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# *Commission Meeting*

of

## NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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**LOCATION:** 33 West State Street  
Trenton, New Jersey

**DATE:** October 26, 2012  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

B. Carol Molnar, Chair  
Anthony F. Annese, Vice Chair  
Senator Steven V. Oroho  
Assemblyman Angel Fuentes  
Assemblyman Declan J. O'Scanlon Jr.  
Steven Petrecca  
Robert Romano  
Beth Schermerhorn



**ALSO PRESENT:**

Thomas J. Solecki  
*Executive Director*

Christopher Emigholz  
*Senate Republican*  
Jerry Traino  
*Assembly Republican*  
*Commission Aides*

***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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(The New Jersey Commission on Capital Budgeting and Planning held a teleconference meeting on October 26, 2012, at 10:00 a.m. Members of the Commission present via teleconference were B. Carol Molnar, Chair; Anthony F. Annese, Vice Chair; Senator Steven V. Oroho; Assemblyman Angel Fuentes; Assemblyman Declan J. O'Scanlon Jr.; Steve Petrecca; Robert Romano; and Beth Schermerhorn.)

**B. CAROL MOLNAR (Chair):** Let's call the meeting to order.

In accordance with the Open Public Meetings Law, the Commission has provided adequate notice of this meeting by giving written notice of the time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail and/or fax to the Trenton *Times* and the *Star-Ledger*, and filed with the Secretary of State.

We will now take a roll call.

MR. SOLECKI (Executive Director): Senator Sarlo. (no response)

Senator Oroho.

SENATOR OROHO: Here.

MR. SOLECKI: Assemblyman Fuentes. (no response)

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Here.

MR. SOLECKI: Deputy State Treasurer Romano.

DEPUTY STATE TREASURER ROMANO: Here.

MR. SOLECKI: Assistant State Treasurer Steven Petrecca.

MR. PETRECCA: Here.

MR. SOLECKI: Governor's Office, Beth Schermerhorn.

MS. SCHERMERHORN: Here.

MR. SOLECKI: Vice Chair Anthony Annese.

MR. ANNESE: Here.

MR. SOLECKI: And Chair Carol Molnar.

MS. MOLNAR: Here.

MR. SOLECKI: I was informed last night that we have a new member coming from the Executive Branch. It's been vacant for a little while now. That gentleman's name is Tom Neff. He's currently working for the Department of Community Affairs. He said he was going to join us today, so he might be calling in at some point during the discussions, but he's not here right now.

That being said, we do have a quorum. We have seven folks on board.

MS. MOLNAR: Perfect.

Okay. I guess, Tom, you have to run the meeting at least for Item 4.

MR. SOLECKI: Yes. I guess we need a motion for the election of a Chair and Vice Chair for this year. Currently that Chair is Carol Molnar and the Vice Chair is Anthony Annese. Certainly they can continue on in those responsibilities.

Does somebody want to make a motion for that?

SENATOR OROHO: I so move. Can we make a motion for both positions at the same time?

MR. SOLECKI: Sure.

SENATOR OROHO: Senator Oroho makes that motion.

ASSEMBLYMAN O'SCANLON: Assemblyman O'Scanlon seconds.

MR. SOLECKI: Okay. How about we take a roll call on that?  
Senator Oroho.

SENATOR OROHO: Yes.

MR. SOLECKI: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SOLECKI: Rob Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SOLECKI: Steve Petrecca.

MR. PETRECCA: Yes.

MR. SOLECKI: Beth Schermerhorn.

MS. SCHERMERHORN: Yes, yes.

MR. SOLECKI: And Anthony Annese and Carol Molnar.

MR. ANNESE: Of course.

MR. SOLECKI: Thank you.

MS. MOLNAR: Yes.

Thank you so much.

MR. SOLECKI: We have approval.

And thank you, again, to the Chair and Vice Chair. Welcome  
to another year.

MS. MOLNAR: Thank you.

Just to give you background, I was appointed to the  
Commission by Governor Kean and then appointed Chair by Christie  
Whitman. So it's been an interesting tenure.

