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# *Commission Meeting*

of

## NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

**DATE:** September 24, 2004  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

B. Carol Molnar, Chair  
Robert A. Roth, Vice Chair  
Senator Robert E. Littell  
Assemblyman Joseph Cryan  
Anthony F. Annese  
Patrick R. Brannigan  
Gary Brune  
Kevin P. McCabe



**ALSO PRESENT:**

George LeBlanc  
(Representing Senator Wayne R. Bryant)  
Beth Schermerhorn  
(Representing Assemblyman Guy R. Gregg)

Michael Lihvarcik, 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> |
|---|-------------|
| John J. Gallagher Jr.<br>Chief of Operations<br>New Jersey Department of Agriculture  | 7           |
| Glenn W. Freeman<br>Research Scientist II<br>Division of Plant Industry<br>New Jersey Department of Agriculture   | 12          |
| James S. Blumenstock<br>Deputy Commissioner<br>Public Health Prevention and Protection<br>New Jersey Department of Health and Senior Services             | 18          |
| Dennis Flynn<br>Assistant Commissioner<br>Division of Public Health and Environmental Laboratories<br>New Jersey Department of Health and Senior Services | 24          |
| John Fasanella<br>Senior Fiscal Officer<br>New Jersey Department of Health and Senior Services  | 33          |
| Edmund F. Jenkins<br>Director<br>Division of Property Management and Construction<br>New Jersey Department of the Treasury                                | 41          |
| Jenifer Osborn<br>Chief, Property Management<br>Division of Property Management and Construction<br>New Jersey Department of the Treasury                 | 48          |
| Bernard McLaughlin<br>Deputy Director, Property Management<br>Division of Property Management and Construction<br>New Jersey Department of the Treasury   | 50          |

## TABLE OF CONTENTS (continued)

|   | <u>Page</u> |
|---|-------------|
| John Geniesse<br>Assistant Deputy Director<br>Budget and Property Management<br>Division of Property Management and Construction<br>New Jersey Department of the Treasury | 52          |
| Edward Mercer<br>Project Manager<br>Division of Property Management and Construction<br>New Jersey Department of the Treasury   | 61          |
| <b>APPENDIX:</b>  |             |
| Testimony<br>submitted by<br>John J. Gallagher Jr.  | 1x          |
| Testimony plus Resolution<br>submitted by<br>James S. Blumenstock   | 3x          |
| Testimony<br>submitted by<br>Edmund F. Jenkins  | 13x         |
| lmb: 1-65   |             |

(The New Jersey Commission on Capital Budgeting and Planning held a teleconference meeting on September 24, 2004, at 10:00 a.m. The only member of the Commission present via teleconference was Senator Robert E. Littell.)

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

We'll now take the roll call.

MR. LIHVARCHIK: Senator Littell. (no response)

Senator Bryant. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. LIHVARCHIK: Assemblyman Gregg. (no response)

Mr. Rousseau. (no response)

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Here.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Here.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Here.

MR. LIHVARCHIK: Mr. Roth.

MR. ROTH: Here.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Here.

MR. LIHVARCHIK: Chairwoman Molnar.

MS. MOLNAR: Here.

Thank you.

MR. LIHVARCHIK: Madam Chair, we have a quorum; seven votes, seven people are here.

MS. MOLNAR: Thank you.

I will now turn the meeting over to our Acting Director, for Item No. 4.

MR. LIHVARCHIK: At this time, would anybody like to make a motion for the nomination of chairperson?

MR. BRUNE: I'll make the motion.

MR. LIHVARCHIK: Second?

MR. BRUNE: Carol, that is.

MR. ANNESE: Second.

MR. LIHVARCHIK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Yes.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Yes.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Yes.

MR. LIHVARCHIK: Mr. Roth.

MR. ROTH: Yes.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Yes.

MS. MOLNAR: Yes, thank you.

MR. LIHVARCHIK: We have an affirmative vote, Madam Chair.  
Congratulations.

MS. MOLNAR: Thank you.

MR. LIHVARCHIK: Your salary, I think, gets increased this year, at  
least.

MR. ANNESE: Doubles at least.

MS. MOLNAR: Thank you so much.

Okay.

MR. LIHVARCHIK: At this time, I'd also like to make a motion for  
the nomination of Vice Chair. Is there a motion?

MR. ANNESE: I would like to make the nomination for Robert  
Roth for Vice Chair.

MS. MOLNAR: I'll second that.

MR. LIHVARCHIK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Yes.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Yes.

MR. LIHVARCHIK: Mr. Brannigan

MR. BRANNIGAN: Yes.

MR. LIHVARCHIK: Mr. Roth.

MR. ROTH: Yes.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Yes.

MR. LIHVARCHIK: Chairwoman Molnar.

MS. MOLNAR: Yes.

MR. LIHVARCHIK: The motion passes.

Congratulations.

MR. ROTH: Thank you.

MS. MOLNAR: Thank you so much.

The next item is the approval of the minutes of the January 23, 2004, meeting.

Any questions or comments? (no response)

ASSEMBLYMAN CRYAN: I make a motion.

MS. MOLNAR: Okay. Do I hear a second?

MR. BRUNE: Second.

MS. MOLNAR: Any further comments before we take a vote? (no response)

If not, we'll vote on the minutes.

MR. LIHVARCHIK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Yes.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Yes.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Yes.

MR. LIHVARCHIK: Mr. Roth.

MR. ROTH: Abstain.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Yes.

MR. LIHVARCHIK: Chairwoman Molnar.

MS. MOLNAR: Yes.

MR. ROTH: Madam Chair, I'd like to change my vote from an abstention to a yes.

MS. MOLNAR: Thank you.

MR. LIHVARCHIK: Motion carries.

MS. MOLNAR: Thank you.

Our next item is the Executive Director's report.

MR. LIHVARCHIK: Madam Chair, I would like to welcome everybody here again for another budget go-round with the State's capital budget. We look forward to working together -- the OMB staff, Commission staff -- looks forward to working together with the Commission and the Departments to put together another series of recommendations for the Fiscal 2006 budget.

Highlights of the 2005 budget are that the final appropriation was a billion, one-twenty, and that funded critical projects in Transportation, Open Space, Building Authority, Human Services. It funded ADA compliance projects, hazardous waste removal projects--



SENATOR LITTELL: (via teleconference call) Hello.

MS. MOLNAR: Senator?

SENATOR LITTELL: Yes.

MS. MOLNAR: Okay. We'd like to welcome you to the meeting. This is Carol Molnar, Chair.

We are now at the Executive Director's report. He's reporting the capital funding for Fiscal Year 2005.

Okay.

MR. LIHVARIK: In addition, there was \$2 million made available for the construction of a World War II memorial. Money was made available for a multi-purpose room at Paramus in the Veterans' Home. There was money made available for the SACWIS program in Human Services; and there was also money made available in Corrections for a locking system; the continuation of funding of \$25 million for shore protection; and for the cleanup of hazardous waste sites and private underground storage tanks through various programs in the Department of Environmental Protection.

With that, that concludes the overview of the 2005 capital appropriation.

MS. MOLNAR: Thank you.

Any questions or comments?

MR. ROTH: Well, I was prepared to ask later, during the presentation, but I'd be glad to ask now. I'd like to see some reconciliation of the Open Space funds that have been spent, to date. It's been \$98 million now for a couple of years, and we've had no report on what's been bought with that \$98 million and where it's been bought. I'd like to see a report, hopefully at our

next meeting. Actually, we're talking about from the inception, since the referendum was originally passed -- what's been spent.

MR. LIHVARIK: Since that program resides within the Department of Environmental Protection, would it be okay if we waited for them to testify--

MR. ROTH: Certainly.

MR. LIHVARIK: --and then they can answer any questions that you may have regarding the program then.

MR. ROTH: Certainly.

MS. MOLNAR: They're scheduled to meet with us on October 29. Okay. Thank you.

MR. BRUNE: Chairwoman, maybe we can give them a heads-up before they come.

MR. LIHVARIK: I was thinking that we can get you the information prior to, but--

MR. ROTH: That would be fine.

MR. LIHVARIK: --if we can refrain until they--

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

If not, we will begin our 2006 capital request presentation. I'd like to welcome John Gallagher, from the Department of Agriculture.

**JOHN J. GALLAGHER JR.:** I'm not too sure this microphone is on, Madam Chair, but I generally don't need one. (referring to PA microphone)

So-- (phone rings)

I'll wait until we answer the phone.

Here we go--

First of all, congratulations, Madam Chair and--

MS. MOLNAR: Thank you.

MR. GALLAGHER: --Mr. Vice Chairman--

MR. ROTH: Thank you.

MR. GALLAGHER: --on your reelection, and other members of the Commission. It's a pleasure to be here today.

Thank you for the opportunity to appear here today and present the Department of Agriculture's capital budget for the Fiscal Year 2006. Secretary Kuperus is out of town and has asked me to represent him in the Department in this effort. I'm very pleased to do so.

I would, before I get into my prepared remarks, compliment the Executive Director Lihvarcik and his staff. They help make the process go smoothly for us, as an agency of government, and we're very happy to work with him in that process.

As you know, our Department works very closely with all segments of the Garden State's--

MS. MOLNAR: Okay. Excuse me, Mr. Gallagher. Could we stop for one second. We have to try to reconnect Senator Littell.

MR. GALLAGHER: Of course.

MR. LIHVARIK: We wouldn't want him to miss any of your enlightening testimony.

MR. GALLAGHER: I withdraw my remarks about the Executive Director. (laughter)

(Pause to reconnect the teleconference call for Senator Littell)

Can you hear me now? Can you make sense out of my voice now?

MR. LIHVARIK: Can you move the phone right on the same--

MR. GALLAGHER: Okay. How's that? Okay. Very good.

MS. MOLNAR: Okay.

SENATOR LITTELL: You have to talk into the microphone, and you need to be close to it.

MS. MOLNAR: Okay. Thank you.

Okay, Mr. Gallagher.

