
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: January 23, 2004
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

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



ALSO PRESENT:

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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(The New Jersey Commission on Capital Budgeting and Planning held a teleconference meeting on January 23, 2004, at 10:00 a.m. Members of the Commission present via teleconference were Senator Wayne R. Bryant and Senator Robert E. Littell.)

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/fax to the Trenton *Times*, the *Star-Ledger*, and filed with the Office of the Secretary of State.

For our roll call--

We have two appointments.

I'd like to welcome back Assemblyman Joe Cryan.

And we have a new appointment, Assemblyman Guy Gregg, as the Assembly Republican representative. I'd like to welcome those two gentlemen.

And we'll take a roll call.

MR. LIHVARIK: Senator Littell.

SENATOR LITTELL: Here.

MR. LIHVARIK: Senator Bryant. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. LIHVARIK: Assemblyman Gregg. (no response)

Mr. Rousseau, for Treasurer McCormac.

DEPUTY TREASURER ROUSSEAU: Here.

MR. LIVARIK: 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, we have a quorum. We have seven.

MS. MOLNAR: Okay, thank you.

One administrative matter. We have to approve the minutes of the meeting on December 12, 2003.

Do I hear a motion to approve?

MR. ANNESE: So moved.

MS. MOLNAR: Second?

MR. BRUNE: Second.

MS. MOLNAR: Thank you.

Take a vote.

MR. LIHVARCHIK: Senator Littell.

SENATOR LITTELL: Yes.

MR. LIHVARCHIK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Abstain.

MR. LIHVARCHIK: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Yes.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Yes.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Yes.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Yes.

MR. LIHVARCHIK: Ms. Molnar.

MS. MOLNAR: Yes.

MR. LIHVARCHIK: Madam Chair, we have approval of the minutes.

MS. MOLNAR: Thank you.

We have two projects being presented today by the New Jersey Building Authority. One is the Public Health, Environmental, and Agricultural Lab; and the other one is renovations to the New Jersey Department of Transportation.

I'd like to welcome Charles Chianese.

CHARLES CHIANESE: Good morning, Madam Chair.

MS. MOLNAR: Good morning.

MR. CHIANESE: I did not know which project you would like to start with.

MS. MOLNAR: Let's do the lab first.

Could you identify your staff?

MR. CHIANESE: 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.

On December 16, the New Jersey Building Authority board approved the project report, which is before you this morning for consideration.

With me this morning, to my left, is Jim Blumenstock, the Deputy Commissioner of Public Health Protection and Emergency Preparedness, with the Department of Health and Senior Services. We also have Dennis Flynn, to Jim's left, which is the Assistant Commissioner of Public Health and Environmental Labs. And to Dennis's left is Jack Gallagher, who is the Chief of Operations for the Department of Agriculture. To my right is Carl Costantino, who is the Senior Project Manager for the New Jersey Building Authority. And with us, in the audience, is Peter Dunham, from CUH2A, as well as Joe Phillips, from CUH2A, who is responsible for the feasibility study, which was the basis for the recommendation before you this morning.

As I've previously indicated to the Commission, the New Jersey Building Authority has enjoyed a long-standing relationship with your Commission, and appreciate this opportunity to come before you this morning.

At this time, with the approval of the Chair, I would like to ask DEPUTY COMMISSIONER BLUMENSTOCK, Deputy Commission of the Department of Health, and Jack Gallagher, Chief of Operations at the Department of Agriculture, to overview the project. After the presentation, we would be happy to address any question that Commission members may have.

MS. MOLNAR: Sure.

DEPUTY COM. JAMES S. BLUMENSTOCK: Good morning, Madam Chair and Commission members. Again, it is a pleasure to appear before you to share with you the Department of Health and Senior Services imperative need for capital projects.

On behalf of Commissioner Clifton Lacy, of the Department of Health and Senior Services, I would, again, like to thank the Commission for the opportunity to express our department's position regarding the public health criticality of the project report before you today.

As Chuck had mentioned, I am Jim Blumenstock, Deputy Commissioner for Public Health Protection and Emergency Preparedness, for the State Department of Health and Senior Services.

On a personal note, next month I will celebrate 30 years in career service for the State Department of Health, and I can honestly say that the project before you represents probably the most exciting and important project that I've had the privilege to be part of in my 30 years, and probably what's left of my tenure.

So I really felt the need to share that with you, with regards to, really, how important this project is to all of us who are career public health servants in the State of New Jersey.

I am accompanied by Mr. Dennis Flynn, Assistant Commissioner for Public Health and Environmental Laboratories, who, along with a core staff, worked arduously for more than two years to fully document the need for a new public health, environmental, and agricultural laboratory facility, and were certainly instrumental in advancing the initiative to this point.

The mission-critical importance for New Jersey to commit to and expeditiously bring to successful completion the construction of a new laboratory becomes more evident each day. As the most recent national survey, released last month by the Trust for America's Health, clearly indicated, New Jersey currently lacks the basic scientific standards and terms of certified biological safety Level 3 laboratory facility at this time.

BSL 3 facilities are, basically, the gold standard for state public health laboratories. Laboratories are rated in four categories, one through four, four being the highest. And at this point in time, the Centers for Disease Control and Prevention, and USAMRIID, which is a military operation in Maryland, are the only two laboratories that are qualified to handle agents specific to BSL 4 containment.

BSL 3 is critical to state public health activities because it provides a work environment that's not only safe for the employees to handle dangerous agents, but it also provides a higher level of safety for the community that hosts the public health laboratory.

At the present time, our laboratory is certified as BSL 2, which, again, I can assure you that the agents of biological and chemical concern are safely handled. But because of the infrastructure that we're working in, we cannot further expand our containment facility, and therefore we cannot expand our laboratory analysis for more critical agents.

As a critical component of the public health community's first line of defense in the accurate and rapid detection of contamination and diagnosis of disease, including those associated with biological and chemical forms of terrorism, New Jersey's current laboratory capacity resides in the technologically

outdated and deteriorating 40-year-old building. It is also undersized, and severely limits our ability to expand essential testing capacity. It is a facility that houses over 200 laboratorians and dedicated scientists. The structure has significant HVAC and temperature-control difficulties that could have an adverse impact on the accuracy of our tests, and represents potential problems regarding worker safety and efficiency.

It has been well-documented and recognized that the nation's public health infrastructure has suffered decades of neglect. Clearly, public health laboratories, as part of the public health system, are no exception.

The good news is that a sea change is now taking place. The CUH2A study has highlighted the fact that 28 other states are in the process of designing, building, or upgrading their public health and agriculture laboratory facilities. This reflects a national effort to rebuild public health infrastructure, the cornerstone being adequate, analytical laboratory capacity. New Jersey must fall into step with this trend.

The public health threats represented by anthrax, other terrorism agents, West Nile Virus, SARS, HIV/AIDS, and many other diseases, as well as threats to our environment, our water and food supply, and agricultural industry clearly requires us to respond quickly to this need. The project report before you today captures our vision of a highly specialized laboratory facility capable of safely handling these emerging pathogens and chemical threats. It will fully comply with the U.S. Centers for Disease Control and Prevention and National Institutes of Health's requirements. As we adjust to the new normal, it will also meet the necessary enhanced security requirements, as well as the technological demands so important for today's laboratory sciences environment.

