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# *Commission Meeting*

of

## NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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**LOCATION:** Committee Room 1  
State House Annex  
Trenton, New Jersey

**DATE:** October 25, 2002  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

B. Carol Molnar, Chair  
Anthony F. Annese, Vice-Chair  
Assemblyman Joseph Cryan  
Patrick Brannigan  
Gary Brune  
Robert A. Roth

**ALSO PRESENT:**

George LeBlanc  
(Representing Senator Wayne R. Bryant)  
Brian Alpert  
(Representing Senator Robert E. Littell)  
Beth Schermerhorn  
(Representing Assemblyman Peter J. Biondi)  
David Rousseau  
(Representing State Treasurer John E. McCormac)  
Douglas Placa  
(Representing Kevin McCabe)

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

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## TABLE OF CONTENTS

	<u>Page</u>
Regina L. Thomas Secretary of State New Jersey Department of State	2
Helen M. Shannon Executive Director New Jersey State Museum	5
James Barbo Director Division of Operations New Jersey Department of Corrections	7
Robert Werner Administrative Analyst Division of Operations New Jersey Department of Corrections	16
Gerald Kennedy Construction and Capital Planning Unit New Jersey Department of Corrections	21
Richard Waldis Assistant Commissioner Division of Administration New Jersey Department of Corrections	27
Brigadier General Glenn K. Rieth Adjutant General Headquarters Command New Jersey Department of Military and Veterans' Affairs	30
Ronald S. Tuminski Assistant Commissioner Management and Budget New Jersey Department of Environmental Protection	40
Alvin J. Payne	

## TABLE OF CONTENTS (continued)

	<u>Page</u>
Acting Director Division of Parks and Forestry New Jersey Department of Environmental Protection	53
James F. Hall Superintendent New Jersey Section Palisades Interstate Park Commission	63
<b>APPENDIX:</b>	
Statement plus Discussion Points submitted by Regena L. Thomas	1x
Statement submitted by James Barbo	7x
Statement submitted by Glenn K. Rieth	10x
Statement submitted by Ronald S. Tuminski	39x
lmb: 1-73	

**ANTHONY F. ANNESE (Vice-Chairman):** I'd like to call this meeting to order.

In accordance with Public Law, 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 by fax, to the Trenton *Times* and *The Star-Ledger*, and filed with the office of the Secretary of State.

I'd like to ask you all to rise and salute the flag.

Pledge of Allegiance. (participants recite Pledge of Allegiance)

Could you call the roll, please?

MR. GENIESSE (Acting Executive Director): Senator Littell. (no response)

Mr. LeBlanc for Senator Bryant. George? I'm calling the roll. You're here, right?

MR. LeBLANC: I'm here.

MR. GENIESSE: Ms. Messenger-Gault for Assemblyman Cryan.

MS. MESSENGER-GAULT: Here.

MR. GENIESSE: Ms. Schermerhorn for Assemblyman Biondi.

MS. SCHERMERHORN: Here.

MR. GENIESSE: Mr. Rousseau for Treasurer McCormac.

MR. ROUSSEAU: Here.

MR. GENIESSE: Mr. Placa for Mr. McCabe.

MR. PLACA: Here.

MR. GENIESSE: Mr. Brune.

MR. BRUNE: Here.

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

Mr. Roth.

MR. ROTH: Here.

MR. GENIESSSE: Mr. Annese.

MR. ANNESE: Here.

MR. GENIESSSE: Ms. Molnar. (no response)

Mr. Chairman, you have eight members present, that constitutes a quorum.

MR. ANNESE: All right. Thank you.

As you've probably noticed, our Chair is not here today, so you will all be stuck with me for the next hour or so. I believe she is at another meeting that was mandatory. She will be here later.

We're going slightly out of order this morning. So, with your indulgence, I'd like to call the Secretary of State for a presentation.

**R E G E N A L T H O M A S:** Good morning. Mr. Chairman and members of the Commission, thank you for the opportunity to come before you today. When I was sworn in as New Jersey's 31st Secretary of State a little more than two months ago, I knew I was given a great opportunity to serve the citizens of New Jersey and to help make a meaningful and lasting difference for all people.

With the State facing a multi-billion-dollar deficit, I knew there would be challenges to overcome. I also recognize that there is tremendous promises and potentials yet to be fulfilled. I am proud to present to you the Department of State's capital budget request for Fiscal Year 2004. Clearly, in these tight budgetary times, difficult decisions have to be made, but not

detrimental ones. I firmly believe the requests that I make before you today are in the long-term interest of not only this department, but also the citizens of the State of New Jersey.

For Fiscal Year '04, the Department of State is requesting \$3.2 million to fund three capital projects. The top capital budgetary priority for the Department of State is the upgrade of the State Museum's compact storage system. The State Museum's storage has reached maximum capacity for its collections. The installation of a new, compact storage system in the current storage space would effectively double the capacity of that area. In turn, this would serve to reduce or remove the need for two off-site, rental storage spaces presently being used at a total annual cost of more than \$102,000. Additionally, failure to upgrade the compact storage system will jeopardize the integrity of the Museum's collections and hinder the proper care and maintenance of these irreplaceable artifacts.

If this storage issue is not addressed, it could jeopardize the reaccreditation of the Museum. Without accreditation, this wonderful treasure of our State will be detrimentally impacted. Unlike John Milton's *Paradise*, once accreditation is lost, it cannot be regained. The Museum will not be able to accept exhibits on loan. Its own collection will be devalued. In effect, New Jersey, its citizens, and its future generations will lose more than just a cultural treasure, it would lose a part of its own identity.

Another capital issue that needs to be addressed is the auditorium seating at the Museum, which desperately needs to be replaced. The existing seats are almost 40 years old and have not been replaced from when the structure was first built in 1964. One-third of the seats are broken and cannot

be used at all. Many more are in need of repair. The current condition of the auditorium seating poses a potential safety risk to the thousands of patrons, many of whom are children, who visit each year.

Upgrading the seating also presents a potential to maximize an underutilized revenue source. The auditorium serves as a venue for numerous events from swearing-ins to conferences and seminars. I encourage you to look seriously, not only just at the need, but also the benefit this request represents.

Finally, I would like to request capital funding for the third and final phase of the restoration of Morven. No building in New Jersey has a history that is so intertwined with the history of this great State than that of Morven. Residents included Richard Stockton, one of the original signers of the Declaration of Independence; two United States Senators; and five New Jersey Governors. Visitors included George Washington and John F. Kennedy, along with many others.

When Governor Edge deeded the property to the State in 1954, on the condition that it be used as a governor's mansion or museum, he could not have envisioned the building going unused for 20 years, nor could he have envisioned the tremendous promise of the restoration of this structure.

Phase III of this project would provide funding to complete the restoration and rehabilitation of the 1890 carriage house, the 1930's pool house, and two acres of grounds at the north end of the property. The carriage house will be expanded so that it can serve as an education and conference center, and the pool house will be adapted to serve as a café, which will help generate revenues to offset some of the operational costs and upkeep.

After years of hard work and millions of dollars spent, now is the time to finish the job and reap the rewards of the State's investment. Let us not just fulfill our vision, but let us share it with future generations to come. I am proud to lead the Department of State, and I am proud to serve the citizens of New Jersey. With this capital request, I believe that we can be in a position to harness the promise of our potential and benefit, long term, from our investments.

I thank you for your consideration and welcome any questions you might have.

MR. ANNESE: Thank you, Madam Secretary.

Does anyone have any questions?

MR. ROTH: Mr. Chair?

MR. ANNESE: Yes. Mr. Roth.

MR. ROTH: Good morning, Madam Secretary.

I'd just like a little background, just to have it on the record. What exactly would you consider to be the type of artifacts that are presently so valuable at the Museum.

MS. THOMAS: All of them.

MR. ROTH: Can you give any specifics, just to give us an idea of what the Museum has?

MS. THOMAS: Could I get the director?

**HELEN M. SHANNON:** Good morning. I'm Helen--

MR. ANNESE: Excuse me, could you identify yourself for the record?

MS. SHANNON: Yes. I'm Helen Shannon. I'm Executive Director of the State Museum. As the Secretary said, all of our artifacts are valuable, because they're irreplaceable. We have a collection that began-- Our Museum began in 1895 with a collection of dinosaurs and fossils. New Jersey is a major center for the history of dinosaurs. We have a collection of Native American artifacts, colonial European artifacts, furniture, glass, silver, ceramics from the Colonial period to the present, and paintings, sculpture, prints, photographs, again from the Colonial period to the present -- not the photographs, but the general collection. So we have four collections: natural history; cultural history; the furniture and decorative arts, fine arts; and -- I'm sorry, I'm missing one -- archeology.

MR. ROTH: Thank you.

I just wanted to have that on the record so we know what we're funding.

I have one further question. What kinds of programs will take place at the auditorium?

MS. SHANNON: We have a variety of programs that take place, both those that we offer ourselves -- we have school programs, weekend programs; we have programs for families. We also offer the auditorium for governmental agencies who use it for swearing-in ceremonies, other types of ceremonies, from the Governor through every agency. We also lend the auditorium to local community groups who would like to use it. As I pointed out in the notes, it can be a source of revenue for the State Museum to underwrite our expenses.

MR. ROTH: Thank you.

MR. ANNESE: Any other questions from the Commission? (no response)

Okay. Seeing none, I thank you, Madame Secretary, for your presentation.

Our next department is the Department of Corrections.

Good morning.

I'd like to welcome James Barbo, Director, Division of Operations.

**JAMES BARBO:** Thank you, Mr. Chairman.

Mr. Chairman, we're very happy to be here today to represent Commissioner Devon Brown, who, I believe, may be with the Governor this morning.

MR. ANNESE: I'm sorry. Please use the microphone. (referring to PA microphone) Is it on? When it's red, it's on.

MR. BARBO: We're on. Okay. Thank you. I'm sorry.

We're very pleased to be here today to represent Commissioner Devon Brown, who, I believe, is with the Governor this morning, and to present our requests for capital budget items.

The Department of Corrections is responsible for administering all aspects of the custody and care of persons committed to the adult and youth correctional institutions in the State correctional system. It is further responsible for providing educational, vocational, and counseling programs and services to assist in the rehabilitation of offenders and to foster their ultimate reintegration into the community life upon release from the institution. The department also ensures that county and municipal jails comply with statewide standards.

The adult institutional system: The adult correctional facilities include South Woods State, New Jersey State, East Jersey State, Bayside State, Northern State, Riverfront State, Southern State, and Mid-State Correctional Facilities. All male inmates serving determinate sentences are housed in minimum security units at Ancora, a satellite unit of Bayside; Marlboro Camp, which is a satellite of East Jersey; Jones Farm, which is a satellite of the Central Reception and Assignment Facility. The Edna Mahan Correctional Facility for Women provides for the custody of adult females.

Special units and treatment centers are also under the jurisdiction of the department. The Central Reception and Assignment Facility provides for initial custody and classification of adult males and youth offenders entering the system. The Adult Diagnostic and Treatment Center provides specialized evaluation and treatment services for offenders committed under the State's Compulsive and Repetitive Sex Offender's Act. A Special Treatment Unit, operated jointly by the Department of Corrections and Department of Human Services, provides for the custodial supervision and treatment of civilly committed sex offenders. The department administers group residential centers and non-residential day programs for pre-release custody of adult males and females that are ending their institutional terms.