MR. GALLAGHER: As you know, our Department works closely with all segments of the Garden State's multi-billion dollar food and agricultural industry. Over the years, our capital funding requests and subsequent capital appropriations have helped us administer programs and services that have served that industry very well. And for that, we are very grateful for this group.

In recognition of the current economic times, however, our Fiscal Year 2006 capital requests omit several key areas. Rather, we are submitting four requests for capital funding that are more related to health and safety issues.

Our first request, for \$66,000, is for replacement of autoclaves in the Animal Health Laboratory. Autoclaves, as you probably know, are sterilizers that are essential for the safe handling and accurate testing of laboratory items and specimens. Heat and pressure produced by the autoclaves keep glassware used in testing from contaminating tests and testing reagents. All material that may leave an infectious disease and/or our research biological laboratory must be autoclaved to ensure environmental protection and public safety.

The new laboratory, which you have heard some information about, certainly would replace these autoclaves. But if we put a shovel in the ground today, I suspect that would not happen for two to three, perhaps even five years, so our need for autoclaves is now.

Our second request, of \$250,000, is for chromatographic diagnostic equipment. The chromatograph is used to identify various chemical agents found in pasture grasses and animal feeds that can prove harmful to livestock. This computerized, highly technical machine and related software is needed to replace current outdated liquid and gas chromatographic equipment that no longer fulfills its intended purpose, and can no longer be repaired when its anticipated breakdown occurs. Last year's suggestion was made to us that we contact the State Police Laboratory facility, who was about to move to a new facility in Hamilton. We did, indeed, do that when our staff did visit with the -- and they were very cooperative. Most of the equipment was tagged for the move to Hamilton. And unfortunately, the machinery that was made available to us was in no better condition than the machinery we currently have. So we remain in need of chromatographic equipment.

Our next request, of \$178,000, is to build an extension onto our Accessory Building at the Philip Alampi Beneficial Insect Laboratory in West Trenton. Operations and functions at the insect lab have expanded over the years, and the Accessory Building is filled to capacity, and is actually to the point of being dangerous. Due to the lack of space, laboratory supplies and other items are stored inside the laboratory, thereby taking away valuable space that could very well be used for rearing insects. The additional 1,550 square

feet of space that the addition will give us would be a significant improvement to the overall insect-rearing potential of that facility.

Our final request for the Fiscal Year 2006 is for \$25,000, for a second well at the New Jersey Horse Park. The well currently in use was meant to provide for no more than 100 horses and a minimum of events. Due to the tremendous increase in events and usage of the park over the years, a second well is desperately needed. Problems have already begun with both the quality and quantity of water needed to maintain the animals. The new well, differing from the first one, will be of a different design and capacity -- will be stored in a heated building, thus be able to be used during the winter. The current well does not allow us to do that. We are now nearly a 12-month facility.

I am also very pleased to report to you that on this past June 25, the Park hosted the U.S. Olympic Equestrian team for its final trials, prior to going to Greece. That three-star Olympic exposure was significant for the Park in many respects. The most important, we believe, is that if New York City does, in fact, get the 2012 Olympics, we will very likely -- there's an extremely high probability that the Horse Park will be selected for the equestrian events. That would put New Jersey, indeed, on the map, in terms of an equine facility.

To give you some idea of where we are with events, we are already up to 93 days and 44 weekends this past year, with three international events. We bring people from all over the world to the Park. And again, I would invite any of you, at any time, to visit the facilities. It's a great place to see.

In total, our Fiscal Year 2006 capital request is \$519,000. Thank you for the opportunity to present that to you today. We have project staff with me here, today, in the event that I may not answer any of your questions.

Thank you, Madam Chair.

MS. MOLNAR: Thank you.

Any questions or comments?

MR. ROTH: Madam Chair?

MS. MOLNAR: Yes, Mr. Roth.

MR. ROTH: I noticed that in last year's presentation you also asked for the chromatographic diagnostic equipment, and it was a \$250,000 request that we approved. But apparently, the money was never put in at the State level. Could you explain whether or not all of your responsibilities for analyzing chemical agents on grasses were accomplished this past year?

MR. GALLAGHER: I'm going to ask Glenn Freeman to step forward and help me with that one. He's the one that runs that program.

**G L E N N W. F R E E M A N:** To answer your question, we were able to fulfill our obligations with the existing equipment that we have. But if it breaks down-- We've been limping along for years now. This equipment was actually given to us by the Health Department 10 years ago, and it's been recycled from them because it was outdated for their purposes. So we're basically using this equipment as best we can to get by. If it breaks down, the availability of parts, and even the availability of service people capable of fixing the equipment if the parts were available, is diminishing. And so we're able to fulfill our obligations now using the current equipment. But if it were to break down, I don't know if we'd be able to continue doing this.

MR. ROTH: Thank you.

MS. MOLNAR: Any other questions or comments?

Gary Brune.

MR. BRUNE: Jack, given the budget conditions that we're in, we have a series of questions for you, and frankly for other departments, about the moneys that are already available to the Department. And one of the questions for AG would be, as you know, there's a stream of fees that come in from animal and plant tests. To take the first example, the \$66,000 for autoclaves in the animal health lab, we carried forward about \$100,000 on the operating side from those animal disease control-type fees. So our question would be, since it's carried forward and since this is a one-time need, is there any thought to using those moneys? And the follow-up question would be, assuming there's some planned use, has the Department considered increasing those fees for these kinds of needs?

MR. GALLAGHER: Two good questions, and here are my answers. As for the carryforward, we are in the plant and animal disease area particularly -- we find it necessary to run small carryovers in our accounts to deal with emergent diseases. When the fiscal year starts, we have very little to no knowledge of diseases. I would point to the Asian long-horned beetle infestation as a good example of something unanticipated, which effectively had to be dealt with and is being dealt with. Rather than come back for a supplemental appropriation or, indeed, some other discretionary funding, we tend to rely back on those available funds in carryforward accounts. Could we use that for the autoclaves? Absolutely. That would leave us precious little in the event of an emergency or an emergent disease.

We do have, unfortunately, some animal diseases on the horizon. In fact, they are here now -- the Avian influenza is here. It is almost endemic



to this state at this point in time, and it needs to be effectively dealt with. We are also asking for grant money to accomplish the same thing.

As to your question as to fees, we have statutory ability to charge for fees of a discretionary nature. We have an appropriation in the budget for those which are regulatory in nature. So for diseases which are to be treated from a regulatory standpoint, we do rely on those appropriations. However, that statutory change of a couple of years ago has caused us to develop a fee schedule, in which we are in the process of doing, for more discretionary testing from animal practitioners, veterinarians and the like. So we'll be able to do those things in our laboratory facility, or hopefully the new one -- generate, we think, a self-sustaining laboratory organization, which would include the replacement of equipment, the addition of staff, and that kind of things. So it would be totally self-supporting, but we're not there yet.

MR. BRUNE: I guess, from our standpoint, there's a service here being provided to the animal disease control program, there's a service being provided to the plant side that-- I guess, we would want to test it for logic as to: When were the fees last raised? What would it mean to that community to raise those fees to cover needs like this? Because it extends through to the chromatographic equipment as well. It's basically from the same community.

A similar question on the Horse Park, I guess, very small need, number one priority for a second well. And the assumption, I think we're making here, is that there may not be an access fee to the Park. But there is a certain set of fees that is charged for rental of space and what have you, and what it would mean for that community to simply just to raise the fees to cover the need?

MR. GALLAGHER: Also a good question. The Park is managed by a group of volunteers -- actually, by a not-for-profit organization, which is under contract with the Department of Agriculture. And the Department of Agriculture leases this property from the Department of Environmental Protection, since it was acquired through Green Acres acquisition. The Park does charge usage fees, if you will, rental fees for use of the facility, which includes several show rings and stalls. We make our, primarily, rental income from the usage of stalls. We can use about 265 stalls at a maximum. We also sell shavings and provide other services which are for a fee basis.

The State, over the years, has made significant investment in the Horse Park. Those of you that have been around know what I mean -- a couple of the show rings going back 10 years, the grandstand, the indoor training facility, the roadway -- have all been acquired through this body, through capital funding. And again, we're very grateful for that. It's turned into a jewel. We are asking again for State support. Could the Horse Park do this? Likely. But I can assure you that every penny that comes into that Park gets dumped right back into the operation. So we're running it. We're barely breaking even, but we are breaking even. We're not running in the red. We are running it at a small amount of black ink.

So we're not quite there yet. So we thought we'd ask the State before -- in plain, frank English, before we did anything else.

MR. BRUNE: I would just close, Jack, by saying that as the budget process unfolds, we will be back to you to have the fee discussion, at least in this context.

MR. GALLAGHER: I would expect so.

MR. BRUNE: Yes. Great.

Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments?

Mr. Lihvarcik.

MR. LIHVARIK: Jack, when you develop a fee schedule or charge a fee out at the Horse Park, is it done on a fully allocated basis or a marginal basis?

MR. GALLAGHER: Fully allocated basis.

MR. LIHVARIK: Fully allocated -- so you would take into consideration the fact that, if you had a well, that you would have to recoup the cost of that -- not only the capital cost, but obviously there's some operating and maintenance cost associated with it as well?

MR. GALLAGHER: There are indeed. The maintenance is a big issue out there, since we do have some systems which are actually beginning to break down. We would, to the extent we could, increase our rental rates to accommodate any increase in our costs, and we have done that. We are already pretty well maxed out in terms of the competitive facilities in the mid-Atlantic region. If we go much higher, we really will be pricing ourselves out of business. But we're relying, actually, on the quality of the Park, its location, and the desirability of people going there, which we think is increasing.

MR. LIHVARIK: Could you provide the Chair with an analysis or a comparison of what other horse parks charge and what the State of New Jersey charges?

MR. GALLAGHER: Be happy to.

MR. LIHVARIK: Thank you.

MS. MOLNAR: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Just the autoclaves, how many?

MR. GALLAGHER: I believe there's two. Is that correct, Bob?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Yes.

ASSEMBLYMAN CRYAN: And the shelf life on an autoclave is --  
how long do they last?

