-related livestock shows to be held at the Park.

Madam Chair, that concludes my prepared testimony. I will be happy to reply to any questions the Commission may have.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments for the Secretary?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thanks for your testimony.

Chromatographs.

SECRETARY KUPERUS: Chromatographs. (indicating pronunciation) I did know how to pronounce it, but I needed to have Jack help me out here.

ASSEMBLYMAN CRYAN: I didn't. When I read it last night, it was one of the first times I've ever seen the word.

How old are they, and what's the life span?

SECRETARY KUPERUS: That's what we have Marcello here for.

Maybe, Jack, you can start.

HEARING REPORTER: Excuse me, Madam Chair--

MS. MOLNAR: Oh, could you come up to the microphone?

MARCELLO MANGANO: Good morning.

They were given to us 20 years ago, before my time, and they've exceeded their life span. There was a spare one that we salvaged for parts. It's like fixing one car and salvaging the other parts out of the other one. We're slowly running out of the replacement parts. It costs thousands of dollars just to have it maintained and fixed each year, just to maintain it the way it's supposed to be working. But it's slowly deteriorating each time. You can tell, when you use the equipment, that the reliability of the results aren't what they should be. You have to keep on checking the same thing over and over again, just to reconfirm your existing results.

It's a really effective piece of equipment. We use it for fingerprinting. It's used world-wide in all labs. All you're doing is, basically, separating compounds by affinities. Some are coming out. Some are staying in this column. And each-- The results are, kind of, represented by a graph, or a peak, kind of, like if you were going to take a polygraph. You see that chart that comes out with the, you know, series of peaks. And each series of peaks is unique to a certain compound. And we use that, in particular, for mycotoxins, even more so alphatoxins, which is prominent in cattle feeds, but, at certain levels, it's considered toxic, and it can be passed on to the animal and, essentially, passed on to us.

But it's really important that we have this equipment working properly. And the GEC is, also, the same. These are given to us from the Health Department. They replaced theirs approximately 20 years ago. And so we took theirs, and we adopted it into the lab. But it's way passed its time, I believe.

ASSEMBLYMAN CRYAN: This thing is a machine?

MR. MANGANO: It's a machine. It's hooked up to a computer. You set up samples, and it passes through this machinery. You have a computer that operates one of them. The other one is so old that it's tape driven, and you don't even have a computer. It can't even be used. It's not even compatible with a computer. But the one -- the HPLC, the high-pressure liquid chromatograph, has computer capabilities, but it's extremely limited.

ASSEMBLYMAN CRYAN: You spend the money to maintain this thing.

MR. MANGANO: Absolutely, yes.

ASSEMBLYMAN CRYAN: Any idea how much?

MR. MANGANO: I'm not sure, exactly. But the person that comes to repair it gets \$350 an hour. It's from Hewlett-Packard. It's, I would say, over \$5000 a year, if I had to guess.

ASSEMBLYMAN CRYAN: And what are the life spans of these things?

MR. MANGANO: Well, we've gotten quite a bit out of ours. I'd say, maybe, 15 years, properly maintained.

ASSEMBLYMAN CRYAN: Thanks.

MR. MANGANO: Sure.

MS. MOLNAR: Any other questions or comments?

Gary.

MR. BRUNE: Just a quick question. The Department of Health -- I'm asking this, I guess, in part, because of the proximity issue between the two of you. The Department of Health is in the process of getting a fair amount of equipment money, whether it be from disaster sources, or whatever. I was wondering if there's any possibility of a cooperative arrangement where

we could use some of their equipment. They might have some excess capacity. Do they have chromatographs?

MR. GALLAGHER: I'm sure they do, Gary. They were generous 20 years ago. I don't know whether they're going to be so generous this time around. But I understand that they are coming in with a request for lab equipment, particularly related to biological agents and the detection and so forth of those compounds, for obvious reasons.

We haven't really approached them, although we do work cooperatively with them on a number of cases. But, frankly, if you run into a situation where you're sharing equipment, what takes the priority. Well, we may have an animal problem, they have a human problem. And we know where the priority is going to be. It's a matter-- We need our own equipment.

MR. BRUNE: Just one other question. Is the testing seasonal, in any way, Jack, or is it, kind of, regular routine?

MR. GALLAGHER: It's, basically, a year-round, basically, because animals are fed on a year-round basis.

MR. BRUNE: Okay, thanks.

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

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

SECRETARY KUPERUS: Thank you for having me and our folks.

MS. MOLNAR: Our next Department is the Department of Education. I'd like to welcome Assistant Commissioner Isaac Bryant.

ASSISTANT COMMISSIONER ISAAC BRYANT JR.:
Madam Chair and members of the Commission, good morning.

Thank you for the opportunity to testify about the Department of Education's Fiscal Year 2004 capital budget request. My name is Isaac Bryant. I am the Assistant Commissioner for the Division of Student Services.

Our Department's funding requests are in two areas: the Marie H. Katzenbach School for the Deaf and the Regional Day Schools for Children with Disabilities.

At the outset, I would like to publicly thank John Geniesse and his staff for their assistance and advice in preparing this budget request. Their continued support has been greatly appreciated.

I would also like to introduce my colleagues from the Department of Education: David Corso, our Director, for the Office of Administration; and Ron Goodwin, our Superintendent of the Katzenbach School for the Deaf.

The capital projects, that you approved last year, which were appropriated in the State's Fiscal Year 2003 budget, are all going forward. Your support of the priority projects we have identified for Fiscal Year 2004 is especially critical if we are to fulfill our responsibilities, under State law, to provide a healthy and safe environment for the students with disabilities who attend these State schools.

We have carefully reviewed the requests submitted by the schools, and have included, in our package, six priority projects that we consider critical to the maintenance of the buildings, and to the health, safety, and well-being of the students who use them.

Our total request of \$2.466 million is based on a thorough review of all of the requests submitted by Marie Katzenbach School for the Deaf and the Regional Day Schools. We have carefully reviewed all requests and have included only the most essential projects for your consideration.

Although I am aware of the severe constraints on funding for capital projects, I can say that each of the projects I am proposing are essential and merit your serious consideration and full support.

Firstly, Katzenbach School for the Deaf: The Katzenbach School for the Deaf provides facilities for educational, vocational, and residential programs for deaf and hard-of-hearing students. Many of the students have additional disabilities, which further compound their needs. The campus is composed of 31 State-owned buildings. The Department is requesting funding for four projects at the school, totaling \$1.316 million. Priorities 3, 4, 5, and 6 reflect the current capital construction needs at Katzenbach.

Priority 3 requests \$265,000 to remove asbestos in Cottages 8 and 10. These two cottages were selected for asbestos removal, because water damage caused a buckling of the floors and a cracking disintegration of the asbestos-containing floor tiles. Children and staff have been removed from these buildings because of health and safety concerns associated with the deteriorated tiles.

Priority 4 represents the combining of three related projects, involving domestic water and sanitary waste removal pipes and plumbing, into one project, at a cost of \$665,000. The majority of the sewer and water lines in this area of the campus, both between the buildings and internally, were installed between 1924 and 1929. Leaks and stoppages are a continuous, recurring problem.