CUH2A has documented, and all aspects of the design location and construction of this facility will comply with, the most current security and safety standards.

This project also has the support of the New Jersey Domestic Security Preparedness Task Force, and that of the State Attorney General, and the Superintendent of the State Police.

I certainly would be remiss if I did not, at this time, extend the department's appreciation to the New Jersey Building Authority and its Executive Director, Mr. Chuck Chianese, and his staff for the support in helping us fully define the need and explore the means through which a new lab could become a reality.

We look forward to an ongoing working relationship with the Building Authority to see this important initiative through to completion. This is a project that would genuinely benefit all citizens of this great state, in terms of preparedness for a biological or chemical terrorism attack and the constant and ever-growing threat of human and animal diseases, old and new.

This project deserves your full support.

Again, thank you for the opportunity to share the department's position in this matter, and we would certainly be glad to answer any questions that you may have.

MS. MOLNAR: Thank you. The information was very helpful.

I had one question about the current buildings. The current lab down the road -- is there plans to demolish it? Do we know what's going to happen?

DEPUTY COMMISSIONER BLUMENSTOCK: Speaking for the Department of Health, we are not aware of what the fate of that site will be. We would certainly defer to the experts in Treasury who are responsible for, basically, the capital -- the complex itself, as to what would be the fate. My guess would be it could range from being retrofitted and upgraded for properly classed administrative or office space; it could be raised for addressing some of the downtown or Capital Complex parking needs. I think there are a number of options that, when we get to that point, the right people will look at.

MS. MOLNAR: Any questions?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Good morning.

The first thing is to not know -- you have no idea with the current facility -- in terms of no plans, no anything, whether we could use it to offset the cost of this \$139 million? That's what you're asking for, right?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: Am I the only one that finds that at least a little bit alarming, that we have no idea? Is there any sort of concept at all?

DEPUTY TREASURER ROUSSEAU: As far as offsetting what the 139 would fund, it's a State-owned property, it's State-owned land, State-owned building. I don't think we would--

ASSEMBLYMAN CRYAN: So you can't sell it?

DEPUTY TREASURER ROUSSEAU: I don't think we're going to sell it, because if you know where the building is, it's also where the Health Department is, where the Agriculture Department is.

ASSEMBLYMAN CRYAN: Okay, so there's other units in there?

DEPUTY TREASURER ROUSSEAU: Well, it's a separate building, but it's in a block, basically. It's all State-owned -- there's a parking lot, the Health and Agriculture office building, and the lab.

Correct me if I'm wrong, guys.

JOHN J. GALLAGHER: It's called the John Fitch Complex, actually. The Department of Labor, the Department of Health and Agriculture.

DEPUTY TREASURER ROUSSEAU: Yes, it's a whole complex there. I mean, Labor's actually there. It's that -- when you come out over here, it's the little circle area over there. It's all State-owned property. You wouldn't sell off--

But, Chuck, now there is issues dealing with parking in the city of Trenton, where Trenton would potentially like to see some areas moved, especially over by the Justice Complex, I believe, and freed up for, possibly, economic development in the city of Trenton -- which then you would need more parking, potentially, over in this area. I mean, there's talk about, potentially, some type of garage at some point in time.

ASSEMBLYMAN CRYAN: Yes, we've heard that here on this Commission.

That's one.

Help me now. There's 200 parking spaces, currently? Or there's 200 lab folks who work here.

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: I noticed that there's parking spots for 350 in the next one. And the size of the facility is three times what it currently

is. I also know there's a budget deficit, so I was hoping maybe you could, kind of, take me through why we would want this thing to be three times the size, what the actual reasoning for that is, and why -- I'm assuming we're planning for more folks. Is that in the game plan?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: Could you take us through that, as well?

DEPUTY COMMISSIONER BLUMENSTOCK: Sure. As the client, what I will do is give you our program needs, and then maybe I could turn it over to CUH2A, that could talk a little bit more of the design details.

As I mentioned very briefly in my remarks, the current facility is undersized and overoccupied. So part of this initiative--

ASSEMBLYMAN CRYAN: Are there two shifts in the facility, currently?

DEPUTY COMMISSIONER BLUMENSTOCK: I'm sorry. Say again.

ASSEMBLYMAN CRYAN: How many shifts are working in the facility currently? Is it one or two?

DEPUTY COMMISSIONER BLUMENSTOCK: Normally, solid shift is at least one. In many cases, it's double shift, and it's a 24-7 operation. So on special projects, and on critical services such as newborn screening for children, that's basically a six-day-a-week operation. So our laboratory in that complex, given the scope of work that they do, I would make a statement that at any one point in time, there's a laboratorian in his or her lab doing public health testing services.

ASSEMBLYMAN CRYAN: Okay, so why do we have to go-- How many people are planned to expand or to grow with the new project when it's built? What's the additional end count to the State?

ASSISTANT COMMISSIONER DENNIS FLYNN: If I can add a little bit to the discussion, in terms of numbers-- The number that's in the report, in terms of current staff of 200, is a little bit understated, in terms of pure -- that's pure laboratory people. When we make the conversion to a new laboratory, we'll consolidate all of our laboratory program activities, including the clinical lab improvement, and the nonlaboratorians. So we're currently at a number, in terms of staff, closer to 250 than 200.

And Jack can address the agriculture component, which is the other percentage of this. But I think the overall--

ASSEMBLYMAN CRYAN: Before you go to Agriculture-- The current facility -- what we're asking for is 180,000 square feet of laboratory, 95,000 of administrative. How do I relate that to the current facility? How much of it is administrative, and how much of that is lab?

DEPUTY COMMISSIONER BLUMENSTOCK: Through the Chair, CUH2A, would be kind enough to answer that question.

ASSEMBLYMAN CRYAN: The proposed 275,000 square foot health yada, yada, yada is: 180,000 square feet of the space would be dedicated to specialized laboratories, and 95,000 for administrative and support. Relate that for me. The current facility is 90,000, but it doesn't give that breakdown. Is there a certain amount of square feet that's administrative, currently?

DEPUTY COMMISSIONER BLUMENSTOCK: If we could turn to the engineering architect for those details.

ASSEMBLYMAN CRYAN: Sure, that would be great.

PETER DUNHAM: I'm Peter Dunham, from CUH2A.

One of the facts I'd just like to clear up, while Joe -- my colleague Joe is looking for the information -- is to do a fair comparison of square footage. The existing building of 90,000 square feet does not include much of the support space, essential plant, and some of the other support areas. When that is factored in, the ratio of existing tenet is not quite as severe as it sounds. Just as a point of fact.

ASSEMBLYMAN CRYAN: All right, where is the administrative staff now, then? Why can't they stay where they are? What's the game plan there?

MR. GALLAGHER: Assemblyman, I can speak for the Department of Agriculture in that respect.

