
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: October 23, 2009
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

B. Carol Molnar, Chair
Anthony Annese, Vice Chair
Senator Marcia A. Karrow
Assemblyman Joseph Cryan
Gary Brune
Jack Donnelly
Joseph Donohue
Harlynn Lack



ALSO PRESENT:

James Vari
Executive Director

Beth Schermerhorn
Assembly Republican Aide

Rosemary E. Pramuk
Senate Republican Aide

Meeting Recorded and Transcribed by
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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 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 the roll.

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

Ms. Pramuk for Senator Karrow. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. VARI: Mr. Donohue.

MR. DONOHUE: Yes.

MR. VARI: Ms. Lack.

MS. LACK: Here.

MR. VARI: Mr. Brune.

MR. BRUNE: Here.

MR. VARI: Mr. Donnelly.

MR. DONNELLY: Here.

MR. VARI: Mr. Annese.

MR. ANNESE: Here.

MR. VARI: Ms. Molnar.

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

Do I hear a motion for the approval of the minutes from October 2, 2009?

MR. ANNESE: So moved.

MS. MOLNAR: Second?

ASSEMBLYMAN CRYAN: Second.

MS. MOLNAR: Any discussion? (no response)

If not, we'll take a vote.

MR. VARI: On the motion to approve the minutes, Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. VARI: Mr. Donohue.

MR. DONOHUE: Yes.

MR. VARI: Ms. Lack.

MS. LACK: Yes.

MR. VARI: Mr. Brune.

MR. BRUNE: Yes.

MR. VARI: Mr. Donnelly.

MR. DONNELLY: Yes.

MR. VARI: Mr. Annese.

MR. ANNESE: Yes.

MR. VARI: Ms. Molnar.

MS. MOLNAR: Yes.

Our next item is the New Jersey Building Authority project report -- the new surface parking lot on Northern State Prison. I'd like to welcome Charles Chianese, Executive Director.

I'm sorry; can we ask if you vote in favor of the minutes?

SENATOR KARROW: I do, yes.

MS. MOLNAR: Good, thank you. The minutes are approved now. We were short one vote.

Okay; welcome.

C H A R L E S C H I A N E S E: Thank you, Madam Chair.

Members of the Commission, good morning. My name is Chuck Chianese. I am the Executive Director of the New Jersey Building Authority. The New Jersey Building Authority has enjoyed a long-standing relationship with this Commission, and appreciates the opportunity to come before you this morning.

With me this morning, to my left, is Steve Sutkin, who is the Director of the Division of Property Management and Construction in the Department of the Treasury; and Pat Papero, who is the Senior Project Manager assigned to this project in the Department of the Treasury.

On August 18, 2009, the New Jersey Building Authority Board approved the project report, which is before you this morning for consideration, entitled, "Construction of a New Surface Parking Lot at Northern State Prison in Newark, New Jersey." This project is a unique project, in that typically the projects that we make an investment in are because we have to -- we either have to build a new building or renovate a deteriorating structure to avoid future costs. This project is unique in that the investment that we would be making in this project will certainly result in statewide savings for the Department of Treasury, by the collapsing of various leases relating to cars that are currently being parked in leased facilities.

The other unique aspect of this project is that it's being funded from project surplus. There would be no additional indebtedness or debt service required. This is being funded from surplus that the Building Authority has accrued as a result of bringing in other projects under budget.

At this time, with the approval of the Chair, I would like to ask Mr. Sutkin and Mr. Papero, of the Division of Property Management and Construction, to overview the project. After the presentation, we would be happy to address any questions that Commission members may have.

Madam Chair, if this is acceptable to you, we will begin.

S T E V E N M. S U T K I N: Thank you, Madam Chair, and Mr. Chianese.

The objective of this project is to create approximately 340 parking spaces that will house State-owned pool field vehicles that are, for the most part, presently parked in private lots that are within leases or that are separately contracted for in the City of Newark at considerable annual expense. The collapse of these leases, and along with the creation of the new parking facility, would provide considerable cost saving to the State, estimated to be in excess of \$500,000 per year. The majority of pool vehicles at the Newark parking lots are used by DYFS case workers. Aside from DYFS cars, there are other State employees parked in Newark that are tied to other functions and responsibilities that require parking.

The proposed site is located on State-owned property on the grounds of the Department of Corrections Northern State Prison facility. It consists of, primarily, undeveloped land; and is proposed to be developed into the surface parking lot, meeting the minimum requirements of the City of Newark zoning ordinances, the New Jersey Department of

Environmental Protection, and the New Jersey Department of Transportation's requirements. More specifically, the development area is the easterly area, six acres of Lot 158 in Block 5088 on the City of Newark tax maps, and is located at 168-354 Frontage Road in Newark, New Jersey.