In the youth system: In addition to the adult facilities, the department administers three youth correctional facilities. The Garden State, Mountainview, and Albert Wagner Youth Correctional Facilities provide for the custody, care, and rehabilitation of men aged 18 to 26, who are serving indeterminate sentences. Other youthful offenders are housed in community settings. Since there are so few indeterminate offenders, the youth complex

facilities also house younger and less violent determinate offenders. Juvenile offenders are under the jurisdiction of the Juvenile Justice Commission, located in, but not part of, the Department of Law and Public Safety.

Parole and community services: As of September 4, 2001, parole services were transferred to the State Parole Board. The Division of Programs and Community Services administers a Residential Community Reintegration Program. Contracts with nonprofit agencies provide bed spaces for select offenders in community residential facilities.

Correctional facility policy and planning, major facilities plans and issues: The overwhelming issue facing the DOC continues to be prison overcrowding, despite recent decreases in the inmate population. From July 1, 1990 to July 1, 1999, the department's adult inmate population increased by 9,755 -- 45 percent -- from 21,525 to 31,300 inmates. Since July 1, 1999, population has decreased by approximately 4,000 inmates to a level of 27,300.

Sufficient additional bed space has not been constructed over the last 10 years to keep pace with population growth, along with the deterioration of much of the department's current housing. Alternatives to traditional institutional incarceration have expanded considerably. During the past five years, the department has increased the number of non-institutional treatment and alternative program slots by 250 percent, from 800 in 1995 to 2,803 in FY 2002. However, there is a limit to the number of inmates who can safely be assigned to such programs. The recent decreases in inmate population have not appreciably relieved pressure on DOC facilities, as most of the reductions have been experienced in the number of State-sentenced inmates housed in county facilities. During the last several years, the number of these inmates

has dropped from over 5,000 to approximately 2,000. The result is that the State correctional facilities continue operating at 136 percent of their design capacities.

Along with the increase in inmate population, there has been a dramatic shift in the types of inmates incarcerated. Since enactment of the Comprehensive Drug Reform Act of 1987, there has been a substantial increase in the number of offenders incarcerated for narcotics violations. At present, 36 percent of all inmates are incarcerated for drug violations, 42 percent for violent offenses, and 22 percent are non-violent, non-drug related offenses; as compared to 1988 when 19 percent of the offenses were for drug violations, 60 percent were for violent offenses, and 21 percent were for non-violent, non-drug related offenses.

The dramatic increase over the past 10 years of relatively short-term drug offenders with sentences of 24 to 30 months, combined with implementation of a system-wide objective classification system in 1994 to 1995, has underscored the need for less costly reduced-custody beds. The construction of additional reduced-custody bed space will enable the department to maximize the utilization of existing medium-maximum beds to house those inmates requiring a higher level of supervision.

Our population projections: Current population projections, developed by the DOC and validated by an independent, external criminal justice research organization, indicated that the State correctional population will increase slightly over the next 12 to 24 months. During the preceding 12 to 18 months, correctional population growth in the nation, and states comparable to New Jersey, have been leveling off and/or decreasing. New

Jersey has experienced a 10 percent decrease during the past two years. Reduction in crime rates, particularly violent crime; reduction in parolee populations, and a subsequent reduction in parole violator returns; and a decrease in the at-risk crime-prone age groups, 18 to 34 years old, have been identified as contributors to this decrease in correctional populations.

Although the at-risk groups do not appear to have a direct impact on the growth of the State's adult correctional population, this crime-prone sub-group is expected to impact State correctional populations on the juvenile level in the next several years, and then on the adult populations in three to four years out. These grandchildren of the baby-boomers, the echo-boom, who are now entering the juvenile justice system, are expected to enter the adult prison system in FY 2004 to 2006.

The interacting effects of current statutes, particularly in regard to long mandatory minimum terms, combined with the need to upgrade/replace temporary modular units utilized long past their life expectancies, underscores the urgent requirement for both new construction and internal renovations. The need to provide safe, humane, and secure facilities for violent offenders who are sentenced to long, minimum parole eligibility terms is paramount, particularly when impact of the 1997 No Early Release Act begins in Fiscal Year 2003 and 2004.

The overall objective of the department's capital program is twofold. First, the department has attempted to maintain existing facilities and infrastructure within the limits of annual appropriated capital funds, to continue the availability of existing bed spaces and to minimize further deterioration. Bed spaces added through new construction, contracts with the

counties and community-based expansion assume that existing institutional bed space will continue to be available for inmate housing. Second, the department's primary long-term capital need is the replacement of existing aged facilities, which are costly to maintain and operate. New facilities would be designed to reduce custody staffing requirements and would incorporate state-of-the-art security technology to enhance operating efficiencies.

The Department of Correction's Fiscal Year 2004 capital requests of \$98,548,000 for 29 capital projects reflects this objective; \$54,785,000, or 55.6 percent of the Fiscal Year 2004 request, deals with the maintenance of our facilities and their infrastructures, with the highest priorities being the need to continue to upgrade the perimeter security of our facilities, replace internal locking systems, and to comply with the fire safety code; and \$43,762,000, or 44.4 percent, deals with the replacement of the existing aged facilities, specifically, the replacement of East Jersey State Prison, the individual modular housing units throughout the state, and the Southern State Correctional Facility.

The department's primary, long-term capital need is the replacement of existing, aged facilities, which are costly to maintain and operate. The cost to address major deferred maintenance needs and to replace existing facilities will require, however, consideration of long-term financing alternatives.

Thank you, and we will entertain any questions you might have.

MR. ANNESE: Does the Commission have any questions?

Assemblyman.

ASSEMBLYMAN CRYAN: Good morning.

MR. BARBO: Good morning.

ASSEMBLYMAN CRYAN: Thanks for your testimony. I appreciate it.

Maybe we could start with Priority 1, the perimeter security enhancements. By the way, I was struck. The first couple priorities, although you did summarize it a little bit in your testimony, if I understand it correctly, we have an overcrowding population.

MR. BARBO: Correct.

ASSEMBLYMAN CRYAN: A population that's expected to grow. But your first four priorities don't add a bed, do they? That kind of struck me as a little odd.

MR. BARBO: They do not.

ASSEMBLYMAN CRYAN: Okay. Take me through the first one. What is perimeter security enhancements? It's your first priority, right? Did I understand that correctly?

MR. BARBO: That's correct.

ASSEMBLYMAN CRYAN: What does that do?

MR. BARBO: What that does is, as I indicated in my testimony there, we have a lot of facilities that are old.

ASSEMBLYMAN CRYAN: Right.

MR. BARBO: In some of those facilities, we have perimeters which are at the point of falling down. We have fencing perimeters at Wagner, at Mountainview, sections of the perimeter of Edna Mahan, which require immediate rehabilitation. We're not talking about existing perimeters that need to be replaced.

ASSEMBLYMAN CRYAN: This is no way meant to be-- This is from ignorance, which I do very well. Prison-wise, explain this to me? The walls, the perimeter-- This is the fencing.

MR. BARBO: Yes. Oh, I'm sorry. The fencing around the institution.

ASSEMBLYMAN CRYAN: If I understood you correctly, did you just tell me that some of them are close to falling down?

MR. BARBO: Well, not exactly falling down, but in need of replacement. Some of the fencing needs constant maintenance. We're talking about, basically, cyclone fencing that surrounds those institutions.

ASSEMBLYMAN CRYAN: So we're talking about replacing how many institutions' cyclone fencing for the 5.6 million that you're requesting? It's been 25.2 to do the Bayside and the Central Reception.

MR. BARBO: Four institutions.

ASSEMBLYMAN CRYAN: So it's a million and a half a throw to replace cyclone fencing?

MR. BARBO: Well, it wouldn't be evenly divided, but you're correct.

ASSEMBLYMAN CRYAN: Okay. I guess I'm just awestruck by that, maybe it's just me. Like this idea that fences are going to -- that there's a problem with fencing, their rust-- I mean, what happens to fences?

MR. BARBO: Age.

ASSEMBLYMAN CRYAN: Just age?

MR. BARBO: Age, and there's also increased technology that we can use now, that was not available when these perimeters were installed, that we can use to enhance the security of our perimeters.

ASSEMBLYMAN CRYAN: Okay. So, skipping the new technology, do we have a fear -- in your first priority on this capital request -- of an inmate being able to escape because of the quality of our fencing, or does our guard-- I assume our guard towers are staffed, right?

MR. BARBO: Yes, correct.

ASSEMBLYMAN CRYAN: Or should we feel comfortable in the fact that with the guard towers staffed, that the fences will be there in another year if we don't appropriate this?

MR. BARBO: The fences will be there because we will continue to maintain them, which is another extensive cost that we put out every year.

ASSEMBLYMAN CRYAN: What is the cost of maintenance on that? Maybe I just missed it.

MR. BARBO: We don't have-- We could research that for you and get back to you on that.

ASSEMBLYMAN CRYAN: I'm one of those guys who likes to hear how much we're going to save. Like, before, you heard the Secretary of State say it's 102,000 over 10 years. So it's a 10-year payback.

Through the Chair, I'd like to request that, if at all possible.

I wanted to ask, and if you'll just bear with me, there are less violent offenders now than there were in the past? Is that correct? Sixty percent versus 42 now? Did I understand your testimony right, in the middle of Page 2?

MR. BARBO: Yes, that's correct.

ASSEMBLYMAN CRYAN: And the majority are changing, and our population is due to drug violations, which, I guess, you folks classify as non-violent. Is that correct?

MR. BARBO: Yes, that's correct.

ASSEMBLYMAN CRYAN: So do these requests reflect the change in population of our inmate profile -- I guess, would be the way to put it?

MR. BARBO: Yes. The demographics have changed over the years, based on the drug acts.

ASSEMBLYMAN CRYAN: In Priority 2, the fire safety code -- and again, I do the ignorance thing very well -- I understand-- Do we have \$7.1 million that's out there that's not been expended yet in this particular project?

MR. BARBO: Yes. Bob--

**ROBERT WERNER:** Yes, we do.

ASSEMBLYMAN CRYAN: What's up?

MR. WERNER: Right now, most of those projects are in design. A couple, as a matter of fact, are going out to bid in November. We have one large project for water supply upgrade at Wagner, for \$3.4 million. That will be going out to bid in November, and construction would probably start December, January, and we start expending the funds there. There's also a smaller project for secondary egress at Center Office for about 52,000. But at the present time, we have three projects at the Office of Construction Services in design -- a schematic final design, working towards the final design by the

end of this year -- and they are the fire detection alarm system at the Garden State Facility, new secondary egress to the Administrative Building and cottages at Mountainview, and the fire detection alarm system at Bayside State Prison.

MR. ANNESE: Excuse me, for the record, could you just enter your name and office?

MR. WERNER: Oh, I'm sorry. Robert Werner, Administrative Analyst, with the Division of Operations.

ASSEMBLYMAN CRYAN: Thanks, Mr. Werner.

Mr. Werner, the design projects that you just talked about, are they funded through the 7.1 million or are they--

MR. WERNER: Yes. No, they're funded through the 7.1. The design funding has already been submitted to the Office of Construction Services, and the rest of the money will go for construction.

ASSEMBLYMAN CRYAN: The summary that I have, and I'm sure you probably provided the backup -- which I apologize -- but could you explain to me where the 5.2 million would go, which facilities, and when it would be expended?

MR. WERNER: The 5.2 million requested this year would be for all the fire systems in Albert Wagner and the fire systems at the CRAF, which is the Central Reception and Assignment Facility, here in Trenton, on the grounds of Trenton Psychiatric Hospital.

ASSEMBLYMAN CRYAN: So Wagner and-- I'm sorry, one more.

MR. WERNER: CRAFT. We call it CRAF. It's the Central Reception and Assignment Facility. I'm so used to calling it CRAF.