ASSEMBLYMAN CRYAN: You know what? Before you -- in a second.

MR. GALLAGHER: Sure.

ASSEMBLYMAN CRYAN: Where is the current administrative staff if they're not there? Just somebody answer that for me.

DEPUTY COMMISSIONER BLUMENSTOCK: The current administrative staff that supports our Public Health and Environmental Laboratories is also located in the complex. So if you're familiar with Health and Agriculture, the rectangular building is our administration building and, right next to it, the round building, is the laboratory.

The Division of Public Health Laboratories has administrative support that are housed in both buildings. So for operational importance, it is

necessary for the administrative support, ranging from the Assistant Commissioner all the way down to the couriers, to be co-located with the service that they are administering. So that component will be sited at the new facility.

ASSEMBLYMAN CRYAN: Okay, so how many square feet-- How many people/square feet are leaving? I just want an apples to apples. How many administrative square feet are going to leave the current facility, whether it's on-site or not, and arrive at the new one? This is three times the size, guys.

My concern here is that -- and it's looking for almost double the amount -- it's double the amount of parking space, if you believe the report, although some of them are visitor -- 350 to 200 if the report is -- at least the way I read it.

And I guess I want to know what kind of growth we're going to have in people on the payroll.

ASSISTANT COMMISSIONER FLYNN: Again, let me clarify the number on the employee staff, because I think we're mixing a little bit of numbers here. The current number on our division alone is 250, with no expansion.

ASSEMBLYMAN CRYAN: Okay, so do I take that as 200 lab, which the report reads, and 50 administrative?

ASSISTANT COMMISSIONER FLYNN: Approximately. And then the Agriculture component added to that gives you an employee component of about 300. The 50 was for potential expansion in the out years that is built in.

ASSEMBLYMAN CRYAN: Okay, I get that. So what you're telling me is that by combining Agriculture and your crew, that we're going to increase head count, but we're all going to be centralized. Is that correct?

DEPUTY COMMISSIONER BLUMENSTOCK: Correct.

ASSEMBLYMAN CRYAN: Correct, if we want to do apples to apples.

Now, my question is, the people that are currently employed are obviously not all in this 90,000 square foot facility. So for those of us that are reading the report that says that you're going from 90 to 275, how many square foot, how much office space, or how much other space is opening up as a result of this project?

DEPUTY COMMISSIONER BLUMENSTOCK: And I guess when the architect and engineering firm is in a position to give you those numbers, they will. But as a client, the point I need to stress here is that the facility, right now, is over-occupied and undersized. There's a significant efficiency issue. So in the planning process, which they will summarize in a few moments--

ASSEMBLYMAN CRYAN: Well, I'm going to ask about the efficiency in a minute. What I want to understand is the people, for the moment, because-- And I'm also going to ask the engineer now.

Can you answer that for me now -- the question I just asked -- in terms of how much space is actually opening up?

JOSEPH PHILLIPS: In our report, we did not address the current amount of space that's here. We don't have that specific number.

ASSEMBLYMAN CRYAN: Through the Chair--

MR. PHILLIPS: We can go through the process of why it expanded to where it is.

ASSEMBLYMAN CRYAN: I'd like an answer to that, so, through the Chair, if we could follow up with that.

Now, let me ask the engineering firm -- then I'll get back to-- It's \$139 million to do this for 275,000 square feet. It's about 5 -- it's over 500 a square foot. I don't know much about building, but that sure sounds awful high. Do you, at least-- Sooth me, tell me why it would cost so much, especially if it's the land we own, so there's not a land acquisition cost, if I understand this correctly.

MR. PHILLIPS: My name is Joe Phillips. I'm the Director of Planning and Designs for laboratories at CUH2A.

Facilities that are highly technical, laboratory facilities -- they have a great burden of safety -- carry with them substantial mechanical, electrical, and engineering costs that are over and above a typical building. In other words, a laboratory building is a laboratory building, because it's designed to handle hazardous materials. The way to do that is through enhanced mechanical and electrical. Those costs of approximately \$500 per square foot -- whenever you're looking at that overall -- and we'll look at the exact number of what that square footage cost is -- is within benchmark norms of what is being built today for those types of facilities.

ASSEMBLYMAN CRYAN: I'm not in the position to argue that particular point with you. But what I didn't do, which is probably what I should have done-- I'm assuming administrative cost isn't five-- The 90,000 square feet for administration isn't, or shouldn't, cost 500 a square. If we were

going to build another administration building, I'm assuming it would be something significantly less than that.

MR. PHILLIPS: That's very correct.

ASSEMBLYMAN CRYAN: So why don't you tell me, at least-- What is it? Is it 7 -- 800 a square foot for lab space? It sounds awful high.

MR. PHILLIPS: It depends on the space. We have broken down the space by various categories.

ASSEMBLYMAN CRYAN: Categorize the 180,000 square foot.

I apologize if you guys know this. To me, it's just like -- it's got to be 7 -- 800 a square, without my calculator in front of me -- for lab space.

MR. PHILLIPS: No, actually the numbers that we have are -- total project costs in our report are \$318 a square foot.

ASSEMBLYMAN CRYAN: For?

MR. PHILLIPS: For the total project, total gross square footage of the building.

ASSEMBLYMAN CRYAN: Okay, help me.

MR. PHILLIPS: Which translates into a total gross--

ASSEMBLYMAN CRYAN: Two seventy-five times 318.

MR. PHILLIPS: I'm sorry.

ASSEMBLYMAN CRYAN: Two hundred seventy five thousand square feet times 318 a square. Sister Edward Paul isn't here, but I'm pretty sure it's not 139 million.

MR. PHILLIPS: I want to clarify one thing, which is--

MS. MOLNAR: Could we stop for a second?

ASSEMBLYMAN CRYAN: I mean, am I right?

MS. MOLNAR: Senator Bryant would like to join us on the telephone, so we'd like to get him in before we continue.

ASSEMBLYMAN CRYAN: Do you take parking out? Is there a variable? I just want to understand what we're building. Because then I can tell you, sir, my next question to you is going to be, we have a standard two right now, and this is going to take us to a standard four, I assume -- gold level.

DEPUTY COMMISSIONER BLUMENSTOCK: This would bring us to a BSL 3, which is the gold standard for state public health laboratories.

ASSEMBLYMAN CRYAN: What are New York and Pennsylvania? While you're thinking of that answer--

DEPUTY COMMISSIONER BLUMENSTOCK: Three.

ASSEMBLYMAN CRYAN: They have three. Do they have new facilities?

DEPUTY COMMISSIONER BLUMENSTOCK: They have fairly new facilities. Certainly, in the last five years--

ASSEMBLYMAN CRYAN: So they're part of the 28 states that have invested--

Can you guys help me with this? Is it parking? What is it? How much is it a square foot for the lab space? Why don't we just do it that way?

MR. PHILLIPS: Lab space varies depending on the type of activity that's going into there. These are activity-based costing. So to understand it fully, I would like to give you the entire answer to this.