The proposed improvements include a 160,000-square-foot parking facility, with, as I said prior, approximately 350 parking spaces, associated site lighting, site improvements, and an extension for two fire hydrants located within the proposed new parking area. The project's conceptual plan also includes photovoltaic-powered site lighting, which will serve as general illumination throughout the parking area during nighttime hours. The project will also include security cameras and card access controlled entrances and exits, guard booths, etc. Additionally, security fencing is planned around the parking lot, with the security cameras and control devices included to ensure the safety and protection of the people and vehicles using the parking area.

The total project is estimated to be approximately \$2.5 million. The estimated costs include all central project components including, but not limited to, professional fees, architectural engineering, environmental consultants and construction management, construction of all site-related work and improvements, compliance with soil remediation and other environmental requirements, cost to develop a relocation plan to move the parking from current leased lots to the new parking areas, in addition to the construction costs, permits, and contingencies.

With that general statement about the scope of the project and the costs, I'm available along with Mr. Papero to respond to any questions.

MS. MOLNAR: Thank you. I have one question: Will you have to buy out any current leases? I'm sure they all don't expire at the same time.

MR. SUTKIN: The leases that are involved expire around the same time as we anticipate the completion of the construction project, which is the end of calendar year 2010. And any of the parking that is contracted for parking are one-year contracts. So we would be able-- This project is scheduled for completion near the end of a calendar year, which will coincide approximately with the end of that contract for parking.

MS. MOLNAR: Thank you. This may be a question for Mr. Chianese. I notice in your resolution and our resolution there's no dollar amount -- we just say we're approving the project. Do you ever put in the total dollars?

MR. CHIANESE: Yes. Our resolution references Exhibit A.

MS. MOLNAR: Oh.

MR. CHIANESE: And when you look at Exhibit A, which is the actual project report itself, it does have the project costs incorporated, at \$2.5 million.

MS. MOLNAR: I don't believe our-- I don't believe our resolution refers to Exhibit A. All right; we can cure that.

Any questions or comments? Assemblyman.

ASSEMBLYMAN CRYAN: So the payback costs of \$500 -- or the cost savings of \$500,000 a year incorporates any-- I don't know, I just want to make sure I understand it right, because I had a bunch of questions about the cost, but they're overridden by the fact that we save

\$500,000 a year, so this project has a payback cost -- it actually is a net profit after five years, is that right?

MR. SUTKIN: And perhaps less. The way we calculate it, the \$500,000-plus is the amount per space, which is about \$150 to \$180 per month, times 320 to 340 cars, times 12 months in a year.

ASSEMBLYMAN CRYAN: Well, wouldn't you do it based on the leases that you're paying now?

MR. SUTKIN: Well, the leases incorporate-- The leases are almost like a pass-through. We pay for the parking as a pass-through, through some of the leases. Some are direct contracts with parking lots, and some are paid for through the lease.

ASSEMBLYMAN CRYAN: So how many cars do we pay for now, for spots, and how much do we pay for them on an annual basis?

MR. SUTKIN: Three hundred and twenty to 340 cars, that's what we're talking about.

ASSEMBLYMAN CRYAN: That's why we're doing the 350.

MR. SUTKIN: One hundred fifty to \$180 per year; I think that's--

MR. CHIANESE: You mean per month.

MR. SUTKIN: Per month. Two thousand, one hundred-- If you base it on 180, it's \$2,160 a year.

MR. CHIANESE: Per car.

MR. SUTKIN: Per car. And \$150 would be 20 percent less.

ASSEMBLYMAN CRYAN: So in rough terms, it's \$2,000 at 300 spots, is how much?

MR. SUTKIN: Six hundred thousand.

ASSEMBLYMAN CRYAN: So you're actually estimating less than what you're actually paying.

MR. SUTKIN: Yes; we're being conservative.

ASSEMBLYMAN CRYAN: Okay. And is there any -- in terms of the estimated costs -- is there any areas for the Commission or for anybody else who's looking at this to be concerned -- that are either optimistic or past history -- would have a question about, without knowing everything about all these costs? I see soil and all the rest. What are the--

MR. SUTKIN: The \$2.5 million to (indiscernible)

ASSEMBLYMAN CRYAN: Yes. Is there anything in there that -- let me ask it directly -- as a member of the committee, that somebody should vote on it and know about, that might not be a rose-colored estimate, for lack of a better way to put it.

MR. SUTKIN: No, I think that, just like the estimate on the savings, it's also a conservative estimate.

ASSEMBLYMAN CRYAN: Great. Thank you. This is creative stuff. By the way, the folks who are going to the -- that are now going to park here in front of Northern State -- they're just going to get bussed, I assume?

MR. SUTKIN: This is mostly the field workers, who really don't have as much of a reason to go into the center of the city proper. So they go to the site, which is just off of Exit 14 of the turnpike. They park their personal car and they can take the fleet vehicle out for their runs. It also has other incidental benefits: less greenhouse gasses, less waste of time going in and out of traffic.

ASSEMBLYMAN CRYAN: It's also a turn you blow the first time you pass Frontage Road.

