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# *Commission Meeting*

of

## NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** October 28, 2005  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

B. Carol Molnar, Chair  
Anthony F. Annese, Vice Chair  
Assemblyman Joseph Cryan  
Assemblyman Guy R. Gregg  
Patrick Brannigan  
Gary Brune  
A.J. Sabath

**ALSO PRESENT:**

George LeBlanc  
(Representing Senator Wayne R. Bryant)  
Rosemary Pramuk  
(Representing Senator Robert E. Littell)  
David Rousseau  
(Representing John E. McCormac)

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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**B. CAROL MOLNAR (Chair):** I'd like to call the meeting to order.

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

We will now take a roll call.

MR. LIHVARCHIK: Senator Littell. (no response)

Senator Bryant. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. LIHVARCHIK: Assemblyman Gregg.

ASSEMBLYMAN GREGG: Here.

MR. LIHVARCHIK: Mr. Rousseau.

MR. ROUSSEAU: Here.

MR. LIHVARCHIK: Mr. Sabath. (no response)

Mr. Brune.

MR. BRUNE: Here.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Here.

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

Mr. Annese.

MR. ANNESE: Here.

MR. LIHVARCHIK: Ms. Molnar.

MS. MOLNAR: Here.

MR. LIHVARCHIK: Madam Chair, you have a quorum.

MS. MOLNAR: Thank you.

Is there any Executive Director's report?

MR. LIHVARCHIK: Yes, there is, Madam Chair. I would like to report that we are starting to get the responses in from the first Commission meeting. There's a packet, that has been distributed to the Commission members, from the DPMC regarding roofs and the other issues that were brought up.

We also received a response to Assemblyman Gregg's question about the insurance. I received that this morning.

So by the next meeting, we'll have your response, Assemblyman.

And the minutes, I have just been informed -- from the first meeting -- should be available within the next few days. So we can distribute them at the next Commission meeting and actually vote on them. And I've also been told that there's a possibility we may have the minutes from the second Commission meeting available, as well. So we're trying to provide the information in a very timely fashion back to the Commission, as we did last year.

And I would like to thank the Office of Legislative Services for their help in getting the minutes to the Commission as quickly as possible.

MS. MOLNAR: Thank you.

Our first department is the Department of Military and Veterans' Affairs. I'd like to welcome Major General Glenn Rieth, and his staff and guests.

Could you introduce your guests, please?

**MAJOR GENERAL GLENN K. RIETH:** Sure.

Major General Glenn Rieth, the Adjutant General; Colonel (Retired) Steve Abel, the Deputy Commissioner for Veterans; and the Assistant Commissioner, Colonel (Retired) Michael Smith.

MS. MOLNAR: Okay.

Do you have a presentation to make?

**MAJOR GENERAL RIETH:** Yes, I do.

Good morning, Madam Chairwoman and Commission members.

It is my pleasure to present you with the Department of Military and Veterans' Affairs Fiscal Year '07 capital improvement plan. This plan is in keeping with my vision of providing state-of-the-art facilities to meet the mission requirements and to enhance the readiness of our National Guard, while maintaining the best possible services so richly deserved by our New Jersey veterans.

I must point out the extensive commitment New Jersey guardsmen and their families have made in our nation's fight in this global war on terrorism. It is imperative that this State and this Department is always vigilant in ensuring their needs are met.

This capital plan is focused on six projects totaling \$5.6 million. That addresses our most critical concerns.

The first priority request of \$2.3 million is for roof replacements at the Cape May, Sea Girt, Teaneck, Washington, and West Orange armories, as well as the roof at the Doyle Cemetery chapel and the Veterans Haven facility in Ancora. These roofs have greatly exceeded their

original 20-year life cycle and are in a serious state of disrepair. The leaking roofs directly contribute to uninhabitable space and structural damage. We have also identified a multiyear program to repair roofs at 40 facilities. Roof replacement, wherever feasible, will convert existing flat rubber roofs to 50-year sloped metal roofs. The Commission has supported this urgent roof repair initiative in previous budget submittals.

Unfortunately, the roofs continue to deteriorate. Federal funding will pay for 75 percent of the construction of a sloped metal roof that replaces an existing flat roof at armories.

Priority 2 requests \$590,000 to provide funding for fire/life safety concerns. This is a continuation of our multi-year initiative to correct various code violations and to ensure our facilities are in compliance with all fire/life safety codes and standards. It includes the installation and upgrades of fire suppression systems at the five remaining National Guard armories. This State funding will be matched with \$1.7 million of Federal funding. Failure to fund these important projects restricts our ability to support deployed soldiers' spouses and children, as well as affecting armory use by the local community for events.

Priority 3 is for \$400,000 to fund emergency power generation at four strategic National Guard armories. Our ability for continued command and control, along with an operational base during emergencies, will allow us to timely respond to homeland security and terrorism, and natural disasters. This \$400,000 represents 25 percent of the State share to complete this project.

Priority 4, in the amount of \$850,000, addresses the force protection enhancement for the Lawrenceville Campus, consisting of the

New Jersey Department of Military and Veterans' Affairs headquarters, our Homeland Security Center of Excellence, Department of Transportation Motor Pool, the 50th Brigade Armory and Vehicle Maintenance Facility. These key facilities to our homeland defense and command structure will receive site improvements for perimeter security, controlled entry, standoff distances, and guardhouse.

Priority 5 is for \$1 million, which would allow for much-needed paving and sidewalk repairs at 26 facilities statewide. The New Jersey Department of Transportation completed a detailed survey of all our facilities with a recommended corrective action plan. This also requires multi-year funding support. The Federal government would contribute to 50 percent of the cost.

Priority 6, for \$500,000, is the 50 percent State share to repair drill floors, restrooms, and kitchens at 11 of our unit armories.

As always, we appreciate your continued support in helping us implement an effective, long-range capital plan that meets the needs of your National Guard and provides those critical services and programs so richly deserved by New Jersey's citizens and veterans.

I would now like to bring you up to date on various projects that have been initiated or completed.

First and foremost, I would like to report a temporary certificate of occupancy was issued in September '05 for the new Vineland Veterans Home. The home is currently undergoing acceptance inspections by the Veterans' Administration and Health and Human Services. It is anticipated the first residents will be moving in within the next month. The photos below, and on the next page, show the facility.

At the Doyle Cemetery, we have been moving forward with the United States Department of VA in completing various projects as identified in our master plan. A \$6.1 million project to construct a new 13,000 square foot admin/maintenance building is underway and is expected to be completed next summer.

A \$1.6 million project to construct 1,680 above-ground columbarium niches and 1,449 in-ground cremains burial sites was completed in the Fall of '04. The photo below shows the completed columbarium. These 100 percent federally funded projects will greatly improve the productivity and the efficiency of interment operations. The Doyle Cemetery is the busiest State-run veterans' cemetery in the nation, with an average of over 2,600 interments per year.

Another project we are proud to have completed is the installation of a solar energy generation system at our Joint Training and Training Technology Development Center at Fort Dix. This 181kw solar electric system, one of the largest military-owned solar projects in the state, generates the equivalent electricity during the daylight to power over 150 homes. This project was initiated to comply with Federal Executive Order 13148, Greening the Government, and was completed in partnership with the National Guard Bureau and the New Jersey Board of Public Utilities.

Roof replacements are underway at the Atlantic City and Toms River armories. The photo below shows the extensive water damage to the Atlantic City truss system.

Asbestos abatement projects were completed at 12 locations to include: Dover, Freehold, Riverdale, and Hammonton armories. A new standby emergency generator system was installed at our Joint Force

Headquarters at Fort Dix. Boiler replacements were completed at Freehold, Morristown, Riverdale, and West Orange.

A new fire alarm system was installed at the Joint Training and Training Technology Development Center at Fort Dix.

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

With over 200 structures, at an average age of 58 years old, we remain the fourth largest department in total assets, and the third largest in total buildings.

With a veteran population ranked as the ninth largest in the nation, and the oldest, it is imperative to have quality facilities, affordable for their care and well-being.

During the past year, over 1,300 New Jersey National Guardsmen responded to various domestic and civil support missions. This included community outreach programs for our homeless veterans, the support of Code Orange alerts, and Hurricanes Katrina and Rita relief efforts.

Specifically, over 350 soldiers and airmen provided security, civil engineering, and movement control operations in New Orleans and surrounding areas. They returned to New Jersey on Wednesday, 26 October.

New Jersey is also continuing to support Operation Iraqi Freedom, with over 1,500 soldiers and airmen currently in Iraq, and over 300 soldiers and airmen deployed in support of Operation Enduring

Freedom in Europe. More than 360 guardsmen are being mobilized for duty in Afghanistan. We also continue to support Operation Noble Eagle, with 30 soldiers deployed for installation security in New Jersey.

We are providing security at the nuclear power plants at Salem-Hope and Oyster Creek. During the past two years, deployments included Iraq, Turkey, Egypt, France, Germany, Spain, Diego Garcia, Qatar, Iceland, Uzbekistan, and Afghanistan.

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

I trust you can see, from the photos we have included, the capital funding made available to us has been put to good use. I thank you for the opportunity to make this presentation. My staff and I are prepared to answer any questions you may have.

MS. MOLNAR: Thank you, General.

Any questions or comments?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thank you.

And thank you for your always comprehensive report. I think members of the Commission always appreciate getting an update, in terms of what's going on. It's something I wish every department did.

My question is really more broad, in terms of the first three priorities, where there's Federal dollars for matches. I think the first one is

50 to 75 percent, if I saw in the backup. The second one is, one of them is 80 percent, or whatever it is.

Can you-- Are we under time lines there, General, in terms of when you need that money appropriated in order to have the Federal matching grants? And are the grants all matching, or are they stand-alone?

MAJOR GENERAL RIETH: All of the grants are matching with Federal dollars for the armories. The only 100 percent State fund would be to the Ancora Vets Haven facility for that new roof.

ASSEMBLYMAN CRYAN: Okay.

MAJOR GENERAL RIETH: But all of the other armories out in the communities--

ASSEMBLYMAN CRYAN: So you need the dollars appropriated in order to gain the Federal dollars, as well.

MAJOR GENERAL RIETH: Yes, sir.

ASSEMBLYMAN CRYAN: And are we under any time line considerations here with Priorities 1, 2, or 3?

MAJOR GENERAL RIETH: Right now, we have the Federal dollars.

ASSEMBLYMAN CRYAN: All right. So you--

MAJOR GENERAL RIETH: The Feds have given us the money. We just need the State dollars to be able to match them to go forward with our contracts.

ASSEMBLYMAN CRYAN: So you're ready to go when we get going.

MAJOR GENERAL RIETH: We are ready to go.

ASSEMBLYMAN CRYAN: Thank you, General.

MS. MOLNAR: Any other questions or comments?

Mr. Lihvarcik.

MR. LIHVARIK: Good morning, General.

A question I have is regarding Priority 1, the roof replacements. Through the Chair, could you provide a listing of the most critical needs along with what the cost would be?

MAJOR GENERAL RIETH: We've got that prepared for you. In fact, all of the questions you identified to us, we've got responses to. And we're going to pass them out right now.

MR. LIHVARIK: Thank you. That's a first. (laughter)  
Thank you very much.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Good morning, General.

Could you flush out, a little bit, this process of replacing a flat roof with a sloped roof? I understand problems with flat roofs, but I'm unfamiliar with this metal slope roof you're going to be replacing it with.

MAJOR GENERAL RIETH: Yes, sir.