ASSEMBLYMAN CRYAN: Sure.

MR. PHILLIPS: For instance, generic laboratory space is approximately \$390 a square foot. Laboratory space that's BL 3 is rated about

455, specialized laboratory space that's enhanced BL 3 is about 470, laboratory space that's specialized for the handling of agricultural issues are about \$525 a square foot, certain specialized laboratory space is about 390. And then once you get into administrative and office space, and general building support, you're in the range of \$170 to \$110 a square foot. When you get into certain amenity spaces like conference rooms, and lobbies, and cafes, and that sort of thing, meeting -- break spaces, nothing ostentatious about this -- you're in a range of about \$190-\$195 a square foot. Greenhouse space is approximately \$350 a square foot.

Normalized by the amount of square foot that's for each of those types, the average comes out as \$318 for construction cost of the gross square footage.

ASSEMBLYMAN CRYAN: If it's construction, it's 318. Maybe I just didn't see the background. I didn't see anything to define that. Get me to 139 million, because there's no land cost. We own this already. So 318 times-- That's \$90 million at best, isn't it? I don't even have my--

MR. CHIANESE: Assemblyman, if I could provide some clarity-- The hard construction costs, which the calculation for per square foot cost is based on, is for the hard construction cost -- was about \$103 million of the \$139 -- \$138 million. And then to that you have to add design costs.

ASSEMBLYMAN CRYAN: There are professional fees, things like that. I understand.

MR. CHIANESE: But I'm working you up. You had asked the question to work you up to--

ASSEMBLYMAN CRYAN: So it's 103 for the construction.

MR. CHIANESE: It's \$103 million for the hard construction costs. It's approximately \$12 million in design. You have fixed equipment of about \$3.5 million. You have-- Obviously, with any construction project of this magnitude, you're going to have some contingency built in, because there certainly is going to be unforeseen circumstances that take place. And that's about, approximately, \$4.3 million. We will certainly have construction management services on the site, as we do with all the Building Authority projects, which is about \$5.6 million. We have an affirmative action requirement, statutorily, which is approximately half a million dollars, that we will have to incorporate. We have permit fees of approximately \$600,000 built in. We have statutory arts inclusion. That would be part of the project, which is approximately a half a million dollars, built in.

Let me see what I may have missed.

The only other figure is about \$4 million related to the other prequalification -- all the other support services that are attached to supporting the whole project of about \$4 million that's related to the Division of Property Management and Construction. And that should total -- that should get you up to the \$139 million.

ASSEMBLYMAN CRYAN: It gets you in the 130s somewhere, but it doesn't quite get you--

By the way, permit fees -- are they due the State?

MR. CHIANESE: Permit fees is with DCA -- \$600,000.

ASSEMBLYMAN CRYAN: So we pay ourselves for this?

MR. CHIANESE: Yes, it's statutory.

MS. MOLNAR: Assemblyman, could we take a one-minute recess? We have to plug in Senator Bryant. So we have to stop the meeting momentarily.

ASSEMBLYMAN CRYAN: Sorry. I apologize.

MS. MOLNAR: Okay, Assemblyman Cryan, you can continue.

ASSEMBLYMAN CRYAN: I'll stop soon.

Let me just -- one other area -- and that's on the standards and what we're building to.

So we're building BS -- I don't know what BS actually means -- but BSL 3.

DEPUTY COMMISSIONER BLUMENSTOCK: Biosafety Level 3.

ASSEMBLYMAN CRYAN: Biosafety Level 3. Four is the gold medal, so this is -- the gold standard -- so this is more of a silver standard.

DEPUTY COMMISSIONER BLUMENSTOCK: Which are reserved for very special agencies, such as CDC.

ASSEMBLYMAN CRYAN: Are there things that New York and Pennsylvania have in theirs -- that, based on -- and I'm going to use mad cow, which is one of the things that's listed here -- that don't occur as much, that we are investing in having our own, and they can share?

DEPUTY COMMISSIONER BLUMENSTOCK: The best way to answer that is, we, as a State public health agency, are part of the National Laboratory Response Network. So the blueprint that we're following is that, basically, every state and public health agency should have critical capacity to meet the current and future needs for public health and agriculture with, also,

a mutual aid concept that's being built in. So if one state, one jurisdiction, is overwhelmed with some type of naturally occurring or terrorist activity, every other state can jump in and fill the void for surge capacity, whether it be attacking or fighting that event, as well as making sure that all other public health services are not adversely affected.

So what we are sharing with you today are-- These are not highly specialized services unique to the State of New Jersey. Basically, we need this facility to support the standard menu of public health services that every other state is expected and needs to provide.

So when you see the detail, such as the ability to test drinking water, air, newborns for metabolic disorders, those are the activities that basically every state health department has to provide.

ASSEMBLYMAN CRYAN: That, I understand. And I'm going to ask about Federal money, and then I'll stop.

Anthrax -- I mean, the stuff I read in here: anthrax, mad cow. We all recognize they're serious and important, but they don't happen every day. And if they have the capability in New York and Pennsylvania, how much of what we're investing-- How much-- What are we buying, in terms of prevention stuff that, realistically, we're probably not going to use on a daily basis?

DEPUTY COMMISSIONER BLUMENSTOCK: The vast majority of the work our laboratory does is everyday public health and environmental protection work. Testing drinking water for radiation and chemical contaminants, the 115,000 babies that are born in this state every year that require high-level accurate testing.

ASSEMBLYMAN CRYAN: I don't have any problem with daily stuff. My problem is, in reading this -- which I still come out with 505 a square- - I understood what you took me through -- how much of it are we doing-- And I'm reading Foot and Mouth disease, which the politicians -- Gregg has all the time. (laughter) Mad cow disease, SARS-- I mean, we all recognize the importance of it, but, realistically, they don't happen daily. How much are we buying that we don't generally use?

DEPUTY COMMISSIONER BLUMENSTOCK: The design and the operation of this laboratory is not going to result in a situation where you have wings of dormant laboratory space waiting for an accident or an emergency to happen.

ASSEMBLYMAN CRYAN: So it will be utilized for the daily activities.

DEPUTY COMMISSIONER BLUMENSTOCK: Everything is dual service, because the same laboratory that will test for anthrax right now, today, is testing for West Nile Virus, which is a very real public health threat.

ASSEMBLYMAN CRYAN: Issue to my county.

DEPUTY COMMISSIONER BLUMENSTOCK: Tuberculosis, and TB that's drug resistant, which makes it a higher level of a safety hazard in a laboratory--

So the beauty of this is, these will basically be dual service. So they'll be in a stand-ready mode for an emergency, but in the meantime, they'll support routine day-to-day public health services in a more efficient and safer laboratory environment.

ASSEMBLYMAN CRYAN: Does this-- Is there any Federal funding, and does this supplement any county activity where at least counties might gain the local property tax savings?

DEPUTY COMMISSIONER BLUMENSTOCK: Well, let me talk about the public health service. I can't speak about the tax relief.