The next item: I would like to nominate Tom Solecki as our  
Executive Director.

Do I hear a second?

MR. ANNESE: Second.

MS. MOLNAR: Okay. We'll take a roll call on that -- roll  
vote.

MR. SOLECKI: Senator Oroho.

SENATOR OROHO: Yes.

MR. SOLECKI: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SOLECKI: Rob Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SOLECKI: Steve Petrecca.

MR. PETRECCA: Yes.

MR. SOLECKI: Beth Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. SOLECKI: Anthony Annese.

MR. ANNESE: Yes.

MR. SOLECKI: And Carol Molnar.

MS. MOLNAR: Yes.

MR. SOLECKI: Thank you.

That leads us to the minutes.

MS. MOLNAR: Minutes, yes.

I'd like to ask for the approval of the minutes of December 2,  
2011; May 29, 2012; and July 11, 2012.

SENATOR OROHO: So moved.

ASSEMBLYMAN O'SCANLON: Second.

MR. ANNESE: Second.

MS. MOLNAR: Okay. We'll take a vote on that -- a roll vote.

MR. SOLECKI: Yes. Before we do, as you make your comments, please introduce yourselves so that our transcriptionist can take those notes.

The gentleman who so moved, I believe, was Senator Oroho.

SENATOR OROHO: Yes, it was. I'm sorry.

MR. SOLECKI: That's okay.

The second was--

MS. MOLNAR: Mr. Annese.

MR. SOLECKI: I'm sorry?

MS. MOLNAR: Was it Mr. Annese who seconded it?

MR. ANNESE: It was two of us at the same time. I was one of them.

MR. SOLECKI: Mr. Annese seconded.

We're going to take a roll call on these three sets of minutes for approval.

Senator Oroho.

SENATOR OROHO: Yes.

MR. SOLECKI: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. SOLECKI: Rob Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. SOLECKI: Steve Petrecca.

MR. PETRECCA: Yes.

MR. SOLECKI: Beth Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. SOLECKI: Mr. Anthony Annese

MR. ANNESE: Yes.

MR. SOLECKI: And Ms. Carol Molnar.

MS. MOLNAR: Yes.

MR. SOLECKI: Thank you.

I think that takes care of all of our actions with elections and minutes.

MS. MOLNAR: Right. Any Executive Director's report other than Tom Neff's appointment?

MR. SOLECKI: That is the only one I've been told about so far.

MS. MOLNAR: Okay. All right, perfect.

All right, so we'll move on to the Fiscal 2014 capital requests. The first one-- We'll go through them one department at a time. If there are any questions we'll discuss them.

MR. SOLECKI: Carol, if we could step back to Item No. 7 on the agenda, it's the Executive Director's report. I think you all have that.

MS. MOLNAR: Yes.

MR. SOLECKI: It's a one-page report that basically tells you what the Commission recommended for Fiscal Year '13 and what ultimately got funded.

Has everyone seen that?

MS. MOLNAR: Yes, it was excellent. It was a good summary.

MR. SOLECKI: We've done some good things. We found funding, or we've awarded funding for about 20 projects; almost half of them were for roofs. And when we started this last year we saw we had significant roof problems.

As we move into Fiscal Year '14, you're going to see some more requests for roofs. But I think we've captured the lion's share of the most urgent ones.

With that being said, if there are no other questions about that--

SENATOR OROHO: This is Senator Oroho. I just have (indiscernible) with respect to the process. I've seen somewhere there wasn't a recommendation but there was a funding amount. Or, I think one situation, I think the report was-- I really appreciate the summarized report.

There was one where the funding amount was over the recommendation amount. What is the process in case there is a project that comes up that just has to be funded?