MR. SUTKIN: It's what?

ASSEMBLYMAN CRYAN: It's a turn you miss the first time you go past Frontage Road anytime.

MR. ANNESE: Then you can go to the Budweiser factory.
(laughter)

ASSEMBLYMAN CRYAN: So there's no additional cost in terms of a shuttle, or anything like that? This is just pretty much a straight--

MR. SUTKIN: There may be a van cost associated with it. We're still figuring out those details.

ASSEMBLYMAN CRYAN: Good stuff. Thank you.

MS. MOLNAR: Senator.

SENATOR KARROW: I'm just curious about-- With the amount of money that we give the City of Newark every year, with no strings attached, why we haven't explored a relationship with the city to park State vehicles there as an in-kind, government-to-government agreement, and then bus them from there, rather than building all this new, impervious coverage?

MR. SUTKIN: Yes, I'm not sure what available city-owned parking, if any, there is.

SENATOR KARROW: Maybe that should be explored, because then we don't have the money to spend, we're already in a relationship with the city, and we don't have to put in new impervious coverage and cost the taxpayers any more money.

MR. SUTKIN: We'll explore it.

MS. MOLNAR: Any other questions? Mr. Annese.

MR. ANNESE: Yes, I have a couple of questions that I'm just curious about. First, why do we need fire hydrants in the parking lot?

P A T P A P E R O: There are, I believe -- at least one of the fire hydrants is being relocated. The second one-- It may be the fact that, for purposes of the parking lot, they'd like to have it there. I wasn't-- I'm not particularly sure.

MR. ANNESE: I'm not an expert on fire, but I understand gasoline fires aren't fought with water.

MR. PAPERIO: I'm not sure, sir. I'm not sure about that. I know that there is money there to create two fire hydrant locations, whether we do it or not. I'm not positive that that will happen. Again, it's conservative. To create those fire hydrant locations isn't, more or less, a deal buster in this.

MR. ANNESE: Okay. The other question I had referred to your costs to develop -- and I'm reading here, I'm quoting, I believe this was part of your testimony as well -- "the cost to develop a relocation plan to move the parking from current leased lots to the new parking area." What type of planning is involved to tell people to park their car in this new area?

MR. SUTKIN: It just may be some planning and programming associated with changing the whole way that people come into work. Maybe they'll be more hotelling now, people occupying the same workspace rather than taking down additional lease space for those people. They'll be able to work from the field more. There may be additional savings that we need to explore. Right around the same time as this parking lot initiative,

we have, as I said, a lot of leases expiring; and we're looking for all kinds of savings that are available associated with solving these financial issues associated with the parking and the leasing. So that's a tangential issue; it's not likely to be a large nut, but it's something that we've included in the project report regardless.

MR. ANNESE: Do you anticipate that to be an outside cost? That you would have to bring in someone to do it for you?

MR. SUTKIN: Possibly, if we need some planning and programming expertise as we develop it. But right now, we haven't ironed that out. We're just including it as a potential cost on a project report.

MR. ANNESE: All right, thank you.

MR. CHIANESE: Mr. Annese, with respect to the fire hydrant issue: Certainly we will duly note your comment, and during design explore that issue more particularly. And if there is not a need for the second hydrant, we simply wouldn't install it.

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

If not, we have in our packet a resolution. I will not read it all. It's Resolution 11-1, "Resolution of the New Jersey Commission on Capital Budgeting and Planning Approving the Project Report for the Construction of a New Surface Parking Lot at Northern State Prison in Newark, New Jersey." And we're resolving: "Be it resolved by the New Jersey Commission on Capital Budgeting and Planning: No. 1." Now, No. 1 I'm amending slightly. "New Jersey Commission on Capital Budgeting and Planning hereby approves the Newark Parking Lot Project Report," I have "including Exhibit A of the New Jersey Building Authority" -- I'm sorry,

“including Exhibit A, the New Jersey Building Authority Project Report.”
So all I’m doing is incorporating by reference their Exhibit A. And No. 2,
“We recommend the Newark Parking Lot Project Report to the Governor
and the Legislature.”

Do I hear any discussion? (no response)

Motion first.

ASSEMBLYMAN CRYAN: Motion.

MS. MOLNAR: Motion.

MR. ANNESE: Second.

MS. MOLNAR: Okay. Any discussion on the resolution? (no
response)

If not, we’ll take a roll.

MR. VARI: On the motion to approve Resolution 11-1, as
amended.

Senator Karrow.

SENATOR KARROW: No.

MR. VARI: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I love the idea of getting rid of the
leases, and the long-term savings. It makes common sense. I vote yes.

MR. VARI: Mr. Donohue.

MR. DONOHUE: Yes.

MR. VARI: The Commissioner votes yes by letter.

Mr. Brune.

MR. BRUNE: Yes.

MR. VARI: Mr. Donnelly.

MR. DONNELLY: Yes.

MR. VARI: Mr. Annese.