ASSEMBLYMAN CRYAN: Yes, I'm sure you guys have been around the block, but I'm still in sticker shock a little bit. Maybe you can-- Five-point-two million to do two facilities for fire safety code compliance?

MR. WERNER: Yes.

ASSEMBLYMAN CRYAN: What is fire safety code?

MR. WERNER: We're talking about detection, smoke -- fire detection. We're talking about a centralized alarm system and then suppression, which, in most cases, is sprinklers -- which, in all cases, is sprinklers.

ASSEMBLYMAN CRYAN: So, these facilities aren't sprinkled, don't have sprinklers in them?

MR. WERNER: No.

ASSEMBLYMAN CRYAN: And what is -- and I know you're going to answer this pretty clearly -- but what is the risk if we don't do that? Is it something that we could live with, without for another year, if we have 7.1 still in the pipeline?

MR. WERNER: No, not really. It's something we should have been doing a lot more of sooner. We do need to protect the inmates and staff, as a life safety issue. There's the further issue of the Department of Community Affairs -- the Fire Marshal's Office goes out and inspects every year and fines the department for not meeting the uniform fire safety code.

ASSEMBLYMAN CRYAN: Who fines you?

MR. WERNER: Oh, yes. They have the ability to fine for--

ASSEMBLYMAN CRYAN: Who does?

MR. WERNER: The Department of Community Affairs. Is it the Bureau of Fire Safety? Bureau of Fire Safety. They inspect us yearly, and they reinspect, when necessary, for any, what we would call, maintenance items that we ourselves can repair, but there's also retrofit.

ASSEMBLYMAN CRYAN: Let me just ask the question then. For the things we get fined for, it's 5.2 million to fix them, or are we putting, shall we say, a Cadillac instead of a Chevette?

MR. WERNER: Oh, no. We're meeting the code. It's the bare basics to meet the code. I should point out that, in conjunction with that, they are holding on the retrofit fines, based on the fact that we are requesting and getting this money and doing these projects.

ASSEMBLYMAN CRYAN: Okay. So because you have a plan in place, they're more lenient?

MR. WERNER: Yes.

ASSEMBLYMAN CRYAN: I have two other areas, through the Chair, with your indulgence.

Critical repairs, on Priority 3. I'm new to the capitol, but the term *critical* flies around an awful lot. Maybe you could help me define critical, here, a little bit. What's so critical about these?

MR. BARBO: Well, these are -- as we said before, we have some very old facilities, and these are the systems and different parts of the institution that have to be renovated.

ASSEMBLYMAN CRYAN: To me, critical is someone is going to get out of the facility. My critical and your critical are probably different. But

that's the first thing I want to understand. Nobody is going to walk out of the doors if we don't do this, right?

MR. BARBO: Well, I could tell you, our main concern is that nobody walks out of the doors. That's for sure.

ASSEMBLYMAN CRYAN: Mine, too.

MR. BARBO: But we have to provide a humane living environment for the inmates and, also, the staff, who work there eight hours a day. And in order to do that, we have to constantly maintain the facility. So a lot, over the years, because of a lack of funding, what would be a normal maintenance or retrofit situation has become a critical repair.

ASSEMBLYMAN CRYAN: So the critical nature of the additional cameras at the Garden State Facility means what?

MR. BARBO: Surveillance. Surveillance of the inmate population.

ASSEMBLYMAN CRYAN: Are there places we can't see?

MR. BARBO: Well, there are places where there are not staff, and we need to watch the inmates, we need to watch-- They have a camera, as an example, down a hallway. They may not have anyone in it, but we, certainly, need to know if someone is in that hallway or not. We have perimeter cameras along our perimeter fence lines to keep an eye on areas that may not be entirely visible to the staff or the towers.

ASSEMBLYMAN CRYAN: Okay. My last area is Priority 4. I guess, it just struck me as the locking systems at DOC facilities are outdated and the manufacturer is not making the parts. I have to tell you, that it seems like, at least from this Commission, that everything we buy in the State of New

Jersey, that the next day the manufacturer stops making it. It just seems -- it's a continuing theme, here, that I just find-- I'll share with my Commission members, I think--

So I have my concerns, at this point, as to whether I trust you. But I would like to explore it a little bit, because I've heard it so many times. I mean, there's a group that modems don't make-- Didn't we have somebody testify that somebody doesn't make modems any more, just last week?

Outdated locking systems. What area has to be done first? What area has to be done second? What's the cost breakdown of those, and what locks, who makes them, and why don't they make them any more?

**GERALD KENNEDY:** Gerry Kennedy, from the Construction and Capital Planning Unit.

MR. GENIESSE: You need to go to one of the other mikes there. That's not working.

MR. KENNEDY: Gerry Kennedy, from the Construction and Capital Planning Unit. I understand what you're saying, about the State seems to buy something, and they don't make it the next day. These systems are 40 to 60 years old.

ASSEMBLYMAN CRYAN: Do they work?

MR. KENNEDY: They're working, but not in their entirety. I'll give you an example. There's gang releases that open up the whole tier at one time in case there's an incident. Those systems aren't working. So, due to a fire or something, the officer needs to go around and open each block by key, which creates a hazard.

ASSEMBLYMAN CRYAN: Okay. So they work. They're just manual and labor-intensive?

MR. KENNEDY: Right.

ASSEMBLYMAN CRYAN: Okay.

MR. KENNEDY: The electronic systems are working manually now. That's all we can do to keep them working.

ASSEMBLYMAN CRYAN: All right. What facilities? I assume the 7.5 million, here, covers more than one facility. Would that be right?

MR. KENNEDY: Right. The first one, which we have the design done for already, is Bayside State Prison. The system there -- the locking system, again, has to be opened manually. But the biggest problem with that is the hardware on the doors themselves have worn to the point where the doors can, literally, be kicked off the track and pushed out on the bottom by an inmate.

ASSEMBLYMAN CRYAN: So the inmates can kick the doors down at Bayside?

MR. KENNEDY: Right. Well, we continually maintain it, put additional supports in there to try and prevent that from happening, but they're in that bad of condition.

ASSEMBLYMAN CRYAN: How much is it to change the locks at Bayside?

MR. KENNEDY: Okay, I want you to understand something. It's really not just a lock. It's a locking system.

ASSEMBLYMAN CRYAN: It says, "Locking system," and I apologize for not making that clear.

MR. KENNEDY: Okay. But it is the door hardware, the actual movement through the doors.

ASSEMBLYMAN CRYAN: And in this case, we would upgrade it to being electronic, right?

MR. KENNEDY: Yes.

ASSEMBLYMAN CRYAN: Okay. So how much is that?

MR. KENNEDY: It is electronic now, just so you know. It's just not working electronically. It's an electronic system. The upgrade there is 3.4 million.

ASSEMBLYMAN CRYAN: And where would the next one go?

MR. KENNEDY: The next one is at East Jersey. The same thing. We have a tier there, Four Wing, which is-- That system there, again, is about 40 years old, and the cost to replace that with-- We're not doing state-of-the-art, we're just replacing systems that work.

ASSEMBLYMAN CRYAN: I understand. I just -- having been down here enough now -- want to ask about these things. So how much would the East Jersey one be?

MR. KENNEDY: Okay, 3,029,000.

ASSEMBLYMAN CRYAN: Okay. How would that fit into Priority 7?

MR. KENNEDY: The replacement of East Jersey State Prison.

ASSEMBLYMAN CRYAN: I guess it's facility replacement, it says, right?

MR. KENNEDY: But we need to maintain it until we reach that point.

ASSEMBLYMAN CRYAN: Just so I understand, if we did Priority 7, do we still need to spend 3.2 million in a new electronic locking system for East Jersey?

MR. KENNEDY: If a decision was made today to find a new facility, we would be about five or six years out before that facility would actually be opened up.

ASSEMBLYMAN CRYAN: Okay. And how long did these lock systems last, 40 to 60 years, right?

MR. KENNEDY: I would say the life expectancy of them are 15 to 20 years, and we're way beyond that.

ASSEMBLYMAN CRYAN: Forty to 60 years, right, these systems are old?

MR. KENNEDY: Yes.

ASSEMBLYMAN CRYAN: So the system at Bayside is an electronic system that doesn't work, and it's somewhere between 40 and 60 years old, and it's your first priority at 3.4 million? Is that correct?

MR. KENNEDY: Right.

ASSEMBLYMAN CRYAN: And the second one is East Jersey at 3.7. Okay.

That covers my questions, and I thank you for your time.

MR. ANNESE: I just have a follow-up question about the locks. Are these doors and locks -- is this something that's opened up and closed several times a day?

MR. KENNEDY: Yes.

MR. ANNESE: Okay. So over a period of 40 years, there's quite a bit of wear on the tracks and things like that.

Okay, thank you.

Any other member have a question?

Mr. Roth.

MR. ROTH: I have a comment.

I don't know if this is on. (referring to PA microphone)

I've been on this Commission about six years now, and it's almost like a broken record -- hearing that the reason all of these critical repairs are necessary is because the proper funding isn't provided in the operating budgets. It seems to me that, perhaps, the administration should take a look at providing proper funding in operating budgets so that you would have to spend only hundreds of thousands of dollars for repairs each year instead of coming here and asking for millions.

MR. ANNESE: All right. Gary Brune.

MR. BRUNE: Just a few quick questions. Is there a way that you could prioritize within Priority 1-- As I understand it, you have four facilities -- Garden State, Wagner, East Jersey, and Mountainview -- if that's correct, and whether you could tell us which one rises to the top or the top two? I guess the reason I'm asking is, in regard to the Assemblyman's previous question about the fences, I understand some of these fences are in particularly bad shape, as opposed to -- and I'm sure they're all critical -- but which ones are the--

MR. BARBO: I would say Wagner would be the worst -- the most antiquated. There are no electronics on the system, just several rows of barbed wire on top. It's not state-of-the-art razor ribbon that we use now.

MR. BRUNE: Do you know the value of Wagner?

MR. BARBO: One-point-seven million.

MR. BRUNE: Okay. Is there anything else to differentiate the other three? Are they all, pretty much, in the same condition?

MR. BARBO: They're pretty much in the same condition, yes.

MR. BRUNE: Priority 3, the same type of question. I think you have six priorities there. Is there one or two or three that leap off the page as far as critical repairs?

MR. BARBO: Give us a minute.

MR. BRUNE: Sure.

MR. BARBO: The priorities of the critical repairs -- I would say the heating system replacement at Bayside would be our number one priority, followed by the stairwell replacement at Albert C. Wagner.

MR. BRUNE: Thank you. I just want to understand the answer to the Assemblyman's question on the locking system. I heard you say Bayside was opened manually. Is East Jersey the same situation?

MR. KENNEDY: Yes, the same situation.

MR. BRUNE: They both open manually. Okay.

Actually, just one last question. In regard to your initial testimony about the declining prison population and the county backup, I just want to understand the request for Nos. 5 and 6, which are, basically, modular dorms and modular unit replacements, in light of that environment, as opposed to

county backup as a capacity alternative. Here we're replacing modular units, I guess, at Southern State and throughout the system. I just want to understand the rationale for that versus the environment you're in.

MR. KENNEDY: I'm not sure I quite understand, but we're not talking about building new modular units, but replacing the existing ones.

MR. BRUNE: Right. And I guess I'm asking, as an alternative, as opposed to -- having inmates possibly go to county facilities, which apparently have capacity relative to a point in time before--

**ASSIST. COMMISSIONER RICHARD WALDIS:**  
If I could answer that, Gary.

This works? (referring to PA microphone)

Good morning, my name is Richard Waldis. I'm Assistant Commissioner for Administration with the Department of Corrections.