The proposed solution is to replace both the water delivery and sanitary waste removal pipes for all of the buildings in that quadrant of the Katzenbach campus, from the clock tower building, Building 7, and back. This will include Buildings 1, 8, 9, 10, 11, 12, and 13. Simultaneously, the interior plumbing, supply, and removal in those individual structures will also be replaced.

Priority 5 addresses the need to replace the steamline connections within Buildings 24, 25, 26, 27, and 28, at a cost of \$200,000. These

connections are over 70 years old. These buildings are residence halls and instructional buildings. If the current connections fail, it would require that the buildings be closed and would have a serious and major impact on school operations.

Priority 6 requests \$186,000 to upgrade the exterior campus lighting throughout the school grounds. This project received prior funding, and a scope of work has been completed. However, the remaining funding was cut due to the budget crisis. We are, again, asking that the funding be restored, because we feel that the additional lighting will address safety concerns on the campus.

Now, moving on to the Regional Day Schools: The Department of Education is required, by law, to operate 11 Regional Day Schools, located in 10 counties throughout the state. At this time, all of the schools are operated by local education agencies under contract with the Department. Operating expenses are generated, entirely, through tuition charged to local districts that send students to the Regional Day Schools. Most of our buildings are, approximately, 20 years old, and we are beginning to see a pattern of need for replacement of key structural building units.

The Department is requesting funds for two projects at the Regional Day Schools at a cost of \$1.150 million.

Priority 1 is a request for \$550,000 for modification and replacement of the HVAC, heating, ventilation, and air conditioning controls at the Bleshman Regional Day School. This request will complete the overall replacement of the entire HVAC system. Recent projects that have been completed, with your support, include the replacement of the rooftop HVAC units, the replacement of the entire duct work, and ongoing, as we speak, the replacement of the roof. This project will alleviate the current problems with

indoor air quality, temperature variations, and higher-than-normal relative humidity.

Priority 2 is requesting \$600,000 for the entire roof replacement at the Jersey City Regional Day School. Funding for this request was previously requested and approved, however, was eliminated due to the budget crisis. We are, again, requesting the funding for the project due to the poor condition of the roof. It is in need of constant repair.

Thank you for your consideration of our requests. Your continued support is very much appreciated, and we will be glad to respond to any questions you may have.

MS. MOLNAR: Thank you.

ASSISTANT COMMISSIONER BRYANT: You're welcome.

MS. MOLNAR: I had one question. The Regional Day Schools-- You mentioned that operating expenses are paid through tuition charged to local school districts. I know there's a statutory formula on how you arrive at this tuition. Are you allowed to include, in that tuition charge, a piece for capital?

DAVID CORSO: No, we're not, because we, the State of New Jersey, own the Regional Day Schools. They are titled to the State. Therefore, anything over \$50,000 -- we have to come here and ask for the money.

MS. MOLNAR: All right. So, when you ask the school boards for tuition for a student, you cannot build in an additional factor.

MR. CORSO: No.

MS. MOLNAR: Okay, thank you.

Any other questions or comments.

Mr. Brune.

MR. BRUNE: Just a quick question. One of the things, I think, the Commission made an issue of last year, and it's trying to do a little bit of a better job this year, is on a section called the operating impact of projects. And some of the analysis we've got here suggests that, for instance, funding for roof repairs, in the past, would be used to perform other maintenance work. You may not know it today, but if you could help us with-- There's an ongoing cost to not having made this investment, in terms of maintenance, on a facility. What is that on an annual basis? As I said, if you don't have it today, I understand, but that's a piece of information that we're trying to get, on a regular basis.

MR. CORSO: I'll provide that.

MR. BRUNE: Thanks.

MS. MOLNAR: Any other questions or comments?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thanks.

I've got to ask about the water leakages. Could you just expand upon Priority 4 for me? Do we have groundwater? Does water actually stop flowing? How does this work?

ASSISTANT COMMISSIONER BRYANT: This is at the Katzenbach School.

ASSEMBLYMAN CRYAN: That's correct, yes.

ASSISTANT COMMISSIONER BRYANT: Okay, Ron Goodwin, the Superintendent, can speak to that.

ASSEMBLYMAN CRYAN: Thanks.

R O N A L D C. G O O D W I N: These are the water and waste lines that are on north campus. It's a group of buildings. It's actually what we call the cottage loop. They're original buildings out there. The school opened

around 1926, so those pipes, and everything that's been in the ground, has been in the ground since 1926. Nothing lasts forever.

What's happened is, the pipes leak, which is what happened in Buildings 8 and 10, which is why the asbestos -- the floors are buckled. The pipes let go and then do further damage to the building. Repairing them is not only to get the building up to speed, but also a pre-emptive strike, preventative maintenance for further damage, to prevent further damage.

ASSEMBLYMAN CRYAN: It says stoppages are a continuous, recurring problem.

MR. GOODWIN: Yes, the pipes get stopped up. We bring in Roto-Rooter. What exactly are they? They may be getting groundwater leaks. There might be mud getting in there. We're not exactly sure. We have to excavate to find out.

ASSEMBLYMAN CRYAN: I needed to ask, because it's a whole lot of money. And, I guess, the reality is, you won't know until you actually go in and look at it. Is that, really, the answer, at the end of the day? You know you have a problem, but, until you open it up and look at it, you don't know how bad it is.

MR. GOODWIN: Exactly, sir.

ASSEMBLYMAN CRYAN: All right. Thank you.

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

If not--

MR. ANNESE: Chairwoman.

MS. MOLNAR: Oh, I'm sorry, Mr. Annese.

MR. ANNESE: Madam Chair, just as a follow-up on the Assemblyman's question.

Have you sent a camera down those lines to check them out?

MR. GOODWIN: We have used a camera, not on those specific lines, but it has been used effectively on some of our other lines in the school to try to determine what the nature of the blockage is, particularly the main lines coming in from the front of the school.

MR. ANNESE: Would it be to your advantage to look at these lines?

MR. GOODWIN: It might very well be. I'll speak to the head of maintenance. To my knowledge, we haven't yet. And there may be a reason why. I don't know why.

MR. ANNESE: All right. Thank you.

MR. GOODWIN: Thank you for the suggestion.

MS. MOLNAR: Any other questions or comments? (no response)
If not, I want to thank you, Commissioner, and your staff.

ASSISTANT COMMISSIONER BRYANT: Thank you.

MR. GOODWIN: Thank you.

MS. MOLNAR: Our next department is the Office of Information Technology. I'd like to welcome Steve Dawson, Chief Technology Officer.

C H A R L E S S . D A W S O N: Good morning, Madam Chair and members of the Commission.

My name is Steve Dawson, and I am the Chief Technology Officer for the State of New Jersey. I appreciate the opportunity to present to you, today, the Office of Information Technology's capital budget for Fiscal Year 2004.

(PowerPoint presentation begins)

Before I begin, I would like to recognize members of my management team who helped me to shape this budget request and who will assist me in answering your questions. David Blackwell and Natalie

Shilkevich, of Network Infrastructure and Telecommunications Services; Jerry Apoldite, Director of Production Services; Norm Linker, Manager, Data Center Services; Hank Garie, Director of Geographic Information Services; Ray Hayling, Chief of Staff; Anna Thomas, Director of Communications and Creative Services; and George Hulse, our Director of Fiscal Services. We are here to answer any questions that you may have and provide a clear picture of our funding request.