MR. ANNESE. Yes.

MR. VARI: Ms. Molnar.

MS. MOLNAR: Yes.

MR. VARI: Madam Chair, you have seven votes in the affirmative. The motion carries.

MS. MOLNAR: Thank you for coming.

MR. CHIANESE: Thank you, Madam Chair. Thank you, members of the Commission.

UNIDENTIFIED MEMBERS OF COMMISSION:
(Indiscernible)

MS. MOLNAR: (raps gavel)

I call the meeting back to order, please. Thank you.

Can we keep the side discussions to a minimum? It's very hard to hear, at least for me. Maybe I'm getting old; I can't hear. Thank you.

Our next department is the Department of Environmental Protection. I'd like to welcome Amy Cradic, Assistant Commissioner.

A S S T. C O M M I S S I O N E R A M Y C R A D I C: Good morning.

MS. MOLNAR: Good morning.

ASSISTANT COMMISSIONER CRADIC: I also have here Director David Barth for the Department of Environmental Protection.

On behalf of the Department of Environmental Protection, I would like to thank the Commission for the opportunity to present DEP's capital needs request for Fiscal Year 2011.

After careful deliberation, I am here today to request your consideration of \$183.9 million in capital funding to address some of our most urgent needs that currently do not have alternate funding sources.

These capital needs represent 24 percent of our entire capital budget request, and represent the future funding needs of the Department's environmental protection infrastructure financing of wastewater treatment facilities and water supply systems; supporting future flood control efforts, including match to ARRA and HR-6 funding; requests for the Palisades Interstate Park Commission, and the State Mosquito Control Commission.

The remainder of our capital request is supported by dedicated resources that sustain shore protection, recreational development in parks, forests and Wildlife Management Areas, and site remediation.

Earlier this morning the Department's staff processed the first ARRA-supported payment for the construction of wastewater treatment facilities in West Milford. The success of New Jersey's financing program can easily be seen in the tremendous response the Department received in its call for projects last spring as the economic stimulus efforts were moving forward. New Jersey received 484 project applications that totaled \$2.1 billion. Federal ARRA funding will address approximately 60 projects, representing \$213 million in wastewater treatment construction and \$57 million in water supply projects.

Earlier this month, 277 new project sponsors not funded through this year's economic stimulus efforts submitted planning documents for the 2010 financing, which represents our Fiscal Year 2011 budget request, totaling over \$1.5 billion. Non-stimulus Federal funding from capital funds identified in our request for the Municipal Wastewater

Assistance and Water Supply not only represents the State match for this program, but is needed to support the overwhelming response that we received.

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

Over the course of the past calendar year, the Department-sponsored beach construction was completed in Strathmere, Sea Isle City, and on the Bayonne Harbor bulkhead. DEP participated with the U.S. Army Corps of Engineers in the continuing construction of the North Wildwood seawall. Corps construction, with DEP participation, will begin in Harvey Cedars in November 2009, and is scheduled to begin in Ocean City in January 2010. DEP is preparing for a November 2009 beach construction without Federal sponsorship in Stone Harbor, and on the Fortesque State Marina bulkhead in January 2010.

Our Fiscal 2011 capital request focuses on beachfill projects that cover Absecon Island, Long Beach Island, and Port Monmouth. As in the past, our request for dedicated shore protection funds will be used, in large part, to leverage approximately \$31 million in Federal funding.

The flood control projects contained in our request include funding required as a State match to Federal HR-6 projects; specifically, \$14.6 million in State funds will leverage \$37.1 million in Federal funds. Major projects to be continued in Fiscal Year 2011 include the continued matching requirements of Greenbrook, South River, Saddle River, and Passaic River at Harrison.

It is important to note that the Federal ARRA monies appropriated to the Corps of Engineers last February are supporting \$20 million in construction costs over the next two years. Our match must be available to continue these efforts. Included in our request is funding necessary to support the North Jersey District Water Supply Commission's management and operation of the first completed Federal flood control facility at the Ramapo River, including the floodgate at Oakland which protects Oakland upstream of the dam.

Our Fiscal Year 2011 request for dredging also includes \$4 million in capital monies needed to maintain New Jersey's navigational channels along the Intercoastal Waterway. The funds will serve to eliminate the hazards of shoaling and the lack of regular routine maintenance dredging. We also have requested \$2 million for the removal of large structural debris, as part of the harbor cleanup process to protect navigation and decrease shoreline hazards.

Our Fiscal Year 2011 capital needs for site remediation include \$84.8 million in funds to continue ongoing remediation projects, water line replacements, operation and maintenance, and closure of sanitary landfills. Offsetting part of these needs, we anticipate Federal participation from the Superfund Program at a level of \$10 million, and \$45.5 million from the CBT dedication. To date, the availability of the CBT funds for cleanups has allowed the State to avoid the issuance of bonds over the last 10 years.