We've started the process over the last couple of years. Most of these armories were built 30, 40, 50, 60 years ago -- pure flat roofs. We have not had good luck over the years trying to repair them. So we've gone to a sloped metal roof. I've got an installation guy here that can go into the specifics. But, basically, it's just putting a slope on the roof and making it into a metal roof with a 50-year life.

MR. ANNESE: Do you have experience with this particular type of change?

MAJOR GENERAL RIETH: Yes, sir. We've got West Trenton, Mount Holly. We probably have at least a half-dozen facilities where we've put on the sloped metal roofs. And we've had great success.

MR. ANNESE: Thank you.

MAJOR GENERAL RIETH: Yes, sir.

MS. MOLNAR: Any other questions or comments?

Mr. Brannigan.

MR. BRANNIGAN: General, your Priority 3, emergency generators-- Would all armories throughout the state have emergency generators, or would this just be some of the more strategic?

MAJOR GENERAL RIETH: We've currently, to date, identified our most -- our four most critical armories, where we have our guard forces that are aligned with the New Jersey State Police in Somerset, Atlantic City, West Orange, and at Fort Dix. Those facilities are completed. These follow on our strategically located facilities: Jersey City, Teaneck, obviously up in the highly -- densely populated part of the state; and down in Vineland to give us a South Jersey presence.

Our goal, as time goes on, is to have all of our facilities with backup generation for the community. Because the armory would be a collection point. And it is the center of gravity for our operations out into the community.

MR. BRANNIGAN: I would think, with our experience recently with Hurricanes Katrina, Rita, and other potential disasters, and the need to have a facility that could be a catchment area, short-term and long-term, that we should consider expediting the placement of generators

in all of your facilities so that they would be available during a man-made or natural disaster.

MAJOR GENERAL RIETH: Yes, sir.

MS. MOLNAR: Assemblyman Gregg.

ASSEMBLYMAN GREGG: Thank you, Madam Chair.

And welcome, General.

My question reflects Priority 4 on the enhanced security for that specific armory in Lawrenceville.

Could you explain to the committee what the term *force protection standards* means?

MAJOR GENERAL RIETH: Yes, sir.

Our Lawrenceville campus -- and I'll call it a campus because it's our State headquarters -- Department of Military and Veterans' Affairs State building. It's our headquarters for the 50th Brigade, which is our biggest troop formation, along with our Homeland Security Center of Excellence, which is our center of gravity for-- All of our state operations are housed in Lawrenceville.

What the force protection will allow us to do is to secure that facility with a perimeter fence, a guardhouse, and to ensure that it's properly secured for any kind of intrusion.

ASSEMBLYMAN GREGG: And as it relates to the funding-- When we talk about the matching funds for all of these programs, are these matching funds from different Federal programs? Are they all Homeland Security money? Or is any of it Homeland Security money?

MAJOR GENERAL RIETH: Some is Homeland Security money, some is DOD, funneled down through the National Guard Bureau -

- Department of the Army. The vast majority -- and correct me if I'm wrong -- is Homeland Security or Department of Defense dollars.

ASSEMBLYMAN GREGG: And by being Homeland Security money from the Federal government, does that preclude the State from using its own Homeland Security money to provide the other part or portion of the dollars?

MAJOR GENERAL RIETH: No, sir. I mean, what we're looking to do, again, is to leverage the Federal dollars and get the most out of the Feds, and then supplement it with the State dollars to round out the project.

ASSEMBLYMAN GREGG: Thank you.

MS. MOLNAR: Any other questions?

Gary Brune.

MR. BRUNE: Just to follow up on the Assemblyman's question on Priority 4. The item you just handed out to us--

MAJOR GENERAL RIETH: Yes.

MR. BRUNE: --indicates it did not previously qualify for Homeland Security grant funding. I'm assuming you're-- I guess the question would be, why is that? And are you referring to both the State and the Federal Homeland Security money, that it didn't qualify for?

MAJOR GENERAL RIETH: What we have tried to do is to maximize Federal grants through the Homeland Security before we come in front of the Capital Commission asking for dollars. To date, we have not been successful in that process. We've got a grant writer. I mean, we continually look for Homeland Security grant money, whether it be from

Homeland Security or Department of Defense, to maximize those Federal dollars.

MR. BRUNE: So it's not a technical reason. It's just that it hasn't risen up yet among the lists that exist.

MAJOR GENERAL RIETH: Correct. No, no, there's absolutely not a technical reason. I assume it's just, again, the pecking order and how they're dispersing that money.

MR. BRUNE: Because there seems to be a wide array of percentages that the Federal government -- particularly in the DOD area -- match, ranging from 50 to 25-- Is there a comprehensive list of what they -- what the ground rules are at the Federal level for what they match, that you could provide, through the Chair?

MAJOR GENERAL RIETH: Sure.

MR. BRUNE: That would be helpful.

MAJOR GENERAL RIETH: On a Federal installation, it's 100 percent. And then, depending on the size of the troop formation in the armory, then that's how the percentage is further delineated to State/Federal funding.

MR. BRUNE: And on the roofs, it seems to be -- the type of roof you're putting on might have a bearing on what reimbursement you get back.

MAJOR GENERAL RIETH: Yes. A slope is 75, flat is 50.

MR. BRUNE: Okay.

One last question for you. You mentioned, in the item you just handed out, Veterans Haven. And it wasn't on our previous list. Is that also in need of roof replacement?

MAJOR GENERAL RIETH: Veterans Haven is a transitional veterans' program that we run within the Department of Military and Veterans' Affairs. And it is a 100 percent State program. We have been very aggressive in obtaining grant money for the building at Ancora. We just put in new windows, new bathrooms, new electrical systems, teaming with the veterans' community and grant money. But as far as the roof goes, that would be 100 percent State dollars to put that roof on.

MR. BRUNE: Thank you.

MS. MOLNAR: Mr. Lihvarcik.

MR. LIHVARCHIK: I was so taken aback by you having these remarks prepared that you stomped me, and I forgot my second question that I had. (laughter)

MAJOR GENERAL RIETH: That was our intent.

MR. LIHVARCHIK: That was on Priority No. 5, where DOT has done a study on your infrastructure roads and approaches. Are you going to enter into a cost-sharing agreement with them to do the work?

MAJOR GENERAL RIETH: I've been told that we're working with the Department of Transportation, and that we'll work through their contractors. And where we can use their internal assets, resources, we will. I mean, we're teamed and partnered with them. They've done the surveys for us. And we'll ensure that we go about this process in a smart way.

MR. LIHVARCHIK: Very good.

Thank you.

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

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

MAJOR GENERAL RIETH: Thank you very much.

MS. MOLNAR: Our next department is the Judiciary. I'd like to welcome Honorable Judge Philip Carchman.

Good morning.

**PHILIP S. CARCHMAN, J.A.D.:** Good morning.

I'm going to try and do the best I can. I have a cold, and I'm sure I'll make it through. But I would just ask the indulgence of the committee.

Before I start, I would like to introduce those sitting at the table with me who will assist. To my immediate right is Ted Fetter, who is the Deputy Director of the Administrative Office of the Courts. To his right is Chris Higgins, who I'm sure you all know, who is the Director of the Office of Management and Administrative Services. And immediately behind Chris is Lisa Mollica, who is an Assistant Director in the Office of Information Technology and heads our application development program.

I am pleased to be with you again this year, as you consider the capital budget for Fiscal Year 2007 budget cycle. Our request this year covers four projects in information technology, requiring \$20.6 million in capital funds in the coming fiscal year, and one facilities project requiring \$.8 million.

The Judiciary's request this year reflects our continued efforts to implement the projects described in the Judiciary's Strategic Plan for Information Technology, initially prepared in 2001, and then again updated in 2003. We developed this Strategic Plan to keep pace with the needs and

demands of court users. We must be vigilant to ensure each milestone is met, and capital funding is critical to that progress. We also request funding for facilities upgrades to address critical health, safety, and space needs. I will briefly outline the highlights of our request, beginning with information technology.

We require capital funding to advance the goals of the strategic plan at a satisfactory level. We acknowledge the past assistance of the Legislature in helping us to meet these goals. And in 2002, the Legislature and Governor approved a series of filing fee increases that have funded a Judiciary Technology Improvement Fund. That Fund provides a reliable source of funding that is welcome, but it is not sufficient. We have said, ever since 2002, that the Fund is essential but not enough to fully fund the strategic plan. We also recognize that, in 2004, the Legislature and Governor approved an increase in municipal court fees that have adequately funded the municipal court projects. But we cannot divert funds from the municipal fees to meet the needs of the rest of the court system. And the filing fee revenue is just not enough.

In information technology, those with whom the Judiciary interacts and exchanges information are waiting for us to offer modern, up-to-date service. We no longer can delay building the necessary infrastructure to meet these needs. The projects I will outline for you are key components of the Strategic Plan I identified a moment ago.

We are operating the nation's finest court system. Our preeminence is based in part on our being a single, unified, statewide entity. We have statewide information systems and networks, with information reported and recorded in statewide databases on cases, jurors, payments

made, and fines and fees owed. When we update these systems, the updates are available to all the vicinages, all the judges and staff who use those systems. This is an efficient and effective use of our technology.

I need not persuade you of the importance of an effective IT structure in the Judiciary. All of our staff, and thousands of users in law enforcement, social services, attorneys' offices, and other agencies need access to accurate and current information on court cases. They need effective and timely office software, and they need the assurance that the systems will be maintained and supported for the long term. Every day, our 20,000 users conduct some three million transactions. It is these users, and the work they do, that drive our request for funds to update our IT systems, and bring us before you today.

The first of the four projects we present for funding in the next capital budget is the conversion of our database and data communications software from an outdated system, called IDMS, to DB2, a modern system that supports the latest development platforms, including Java and Web-enabled data warehousing. Because of the two funding sources I have mentioned, we have just recently moved our huge traffic case system to the new system, and we will soon convert the large civil system as well. However, we require State funds to effect the conversion for family, criminal, and probation cases, and to continue the support of our integration with Executive Branch systems.

These conversions must take place as soon as possible. Our customers are waiting. Once the databases are converted, we can Web-enable them, upgrade them, and introduce new functions that cannot be performed by the old technology. Many law offices, Executive Branch

agencies, and citizens using the Internet are waiting for us to provide electronic access to appropriate court information in a helpful, user-friendly form.

The second project calls for a regular cycle of upgrading office automation equipment and local area network technology. The strategic plan indicates a four-year replacement cycle, one year longer than most, but we have not been able to maintain even that. A significant percentage of court staff and judges are using 6-year-old systems. As you know, six years is the equivalent of six generations in desktop technology. Software developers today are designing tools that will not operate on an antiquated system. Allow me to define *antiquated*. Windows 95, Windows 98, and yes, our Windows 2000 operating systems are fading into antiquity, as more of our system users and software developers upgrade to Windows XP. We must upgrade our office automation or risk falling behind and losing support from vendors.

The third project is electronic filing and document management. Historically, the New Jersey court system has been a leader in the IT field. Electronic filing has proven its value in our Special Civil Part courts. We are achieving efficiencies, providing better customer service, and, in the future, see this as an opportunity to reallocate our resources by transmitting documents electronically and establishing a modern, digital record-keeping system. Our mass tort cases -- for example, the pending Vioxx matter in Atlantic City -- and other significant cases rely on electronic transmission of documents and papers.

We are poised to do more and cannot fall behind, but we are at risk. Unfortunately, we have been compared unfavorably to the Federal

courts in New Jersey and around the nation where, with just a few exceptions, e-filing is offered in all civil and criminal cases, and is required in bankruptcy cases. Lawyers and litigants are waiting for us to offer modern technology in this field.