OIT provides the infrastructure for citizens to interact with government, and State employees to do their jobs more easily. OIT has taken a leadership role in providing services that benefit more than 60,000 employees at every State agency, including 2000 technology staff members. OIT maintains more than 450 mission-critical applications and production systems, working with State Departments and agencies, to find economical technology solutions to their business needs. We also provide innovative technologies to meet the ever-increasing demand from the State's 8 million citizens for seamless, 24-hours-a-day, 7-days-a-week access to government services.

Our capital budget request for Fiscal Year 2004 totals \$14.6 million. This capital request is not a wish list. It is based on a thorough assessment of practical, and essential, projects that we need to invest in for the infrastructure to support the level of activities expected by citizens and employees.

OIT will accomplish its mission by providing a strong, centralized infrastructure to support key areas, such as homeland security, e-government, network telecommunications, and disaster recovery.

Our \$14.6 million capital budget request for FY 2004 is broken into seven parts.

The first part is the Wide Area Network core, local area network infrastructure upgrade, in the amount of \$4.6 million. Over the past several years, State agencies and citizens have dramatically increased their use of the network. This funding request will continue the State's investment in the Garden State Network and ensure its continued viability and reliability.

The upgrades will provide infrastructure support for all State departments, agencies, and New Jersey citizens. The Wide Area Network currently serves more than 55,000 users, and handles 1.4 billion agency transactions per year. The Wide Area Network upgrades will position the network towards the next generation, GSN-21, a network that uses fiber optic resources.

Through the next phase of the LAN replacement at the Riverview campus, OIT will meet current and anticipated growth, as well as provide redundancy and disaster fail over capabilities for the campus.

If this project is not funded, vital e-government initiatives will be adversely impacted. The My New Jersey portal, the vehicle through which we will provide many new online initiatives, would be specifically affected.

OIT must continuously assess and improve its technical environment so client needs can be met. Projects such as DHS's Consolidated Assistance and Support System, the State Police fingerprint imaging system, OMB's data warehouse, and Motor Vehicle's digitized drivers' licenses all require architecture upgrades.

In order to meet the demands of the State agencies, OIT must increase its server storage environment. The upgrades will provide processor growth, uninterrupted availability, and support of the State agency mission-critical applications.

The slide in front of you lists some of those specific upgrades. It includes, for example, a redundant Web server. Right now, we have only one server at our front door. If we lose it, for some reason, people will not be able to access the online services. We are collecting a lot of taxes online, much of it from businesses. Businesses have filing deadlines to meet, or they face a penalty. If our infrastructure is unavailable, the company cannot conduct its business with State government in a timely way, and can even lose money. OIT must upgrade our capacity in order to keep pace with client service demands.

Our third priority is OIT Availability and Recovery Site, OARS, in the amount of \$4.7 million. The OIT Availability and Recovery Site, also known as OARS, will provide disaster recovery capabilities for the Garden State Network, the infrastructure that supports citizen access to e-government services. Disaster recovery refers to the State's ability to keep servers, mainframes, or other computer environments running in the case of a disaster at the primary location. It is essential for any homeland security plan.

The OARS facility, which will be located remotely from existing OIT facilities, will ensure that mission-critical operations will be able to continue in the event of disruption due to terrorism or a natural disaster. The chart you see gives a clear idea of what can happen without the recovery capabilities of our OARS initiative.

Additionally, OARS will provide remote backup and recovery of servers at the OIT HUB and other OIT and State facilities, and will provide redundancy for privately contracted backup of data from OIT mainframe systems.

The FY 2003 capital appropriation funded the design and construction costs of OARS, as well as the costs of hardware and software required for the initial outfitting of the site.

FY 2004 funds are needed for final construction, and the hardware and software necessary to create the infrastructure for the Garden State Network, and the backup and recovery of servers and mainframe data.

Our fourth priority is the New Jersey Mapping Assistance Partnership Program, NJMAPP, in the amount of \$783,000. Launched in 2001 in four counties, the New Jersey Mapping Assistance Partnership Program, or NJMAPP, provides a technical infrastructure on which local governments build, maintain, and share their geographic data. Each county that agrees to participate in the program receives Geographic Information Systems, GIS, training, hardware, and software. The State also develops Web applications and provides technical support for the counties. In return for the State assistance, each participating county makes its data available on the New Jersey Geographic Information Network. This way, data is collected once, and can be used in support of multiple government initiatives. The funding for this project will allow New Jersey's 17 remaining counties to participate in the program over the next two years.

Through NJMAPP, New Jersey can become a leader in national homeland security strategies that emphasize the importance of geographic information systems and the sharing of GIS information among State and local governments, private industries, and citizens.

NJGIN will be used to support public health and safety decisions at all levels of government. Also, a statewide GIS network will be valuable for smart growth planning.

Our fifth priority is the production output upgrades in the amount of \$555,000. By using a print-to-mail method wherever possible, OIT processes documents more efficiently and less expensively. Pension checks and homestead rebates checks are among the mailings that currently take advantage of the process. By purchasing new equipment, we can expand use of this process to additional mailings.

To meet these objectives, OIT will procure a high-speed pressure sealing unit and high-speed cut sheet Advanced Function Printing, AFP, capable printer to replace outdated equipment. Sealing equipment and printers used five hours per day should be replaced every five years. Currently, OIT uses its sealers and printers approximately 10 hours per day, and they are between seven and ten years old.

Our sixth priority is telecommunications management, it's a billing system, in the amount of \$550,000. The telecommunications management and billing system will provide centralized, automated management to improve the efficiency and effectiveness of telecommunications services by all State agencies.

The system will collect, manipulate, and store call detail information provided by the State's service providers for management oversight and control. It will replace the outdated telephone billing system currently in use by the State, which produces stacks and stacks of boxes filled with paper.

Additionally, the telecommunications management system will enable online access to call data information, provide canned and ad hoc management reports, and immediate notification of hacking and other fraudulent use.

The billing system will provide online bills, replacing manual distribution, and will replace written correspondence, improving time lines and accuracy, and reducing costs.

Our seventh priority is voice mail expansion in the amount of \$700,000. The statewide voice messaging system has reached its capacity at more than 21,000 subscribers. We must expand the system to manage the anticipated 10 percent yearly growth in subscribers. The system has not had a major upgrade since it was placed online in 1996. The upgrade will increase the system storage, and port, and line capabilities to restore system performance to acceptable service levels.

OIT is committed to providing superior services to its client agencies and the citizens of New Jersey. In the ever-changing world of technology, OIT is positioning itself to best provide efficient, cost-effective services. A sample of what's to come includes the following applications: unemployment filing and services membership; job openings and civil service testing; pensions and benefits and tax filing expansions; customized training; and FIX DMV.

With the critical assistance of capital dollars, we will be able to expand and improve the State's infrastructure, which is mandatory if we are to provide secure, fast, simple, integrated, and cost-efficient services to our citizens.

Thank you, Madam Chair, and members of the Commission, for your help and assistance. At this time, I welcome any questions you may have on the capital budget request and the progress OIT has made so far.