The services that we provide at a State level are free to our municipality and county public health and law enforcement partners. Back in 2001, when we did 3,500 anthrax tests during -- we did not charge one public health agency, one State or Federal law enforcement agency, or one victim -- did not for any laboratory services.

So to that point -- and again, that's another feature for reduction of duplicity. Counties and towns won't have to build this public health laboratory and all the infrastructure of its staffing, because it's centralized. The State Department of Health has always provided these types of services.

ASSEMBLYMAN CRYAN: Do any counties have it now?

DEPUTY COMMISSIONER BLUMENSTOCK: I'm sorry?

ASSEMBLYMAN CRYAN: Do any counties do these functions?

DEPUTY COMMISSIONER BLUMENSTOCK: No.

ASSEMBLYMAN CRYAN: Okay. And my last thing is Federal funding, and I won't monopolize time.

Is there any Federal funding that's part of this project? Is there anything that's been applied for and denied? Is there anything pending?

DEPUTY COMMISSIONER BLUMENSTOCK: Well, the Federal grants that we receive from the Centers for Disease Control and PERSA, which is another branch of the Federal Department of Health and Human Services--

Their funding is for noncapital activities. It's capacity building. So it pays for the personnel, the equipment, supplies, and training. Traditionally, and even right now, today, capital funds for these types of projects are not allowed in the expenditure.

ASSEMBLYMAN CRYAN: The 139 million includes equipment though, too, doesn't it?

MR. CHIANESE: Fixed equipment, yes.

ASSEMBLYMAN CRYAN: Fixed equipment. Does the Federal funding cover unfixed equipment?

DEPUTY COMMISSIONER BLUMENSTOCK: For terrorism-related activities, yes. But for the other public health activities, the answer is no. And also, part of the equipment cost, if I'm not mistaken -- it was not necessarily outfitting the laboratory with all new equipment. It's basically the decommissioning, transfer, and recommissioning the very sensitive laboratory equipment to make sure they survive the move and, basically, get put up and running.

Then there are other facilities, like the walk-in refrigerators and freezers, that just would not be feasible to tear, dismantle, relocate, and reinstall. But the actual table instruments for the drinking water lab, or whatever, that's -- we're not outfitting the laboratory with all new instruments.

ASSEMBLYMAN CRYAN: Thanks.

ASSISTANT COMMISSIONER FLYNN: If I could just add one point of clarification to wrap this part of the discussion up, in terms of the rare disease and the use of space for laboratories-- I mean, the anthrax experience that we went through since 2001-- And our lab was asked to step up and

respond to a national crisis, basically, and we did. And we processed 3,000 anthrax specimens, some of which were positive, to respond to the Hamilton--

ASSEMBLYMAN CRYAN: How long does it take you now to do an anthrax, versus-- Here's my problem. How long did it take you before, under the current facility? How long would it take you under a replicate? Just hear me out. You said 28 states have this. How long does it take to send a sample over to New York and ask them to do it?

ASSISTANT COMMISSIONER FLYNN: That's not a viable thing. It wasn't a viable thing during the crisis. The workload-- The point that I wanted to get to was in terms of routine versus exceptional circumstances. Mad cow may be an exceptional circumstance. Anthrax testing for that agent is not. We've been in an ongoing relationship with the Hamilton cleanup so that that facility can get back on line, and we are currently up to a testing level of approximately 15,000 anthrax specimens since the crisis. That's not a rare circumstance, that's an ongoing circumstance.

In terms of how long it would take us, it's not going to make the test go any quicker. It's going to allow us to do it in a safe and proper environment, which we have not had to this point.

MS. MOLNAR: Thank you.

Any other questions or comments?

I'd like to welcome Assemblyman Guy Gregg.

ASSEMBLYMAN GREGG: Thank you very much.

My colleague to my right here, without hoof and mouth, has asked an awful lot of my questions. This is my first meeting and my first set of documents.

Just briefly, I see us spending \$140 million for bonding, for \$140 million for a facility. I see a document that, I think, unfortunately is woefully short of giving us that information that an esteemed panel like this should have, if they're going to be making this approval in some of the difficult economic times we have. I look across the aisle here and see a representative from the Treasurer's Department. I suspect the Treasurer will be continuing to remind us we have a \$4 to \$5 billion deficit in our budget. And we in this room will be making a decision on whether or not we should bond for an additional \$150 million, give or take -- put that on the burden of the State in difficult times, while we have an existing facility, which may need to be improved.

Certainly, when we talk public safety, and we talk about issues of health and terrorism, that the average person would think that we should be state-of-the-art. And the average person would also wonder -- ask, "Are we living within our means."

I think the good Assemblyman to my right, at least today, asked how many shifts that we're pulling. And we're not at a complete, two full shift situation. We may be undermanned and under square footage, but could that go another couple of years in the difficult economic times that we have?

The question that we don't know -- what we're going to do with the existing facility -- is a question that the average taxpayer asks all the time. And then you just continue to move, grow, buy, and build without a plan. Whether or not it's good business sense is one thing, but I don't think there are too many businesses in the world that just move their physical location, when they own the other location, with absolutely no thought about where -- or what they're going to do, rather, with the old facility.

It's my understanding that when you bond, or when we bond, or when the Authority bonds for this, that that will be transferred to rent to the State. Is that a correct assumption? Anyone out there can answer.

MR. CHIANESE: Yes, Assemblyman. Essentially, the State appropriates the debt service through a central account.

I can add to your point that, with regard to this particular project, there would be no debt service impact whatsoever in Fiscal Year '05. In fact, in this particular project, it's somewhat fortunate, because the Building Authority is prepared to put \$5 million of its own project surplus, that we have accrued through successful delivery of other projects, on the table to, essentially, jump start to design, which would thereby delay the need to put the financing in place sooner rather than later, and avoid a debt service impact in '05. So that certainly gets to the point that '05, perhaps, being a difficult year, financially, there would be no financial impact as a result of this project in '05.

ASSEMBLYMAN GREGG: I appreciate that, through the Chair. And '03, '04 weren't looking too good, either. So we have not had good economic times without, necessarily, a light that they're going to get better. But that is a good answer as it reflects that.

What is the rent that the State pays to the old facility?

MR. CHIANESE: Well, with regard to the old facility, it's a State-owned facility.

ASSEMBLYMAN GREGG: The existing facility.

MR. CHIANESE: It's a State-owned facility. There is no rent associated with that.

ASSEMBLYMAN GREGG: So it has been completely financed, at this point, and paid for. So it is completely owned and operated by the State. There are no costs other than utilities.

MR. CHIANESE: Other than operating costs. It's my understanding.

ASSEMBLYMAN GREGG: So we have an existing facility that has no cost. So it's not even that we're transferring a rent liability. We're actually giving away our old house and buying and financing a new house.

MR. CHIANESE: Well, I think -- if I can address that on two points -- and I certainly don't want to speak for Jim-- But I can tell you, based on what we have looked at, with regard to the feasibility study, the current facility is woefully short to meet the needs of the Department of Health's program -- not to mention woefully short programmatically -- but there are significant safety concerns associated with the types of testing that they're currently doing.