MR. SOLECKI: I'm glad you asked that question. I don't know that you'll have it in front of you, but what happened with Corrections was, they had asked for \$2.9 million for Northern State Prison to get a roof put on. That request comes to us in November. The budget and the capital budget is not approved until, as you know, June 30. In the meantime, that roof problem became an emergency. So the Department of Corrections was able to find off-budget dollars, Federal dollars, to get that roof taken care of prior to the Fiscal Year '13 capital budget decisions being made. And so given the emergency situation, that's what we had to do. That did free up some funding that they had requested for roofs to allow us to do their next most important roof replacement, which was the Adult Diagnostic Treatment Center.

Also what happened, Senator, is besides that emergency at Corrections, we had an OIT hub roof replacement emergency. The OIT hub is basically the lifeline of the State's IT structures. And we knew we had a leak, but all of a sudden that leak had gotten worse, and we can't have water dripping onto our computers.

I do have Steve Emanuel here with OIT.

But in any event, we had to find funding for that. And as it worked out, for the most part we used that -- the additional funding that we saved on the Corrections roof -- to take care of the OIT hub roof.

To answer your question, really what happened was, these were two emergency problems, and we had the funding available, so we rejiggered -- rejiggered it a little bit, and that's how we got this done.

SENATOR OROHO: Understood.

As part of the statutory requirements, when we make, let's say, the recommendation -- as the Commission makes the recommendation-- And I can't think of the facts of the recommendations from last year specifically. But do we also give the ability for the flexible-- I think it's a good idea, because obviously emergencies happen. But do we give the ability for the Executive Director of the Treasury -- in order to reallocate funding?

MR. SOLECKI: Well, two things: As far as what the Commission recommended last year, that would be -- that's all in this document. So the Commission recommended \$23.1 million.

SENATOR OROHO: Right.

MR. SOLECKI: The Commission is advisory in nature only. They send a recommendation to the Governor and the Legislature, and the

Governor and the Legislature then decide on the best way to fund these projects.

SENATOR OROHO: Understood. Okay.

MR. SOLECKI: Okay?

SENATOR OROHO: I appreciate the explanation.

Thank you.

MR. ANNESE: Tom, I had one follow-up question on the roofs.

This is Tony Annese.

At one time we were talking about having a roofing fund so that we wouldn't have to get bogged down in every meeting discussing roofs. How is that coming along?

MR. SOLECKI: Well, in fact, of the \$23 million that we awarded in capital projects in Fiscal Year '13, about \$6 million of it came from that roofing fund. So normally we probably would have awarded about \$17 million worth of projects. And if we had no roofing fund, we wouldn't have been able to do as many projects.

Where does that roofing fund money come from? It comes from the sale of State surplus of real property. So we had built up a little bit of a balance there, and we decided it was time to use it because we saw we had some urgent roof issues.

I think going forward, we need to keep our eye on what that account is. It's not like we sell a whole lot of State surplus property. But any time we do, we're closely monitoring that and using it for roof projects. That language says not only can you use it for roofs, but you can also use it for life-safety issues and anything that is going to generate energy savings.

Right now, because of all the roof problems, we've designated most of it for these roof projects.

Does that help you?

MR. ANNESE: Very good. Thank you.

MR. SOLECKI: Okay.

MS. MOLNAR: Okay. Are we ready to move on?

MR. SOLECKI: Yes.

MS. MOLNAR: Okay. Let's start the Fiscal 2014 capital requests. Our first department is the Department of Agriculture. You have their priorities in front of you -- one, two, and--

Are there any questions or comments for our staff? (no response)

If not, I will move on to the next department, the Department of Children and Families. It's only one page. They have their priorities one and two listed.

MR. SOLECKI: As you can see, with priority one they have 16 regional schools. And slowly but surely each year we've been giving them some funding to take care of the asbestos abatement to the point where I think they're almost done.

MS. MOLNAR: Okay. Next department is the Department of Education. They have quite a few requests there.

MR. SOLECKI: What we tried to do here is put all of the Katzenbach School for the Deaf-- We've tried to put them all in one record. So it's listed as priority one, but if you read the narrative, we've got several of the priorities all within here so you can get a sense of all the Katzenbach needs. Some of them aren't needed until Fiscal Year '15 or

Fiscal Year '16. A few of them are being requested in Fiscal Year '14. And ultimately maybe the final recommendation will be to fund some of those Fiscal Year '14 requests if we can.