MS. MOLNAR: Thank you.

I had one question. Where you say FIX DMV-- Last year, they had testified that they're moving towards one-stop shopping, so you go to one

person and they can deal with a whole range of issues. Is that what you're referring to, or are there other issues?

MR. DAWSON: We're talking about the information technology support for those kinds of initiatives. There are a whole variety of inputs that OIT is providing to that. I can give you a little more detail. We're just providing, like I said, basically, a technology support for the activities director.

MS. MOLNAR: Okay.

Any other questions or comments?

Gary.

MR. BRUNE: Charles, a question about the priority of the OARS project. Last year, it was one of the few things we funded in the capital budget. It's listed, here, as number three. I was wondering if-- And this is going to be a difficult budget again. I was wondering if one reason for that-- Let me put it this way. What would be helpful, I think, would be to see a project time line for that. What do you expect to happen in '04? If money is tight, it makes logical sense to us, to some degree, to continue to keep an eye on that investment. The fact that it's listed as number three, I don't know what to make of that.

MR. DAWSON: Actually, certainly, the OARS project is very critical, especially after 9/11, and the incidents surrounding that. The top three priorities that we have here are all very essential to the things that we're trying to do. And OARS is not, very much, a difference between those priorities.

MR. BRUNE: Well, the way we folks tend to read these things is, if you had \$1, the first dollar you'd spend would be on first thing, which would-- And I'm just curious as to why OARS wasn't there. Is there a

possibility that there are timing issues here, that the money might not be needed until '05 for the second phase?

MR. DAWSON: Oh, no, the issues, with regard to OARS -- some of them are extremely timely, given the fact that -- and I referred to one of the other charts -- our ability to recover data and other services would be extremely crippled without that.

We have had funding in the past for certain aspects of the OARS project, and that's been very helpful, in terms of being able to spread things out a little bit further. But the criticality of that is very important, right now, as well.

MR. BRUNE: Maybe I can just close-- If I could formally ask for a project time line on the steps that you foresee happening, that would be a help.

MR. DAWSON: Okay, we'll definitely provide you with that.

MR. BRUNE: Thank you.

MS. MOLNAR: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thanks.

I have a couple questions, starting at Priority 1, with the WAN, and the infrastructure upgrade.

In your testimony, you say, in the second paragraph, the WAN upgrades will position the network towards the next generation, GSN-21. What does position mean? Do we go back and make another investment later, or does this-- What does it mean? Help me with that.

MR. DAWSON: Well, as we say in the testimony here, there's always a continual amount of pressure to upgrade our systems, in order to expand capacity. There's, also, techniques that can be provided to decrease the amount of money that's spent for some of these kinds of telecommunications

and other services. So among the things that we're looking to explore is a fiber optic network -- to look into that possibility of saving money there.

ASSEMBLYMAN CRYAN: Does all that equipment have to be replaced? I mean, it's \$4.6 million. Is there any way of scheduling it over-- I guess it's a follow-up, really, to one of the other questions.

MR. DAWSON: Well, what we're doing is, the request is to replace only one-third of the total number of devices that comprise the core of the Garden State Network. The core is made up of, approximately, 300 routers, 400 switches, and other devices. The purchase orders for new equipment are spread out over the fiscal year. The first orders are for obsolete equipment that need to be replaced immediately.

ASSEMBLYMAN CRYAN: Staying on Priority 1, are there any e-government initiatives that are not being done, as a result of not having this infrastructure upgraded, that are funded in the budget?

MR. DAWSON: Could you repeat the question, sir?

ASSEMBLYMAN CRYAN: Are there any vital e-government initiatives that are waiting for this to happen, that are funded in the budget?

MR. DAWSON: Yes, that are funded in the budget, currently. Without this, we wouldn't be able to do the aspects of the network center, also some aspects of the digitized drivers' licenses. Those are some of the most pressing needs right now for that. That's part of the FIX DMV.

ASSEMBLYMAN CRYAN: So I understand-- You've kind of made the point around it. We cannot do the digitized drivers licenses without these upgrades. Is that correct?

MR. DAWSON: That's correct.

ASSEMBLYMAN CRYAN: It would be more difficult, or we can't?

MR. DAWSON: That's correct. It would be much, much more difficult. We may not be able to do it.

ASSEMBLYMAN CRYAN: Is it more difficult, or we can't?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Given the current--

HEARING REPORTER: Excuse me, Madam Chair--

MS. MOLNAR: We need to speak into the microphone.

NATALIA SHILKEVICH: Good morning.

With the current bandwidth, we cannot, as it stands.

ASSEMBLYMAN CRYAN: Okay. Of these enterprise architecture upgrades-- I'm all over the place, because this computer thing is-- I mean, this was an awful lot.

This consolidated system, assistance and support system, and the State Police-- Is there any of these that are listed here in the testimony that, also, cannot be done, based on our current configuration, that need this to be done in order to be completed?

MS. SHILKEVICH: The majority of them could not be done. Presently, especially in the North Jersey region, which has the highest concentration, we're, pretty much, out of bandwidth. So to put any new initiatives -- would put a severe strain on the network, and which would result in problems with response time, even getting any type of these initiatives started.

ASSEMBLYMAN CRYAN: I get it that it would be slower, because there's more work. But can it do the work?

MS. SHILKEVICH: No, not what would be expected of these applications.

ASSEMBLYMAN CRYAN: Okay, so we can't do the licenses, like you said, because we just don't have the capacity.

MS. SHILKEVICH: We cannot do the licensing. We do not have the capacity, correct.

ASSEMBLYMAN CRYAN: Okay, I get that. So, in asking the question, are there any funded initiatives, funded in the current budget -- I recognize this is an '04 request -- that can't be done because of the lack of infrastructure? And the answer is, yes, the digitized drivers licenses and these programs that are listed in the first paragraph of Priority 2.

MR. DAWSON: That's correct.

ASSEMBLYMAN CRYAN: Okay. I have a couple others, just, kind of, to understand. I apologize. Being the new guy on the block, I'm--

MS. MOLNAR: Take your time.

ASSEMBLYMAN CRYAN: That's the chart I wanted to look at. Could you go through the loss things there for me, again? This idea of redundancy-- We were chatting about it. I mean, when I was in business, redundancy was a bad word in computers, it used to be. I guess now it's changed to a good word. Help me with the loss stuff.

MR. DAWSON: This is Norm Linker, who has been the primary person responsible for the OARS project.

NORMAN LINKER: The primary thing that we would lose is, right now, our Garden State Network does not have redundancy to separate the node. We want to have two nodes. If we lose what we have at our data centers on the State Police complex over in West Trenton, we would lose our Garden State Network. That means that we would not have any communications to any of our applications, statewide. So that would be the biggest loss right there.

ASSEMBLYMAN CRYAN: So that's Priority 1, the Garden State Network.

MR. LINKER: Right.

The second item in there is the non-mainframe servers. We are in the process of expanding the server, shared-server infrastructure. That, right now, has no recovery capability, or very limited recovery capability, within the campus on West Trenton. We are going to try-- We want to give that capability -- move it to the OARS site so that we have the primary applications on our West Trenton campus, and the redundant hardware sitting at the OARS site, to be able to provide the recovery, disaster recovery, in case of--

ASSEMBLYMAN CRYAN: How does redundancy work?