MR. GALLAGHER: This is original to the building, which was  
built in 1965.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Well, no.  
About 10 years.

MR. GALLAGHER: Well, excuse me. I'm corrected.

ASSEMBLYMAN CRYAN: About 10 years. All right.

Thank you.

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

MR. GALLAGHER: Thank you and have a nice day.

MS. MOLNAR: Our next department is Health and Senior  
Services. I'd like to welcome James Blumenstock, Deputy Commissioner.

**DEPUTY COM. JAMES S. BLUMENSTOCK:** Good  
morning, Madam Chair, Commission members. And thank you for the  
opportunity to present the Department of Health and Senior Services capital  
needs for Fiscal Year 2006. As the Chair stated, my name is Jim Blumenstock,  
and I serve as a deputy commissioner responsible for public health protection  
and emergency preparedness. I am here today representing Dr. Clifton Lacy,

who, certainly, is our Commissioner of Health and Senior Services. Also with me is Mr. Dennis Flynn, who is our Assistant Commissioner from the Division of Public Health and Environmental Laboratories; and Mr. John Fasanella, who is one of our Senior Fiscal Officers for the Department.

Before we discuss the Department's capital needs for Fiscal Year 2006, I would very much like to update you on the status of a very important Department of Health and Senior Services initiative, and that's the replacement of our current laboratory facility, which is approximately 40 years old -- a project which is certainly no stranger to this Commission.

The need for a new state-of-the-art laboratory has been well-documented. Since the anthrax crisis of 2001, during which the State Laboratory analyzed more than 3,000 specimens for anthrax contamination within a marginal working laboratory condition environment, we have continued to respond to credible threats from various sources, while supporting clean-up activities of the Hamilton Post Office facility. This truly represents only a small part of our overall sweep of clinical and environmental testing services provided by our centralized laboratory operation. As you know, our laboratory is outdated, deteriorated, and overcrowded. This has severely limited our abilities to upgrade and expand the critically needed testing capabilities for the early and rapid identification and diagnosis of important human and animal diseases, and environmental contamination.

I am pleased to report that significant progress has been made to bring this critically needed project closer to reality. A full project report was submitted to and approved by the New Jersey Building Authority in December 2003, and followed by a public hearing held in February 2004. No public

opposition was submitted to the record. In your resolution No. 04-01, dated January 23, 2004, the Commission approved this project. Furthermore, this project has been endorsed by the New Jersey Domestic Security Preparedness Task Force and the New Jersey Public Health Council.

While we were not successful in obtaining passage of a joint resolution by the Legislature, as required by statute, before the Legislature went on summer recess, we had every reason to believe that the resolutions will be dropped this coming Monday, September 27, and are destined for passage this fall. This will initiate the laboratory design phase of the project. A three-and-a-half to four-year window is anticipated to completion of the construction and commissioning of a new state-of-the-art public health, environmental, and agricultural laboratory.

I believe, when I had the opportunity to appear before you this time last year, I made the statement that in my 31 years of State service, this is probably one of the most exciting, important initiatives that I had the opportunity to participate in. Nothing has changed in the last year. This is a critical activity. It certainly is essential for not only traditionally public health services, but also those new and emerging threats that we are charged to deal with. So again, I want to thank the Commission for their previous support. And I will be glad when I have the opportunity to report back to you regarding full authorization, and we move forward to hard design and groundbreaking, hopefully, in the not-to-distant future.

Now to get to the topic of the day. The capital budget request before you today represents the Department of Health and Senior Services' plan for the next three years to maintain safe and essential laboratory services. This

request includes the purchase or lease of an electrical power generator, in the amount of \$641,000 a year, to provide backup power to both the State Laboratory Building and the Health and Agriculture Administration Building, which is adjacent to it, in the event of a power crisis. This request is based on a recent study conducted by Eastern Consultants. The only permanent backup system currently in place is a minimal system providing partial support to portions of the State Laboratory. As a critical component of the State infrastructure, backup power, in order to maintain full service of essential operations, is necessary for business continuity, given the mission-critical nature of the State Public Health Department. That includes not only our laboratory services, but certainly the administrative operations of the State's public health agency.

This year's request has increased significance due to the reduced funding provided to the Department of Health and Senior Services in Fiscal Year '04, and zero funding in FY '05. From an operational standpoint, the impact of these reductions is felt in both the capability to effectively and safely maintain a 40-year-old deteriorating facility, and also in our ability to replace outdated instrumentation to meet today's technological detection standards and performance needs.

From a facility's standpoint, we must be able to replace or repair existing vacuum pumps, deionized water systems, heating and ventilation operations, and address other health and safety issues. Some minor facility retrofits will be necessary to transition compressed laboratory space into space vacated when we move certain of our operations, associated with environmental

chemistry, out to a satellite state-operated facility at Sierra Park, which will take place this fall.

Our instrumentation systems have a general life expectancy of five to seven years. In order to maintain the technological competency in both environmental and public health testing, we must periodically replace some of these systems. Our current request is for \$1.5 million to address these needs.

As the Department of Health and Senior Services prepares for the future through the design and construction of a new State Laboratory, it is essential to safely maintain our current facility and its diagnostic capability and competency in a era of increased threats from both biological and chemical terrorism, as well as human and animal diseases, old and new.

Again, I want to thank you for the opportunity to appear before you today, and I certainly will be glad to answer any questions that you may have.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman.

ASSEMBLYMAN CRYAN: Yes. Let's go through the power generator first. So this would back up the current lab when we have a new one in place, or we will have a new one, by your own statement, within three-and-a-half to four years?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: So, through the Chair, based on the timing of when we approve this, suppose we approved that. That wouldn't happen for months from now, right, and we would be out-- How far, if this



Committee took the process that it takes, how long would it actually take you to get these generators?

DEPUTY COMMISSIONER BLUMENSTOCK: I believe there are people better positioned to answer that. It's my understanding, probably 12 to 18 months.

ASSEMBLYMAN CRYAN: So you are -- do I get this right -- you're asking for a generator that you can get 12 to 18 months from now, to back up a lab that's going to be out of business in another 18 months from there? Is that right?

DEPUTY COMMISSIONER BLUMENSTOCK: That's partially correct, because the generator will serve two physical plants. One is the State Public Health Laboratory building.

ASSEMBLYMAN CRYAN: Right.

DEPUTY COMMISSIONER BLUMENSTOCK: So that is true. As long as that building operates as a laboratory, it will benefit from only the back half -- the front half of that four-year window. But it will also serve the main administration building. Again, it's eight stories. It houses the two Departments -- Health and Agriculture -- with about 1,000 employees. I'm not aware of any plans--

ASSEMBLYMAN CRYAN: Do we need both? It's two generators, right?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: Do we need both generators to suffice for the admin portion of this?

DEPUTY COMMISSIONER BLUMENSTOCK: It's my understanding, from the engineering report, that the reason why two are speced out is, number one, because of the draw necessary to support; as well as redundancy, should there be a failure.

ASSEMBLYMAN CRYAN: Not being a power -- not being an electrician, you lose the -- the lab goes away. To me, to ask for the lab for this is, politely, kind of absurd. But for the administration building, what does -- what's the power draw needed there? Is it 400 KWs or 4,000 KWs, or is it 2,000?

DEPUTY COMMISSIONER BLUMENSTOCK: Again, I do not have that specific information.

ASSEMBLYMAN CRYAN: Through the Chair, I'd ask if you could get that.

DEPUTY COMMISSIONER BLUMENSTOCK: And I'd be glad to provide it. If I may add, too, is that there still is a decision point regarding the fate of the laboratory building once it's vacated. Now, I think it's clearly evident that that building will not be used as a laboratory, because there will no longer be a need for it. The current working plan, as I understand it, is that still remain a State asset and be retrofitted for reoccupancy by some part of a State agency. So the benefit is, what -- if it's, from its sizing and the initial capital investment, in the future once the lab moves, it just won't be limited to the older administration building. It will be the new use and the new occupants of the laboratory.

ASSEMBLYMAN CRYAN: I'm willing to wait for that to happen. By the way, how many power outages have there been in the past five years that have disrupted service to a point where you couldn't function?

**ASSISTANT COMMISSIONER DENNIS FLYNN:** Power outages, in terms of short term, are relatively routine. We generally recover from them. How many, I couldn't tell you exactly.

ASSEMBLYMAN CRYAN: Well, how many, from the report that would require us to spend 650,000, will you be out of action for a while? The report had to say it, right, if it recommended it?

ASSISTANT COMMISSIONER FLYNN: I think the criticality of the judgment decision on the generator is based on how long that power outage might be and whether or not the Health Department and/or the laboratory would have the backup power necessary to generate. But, I mean, that's conjecture.

ASSEMBLYMAN CRYAN: Okay. I don't even need an answer to that. The lab renovations, how much of the stuff you're asking for, on an itemized basis, based on 400,000, would actually be transferable, since it has a seven-year shelf life? It's shelf life is longer than when you would, in theory, go into the new building, right?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: All right. Do we lose any of that money? You're asking for equipment, right? Do I have it right? You're asking for--

ASSISTANT COMMISSIONER FLYNN: Is your question in relation to the facility maintenance part of it or the--

ASSEMBLYMAN CRYAN: No, the maintenance I was going to ask on next. It's the equipment, environmental and chemical -- is this the same stuff that would go into the new place?

DEPUTY COMMISSIONER BLUMENSTOCK: Absolutely.

ASSEMBLYMAN CRYAN: Would we lose any of what you're asking for when we move into a new building?

ASSISTANT COMMISSIONER FLYNN: No. Essentially not.

ASSEMBLYMAN CRYAN: Essentially or no?

ASSISTANT COMMISSIONER FLYNN: Well, an autoclave, as Agriculture has requested an autoclave, is a built-in unit -- could we and would we transfer that to a new laboratory? We would make every attempt to do. All the other instrumentation that supports environmental and chemical testing, as well as public health, is independent and would be transferable.

ASSEMBLYMAN CRYAN: So the two autoclaves that we're asking for, for sterilization, of Agriculture -- which is a little unfair -- but for the 66,000, wouldn't be transferable to the new place?