Requests on behalf of the Palisades Interstate Park Commission are included at a level of \$5.2 million. Specifically, the Commission is seeking \$1.15 million for recreation development, \$3.65 million for road improvements, and \$400,000 for historic preservation.

The State Mosquito Control Commission is requesting approximately \$890,000 for the replacement of heavy equipment used by county Mosquito Control Commissions, and \$167,000 for open marsh water management projects at the Forsythe National Wildlife Refuge.

Currently there are about 130 pieces of equipment in the inventory for mosquito control; however, many of these are non-capital laboratory and surveillance items. Some are insecticide application machines. Of the remaining, there are 30 pieces assigned throughout the state that qualify as capital equipment with a value of \$50,000 or above. The range of age of capital mosquito control equipment requested for replacement is between 22 and 38 years old, and the annual budget for repairs is approximately \$100,000. Much of this equipment is dedicated to projects involving State or federally owned lands. The equipment is moved from county to county based on project length, which often takes years. The equipment is never stored, or taken out of service, or idle.

In 2008, more than 18.5 million visitors attended and utilized our State Park system. Recreational opportunities are provided at 42 State Parks, 11 Forests, three recreation areas and golf courses, 118 Wildlife Management Areas, 43 natural areas, and more than 50 historic sites and districts located statewide. These areas encompass approximately 700,000 acres of New Jersey. In all, the Department of Environmental Protection manages approximately 1,900 structures. As you know, in 2006 the voters approved a constitutional amendment ensuring stable funding to expand recreational opportunities in our Parks and Wildlife Management Areas, and to address deferred maintenance of our facilities. This amendment dramatically changed the Department's capital request.

We continue to improve fishing and boating access statewide that complies with the Americans With Disabilities Act, as well as improving deteriorating public sanitary facilities, campgrounds, and historic sites located statewide.

In prioritizing the dedicated capital funds, the Department is focusing on green design to create energy efficient facilities and buildings, whether they are new or existing. The Department released a bid to conduct a statewide energy audit on a significant number of its more than 1,900 structures, prioritizing those facilities with the highest utility costs. In coordination with the Department of Treasury, the Department released the bid in June 2009. The audit was launched in August 2009, with the report recommending the energy saving improvements due back to the Department in December 2009. Any new facilities, such as new cabins, will be designed to use recycled water for toilets, and solar panels will be installed for hot water. Approximately \$2 million will be expended this fiscal year to implement the first round of energy improvement recommendations identified in the audit.

In closing, I would like to thank you for your time; and we are available to answer any questions.

MS. MOLNAR: Thank you.

Any questions or comments? Senator.

SENATOR KARROW: Amy, how are you?

ASSISTANT COMMISSIONER CRADIC: Hi, Senator.

SENATOR KARROW: Can you explain the dredging? Is that in the budget every year as a capital issue?

ASSISTANT COMMISSIONER CRADIC: Yes, we request annually.

SENATOR KARROW: Why -- just as a point of clarification -- why is that considered a capital item, rather than a maintenance item?

ASSISTANT COMMISSIONER CRADIC: I'm not sure. Historically, it's been included as a capital bill, and not a maintenance.

SENATOR KARROW: If it's-- I mean, if it's something like that -- I mean, like tree trimming is a maintenance item, because trees grow, silt comes back every-- I don't--

ASSISTANT COMMISSIONER CRADIC: It's the scope. I mean, most of the dredging projects are very large and expensive projects. A lot of times-- I can just use others examples: In our system, when we have small maintenance projects, they're considered maintenance, and they're not funded through the capital programming. In a park, when you're going to restore a new building, or build a new building, it becomes a capital project. So small maintenance is not considered capital. Larger projects are considered capital. We can look back and see--

DAVID BARTH: To also add some clarification-- It's also the life of the project's improvement. After we dredge, there won't be need to re-dredge that section or that reach of the channel for at least another 10 years. So we make a major capital investment. And, as Assistant Commissioner Cradic said, it's the cost, the initial cost of the dredging that really puts it into the capital category, versus a maintenance.

SENATOR KARROW: Just for a point of clarification, then. This-- The annual dredging is a different section of the channel every year? It's not-- You're not always doing--

MR. BARTH: Yes, that's correct.

SENATOR KARROW: --the Raritan Bay; move on to something else.

MR. BARTH: That's correct.

SENATOR KARROW: Okay. Thank you for that.

Regarding-- You have urgent requests for flood control, and you have non-urgent requests for flood control. My first question regarding the urgent is, how long have they been listed as urgent?

MR. BARTH: To answer that question: Some of the urgent projects are driven more by where that project is in the Federal funding cycle. What we tried to do is characterize those projects that have Federal funding, are moving forward, and the State is required to provide the non-Federal match. So those automatically will rise to the top as being an urgent project. It's not the condition of the project that drives the urgency within the flood control categorization.

ASSISTANT COMMISSIONER CRADIC: I mean, we could remove some of the projects from the urgent category if there's not an immediate solution available, or if the Federal funding isn't going to come forward. But that's based -- the Federal funding initiative -- sometimes a small amount comes each year, and that pushes it into the urgent category.