I apologize for the Commission members' time.

Do you upload to it every night? Is it, basically, a big backup system? What is redundancy?

MR. LINKER: Redundancy, really, means that we will be transmitting the data, electronically, which is really the third, part of the third item, from our primary data centers to the OARS site. We will, also, have hardware there to give us redundant hardware, so if we lost the applications, actually lost the data centers, we would be able to recover at the OARS site and start operation.

Sometimes, redundant, really, takes a lot of different forms, high availability. It depends on the criticality of the applications that you're trying to recover. So high availability means we want to be able to recover it immediately. We will have, actually, redundant operations where they're running simultaneously at both sites.

ASSEMBLYMAN CRYAN: Okay. I think I understand now.

MR. DAWSON: There's, also, a glossary put in the back of the report. Redundancy is one of the items we thought people might have a little bit of a problem with, too.

ASSEMBLYMAN CRYAN: I appreciate that. Cliffs Notes are always helpful, they really are.

Priority 4-- I just have a couple more questions. The MAPP assistance program-- This is a President Bush initiative, right, for part of the national strategy?

MR. DAWSON: Yes.

ASSEMBLYMAN CRYAN: I guess there's no Federal money, is there?

MR. DAWSON: No, there's no Federal money involved in this. However, it does put us in a position to go after potential Federal grants. Hank Garie is in charge of our GIS program. He can answer any of your specific questions.

HENRY GARIE: I guess I'll start by making sure you have a thorough understanding of what we're talking about with this NJMAP Program.

ASSEMBLYMAN CRYAN: That would be a great place to start.
(laughter)

MR. GARIE: Let me begin by sharing something that I learned this past week. I was at a meeting where people were gathered from across the country, both state and Federal governments, talking about homeland security, and the information needed to support homeland security.

One of the speakers was the assistant commissioner from the city of New York, who was responsible for responding to the World Trade Center disaster. What he said was, GIS saved lives during that event, in that the single biggest asset that helped those emergency responders was having

technology and data that showed them what was going on around that site and what was happening in terms of: what did they have to shut down, what was still open, where were the fires. And this technology, this GIS stuff, allows us to take a lot of what happens in government in New Jersey and view its location.

So when we look at a map like this, you'll see aerial photography, which is generated on the computer, and then we can begin to overlay other kinds of information.

In this case, this is Cape May. And what you're seeing are properties, shaded in different colors of red, that denote their value, their assessed value. Now, the beauty of NJMAPP is, we're beginning to leverage the data, the GIS data, that's built locally by local and county governments, through the Internet -- be able to view that data in concert with State data. So what you're seeing here is -- State data is the aerial photography that we oversee in Trenton. And then we have looked into a server down at Cape May and pulled up property values. These parcels were actually living down at Cape May. So we didn't have to get that data and bring it into Trenton. And then we linked those properties to the Division of Taxation's assessment values all through the Internet.

So if you could envision, then, a situation in New Jersey where we had a disaster, and you needed to access critical infrastructure data and routing information to evacuate people, and the ability to identify vaccines or equipment and move things in and out-- We could do that through the Internet by gathering and viewing local data, State data, Federal data all together if we roll out this partnership.

So one final point. When we started this, in four counties in New Jersey, this fiscal year, we invested \$50,000 a county, or a total of \$200,000.

The State has received back in excess of \$2.3 million of spacial data, of GIS data, that was generated by those local governments. That's a tenfold return on investment. It positions us to be able to support everything from bioterrorism attacks, homeland security, open space planning, transportation planning, by leveraging data that's built by local governments.

Does that help put things into perspective?

ASSEMBLYMAN CRYAN: It helps. The Federal grant portion of it again? Would it lead to some other Federal money?

MR. GARIE: Well, yes, I believe that we will start to see homeland security money flowing into New Jersey. One of the areas of real emphasis is looking for local and State GIS data. In exchange, the Feds are willing to help fund the development and maintenance of more of that information.

A key example would be the work that was done with the West Nile flu virus, which is being managed, now, across Agriculture, Health, and DEP, using GIS. Fifty percent of that application was funded by the Federal Centers for Disease Control.

ASSEMBLYMAN CRYAN: Last question. Every county wants to participate in this?

MR. GARIE: We started with four counties.

ASSEMBLYMAN CRYAN: Seventeen left.

MR. GARIE: We have nine counties that are standing at the gates ready to go this year. And every county that I've spoken to is very excited about participating in this partnership.

ASSEMBLYMAN CRYAN: So that's all the counties in New Jersey.

That finishes me for number four.

I have -- number five.

Do these things work, the high-speed pressure-sealing unit?

MR. GARIE: Well, we just recently mailed out, I think it was, 1.3 million--

ASSEMBLYMAN CRYAN: Checks.

MR. GARIE: Checks. Probably a lot of people here got them a little bit earlier, perhaps, than expected.

Jerry Apoldite is going to talk a little bit about that.

GERALD APOLDITE: Good morning.

Yes, they work, but they're held together with rubber bands and Band-Aids to get our work done, actually.

The request is actually upgrading equipment. It's old, it's outdated. We can increase our speeds, produce more work, and get other savings through doing that with the quicker devices and postal rates, because we can do more high-volume work.

ASSEMBLYMAN CRYAN: What's the maintenance cost on these things?

MR. APOLDITE: It's about \$11,000 per device, which is currently what we're paying for our old equipment.

ASSEMBLYMAN CRYAN: And we have how many devices?

MR. APOLDITE: Three.

ASSEMBLYMAN CRYAN: So that's 44-- The printer and the three sealers-- How many again?

MR. APOLDITE: Three sealers and one printer.

ASSEMBLYMAN CRYAN: So it's \$44,000 a year for maintenance, roughly.

MR. APOLDITE: Yes, that's correct.

MR. DAWSON: Also, what we're finding is that some of the other agencies are looking to solutions that will save them money by using our facility for doing so. I believe even Motor Vehicles is-- The Motor Vehicle registration notices that we do, we do approximately 5 million per year.

ASSEMBLYMAN CRYAN: I'm sure it's a busy thing. I just-- It's a half-million bucks. I'm asking if it works. That's all. I mean, it's the thought process, as you go through this.

MR. APOLDITE: Right.

ASSEMBLYMAN CRYAN: And it costs you about \$40,000 or so to maintain it a year. Do I have that, pretty much, right?

MR. APOLDITE: Yes.

ASSEMBLYMAN CRYAN: Okay. I think I've taken up too much time.

Thanks.

MS. MOLNAR: Very good questions.

Any other questions or comments?

MS. CAPONEGRO: I have a question, Madam Chair.

MS. MOLNAR: Sure.

MS. CAPONEGRO: In the request, and the presentation, by Mr. Dawson, he talked about upgrades for OMB, DMV, and the State Police, assistance with their fingerprinting processing. I'd like to know, were there requests received from other State departments that, perhaps, are not here, and if so, why not? Were they notified, and what is the reason why they were not included?

MR. DAWSON: Actually, we have-- The list is probably quite long, in terms of the things that we do for the various agencies. As I mentioned, there are about 450 applications that we support. This is just a

sampling of some of the more high-profile projects that we're supporting through this request. That's why you didn't see a larger number.