We must invest in e-filing. From that investment we'll develop greater efficiencies for the courts, attorneys, and their clients, and for State government, as well. One obvious savings of the future will be a reduction of the mountains of official court records stored in expensive warehouses or crowded storage space, and even hallways in our courthouses. Electronic filing and document management is a solution to our records storage problems. Records will be available electronically, much more quickly and accurately, and ultimately at less cost.

And finally, the fourth project enables the data center to provide the processing capacity required, ensuring ongoing operations and meeting the growing demand for new technology applications. The developmental projects outlined in project one, including Web-enabling and e-government initiatives, demand increased technical capacity and infrastructure. Our data center must continue to be upgraded to keep pace with the growing technology requirements of the courts and our citizens.

I turn, now, to facility upgrades. We have included in our request an amount of \$825,000 for upgrade of furnishings in the Hughes Justice Complex in Trenton. The Judiciary took occupancy of the Justice Complex in 1982, and some of the furniture and partitions provided as part of the occupancy have not been changed since. These components utilize more space than is necessary with modern systems and, more importantly, present health and safety concerns due to splintered wood and fabric panels

holding dust and dirt accumulations of over two decades. Repair and replacement parts are no longer manufactured. In those instances where we have been able to install new systems furniture and office landscaping, we have been able to make better use of the space, thus minimizing the need for additional leased space for operations. Funding of this request will enable us to overcome these health and safety factors, and continue to maintain our Judiciary functions within the Justice Complex.

I thank you all for your consideration of our requests, and now stand ready to respond to any inquiries you may have.

MS. MOLNAR: Thank you, your honor.

I want to thank you for running a great court system, even though we're not totally electronic.

I had one question. What is the stability of electronic record retention over the years, when we have to continue holding records?

JUDGE CARCHMAN: I'm sorry, I missed the question.

MS. MOLNAR: What is the stability of electronic record retention, since you will have to retain records electronically?

JUDGE CARCHMAN: We're confident that there is stability in the retention of these records. They are backed up. And I'm confident that will not prove to be a problem in the future.

Lisa, do you want to add to that?

**L I S A M O L L I C A:** We continue to also follow the national standards with regard to digital data retention, and are compliant with Federal standards in that area. So we're confident that as we move forward, our digital record will continue to be preserved.

MS. MOLNAR: Thank you.

Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Thank you, Madam Chair.

Just a more broad set of questioning as it relates to your technology. We seem, in the State, to have all sorts of new technology needs. And we're beginning to see that the life expectancy of a lot of this equipment is not what we had hoped and dreamed, or what its predecessor actually was in the more mechanical world. And I think that that will also have something to do with the way we address the capital needs, because if they really only have a life expectancy of four or five years, we're really going to have to start looking at it differently.

The first question is, since virtually every department, one way or the other, is talking about technological needs as they come in front of this committee, are all of these technologies, at some point, going to be able to talk to each other, simply stated?

JUDGE CARCHMAN: They do, now, in good measure. We communicate with the Executive Branch. Law enforcement utilizes our systems at present. I actually came before this committee last year and described that in some detail. We do communicate. Nevertheless, we still must maintain a Judiciary technical infrastructure, because there are systems that are necessary and unique to the Judiciary.

Again, I'm going to call on Lisa to amplify that.

MS. MOLLICA: Much of the new technology that's emerging and being used throughout the Judiciary and other State agencies today is specifically designed and architected to facilitate exchange of data. The movement in the industry, and what the Judiciary is attempting to move

towards, is what are considered standards -- open standards -- which means that the manner in which we store our data does not immediately impact others' ability to access or retrieve it.

So we have demonstrated the ability to use the technology to do that, as Judge Carchman just indicated, with regard to our communications, currently, with the police and, to some extent, with the Motor Vehicle Commission. But our movement towards new technology -- away from the technologies we have today -- will, in fact, give us greater ability to do just that.

ASSEMBLYMAN GREGG: Through the Chair, when you go out for a bid or to find the folks who would do this for you, is there any-- Do you do that in conjunction with anybody else, as far as the IT folks from the State of New Jersey, so the kind of people you're doing business with are the same kind of people that the other departments are going to be doing business with?

JUDGE CARCHMAN: Yes, we do.

MS. MOLLICA: We absolutely do collaborate on a regular basis, not only with representatives of the other State agencies and the Executive Branch telecommunications offices, but we also use the services of industry experts. Gartner is probably one of the most predominant ones. And we count on, and rely on, their services regularly for advice and collaboration on how the industry is moving.

ASSEMBLYMAN GREGG: And thirdly, do you now, or have-- There are a lot of companies, now, that are getting into retention of records. And they are going into the local municipalities, I know, and county municipalities, and offering a computer service to retain their records where

you'll have no potential loss of records, because they keep a copy of them in their business, as well as you get your local access to it. It's a fee-based program. And, ultimately, that great magic fear of technology loss, through years, never happens, because they're the ones who have to pay for the upgrades for the new computers.

Do we do that now, presently? And are we looking at using some of these new services as the world changes?

MS. MOLLICA: At this present moment, we do not. We retain the records at our data center and employ private agencies with regard to backup. But in our electronic filing arena, as the Judge spoke, we have great need. That would certainly be one of our main considerations -- is using an arrangement that you just described.

JUDGE CARCHMAN: Record retention is a matter of significant concern to us. I think the Chair's inquiry was directed to that. We have certain requirements. We must retain records for 20 years in some instances. In other instances, forever. So we are very much focused on record retention.

One of the reasons that we're coming before you today is that the records that we are now retaining are paper records. We lease warehouse space. This is just-- This room would be a drop in the bucket for capacity. And what we are able to do, assuming you assist us with funding, is to utilize electronic storage. And, ultimately, that will be a significant savings for us.

ASSEMBLYMAN GREGG: Through the Chair, that's exactly why I brought up the other options. I think too often in government, we're 10 years behind the private sector. And the private sector is quite

comfortable in selling us their old stuff. And that is not, necessarily, where we want to be -- that these companies come in, and they will come in, to your miles and miles of paper. They will do the work, you won't have to do the work, you won't have to bring in individuals to do that at, probably, a higher rate of pay -- I'm just guessing. And ultimately, magically, all those records would be in another place.

The other question I was going to ask -- and I guess it isn't (indiscernible) -- but I imagine it is legal for us to outsource this today. Is that true?

JUDGE CARCHMAN: Yes.

Everyone is shaking, yes.

ASSEMBLYMAN GREGG: Well, you never know. That would have been my next question -- to make sure you can do it. Because the State, sometimes, tries to get in the way of doing things. So I would urge you to consider looking at that. And, certainly, we should be looking at it as a committee, here, to see if it can be done, actually, faster and less expensive.

JUDGE CARCHMAN: We actually outsource microfilm records now. That creates huge labor issues, and it's labor intensive. It's costly.

One of the advantages of electronic record keeping is the entry of the electronic records creates the storage. With what we are doing now with microfilming and so forth, it means transferring records, going through a very elaborate and expensive process to retain records. That's what we're trying to avoid.

ASSEMBLYMAN GREGG: I thank you.

Thank you, Madam Chair.

MS. MOLNAR: I just had one question. Could you refresh my memory? In addition to fees, does the Judiciary receive funds from the county governments?

JUDGE CARCHMAN: For?

MS. MOLNAR: To run the court system and all?

JUDGE CARCHMAN: No, the only county responsibility is facility responsibility, in terms of the building, and to provide security in the buildings. The rest is funded by the State.

MS. MOLNAR: Thank you.

Any other questions or comments?

Mr. Brune.

MR. BRUNE: Just to follow up on the Assemblyman's question. Do we know the value of the warehouses that we're -- I'm assuming we're renting? I guess the reason I'm asking is-- If there's a cost benefit analysis that's been done, I guess the question would be, do we no longer need those warehouses at some point if we converted to electronic?

**C H R I S T I N A P. H I G G I N S:** At this point, the hard copy records that we're seeking to transfer to microfilm are both at the county level and some, centrally, on Jersey Street. And we have a lease, through Treasury, for that warehouse on Jersey Street. There will be continued need for that Jersey Street site until we have successfully converted to e-filing, because as more records build up in the county, it has to go somewhere.

So the answer is, long-term, perhaps. But I don't know how quickly that can be accomplished.

JUDGE CARCHMAN: This is not a short-term-- We are not talking about a short-term fix. We are talking about instituting a program that, over time, will effectuate substantial savings. But it is not-- We're not talking about this fiscal year or the next fiscal year. Once we convert into electronic, the record keeping starts to -- the physical record keeping diminishes over time.

I will tell you, I've had the opportunity in the past year to visit 19 of our 21 counties. And it is remarkable to see records stored in hallways and whatever until they can be shipped out into warehouses. That, hopefully, in the future, will be eliminated.

MR. BRUNE: Just so I understand, the system will handle your prospective needs. But for all the paper that's sitting in the warehouses today, is the idea that at some point, somebody would come in and convert them over so then you get out of the warehouse?

JUDGE CARCHMAN: We're presently in the process of, as I described for the Assemblyman, the microfilming process for record retention and eliminating some of these records. Some of these records, over a period of time -- and I'm talking years -- are actually destroyed. But the records are accumulating at a significant rate.

MR. BRUNE: Okay.

Just one other quick question. You mentioned in your testimony that the civil system has been converted, with reference to Priority No. 1. Could you just tell us how much that cost and how it was funded?

MS. MOLLICA: The civil application is soon to be converted. We're scheduled to deliver that in January. We just completed the

municipal system conversion. And the civil system is going to cost about \$5.5 million. And it was done through a combination of contractor use and in-house staff.

MR. BRUNE: Thank you.

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

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

JUDGE CARCHMAN: And I thank you and thank the committee for your (indiscernible).

MS. MOLNAR: Our next department is the Department of Human Services. I'd like to welcome Assistant Commissioner Jacob Eapen and Deputy Commissioner Theresa Wilson.

**A S S I S T A N T C O M M I S S I O N E R J A C O B E A P E N:**  
Good morning, Madam Chair and members of the New Jersey Commission on Capital Budgeting and Planning.

I'm pleased to have this opportunity to appear before you in order to present the Department of Human Services' Fiscal Year 2007 capital budget request.

Seated with me today is Deputy Commissioner Terri Wilson. On my right is Jim Zapicchi, from the Office of Budget Planning, and on the far right, Mark Londregan, the project lead for SACWIS project.

Let me begin by saying that the Department of Human Services appreciates all that we have been able to accomplish with the assistance and support of this Commission and the staff at OMB.

As the social service agency for the State, the Department serves about a million of our most needy residents. And our annual requests for capital funding are based on the need to serve these people to the best of our ability, as well as our commitment to certain principles and goals.

We must also make sure that our consumers are safe whenever they are visiting or residing in any of our facilities. We are also concerned about meeting the basic needs of the residents of the five hospitals and seven development centers that we administer and where we provide 24-hour residential care.

In addition, we must be certain that the Department and its facilities are in compliance with all the applicable regulatory standards, including building codes, fire codes, Federal laws and regulations, and accreditation standards. Each year, our requests exceed the amount of funding that is available to be appropriated to complete them.

Based on your past recommended appropriations, this year we have completed several major capital projects and made substantial headway in a number of others.