SENATOR KARROW: Have we ever lost Federal match for not doing any of these projects?

ASSISTANT COMMISSIONER CRADIC: I believe some of the money has been moved to other projects--

SENATOR KARROW: Okay.

ASSISTANT COMMISSIONER CRADIC: --when there has been coordination and enough money, but a short match between-- Normally in the same district.

SENATOR KARROW: So some of the non-urgent projects might, technically or physically, be more perilous to citizens or to the water course itself. But this is all based on whether or not there's Federal funding coming?

Hi, John. (laughter)

MS. MOLNAR: Could you give your name, please?

J O H N M O Y L E: My name is John Moyle. I am the manager for our Bureau of Dam Safety and Flood Control.

We have not yet lost any Federal funds to do a flood control project. This year coming up is the most challenging year for us because of the recovery funds for our Greenbrook project. The Corps has almost \$23 million next year for construction, and New Jersey has historically not been in a position to match those funds.

SENATOR KARROW: Okay. And that's -- the Greenbrook is on urgent. The non-urgent-- I guess my question is, really, the non-urgent -- it's all based on where it is in the pecking order of Federal funding?

MR. MOYLE: Correct.

SENATOR KARROW: So if you're living-- If you're a human being living along any of these water courses -- or an otter -- you're going to see every one of these has probably the same flood-prone damage, peril, etc. Right? We're all equal in the eyes of the people who live there, and the creatures that live there. It's really that -- which ones we can do, because we're going to get some Federal money.

MR. MOYLE: That is correct.

SENATOR KARROW: Okay, thank you.

MR. MOYLE: It's based upon Federal funding.

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

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

Our next department is the Department of Law and Public Safety. I'd like to welcome Dan Foster, Deputy Administrator.

Good morning.

DANIEL W. FOSTER: Good morning. My name is Dan Foster. I am the administrator for the Department of Law and Public Safety. On my right is Kristen Fischer, who happens to be the Director of Budget; and on my left is Sergeant First Class Nemeth from the Division of State Police, should you have any particular questions that I may not be able to address on their behalf.

Good morning, Chairwoman Molnar, Executive Director Vari, and members of the Capital Budget and Planning Commission. On behalf of Attorney General Milgram, I would like to thank you for this opportunity to present the Department of Law and Public Safety's Fiscal Year 2011 capital budget initiatives.

I would like to thank the members of the Capital Commission for your generous support of our projects in Fiscal Year 2010. As you may be aware, the Capital Commission's recommendations for funding the Department's initiatives were cut during the actual appropriation process. These cuts impact the requests we bring forward to you today.

The Department has explored the possibility of receiving Federal stimulus funding for the Department's energy projects, which included biodiesel generators, solar panels, high tension service, and window replacement for Totowa. None of the Department's energy projects were selected.

Although we realize that several departments within the State are up against similar challenges with regard to limited resources, aging equipment, and failing infrastructure, the Department of Law and Public Safety and its mission to protect and serve the citizens of New Jersey is compromised with the passage of time and our inability to address the critical needs.

As in the past years, the Department comes to the Capital Commission for your support. I would like to take this opportunity to describe for you just how critical the present need is, and ask that you again consider funding for capital recommendations within Law and Public Safety.

Electrical upgrades are our number one priority. Generators for Division Headquarters are still needed, as are the electrical upgrades for four patrol stations. The generator at Building 6, which is our electronic surveillance unit, is more than 70 years old and is far beyond its life span. The State Police radio system emergency backup generators -- they are more than 20 years old -- are also in need of replacement.

Critical repairs remain our second priority this year. Critical repairs for Totowa Headquarters in Troop B include new windows -- that are failing and new exterior panels -- that are rusting from the inside out. Totowa Headquarters also needs an upgrade to its electrical system to

replace its uninterruptable power supply, which could render communications and computer-aided dispatch inoperable in a power outage.

Specialized equipment is required for the State Toxicology Lab, specific equipment such as for the in-depth analysis of more than 6,000 biological specimens submitted annually to the lab in the course of investigations. The Northern Regional Medical Examiner's Office also needs to replace its antiquated x-ray system with a digital x-ray system that would be used in daily operations, as well as the mobile operations in the event of a mass casualty disaster. A digital x-ray system would both speed the processing of cases and help to ensure accuracy in the autopsy room and reporting.

The Northern Regional Medical Examiner's Office is also in need of a new generator to replace the current unit that is more than 26 years old. The current unit's motor is actually a diesel-fired modified farm tractor engine that was installed when the facility was originally constructed. Due to its age and condition, it cannot support the power requirements for this operation. This facility serves as the largest morgue in the state, conducting more than 5,000 death investigations and 1,300 autopsies annually.