MS. MOLNAR: Okay. Yes, I see. That's very helpful.

Okay. Any questions? (no response)

If not, the Department of Transportation.

I just had one question on priority two. Do we know the age of that building -- that Trenton office complex?

MR. SOLECKI: It's 20 years old. We just recently finished paying off the debt service.

MS. MOLNAR: So in 20 years the HVAC system is obsolete already? Does that sound right?

MR. SOLECKI: We're exploring that. We're not so sure that system is obsolete.

MS. MOLNAR: Okay.

MR. SOLECKI: Motor Vehicles has been asking for this funding for several years now. I think it's more in line -- they need a temperature control system. Some folks complain it's too hot, some folks are complaining it's too cold.

UNIDENTIFIED MEMBER OF COMMISSION: And some are complaining it's just right, right? (laughter)

MR. SOLECKI: It's hard to please everybody. The request itself is only \$350,000. We have an Energy Capital Commission that studies these types of things. I don't think they've had a chance to get over there yet.

MS. MOLNAR: That's helpful. It will be good for them to see it.

MR. SOLECKI: For what it's worth, the Motor Vehicles Commission -- it is off-budget. They rely on their receipts to cover their operations. There's some thinking that perhaps they could use their own resources to pay for this thing if it's that urgently needed, if that helps.

MS. MOLNAR: Yes. Okay, perfect.

Okay. The next department is the Juvenile Justice Commission. They have critical repairs in their priority one, some roof replacements in priority two.

Any questions or comments? (no response)

MR. SOLECKI: Juvenile Justice Commission: The situation with the Juvenile Justice Commission is that they have two sites -- or a couple of sites -- Johnstone and the New Jersey Training School -- with multiple buildings. In the case of the New Jersey Training School, you're talking about 25 buildings. In the case of Johnstone, you're talking about four buildings. These buildings are old so a lot of what they're requesting looks like small capital dollars. Some might even argue it's operational dollars. But I think it's pretty clear. I was out there to see both of these sites again this year, and they've got some chronic operational, maintenance/mini-capital needs. So hopefully we can get them something again this year to take care of that stuff.

As you can also see in their second request, they're looking for some roof money as well.

MS. MOLNAR: Yes. That's very helpful.

Okay. No questions or comments.

We'll move on to Judiciary. Everything is electronic today. It looks like they need some more funds for that.

MR. SOLECKI: Right. And as you can see by what we awarded in Fiscal Year '13 -- and some of the requests we've already looked at so far for Fiscal Year '14 -- a lot of what we're focusing on, and the Commission is focusing on, are life-safety issues -- roofs, HVAC systems.

As much as we'd love to start being able to take care of these other maybe less-important life-safety issues -- maybe they would help operation efficiency and effectiveness, maybe they would save some money--

Judiciary, as you know, is a separate branch of government. Maybe they could use their own resources to take care these types of needs. I can't imagine, given the limited capital resources we have right now, that these are the types of things the Commission is going to want to recommend.

MS. MOLNAR: Okay.

Any questions or comments? (no response)

If not, I will move on to the Department of Law and Public Safety. The number one priority is generators and electrical upgrades.

MR. SOLECKI: They have been asking for this for the last five years.

MS. MOLNAR: Well, in light of the storm that's coming next week, they may need it.

MR. SOLECKI: Yes, I know.

And as you can see in the narrative, they had a shut down, I guess, in February of 2011. We're going to work hard to figure out some way to fund this request this year. These generators are only getting older.

If you look closer at the request, they're really asking for four generators at a cost of \$3.4 million. What they have to have are two major generators for \$2.2 million. So I think it's safe to assume that somewhere within the Commission's capital recommendation for 2014 you're going to see that we're going to try to address this.

MS. MOLNAR: Good. Okay. It's important.

The next Department is the Department of Military and Veteran Affairs.

The only question I had was: What's the Federal match on some of these priorities like one and two? Is it 50 percent?

