
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: September 7, 2007
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Acting Chair
Anthony F. Annese, Acting Vice Chair
Assemblyman Guy R. Gregg
Gary Brune
Jack Donnelly



ALSO PRESENT:

Rosemary Pramuk
(Representing Senator Robert E. Littell)
Aaron Binder
(Representing Assemblyman Joseph Cryan)

James Vari
Acting Executive Director

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

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

We will now take a roll call.

MR. VARI (Acting Executive Director): Assemblyman Gregg.

ASSEMBLYMAN GREGG: 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: Okay, Madam Chair.

MS. MOLNAR: Okay. We do not have a quorum, so we will not vote on the election of officers, or the Executive Director, or the minutes.

Our next item is the Executive Director's report.

MR. VARI: Thank you, Madam Chair.

I just have a--

First, I want to introduce myself. My name is Jim Vari. I guess I will be Acting Executive Director of the Commission until we vote on me. I have seven years experience with OLS. So you may have seen me around the State House a little bit, where I worked on Law and Public Safety, Veterans' Affairs, and Pensions and Health Benefits issues. I've been with OMB for six months.

Just a quick review of the Fiscal 2008 Appropriations Act: The Commission recommended \$1.16 billion in capital construction improvements. The Legislature appropriated about that much, \$1.17 billion. This does not include the \$98.6 million for Building Authority debt-service payments. Of that total appropriation, \$1.1 billion was from dedicated sources. And that included \$101 million for DEP, \$895 million for the Transportation Trust Fund, and \$123 million for open space preservation.

That left us with approximately \$53 million in discretionary spending for capital construction projects. Again, that does not include the discretionary spending for the Building Authority debt service.

I know the Commission has taken interest in several projects, and I'd like to just provide an update on four of them. The first one is the Ancora tie-in to the Camden County Municipal Utilities Authority. The Department has a working estimate of this project at \$16.8 million. Although, they have reduced the estimate of the connection fee to the CCMU by \$1.5 million, based on the most recent discharge of water data. However, they are-- Because they have so much in the air with this project, they are keeping the working estimate at the \$16.8 million. They have a number of decisions to make on this project, including the entity that

would design and construct this new sewage line. Human Services is scheduled to appear before us on October 26, so they may have more information, and we may have more questions for them at that time.

The second 2008 project I'd like to update you on is the Interdepartmental accounts. The Legislature appropriated \$7 million for roof repairs, replacements, and design. The Office of Management and Budget developed an internal criteria to weigh the standards of each of these roofs that would come in. What we did was, we asked each Department for their top five priorities, and we wanted to apply common standards to each request that came in. From that list of requests -- requested roof repairs -- OMB has obligated all \$7 million of the project. We're going to repair and design -- actually, I should say, replace and design 10 roofs. And then we also have money for a design-only phase of three other roofs.

And just a quick update: The information technology and energy efficiency projects are undergoing similar criteria and review. For information technology project requests that come in from the departments, OMB sends that off to the Office of Information Technology for their remarks and review of the projects. And we're doing the same thing, also, with energy efficiency projects. You may recall that there's \$10 million in the Appropriations Act for energy efficiency projects. The Governor has an Office of Energy Efficiency (*sic*) headed by John Rhodes. He is reviewing all the recommended projects. And two of them that he certainly sees significant, potential benefits for is boiler conversion at the Trenton Psychiatric Hospital where, if approved -- if it does meet his final approval, we would convert from heavy oil to natural gas. And he's also looking at a

new building control system for the Justice Complex. He is-- Right now, they're looking at about a 10 percent reduction in energy consumption if that project -- when that project is completed.

The third project here is SACWIS. As you know -- you may have read the paper -- that the Department of Children and Families opened this system live, statewide, on August 22. They're not reporting any major problems. All their caseworkers have been trained in the system, they're using the system, they're inputting data into the computer system. To date, we've spent \$27 million in State funds -- have been obligated or spent for this project. And I think we're up to -- \$38 million has actually been appropriated.