To answer your question, Gary, county bed spaces have been occupied by State inmates, simply because we have not had the capacity to bring them in after their sentence. The Commissioner feels strongly that the State's inmates should be brought into State facilities where they have the availability of various rehabilitation programs -- including educational programs, substance abuse, job training -- which, for the most part, does not exist, is not available in a county facility. So, historically, the number of inmates housed in county facilities have been, basically, as a result of our inability -- that is, not having sufficient bed spaces to bring them in.

MR. BRUNE: There's a question of services provided being higher at the State level than at the county.

ASSISTANT COMMISSIONER WALDIS: Pardon.

MR. BRUNE: The services that are provided at the State level are a higher level of service than the county level.

ASSISTANT COMMISSIONER WALDIS: In most cases, they're minimal, if no services, in some of these areas that are provided by the county facility. As was indicated earlier, the number of inmates, in total, has decreased by about 10 percent over the past two years, and the effect of that has been in terms of the numbers of inmates housed in county jails. At our high watermark, if you will, in '99, we had over 5,000 inmates housed in county jails and, that, we currently have approximately 1,500.

MR. BRUNE: Thank you.

MR. ANNESE: David Rousseau.

MR. ROUSSEAU: As a follow-up to Gary's question there, why couldn't we provide the services at the county jails? Why couldn't we have State employees go out and provide those services, or contract with those same services to be provided? Because, let me just go one step further. The problem that we have here is that, as we-- We get hit with a double cost here, because, as we pull the prisoners out of the county jails and put them into the State, so many of these counties have, basically, started to rely on the revenue from these prisoners -- as, basically, prisoners became a commodity -- that we then end up having somewhere else in the budget -- maybe not in your department, but somewhere else in the budget -- we have to go and backfill that money that the counties are losing. There's another factor that goes on, that these counties have relied on this money for years. When we pull the prisoners out, they come to us and say, "We need you to figure out some other way to get money

to the counties.” Why couldn’t we just provide these -- use their space, but provide the services through the State?

ASSISTANT COMMISSIONER WALDIS: Well, that, I think, in theory, that could be done. But, of course, we’d have to negotiate with the counties in terms of, do they have adequate space to provide treatment services. There would be a cost, additional cost, to the State of providing additional staff that would be needed to go to the county, or some, sort of, third party contractual arrangement. Again, I don’t think that that’s the best solution, as compared to actually bringing them into a State institution where they are subject to programming, and programming which is available to them five days a week, 10 to 12 hours a day.

MR. ROUSSEAU: Thank you.

MR. ANNESE: Do any other Commission members have a question?

Mr. Roth.

MR. ROTH: I just want to comment further on what you just said, sir. There are means available now to provide training at various locations in the State without, actually, sending staff to do it. Most county jails, as far as I’m aware of, are set up with closed-circuit television systems, and I think it would simply be a matter of hooking a cable up between Trenton and the county jail.

MR. ROUSSEAU: Good point. They are set for, usually, for hearings -- for all hearings and things like that. Very good point.

MR. ANNESE: Any other comments or questions? (no response)

Seeing none, I would like to thank the department for its presentation.

MR. BARBO: Thank you very much.

MR. ANNESE: Our next presentation is from the Department of Military and Veterans' Affairs.

**B. CAROL MOLNAR (Chairwoman):** Good morning.

**BRIGADIER GENERAL GLENN K. RIETH:** Good morning. I'm up?

Good morning. My name is Brigadier General Glenn Rieth, and I'm the Adjutant General. I also have with me this morning Emil Philibosian, who is the Deputy Commissioner for Veterans' Affairs; my Joint Chief of Staff, Michael Smith; and my Director of Installations, Colonel Bill Bertsch.

Good morning, Madam Chairwoman and Commission members. It is my pleasure to present you with the Department of Military and Veterans' Affairs '04 capital improvement plan. This plan is in keeping with my vision of providing state-of-the-art facilities, to meet mission requirements, and to enhance the readiness of our New Jersey National Guard, and maintaining the best possible services so richly deserved by our New Jersey veterans.

This capital plan is focused only on four projects totaling \$1.5 million, that addresses our most critical concerns.

The first request of 165,000 is for the rehabilitation of three buildings at our National Guard Training Center at Sea Girt, that will become the new home of our department's Challenge Youth Program. This program is, currently, conducted at Fort Dix, but expanded military requirements -- and when I say military requirements, I'm talking about United States Army

requirements for activations, not our requirements -- have necessitated the relocation of the Challenge Program to Sea Girt.

The Challenge Youth Program is designed, specifically, for at-risk young men and women, ages 16 through 18, who are high school dropouts, drug-free, and not in trouble with the law. This 22-week, in-resident program provides these youths with the chance to obtain their GED and acquire life skills necessary to mature into productive citizens. All students are matched with mentors who provide continued guidance and counseling to these young graduates as they return to the community and transition into adulthood. New Jersey is one of only 27 states to conduct such a program, and since its inception in '94, there have been 1,000 New Jersey graduates.

The department's Number 2 priority, totaling 590,000, addresses our fire/life safety concerns. This is a continuation of a multi-year initiative to correct various violations and to ensure our facilities are in compliance with all fire/life safety codes and standards. This year's request will maintain the momentum initiated by previous years' capital funding. It includes the installation/upgrade of fire suppression systems at eight National Guard facilities.

The photos on the next page illustrate typical fire suppression systems. (indicates photographs)

The department's Number 3 priority is a request for the construction of a 5,000 square-foot, all-purpose room at the Paramus Veterans Home. It will be used for daily resident activities, as well as a place for the home's volunteer staff to gather and conduct their work. Currently, all resident activities are being held in the facility's dining area, which conflicts

with the scheduling of meals and other activities. As a result, the building of the all-purpose room will enhance the quality of life for our veterans who reside at the facility, by providing them with a separate and dedicated area for social gatherings and activities.

I would also like to add that this project, which is estimated at 856,000 to construct, is being supplemented with a 135,000 donation through American Legion Post 170 located in Rochelle Park, New Jersey, Bergen County. I want to publicly acknowledge all the support we received from our veterans' organizations, both in donations and the numerous volunteers, who so eagerly gave of their time and energy for our veterans.

Priority Number 4, and our last, will provide the necessary funding to contract with a professional environmental consultant to complete a Forest Land Assessment Reforestation Plan for the Brigadier General William C. Doyle Cemetery. This plan is required under the No Net Loss Act, Public Law 2001, which states that "any project performed by State entities that result in the deforestation of greater than one-half acre of land will be subject to the act."

We are, currently, in the 75 percent design/review stage of a 100 percent federally funded project that will construct a new 22,000-square-foot administrative/maintenance building that will result in the loss of approximately 4.8 acres of established forest and will require the preparation of a forestation plan. The plan must also be approved by the New Jersey Department of Environmental Protection, Division of Parks and Forestry, before construction can begin.

I appreciate your continued support in helping us implement an effective, long-range capital plan that meets the training needs of your National Guard and provides those critical services and programs so richly deserved by New Jersey's veterans. I would now like to bring you up to date on various projects that have been initiated or completed with previous year's funding.

First and foremost, I am proud to announce that construction is underway on the new Vineland Veterans Home. The final cost for this project is 50,471,000, with a State share of 17,665,000, and a Federal share of 32,806,000. Your prior years' support and endorsement has made this project a reality and demonstrates New Jersey's continued commitment to our veterans. This new home is scheduled to be completed and open in May of '05. A photo of the Vineland Home groundbreaking, along with two virtual images, illustrates the design concept of the new home.

At the Brigadier General William C. Doyle Cemetery, we recently completed a master plan that establishes a 20-year time line for continued development of the facility. This \$34 million project, which is 100 percent federally funded, will result in greater operational efficiencies, while maintaining the same level of quality and personal support to the veterans' family during this most difficult time. Our cemetery is the most active of all state Veterans' cemeteries in the country.

It is projected that over 2,500 interments will be conducted this Fiscal Year. In concert with the master plan, we have been moving forward with the U.S. Department of Veterans' Affairs in completing various projects, as identified in the master plan. Phase I of the project -- to install over 9,600

pre-cast concrete, in-ground lawn crypts -- was completed in May of this year. Phase II is underway and will be completed in February of '03. The installation of this system will alleviate problems with burials during inclement weather and increase overall operational efficiency.

We are also awaiting Federal funding from the U.S. Department of Veterans' Affairs, in FY '03, for a project to construct 1,680 above-ground columbarium niches and 1,440 in-ground cremains burial sites.

At the Lakehurst Naval Air Engineering Station, we are continuing the design of a consolidated logistical and training facility. The project is, currently, at the design-development stage, or 35 percent design completion. This project will be federally funded and will be completed in three phases at an estimated cost of \$58.6 million. This 619,000-square-foot training and maintenance complex will significantly contribute to increasing the training and readiness of our units and enhance the capability to provide necessary vehicle maintenance and logistical support.

In July of this year, a dedication ceremony was held at the National Guard Training Center at Sea Girt to mark the opening of a training and dormitory facility. This joint venture between the Departments of Military and Veterans' Affairs, and Law and Public Safety culminated in a 20,000-square-foot, state-of-the-art facility. It is being utilized by the National Guard and law enforcement agencies, as part of their academy and in-service training programs, and will increase the number of classrooms and student living quarters currently available at Sea Girt.

With your continued support, we were able to accomplish various projects at our armories. These projects included the installation of fire

suppression systems at our Cape May, Mt. Holly, Somerset, and Vineland facilities. Emergency generators were, also, installed at the Atlantic City and Somerset facilities to provide a continuous power supply to both facilities' emergency operations centers.

Roof replacements were also completed at the West Trenton Armory/Maintenance Facility and Woodstown Armory. Much-needed asbestos abatements were completed at the Riverdale, Tuckerton, Westfield, and West Orange Armories. We have also accomplished electrical upgrades at the Bordentown and Phillipsburg Maintenance Facilities, parking lot resurfacing at Lawrenceville, the architectural and engineering design of a replacement septic system at Flemington, and a replacement of in-room dormitory vanities for the Veterans Haven Program at Ancora.

These programs support our ongoing commitment to the soldiers and airmen of the New Jersey National Guard -- to provide world-class facilities to meet mission requirements, and to maintain their high state of readiness.

With over 200 structures at an average age of 48 years old, we remain the fourth largest department in total assets and the third largest in total buildings. With a veterans' population ranked as the ninth largest in the nation, and the oldest, it is imperative to have quality facilities available for their care and well-being.

During the past year, over 2,500 New Jersey National Guardsmen responded to more than 300 domestic and civic support missions. These included two community outreach programs for our homeless veterans, and our most recent missions in support of Operation Noble Eagle and in

Operation Enduring Freedom, where more than 1,200 New Jersey Guard members supported the World Trade Center relief efforts by providing security at Newark, Atlantic City, and Mercer Airports, as well as the Salem, Hope, and Oyster Creek nuclear power facilities. Over 232,669 State active-duty man days, these are soldier days, were expended in support of these operations.

Our facilities are also used for other activities, such as after-school youth activities, as part of the National Guard's Drug Demand Reduction Program. Over 6,300 students, from 47 schools through the state, participated in community-sponsored activities at our facilities. These programs serve as positive alternatives to idleness and drug abuse.

I trust you can see from the photos we have included, the capital funding made available to us has been put to good use.

I thank you for the opportunity to make this presentation. My staff and I are now prepared to answer any questions.

MS. MOLNAR: Thank you, General.

Any questions or comments?

MR. ROTH: Madam Chair?

MS. MOLNAR: Yes, Mr. Roth.

MR. ROTH: Good morning, General.