The structural integrity of the bulkhead at the State Police Point Pleasant Marine Station also needs to be repaired. We were grateful that Executive Director Vari took the opportunity this past summer to witness firsthand the condition of the deteriorated bulkhead and to understand its function to protect this critical asset within the Marine

Services Bureau. This station represents the sole regional facility for providing maintenance and repair services to the boat fleet.

The State Police is also requesting funding to support various paving projects for several police parking lots throughout the state that have deteriorated beyond the point of repair.

The antiquated telephone system throughout several State Police buildings, specifically nine patrol stations and two confidential investigative offices, need to be upgraded. The current systems installed at these locations are obsolete and are no longer supported by the manufacturer's maintenance program. This has caused lengthy disruptions in phone service, creating a potentially dangerous situation where New Jersey citizens could not contact these stations during an emergency.

Many of these requests are familiar to you from last year's testimony. Unfortunately, with the passage of time, poor conditions have worsened and the cost of repairs or replacements has risen.

Now, more than ever, we realize that our duties and responsibilities must be carried out and tempered with fiscal prudence. However, we must not allow this current fiscal climate to deter us from moving forward with what ultimately are sound business decisions required to remedy these situations.

The needs I have briefly outlined here today are vital to the ongoing operations and success of the Department of Law and Public Safety. I can assure you we will continue to look for alternative funding possibilities.

I will be glad to answer any questions you may have at this time.

MS. MOLNAR: Thank you.

Any questions or comments? Senator.

SENATOR KARROW: One very brief question, Dan. Your phone request -- they're not prioritized at all. I think time is probably passing me faster than I want to realize, but Kingwood isn't that old. I mean, I'm surprised it needs a new telephone system already.

MR. FOSTER: Which one?

SENATOR KARROW: The Kingwood Police Station?

MR. FOSTER: Kingwood?

SENATOR KARROW: It's not that old a building.

S G T. F I R S T C L A S S D O N A L D N E M E T H:
Kingwood was designed as a substation originally, then became a full-time station. It's undersized to begin with; now it's blowing out at the seams. We have a lot of other issues for the facility along with the phone system, because it was not designed to be a full-time station.

SENATOR KARROW: Got it; okay. Thank you.

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

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

MR. FOSTER: Thank you.

MS. MOLNAR: Our last department is the Judiciary. I'd like to welcome His Honor Judge Glenn Grant, Administrative Director of the Courts.

Good morning.

G L E N N A. G R A N T, J. A. D. : Good morning, Madam Chairman, members of the Commission.

Thank you for this opportunity to discuss the Judiciary's capital budget priorities for Fiscal Year 2011.

This year, our appearance before this Committee is unlike any other in recent memory, because together, as we all know, we face an economy unlike any in recent memory. In the past, we have spoken to you about our most pressing needs involving information technology. Those needs continue, and we continue our efforts to ensure that our information technology systems remain viable.

As you know, our computer system supports the work of the entire statewide Judiciary, with more than 1 million cases handled every year; the entire statewide municipal court system, with more than 6 million cases; the New Jersey State Police; local police departments; the Motor Vehicle Commission, and more.

But we are keenly aware of the need to prioritize as never before. We are not placing our current IT needs of nearly \$26 million before you today. Discussions about technology will have to wait for some time in the future. However, before I leave that topic, I would like to bring to your attention a special committee, commissioned by Chief Justice Rabner, that was asked to look at e-filing as an immediate solution for managing cases more effectively in reducing both the storage costs and the environmental impact of tons of paperwork associated with court cases. In addition, e-filing will allow the courts to move into electronic access to certain case information and to provide other necessary functions of our court system in the 21st century. The special committee has made its report available to the Supreme Court, and we have posted it on our website, along with a request for public comment.

As you may be aware, I and other administrative directors before me have spoken to the Capital Budget Commission about the conversion of our computer systems from old technology to new. We have made enormous progress. The underlying technology of all of our major case management systems has been converted successfully and are in operation. Now we are well placed to rely upon our new systems that will carry us well into the future, as industry support for our old system discontinues.

The work to accomplish the conversion of our databases, all of the money we have spent, all the training, all the system upgrades, have laid the foundation for the e-filing initiative. When the Court has reviewed the public comments about the special committee's report, and is prepared to move forward, we must be ready to go. To prepare, we have already turned our attention to web browser technology so that all Judiciary personnel and judges will be prepared. So while today I will not focus on capital funds for technology, I know that in the near future we will be requesting funding to launch our electronic filing and document management systems.

Again, we understand the fiscal posture of our State. But I think I would be remiss if I did not advise you now of the long-term implications to the Judiciary if we are unable to identify funding sources to address this very important initiative.

In preparing to meet with you today, I have worked with judges and staff to strip our request down to three critical and central projects we must address in Fiscal Year 2011. They address the health and safety of our workforce, and for court visitors.