MS. CAPONEGRO: Okay, but that means that there are additional activities that you're going to be involved in with the other State departments. They're just not listed here.

MR. DAWSON: That's correct. And, in fact, yesterday, we had a meeting of a new organization that's been pulled together called the SITE committee, the State Information Technology Executive Council. And what we do is, we meet, perhaps, once a month or so to go over their needs and their priorities to make sure that we're in sync with what they're trying to do, and we can collaborate in various kinds of ways with them. And we presented, actually, this presentation on our capital budget request to them so they could have a chance to make comments.

MS. CAPONEGRO: Just one other question on the New Jersey MAPP. The four counties that currently have this are which counties? Do you know?

MR. GARIE: Atlantic, Cape May, Mercer, and Somerset.

MS. CAPONEGRO: And the nine that you anticipate getting it are?

MR. DAWSON: Do you want to come up, Hank, to make sure it's recorded in the microphone?

MR. GARIE: I'll come up and tap dance around that. (laughter)

We've reached out to a number of counties throughout the state. What we've been looking for are, kind of, a distribution, geographically, as well as looking at the types of data sets that we'd like to test. So we've talked with a number up north: Sussex, Morris, Monmouth, along the coast. We've been reaching out and generating interest, pretty much, across the board. But,

again, I'd like to make sure that we are keying in on data sets like critical infrastructure, land ownership data, street center lines. So there's my tap dance. I can't give you all nine off the top of my head.

MS. CAPONEGRO: Is Essex County one of them, do you know?

MR. GARIE: Essex County, we have spoken with. I would have to go back, and I would be happy to share with you the list of the nine that we have, kind of, waiting to go with us.

MS. CAPONEGRO: Thank you.

ASSEMBLYMAN CRYAN: Can I ask a question on that?

MS. MOLNAR: Yes, Assemblyman.

ASSEMBLYMAN CRYAN: I'm sorry, I have one more on that.

Why would we not go with the counties that are closest to the city? I mean, Hudson County seems like a natural with the Holland Tunnel there, for example.

MR. GARIE: Every county is different, with respect to its willingness and capability with GIS. One of the beauties of this partnership is, it's not a free grant, it's a true partnership. So each of those counties has to agree to do certain things, in order to get their seed funds. That includes following our standards, it includes being willing to readily share their data, and it includes being capable of administering a number of servers. Each county is different. We're trying to meet them where they are at. But you're exactly right, those counties up along the New York corridor are counties, certainly from a homeland security perspective, that we are targeting.

ASSEMBLYMAN CRYAN: If we fund this, are the counties that won't be prepared-- I guess I hinted around that when I asked you about the 17 remaining counties. Is every county prepared to, if we put this money up -- I forget at the moment how much it is -- but if we put this money up, is every

county in a position to take advantage of it, or would we be putting up and then waiting for the county to follow?

MR. GARIE: Well that's, in part, why we focused this over a multiple-year period. With the nine that I'm sure are ready this year, we would move forward with. Meanwhile, that would give us a year for those remaining counties to agree to enter into the partnership.

ASSEMBLYMAN CRYAN: So does the \$783,000 cover just the nine?

MR. GARIE: Yes.

ASSEMBLYMAN CRYAN: I understand it. I mean, sitting here, it just makes no sense to me why -- I mean, I understand it, I guess -- but why we wouldn't be doing Hudson County, as opposed to Sussex County -- when I'm a little more, I'm sure we're a little more concerned going through the tunnels and bridges.

MR. GARIE: I would be happy to talk with you, off line, about the readiness of individual counties.

ASSEMBLYMAN CRYAN: It's not your call or mine. I understand that, and I appreciate it.

Thanks.

MR. GARIE: Okay.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

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

MR. DAWSON: Thank you. And if there are any other follow-up questions, we'd be happy to answer them.

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

RICHARD J. WILLIAMS, J.A.D.: Good morning, Madam Chairwoman. Thank you.

Let me, also, introduce the Deputy Director, Ted Fetter, who is seated with me.

I have prepared remarks, which I would ask your permission to submit and, perhaps, make somewhat briefer remarks by way of a presentation, at this time.

Let me begin by thanking the Commission for hearing us today.

I want to describe two kinds of needs that comprise our request: information technology needs and upgrades to the Justice Complex. We ask your consideration to fund \$17.3 million; \$15.9 million of that for information technology needs, broken out as \$10 million for local and Wide Area Communications Networks, and \$5.9 million for conversion in a variety of different priorities that we've submitted; and \$1.4 million for facility upgrades for the Justice Complex.

As I know the Commission is aware, the Judiciary's computer systems are massive and quite complex. They're vital to the operations, not only of the courts, but many other agencies throughout the State of New Jersey. We serve more than 20,000 users. We operate with 3 million on-line transactions each day. Our systems manage court dockets. They manage schedules for a million new cases in Superior Court, and 6 million new cases each year in municipal courts. They control our records of payments received and transmitted. They provide our ability to access case files. In the Judiciary, more than 9000 staff rely on these for communication.

They extend beyond the Judiciary ourselves. The 20,000 users include prosecutors, public defenders, domestic violence service providers, local law enforcement officials, and a variety of State agencies, including Motor Vehicles, Youth and Family Services, the Attorney General's Office, and the Treasurer's Office.

Our problems, as we have outlined previously, are very substantial. A generational transition to new hardware and software is required, because we're working with 1980's technology in a different era, today. Companies that sold us computers and systems in the past have gone out of business or stopped using the systems themselves, and are no longer available to provide either maintenance or parts.

Let me talk, if I can, about the major requests that we have, first, with regard to our Local and Wide Area communications networks. If they fail, and that is a risk at this point, we're headed for a crisis of major proportions. Local police officers would not be able to check the domestic violence registry while on a potentially dangerous call. With a suspect of a crime in custody, they would not be able to check the criminal history record for that person or to check and see if there were outstanding arrest warrants. Our staff would not be able to enter critical information about the results of court proceedings. In short, we would lose our ability to communicate electronically with one another and with outside agencies. Obviously, today, with the concern about security in New Jersey, we need to do all we can to maintain our communications system.

The Local Area and Wide Area Networks, I guess, can be-- If you wanted to draw an analogy, you could draw it to long distance and local telephone lines. And we have reached a point where our equipment is outmoded and where our system has become saturated.

The cost for work to be done in those areas for this fiscal year would be \$19.9 million. That cost is high because we have deferred work from previous years based upon lack of funding. We're going to be able to fund, approximately, \$9.9 million of that cost from revenues generated by dedicated funds, created by the Legislature, with support of Governor McGreevey. Those funds were critical. And as a result of the last legislative session, filing fees were increased for court proceedings. And those revenues will go into a dedicated fund.

We will use those funds to apply to these priority projects. But those funds, in and of themselves, will not be sufficient to meet our needs. And as we had explained to the various legislative committees, when we appeared to testify on these bills -- we had talked about our overall needs. And, in fact, members of those committees rightly asked, "The fee filing increases will not cover all of your needs. What do you plan to do?" And we indicated, at that time, that it would be necessary to explore every other viable option: moneys in the general budget, capital funding, homeland security funds, savings that we could effect internally, whatever possibilities there were.