ASSISTANT COMMISSIONER FLYNN: I think, to be honest with you, we would have to look at that technically, see what the engineering and the technical people say about the transfer of that to a new design facility. That being said, the autoclave, from a sterilization standpoint, is critical to what we do. Ours are seriously deteriorating, and some nonfunctional, and some without parts available to them. In the three- to four-year window that we're talking about here, we have to have autoclaves.

DEPUTY COMMISSIONER BLUMENSTOCK: If I could just supplement that, just in general terms, it would be our game plan to move

everything possible from old to new with the understanding that if the experts, whether it be engineering or the equipment manufacturers -- if we have good evidence to suggest that it's not feasible or even more costly at the end, that would be part of the decision point. But the bottom line is, everything that's not nailed down, including stuff that is, we would certainly consider relocating.

ASSEMBLYMAN CRYAN: Well, let me ask you this. I asked the shelf life of an autoclave and was told it was about 10 years. Is the shelf life really three-and-a-half years to when we move -- which actually, unless I'm mistaken, would be 18 months if the time frame is the same, as we just went through for the actual implementation of purchase -- or is it 10 years? What is it really? Are you guys going to design the thing out, or aren't you?

ASSISTANT COMMISSIONER FLYNN: I'm a little bit unclear on the question.

ASSEMBLYMAN CRYAN: I asked earlier how long the autoclaves last. I was told 10 years. So, in my mind, 66,000 for autoclaves for 10 years seemed to make sense. You're going to potentially not use those in three-and-a-half to four years, by your own statement here, right?

ASSISTANT COMMISSIONER FLYNN: But we would look and have that assessment. If there's any way, technically, to have it designed into the new facility, we will do that.

ASSEMBLYMAN CRYAN: When will you know that, since you won't -- it takes 12 to 18 months to buy these things, even after you come into that. So the real window for this stuff is 18 to 24 months, right, because you're going into a new lab. I mean, that's what we really ought to be looking at, at least in my view.

ASSISTANT COMMISSIONER FLYNN: Well, if--

ASSEMBLYMAN CRYAN: Well, let me finish, because this bothers me. I asked specifically how long the autoclaves last and was told 10 years. Are they designed, and is this stuff designed, and is the plan -- already, while you're here, asking for the money that you're not going to spend until Fiscal '06, when you're going to use it in '08 -- is the design set forth in this stuff that it's going to be used in the lab? Or if I'm lucky enough to be here, or the next guy, are they going to be asking for the same stuff twice, because we moved into a new lab and it's not usable?

DEPUTY COMMISSIONER BLUMENSTOCK: The best way to answer that -- I want to, just in three points. Number one, as Dr. Eisner (phonetic spelling) may have mentioned, that the life cycle of this instrument may be 10 years. Obviously, as it gets older, it gets more expensive and difficult to fix. So that's something that we need to consider. Secondly, the construction of the new laboratory -- again, the consultants are telling us three-and-a-half to four years. I don't believe that's a worst case scenario, maybe it's a best case scenario. So the window of planning and preparedness, from my point of view, has probably got to go beyond the four-year window. Secondly, we're talking about--

ASSEMBLYMAN CRYAN: So you want me-- What do you want me -- to cross that out here?

DEPUTY COMMISSIONER BLUMENSTOCK: I'm sorry.

ASSEMBLYMAN CRYAN: Do you want me to cross that out and change three-and-a-half, four years to a different time?

DEPUTY COMMISSIONER BLUMENSTOCK: It's a projection. But I guess, in the issue of not only operational necessity, but also in anticipation of business continuity, we can't totally rely on projections provided to us by consultants at this point in time. It's a planning feature. It's a planning element, but I also have to be realistic that it may go beyond that and look at our immediate needs, as well as where we will be in three to four years, and do our very best to be as cost-efficient as possible. But we can't stop fixing and putting essential needs in our laboratory until we get to that better place several years from now. And that's the essence of these requests, and that's the commitment of the Department, that we will only buy and fix those elements absolutely necessary for a safe environment and to ensure that the test results that we put out are as accurate as possible until we get through that transition into a new facility.

ASSEMBLYMAN CRYAN: Look, I'll close with this. Through the Chair, I'm asking that if your request, for anything here that is going to last longer than your own window, three-and-a-half, four years -- and it's your window, so I'm going to hold you to it -- then, anything that can be moved, I want a listing of that and what its shelf life is before, at least, I vote for anything. And I've got to tell you something. To come in and ask for two generators as your number one priority and not know the last time power went out for any period of time and to not even refer to the study, I mean, give me a break here guys. This is still a couple million bucks that people are paying for. We ought to be a little bit better than that, to be honest with you. Even the autoclave stuff, I don't appreciate the 10 years, and I understand that it may not last more than four. I'm not happy about that at all.

Thank you.

MS. MOLNAR: Commissioner McCabe.

MR. McCABE: A quick question. Well, actually, I want to echo my concerns, also, on the autoclaves and what Assemblyman Cryan had to say. I think we do need to look at better answers when we come back to that.

But my question to you is, are we looking at any Federal funding for any of these functions, in terms of whether it's geared towards bio-testing or all the other issues that we're dealing with right now?

DEPUTY COMMISSIONER BLUMENSTOCK: Absolutely. Basically what is before you today are those needs that either there's not any Federal money for left to use or not eligible for Federal funding, if you're making reference to our bioterrorism activities. The funds that we receive for bioterrorism preparedness go way beyond the issue of laboratory capacity. So there are seven or eight categories of services that we are purchasing or funding, not only at the State level, but at a local level. So what you have is what's left over as a need that we can't find any Federal dollars for or just absolutely not eligible.

To give you an example, there is some requests in here for support of our newborn screening program, for inborn errors and metabolism. There's absolutely no way that I can be creative to link that testing feature with homeland and domestic security and bioterrorism preparedness.

MR. McCABE: Not even working with sister agencies, State Police, or anything of that nature that could partner up with?



DEPUTY COMMISSIONER BLUMENSTOCK: No. Not in those testing elements. Because again, the State Police, they do a lot of forensic testing. It's different technologies, different mission, and different purpose.

MR. McCABE: Thank you, Madam Chair.

MS. MOLNAR: Any other questions or comments?

Gary.

MR. BRUNE: Jim, I'd like to follow up on the Commissioner's question. And some of this is budget related here. So I'm not sure if you're going to be able to answer this off the bat, but this is based on what one sees from where we sit, and maybe there's a good reason for this. But it seems to us that on the Federal side there is a significant amount of money that's already been provided for bioterrorism. Something like in the order of \$6 million from Fiscal '04 that's, for lack of a better term, uncommitted. And I want to understand -- maybe the answer you're about to give is that you've got plans for that, but I want to understand, first off, the generators, the lab renovations. I'm assuming, sitting here, that the bioterrorism effort is in the existing lab. Right? It's not out of Sierra's?

DEPUTY COMMISSIONER BLUMENSTOCK: Right, that is correct.

MR. BRUNE: And so, I want to understand, are you saying that the equipment we're talking about is not eligible, or that you've got other plans for the money that we see from the system as being uncommitted?

DEPUTY COMMISSIONER BLUMENSTOCK: Well, I think the answer is both, in a sense that we have an obligation in a full spectrum of preparedness. It goes way beyond the issue of laboratory capacity, such things

as disease surveillance, emergency response capabilities, medical management of mass casualties. So those are other service areas that also tap into this Federal funding stream. So it's balancing those operations, which are also not fully funded, so they're coming up short as far as trying to reach our goal of full preparedness.

And then, as I mentioned to the Commissioner, there are some things here that are just totally unrelated, and there is just no way honestly, legally, I could link one into the other.

MR. BRUNE: Well, I guess what would be really helpful for us, I think from where I sit, to be able to ultimately vote on something like this, is to understand your plans for the money that seems to be uncommitted. The follow-up question might be: Each year, from what I can tell, the bioterrorism effort gets about \$40-some-odd million, between Federal and State, and we might call *dedicated*. And I guess we're trying to shoehorn, into that, numbers that are much smaller. So if there's a pattern of money being left on the table at the end of the year, plus a significant amount of new money coming in, we would want to understand, number one, what is ineligible -- that's maybe the first question -- second is what other choices have you made that render this something that the Capital Planning Commission has to deal with? I mean, that would be very helpful. Some kind of a plan, that you could share with us, that reconciles those numbers.

DEPUTY COMMISSIONER BLUMENSTOCK: Sure. We would, through the Chair, be glad to do that.

MR. BRUNE: The other question I had is, back in '03-- I don't know if we all recall this, but my records suggest that we provided the

Department with about \$600,000 for equipment in the lab. And admittedly, I think we put in the reserve about 370 of that, and it's still in reserve these days. But about 200,000 was never spent. And I think we would have two questions. One, is about 187,000 that has not been spent yet. The same type of question, is there a need that we're not seeing here, or could you use that for some of this? And the second question is, if we took the 370 out of reserve, does that not help your situation here?

ASSISTANT COMMISSIONER FLYNN: Yes, I can address that, I think. The 370 out of reserves would certainly help to address the instrumentation needs. The purchase of those systems and units is a convoluted and difficult one. Sometimes, through the Treasury purchasing system, it may take six or eight months to get something through the system. So that accounts for part of it. In relation to the facility maintenance moneys that are there, either appropriated, reappropriated, or requested for, as Jim mentioned, those funds are only used for absolutely essential things. So as we go on and we have to pay for special projects such as cooling in the newborn screening area, where the instrumentation can't take the heat load, or safety improvements, or any type facility things, we pay for them only when we have to -- and only get to Treasury actually upon the completion or start up, depending on what the requirement is. So it's sort of a cycle of revolving moneys, if you know what I mean.

MR. BRUNE: Yes. I guess what's mystifying to us a little bit is what -- I understand about delays in equipment being six months, but this is FY '03 money, almost 200,000 which hasn't been spent. It's another example of

where we need some understanding of what situation you're in there before we provide additional money.