First, I want to describe the \$2.59 million project going on in the Gloucester County Justice Complex, which includes additions and renovations to the Court Complex. The Gloucester County Freeholders have authorized new and expanded Justice Complex facilities and the construction is underway. While the County undertakes the cost of the facilities, the Judiciary is responsible for the costs incurred to outfit and furnish the space for Judiciary staff and expanded court space. Please be assured that before we look to purchase anything new, we will reuse every piece of furniture we can, from what is in the courthouse now to what we might find in the State supply. This is our usual practice, but reusing furniture will not meet the full demand of the new space.

Therefore, we make this request to address those furnishings we cannot redeploy for use in the new complex, but must purchase some new equipment. We need the necessary workstation and other requirements in the eight new courthouses, additional hearing rooms, and the renovation of four existing courtrooms, and the installation of appropriate technology infrastructure. The Justice Complex was sorely in need of expansion and renovation to maximize the delivery of services to more than 60,000 litigants, 10,000 jurors, plus judges, attorneys, and other visitors. We ask for your favorable consideration for us to fulfill our part of this project. The cost breakdown is approximately \$2.1 million for furnishings and approximately \$500,000 for hardware.

The next project is part of one that has made the news repeatedly in recent years. The Mercer County Criminal Courthouse has not just become obsolete, but a safety hazard. Reports of collapsing staircases, falling ceilings, and other such stories have been addressed by the

Mercer County Executive, with plans for a new Criminal Courthouse. Progress has begun, and again, we must be ready to do our part to have functioning office space when the new county-funded courthouse is ready for use and to be moved into.

To that end, we are requesting approximately \$450,000 in capital money to purchase the new telephone system that is required as part of the fittings for the construction of the new Mercer County Criminal Courthouse. As part of its installation, new compatible telephone service will be extended to the Mercer Courthouse Annex and to the Civil Courthouse to ensure connectivity and interoperability. This system will provide telephone service to 370 vicinage staff, and support more than 2 million phone calls annually.

And finally, I must describe the needs of the Richard J. Hughes Justice Complex. Housed in the complex are the Administrative Office of the C; chambers for the justices of the Supreme Court; judges of the Tax Court; judges of the Appellate Division; the clerks' offices for the Supreme Court; clerks' office for the Appellate Division; and the clerks' office for the Superior Court and Tax Court, as well as executive branch offices. Over the past few years, we have been able to update and repair many of our offices, but we have more to do and the situation is becoming critical.

Today we are requesting \$850,000 to complete the final phase of the critical initiative to replace deteriorating, obsolete furniture and partition structures to eliminate existing safety hazards and to create more useable and cost-efficient space for 110 Judiciary staff in the Superior Court clerk's office

I want to take an aside here, because many of you should be aware of the extraordinary foreclosure crisis this state is facing. Every foreclosure is filed in the Superior Court clerk's office. We have gone from approximately 24,000 complaints filed in 2004, to almost 65,000 complaints filed in 2009. That's an extraordinary increase in those cases. What we have attempted to do without increasing staff is to hire hourly employees to assist in that effort. However, we have those employees crammed into space that is probably smaller than where those two ladies are sitting right now. It has become a crisis -- so much so that we have a backlog that's tied to filing, because we cannot have appropriate space for the staff.

The requests also address necessary corrections of dangerous electrical circuits. Since the complex was built more than 25 years ago, the growth of automated and electronic systems has resulted in dangerous overloading of electrical and cable supply systems. Capacity is simply inadequate to handle the requirements of today's Judiciary. The clerk's office, as I said, serves more than 70,000 litigants and attorneys who visit to conduct court business every year, and manages millions of court records.

All this adds up to a request today for about \$3.9 million in capital funds. We appreciate the difficulty of the task before you, and are extremely sensitive to the needs of New Jersey residents who are relying on the State to conserve funds and limit spending.

In an ideal world, we would not be here today, but that was not the option for us. The health and safety needs of all those who come into these three buildings -- the Gloucester County Courthouse, the Mercer County Court, and the Hughes Justice Complex -- no longer can be put off.

I am happy to answer any questions that you may have.

MS. MOLNAR: Thank you, Your Honor.

JUDGE GRANT: Thank you.

MS. MOLNAR: I have just one question. You said today you are requesting \$850,000 to *complete* the final phase of the critical initiative. I am wondering -- what funds were used previously to this final phase?

JUDGE GRANT: What happened was, we have been working with the Attorney General's Office and the other tenants to do some electrical improvements. The building -- electrical standard there is very weak. And partnering with the other partners on floors -- because we share some of the same floors -- we have been able to make some needed electrical infrastructure improvements through that partnership. But here, this component, is tied solely to what we call the Judiciary wing, and we really need that funding to assist us in that regard.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

JUDGE GRANT: Thank you all.

MS. MOLNAR: Thank you.

Any new business? (no response)

Any old business? (no response)

MR. VARI: I think we're good.

MS. MOLNAR: Our next meeting is November 20. We will hear from-- We'll get our debt report at that time.

No further business; meeting adjourned.

(MEETING CONCLUDED)