GENERAL RIETH: Good morning.

MR. ROTH: The last time this Commission met, we heard a presentation from the State Police, where they were requesting a rather large amount of funding to provide a consolidated training center, here, near Trenton, which, when completed, would eliminate the need to train State Police at Sea Girt. Now, to the extent that that training would be reduced at

Sea Girt, would that free up any facilities for you to use, which we could then, perhaps, save some money in this recommendation?

GENERAL RIETH: Yes, sir. And we're looking to the future. And when Fort Dix had asked that we leave the buildings that we currently occupy there, because of, again, activation requirements by the Army, we looked to Sea Girt, anticipating the fact that the State Police are going to be building a new campus in Ewing. So, to answer your question, the Challenge Youth Program will allow us to increase revenues into Sea Girt and use the buildings that are currently being occupied by the State Police and also by the National Guard.

MR. ROTH: Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Brune.

MR. BRUNE: Just two questions. In the Priority Number 2, the fire safety compliance, mention is made that there's about 75 percent matching Federal funding available. But, I may have this wrong, of the eight facilities, I understand that not all of them might leverage Federal dollars. Is that an accurate statement, or do they all leverage Federal--

GENERAL RIETH: No, they will all-- Two don't, Bill? Okay. Right now, two of them will not leverage Federal dollars, Phillipsburg and Plainfield.

MR. BRUNE: Just out of curiosity, is there a reason that two don't and six do?

GENERAL RIETH: Because there are actually troops in the other six.

MR. BRUNE: Okay. So they're not in active use in a troop sense, those two?

GENERAL RIETH: In a troop sense, no, sir. The Phillipsburg is -- we're currently in a contract with the local school system, and they're using that for classrooms, and that's generating some revenue for the department.

MR. BRUNE: Okay.

GENERAL RIETH: In Plainfield, there are youth programs currently in there.

MR. BRUNE: Okay. Just one last question on the Paramus Home. It seems that with the American Legion contribution, it looks like about a \$1 million project. Is that a fair--

GENERAL RIETH: How about 865,000, yes. Right around a million.

MR. BRUNE: It seems to be about \$200 a square foot. I'm just wondering, are you buying land or is that just to build a room?

GENERAL RIETH: No. That's just to build the room in Bergen County.

MR. BRUNE: Okay. Thank you.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: General, our staff raised a question to us about your youth program -- the 165,000 for the youth in danger. Could you just flesh that out a little bit for us, any mandate you have for that, whether it's State or Federal, and give us a little bit more information about your success rate and your follow-up rate and things like that?

GENERAL RIETH: Sure. I'll be very up-front, and we're behind this one, sir. The Challenge Youth Program, when I came in back in January, as stated to me, was a program in failure. There was a lot of concerns with that program at the Federal level, with the National Guard Bureau, because they were not in accordance with the regulations. We have made a very concerted effort to ensure that our program does meet all of the Federal and State requirements for this program. We are now in accordance with all of the regulations. In fact, my Deputy Adjutant General, Colonel Morgan, has oversight of the program. It's a great program. It takes at-risk youths who are drug-free, alcohol-free, 16 to 18 years old, and it gives them a second chance. It's a military-type environment where we teach them life skills, and we give them an opportunity to get their GED. We've had a positive impact on over 1,000 kids within the State since the program has been in effect.

MR. ANNESE: Okay. So how big is your class? I take it you had 22 classes, if I interpret this right?

GENERAL RIETH: We just graduated, I believe, on the 17th of August, the 16th class. So we're into class 17 right now. We usually start -- historically, we start at about 135. In class 16, we graduated 88. Again, if the kids get involved with drugs, and they're tested regularly, or if they had some disciplinary problems, they are released from the program.

MR. ANNESE: Are these resident people?

GENERAL RIETH: Yes, sir. Absolutely, absolutely.

MR. ANNESE: How long does the program last for?

GENERAL RIETH: Twenty-two weeks.

MR. ANNESE: Twenty-two weeks. Okay.

Thank you.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: General, this is also a program that's a source of recruiting members for the National Guard and the active duty military.

GENERAL RIETH: That's a great point. The last class -- we actually, at graduation, had the opportunity to enlist six into the armed services with, I believe, three into the New Jersey Army and Air National Guard.

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

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

GENERAL RIETH: Okay. Thank you.

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

Good morning.

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

Good morning.

My name is Ron Tuminski. I'm the Assistant Commissioner for Management and Budget of the Department of Environmental Protection. With me today, I want to introduce the staff -- is Dave Barth, who is the Director of Budget and Finance and General Services for the agency. We've got Al Payne who heads up the capital projects in Parks and Forestry; Jim Hall, who many of you know, as the head of the New Jersey Section of Palisades Interstate Park Commission; and I also have with us Dave Prentice, who heads up our capital budget section.

Good morning, Madam Chair, and members of the Commission. On behalf of Commissioner Campbell and the Department of Environmental Protection, I want to thank you this morning for the opportunity to present our capital needs for Fiscal Year 2004. Overall, the department's capital budget for Fiscal 2004 includes a request totaling some 780 million. Those funding sources, though, are distributed over a number of areas.

Our General Fund request, which is about 18 percent of our budget request, amounts to 144 million. We have requests, on behalf of the Garden State Preservation Trust, for 143 million; bond funds in the amount of 59.2 million. Thirty-two percent of our requests, for 247 million, is in Federal funding. We have the Shore Protection Program at 45.7. CBT, Corporation Business Tax, appropriations for cleanups and underground storage tanks, at 47.4. For our storage infrastructure, safe drinking water programs and Environmental Infrastructure Trust, requests of 7 million; and local matches anticipated at 16.3.

As you will see throughout my testimony, we are also trying to pursue, on several fronts, additional Federal funding to meet some of our requests. I'd like to highlight a few areas. First and foremost, open space funding. Since the State set its land preservation goal in May of 1997, a total of 299,597 acres have been preserved, and this includes 90,766 acres of farmland. Last month, the Governor signaled a new emphasis, where a greater priority will now be given to those preservation projects that will protect not only groundwater sources, but also flood-prone areas. Under the new emphasis, areas that protect our water resources, whether they be surface or

groundwater, will get three times the priority in the allocation of funds. Whereas, flood-prone areas would get two times the priority.

In concert with this goal of combining quality with quantity, DEP's Fiscal Year 2004 capital request includes 143 million for Preservation Trust projects. Specifically, 48 million is included for State acquisition projects and 10 million for new urban parks, while 85 million is included for the Green Trust Program for loans and grants to local governments and non-profit entities.

The State's preservation efforts will be further bolstered by the acquisition of some 15,000 acres of environmentally sensitive lands associated with watersheds, groundwater recharge areas, wellhead protection areas, and storm water management. This will be accomplished through our partnership with the Environmental Infrastructure Trust.

More than 30 percent of our State's residents take part in some form of wildlife associated recreation, whether it be fishing, hunting, bird watching, wildlife photography, and feeding birds. Over 15 million visitors enjoyed the New Jersey State Parks and Forestry facilities in calendar year 2001. Recreational opportunities are provided at 39 State parks, 11 State forests, four recreation areas and golf courses, 115 wildlife management areas, 42 natural areas, and 23 individual historic sites. All these areas encompass better than 610,000 acres of land in New Jersey.

While the Garden State Preservation Trust, in its Stewardship Report, called for the dedication of some \$25 million per year for Parks and Forestry capital purposes, the realities of the State's fiscal situation resulted in capital appropriations being adjusted to a level of 2.5 million during the final

appropriation process for Fiscal 2003. These moneys, however, were coupled with 11.1 million in funds released from reserve, and they have provided us with the ability to move forward on critical capital improvements in our parks. I'm proud to report to you today that 12 capital projects are moving forward through the bidding process. These include HVAC upgrades at Liberty State Park Terminal Building, Barnegat Lighthouse exterior work, expansion of the Batsto Visitors' Center, and the restoration and renovation work at the High Point Interpretive Center.

The capital plan before you, again, emphasizes the priority placed on restoration and renovation of our parks' facilities, with restoration projects like Batsto Mansion, Fort Mott, and the Walt Whitman House being our number one priority, at some \$1.8 million.

In reviewing our request, you will find that total funding requests of 78.4 million are included in our 2004 capital budget for our parks and forests and fish and wildlife areas. The requests focus on enhancing the quality of the recreational experience for New Jersey citizens, as well as for visitors to our State. Of this request, 30.3 million has been categorized as urgent. Further, as a breakdown, 15 million, or 49.5 percent of that amount, would be used to renovate/rehabilitate existing parks and forests and fish and wildlife facilities, in order to bring them into environmental compliance and eliminate health and safety issues.

Earlier this year, the Governor confirmed his commitment to addressing runoff and other sources of pollution that threaten the quality of our coastal waters and that lead to beach closures. The State's shoreline and the quality of our ocean water are vital to New Jersey's economy. In fact, it

was recently reported that New Jersey's economy was bolstered by some \$16 billion that generated -- by the shore.

Accordingly, the department's Fiscal Year 2004 request includes a Coastal Beach Closure Abatement Program for Wreck Pond in Spring Lake and Sea Girt, as well as addressing stormwater discharges to coastal bathing areas in the Wildwoods. Here we are requesting \$5 million for dredging and the associated dredge material disposal of Wreck Pond. In addition, 4.3 million is being requested for the feasibility, design, and construction of a stormwater discharge system to abate beach closings in the Wildwoods. All of these initiatives are essential to protecting ocean water quality and preventing beach closings. I might mention that, at the Federal level, Representative Pallone has been leading efforts to secure some 4.5 million to help us address coastal pollution problems in these particular areas.

The New Jersey Environmental Infrastructure Financing Program has proven to be a valuable asset to the State, in terms of water quality protection. Earlier this month, project sponsors, again, had the opportunity to submit new planning documents for consideration for 2003 funding. Eligible projects fall under the broad categories of wastewater treatment facilities. Stormwater and non-point source pollution and water supply facilities include such projects as those dealing with wastewater and drinking water treatment facilities, new water supply wells, combined sewer overflow, and such other projects as stream-bank stabilization and open space acquisition.

Since 1987, the Trust and DEP have provided more than 1.85 billion in low-interest loans to finance clean water projects. By leveraging this

financing mechanism, New Jersey residents have saved nearly 557 million, or 30 percent, as a result of low-cost loans. This year's financing, which closes in November, will fund 38 county and municipal projects worth some \$155 million. The projects will address such problems as removing and replacing combined sewers, replacing collapsed or cracked sewer pipes, as well as purchasing open space. The 2003 financing program, which corresponds to our 2004 request, currently includes 57 projects with a projected cost of 320 million.

In terms of water supply, the Federal Safe Drinking Water Act amendments of 1996 provided the State with the opportunity to leverage State loan funds to improve drinking water. The current Drinking Water SRF Priority List identifies 194 projects and a need of \$603 million. We expect that \$53 million in projects will be financed next month. Our 2004 capital request of 3.6 million, from the 1981 Water Supply Fund, represents the seventh year of financing under the Federal Safe Drinking Water SRF and will serve to match \$18 million in Federal funds. As with the \$82 million in Federal funds available between Fiscals 1997 and 2002, the department will continue to leverage these moneys through the Environmental Infrastructure Trust. The 2003 financing program, which corresponds to this 2004 request, currently includes some 52 projects with a projected cost of \$170 million.

As I mentioned before, New Jersey's shore protection program remains as a viable one, with an annual dedication of \$25 million. The dedication of these moneys is especially important at a time when efforts continue at the Federal level to reduce Federal cost share, from where it stands today at 65 percent. State funding, coupled with Federal and local support,

has been and will continue to be critical to the State's efforts to protect this vital resource. Over the course of the past year alone, beach-fill work has continued in Cape May Point, Deal, Strathmere, and Avalon.