I will also tell you that as a routine course, if a facility -- a State-owned facility is vacated within the Treasury Department, the Division of Property Management and Construction would immediately assess that. And in all probability, we would then move to consolidate other leased space into a State-owned facility, thereby eliminating the current lease expenses related to State administrative operations that are located in leased facilities. So we have had, traditionally, a very successful experience in consolidating lease space and moving them into State-owned space, and thereby eliminating the costs associated with that.

ASSEMBLYMAN GREGG: I think that goes back to Assemblyman Cryan's question, as well, that we can't get an Agriculture answer and an administrative answer, that the administrative folks that are moving to the new facility are someplace else. Who will replace them in their place to offset the lease you were talking about. And the agricultural issue -- what will happen to that space, because those folks will vacate space, assuming that -- and then move over to the new facility-- Who will replace those two groups of people to offset that lease? I think it is what you're talking about, sir.

MR. CHIANESE: That analysis, certainly, would be done. I can tell you, through the Division of Property Management and Construction, there is numerous requests that continually come in for new space, whether it be new programs or programs that simply are -- they're busting out of the space. The DPM and C is constantly evaluating where they can squeeze folks into to try to avoid entering into another lease and incurring lease costs.

If facilities such as this were to become available, there is no question that they would be able to reassess all of the needs that they have on the table and begin to take those folks and populate those spaces where it makes sense.

Now, I have not seen that particular analysis at this point. I think that the thinking was that once this project was fully supported, since it's a State-owned facility, we would immediately engage, within the Treasury Department, to analyze the existing buildings and, programmatically, determine who should be moving into them. I can tell you that we would not relocate State facility to State facility. We gain nothing by doing that. We would look from lease facility to State facility.

DEPUTY COMMISSIONER BLUMENSTOCK: I mean, that's an absolute accurate assessment of the Department of Health's situation. The administrative staff that support the laboratory are currently located in our main administration building on part of one floor. So if they were -- when they are relocated to support the laboratory at their off-site location, those administrative spaces will address, again, the overcrowding and the growth of the department. And the State Department of Health is one of the agencies that's experiencing significant growth of human resources, as well as responsibilities.

ASSEMBLYMAN GREGG: Thank you.

Can you-- We were talking about growth. Feel free to jump in at any point. I was just going to ask a question that deals with a number of employees in this facility over the last decade. Do you have information to say where this facility was in 1990 with the number of employees, where it was in '95 with the number of employees, 2000, and today, for example?

MR. GALLAGHER: Well, to your last question, I don't think I'm prepared to answer that part of the question from a historical perspective.

ASSEMBLYMAN GREGG: Well, you can jump in where you were. That question is still hanging, so someone's got to answer that.

MR. GALLAGHER: Okay, as to the space utilization question, Mr. Chianese is actually correct. There are space audits done by DPMC, Division of Property Management, on a continuing basis. Whenever people move in or out of that building, comparisons are made. We would expect-- Of course, we are a smaller player in this effort than the Department of Health. Our administrative folks are in our square building, our eight-story building, which is attached to the round building.

SENATOR LITTELL: May I say something? (no response)
Hello?

MS. MOLNAR: Yes.

SENATOR LITTELL: I just want to say that I totally support the project. It's long overdue. It's not going to get any cheaper, so we ought to get on with it.

MS. MOLNAR: Okay, Senator, thank you.

MR. GALLAGHER: We would look to the DPMC for utilization of that space. Perhaps we would move out and help them move in, vice versa. That utilization would be undertaken. In fact, it's probably under consideration right now.

DEPUTY COMMISSIONER BLUMENSTOCK: And if I may add, too, there was one point that I probably was -- not mentioned in, certainly, my testimony. But back in the mid '90s, we actually undertook a major lab consolidation effort, and now it's coming back to haunt us. In 1995-'96, we brought back into our main facility a satellite laboratory that did all the newborn screening. In addition, we consolidated laboratories that were originally managed by the Department of Environmental Protection. So for efficiencies, and to basically get out of, I guess, two lease arrangements with some satellite laboratories, we brought all of those operations and all of those personnel in, in the mid '90s, which created somewhat of a crisis, or put us at that threshold of being at full capacity or exceeding it.

And then over the last 10 years, with significant growth -- even obligations that we are not yet able to put online, such as chemical terrorism

agent testing, because we have no space to put the equipment, the employees, and everything that goes along to support those types of analytical services.

So we're actually frozen because of those dynamics.

ASSISTANT COMMISSIONER FLYNN: And if I could add just to your one statement in your earlier remarks, in terms of the potential retrofit or tooling up the existing facility to deal with at another economic time--

I can only describe the State laboratory's current situation in a sense of urgency, and in terms of hanging on. This facility, and the work that we do, is very important to the State. And we have literally been hanging on while the infrastructure deteriorates around us. So what you're talking about is newborn screening -- testing newborns for deficiencies that could lead to mental retardation and death, the handling of anthrax, and West Nile, and AIDS -- those kinds of things -- in a facility that literally can't maintain its own HVAC, that can't maintain temperature control, which is absolutely essential for the safety and the testing efficacy. It's literally a hanging-on environment. It has been.

We've been addressing this -- and Jim and others have said in their remarks -- for 10 to 15 years, while other states and other laboratories have gone forward, and consolidated, and built new labs, and have done it again. And New Jersey is still in this position.

I understand it's a very difficult economic situation, and I'm sensitive to that. But in terms of the current facility, from a laboratory standpoint, there is no technical feasibility to do anything with that infrastructure.

If you'd like to come over and take a first-hand look, we'd be more than happy to show you very bad conditions.

ASSEMBLYMAN GREGG: Thank you very much for that.

Has there been another state that has done a facility similar to this one in the last few years?

ASSISTANT COMMISSIONER FLYNN: Absolutely.

DEPUTY COMMISSIONER BLUMENSTOCK: A number of them. I think the last look was around 25 to 28 in the last five years or so.

And I'm sorry, as Dennis had mentioned, some states have actually done it it twice--

ASSISTANT COMMISSIONER FLYNN: Virginia.

DEPUTY COMMISSIONER BLUMENSTOCK: --in the cycle that we spent pursuing the initiative to construct a facility during one cycle.

ASSISTANT COMMISSIONER FLYNN: Virginia has done it twice.

ASSEMBLYMAN GREGG: I'm glad to hear that. But, unfortunately, the troubling part is there seems to be an awful lot of really good information that is out there that is not here.

And, again, this is my first meeting, so I'll be as calm and quiet as I can be. But I'm used to the Budget and Appropriation process in my House. We deal with lots of money all the time. And the kind of questions we get on \$5, we're not getting on \$150 million here. And I would suspect that we would have comparatives of the different states, the most recent facility that was built, the square footage price, the type of facility, the square footage that they built, how much was administration, how much wasn't. That's our job here, is to

judge that. We're determining how we spend taxpayer dollars. It is your job to do the specifics and show us how. And to come up with a 12 percent design number -- that could be good, it could be bad. It's really bad if I'm building a house. I don't know if it's bad on building this facility. If we knew in Virginia their brand new facility was 200,000 square feet, it had X amount of employees, this is the things it did, it had so much administration, and it cost them X amount of dollars, then you'd have to be debating why we live in New Jersey and it cost so much to build. And I would love to talk about that. But at least we would have a comparative and a document that would show us what was happening there, why we're overcrowded, what kind of shifts we're running, as the Assemblyman said, what are the types of people that are working there.