MR. SOLECKI: Yes, it is. It's a one-for-one match.

MS. MOLNAR: Good. Okay. That's good.

Any questions? (no response)

MR. SOLECKI: The same thing with that boiler replacement out in Morristown. That's been out there for several years. Some how, some way, maybe we can figure out a way to fund it.

MS. MOLNAR: Okay. Any questions or comments from members? (no response)

If not, the last department is the Department of the Treasury, OIT, the hosting infrastructure.

MR. SOLECKI: I'm not so good on non-sticks and bricks issues. (laughter) Fortunately we have experts. We have Hagen Hottmann,

who is the Deputy Chief Technology Officer for Infrastructure Support; and we also have Steve Emanuel.

Steve, welcome aboard.

**E. STEVE EMANUEL:** Thank you.

**MR. SOLECKI:** Would you guys like to say a few words, or do you just want to field questions?

**MR. EMANUEL:** We can field questions.

The basis of the infrastructure request is the fact that as a part of the efficiencies of technology and automation for business uses, there is a significant dependency on having resources available to help put new technologies in place.

We are exploring every opportunity through different environments and different service methodologies for delivery. But the challenge is that we have to begin transitioning a lot of that, and that takes time to actually develop that. And that's kind of the basis of what we're trying to do now to begin to fit out and formalize the ability of--

I've got a fire drill. I'll let Hagen complete that. But the goal is to make sure that we have the resources and the facilities to respond to technology requests -- that we serve to the enterprise.

My apologies. I have to leave.

**MS. MOLNAR:** Okay. Thank you.

**MR. SOLECKI:** Hagen.

**HAGEN HOTTMAN:** Yes, hello.

This is Hagen Hottman, OIT.

So I will continue the comments that Steve was just elaborating.

This is part of an ongoing, rolling five-year plan that we have to continually upgrade, refresh, and expand capacity in the data centers that host the applications that the State uses to run its business. So that's the nature of the business that we're in, and that's why we're coming back to the Capital Commission on an annual basis asking for additional money for the same topic, essentially.

There are other requests in this package as well. A second one was for emergency power equipment at the Hamilton data center. We have three data centers today. That data center was built within the last decade for the purpose of hosting our disaster recovery hosting requirements for the State. And it has the State's two mainframe -- disaster recovery mainframes in it. And it's also being used now for production business, meaning that not just in a disaster. So we have electrical equipment there that was built without redundancy in the initial procurement -- initial build of the building. So we're asking for some emergency backup power there.

There is also a third request, which is for the IBM mainframe -- the State's IBM mainframes. There are two of them. They're at the River Road data center. And I will just make a brief pitch, again, for the State Police request for the generator replacement. That's the building that houses the State's mainframes. So it's very critical that we have backup power there.

That power, by the way-- Those generators are not only used under circumstances like the weather that's pending in the next few days. Those generators actually come on at least once a month, if not more frequently, especially during the summer months when we have thunder

storms and what have you. So it's not just a once-every-year type of event. It's something that is exercised regularly.

In any case, the mainframes are coming to an end of life, and we would like to replace them to be able to continue the service that those mainframes provide to the State.

And then the last request was for a fourth data center, to continue to keep up with the expansion of hosting requirements that the State agencies and their application needs require.

I can answer any questions if you have any.

MS. MOLNAR: Thank you.

Any questions or comments from Commission members? (no response)

Well, thank you very much. I'm glad OIT was here to address those issues.

Is there any other business? (no response)

I will mention our next meeting is November 16. That's another telephonic meeting. And then the debt report and our recommendations will be on December 18. That will be in person in Trenton. So we can all meet each other again.

ASSEMBLYMAN FUENTES: Just for the record, this is Assemblyman Fuentes, and I've been listening for the last five minutes. I apologize for the lateness. But I'm good.

MS. MOLNAR: Okay, good. Thank you for joining.

Any other comments or questions before we end this meeting? (no response)

If not, meeting adjourned.

Thank you for coming.

**(MEETING CONCLUDED)**