Our 2004 requests include 45.7 million for shore protection and focuses on beach-fill projects that cover such areas as Long Beach Island and Manasquan Inlet to Barneget Inlet. As in the past, our request for dedicated shore protection funds will be used to leverage some 101.6 million in Federal funds, which are expected over the life of these projects.

In the case of flood control, we've requested some \$13.8 million in State funds, which will, again, leverage some 39.7 million in Federal funds under the Federal HR-6 program. These projects may include Green Brook, Poplar Brook, Ramapo River at Oakland, and Newton Creek.

The department's request also includes moneys to address needs at the Bayshore flood control gate. Specifically, a half-million dollars is being requested in order to allow the replacement of outfall pipes at the floodgate buildings.

In the case of dredging, our request includes 6 million in capital moneys needed to maintain New Jersey's navigational channels and harbors. We are also hoping to leverage some \$4 million in Federal moneys through the appropriation of these funds.

In the Site Remediation Program, some 106.8 million funds is requested in order to address ongoing projects, water line replacements, operation and maintenance, and closure of sanitary landfills. Offsetting part of these needs, we anticipate Federal participation from the Superfund Program at a level of 30 million, and 26 million from the CBT dedication.

Further, our 2004 request includes 21.3 million in CBT funding for underground storage tanks.

To date, the availability of these dedicated funding sources have allowed the State to avoid approximately 110.5 million in bonds being sold. This has saved the State an estimated 88.6 million in interest.

Turning to other capital recommendations and requests for 2004, we are looking for 1.280 million -- is requested to expand and upgrade the department's air quality and radiation early warning system. This system acquires data from the State's air and radiation monitoring networks once every minute, and has alarm functions that automatically notify appropriate personnel should high radiation or air pollution levels be detected. The events of September 11 required an unprecedented level of response from a whole host of agencies. While the current system performed adequately during the crisis, problems did arise that required software modifications and the use of alternative computer systems to provide some of the emergency-related functions. An assessment of the system has since been done, focusing on security and response issues. It is strongly recommended that the system be replaced. While the department has sought to cover the cost of the early warning system from Federal Homeland Security funding, competing demands for available Federal resources will appear to preclude us from depending on that resource at this time.

The requests on behalf of the Palisades Interstate Park Commission are included at a level of 5.9 million. Specifically, the Commission is seeking 3.7 million for recreational development, for such items

as the boat basin restoration; and 2.1 million for road improvements on the Henry Hudson Drive -- paving, drainage, and historic preservation.

The request for the Mosquito Control Commission, which is included in our budget, includes 60,000 for equipment storage facility and some 710,000 for additional replacement of equipment.

Thank you for your time. If there are any questions, the DEP staff members are here today, and I will be glad to answer any questions you may have.

MS. MOLNAR: Thank you.

Any questions or comments?

MR. ROTH: Madam Chair?

MS. MOLNAR: Mr. Roth.

MR. ROTH: Good morning.

I'd like to talk about the open space bond sale that took place a few years ago. It was my understanding that a large percentage of those funds were to be returned to municipalities for their purchase of open space land. Are you familiar with that program?

ASSISTANT COMMISSIONER TUMINSKI: Yes, I'm familiar with it.

MR. ROTH: Can you give me some sort of an idea as to where we stand in amount of requests versus amount of payments that have been made?

ASSISTANT COMMISSIONER TUMINSKI: Well, I can tell you, for example, in the current Fiscal Year, on the local side for 2003, the department received -- I think it was approximately \$353 million in requests

from local sources. We have only been able to okay something on the magnitude of \$44 million.

MR. ROTH: Meaning the other applications are denied, or are they being further investigated?

ASSISTANT COMMISSIONER TUMINSKI: The other applications would be held on the priority listing and would be looked at as additional funding became available in subsequent fiscal years.

MR. ROTH: Okay. But I thought this funding was made available when they authorized the bond sale?

ASSISTANT COMMISSIONER TUMINSKI: When the historic preservation program was set in place some four years ago, what was made available, I believe a year, was \$98 million a year in sales tax moneys dedicated to open space preservation, as well as the ability to bond some \$100 million a year to be added to the program.

MR. ROTH: So it's in effect for four years. So you've had, literally, \$200 million a year for four years. So there should be a \$800 million pool, and you've only dispensed \$40 million.

ASSISTANT COMMISSIONER TUMINSKI: There have been no bonds sold to date, so we've only had the \$400 million available. In the current Fiscal Year, as I tried to point out, the requests were on the magnitude of 353 million, but we could only cover 44 million of that request. Anything beyond that would be dependent upon the State selling bonds under the program.

MR. ROTH: Okay. I don't know, maybe I'm misinterpreting this. But you're asking this Commission for funding for open spaces, when, in fact,

you've got a bond ordinance on the books, and we haven't borrowed money or used those funds yet. You're asking for additional funding. Why don't we use up what's already on the books?

ASSISTANT COMMISSIONER TUMINSKI: It's the appropriation of the dedicated source that's made available to the department. We are working with the Treasurer's Office on the appropriate issue of the State issuing the appropriate bonds for this program.

MR. ROTH: A question on another thing you raised. I think you were talking about clean water. You mentioned that there was a \$110 million reduction in the amount of bonds that were going to have to be issued and that generates an \$88 million savings. I presume, that's over the life of the bonds?

ASSISTANT COMMISSIONER TUMINSKI: No. This had to do with the fact that when the Corporation Business Tax had a 4 percent dedication, for the cleanup program and the underground storage tank program, this allowed the state, through that decision, to avoid the sale of bonds to finance the cleanup, under the Site Remediation Program. And what I said was, because of the availability of that dedicated CBT source for cleanups and underground storage tank, the State has been able to avoid the issuance of \$110 million in bonds to cover those costs. We have saved, through that mechanism, 88.6 million in interest.

MR. ROTH: That would have been over the life of the bonds that would have been issued.

ASSISTANT COMMISSIONER TUMINSKI: Right. That's right.

MR. ROTH: Even though that interest hasn't been budgeted yet, right?

ASSISTANT COMMISSIONER TUMINSKI: It does not have to be budgeted, because we did not have to sell the bonds.

MR. ROTH: Okay.

Thank you.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Yes. Just a few clarifications on the Garden State Preservation Trust, and I think Mr. Tuminski clarified part of it. We have no choice on the \$98 million being appropriated. It's in the Constitution. We have to appropriate that money. The issue on the bonds is that there was a dispute, basically, between the Garden State Preservation Trust and the previous Treasurer's Office on what the structure of those bonds were going to be. First of all, the first couple of years, they really didn't need it. The cash from \$98 million was enough to meet the obligations that have been approved by the Legislature. It's now getting very close to running out of cash, and we are currently negotiating with the Trust on the structure of these bonds and, probably, sometime in mid-December, we'll go out for a bond issue of significant size, which will then allow in the spring -- correct me if I'm wrong, Ron -- the Trust to come to the Legislative with another group of local projects based on that \$350 million request.

ASSISTANT COMMISSIONER TUMINSKI: That's correct.

MR. ROUSSEAU: Some of the money we're going to be borrowing we'll be paying for projects already approved by the Trust, and then whatever's left will allow another round of local projects to be approved --

probably in the spring, I guess, is a normal procedure. Normally, the first group is the cash projects and the second group is usually the bond projects. But that's, basically, where we are right now on the Trust.

MR. ROTH: All right. That clears it up. Thank you.

ASSISTANT COMMISSIONER TUMINSKI: Correct.

MR. ROUSSEAU: There will be sometime in the next -- by mid-December, there will be a significant bond issue for the Trust, basically, to take advantage of low interest rates and to get out before the court, potentially, tells us we can't do it.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN CRYAN: Thanks. I have quite a couple questions. There's no shortage of need here, no, to put it mildly.

Page 5 of your testimony, or your report to us. Under coastal beach closure, 4.3 million is being requested for the feasibility and design and construction to abate beach closings in the Wildwoods.

ASSISTANT COMMISSIONER TUMINSKI: Yes.

ASSEMBLYMAN CRYAN: How many beach closings have we had?

ASSISTANT COMMISSIONER TUMINSKI: I do not have those figures with me, but we can provide them. But I know that a large portion of the beach closings in the previous year were attributable to problems caused by these outfalls at Wreck Pond in the Wildwood area. We can get you the specific numbers, over a couple of years.

ASSEMBLYMAN CRYAN: Through the Chair, I'd like to know how many beach closings there were, as a general -- and how it relates to the results of that.

You folks may have just talked about this, so I apologize. But when these guys go into this stuff, my eyes roll a little bit. But in Page 6, under *clean water*, just ground me here a little bit. About the fourth line down, "This year's financing, which closes on November 2002, funds 38 projects worth 155 million." Then we close with the "2004 request, 57 projects at 320 million." Am I correct in correlating that we're asking for double the money for clean water?

ASSISTANT COMMISSIONER TUMINSKI: No, I think what we were reporting was that in terms of the current year's financing, for which we had the funding available where the projects close next month, there are \$155 million worth of projects that will be financed with the bond closings next month. What our request is, for Fiscal 2004, would be the financing associated with the fact that 57 projects came in this past month looking for financing, which will then be funded by our 2004 request. We're trying to give you an update of what's happened from the current year's funding we have, and what it looks like in terms of projects that may be on the horizon in 2004, which is part of this budget request.

ASSEMBLYMAN CRYAN: Got it. Let me go over to your priorities for a minute or two. Some of this may be old school to this Commission. The Batsto Mansion -- in case you can't tell, I have no idea what a Batsto Mansion is, and could you give me some background on that?

ASSISTANT COMMISSIONER TUMINSKI: I'll let Al Payne, from the Capital Program in Parks and Forestry, cover the details.

Go ahead.

**ALVIN J. PAYNE:** The Batsto Mansion is--

MS. MOLNAR: We need you to speak into one of those two mikes. (referring to PA microphone)

MR. PAYNE: The Batsto Mansion is in Wharton State Forest, Burlington County. Our first priority of that is, I think, a request for \$800,000. The project is presently under design, and the first phase of that would be the structural and exterior restoration of the building.

ASSEMBLYMAN CRYAN: But what is it? Is it an old mansion that people come visit?

MR. PAYNE: Okay. The Batsto Mansion is part of Batsto Village, a historic village down in Burlington County.

ASSEMBLYMAN CRYAN: Oh, yes. Okay.

MR. PAYNE: So it's a series of buildings: the visitor center; there's a sawmill, gristmill, post office, and a number of buildings. This is one of them.

ASSEMBLYMAN CRYAN: So the people tour-- Help me with -- in Priority 1, these things that we are restoring. Do people tour these things? Do they pay admission? Do we get money back? How does it work?

MR. PAYNE: There's no fee involved in the tour of this building or facility. We have curators that handle tours for the public school groups. We limit it, to the number of people going through these facilities, just by the

nature of it being historic and very fragile. There's a number of artifacts that are displayed for the interpretation of the era and the building.

ASSEMBLYMAN CRYAN: Without holding too hard to a number, how many people visit Batsto, Walt Whitman, and Fort Mott?

MR. PAYNE: I don't have figures for Batsto or Walt Whitman. I do know that Fort Mott, last year, we had 130,000 visitors.

ASSEMBLYMAN CRYAN: And under Priority 2, the office space -- this description where we want to develop--

MR. PAYNE: Yes. Under Priority 2, we'd like to construct new offices at Bass River State Forest, High Point State Park, and within Wharton State Forest, our regional office down in that area.