The last one is, and you asked -- I guess it's priority number three, you talk about inborn areas of metabolism, that lab. Is this newborn screening?

**ASSISTANT COMMISSIONER FLYNN:** Correct. That's newborn screening.

**MR. BRUNE:** Okay. The same type of question, we have a fee in that area that seems to have a significant amount of carry forth -- something on the order of \$3.5 million. And maybe this is something we can -- maybe John can help us with that. I'm not understanding. It's a revolving fund, John?

**JOHN FASANELLA:** Well, first of all, two things on that, Gary. When that fee was established -- the fee is established over a four-year period. And know that, in the first couple of years, you're going to run a surplus, and then in the next couple of years, you're going to begin to break even, and then you're going to run a deficit. Because we established it over a four-year period, because you don't want to keep going to the well constantly.

Secondly, that fee that was increased last year went from -- stop me if I'm wrong, Jim -- it was \$31 to \$72.

**DEPUTY COMMISSIONER BLUMENSTOCK:** Thirty-four to 71.

**MR. FASANELLA:** Thirty-four to 71. That fee increase, which was a large bite that the hospitals are paying, covers the 3.5 million, approximately 3 million, that the State stopped supporting in the actual testing of children -- I'm sorry, the treatment of children and the follow-up of children. So the fee is

now covering both parts, the actual operations of the laboratory and the actual treatment, follow-up, and support of the children.

I think the agreement was, at the time, that the laboratory equipment, to try to put that in, would make the fee so prohibited it wouldn't be -- people would go crazy. So I mean, that's where we're at right now.

MR. BRUNE: Maybe we could talk to you after -- or between now and the next time we decide, John. It seems to us that the -- there's a surplus that's growing there. Maybe there's some other reason for that. That it's gone from a million dollars to 3.7, most recently, over a three-year period, which doesn't seem to quite square with -- although I'm sure you're right with what the plan was. I guess we have to match up the numbers with the plan.

MR. FASANELLA: The amount of money raised in that fee went from, I believe, \$3 million, to close to \$6 to \$7 million. So that would jive, Gary, because the costs are going to go up over a number of years, and yes, we are -- it's going to go--

MR. BRUNE: The fact that your carryforward is growing each year?

MR. FASANELLA: It's going to be -- after this year, you'll see it's going to start going down.

DEPUTY COMMISSIONER BLUMENSTOCK: Right. Because that new fee schedule is less than a year old.

MR. FASANELLA: Yes.

MR. BRUNE: You're saying this decline will happen prospectively here?

DEPUTY COMMISSIONER BLUMENSTOCK: Yes, correct.

MR. BRUNE: All right. Well, listen, if Jim and John -- if we can have an agreement to work on some kind of an understanding to reconcile the numbers we're seeing with what your needs are, that would be the main thrust here.

DEPUTY COMMISSIONER BLUMENSTOCK: Madam Chair, through you, we certainly would be glad to do that.

MR. BRUNE: I don't know if it's too much to ask for you to submit something, through the Chair, that we could all view in that regard, that would, maybe, be--

DEPUTY COMMISSIONER BLUMENSTOCK: Whatever procedure you would prefer.

MR. BRUNE: Thank you.

MS. MOLNAR: Mike.

MR. LIHVARIK: I have just two questions. Regarding the generator, when was the last time a generator would have been needed to provide power to the building? When was the last occurrence, or was there an occurrence?

DEPUTY COMMISSIONER BLUMENSTOCK: The one I remember last, and there may be one since then, was actually the February snowstorm of last winter, '03.

MR. LIHVARIK: And is there an existing backup system now?

DEPUTY COMMISSIONER BLUMENSTOCK: There is a -- the main building does not have any built-in -- main, meaning the administration building -- does not have any, installed permanently, generator system. We have a-- There's nothing in the main building. In the laboratory, there are two

generators right now. One is the standard legacy to backup, that was built in the '60s, that just provides emergency lighting, a little bit of power, and maybe elevator usage. We also have -- I believe it's a natural gas-fired generator that's on the roof that supports our fifth floor biocontainment area that does all of the dangerous testing. So that's a very small 2,000, 3,000 square-foot part of the laboratory that the small generator supports. We were required to do that because of the types of materials and tests that we do up there. So that provides some operating capability, but more importantly, containment support should there be a general power outage. So again, the concern we have with the laboratory is, even if the 40-year-old generator in the basement kicks on to have emergency lighting and a few elevators, and we have 2,000 square feet on the fifth floor of a five-story building, if we needed long-term business continuity, those two current features would not give us the support that we believe we need.

The other aspect, if I may also, is with regards to the-- That the possible declaration of critical infrastructure -- our laboratory may very well be determined to be in that category. So, under certain zero-tolerance policies that the State of New Jersey is maybe promulgating with regards to target hardening and business continuity, the issue is really power to sustain operation -- may be a feature that we would be obligated to provide.

MR. LIHVARIK: Did the backup system work adequately during the snowstorm?

ASSISTANT COMMISSIONER FLYNN: It worked adequately, but there was an aberration with it that caused a shutdown for a period of time. And then when they came in to fix it, they found some deteriorating

infrastructure problems with the electric that could have been an emergency type of situation for those going in to repair it. So it was a touch-and-go type of thing with what they found after the shutdown.

DEPUTY COMMISSIONER BLUMENSTOCK: During the blizzard, the building -- the system regenerated without any instruction or direction. And there was a mechanic that was working the system, and he almost got electrocuted because of the archaic nature of some of the electrical features in the building.

MR. LIHVARIK: My next question is the fee schedules. Do you have a fee schedule for the various tests that you do?

DEPUTY COMMISSIONER BLUMENSTOCK: Some, yes.

MR. LIHVARIK: And do they use some of this equipment?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct. And again, newborn screening is a classic example of how we charge a fee for services, which right now is not being used to cover the capital requests.

MR. LIHVARIK: So it's on a marginal rather than a fully -- as I asked Agriculture -- it's on a marginal as opposed to a fully allocated basis. And the reason it's not fully allocated is simply because the fee would have been too high?

DEPUTY COMMISSIONER BLUMENSTOCK: In that one particular case, yes.

MR. LIHVARIK: How about in the other areas? Are the fees structured so that they could provide money to buy the capital equipment?

DEPUTY COMMISSIONER BLUMENSTOCK: A couple of ways to answer you. Number one, there are tests that we provide that we do not



charge for, because in many respects there is no responsible party to bill. For example, when you have a public health emergency, a food-borne illness outbreak, when you've got to take dozens, if not hundreds, of samples. So that's one category that there is no ability for cost recovery. Specific to your question, we have to look at who our primary client base is, and those are other State agencies, such as the Judiciary system, where we basically charge for substance abuse testing -- drugs of abuse. DEP is a major client with their wastewater, surface water, drinking water, and other hazardous wastes. So, in many regards, we would be transferring the burden from one State agency to another, if we were to include the capital needs on top of the operating needs.

So, again, that was our business decision. That was one of the things that weighed into not fully loading all of our fees to address all the current and future capital needs.

MR. LIHVARIK: Thank you.

MS. MOLNAR: Commissioner McCabe.

MR. McCABE: I'd like to, through the Chair, if I could, Madam Chairman, make a recommendation, perhaps follow up on, I guess, not only my own question, but the valid points that Mr. Brune brought up. And not just in terms of health, but I think other agencies that -- maybe with working with the Domestic Security Preparedness Task Force at OMB, maybe they can vet out for us, as a Commission, where the Federal dollars are going to and what they're being allocated for through the entire state, not just our health, but as I said, DEP, State Police, whatever the case may be. And maybe come back and report to us where those dollars are going. Because we're probably going to be encountering this as we go along with each agency.

Gary, do you agree with that?

MS. MOLNAR: Yes, thank you.

DEPUTY COMMISSIONER BLUMENSTOCK: And again, we would certainly be glad to do that. And the one point, if I may, just to react to that -- and I understand the basis and necessity for that question. But another challenge that we're facing is that those Federal funding streams are shrinking. This year alone our CDC, which is basically the public health part of our preparedness, was reduced \$6.1 million. So programs that we started to develop such as small pox preparedness, strategic national stockpile deployment, we now have \$6.1 million less this year compared to last. Part of that impact was the Federal Government's decision to reprogram some state moneys to cities around the country for (indiscernible) needs. So again, that's just one more dynamic that's challenging us, as far as doing preparedness in all these arenas with limited funding.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: A couple of questions, Commissioner. First just one -- a brief point of clarification. Did I hear you correctly? Did you say that we are doing testing for other states?

DEPUTY COMMISSIONER BLUMENSTOCK: Other state agencies.

MR. ANNESE: Okay. Next, I want to follow up a little bit more on the power generators. What's our priority, your Department's priority, with respect to the public utility companies in supplying you in case of a power shortage?

DEPUTY COMMISSIONER BLUMENSTOCK: The primary purpose of having on-site auxiliary power is business continuity, to keep us up, fully functional, considering what we do in those two buildings. The issue that was raised is whether or not it is technologically -- or feasible for that building to get priority attention, so that we would always get power should the grid or other parts of the city or the state be adversely affected. I'm not aware, and certainly I haven't heard any expert come back to me to say, that that's an easy or feasible remedy, rather than building auxiliary generation. When you look at major facilities that we have around the state, such as hospitals, there are requirements that they have their own on-site auxiliary power, because I guess there's just no way to have guaranteed, or priority service, that there would not be any disruption of service.

And Dennis, I know in your relationships with the consultants, has that issue ever been offered as a solution?

ASSISTANT COMMISSIONER FLYNN: Yes, absolutely. It's always built into their solution, basically.

MR. ANNESE: And next the question, in the event of a catastrophic problem, are you part of some type of network that can do some outsourcing to other labs around the country for the testing that is critical?

DEPUTY COMMISSIONER BLUMENSTOCK: In general terms, yes. We would use possible commercial labs to do some of our nonregulatory routine testing. And we also have arrangements with the Laboratory Response Network around the country -- with New York state, using that as an example -- to provide partial emergency service. Again, not full service and certainly not long term, especially if the catastrophic event, as you're talking about, may go

beyond the borders of New Jersey, such as the power outage that we had last summer where it affected more than just our public health laboratory. The question is, there could be nobody to turn to.