In Fiscal Year 2005, we have completed renovation of the food service building, and replaced the roofs on eight buildings at the New Lisbon Developmental Center, which is administered by the Division of Developmental Disabilities in New Lisbon, Burlington County; installed a new roof on the Cape May County Regional School, which is administered by the Office of Education in Cape May Court House, Cape May County; replaced the high voltage feeder at Woodbridge Developmental Center, which is administered by the Division of Developmental Disabilities, in

Woodbridge, Middlesex County; completed classroom additions at the Atlantic County, Camden County, and Cape May County Regional Schools -- which is administered by the Office of Education -- in Cardiff, Atlantic County; Cherry Hill, Camden County; and Cape May Court House, Cape May County. We have continued to upgrade all our facilities, making them both ADA compliant and as environmentally fit as possible. Our projects include cleaning up hazardous material and remediation of underground fuel storage tanks.

In addition, we continue to move forward on a number of other projects that have been made possible through funding during the year FY 2006.

With this funding we are continuing to develop the Statewide Automated Child Welfare Information System, otherwise called SACWIS system, for the Office of Children Services; continuing the ongoing HVAC improvement project at the Vineland Developmental Center in Vineland, Cumberland County; and designing a connection from the wastewater treatment plant at Ancora Psychiatric Hospital in Winslow Township, Camden County, to the wastewater treatment system operated by the Camden County Municipal Utilities Authority.

As you know, our requests carry forward each year. While they continue to be extensive, you can see that each year we have made substantial progress.

As we look at FY 2007, the Department once again has a number of projects for which it is requesting funding. I know that you have received detailed information for all these projects.

This morning, I would like to take a few minutes to review the projects that we believe are the most critical. Following that, I would be happy to discuss aspects of any individual project.

At the top of our list is a request for the fifth year of funding for the continuation of the SACWIS system. This system will give us the critical ability to track, analyze, and manage the cases of the children in our child welfare system. This system has become even more important over the past year, as we have begun to implement an extensive Child Welfare Reform Plan.

This plan, which grew out of a settlement in the lawsuit filed against the Division of Youth and Family Services, was approved by the Federal court judge in June 2004, and will take three to five years for the full implementation. SACWIS is one of the keys to the new child welfare system that we are working to create.

As I believe you are aware from the previous years, New Jersey is one of the last states in the country to implement this federally mandated, state-of-the-art information system. To date, we have approved a total of \$22.8 million to begin implementing the SACWIS system. This funding has been matched by an equal amount from the Federal government, for a total of \$45.6 million.

This year, we are requesting an additional \$10 million. As before, this amount will be matched by an equal amount of Federal funding, making a total of \$20 million available to us. This will bring the Federal and State investments in this project to \$65.6 million, or slightly more than 90 percent of the \$70.4 million the system is expected to cost by the time it is complete.

While SACWIS is the Department's highest priority, the preservation of our infrastructure is also very important. Thirteen of the top 25 items on our project request list are intended to help us meet that goal. We are requesting a total of \$54.7 million for these 13 projects. All are for long-needed improvements to, or replacements of, HVAC, electrical, and roofing systems in our facilities.

Many of our facilities were built in the early years of the 20th century. These structures, by now, are aged and are in need of critical repair. Our most pressing need is to connect the wastewater treatment plant at Ancora Psychiatric Hospital in Winslow Township to the wastewater system operated by the Camden County Municipal Utilities Authority, also called CCMUA.

As I mentioned a few minutes back, we have been able to begin the design of this connection as a result of the funding we received in this year's budget. This is only the first step of a larger project.

Just to review, as you may remember from last year's testimony, the hospital's infiltration lagoon system has failed, and a feasibility study has led us to conclude that the most reliable and cost-effective solution is to connect the wastewater treatment plant, via a pipeline, to the CCMUA's Cedar Brook pumping station in Winslow Township. Without this connection, Ancora will be forced to transport the effluent from the wastewater treatment plant away from the hospital to a yet undetermined site on a daily basis. The plant currently handles an average of 358,000 gallons per day from about 1,100 patients and inmates, 1,500 full-time staff, and 365 part-time staff.

This year, we are requesting \$5 million in order to continue this project, pay a one-time connection fee to the CCMUA, and make improvements to the regional laundry system. The laundry serves both Ancora Psychiatric Hospital and the Vineland and Woodbine Developmental Centers. And the improvements we are planning will allow us to reduce Ancora's water usage by 200,000 per week. This, in turn, will reduce the annual usage fee we will be charged by CCMUA, because the fee is based on water consumption. This project has the support of the New Jersey DEP and the Pinelands Commission.

The third most critical project on our list is the replacement of the water lines at the Hunterdon Developmental Center in Clinton, Hunterdon County. This facility serves 585 of our consumers. This project involves replacing both the underground water -- hot water temperature piping system and the supply lines, and the water lines that provide chilled water to the cottages for air conditioning. This is necessary, because the water lines are perforated and beyond repair. The piping system is 35 years old and experiencing major leaks every year.

Over the past two years, the cottages have been without hot water on six separate occasions as the result of breaks in the piping system. Currently, the main feed line from manhole 21 to manhole 22 is leaking. This affects four cottages. The cost of replacing just this one section of the system is \$1.1 million. This year, we are requesting \$4 million in order to continue this essential project.

We have also included a request to help us address our critical, ongoing, and system-wide need for HVAC improvements. Deputy Commissioner Terri Wilson is going to address this issue.

**DEPUTY COMMISSIONER THERESA WILSON:**

Good morning, Madam Chair and members of the New Jersey Commission on Capital Budgeting and Planning.

As you are aware, in the past we have submitted our requests to you on a facility-by-facility basis, and even our requests to the needs of specific buildings at our -- and even limited our requests for the needs of specific buildings at our facilities.

This process has been counterproductive, since all seven of our developmental centers, and four out of five of our psychiatric hospitals, have major HVAC needs that are becoming only more urgent every day that they go unaddressed.

Because the systems at all of our facilities are so old, replacement parts are no longer available for repairs. In addition, if we are unable to maintain comfortable temperatures, our institutions are at risk of receiving citations and losing Federal funding. And a major failure would place us in the position of having to either rent very expensive emergency equipment, if it is available, or relocate the residents.

And so, this year, we are requesting a total of \$30 million to allow us to begin to address the needs at all of our developmental centers and psychiatric hospitals for the following projects: New Lisbon HVAC improvements, \$5.5 million; Vineland boiler replacement, \$1.5 million; Trenton HVAC improvements, \$7.9 million; Woodbridge HVAC improvements, \$4.1 million; Ancora, upgrading air conditioning, \$3 million; Hunterdon HVAC improvements, \$3.9 million; North Jersey HVAC improvements, \$1.735 million; Woodbine HVAC improvements, \$660,000;

Green Brook HVAC improvements, \$110,000; Greystone HVAC improvements, \$800,000; Hagedorn HVAC improvements, \$870,000.

Our goal is clear: to ensure that adequate heat, ventilation, and air conditioning is available in all of our buildings at our facilities. I hope this brief overview has been helpful.

Thank you, Madam Chair and the members of the Commission, for the funding recommendations that you have supported for the Department in the past. And we request your continued support.

Jacob and I would now welcome your comments and your questions.

MS. MOLNAR: Thank you.

Any questions or comments from Commission members?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thanks, and good morning.

Jacob, where are we with SACWIS?

ASSISTANT COMMISSIONER EAPEN: Just to give you a quick chronology of the events, Assemblyman. We went out for a bid in 2003, and when we went out for the bid, the Federal government mandated to get a transfer system -- that was part of the requirements of the bid. We had an award in January 2004, and we started implementing the system. The first release, which is the centralized screening, was on time and was delivered in (indiscernible) 2004.

Subsequent to that, we had the settlement agreement, which really required us to make major functional changes to the system. Two things happened. One was the Panel requiring us to change the business process, and two was the creation of the Office of Children Services. And in

order to meet the functional requirements, we have to go through major design, and training, and implementation system.

ASSEMBLYMAN CRYAN: Could you just do me a favor?

ASSISTANT COMMISSIONER EAPEN: Sure.

ASSEMBLYMAN CRYAN: Number one was what?

ASSISTANT COMMISSIONER EAPEN: The creation of the Child Welfare Panel, which was part of the settlement agreement. And the second was the creation of the Office of Children Services, which was an outcome of the Panel's recommendation.

ASSEMBLYMAN CRYAN: So when did those get added to the SACWIS requirements?

ASSISTANT COMMISSIONER EAPEN: That is what we are doing right now, Assemblyman.

The original date for release one was on time. Release two was scheduled for December of 2005. We are going to have two phases of release two. The first phase is going to be released in July 2006, and that will cover the recruitment, worker maintenance, security, and form library modules. The second one, which is the bigger release, which is phase two, which is a full casework functionality, is going to be in place by March 2007.

ASSEMBLYMAN CRYAN: So the full caseload, which-- Let's face it, that was the promise of SACWIS to the public eye and to many in the Legislature, were from 12/05 to 3/07.

ASSISTANT COMMISSIONER EAPEN: Yes, that's correct.

ASSEMBLYMAN CRYAN: And the reason for that is because we added the Child Welfare Panel requirements? And what was the other?

ASSISTANT COMMISSIONER EAPEN: The second one was-- When we created-- We used to have just the office of -- Division of Youth and Family Services. The Panel required us to create the Office of Children Services, consolidating all the services for children services under one office.

ASSEMBLYMAN CRYAN: But didn't we respond -- and isn't SACWIS part of the overall court mandate as part of the Child Welfare Reform Act?

ASSISTANT COMMISSIONER EAPEN: Absolutely.

ASSEMBLYMAN CRYAN: So how is it that we're-- I'm supportive of your efforts. And I really don't believe in a lot of-- And I know you guys have tough public roads to hoe, and it's a tough job. But this thing came out as part of the Child Welfare Reform (*sic*) Panel. Why is it that two areas that are pretty clearly part of that are now responsible for a 17-month delay? I think that's what it is, 17 -- 15, 17 month delay.

ASSISTANT COMMISSIONER EAPEN: Again, the reason is, when we went out for bid, the Panel was not in place. The settlement agreement was not in place. So after the bid was awarded was the creation of the Panel and the Office of Children Services.

Now, the Panel clearly understands that we have to change our business process to meet the Panel's requirements. And when we change the business process, we have to change the functional requirements of the system.

ASSEMBLYMAN CRYAN: And when did we become aware of that?

ASSISTANT COMMISSIONER EAPEN: After the contract was awarded, after the Panel started working with the State in order to determine the different business process changes that are required.

ASSEMBLYMAN CRYAN: Throw me a date or two in there, Jacob.

ASSISTANT COMMISSIONER EAPEN: The Panel started working in 2004. During the year of 2004, and early 2005, we had a better and a clearer understanding of the new business process.

ASSEMBLYMAN CRYAN: Okay. So when did the results of the Child Welfare Reform Panel, and their requirements that needed to go into SACWIS, result in the change of scheduled dates from December of '05 to March of '07?

ASSISTANT COMMISSIONER EAPEN: In Spring and Summer of 2005, this year.

ASSEMBLYMAN CRYAN: I was in the budget hearings, and I don't recall that. So when did it actually happen?

ASSISTANT COMMISSIONER EAPEN: We have been having the-- We had the budget hearings in early April.

ASSEMBLYMAN CRYAN: So it was close to April.

ASSISTANT COMMISSIONER EAPEN: That's correct, Assemblyman.