Hence, we're here before you today because you represent a critical component in our strategy to try to be able to address our needs through a variety of sources.

So, as we would look, at least, at next year, with regard to our Local and Wide Area Networks, although the cost would be \$19.9 million, we would ask you for \$10 million. We would, out of other revenue sources, dedicated funds that have now been created, apply \$9.9 million.

There are additional needs addressed in our request, because modernizing our communications network is not the only thing we need to do. The future of our records are in jeopardy, because our systems are based on a

series of basic computer programs that are built on technologies from the 1980s. I could get highly technical, but I'm not a technical man. It's an IDMS system, and we've got to shift to a DB2 base. For those of you who may be much brighter about computers than I, that will mean something. But it is the fundamental platform on which our systems are built.

The present system that we use is being phased out by its creator. It's already difficult to maintain. And in the foreseeable future, it will become unusable, because the information technology industry will no longer offer the technical support to solve problems or the parts to make repairs. And in the past, I've tried to explain this by using an analogy to my old Betamax recorder that I have at home. I still have it. It still works. But if it breaks, I can't find anybody that can fix it. I can't find any parts.

That analogy, which I've used here, and at the Legislature, now is a little outmoded, because in reality, in today's world, I'm not so sure that my VCR isn't outmoded, as well, and that we're shifting--

MS. MOLNAR: It is. (laughter)

JUDGE WILLIAMS: So, old analogies die hard. But it's a way of painting the picture, but on a massive scale, of the problems that we face with our basic underlying platform. So that is an issue we've got to address.

Now, the concerns that we have are that this is not going to break down tomorrow, at least we don't think the risk is there that it will happen tomorrow. But the risk that it will break down at some point with a catastrophic failure is very real.

And the problem is, it is a multi-year effort, in order to be able to do this. We've already deferred this, now, for, approximately, two years from when our strategic plan said we should be starting. And so, at some point, to use a South Jersey phrase, the chickens are going to come home to roost on

this issue. It's priority, and it's significance to us, increases with each year that goes by that we don't begin to seriously address this.

For these systems, we would project spending \$10.4 million in Fiscal '04. And of that, \$4.9 million would come from the -- my math is -- yes, \$4.9 million from the fee increase. And we would need, then, \$5.9 million from the capital budget.

One other request that I will touch on, briefly, and then respond to any questions the committee may have, is our request with regard to upgrades at the Hughes Justice Complex in Trenton. The Judiciary moved into that Justice Complex in 1982, almost just about the time I became a judge. I'm still here, and so are the same furnishings, equipment, and everything else that were in that office the day I became a judge.

There are problems. It's not simply a matter of convenience. The partitions we have are hard to repair, they're impossible to replace, and they cannot accommodate the wiring needed for today's desktop computer systems. They're inefficient, they waste valuable space. We need modern office partitians that are more compact, more efficient, and that can accomodate today's technology, rather than have to go out and look for leased space to try to put people into.

So we would renew the request, that we made last year for consideration, with regard to upgrades for the building. We know that under the bonding issue, other items in the building, in terms of the structure, are being dealt with. And it would seem consistent to be able to try to address these problems, which have -- and the needs which we have, which really have existed, now, since we began, 20 years ago.

I want to thank the committee for your consideration of our requests. We appreciate the opportunity to appear before you to articulate, for

you, the concerns which we have, the needs which we have. And I would be happy to respond to any questions that anyone may have.

MS. MOLNAR: Thank you.

I have one question. It looks like you're dedicating \$9.9 million and \$4.9 million from fees, which is totalling close to \$15 million.

JUDGE WILLIAMS: We expect the revenues for the fee increases to be -- our estimate was, approximately, \$13.9 million. You could round it, roughly, about \$14 million is what we anticipate those increases to be. We will spread them over, in large part, these priorities, as the key priorities that we have.

MS. MOLNAR: Yes.

JUDGE WILLIAMS: We also have, available to us, dedicated revenues from the automated traffic system, as well. And we will apply those, as well, to address these needs. So we're looking--

We've explored other options. We realize, in the general budget, that's going to be rather difficult. We try to be realists. We understand exactly what the State, the problems the State is confronted with. So that is an issue of concern. But we, quite frankly, are not certain how much help we can expect there. We have submitted, but have not received anything, at this point, requests for homeland security funds, as well, since a number of these things can be addressed, we think, on the basis of security, particularly with our interrelationship with law enforcement. But at this point, we have not received funding there. But our approach is going to be to look at a variety of different alternatives to try to meet and pull together what we need in order to address these issues.

MS. MOLNAR: Any other questions or comments?

ASSEMBLYMAN CRYAN: Actually, I have one.

MS. MOLNAR: Oh, Assemblyman, I--

ASSEMBLYMAN CRYAN: When you, assuming you're funding -- even so, you still have the fee money to start with. Do you use the folks that were just here, the technology folks, to procure your equipment, or is it a separate entity all together?

JUDGE WILLIAMS: We work with OIT.

Jim, you can--

JAMES R. REBO: Yes, we do coordinate with OIT, and we adhere to similar standards.

I'm Jim Rebo, the CIO for Judiciary.

Steve Dawson and I are well acquainted. So is Judy Teller and I, in the Governor's Office. We do talk regularly. We are coordinating these kinds of things.

ASSEMBLYMAN CRYAN: Is there an item here that has a particularly longer lead time than any other -- that would stand out, in terms of a difficulty to implement this, in terms of funding?

MR. REBO: I'm not sure I understand your question. Is there something that--

ASSEMBLYMAN CRYAN: Would take an extensive period of time to acquire that you need as a starting point. Is there a longer lead time on it?

JUDGE WILLIAMS: The IDMS is, probably, the longest, I think, of the -- that's going to take to get done. In other words, that's going to be-- We have to, basically, rewrite the platform that underlies all of our systems. So that's going to be a multi-year effort. I'm not sure that responded. But, in terms of what's going to take the longest to get done, probably IDMS is going to take the longest to get done, because it's the most massive of all of them.

MR. REBO: Exactly. If we had sufficient funding consistently, it would take about six to seven years.

JUDGE WILLIAMS: And we're already two years late, so that's where our real concern is. The risk increases down the road -- that if the support is -- if you have a breakdown, you're not going to have the support for your system. On a mini scale, it's like using my Betamax for the next seven years and hoping it doesn't break down.

ASSEMBLYMAN CRYAN: And the last question is on the partitions, which, I'm sure, people, kind of, roll their eyes a little bit. Do you have any idea how many spaces you can save, or configure more employees in, if you had new partitions? I recognize some are-- I haven't been in the Hughes Complex, which, I guess, is a good thing. I recognize that the way they configure things, you can actually save a fair amount of space. Do you have any ideas on that?

JUDGE WILLIAMS: Chris Higgins is here, from our Office of Management and Administrative Services. I know they have been involved in trying to figure out where you put people, and how we can do this.

CHRISTINA P. HIGGINS: Right. We did do a comparison, and I think it was about a 15 percent difference between the original standards and our current standards. So about, on average, a 15 percent greater number of cubes would develop when you reconfigure.