This might seem complex to you, but when we're spending \$150 million, you want 10 percent or plus for a design of that, and you won't give us anything bigger than four pages -- is an embarrassment. I'm sorry. That's the way I feel, after my role in government.

And I thank you for the time, Madam Chair.

MS. MOLNAR: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: On behalf of the Treasurer, I will make a commitment to Assemblyman Gregg, and Assemblyman Cryan, the other members of the Legislature that sit on this Commission, that when this project report comes to the Legislature for its full approval-- Remember this is one step in a process. The full Legislature still has to vote on this as part of a resolution. I will make the commitment from the Treasurer that if your staffs get us-- We will get you that type of information for your consideration.

I mean, I think the process goes that after this, there is a 45-day public-- Correct me if I'm wrong.

At the earliest, we will be submitting a project report for full consideration of the Legislature some time -- assuming approval today -- sometime in March, I would think. And at that point in time, we will supplement that with more detailed information. Assuming that you take your April budget break, you wouldn't consider these bills -- these resolutions until May and June. And like I said, on behalf of the Treasurer, I will make the commitment that there will be that type of information you feel you need and deserve when the Legislature has full consideration of this proposal.

And Chuck works for us in Treasury, and he will, and I will-- We will make sure the other departments comply, and we will-- And I apologize to the public members if they feel there isn't a normal amount of information available.

One other thing I just want to sum up. I think there was the issue of Federal funds in here. One of the things that I would say that we will do -- either we continue to do -- we are continually working with the congressional delegation in their annual budget process where they mark up and try to get special earmarks into bills. We will continue to try to get our delegation to be able to get, possibly, money for a lab. But we've tried for a number-- Tom O'Reilly's in the back. We've had meetings. We've tried for years. Our delegation hasn't been successful. They've gotten other projects instead of that. And if, let's say, in the next year or so, we were lucky enough to get a \$25 million earmark from the Federal government for the new lab, that would be

\$25 million less of the Building Authority money we would have to spend on that project.

MR. CHIANESE: If I can also add, the project report, also, simply establishes a project cap. To the extent that construction bidding comes in lower, it comes in lower. We would, essentially, defease (*sic*) the debt with the difference. So if the project were to come in something less than \$138 million--

This number does not establish a fixed price for the project. As a result of bidding -- and it depends on the construction environment at the time -- but if it were to come in at \$110 million, so be it. We would defease the debt with the difference, in all probability.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: I think this discussion has been good, and I think that both Assemblymen are on target. In fact, I had given a note to my colleagues here during the discussion about the need for that type of information. And I would urge you to put in information about your newborn screening, which I'm aware of -- that you have a time window within which you must do certain tests, and that these tests can save hundreds of thousands, perhaps millions, of dollars per child for certain diseases. So you're talking about a cost avoidance that, in the lifetime of a 20-year building, could possibly pay for the building itself by some of these catastrophic diseases that can be identified and avoided by early treatment during the first weeks of the child's life.

So I think that that type of information should be in here. That would help us make these types of decisions.

MS. MOLNAR: Thank you.

About five years ago, I had a tour of the lab. It was very eye-opening. I encourage my board members here to visit there. You will see the overcrowding. I mean, people are just crawling over equipment. It's just unbelievable how you get anything done there. So hopefully the new lab will alleviate some of that.

Any other questions or comments? (no response)

If not, I'd like to-- We have to act on a resolution that's in your packet. I will not read the whole thing, I will just read the last part.

"Be it resolved that the New Jersey Commission on Capital Budgeting and Planning approves of the Public Health, Environmental, and Agricultural Laboratory project, and recommends it to the Governor and the Legislature."

Do I hear a motion?

MR. BRANNIGAN: So moved.

MS. MOLNAR: Second to adopt this resolution.

DEPUTY TREASURER ROUSSEAU: Second.

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

If not, we'll take a vote.

MR. LIHVARCHIK: Senator Littell.

SENATOR LITTELL: Yes.

MR. LIHVARCHIK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. LIHVARCHIK: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Yes.

MR. LIHVARCHIK: Assemblyman Gregg.

ASSEMBLYMAN GREGG: No, for now.

SENATOR BRYANT: Hello?

MR. LIHVARCHIK: Senator Bryant.

SENATOR BRYANT: Yes.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Yes.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Yes.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Yes.

MR. LIHVARCHIK: Ms. Molnar.

MS. MOLNAR: Yes.

MR. LIHVARCHIK: The vote carries.

MS. MOLNAR: Thank you very much.

Thank you.

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

DEPUTY COMMISSIONER BLUMENSTOCK: Thank you very much.

MS. MOLNAR: We have one more report from the Building Authority, and that's the renovations of the New Jersey Department of Transportation campus buildings.

Could you introduce the two people?

MR. CHIANESE: I will.

Thank you, Madam Chair.

With me, to my left, is Kate Immordino, the Assistant Commissioner with the Department of Transportation. And to Kate's left is Al Brenner, who is the Director of Facilities within the Department of Transportation. And Carl Costantino, with the Building Authority.

Again, Kate, if you want to just give an overview of the project.

ASST. COMMISSIONER KATHLEEN IMMORDINO:

Thank you, Madam Chairwoman and members of the Commission.

The Department of Transportation is coming to you today with a proposal for a project that would increase the life/safety/health of the Department of Transportation's employees. We look at this as a need that has grown over some time. The total project cost that we are seeking is approximately \$3.5 million. And that project consists of three major components.

The key components of this project are to start out with a renovation of the elevator systems that exist on the DOT's main campus, which is in Ewing Township. There are a number of buildings on this facility -- number of buildings that are at this location. There are three major buildings: the Engineering and Operations building, the main office building, and the Finance and Administration building. In those three buildings, there are a total of seven elevators at the current time.

The elevators have experienced a great deal of problems over recent years. We have been partnering with the labor unions who represent our

employees, who engaged in a petition drive, and we have been working with them to find solutions to protect the safety of our employees.

Problems with the elevators include such things as employees being trapped in the elevators on a regular basis at this point. The elevators drop between floors. There have been problems with doors opening or not opening.

When we did an examination of the systems that are responsible for these elevators, we learned that these systems are so out-of-date that it has become beyond the ability of the firms that we've brought in to try to repair them. The systems are antiquated, the electronic components are not there. What we have found is that the only solution that can be proposed that would be more than a stopgap would be to replace all the electronic and mechanical systems in these elevators. We will proceed to do that in all three of those buildings.

The second major component of this project is the fire and safety alarm systems in this complex. The three buildings are not linked at the current time, and they all have systems at varying levels. The systems that exist in the Engineering and Operations building are one of two remaining systems of its type in the country. It provides for voice activation, but it is, again, difficult to repair, and difficult to maintain at this point.