ASSEMBLYMAN CRYAN: So for all the stuff -- for all the hits with the welfare Panel -- and there's been a number of them in the public -- the reality is now-- What you're telling me is the requirements of the welfare reform Panel are now taking the basic premise -- one of the most important investments in the State, as far as I understand it, in terms of

child protection and SACWIS -- and adding 15, 17 months to the process. Is that correct?

ASSISTANT COMMISSIONER EAPEN: You are correct in the sense that it has extended the time frame. You are correct in the sense that we have to have -- understand the new requirements, change the functionalities, working with the mandate to make sure those functionalities -- of the new system.

ASSEMBLYMAN CRYAN: And I thought that the total-- I didn't look in my old notes. But I remember SACWIS being \$55 million.

ASSISTANT COMMISSIONER EAPEN: That's correct.

ASSEMBLYMAN CRYAN: I remember the number in my head like it was yesterday. Now it's \$70 million.

ASSISTANT COMMISSIONER EAPEN: Yes.

ASSEMBLYMAN CRYAN: Okay. That's \$15 million between friends.

ASSISTANT COMMISSIONER EAPEN: That's correct.

ASSEMBLYMAN CRYAN: Why is it \$15 million more?

ASSISTANT COMMISSIONER EAPEN: We are making -- again, as I mentioned -- changes to the functional requirements. When we went out for bid--

ASSEMBLYMAN CRYAN: Okay. So the additional requirements, part of one and two that you have identified here, have resulted in a \$15 million--

ASSISTANT COMMISSIONER EAPEN: We are looking at about -- changing almost 30 percent -- almost 48 percent of all requirements from the base system. What has happened is, the Feds required us, via

transfer system. To date, without actually customizing the system to meet New Jersey's requirements -- really customize the system -- there's going to be functional changes, there's going to be cost involved, there's going to be time delays.

ASSEMBLYMAN CRYAN: Okay. And that's the second phase, right? There's more than two phases, right? The first phase was what you identified in '04. That occurred. The second phase, which you broke into two parts -- which used to be December of '05, is now July of '06 and March of '07.

ASSISTANT COMMISSIONER EAPEN: That's correct.

ASSEMBLYMAN CRYAN: Is there another phase after that?

ASSISTANT COMMISSIONER EAPEN: The final is release three, which is completing all the interfaces and any final enhancements to the system -- that was scheduled for March 2006 -- is going to be completed in December 2007. That's the final wrap-up.

But let me just go back, Assemblyman. The major functionalities, including the full casework functionality, will be completed by March 2007.

ASSEMBLYMAN CRYAN: The casework is really what I'm interested in. That's the meat and potatoes of this thing, when it comes right down to it, isn't it?

ASSISTANT COMMISSIONER EAPEN: Absolutely. The caseworkers are, actually, using the centralized screening system since November 2004. And they're going to have the functionalities from -- for recruitment, maintenance, lookups, in July 2006.

ASSEMBLYMAN CRYAN: I have a couple of other questions on--

We just heard from-- So far, what's been done, if I'm reading the backup right -- and I need to emphasize the fact that despite your numerous invitations, I haven't seen anything. We've bought, so far, Federal funds-- Federal funding has already been used to purchase most of the desktop computers required for the project. Is that correct?

ASSISTANT COMMISSIONER EAPEN: Yes.

ASSEMBLYMAN CRYAN: I just heard from Judge Carchman, not a couple of minutes ago -- where, as you know, six years is the equivalent of six generations in desktop technology.

Where are we, in terms of whether this thing is going to be viable, now that we're out-- Let's be candid, we're probably out to '08 to finish. Do we have technology issues here that-- Is this thing going to be outdated by the time it comes in?

ASSISTANT COMMISSIONER EAPEN: We will not have any technology issues, because when we bought the systems, both PCs -- personal computers, as well as the servers, we have bought state-of-the-art. And that would definitely take us beyond 2008. The system will be completed by 2007.

ASSEMBLYMAN CRYAN: We bought the servers when?

ASSISTANT COMMISSIONER EAPEN: Mark is going to add to that.

**MARK LONDREGAN:** Part of the requirements for the system was that the system that got rolled out -- or gets rolled out -- has to run on our current desktop PCs. That doesn't mean that at some point in the

future, desktop PCs won't be upgraded. But the requirement in the contract is for it to run our current configuration of PCs. Included in that is measures like response time. So the application has to respond back to the end user within a certain number of seconds on our current configuration of desktops.

ASSEMBLYMAN CRYAN: Is it 30 or something?

MR. LONDREGAN: No, actually it's about nine seconds, as the longest period of time.

ASSEMBLYMAN CRYAN: So what are you telling me, Mark? When this thing comes out, when Saint Patrick's Day in '07 arrives, and we see this thing, are we going to be outdated at that point, or are we going to be outdated soon after, or are we going to be functional for a while?

ASSISTANT COMMISSIONER EAPEN: We will not be outdated when Saint Patrick's Day comes along. We should be, from a hardware and software standpoint-- This should take us beyond 2008 and beyond 2009.

ASSEMBLYMAN CRYAN: How about the cost of maintaining SACWIS when it comes up?

ASSISTANT COMMISSIONER EAPEN: Once the system is fully functional, it will cost us \$1.3 million, which is the annual maintenance fee.

ASSEMBLYMAN CRYAN: Is that a Federal head, or is that us, or both?

ASSISTANT COMMISSIONER EAPEN: We'll get a Federal match.

ASSEMBLYMAN CRYAN: So is it \$2.3 million, and \$1.3 million is our share?

ASSISTANT COMMISSIONER EAPEN: For the maintenance fees, we'll get around 40, 45 percent match on that.

ASSEMBLYMAN CRYAN: But to summarize -- right, or wrong, or indifferent, this is a Capital Budgeting Commission. It's a different area. But we're going to be two years late from the original December '05 date, we're \$15 million and counting overrun, right? I mean, the bottom line to it is, that's where we're at. Is that right?

ASSISTANT COMMISSIONER EAPEN: Yes, that's correct.

ASSEMBLYMAN CRYAN: Irregardless of the reasons, it's beyond frustrating.

I want to ask you, Commissioner Wilson-- The Governor stopped in a facility in the Summer, where it was mighty hot. And he, frankly-- I'm trying to recall. Where did he go, to Greystone?

DEPUTY COMMISSIONER WILSON: Yes.

ASSEMBLYMAN CRYAN: And it was roasting. If I recall right, Greystone is \$800,000 of this.

DEPUTY COMMISSIONER WILSON: Yes.

ASSEMBLYMAN CRYAN: I want to get a better understanding, because I don't think -- so many stories, but that one really jumped off the page.

Talk to me some more about-- How are people living now in these facilities, in terms of temperature controls?

DEPUTY COMMISSIONER WILSON: People are living in our psychiatric hospitals and our developmental centers very comfortably, today.

ASSEMBLYMAN CRYAN: Okay. And so what does \$30 million do for comfort?

DEPUTY COMMISSIONER WILSON: Assemblyman, when you referenced Governor Codey's visit to Greystone, it was hot. And there was no excuse for that facility to be hot. Quite frankly, had I known, we would have addressed it as quickly as possible. And we immediately moved, as the Governor had directed, to cool Greystone down. However, I was able to, through the Commissioner, seek permission to do every facility. And we brought in emergency equipment to cool the facilities down. So that's what we were using. These are very temporary facilities -- equipment that we had to rent.

ASSEMBLYMAN CRYAN: That's the stuff that you referenced in your comments, right, about leasing?

DEPUTY COMMISSIONER WILSON: Yes.

ASSEMBLYMAN CRYAN: And some other things. Rent expensive equipment or relocate residents.

DEPUTY COMMISSIONER WILSON: Yes.

ASSEMBLYMAN CRYAN: Were any residents relocated?

DEPUTY COMMISSIONER WILSON: Temporarily, overnight, at one or two places, while we cooled down.

ASSEMBLYMAN CRYAN: Anybody, long-term, relocated?

DEPUTY COMMISSIONER WILSON: No.

ASSEMBLYMAN CRYAN: And looking at this list, which I'm assuming totals \$30 million -- I didn't add it up. Real quick, it doesn't look like it does.

But are these the priorities in order? Is it New Lisbon before Greystone, for example? Or is this list done in any particular order?

DEPUTY COMMISSIONER WILSON: Yes, but they're all-- How do you determine?

ASSEMBLYMAN CRYAN: It's a brutal question.

DEPUTY COMMISSIONER WILSON: It is very difficult.

ASSEMBLYMAN CRYAN: For example-- I don't have the backup in front of me, but I seem to remember reading like the '50s for some of this stuff. I'm assuming some of it came in later than the '50s. So would you go by age? Is that right? Didn't I see 1950 somewhere?

DEPUTY COMMISSIONER WILSON: Assemblyman, if I may, yes, as you know, these buildings are extremely old, going back to the 1800s. However, depending on the facility, whether it's the heating, venting, air conditioning system, whether it's the pipes underground-- Sometimes we're able to predict something is going to go, other times we're not. So the priority continues to change. So you're worried about, who do you put up first. And they're all very critical in order to maintain safe and adequate temperatures for our residents and our employees.

ASSEMBLYMAN CRYAN: Fair enough.

I just want to go back to SACWIS. What's the impact with the--

Thank you, Commissioner.

What is the impact to our -- I guess our court order and our legal requirements -- never mind the moral ones -- in terms of being two years late? What's the real deal?

ASSISTANT COMMISSIONER EAPEN: Let me just address the two years, Assemblyman, that you mentioned.

We have moved from December 2005. And there will be two phases in release two.

ASSEMBLYMAN CRYAN: Oh, okay. I'm off on a phase, right?

ASSISTANT COMMISSIONER EAPEN: Yes.

ASSEMBLYMAN CRYAN: When was the completion originally for, March of--

ASSISTANT COMMISSIONER EAPEN: The completion was 2005. And now we are talking March 2007. So it's about 13 months.

ASSEMBLYMAN CRYAN: Okay. When was the final -- when was the last phase going to finish in SACWIS, originally?

ASSISTANT COMMISSIONER EAPEN: The original -- the completion, which is release one, release two, and release three--

ASSEMBLYMAN CRYAN: Right.

ASSISTANT COMMISSIONER EAPEN: --was scheduled for March 2006. That is moved to December of 2007.

ASSEMBLYMAN CRYAN: Now it's December of '07.

ASSISTANT COMMISSIONER EAPEN: It's not a full two years.

ASSEMBLYMAN CRYAN: It's not quite two years, I'll give you that.

ASSISTANT COMMISSIONER EAPEN: It's more like 13 months.

ASSEMBLYMAN CRYAN: I'm not on you, Jacob.

What is the issue, in terms of our legal requirements?

ASSISTANT COMMISSIONER EAPEN: The Panel clearly understands that the changes they have recommended, in terms of business practices, has caused the functional changes to the system. So they are supporting the changes. They understand this project has delayed.

In addition to that, the Federal government -- ACF -- which is Administrative Services for Children and Families -- approved, tentatively, the change order. And they understand that these changes are required to make this system functional.

ASSEMBLYMAN CRYAN: Jacob, what could make-- I just can't get over this.

What can make a system that we all invested and committed \$55 million for -- with everybody on board. And I remember you talking about the search team, and how we went to different states, and the whole drill. And we decided to buy one and modify, and that whole thing. What have they added that is so strikingly new that adds that kind of time frame? What's so unique to Jersey that adds that?

MR. LONDREGAN: Some of the-- When we initially made those trips out of the state, to states to try to find a system that most matched our current business practice -- and if you remember, that was back in 2003. The state that we picked was Wisconsin, and that's the system we wound up transferring here.