MR. ANNESE: All right. Thank you.

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

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

DEPUTY COMMISSIONER BLUMENSTOCK: Thank you for the opportunity.

MS. MOLNAR: Our next department is Interdepartmental Accounts. I'd like to welcome Edmund Jenkins, Director of the Division of Property Management and Construction.

**EDMUND F. JENKINS:** Good morning, Madam Chair, and Commission members. And thank you for the opportunity to present the Department of Treasury's Fiscal Year 2006 interdepartmental capital budget requests. The interdepartmental request is submitted by the Division of Property Management and Construction on behalf of the Department of the Treasury and State agencies in the Capitol Complex.

My name is Edmund Jenkins, Director of the Division of Property Management and Construction. With me today, to my left, is Bernie McLaughlin, Deputy Director of Property Management; and, to my right, is John Geniesse, Assistant Deputy Director for Budget and Property Management.

As you are aware, the DPMC is statutorily responsible for the operation and maintenance of office space in the Capitol Complex, as well as the renovation of State-owned facilities. Therefore, the Division's capital budget request is typically driven by its responsibility to safeguard the condition

of these facilities, preserve the State's investment in these assets, and ensure compliance with current workplace standards and codes.

The Fiscal Year 2006 capital budget requests a total of \$595.5 million to fund projects through Fiscal Year 2012. Of that total, approximately 150.6 million is requested in Fiscal Year 2006.

It should be noted that the interdepartmental request contains the \$98 million constitutional dedication of State sales tax for Open Space preservation and other statewide accounts, including Capitol Complex security, Americans With Disabilities, Hazardous Waste Removal, and Compliance and Preservation. These statewide accounts are typically funded, essentially, by OMB in order to prioritize the needs of all agencies. Their continued funding will allow for the completion of projects submitted by the State departments, provided they meet the required criteria.

Once again, as in years past, the Division limited top priority projects to fund the repair or replacement of critical building systems and equipment in State-owned facilities. While we recognize the State's limited capital budget dollars, these requests represent significant maintenance projects that have been deferred year after year. Now, however, we are at a point where these projects require immediate attention to avoid catastrophic failure and prohibitively expensive emergency repairs.

Many of the State's facilities in the Capitol Complex are in dire need of major repair and replacement of failing mechanical and building envelope systems. After years of emergency, Band-Aid repairs, these building systems have deteriorated to the extent that complete failure is imminent and the cost to restore normal operations extraordinary.

For example, flooding resulting from HVAC malfunctions costs the State approximately \$100,000 per episode, for emergency cleanup alone. This figure does not include temporary relocation of employees, the replacement of equipment, drywall, carpet, and other items lost to water damage, not to mention the loss of agency productivity and State client services.

This year's critical facility repairs project requests approximately \$2.8 million in the first year to address malfunctioning HVAC systems identified in the DEP, Taxation and Labor buildings, Thomas Edison State College, and the Distribution Center.

Funding will also be used to repair the roof at the Document Control Center, addressing emergency waterproofing issues, install automated equipment to provide early warning detection for moisture and HVAC failures, and repair the Planetarium steps that have been closed due to safety concerns.

Funding previously recommended by this Commission and approved for Fiscal Year 2005 for facility repairs is being used to resolve water infiltration issues at the State Library, replace boilers at the Document Control Center, replace perimeter heating and cooling units at DEP, and repair or replace roofs at the State Library and Department of Labor.

Continued lack of attention to the current request will result in further deterioration, placing these facilities at risk. Funding is necessary to resolve these issues now rather than continue to pay exorbitant maintenance and emergency repair costs that buy only short-term, temporary repair.

Conditions at the Health and Agriculture Building are such that the Division submitted a separate project request in this year's capital budget to address critical infrastructure repairs. This request is made more urgent by the

recent decision to place the new State Health Command Center in this facility. The Command Center will allow senior health staff to alert all hospitals in the state in the event of a bioterrorism or health emergency.

The Health and Agriculture building was constructed in the early 1960s, and unlike other facilities in the Capitol Complex, such as Capitol Place One, the Labor Building, and the Justice Complex, it has never undergone a major renovation. Minor upgrades have been completed over the years. However, the existing mechanical systems are over 40 years old and continue to fail.

Previous capital budgets submitted by the DPMC requested funding for the full renovation of the Health and Ag building. Again, recognizing the limited availability of capital funding, this year's project requests \$800,000 to address the facility's most critical health and life safety needs, including significant upgrades to the HVAC equipment and replacement of failing plumbing infrastructure. The replacement of obsolete and faulty HVAC components will also result in energy savings, and correct air quality issues resulting from inadequate sources of heat and/or air conditioning.

If not addressed, the existing mechanical building systems will continue to drive up operational costs and threaten breakdowns that jeopardize the use of the facility.

Similar to the much-needed infrastructure and building envelope repairs, interior maintenance issues in State-owned facilities have also been deferred in past years, resulting in unsafe and potentially unhealthy working conditions. Routine carpet replacement has been delayed as long as 15 years in

many buildings, and the upgrade of faulty restroom facilities and cycle painting are also long overdue.

While these issues are often dismissed as simply aesthetics, their continued deferral is causing unsafe conditions that regularly impact employees and visitors. The State employee unions have filed grievances complaining of unsafe work environments.

The Division is, once again, requesting funding to begin to address the many interior maintenance items identified as hazardous.

Other priority projects include waterproofing and membrane replacement at the State Museum, and additional dehumidification controls at the War Memorial.

The State Museum sustains significant water infiltration through the overhead walkway and building soffits, causing damage to the main route for visitors. Unfortunately, the \$14 million Building Authority renovation project does not include funding to address these waterproofing concerns. If left unresolved, water will continue to infiltrate, damaging the newly renovated facility.

The renovation of the War Memorial, completed several years ago, included a new HVAC system comprised of 10 air handler units. Two of those units were equipped with dehumidification controls.

Since the renovation, use of the War Memorial for various events has significantly increased resulting in the need for additional dehumidification controls. The excess buildup of humidity has caused the reoccurrence of mold spores, a serious health issue for both employees and daily visitors. The Public



Employees Occupational Safety and Health Act requires the State to eliminate the air quality hazard.

The remaining priority-ranked projects include further investigation of the foundation of the Taxation Building, the repair and restoration of State-owned surface parking lots, and energy initiatives designed to make more efficient use of the State's resources and produce savings in emissions credits, and reduced maintenance and air permit rates.

The remaining unranked requests consist of projects that address State-owned and leased space issues, and agency initiatives put forth by the DPMC on behalf of other State agencies. While not included in the limited list of priority projects, these requests address key issues that require resolution and the identification of a funding source.

In closing, I would like to thank the Commission for its consideration of this year's capital budget and past support. Approval of these priority requests will fund critical building infrastructure projects that require immediate attention. These conditions are volatile and have proven to be extremely expensive when handled under emergent circumstances.

I ask that you carefully consider these projects, not only to address life and health safety concerns, but to proactively address long-overdue mechanical and building system issues before we must react to expensive emergency shutdowns and repairs.

Again, I thank you, Madam Chair and members of the Commission, for the opportunity to present this year's request. I would also like to thank Michael Lihvarcik and the Commission staff for their ongoing assistance.

We're now at the ready for any questions you may have.

MS. MOLNAR: Thank you.

Any questions?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I just have a couple. What's a moisture detection system?

MR. JENKINS: It's an early warning system that will send a signal to a central control panel or the State Police that tells us something's not kosher and to expect some type of problem. We get ahead of the curve.

ASSEMBLYMAN CRYAN: A lot of the stuff you talk about here is water-related, and given the events of last week, great timing.

MR. JENKINS: Absolutely. Very apropos.

ASSEMBLYMAN CRYAN: I'm going to ask about the Library in a minute -- or the Museum, I should say.

You put a sensor somewhere -- is that what happens? Is that the idea?

MR. JENKINS: Jenifer Osborn is probably the most conversant in that for us.

**JENIFER OSBORN:** Basically, the idea is to put control panels in every building. A control panel costs about \$3,000, just the panel itself. Our intent is to connect it to a 24-hour monitoring station that already exists with the State Police. For those who would do what we call *environmental alarms*, they would be things such as a thermostat sensor that would say if something got extremely cold. For instance, in the winter time, if there was a failure in a damper -- stayed open when it was supposed to be closed, cold air gets in, could

freeze a pipe. So, in some cases, they're not just moisture detectors, they're also temperature detectors. It would get an early warning if the temperature got too low, to warn us that something is going to freeze soon if we don't go there. And then we could go there and correct the problem before we get the frozen pipe. In some cases, there are actual moisture detectors where it sits -- it's just an electronic detector that would sit, in some cases, in condensate pans to let us know if there's a unit that is starting to overflow. And again, if it starts to overflow and it's the mechanical room, that's fine. If we have a problem and it gets further out to where the carpeting is and the regular office areas -- and these are all early warnings that the State Police would get an alarm -- they would call our staff, who have a list of people who would come in to check to see what the problem is and either stop it at its early stages or, in some cases, stop it before it actually occurs.

ASSEMBLYMAN CRYAN: How much of the, in priority one, is the moisture detection system?

MS. OSBORN: Well, and actually we were looking at the initial stage, which would be to get panels in the building and then each time we have an occurrence to -- or we have additional money that we can start to add detection, we would add it. So I would say about 125,000 would be just for the actual control panel itself, but that really wouldn't be hooking anything up. That each time we hook things up, there would be additional money, but it's a starting point.

ASSEMBLYMAN CRYAN: So this is really a two-year plan, if I read this thing right?

MS. OSBORN: Correct.

ASSEMBLYMAN CRYAN: So how much of the two-year plan is for moisture detection?