ASSEMBLYMAN CRYAN: And how much money is dedicated for the building of office space?

ASSISTANT COMMISSIONER TUMINSKI: Two-eight.

MR. PAYNE: Two-eight total. Two-point-eight total.

ASSEMBLYMAN CRYAN: On the whole, 2.8 is for the office space? Because Priority 2's total is 2.8. Did I understand that correctly? Is it 5.9?

MR. PAYNE: No, we have three of them. It looks like 1.9.

ASSEMBLYMAN CRYAN: Okay. So 2.8 of that would be for office space?

MR. PAYNE: The office space, the way I'm looking at this, is 1.9 out of the 2.8.

ASSEMBLYMAN CRYAN: One-point-nine. Let me ask the obvious one -- is there an alternative to the office space?

MR. PAYNE: In the three cases, I'll give you a scenario. In Bass River, it's a very old building, very small. It probably fits a little bit bigger into the circle. I mean, it's not a big facility. We've outgrown it. This was built early on. So that's a new building. The High Point State Park is a renovation within an existing structure. So that's a different case. We're just trying to bring that up to provide the proper offices for the Rangers and the office staff there. In the case of the Wharton and our regional office, that's a minor expansion to house the employees there. It's a renovation of an old house, basically. In a lot of cases, we purchase houses and convert them into offices, and this is one of them. So this has been in the facility for a number of years.

ASSEMBLYMAN CRYAN: And my last question is on Priority 3. Is there any asbestos anywhere near or in contact with the public?

MR. PAYNE: We try to handle it in any renovation -- any of the environmental issues -- mold, asbestos or whatever. We do get involved in asbestos in renovation projects. One of our projects at Batsto Visitor Center right now does have some asbestos on pipes which is down, not in the public space, but within the building, which we would abate as part of that job.

ASSEMBLYMAN CRYAN: Thank you.

MS. MOLNAR: Mr. LeBlanc.

MR. GENIESSE: Placa.

MS. MOLNAR: Placa, I'm sorry. Mr. Placa.

MR. PLACA: Good morning. I just have a question regarding Priority Number 7. I noticed one of the projects you have is in Mahwah and Suffern -- you have listed. Isn't Suffern, isn't--

ASSISTANT COMMISSIONER TUMINSKI: Priority 7. I'm sorry.

MR. PLACA: Oh, right.

MR. GENIESSE: The staff had numbered that Number 7. I think it's actually your-- It's the HR-6 project.

MR. PLACA: I'm sorry. Flood control projects.

MR. GENIESSE: It's actually Number 39 on the department's list.

MR. PLACA: Isn't Suffern part of the state of New York?

ASSISTANT COMMISSIONER TUMINSKI: Staff informs -- the project is, does not include Suffern. It's from Suffern down through Mahwah.

MR. PLACA: Okay. So it would just be a part of Mahwah.

ASSISTANT COMMISSIONER TUMINSKI: Right.

MR. PLACA: Okay.

MS. MOLNAR: Mr. LeBlanc.

MR. LeBLANC: Thank you.

Last spring, the Senate Budget Committee looked at shore protection funding. We were exploring the possibility of getting some dollars, notwithstanding the (indiscernible) provisions of shore protection funds, to help us with the '02 deficit problem. At that time, a representative from the department testified that there was a \$52 million balance to the shore protection fund and that a \$27 million balance had been carried forward for a number of years, due to the \$25 million dedication from realty transfer fees. My question, a couple of questions, first being Fiscal Year '03, how much do you anticipate spending in State dollars and what would the Federal match be?

ASSISTANT COMMISSIONER TUMINSKI: First of all, in terms of Fiscal 2003, we did carry forward into this year 18.5 million. Coupled with the \$25 million appropriation, we have a total of 43.5 million available. We have gone back to the program and gotten an estimate from them on the types of projects that are likely between the New York district, the Philadelphia district, some State municipal projects, and State projects -- which are studies, which is a lesser amount -- and of course, the administration of the program. The updated list we have is that potential projects this year will amount to close to \$31 million, and that includes the State funding.

MR. LeBLANC: In total, State and Federal together?

ASSISTANT COMMISSIONER TUMINSKI: That's State. That does not include the Federal match.

MR. LeBLANC: For '03, you said. That's quite a bit more--

ASSISTANT COMMISSIONER TUMINSKI: And there may be another 40 million in Federal money that this would leverage.

MR. LeBLANC: Okay. Does this represent an expansion of the projects that you were anticipating last spring, because I think there was-- I distinctly remember it was Bernie Moore, coming before the Committee, or the representative aide of the assistant commissioner of Natural Resources at the time, who testified that there was a need for about 17 million or 18 million in State funds, and I'm hearing 31.

ASSISTANT COMMISSIONER TUMINSKI: When we talked last year, you're right. The number -- it varied between about 12.8 million and 18 million that was projected. We continually tried to get updates from the program. A lot of this is variable, based on, again, the availability of Federal

moneys, the timing of getting the contracts in place with either the New York or the Philadelphia district Corps of Engineers. So it is a project type of scenario that we try to keep up with in terms of what may be potentially available. I think the other thing that I tried to point out was that we're particularly concerned, even with the balances that remain, as to what will happen at the Federal level in terms of the funding. There's still discussions at the Federal level, and with the Federal budget, certainly not being said at this time. There's concern about whether the direction may prevail that the Federal share would be cut, drastically, from the current 65 percent. So I think it's wise for the State to maintain a balance to have a viable program, and I think that's the point that the Governor tried to make in terms of keeping that money whole into 2003.

MR. LeBLANC: Also, to spend the money before you lose the Federal money, just so that, if you do have an outstanding balance, that maybe it would be the wisest course just to get that money out on projects before we lose the Federal match and it becomes (indiscernible). So you anticipate spending the entire 31 million in '03? That's--

ASSISTANT COMMISSIONER TUMINSKI: That's our current estimate of projects that are in the pipeline. And again, a lot of this comes down to when the contracts are actually signed, and these are multi-year projects. But when you sign the contract, you have to have that money committed for that particular project, so we can continue to keep -- be updated on the status of these projects and where we are with the funding.

MR. LeBLANC: Thank you.

ASSEMBLYMAN CRYAN: One more quick one?

MS. MOLNAR: Yes. Assemblyman.

ASSEMBLYMAN CRYAN: I'm sorry.

On Page 4, if you can again just help me. The \$11.1 million released in funds from reserve in order to help with some of the park stuff, under the Preservation Trust, you touched upon it a little bit. I just wanted to go over it, so I understand one more time.

ASSISTANT COMMISSIONER TUMINSKI: There was a series of projects that we were able to fund out of the release of \$11.1 million -- \$1.8 of that money was made available for the Phase III restoration of Rockingham, and then another 9.3 was made available. Those projects -- there are 11 other projects. They included, as I said, the HVAC work at the Terminal Building at Liberty State Park. This should be advertised for construction in January of this year. I think we had -- 1.2 million of that money was to be spent on High Point State Park for an interpretive center. This was advertised, actually, already in September. The bids are due in November.

A million and half of these moneys were made available for Wharton State Forest, a visitor's center, and this is awaiting some permits and should be advertised by January or February of 2003. The Barnegat Lighthouse, the exterior was -- the painting, and some repairs, and the bids are due in February of '03. This is, also, clearly weather dependent.

Health and safety -- there's a number of projects that we've already done in terms of the million dollars that was put aside for that. I think we've committed about 300,000 of that, already, to deal with asbestos remediation, some routine stuff, and also problems such as mold. At the place you mentioned before, Batsto, we've actually discovered a very serious mold

problem that we're dealing with, and some of the funds will come out of that appropriation. Road maintenance--

ASSEMBLYMAN CRYAN: Just-- If you released 11.1 million from reserve, and I know we touched upon this, how much is left today?

ASSISTANT COMMISSIONER TUMINSKI: Out of the 11.1 -- that's why I was trying to go--

ASSEMBLYMAN CRYAN: No. No. No. You released 11.1.

ASSISTANT COMMISSIONER TUMINSKI: Right.

ASSEMBLYMAN CRYAN: I get that, from reserve. How much is in the reserve pool?

ASSISTANT COMMISSIONER TUMINSKI: It's three -- and almost all that money, all that 11.1 is committed to--

ASSEMBLYMAN CRYAN: No. No. No. I get that.

ASSISTANT COMMISSIONER TUMINSKI: There's nothing left in the reserve pool.

ASSEMBLYMAN CRYAN: Okay. So the reserve pool is now zero, the 11.1 was every dollar you had.

ASSISTANT COMMISSIONER TUMINSKI: Right. And then that was released, and I believe some \$36 million was lapsed at the end of 2002.

ASSEMBLYMAN CRYAN: I'm sorry. How much?

ASSISTANT COMMISSIONER TUMINSKI: Thirty-six-point-six million was lapsed.

ASSEMBLYMAN CRYAN: Right. My only other question on page -- and my last question, I promise -- is who categorizes things as urgent, or how does that categorization get done?

ASSISTANT COMMISSIONER TUMINSKI: Within the department, within the various budget categories, whether it's Parks and Forestry, for example, we look to the program to categorize what they consider to be urgent versus necessary in terms of their particular program. And then it feeds up at the department level and the Commissioner sets the final priorities--

ASSEMBLYMAN CRYAN: So the Commissioner is the final guy that says that. So almost half of the parks and forest work would fall under *urgent*? A little less than half, 40 percent of it, or so?

ASSISTANT COMMISSIONER TUMINSKI: Yes.

ASSEMBLYMAN CRYAN: Okay. All right.

Thank you. That's it.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: On the Fish and Wildlife -- \$19.8 million, the second item. The department requests 800,000 to convert manual sales in auditing of hunting and fishing licenses from issuing agents to an automated point-of-sale system. Who are your issuing agents?

ASSISTANT COMMISSIONER TUMINSKI: The issuing agents at this time can be anything from a sporting store, a large chain sporting goods-- Includes a sporting good-- Even a Target, I believe, down to the smaller bait and tackle shops that are in a town. So it's a whole host of agents.

A lot of mom-and-pop types of stores where you walk in and can buy fishing or hunting licenses.

MR. BRANNIGAN: Okay. Would you look into -- the Division of Motor Vehicles is in the process of totally revising their entire system and their agency system and their computer systems, and it's probably going to be a \$100-million project. Would the department look in, to see how they might work together, so that you could, perhaps, have full-service issuance of licensing with them, as they move -- not in the current system at all, but looking down the line into next year, or the year after, as they move into a new year.

ASSISTANT COMMISSIONER TUMINSKI: Yes.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Ron, I was wondering, since we have Jim Hall here today, whether we can give him a chance to just tell us about, at least, maybe one project that we have an interest in, Jim, and it's listed as a fire safety, or I should say, a building code, maybe, situation, \$400,000, and it might be, in fact, drought related.

**JAMES F. HALL:** Yes. Under that category, there are a couple of things under the health and code safety. One of them has to do with the water lines in the park. Everything in the park -- it's one of two urban parks in the state, and it's the oldest park in the state, a state-owned park. The facilities -- the water lines that serve each of the recreation areas are in the park -- date back to the 1930s. We've had a series of problems, over the past two years, where water lines have broken, and we don't find out about it until the water bill comes in a month or two later, because of the geologic structure of the cliffs

themselves and our proximity to the river, the water never comes up to the surface. It ends up going underground right out to the river. And so, by the time we notice, we've had a significant loss of water. So, given the age of these pipes, one of the paramount things we'd like to be able to do is replace a number of these water lines coming down from the cliffs. We have a 400-foot vertical drop from the top of the cliffs, which is where the water source begins -- it's all public water source, none of it is well -- and then brings it down the cliffs to the recreation area down by the river. That's one of them.