The cost of that system was based upon minimal modifications, because we felt that the current system in Wisconsin was the best match for New Jersey practice. As a result of the child welfare reform Plan, there are many changes that we need to make to that software system. Otherwise, we're rolling out software that supports old business practice.

So, for instance, one of the new features in the child welfare reform Plan is, when caseworkers try to provide services to families, they'll be doing it, often, in a team meeting approach where they'll sit down with other mental health professionals, other service providers, as well as the family, to come up jointly with plans for those treatment options. The software that we had from Wisconsin had no feature to support that. So we have to build that feature in. Otherwise, they would have to do that on paper, once we rolled the system out.

ASSEMBLYMAN CRYAN: But that part of the process, for example -- which is new and a requirement of the Welfare Panel, as opposed to a business practice when we looked to pick systems?

MR. LONDREGAN: I'm sorry, repeat the question.

ASSEMBLYMAN CRYAN: But that part of a process is new and a requirement of the Welfare Panel, as opposed to a business practice when we went out to look at systems?

MR. LONDREGAN: That's a new requirement as a result of looking at child welfare reform in New Jersey and trying to get New Jersey to the place where other states are in child welfare practice. And family team meetings is one example of where New Jersey needs to get to, to improve services to families.

ASSEMBLYMAN CRYAN: I'm not an expert on this, but I've read enough of these articles to understand that family team meetings aren't new since '02 or '03.

MR. LONDREGAN: And I think you're right. But it was certainly new to our business practice in New Jersey, and possibly one of the reasons for the child welfare -- for the lawsuit and for the child welfare reform changes.

ASSEMBLYMAN CRYAN: Through the Chair, may I request, Jacob -- I'm sorry, Jacob, I should really use your title -- I'm sorry -- give us some sort of listing as to what the additional requirements were so that the committee here -- the Commission could at least understand the cost impact as to why? Would that be better than taking the Commission's time today? Because I could be on this for an hour.

ASSISTANT COMMISSIONER EAPEN: We'll do that.

ASSEMBLYMAN CRYAN: Thank you.

MS. MOLNAR: Thank you, Assemblyman, for walking us through this.

Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: My microphone is dead. (referring to PA microphone)

ASSEMBLYMAN CRYAN: Here, use this.

ASSEMBLYMAN GREGG: I'm alive now.

Thank you, Madam Chair.

I'm going to go to Priority No. 2, my favorite subject, sewers.

You state in here that you want to get on to a sewage treatment plant, because you're -- having failed, I would call it -- probably larger than a package plant, at 400,000 gallons a day. It's virtually its own sewage treatment plant -- a mini sewage treatment plant. And you have stated that your lagoon is not functioning any more. So I assume that you are at -- in your own personal in-water disposal, or is it an inground disposal system?

**JAMES ZAPICCHI:** DEP, with the administrative consent order, is allowing us to discharge to the ground. So we're just filling the lagoons until they can't take it anymore, and put it in another-- We have other areas where we're spraying. It goes directly on the ground.

**ASSEMBLYMAN GREGG:** And how long has that been occurring?

**MR. ZAPICCHI:** Since 2003.

**ASSEMBLYMAN GREGG:** And prior to 2003, where was the effluent going?

**MR. ZAPICCHI:** Just in the lagoons. We had nine lagoon fields.

**ASSEMBLYMAN GREGG:** Open lagoons?

**MR. ZAPICCHI:** Yes.

**ASSEMBLYMAN GREGG:** It's amazing.

**MR. ZAPICCHI:** With phragmites plants growing in the lagoons that eat the--

**ASSEMBLYMAN GREGG:** It's great to be in government. I don't think we'd be allowing too many businesses to do open lagoons. But let's move forward on that.

So what you show here is a usage of 400,000 gallons of wastewater generated every day.

MR. ZAPICCHI: Right.

ASSEMBLYMAN GREGG: How do you make that number?

MR. ZAPICCHI: It's metered.

ASSEMBLYMAN GREGG: By where?

MR. ZAPICCHI: At the site.

ASSEMBLYMAN GREGG: Of effluent or of water?

MR. ZAPICCHI: Of water.

ASSEMBLYMAN GREGG: So you are not metering your effluent.

MR. ZAPICCHI: Right, it's the water.

ASSEMBLYMAN GREGG: Well, everybody doesn't do that, through the Chair.

MR. ZAPICCHI: Okay.

ASSEMBLYMAN GREGG: Only silly people do that, because you should-- You want to know exactly how much effluents you are, because if you're Campbell's Soup, and using 10 million gallons of water every day to make soup, and have one restroom facility, then your actual use and creation of effluent may end up being a lot less than your usage of water. And I would think the government facilities -- we could do that.

But what you're saying is, you are consuming 400,000 gallons of water from a water--

MR. ZAPICCHI: And the reason that we're using that number is that the fees are based on that number.

ASSEMBLYMAN GREGG: I understand. But we're the government, see. We can change that.

Moving forward on that, your fees for water go where?

MR. ZAPICCHI: Excuse me?

ASSEMBLYMAN GREGG: Who is your water company? Is it the Camden MUA? Are you buying the water from the same area that you'll be sending it?

MR. ZAPICCHI: From wells.

ASSEMBLYMAN GREGG: Okay. So you actually are getting your water from wells and actually metering that water to yourself.

MR. ZAPICCHI: Yes.

ASSEMBLYMAN GREGG: So you physically have meters on your water for yourself.

MR. ZAPICCHI: Because we also-- It isn't-- The campus isn't just Ancora Psychiatric Hospital. There's a Veterans Haven facility.

ASSEMBLYMAN GREGG: Right.

MR. ZAPICCHI: There's also Bayside State Prison. So it's just so we can--

ASSEMBLYMAN GREGG: And it's all from one well?

MR. ZAPICCHI: I'm not sure how many-- Two current wells.

ASSEMBLYMAN GREGG: Two current wells. And just for curiosity, why are you metering your own water?

DEPUTY COMMISSIONER WILSON: Why don't you come up.

**KATHERINE FLING:** Thank you.

I'm Katherine Fling, Assistant Director for Facilities Support.

At Ancora, we meter our water usage at a number of locations to make sure that we are in compliance with our DEP permits and our Pinelands Commission requirements.

ASSEMBLYMAN GREGG: So it's a State requirement for you to meter your water.

MS. FLING: Exactly.

ASSEMBLYMAN GREGG: Because of the set amount of water that you're pulling from the wells.

MS. FLING: Yes, we have an upper limit on our permit that we have to make sure we're underneath.

ASSEMBLYMAN GREGG: So at this point, how much property is it for this facility?

MS. FLING: About 400 acres.

ASSEMBLYMAN GREGG: So in 400 acres of property, there's no percable land at all?

MS. FLING: That's true. We've actually sought an alternative site to install additional lagoons, hoping to be able to continue with the lagoon scenario. Every place that we tested gave us some percolation in the first layers of soil. But once you get to a certain depth -- and I'm not recalling which depth that is, but it's not very deep -- you get to a clay layer. And that's what's happening in our current lagoons. We get some percolation down to a clay layer. And then the effluent goes horizontally.

ASSEMBLYMAN GREGG: I'm not, by any means, determining that sewers are not the best place to go. But working to exactly the cost and how you're going to be doing this is a concern to me, because the cost is fairly substantial. And I'm not so sure why it would be so high

to get on a sewage treatment plant, if it was going to cost you \$16.8 million to get there, and then another \$700,000 a year, plus, to operate it for a perhaps, 400,000-gallon usage facility. I think we're going to have to walk through that a couple of times before we can make those numbers balance.

Have you looked into any other types of disposal? Your acreage is fairly large, and they have atomization now, that a number of facilities can do, because you can create an effluent that is capable of being atomized to use for sprinklers or for other usages.

MS. FLING: We did consider trying to use our own effluent on our own property. The problem is that we produce too much effluent to use it there. We did consider other neighboring properties to see if we could, perhaps, sell or give our effluent to local farm owners and so on. They all have their own sources for water and were not interested in our effluent. So we have researched a number of other alternatives. Just none of them have really panned out. The CCMUA connection seems to be the most cost-effective alternative.

ASSEMBLYMAN GREGG: I would hope that we would continue to look at that. Four hundred acres seems like an incredibly large amount of property.

So, through the Chair, I would request a DEP opinion to show me that you could not put the amount of effluent on that property if you chose to create a new plan, which could be expensive, but it would then eliminate some of your operating costs, perhaps. And I'm not so sure that's the end, as well.

Moving over to the actual cost, what is incurred in the \$16.8 million cost to do this, other than the laundry equipment, which I can understand you're purchasing to diminish your water usage?

ASSISTANT COMMISSIONER EAPEN: I can just take you through the cost breakdowns, Assemblyman.

We have received \$5.1 million in FY 2006. And the breakdown is consultant's fee of \$1.7 million; new wells, \$1.2 million; Conrail fees -- that is for the easement along the train tracks for the pipes -- which is \$1.5 million; the upgrades that are required by CCMUA to the pumping station of \$300,000; and crossing fee of \$400,000. That adds up to the \$5.1 million.

The amount we're asking for this year is \$5 million. And the breakdown for that is \$4 million for the connection fee, based on a proposal that we got from CCMUA. What we are going to do is, we are going to work with the Governor's Office and the Treasurer's Office to bring down that fee as much as we can through negotiations.

ASSEMBLYMAN GREGG: Four million dollar fee?

ASSISTANT COMMISSIONER EAPEN: That's the proposed--

ASSEMBLYMAN GREGG: Fee?

ASSISTANT COMMISSIONER EAPEN: That's correct, sir. That's the proposed amount. And that's what we--

ASSEMBLYMAN GREGG: Fee?

ASSISTANT COMMISSIONER EAPEN: The CCMUA connection fee, sir.

ASSEMBLYMAN GREGG: That's not putting any pipe in the ground?

ASSISTANT COMMISSIONER EAPEN: No.

ASSEMBLYMAN GREGG: That's a fee?

ASSISTANT COMMISSIONER EAPEN: That's the fee.

ASSEMBLYMAN GREGG: What I'm reading in here is, you're also paying, basically, \$312,000 a year to clean it before you give it to them.

ASSISTANT COMMISSIONER EAPEN: That's correct.

ASSEMBLYMAN GREGG: Why are we cleaning it before it gets to them?

MS. FLING: The CCMUA will only accept effluent that already meets a certain standard of cleanliness. So we will have to treat our effluent before it gets to their pumping station.

ASSEMBLYMAN GREGG: I am very, very aware of what standards are to get into sewage treatment plants. That sewage treatment plant is a huge plant, I assume. And its standard of cleaning, as it gets to it, is far greater than most. You may have to have some grease trap facilities to get your grease count down, but I can't see anything else. You can do that at your individual food service scenario, as opposed to doing something that would cost \$400,000. That's an enormous amount of money to take out what I would consider an insignificant amount of your water usage. I would tend to think your food service amount of water a day is probably less than a few thousand. Would you disagree?

ASSISTANT COMMISSIONER EAPEN: We've also got a regional laundry system there, which is using roughly 200,000-plus gallons of water a week. So that's a major amount of effluents coming from that.

ASSEMBLYMAN GREGG: Absolutely insignificant against your 400,000 a day. That's 280,000 (*sic*) gallons a week.

I mean, the normal restaurant operation can offset its own effluent against its own grease, because -- keeping in mind you also have other water going through a food service scenario that is not just grease. I won't get into a grease trap debate with you, but I have a little bit of expertise in it.