MS. OSBORN: I would say that it's probably going to take us more like five to 10 years before we actually get onboard to have a lot of things on, but it's going to have to be a slow process. It is expensive to run wire, and actually the labor is probably the most expensive portion. But we would slowly add things as we could, take whatever we feel to be the most critical and then, whenever we can, add more and more detection and sensors to help us.

ASSEMBLYMAN CRYAN: Thank you.

Priority two, the Health and Agriculture repairs -- you might have just heard us talk a little bit about the new laboratory versus the old. Can you put this in context to me as to how much of this would be useful after the new laboratory is opened?

**BERNARD McLAUGHLIN:** Most of these repairs are related to the office building.

ASSEMBLYMAN CRYAN: Not the lab?

MR. McLAUGHLIN: There are some immediate problems in the lab that we have to address, but not many. Is that right? It's mostly for the office building, and it's the HVAC and the infrastructure items of that building.

MR. JENKINS: It's a function of the building being 40 years old, really, in other words.

ASSEMBLYMAN CRYAN: I understand that. But when we move to the new lab, the building is still going to be there. But there's no plan yet for the space in the labs, so do I have that right so far?

MR. McLAUGHLIN: Well, I would say more, probably -- what percentage of this is going to be invested to the office building, would we say, at this point?

MR. JENKINS: I think all of it.

MS. OSBORN: All of it, yes.

MR. McLAUGHLIN: And at this point, and we've held off-- There was always the assumption that at some point we would either renovate fully or move out of that building. So we've been doing triage repairs on it. And that's basically all this is right now, to keep it going for what we think is the foreseeable future.

ASSEMBLYMAN CRYAN: Okay. And my only other question is on the Museum waterproofing.

MR. McLAUGHLIN: The Museum?

ASSEMBLYMAN CRYAN: Yes. Priority four, State Museum waterproofing. Given this week, it's worth a question or two. One is, how do we do a \$14 million upgrade without doing the waterproofing then? It kind of stands out. We're going through all this upgrade in the Museum, right?

MR. McLAUGHLIN: Right.

ASSEMBLYMAN CRYAN: We're investing a ton of capital.

MR. JENKINS: From my understanding--

ASSEMBLYMAN CRYAN: The river didn't just get there. How does that one go?

MR. JENKINS: This was identified, from my understanding, after the funding was done by the Building Authority. So while we, I suppose, could

have gone back to the Building Authority and asked them to increase it commensurately--

ASSEMBLYMAN CRYAN: Yes.

MR. JENKINS: --it's rather tedious for them to go back and offer more money.

ASSEMBLYMAN CRYAN: I'm an elected official. I have the gift of hindsight. It's absolutely perfect.

Is there anything else other than this waterproofing, whether it's the result of the past few weeks -- or this, obviously, was done before that -- is there anything else missing that should have been included in there, that we might hear about in future years, that you're aware of?

MR. JENKINS: No.

MR. McLAUGHLIN: No. This is, I guess, a couple of years ago, and that was before any of us were really involved in this. They planned the museum project about two-and-a-half years ago, and I think this is the second or third time we've submitted this project. This is that big courtyard between the Library and the Museum. If you see all the concrete out there, it's falling. The membrane that's underneath that is shot at this point. And underneath that is the Museum. We tried with the Building Authority, Chuck Chianese and his guys. They can't come up for the funding for this right now in their project. But if we don't do this--

ASSEMBLYMAN CRYAN: Is there anything left from the project at all, Bern?

MR. McLAUGHLIN: No, not that I'm aware of. John could give you more.

**JOHN GENIESS E:** Through you, Madam Chair--

ASSEMBLYMAN CRYAN: I'm sorry, through the Chair.

MR. GENIESS E: --Assemblyman, the 14 million that was approved by the Building Authority as -- actually wound up to be way short of what the project required, not including this. We've had to provide additional funding from the Hazardous Material Fund, the ADA Fund, the Statewide Security Fund to supplement that 14 million.

ASSEMBLYMAN CRYAN: So what's 14 million really then, since you opened it up? What's it really costing?

MR. GENIESS E: It's over 20, I'm sure.

ASSEMBLYMAN CRYAN: And we need to really throw on prudently, I would think, 2.2 more. And is 2.2 the-- By the way, the water projects, in and of itself, it's 2.2 only to waterproof. It's not worrying about any-- There's more costs now. It's over 20 million, but this 2.2 is strictly and solely devoted to just waterproofing, the estimate, right?

MS. OSBORN: Yes.

ASSEMBLYMAN CRYAN: Okay. Thanks.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: This past week we had the flooding of the State House garage, six feet of water. I want to compliment your staff for your very fine work through the night and over the weekend, and triage in it. The problem -- the water came up through the floor. It was not flooded from the river. Correct? My question would be, it's obvious that some type of corrective action has to be taken in that garage. Is anything for that garage in this current plan? And number two, are there any standards that the State is contemplating

on where you locate utilities and electrical panels so that electrical panel and electrical mechanicals are not below ground level?

MR. JENKINS: We have STV on the job, and they're doing some structural tests and whatnot. Your point is well taken about the mechanical room, which is actually lower than the lowest level in parking, down another four feet or so. The wisdom of building it there, when it was built eight or nine years ago, is questionable. But there's nothing in this plan here to affect that. I guess it's a -- is a 10-year event or a 20-year event, which they say, so it's not that it happens that often, but certainly, when it happens is -- you see the inconvenience this past week. And again, Jenifer's staff has been there 70 percent of the time since Sunday, doing a fantastic job. But there's nothing in this plan. Maybe we should look into that, though.

MR. BRANNIGAN: Through the Chair, do we know how the water got in there?

MS. OSBORN: Actually, we believe it's coming from two sources. One, we know it's groundwater, and we do know that we're at flood level in that garage. So as soon as the river got above flood level -- it was actually 6:00 a.m. on Sunday -- is when water started to come through the floor, through the -- actually, any kind of expansion joint, crack, anyway that it could get it, even through conduit. There is also a question about -- there are two sump pumps that actually pump groundwater from under that lowest level all the time, because it is so low. It was built to continue to pump water out from below there. There is a question of whether there is an appropriate check valve or a gate valve -- and actually a gate valve you would turn, so it would be a check



valve -- is there one there? If there is, it's not working properly, or was there ever one put there, or was it just connected to the storm drain directly?

So at this point STV, the mechanical/structural company, came in to look, in general, at the actual structure and to see if it was safe, which they've given the clearance on the second and third floor, and are there today about the first floor. Since that was in under an emergency, I believe the work order for them is not going to include the second part. We were going to put in a second request to have a structural/electrical engineer to come out, perhaps to exactly do that, to look at relocating the switch gear that's down there, to possibly find a way to waterproof that mechanical room to see if we could isolate that, to keep that free from the water. And then lastly, to check on where the water was coming in -- we believe from the river through the sump pump, storm drains -- to see what we can do there.

MS. MOLNAR: Any other questions or comments?

MR. ROTH: I have a comment, Madam Chair.

MS. MOLNAR: Sure, Mr. Roth.

MR. ROTH: I've been on this Commission now eight or nine years, and every year I literally hear the same requests, and they basically are all due to the fact that there's not enough money in the State operating budget to pay for maintenance. And I'm not the only one that's commented on this. I can remember Assemblyman Romano vehemently opposing the State budget process that ignores maintenance on buildings and grounds. The reality of it is: if you don't pay a little now, you're going to pay an awful lot more later. And I have not seen any progress in this area. I'd really like to see an analysis of the State budget over the last 10 years to see exactly how much has been put into

building maintenance. And that's going to be a very hard number to find, because I imagine there would be appropriations in every department's budget for maintenance of some sort. But clearly, we're talking about a \$600 million request here, and I would imagine a significant portion of that could have been avoided if these buildings were properly maintained.

MR. JENKINS: We second that emotion, and third that emotion. Absolutely. You've hit it right on the button. Pay me now or pay me later, and we're paying later. You said it yourself.

MS. MOLNAR: Mr. Lihvarcik.

MR. LIHVARIK: Good morning, Ed, John.

Is there any FEMA money? Has a state of emergency been declared? If so, does the State -- can we get any money from FEMA for some of the damage that was caused by the flood period?

MS. OSBORN: I do know that next Tuesday or Wednesday there are going to be some meetings with people from Emergency Management concerning FEMA. So we are bringing the cost forward. Where it goes from there I am not sure, but I think that that's where we present what our costs are. And we have had Risk Management involved also, so they are also aware.

MR. LIHVARIK: Through the Chair, once the State has contact with FEMA, could you submit to the Chair a report of what their findings are and what the likelihood of the State receiving money? Because I imagine it wouldn't only be for the garage, that there were other impacted State facilities. No, just the garage?

MS. OSBORN: Not from our facilities.

MR. JENKINS: It's hard to believe, but it was strictly the garage. But we have other buildings that usually are affected. And for whatever reason, it was the garage. But certainly we'll give you that information, Mike, through the Chair.

MR. LIHVARIK: The other question I have is regarding the Health and Agriculture Lab. Is there a realistic alternative use for that facility, and if there is, would it be cost-prohibitive to retrofit it for useable space?

MR. McLAUGHLIN: I've met with the Building Authority to discuss that issue. The lab itself would be somewhat expensive, and we don't have an exact cost on that, but the payback that we identified -- and I don't have those numbers in front of me -- would enable us to close out a significant amount of leases out in the Quakerbridge area and bring those functions back in. That's the proposal we gave to them. And it really came out on what looked like a savings. I think it was well over a million dollars a year in rental. The lab exact square footage is about 70,000 square feet, is that right? And if you multiply that by the cost of leasing around here at about \$25 a square foot, there's a long-term benefit if we can get that building adapted. If it's too expensive, the next best thing would be to rip it down and build something that could be done better for office space, and get the same savings.