The other one that's comprised within there is handicapped access at our overlooks. We have handicapped access need at both of our scenic overlooks along the Parkway, and I actually have had suits filed against us for lack of handicap access in the past.

MR. BRUNE: So that's part of the 400?

MR. HALL: Yes.

MR. BRUNE: Okay. Thank you.

Ron, I don't know if you can represent the Mosquito Commission's end of things, but listed as, I guess, Priority 23 is a \$700,000 item. I was wondering, do we know if that's all West Nile related, presumably?

ASSISTANT COMMISSIONER TUMINSKI: Yes. I think this is made up of some bulldozers' and backhoes' replacement, the crawler crane, the bulldozer amphibious crane. I mean, a lot of this work directly supports the efforts that, certainly, benefit the State in terms of avoiding the West Nile problems.

MR. BRUNE: Okay. And just one last question, Ron. I guess your Priority -- I guess it's 3 -- health safety and environmental compliance --

asbestos, radon, underground storage tanks -- could we handle this through the CBT money the department already gets, or the Treasury central account, which I know is somewhat over-subscribed? Is that an option?

ASSISTANT COMMISSIONER TUMINSKI: Well, I think we know that is a question. We did look into that, and I think what we've said is that, in the past, we've probably taken advantage of about \$500,000 from the central account on the case of asbestos and, probably, \$3 million from the central accounts for underground storage tanks. So we certainly continue to go to the sources that are available, and if they are central sources, we shall try to utilize those moneys first.

MR. BRUNE: Okay. Is the CBT an option, though, in case that thing is over-subscribed within the department, in terms of it being there?

ASSISTANT COMMISSIONER TUMINSKI: Yes, I think the only restriction, I think, we've had in the past is that it has to be a leaking tank that has contamination associated with it, and that's where the funds can be used.

MR. BRUNE: Right. And I apologize if I missed this before, but if the question is -- how much of the shore protection do we need to leverage Federal dollars in '04 -- do you know what that answer is?

ASSISTANT COMMISSIONER TUMINSKI: We're looking to leverage \$101 million in Federal moneys for the projects that we have in here. I'm not sure, specifically right now, without looking at some charts, I think, and adding up how much of the 45.7 is actually needed, how much of each one of those projects has a particular match. There are some that are State and local projects that don't have a Federal match, and there are some that do. We

may have it in our chart here. So, it looks like about, roughly, \$42 million of our shore protection funding would be used to leverage the 101 million. So about a little over \$3 million of the State request would not leverage Federal money.

MR. BRUNE: Thank you.

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

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

ASSISTANT COMMISSIONER TUMINSKI: Thank you.

MS. MOLNAR: We have some new business. Mr. Roth had a few questions for Mr. Rousseau.

MR. ROTH: It's basically been triggered by this last testimony, which I found fascinating. Could you tell us what the State's bond rating is right now, and what it was last year? I believe it has gone done.

MR. ROUSSEAU: It hasn't gone done.

MR. ROTH: It hasn't gone done.

MR. ROUSSEAU: No. The rating hasn't gone down. The watch, either negative or that--

MR. ROTH: Oh, that's what happened. It went on the watch.

MR. ROUSSEAU: But to tell you the truth, it has had no impact, whatsoever, on the interest rates that we're getting. We're getting the lowest rates that we ever-- Our New Jersey paper is still out there.

MR. ROTH: Even at the municipal level, it's fabulous.

MR. ROUSSEAU: Yes.

MR. ROTH: My question is, though, if we could reduce the amount of authorized debt, wouldn't that enhance our bond rating to some extent?

MR. ROUSSEAU: We are out there every day looking for refinancing opportunities. We just did a GO refinancing that saved \$35 million, I believe, or is that correct, John?

MR. GENIESSE: Thirty-seven-point-eight.

MR. ROTH: Well, we just heard testimony here, not 10 minutes ago, that clean water doesn't need \$110 million in bonds.

MR. ROUSSEAU: I believe that the clean water program that Ron was talking about is probably one of the authorities. Is it the Wastewater Trust or one of those? I think it's the money that comes in that usually municipalities access, through us, and that, because of our CBT dedication, we didn't need to access anything through it for State projects.

MR. ROTH: But isn't there an authorization somewhere, that passed through legislation, that raises the debt level to cover those bonds, that we would recall bonds and notes authorized but not issued?

MR. ROUSSEAU: Even if there's an authorization, until we actually issue the debt, I don't think the rating agencies look at that.

MR. ROTH: Well, I know they do at the municipal level, because they want to see my annual debt statement every year, and that shows bonds authorized but not issued. My whole point is, if we can reduce that number by \$110 million, and if there's even a chance it might have a positive effect on your operating budget, I would take a look at it.

MR. ROUSSEAU: We'll look into it. But, I think, as far as I'm concerned -- as far as I think everything we provide to the rating agencies doesn't have, really, an authorized-but-not-issued component to it. What we do is, when we talk to them about issuances, they ask us, "What are you looking at doing over the next six or eight months," and we'll tell them, okay, we're going to be doing 600 for schools, 800 for transportation trust, and things like that. But they realize that even though it's authorized, it doesn't necessarily mean that we're ever going to do it.

On one -- case in point is, that there was legislation authorized to refinance the solid waste out of the counties, and it looks like we're not going to do that now, because it's just not a viable alternative anymore. There's a number of situations like that where things are authorized but, then, decided not to do it.

I mean, the Garden State Preservation Trust would be a perfect example. The original plan was \$100 million a year. This is going to be the first year we issue any at all for that.

MR. ROTH: I just think it's worth inquiring with the rating agencies whether or not that is a factor in their giving ratings, and if it is-- You just talked about, on the order of, \$500 million right here that's not necessary.

MR. ROUSSEAU: Well, we'll certainly look into that.

MR. ROTH: That might have some positive effect on your operating budget.

MR. ROUSSEAU: I will look into it, and I think it's a discussion maybe we should have when the Office of Public Finance comes in next month

for the presentation of the debt report. In fact, I will ask them prior to coming in, or I'll have John ask them prior to coming in, to look at that issue.

MR. ROTH: Good. Thank you.

MR. ROUSSEAU: I think we'll do that sometime in the middle of next month, right?

MS. MOLNAR: November 15.

Okay. Now, under old business, I guess, Mr. Roth got an answer back from his Assemblyman stating that it looks like there is legislative authority to go to CD-ROM, etc., disk, etc. Do you have any further comment?

MR. ROTH: Well, this has been an issue that I've been interested in for some time. I remember about this time last year we discussed it, and were pretty much told that a million-dollar storage facility was necessary, because they had to have all their documents in original paper form, as opposed to, perhaps, storing them on a hard disk. The question came up again at our last meeting when DMV asked for \$1.1 million to upgrade its microfilm equipment, which I took exception to, because that's 75-year-old technology. It's very manpower intense, very slow to retrieve data, and what have you. In the era of electronic scanning and instantaneous retrieval, just by looking up a key word you could, literally, find whatever document you were searching for.

I then wrote a letter to Ms. Molnar and to the legislative members of this Commission requesting that they seek legislation that would permit electronic storage. And out of a matter of courtesy, I copied my local legislator, who was Joseph Azzolina, whose staff, apparently, researched this and found

out that the statute is already on the books, and they can store documentation electronically. This is contrary to what we were told by the director of DMV two weeks ago, and it seems to me that we may want to reconsider even looking at a million dollars, or more, for microfilm, when we could spend that money on technology that would improve our operation tremendously.

MS. MOLNAR: In all fairness to DMV, perhaps, we should send them a copy of this letter and ask them to respond, and based on that, we could--

MR. ROTH: I would have no problem with that.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: You might also ask them to look into the legal issues related to title documents for vehicles. Many banks have a process, when you get a loan, that the first thing you do when you leave is that they destroy your title. They shred it, because it's cheaper for them not to store the document, and then it's more secure for them than to request -- when you pay off your loan, they request a duplicate. They could get reproduced electronically. So, if you could add to the request, related to the letter from Assemblyman Azzolina, if they would do some legal research into the title document. It's an area, because of security, it usually scares people off when you suggest something like that. The safest thing is to destroy your document. Most people start to be worried about it. But it may be a way in which we could save a considerable amount of money in storage and also have more secure documents.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Yes. Hopefully, what DMV would tell us is that this may be a general statute that allows for the things, but there may be a subsequent statute in DMV or someplace else that says that, regardless of this general State thing, that this type of document has to be kept a certain way. And it may mean that we still do need legislative authority to, maybe, do -- it's not to do some of the other things. This may be a general statute, and then some of the subsequent statutes may, basically, override this for these individual agencies, like the courts, like DMV, and things-- I'm not sure. I'm just saying, if we ask DMV, I'm sure they'll answer that question for us either way.

ASSEMBLYMAN CRYAN: Did we also have the State Police ask for storage facilities? Was that part of that?

MR. GENIESE: For records?

ASSEMBLYMAN CRYAN: Somebody else asked for storage and for records, didn't they? Was it just one or -- I thought there was two?

MS. MOLNAR: It was asked at the first meeting, yes.

ASSEMBLYMAN CRYAN: Whatever it was. I just don't remember who it was.

MR. GENIESE: I think the Judiciary may be asking. I'll check on that. I don't have that in front of me, Assemblyman.

ASSEMBLYMAN CRYAN: And my only request is that this conversation apply to whoever else that request was for--

MR. GENIESE: Yes.

ASSEMBLYMAN CRYAN: -- and for the same prevalent reasons.

MR. ROTH: Just one comment to Mr. Rousseau. What you've just said makes a lot of sense, but we're not talking about the storage of original documents here. We're talking about spending a million dollars on microfilm technology which, clearly, is nowhere near as secure or would have the longevity of data placed on a disk. I think we seriously have to -- if there is contrary legislation, we seriously have to think about asking the Legislature to permit the scanning of these documents, as opposed to microfilming. I don't think anyone in the State should be microfilming anything right now. I mean, it's a very expensive, labor-intensive operation, and it's very difficult to retrieve data in a timely fashion, when you're looking for something.

MR. ROUSSEAU: I would totally agree with that. You're right. We shouldn't be doing any more microfilming. It doesn't serve any-- It's exactly as you said, it's more expensive and it doesn't have any usefulness. Somebody has to sit there and go through a microfilm to find something, rather than just, exactly as you said, going on a disk and doing a search on Roth and pulling out all the records related to you. You're exactly right.

MS. MOLNAR: Do you have a comment, John?

MR. GENIESSE: Yes. I just wanted to make the comment -- just to let the Commission know that there is an effort-- The Department of Treasury, through the Division of Property Management and Construction, which gets a lot of the requests for storage space of records, is working with the Division of Archives and Records Management, basically, to do a statewide coordinated look at this whole issue, and, basically, determine what each department needs, what records lend themselves to hard disk or microfilming. Or there may be some records which are best left as hard copies. So there is

an overall effort going on there, and I think any effort needs to be a statewide effort, not just a piecemeal effort.

MS. MOLNAR: Any other comments on this issue? (no response)

Our next meeting is November 15. I believe that's the report from the Treasurer on that day.

MR. GENIESSE: It's the Office of Public Finance, who will be presenting the annual debt report.

MS. MOLNAR: All right. So the Treasurer will not be here?

MR. GENIESSE: No, not that I know of.

MR. ROUSSEAU: Still up in the air.

MR. GENIESSE: Okay.

MS. MOLNAR: Okay.

Any other comments? (no response)

If not, meeting adjourned.

**(MEETING CONCLUDED)**