I will go to the next point, because I'm finding this-- We've got a lot of work to do here. It's a lot of money, and I can't see--

Well, let's move to the next scenario. Are you saying that it only costs you, right now, \$38,808 plus manpower requirements to operate your facility at 400,000 gallons a day? Because that's all you're giving us as an offset.

ASSISTANT COMMISSIONER EAPEN: Yes.

ASSEMBLYMAN GREGG: Completely. So you're saying you're using \$38,000 a year for chemicals. And the request you're asking for is \$312,000 for the chemical treatments just to hook up by the Camden MUA.

Thank you.

I can just say-- I'll leave it on this subject that I think we're going to need an awful lot of information to find out whether or not you can find a better way to do this. This is an enormous amount of money to spend to deal with the issue of sewage in this facility. And with today's technology moving, I have to tell you these numbers are absolutely so high that it begs me to ask the question of actually where the money in Camden

MUA is going, and whether these rates are anywhere near what normal people would charge.

So I would hope you would get that kind of information here. Because if that's what they're charging our government -- other government officials, I would be awed the type of money that a normal sewage bill on a home or something like that-- Most people know it's supposed to be somewhat insignificant.

These numbers are incredibly large. And the vast majority of the effluent your facility is creating is no different than a home discharge. Your percentage of food consumption, versus regular effluent, is going to be pretty much more like a home. You're not in the restaurant business, or you're not in the chemical treatment business, from a business standpoint.

So I will leave that in my questioning and look forward to getting as much more information as we can on it.

ASSISTANT COMMISSIONER EAPEN: If I may, through the Chair, we would like to share with the Assemblyman both the feasibility study, as well as the cost-benefit scenarios that the consultants put together.

ASSEMBLYMAN GREGG: I didn't hear that last comment.

ASSISTANT COMMISSIONER EAPEN: The cost-benefit of-- There were several scenarios. And the best option that the consultants have suggested--

ASSEMBLYMAN GREGG: Well, that's why they have consultants, through the Chair, come up with all these things -- who get paid. We're here to protect the taxpayers money. We like to see the reality check. And I've got to tell you, we'll look at this sewer thing really, really, really specifically, because there's an awful lot of money in this. And I'd

like to see exactly what we're paying per penny. And, quite frankly, you would be very, very wrong, with these kinds of number, not to look at a meter going out to the Camden MUA so you pay only for the effluent that you send them, and not for the water you create. Certainly, in government, we can do that. That's who we are.

MS. FLING: I should clarify that the meter that Jim referred to earlier is an outfall at the sewage treatment plant. So it does not include all of the water that we draw out of the wells on the campus.

ASSEMBLYMAN GREGG: So you actually are metering your effluent.

MS. FLING: Exactly. We meter a number of places, but we certainly meter out our effluent site.

ASSEMBLYMAN GREGG: Thank you.

MS. MOLNAR: Thank you, Assemblyman.

Any other questions or comments?

Mr. Lihvarcik.

MR. LIHVARIK: Jacob, could you provide us with a three-year phase-in cost analysis of this project?

ASSISTANT COMMISSIONER EAPEN: We'll do that.

MR. LIHVARIK: Along with the feasibility study that the Assemblyman asked for, through the Chair?

ASSISTANT COMMISSIONER EAPEN: Absolutely.

MR. LIHVARIK: Thank you.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Jacob, two quick questions on Priority No. 3, underground water lines.

Is this for drinking water, or is this just-- Is it also for drinking water, I should say, or is it just for underground hot water?

ASSISTANT COMMISSIONER EAPEN: It's heating and cooling -- water for heating and cooling.

MR. BRUNE: So it's not drinking water.

ASSISTANT COMMISSIONER EAPEN: It's not drinking.

MR. BRUNE: Okay.

And on the Priority 5, the mold problem in the shower renovations at Hagedorn -- two questions. Have you considered going to the Hazardous Materials account in the central account that we have in Treasury?

MR. LONDREGAN: Yes, we have a request in.

MR. BRUNE: Is that a long-standing request, or is that a recent?

MR. LONDREGAN: Since August.

MR. BRUNE: Okay. And is this an example of where we would seek reimbursement from a contractor? It says *improper installation*.

MR. LONDREGAN: DPMC is trying to make the judgement who we go after, the architect or the contractor.

MR. BRUNE: Okay. So that's in the process.

MR. LONDREGAN: Or both. Right, it's in the process.

MR. BRUNE: Okay.

Thank you.

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

If not, I want to thank you, Commissioners, for coming today.

DEPUTY COMMISSIONER WILSON: Thank you.

MS. MOLNAR: Our final department will be the Department of Environmental Protection. I'd like to welcome Assistant Commissioner Jay Watson.

Good morning. Could you introduce your staff and guests, please?

**ASST. COMMISSIONER JOHN S. WATSON JR.:**  
Yes, sure.

Good morning, Madam Chair.

My name is John Watson Jr. Everyone calls me Jay. I'm the Assistant Commissioner for Natural and Historic Resources for the Department of Environmental Protection. To my left is David Barth, who is our Director of Financial Management for the Department. And to my right is Al Payne, who handles all of our capital projects for the Division of Parks and Forestry and Fish and Wildlife.

MS. MOLNAR: Thank you.

ASSISTANT COMMISSIONER WATSON: Thank you.

Good morning, Madam Chair and members of the Commission. On behalf of Commissioner Campbell and the Department of Environmental Protection, I want to just thank you for the opportunity to present DEP's capital needs for Fiscal Year 2007.

The Department's Fiscal Year 2007 capital request focuses on, among other projects, water supply and municipal wastewater assistance, restoring our park infrastructure, remediating contaminated sites, purchasing open space, protecting our beaches and ocean water quality, and dam restoration.

Our total capital needs of \$731.2 million are detailed, by funding source, on the last page of this statement. While that is a large number, it must be noted that \$190 million will be provided from Federal sources, \$264 million from revenues provided through the Environmental Infrastructure Trust and the Garden State Preservation Trust, \$100 million from dedicated State sources like the Corporate Business Tax and our Shore Protection funding, and \$21 million from authorized bonds. The net need of \$140 million is requested from the General State Fund.

I would like to take the time to highlight some of the following projects. The State of New Jersey has remarkable recreational opportunities and natural resources. More than 30 percent of our state residents take part in some form of wildlife associated recreation, be it fishing, hunting, bird watching, wildlife photography, and bird feeding. And while they're at it, they spend over \$2.1 billion annually.

Over 15 million visitors enjoy New Jersey's parks and forests annually, providing economic benefits amounting to at least \$1.2 billion. Recreational opportunities are provided at 39 State Parks, 11 State Forests, four recreation areas and golf courses, 118 Wildlife Management Areas, 42 natural areas, and 23 individual historic sites. These areas encompass some 712,000 acres of New Jersey.

New Jersey's taxpayers reap tremendous benefits when compared to the level of investment made in other states. New Jersey's State-owned public lands constitute nearly 15 percent of our total land mass. We rank eighth in the nation and second in the Northeast in preserved acreage. However, in 2002 as an example, New Jersey spent

almost the same dollar amount for the operation of its park system as the majority of the other 50 states that have far less acreage and responsibility.

The capital plan before you, again, emphasizes the priority that we place on the restoration and renovation of our Parks' infrastructure and our historic sites. Restoration projects at High Point, Batsto, Fort Mott, and Rockingham are high on our priority list.

Also of priority, our first in fact, and of consequence to our staff and visiting public, is our need for funding for health, safety, and environmental compliance.

In reviewing our request, you will find that total funding requests of \$100.9 million are included for our Parks, and Forests, and Wildlife Management Areas. The requests focus on enhancing the quality of the recreational experience for our visitors. Projects which have been categorized as urgent make up \$54.1 million of the \$100.9 million total.

The Department would use \$27.9 million, or 52 percent of this funding, to renovate/rehabilitate existing facilities in order to eliminate health and safety issues, repair roads, parking areas and bridges, and bring facilities into environmental compliance, and tackle the backlog of deferred maintenance.

Additional urgent projects include \$6.8 million for the continued restoration of the terminal, train sheds, and ferry slips at Liberty State Park, one of our most heavily visited State Parks, and \$2.6 million for new fish rearing tanks at our Hackettstown Fish Hatchery, which provides stocking opportunities for our many lakes and streams.

Over 15 million people visit our parks annually. And we try to provide them with safe, quality recreational experiences. Our funding

requests to attain health, safety, and environmental compliance would ensure that our public structures remain open, providing visitors support and interpretive services. The closure of historic buildings or other facilities because of lead, asbestos, or radon would negatively impact park visitation if the full park experience cannot be realized.

To address some of our priorities and backlog, we recently succeeded in securing a \$10 million appropriation from the Garden State Preservation Trust Fund to fund some of our urgent and critical capital projects.

Priority restoration projects at High Point, Rockingham, the Hackettstown Fish Hatchery, and repairs to our fire towers will benefit from that appropriation of these funds. However, these moneys will not fully fund all of the work that is really needed at these places and others.

Additionally, if passed, the proposed new legislation, S-2649 and A-4188, providing \$75 million to the Parks' and Forestry's and Fish and Wildlife's capital program would be a tremendous financial boost in addressing our backlog of capital improvement projects. It will primarily be applied toward our parks' capital project needs. As demonstrated in our funding request from FY 2007 through FY 2009, Parks alone has over \$200 million in backlogged capital projects. Undoubtedly, we appreciate that there is a \$75 million bill proposed on our behalf. However, it is important to note that these funds will not fully address our backlog and our continuing needs. Restoring and maintaining more than 2,200 facilities, statewide, is a considerable cost. And the request before you would further assist us in meeting our capital needs and management objectives.

On the open-space funding front, New Jersey, as you all know, is a national leader. Since the Governor's Council on New Jersey Outdoors recommended the need for additional open space funding back in May of 1997 -- which resulted in the Garden State Preservation Trust Act -- nearly 400,000 acres of land have been preserved by either the DEP Green Acres Program or the Department of Agriculture's Farmland Preservation Program.

These acquisition projects protect the State's natural resources and critical habitats. They also protect surface and groundwater resources, and flood-prone areas that are all high priorities. Funding will also be used to create and improve parks in cities and suburbs throughout New Jersey.

In concert with this goal, DEP's Fiscal Year '07 capital request includes \$135 million in requested funds for parks and open spaces. Specifically, \$25 million is included for State acquisition projects and \$10 million for new urban parks. Another \$100 million is included for the Green Trust program, to provide lagoons and grants to local government and non-profit land conservancies.

The State's preservation efforts will be further bolstered by the acquisition of environmentally sensitive lands associated with watersheds, groundwater recharge, wellhead protection, and stormwater management. This will be accomplished through DEP's partnership with the Environmental Infrastructure Trust.

New Jersey's Environmental Infrastructure Financing Program has proven to be a valuable asset to the State, in terms of water quality protection. Earlier this month, project sponsors again had the opportunity to submit planning documents for 2006 financing. Eligible projects fall

under the broad categories of wastewater treatment, stormwater and non-point source pollution control, and water supply. Projects eligible for funding include wastewater and drinking water treatment, new water supplies, combined sewer overflows, stormwater management, landfill closures, brownfields remediation, stream bank stabilization, and open space acquisitions, which protect water quality.