MR. JENKINS: But there would have to be some infrastructure improvements because of the age of the building

MR. McLAUGHLIN: We have not really dedicated anything in our budget to the lab. They've done some stuff with their material, but we haven't really done too many infrastructure-- We're just going to fix it if it breaks.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: On the FEMA question, the Governor did declare a State emergency. We do expect that the President will designate the four counties either today or Monday at the latest. There haven't been estimates on the total damage in the State area. There were some expenses in other buildings because the Department of Health had substantial -- 150 years of records in their basement which were threatened, water was approaching. And so we removed those, and there was some sandbagging at other areas. There is an issue of where we've located some of our emergency communication systems that probably should be considered to be moved, and the central system is located in an area that could be flooded. So that there are some problems.

One of the programs that this office should consider doing is-- FEMA has some preventive funding that you have to lobby hard for and justify, but we could prevent recurring damage. And I would think that the garage certainly would fall into that category. So that, right now, I would say we're currently estimating \$32 million in damage to the State, and that number will rise so that it will be probably in the \$40 million category.

MS. MOLNAR: Any other questions or comments?

Mr. Brune.

MR. BRUNE: Ed, just about five fairly quick questions. On the first one, we're sort of limping along on the facility repairs. I think last year we brought in a little short of \$2 million. Is there a list that you have that sort of shows -- the critical need list, prioritized in some way, that you could share through the Chair?

MR. JENKINS: Absolutely. We could certainly get that.

MR. BRUNE: So we get a context for the size of this thing.

MR. JENKINS: Right. One through 1,000, do you want, or--  
(laughter)

MR. BRUNE: Whatever you have.

I think this might have just been an omission, but in the detail that you sent to us, there's a zero in '08. You take your projects, all the departments take their projects and go '06, '07, '08. It goes from 2.7 in '06 to 1.6 in '07 and zero in '08. I'm assuming that you have a continuing need here. Is that correct, fair to say?

MR. GENIESSE: I think we just showed two years, Gary, because we consider these critical, and so we need to do--

MR. BRUNE: Right.

MR. GENIESSE: --in the next two years.

MR. BRUNE: The general point, John, right--

MR. GENIESSE: Yes.

MR. BRUNE: --is that this is something that doesn't go away.

MR. GENIESSE: Oh, right. Yes.

MR. BRUNE: Okay. So that's why the list, I think, from my standpoint, would help.

On the second one, the command center, is a mention of ADA here. Is there a way that you can tell us, even if it's not here today, how much of this is ADA-related? Because we do have a small pot of money.

MR. McLAUGHLIN: ADA got involved, I guess, just on some of the -- not so much for the command center. It was, we had to do some restroom fittings and stuff like that for there. And the only thing that we had to do related to the modular lab they're putting in, we had to relocate the handicapped

parking, and the railing for the handicapped parking, to the other side of the building to accommodate it. But that was for the modular lab.

MR. BRUNE: So there really is no ADA, okay. That's just a-- Scratch that one.

The critical safety hazards, the same question--

MR. McLAUGHLIN: Oh, I'm sorry. I'm sorry. That's in support of -- assuming we're going to keep that. We'd like to undergo some changes to all the restrooms and the places-- Most of the restrooms in that building are not fully ADA compliant. In fact, they're significantly under fully compliant. We had to make accommodations.

MR. BRUNE: So against the 800,000, are we talking a small amount of money against the total need there?

MR. McLAUGHLIN: I would say yes.

Jenifer.

MS. OSBORN: Yes. And the difficulty is that there's a lot of structural changes that have to be done to that building because of -- so it's not only plumbing and structural. They're typically a higher cost.

MR. BRUNE: The basic question we have is, if you can just, through the Chair, pin down whatever the ADA piece is. You assumed in giving us this detail that you would not get that money from the ADA account that they have, right?

MR. GENIESSE: I think we probably did assume we would get some money from the ADA account, but I think the \$800,000 estimate was in addition to that. I think we were just talking about the ADA supplementing that funding.

MR. BRUNE: Okay. The same kind of question on number three, Ed. I'm assuming a pecking order among critical safety hazards by department, maybe by location, that rationalizes the 850--

MR. JENKINS: Absolutely.

MR. BRUNE: --the same type of list, through the Chair? On the dehumidification projects for the War Memorial, since it's mold related and since we have--

Go ahead, Bernie.

MR. McLAUGHLIN: I think there's a change on that. John was able to go to -- and we've identified funds in the hazardous material account that should be able to cover that.

MR. FASANELLA: Well, I did have, in response to this analysis, I did have a discussion with the staff. And then we will submit a request for that purpose for using the hazardous materials' funding.

MR. BRUNE: Okay.

MR. JENKINS: So that's a very good development, and that's the help from OMB.

MR. BRUNE: Yes, that was my question. Okay.

Just one or two last questions. I want to understand Priority Number 8, which talks about compressed natural gas, talks about a potential catastrophe here if things go poorly at certain facilities. Is this, in fact, a life safety issue -- and I guess I'm asking because it's ranked below, sort of, resurfacing the parking lots?

MR. McLAUGHLIN: I guess Ed Mercer, from our office, could talk about that generally. We've done some things-- It is a life safety issue.

We've addressed a couple of immediate concerns. I think this goes beyond the immediate need.

Ed, do you want to--

**EDWARD MERCER:** I'm sorry, Gary. What is your question, specifically?

MR. BRUNE: On Priority Number 8, compressed natural gas, the leak detection system.

MR. MERCER: Yes.

MR. BRUNE: The supporting information we got quotes -- makes a statement that there could be a potential catastrophe if certain circumstances exist -- a leaking, I think, vehicle comes in the facility. And I guess I'm just questioning the ranking of it. I want to get a sense for the life safety aspects here.

MR. MERCER: If you'll indulge me for a few minutes. I came from the oil and gas industry. I've only been with the State for five years, and I brought this to my Deputy Director's attention. It was a study conducted about six years ago by a consultant, when we started doing the alternative fuel vehicles. I served on the Governor's Task Force for Alternate Fuel Vehicles formed in 1999. And we tried at that time to have some of these measures implemented. You have to remember that the propane and CNG that is in these vehicles is heavier than air. So should there be a leak, the vapors go to the floor. There's an explosive limit, that any spark could actually cause an explosion. Now the entire process that they recommend is very complicated, but the original issue that saves the State, as well as the workers themselves, is to have early leak detection. A simple sensor at floor level in each bay of the garage can



detect that gas presence. And then what you do is, you tie that automatically into opening the doors and turning on ventilation systems to exhaust that, to disperse that explosive atmosphere. Once that happens, you're in a safe condition, you can deal with the leak itself, get the vehicle out of the garage. Saves the State a lot of risk.

MR. BRUNE: Go ahead, Ed.

MR. JENKINS: No. I'm just saying, but-- Your question was, is it life threatening?

MR. BRUNE: Yes, and the relative ranking of it.

MR. JENKINS: Could it be life threatening?

MR. MERCER: In my opinion, it is. In my opinion, it is. None of our facilities -- and I'm currently on a tour, right now, of all the motor vehicles facilities. None of our facilities have spark-proof tools even. Mechanics are responsible to supply their own tools, and there's no impetus for these guys, other than their own safety, to realize that they could be working in a dangerous atmosphere. Even a brake machine, a simple grinder, anything that could throw a spark, if you have that leak -- if you're grinding a tool, it throws a spark into that vapor, and you have a hazard.

MR. BRUNE: I guess my question is -- because we're always in this position in our recent budgets -- we have an extra dollar, would you rather it thrown at this or repairing the parking lots?

MR. McLAUGHLIN: Obviously, we'd rather-- It's kind of a unique situation here, because quite frankly, none of us at this table have any direct responsibility for any of these motor pools. This was brought to us by Ed, going back-- And we're doing this on behalf of the Purchase and Property

Department, and it's probably the right way to spend it. I would put it there. I'd probably put it before a lot of the things on this list.

MR. BRUNE: Okay.

MR. McLAUGHLIN: It was only because it was done, not directly -- this first seven, directly, are the responsibilities of our Department, we were requesting. This is one -- we've identified a problem. We think it should be taken care of, but it's not really up to us to do it.

MR. BRUNE: Just one last quick question on Priority 10, energy projects, gas conversions, where I think you're trying to provide dual fuel oil and gas to three institutions. It talks about a \$300,000 savings at each location, which seems to suggest -- this is now Katzenbach, New Jersey Training School for Boys, and the Trenton Psych. It seems to suggest you'd save about a million dollars a year, and it cost you 2.3 million. I just wanted to test for logic how firm are we on the 300,000? Because energy prices gyrate around. Is this a best guess?

MR. MERCER: Well, that particular site -- this was a three-year proposal, Gary, to do Katzenbach, New Jersey Training School, and Trenton Psych. We have the gas line in the facility of Trenton Psych already. It was just a matter of a tie-in and some burner conversions there. So that would be the easiest one to convert. The gas company is currently working on prices for us to run lines to Katzenbach, on an updated basis. Our last proposal is a few years old. And out at the State Home for Boys at Jamesburg, that particular site, though, is currently looking at an \$800,000 repair bill just to repair the emergency equipment, probably just enough to get them through this next winter.

MR. BRUNE: Well, let me ask it to you this way. Is there something that you could share with us that generated the \$300,000 estimated savings? Is there some analysis that was done? I guess from my standpoint, if we were fairly certain of almost a million-dollar savings -- the cost of locations -- it would seem to be silly not to consider it, because within two or three years, it pays for itself.

MR. McLAUGHLIN: Well, actually, the 2.3, is that going to address all the three buildings, or is this a multi-project?

MR. MERCER: No. That was to address the (indiscernible). The original request, I believe, years ago was 6.5, was it, John?

MR. GENIESSE: Yes. It's a three-year phased request. We would do, probably, one of these locations a year for three years. So it's 2.2.

MR. McLAUGHLIN: So the total cost is actually about 6 million for an annualized 900,000, or so, savings.

MR. MERCER: Right.

MR. BRUNE: All right. Thank you.

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

If not, I want to thank you and your staff for coming today.

MR. JENKINS: Thank you.

MS. MOLNAR: There is no other business, unless someone here wants to raise any other issues? (no response)

If not, our next meeting is Friday, October 8.

Any other comments or questions? (no response)

If not, meeting adjourned.

**(MEETING CONCLUDED)**