The main office building in the system is currently without an automatic fire alarm system. We're operating on a voice system. We've instructed all employees, we've put signs up, we've held training classes, we have trained fire floor captains, because the system is not functional at the current time. It's been out of operation for approximately two months, and we're anxious to replace that, as you can imagine.

In the Finance and Administration building, again, a separate system. It's a non-sprinkler system, and we want to upgrade that to current fire and safety standards.

What we're proposing to do is put in a system that would link all three of those buildings, that would give us voice activation that would allow us to interconnect the three buildings, to warn employees in one building of a hazard in another, to evacuate the complex as needed.

In addition, the third, and much smaller component of this project, is a replacement of the ceramic tile floor in the lobby of the Engineering and Operations building. That building is the main entranceway, for those of you who have visited our complex. The underlayment, the concrete that underlays the foundation of the tile floor in the Engineering and Operations building, has cracked to the point that it cannot be repaired without taking up the tile floor. That has, in turn, caused cracking into the tile floor and the grout that holds that. We've had a number of trip-and-fall accidents, and we are anxious to prevent that from happening again.

Those are the three major components. Commissioner Lettiere has asked that I express his thanks to you for considering this proposal. We take our responsibility to the safety of the traveling public very seriously at DOT, but we also take the safety of our employees very seriously, too. And we'd like your help, and your assistance, in proceeding with this project.

We have detailed information on cost. Mr. Brenner is also here to answer any engineering questions. And we thank the Building Authority for the support that they've given us in working through this proposal.

Thank you.

MS. MOLNAR: You mentioned in the write-up that-- It says, "Through 16 years of hard use, missing and/or broken tiles have been replaced; grout has dirtied, cracked, chipped away, or fallen out completely." Is there any alternative other than doing tiles again?

ASSISTANT COMMISSIONER IMMORDINO: One of the possibilities that's available, and we will talk to the firms that are engaged in this-- We've considered the possibility of not using ceramic tile and going with some form of carpeting. The question that we've asked them to evaluate is what that means in terms of wear, and how that differs in terms of cost. But we're certainly open to that possibility. And that would be something that would be decided before any actual construction took place.

MS. MOLNAR: As far as the concrete, is there any redress to the contractor that laid the concrete.

MR. CHIANESE: I think that was too long ago.

MS. MOLNAR: It's too long.

ASSISTANT COMMISSIONER IMMORDINO: Yes, I think the time has passed when we'd be able--

MS. MOLNAR: Sounds like a major structural problem. It's unfortunate.

MR. CHIANESE: What we would do, Madam Chair, typically, once the project is approved and the funding is in place, we do engage the engineering architectural firm to actually do the detailed investigation that's necessary, which would put forth recommendations as to the optimal fix. The Building Authority would then consider what we believe is the optimal fix, and then proceed accordingly.

MS. MOLNAR: Good.

Any questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: You have to teach me here. This one seems totally different than the other one.

First question -- this is a question for my own education. Do we self-insure these buildings, from a standpoint of liability, or do we have a policy?

MR. CHIANESE: It's my understanding they're self-insured.

ASSEMBLYMAN GREGG: So the addition of new sprinklers would provide them cost savings in that case. But, obviously, it's a really good thing from a safety standpoint.

And the elevator company who maintains this, I assume, has finally just said you've got to do something about it, because it was just getting too hard to maintain it.

ASSISTANT COMMISSIONER IMMORDINO: We have them in on almost a daily basis, at this point. We have our engineers working with them to try to learn what we can do in the interim. But they have told us that there is no long-term fix to the existing systems.

ASSEMBLYMAN GREGG: So from a -- and this is another educational question for me-- So this is a small amount, relatively speaking, that, procedurally-- Will you bond for this and then change the rent? Or, since the previous testimony we heard that the Building Authority carries a little cash flow, will you just write a check and then raise the rent to the Building Authority to recapture it?

MR. CHIANESE: This would be a financing for the 3.5 million that's in the project report. Again, there would be no debt service impact in Fiscal Year '05. And then what would happen is the rent, essentially, would be adjusted accordingly to cover the debt service of the 3.5 million. It's approximately 200 -- I want to say \$260,000 annually.

ASSEMBLYMAN GREGG: And while it doesn't save anything or change anything from the State -- just out of my own curiosity -- why would you, if you are running a surplus in the Authority -- why would you go out and borrow again?

MR. CHIANESE: We wouldn't, but we just simply don't have another 3.5 million to put on the table.

ASSEMBLYMAN GREGG: But I thought you just told me you had 5 million.

MR. CHIANESE: Right, but that's going to be dedicated to the Health project.

ASSEMBLYMAN GREGG: But we haven't done that yet, though.
(laughter)

MR. CHIANESE: At this point, for planning purposes, the Building Authority has earmarked the surplus for the Health project.

ASSEMBLYMAN GREGG: I understand. I'm being somewhat humorous about it. But you would do that if you had the money.

MR. CHIANESE: Absolutely, and we have done that on numerous occasions.

ASSEMBLYMAN GREGG: Thank you very much.

Thanks.

MS. MOLNAR: Any other questions or comments? (no response)
We have to approve another resolution. I will just read the last paragraph.

“Be it resolved that the New Jersey Commission on Capital Budgeting and Planning approves of the renovations of the New Jersey Department of Transportation campus buildings project, and recommends it to the Governor and the Legislature.”

Do I hear a motion to approve?

MR. ANNESE: So moved.

MS. MOLNAR: Do I hear a second?

ASSEMBLYMAN CRYAN: Second.

MS. MOLNAR: Second.

Any other questions or comments? (no response)

If not, we'll take a vote.

MR. LIHVARCHIK: Senator Littell. (no response)

MR. LIHVARCHIK: Senator Bryant.

SENATOR BRYANT: Yes.

MR. LIHVARCHIK: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. LIHVARCHIK: Assemblyman Gregg.

ASSEMBLYMAN GREGG: Yes.

MR. LIHVARCHIK: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. LIHVARCHIK: Mr. McCabe.

MR. McCABE: Yes.

MR. LIHVARCHIK: Mr. Brune.

MR. BRUNE: Yes.

MR. LIHVARCHIK: Mr. Brannigan.

MR. BRANNIGAN: Yes.

MR. LIHVARCHIK: Mr. Annese.

MR. ANNESE: Yes.

MR. LIHVARCHIK: Ms. Molnar.

MS. MOLNAR: Yes.

MR. LIHVARCHIK: Ms. Molnar -- Chairwoman Molnar, the motion carries.

MS. MOLNAR: Thank you.

Thank you, gentlemen.

MR. CHIANESE: Thank you, Madam Chair.

ASSISTANT COMMISSIONER IMMORDINO: Thank you very much.

MR. CHIANESE: Commission members, thank you.

MS. MOLNAR: I don't believe there's any other business, unless you have something? (no response)

If not, the meeting's adjourned.

(MEETING CONCLUDED)