ASSEMBLYMAN CRYAN: So you would be able to, via some calculation, figure out a square footage savings, which based on rents, you'd be able to cost-benefit out to the partitions. Would that, basically, be right?

JUDGE WILLIAMS: We'd be willing to do that, yes.

ASSEMBLYMAN CRYAN: Not to -- but if we're going to look at it, do you mind doing it?

MS. HIGGINS: Absolutely, we'll provide that.

ASSEMBLYMAN CRYAN: Through the Chair, I guess, is that all right? Does that make sense?

JUDGE WILLIAMS: Absolutely. We'd be happy to.

MS. MOLNAR: I have one question about fees. When they were first instituted, I guess, everybody was holding their breath. How do we compare with other states now? Are we in the middle, are we on the high side?

JUDGE WILLIAMS: That was a key issue in our presentation to the Legislature. The fee increase puts us, I think, relatively comparable with similar states. We can't compare us-- We looked at different states, New York and California, for instance. And it will vary on which-- I mean, the fee increases a whole lot for different types of cases. And the systems run somewhat differently, but we're relatively comparable there.

In Pennsylvania, they have fees almost determined by county. Some are high, some are low. It's difficult to compare there. If you compare us to Philadelphia or some of the larger urban areas, I think, in most of the areas, we're reasonably comparable. There's a different fee structure to some extent. Some places charge you fees for different types of court events. Instead of charging you everything up front--

So the structures are a little bit different. But in general, if you can, without absolute precision -- in general, I would say we are, for a large urban state, reasonably comparable. We're not lower, but I would say we're fairly comparable with the urban states.

MS. MOLNAR: Oh, good. From what I hear, we have one of the best judiciaries in the country.

JUDGE WILLIAMS: Well, thank you. I appreciate that. I will have to let those who use our services draw their conclusions, but we try.
(laughter)

MS. MOLNAR: Any other questions or comments?

Gary.

MR. BRUNE: This actually might be a question for Chris, if I could direct it to her. It has to do with the budget. Some of the numbers we have here don't seem, always, from what I can tell, to square with the ones you just ran by us. I'm just trying to get an understanding of -- maybe, time just passes by. But on the IT side, the summary I seem to have suggests that there's a total need of about \$22 million here, of which \$6 million was going to be fees. Is that correct for '04?

MS. HIGGINS: The distinction is between capital and operating needs.

MR. BRUNE: Okay.

MS. HIGGINS: And the entire picture is in the ballpark of \$62 million. As you know, the capital submission is due before the operating submission. So when Judge Williams was talking about the comprehensive picture, and our ability to apply 13.9 in fees, that was the composite towards operating and capital: 1.8 of the fees would be applied towards capital. With regard to ATS, which is our dedicated funding source, the breakdown on that was 4.5 applied to capital, with the remainder of .8 applied to operating. So I think that would cause the numbers to come together, and we can provide that to you, separately.

MR. BRUNE: That's what I might ask. It sounds like \$12-or-so million of the \$13.9 million is going to some operating need. It might be a help to know what that is.

JUDGE WILLIAMS: Our long-term needs for IT, as I said, have to be funded by a variety of sources. When we went to the -- excluding the municipal court phase, we were talking about \$133 million, and we did not break that out, in terms of capital or general operating expenses. If you put municipal court factors in there, it goes up even higher over the longer term. So we'll break out, if you want, capital and general operating expenses.

MR. BRUNE: Just something that gives you a sense of what the operating is.

MS. HIGGINS: Could I just clarify that the fee moneys are always for development, and so it's not operating, in terms of base budget. We're not applying any of the fee moneys towards base budget. It has to do with the operating component of that which is not defined as capital, for instance, in support of the Wide Area Network.

MR. BRUNE: So it's the operating component of these projects we were talking about.

MS. HIGGINS: That's correct.

MR. BRUNE: Can you also tell us, in the current year, are we raising the fees in '03, presumably?

JUDGE WILLIAMS: Effective July 1.

MR. BRUNE: And presuming there's a shot of money in '03 that has the same parameters that you've just described as happening in '04.

MS. HIGGINS: It's an ongoing fee.

MR. BRUNE: It's an ongoing \$12 million.

MS. HIGGINS: The fee would continue, the fee increase.

MR. BRUNE: So it would be a help, Chris, to see the year-by-year, '03-'04.

JUDGE WILLIAMS: The legislation was adopted with the budget in June. It went in effect July 1. We'll create a dedicated fund. And what was dedicated was the increase in the filing fees over what they had been previously. So that will be a fund that we'll continue.

MR. BRUNE: Just two other very quick questions. One of which is, I'm assuming this is a pay-as-you-go approach that you're adopting here on capital needs. It's not a financing.

MS. HIGGINS: Right, none of this assumes bond financing.

MR. BRUNE: And just one other very quick question. The current year fees, are they, is that a full-year annual -- do you expect a full year's worth of \$14 million? Is there some type of phasing that you're going through?

JUDGE WILLIAMS: No, we expect -- that's out projection for what it will be. The fees went into effect, obviously, the first day of the fiscal year. So that's what we projected out for the year.

MR. BRUNE: One last question on the Justice Complex. There's a Building Authority project, as you mentioned, for the structural component of the building. I'm not sure I sit here knowing what the answer to this is, but have you ever approached the Building Authority with this particular need?

MS. HIGGINS: Absolutely.

MR. BRUNE: You did that, as well.

MS. HIGGINS: They have prioritized, and it, kind of, works its way down. The roof, the walls, the garage, and there's nothing left for the inside.

JUDGE WILLIAMS: We know the problem's finding money, and it's not there. And we will try every source, legitimate source, that we can to

try to do this, in terms of asking, because we know how difficult it is at this point.

MR. BRUNE: Thank you.

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

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

JUDGE WILLIAMS: Thank you. I appreciate the opportunity to be here.

MS. MOLNAR: Under other business, our next meeting will be October 11.

Are there any other questions or comments from members, our new members?

MS. CAPONEGRO: Madam Chairperson.

MS. MOLNAR: Sure.

MS. CAPONEGRO: I have a question. I'm not sure if, maybe, I should have appropriately asked this sooner. I did not see, in any of the proposals, or hear from any of the presenters, specific time lines. Or is that something that we don't require? For instance, if you're going to do a project over a year, you're getting some money up front. Is there some kind of a quarterly report? Is that something that we have the responsibility for receiving and monitoring? Having not read the handbook -- I'm a new member, I'm not really sure, and that's why I asked. But I really would appreciate some time lines, even on a quarterly basis, from the folks that have asked for certain appropriations, if that's possible.

MR. GENIESSE: As part of the agency's submission, we do get project status reports on projects which were funded. As far as time lines on projects, which are requested, often that information is not provided, because, at this point, they don't have an accurate estimate of that. And capital projects

-- typically, the process is a slow one in the State. So it's, probably, difficult to even estimate that. We'll see what we can come up with for you.

MS. CAPONEGRO: Thank you.

MS. MOLNAR: Well, I want to to thank you for all of your questions and comments. I think we had a very good discussion today.

Welcome to all the new members, and we'll see you on the 11th.

Meeting adjourned.

(MEETING CONCLUDED)