On the clean water front, New Jersey's Environmental Infrastructure Financing Program is in its second decade. Since 1987, the Trust and the DEP have provided more than \$2.75 billion in low-interest loans to finance clean water projects. By leveraging this financing mechanism, New Jersey residents have saved nearly \$760 million, or 28.3 percent, as a result of these low-cost loans. This year's financing, which closes on November 10, 2005, will fund 34 county and municipal projects, worth \$130 million. The bonds, which will be offered next month, are to be sold with interest rates averaging 4.5 percent.

Our Fiscal Year 2007 request corresponds with the submitted planning documents for the 2006 Federal fiscal year. These requests from project sponsors include 60 projects, with a projected cost of \$450 million.

In water supply, the Federal Safe Drinking Water Act amendments of 1996 provided New Jersey with the opportunity to leverage State loan funds to improve drinking water infrastructure facilities. The current Drinking Water Site Revolving Fund priority list identifies 180 projects and a need of \$590 million. We expect that \$24 million in projects will be financed in November. Our Fiscal Year 2007 capital request of \$3.8 million from the 1981 Water Supply Fund represents the eighth year of financing under the Federal Drinking Water State Revolving Fund and will

match \$19 million in Federal funding. As with the \$134.5 million in Federal funds available from Fiscal Year 1997 through 2005, the Department will continue to leverage these moneys through the Environmental Infrastructure Trust.

On our shore protection front, the Department's request for \$45.3 million for shore protection projects represents our full funding need to meet Federal funding matches if all Army Corps of Engineers-endorsed projects are congressionally authorized for funding. This request represents an increase of \$20.3 million above the annual dedication of \$25 million. Of our FY '05 appropriation that was appropriated into the FY '06, only \$900,000 remains unencumbered.

New Jersey's Shore Protection Program remains a viable one with the annual dedication of \$25 million. That funding, coupled with the Federal and local support, has been, and will continue to be, critical to the State's efforts to protect our coastline.

Over the course of the past year alone, beachfill work has continued in Cape May City and Cape May Point, and construction is scheduled to begin shortly on Long Beach Island. Work has also recently begun on the Wreck Pond Outfall and the Deal Lake Flume projects.

Our Fiscal Year 2007 capital request of \$45.3 million for shore protection focuses on beachfill projects that will cover such areas as Avalon, Stone Harbor, Absecon Island, and Long Beach Island. As in the past, our request for dedicated shore protection funds will be used in large part to leverage some \$96 million in Federal funds.

In flood control and dam repairs, the flood control projects contained in our request include both the deferred maintenance of culvert

repairs, replacements, and funding required as the State's match to Federal HR-6 projects. Specifically, \$8.2 million in State funds will leverage \$31 million in Federal funds. Major projects to be continued in Fiscal Year 2007 include the Green Brook, South River, Saddle River, and Passaic River at Harrison. The Department's request also includes capital moneys to address the needs at the Bayshore Floodgate. Specifically, \$500,000 is being requested to address capital needs involving the replacement of outfall pipes and related items.

In dredging, our Fiscal Year 2007 request includes \$6 million in capital moneys needed to maintain New Jersey's navigational channels and harbors. The funds will serve to eliminate the hazards of shoaling and the lack of regular routine maintenance dredging, making it safe for our boating community.

In site remediation, our Fiscal Year 2007 capital needs for site remediation include \$80.7 million in funds in order to address ongoing remediation projects, water line replacements, operation and maintenance, and closure of sanitary landfills. Offsetting part of these needs, we anticipate a Federal participation from the Superfund Program at a level of \$10 million, and \$55.2 million from the Corporate Business Tax dedication. To date, the availability of the dedicated Corporate Business Tax funds for cleanups has allowed the State to avoid the issuance of approximately \$191 million in bonds. This has saved the State an estimated \$150 million in interest, which would have otherwise been incurred if these cleanup efforts had been funded by the traditional bonding methods.

Other capital requirements that we're focusing on-- In addition to the requests I have already mentioned, I also call your attention to the following items that are contained in our Fiscal Year 2007 capital request.

The Palisades Interstate Park Commission request includes \$6.8 million for the Commission. Specifically, the Commission is seeking \$3.7 million for recreational development, \$2.1 million for road improvements, and \$950,000 for historic preservation within their district.

In Mosquito Control Commission-- The request for our State Mosquito Control Commission includes \$63,000 for secure insecticide storage facility. This request is based on a potential homeland security threat. Public safety is compromised by the lack of a secure facility for the storage of insecticides, which can be chemically altered and used as a biological weapon against our citizens. Our insecticides are currently stored in old, used, semi-tractor trailers parked at an aircraft contractors airport parking facility. They're secured with a padlock only and offer no climate control. The modern mosquito control formulations can be impacted by extreme temperatures.

These funding requests will enable us to purchase a portable container, about the same size as a trailer, but parked at the contractor's airport. These facilities are built specifically for this purpose and include specially designed floors for spill containment, shelving, ventilation, and temperature-controlled HVAC systems.

Additionally, to address homeland security issues, we would require a subscription to a company which would monitor environmental conditions and a breach in the security of that structure.

We are also requesting \$820,000 for the addition or replacement of equipment used by our county Mosquito Control Commissions to implement Open Marsh Water Management projects. One of the most effective methods of mosquito control is Open Marsh Water Management, in which heavy-duty amphibious equipment is used to create tidal flushing and the elimination of mosquito-breeding habitat.

With regard to equipment purchases, every acre of wetlands that is managed with equipment is removed from those having the potential to be the recipient of insecticide applications. Those acres, previously treated with hundreds of pounds or gallons of insecticides prior to management, no longer provide the habitat for mosquito production and the need to spray those areas. This strategy applies to upland sites, as well as those in salt marshes. These projects are critical to controlling the mosquito population and related diseases in New Jersey.

All of these proposed projects are designed to maintain and enhance the quality of life in this great state.

And we thank you very much, Madam Chair and Commissioners, for your good consideration. And if there are any questions, we'd be happy to try to answer them.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Brannigan.

MR. BRANNIGAN: On the Mosquito Control Commission, I really would appreciate it if you didn't go into so much detail in describing the issue. And I realize it's (indiscernible), but not part of. But \$63,000 is

not a large sum of money when we're talking about computer projects that cost in the tens of millions of dollars in the previous testimony today.

And I would say that this is something Assemblyman Cryan mentioned when he heard the story about the people in Greystone living in the facilities without air conditioning. It made him jump up. A story like this makes me jump up. And I think the Department should work with Treasury and whoever else to resolve this issue tomorrow. This isn't something that we should let go beyond finding out about it. We should fix it. It's scary to me.

ASSISTANT COMMISSIONER WATSON: Thank you, Mr. Brannigan.

MS. MOLNAR: Any other questions?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: It's not a question, but more of a comment. I note in your testimony that you mentioned a piece of legislation, S-2649 and A-4188. As the legislator here, I think it would be very much incumbent upon you to do what you can, as an arm of the administration, to ensure that that piece of legislation comes to at least our House, or comes back to the Legislature in a way, manner, or form that just addresses the actual capital needs of our State Parks, as opposed to having other things in that legislation. I think it does a disservice to our State to put two, unrelated issues together. It makes it very difficult for the legislators to show their support. And allow that ballot question to go to the 8.4 million people here to show their support -- or at least the number of those who can vote -- to ensure that our historic buildings are maintained.

We have watched, specifically in my district, buildings like Kuser Mansion disappear -- a big piece of history. People on both sides of the aisle feel very strongly that the culture and history of our state is important. These buildings should be maintained, or they shouldn't be there at all. We should sell them to somebody else if we're not going to keep them fixed.

So I would hope and urge you and your Department -- since you're the only folks who can do it on your side -- is to say, let's put it on the ballot, and let's put it on the ballot and see if the folks would support ensuring that buildings like the Lighthouse in Barnegat, all the way up to our world in High Point, at the Monument, are maintained in a respectful way.

Thank you very much for the opportunity.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: On the first priority, there's a--

And I think, Dave, you realize this. But I'm just curious. There's a central Treasury account. Have we tried that account for these compliance needs?

**E. DAVID BARTH:** Gary, to the extent we are able to utilize Treasury funds out of the Interdepartmental Account, we do do that during the course of the year. This identifies the full range of our need. As moneys become available from Treasury, we certainly take these projects off.

MR. BRUNE: Could I ask, through the Chair, that if it's possible to get a prioritized list -- not only of this one, but on Priorities 3

and 5? It just helps us to know, within those categories, what you feel is the most pressing projects. Is that doable?

MR. BARTH: Certainly. Through the Chair, we will submit that.

MR. BRUNE: Just a couple other things. On HR-6, through the Chair-- As I think you know, we fund this every year. It's got Federal funds attached to it. I just want to make sure that I understand the amount you're asking for. The testimony says -- I think it's \$8 million -- 8.2. The formal request we received for '07 is more like 5.5. I just want to know which number is it that maximizes the leveraging of Federal dollars? And if you don't have that today, if you could just let us know, through the Chair.

Do you understand what I'm driving at?

MR. BARTH: We'll clarify that.

MR. BRUNE: Okay.

Just a quick question on the Hunters and Anglers, just so I understand, Dave. There was a carry-forward from the land sale into this year of about \$2 million. If we are fairly certain that, by implementing this system, we're going to generate about \$300,000 in new revenue, is it at least an option to consider buying it from that source and then repaying it as the new revenue comes in, as opposed to going through the Capital Planning Commission?

ASSISTANT COMMISSIONER WATSON: Actually, Mr. Brune, the-- You're talking about the point-of-sale issue?

MR. BRUNE: There was land sale proceeds from years ago that's, kind of, rolled forward over the years.

ASSISTANT COMMISSIONER WATSON: Right. I'm sorry, I don't understand you. Could you please ask again?

MR. BRUNE: The question would be, instead of us putting up additional State funds-- If we're fairly certain that doing this project generates more revenue to the Hunters and Anglers fund, of \$300,000 a year-- Is it possible to front the money from that source, and then repay that source as the revenue comes in?

ASSISTANT COMMISSIONER WATSON: Well, I think the \$300,000 is actually going to be less revenue generated, because of the point-of-sale system you're talking about. It's the new system that we're generating, which is actually going to go the other way. There's a charge that's going to come off of the sales of hunting and fishing licenses. So we're actually in a deficit there of \$300,000.

MR. BRUNE: I'm sorry. Maybe I misunderstood. But I thought the Department was estimating an operating loss from the current system -- that it doesn't let you maximize your revenue because you have to perform an audit. Maybe I'm not understanding the issue.

ASSISTANT COMMISSIONER WATSON: Actually, it is going -- they are going to be charging a dollar per transaction. So it's actually less money that will be flowing into the Hunters and Anglers account as a result of this. But the main reason we're doing this is for better accountability. We can be more strategic in our marketing, because now we have a database that will enable us to target anglers and the hunting public in the State of New Jersey.

The current system -- the current accounting system and the current license-issuing system is archaic in the Division of Fish and

Wildlife. And we're just trying to get a better handle on accountability. And it will put us in a better position to make sure that the revenue flows more smoothly.

MR. BRUNE: Well, let me close by asking you, through the Chair, is there something you can submit so we could, maybe, better understand the scope of the system and what it does for us? Is there some kind of RFP or a study that--

ASSISTANT COMMISSIONER WATSON: We will absolutely do that for you.

MR. BRUNE: That would be great. Thank you.

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

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

ASSISTANT COMMISSIONER WATSON: Thank you very much, Madam Chair.

And thank you to the Commissioners.

MS. MOLNAR: Is there any new business or old business? (no response)

If not, our next meeting is November 18, on a Friday. So I hope to see you there.

Meeting adjourned.

**(MEETING ADJOURNED)**