Now, you may recall that the Appropriations Act requires the Department to report back to this Commission, along with OMB and OLS, on the status of SACWIS. Those reports-- They have-- They owe us two reports, one in September and one in March. So when we get the September one from the Department, that will give us some time to review it and analyze it for the -- in case we have some follow-up questions of the Department when they come in to -- before us on November 16.

The last project is South Woods State Prison. The current working estimate remains at \$17.7 million for that project. Or I should say, it's at \$17.7 million. It's about \$1.5 million greater than the amount we've appropriated, which is \$16.2 million. And the reason for the cost increase is primarily-- There's been an increase in some construction materials since the original estimate. But, also, they have a new design. They have to do independent structural supports for the piping complex. They were originally hoping that the piping would be connected to some of the

buildings and that would save money. But they've decided, for security reasons, that is not the way to go. So that increased some costs. Corrections will appear before us also on November 16 and should provide us with some more details.

I just want to remind everyone that the Commission has its final recommendations vote on December 7.

And, Madam Chair, that concludes my report.

MS. MOLNAR: Thank you.

Any questions? (no response)

If not, we will proceed to our 2009 requests.

Our first department is Agriculture. I'd like to welcome the Secretary of Agriculture, Charles Kuperus.

S E C R E T A R Y C H A R L E S M. K U P E R U S: Thank you, Madam Chair.

Good morning, Chairwoman Molnar and members of the Commission. Thank you for the opportunity to appear before you today to present the Department of Agriculture's capital budget request for Fiscal Year 2009 and out-years.

As you know, our Department works closely with all segments of the Garden State's \$84 billion food and agricultural complex. Over the years, our capital funding requests, and subsequent capital appropriations, have helped us administer programs and services that have served the industry and New Jersey's citizens well.

In recognition of our current economic times, our Fiscal Year 2009 capital requests are limited to health, safety, and homeland security issues.

Our first request is for funding, design, and site work for a Mobile Laboratory trailer at the new laboratory facility in West Trenton, as well as additional infrastructure support for sewer, water, and electrical hookups. We have already received the Federal Homeland Security Grant of \$90,000, and are requesting \$248,000 for the remainder of the cost.

This mobile lab will help enable the State to rapidly respond to animal disease outbreak, quickly assess its scope, and make critical decisions on corrective measures to contain and mitigate the outbreak. When the mobile lab is not being utilized for an outbreak, it will be used for training and as a backup trailer to the main lab.

Our second request of \$57,500 is to replace the entire roof system and repair water entry locations of the Administration Building at the Horse Park of New Jersey. A copy of the DEP study, provided subsequent to our making this request, is attached to this testimony, showing the full cost to be \$71,939. Also, prolonged failure of roofing material and the inability of the repairs to solve the problem have now affected the ceilings at all levels inside the building, which serves as a focal point of the park because it houses the restroom facilities -- and therefore is accessible to more than 300,000 visitors each year. Clearly, bailing wire and duct tape are no longer sufficient to keep this roof over the heads of the Horse Park visitors.

The Horse Park provides family fun, educational opportunities, and thrilling competitive events, serving as a showcase facility for the State. Funding for the upkeep of this building, while addressing health and safety issues, will further enhance the park as a premiere equine facility.

Our next request within the Division of Animal Health is for laboratory equipment, totaling \$120,000. This equipment is necessary to provide expanding diagnostic capacity and increased overall testing capacity without the requirement of additional laboratory staff. This equipment will allow for testing for emerging and harmful animal diseases that pose a threat to the industry and, in addition, can potentially be infectious to humans.

But also note that the out-year request for the sum of \$500,000 is requested for the acquisition of a Laboratory Information Management System in our Division of Animal Health. This state-of-the-art multifunctional system is necessary to replace our current outdated system, which is not capable of communicating with USDA sites and the Animal Health Laboratory Network, and other states (*sic*) that have been developed for animal health -- other states (*sic*) that have been developed for animal health surveillance and rapid detection of outbreaks.

Our second out-year request of \$307,000 covers the cost of new furniture in the planned New Jersey Public Health, Agriculture, and Environmental Laboratory currently under construction in West Trenton. The Department anticipates moving approximately 50 people into this facility by the Summer of 2010, and will need office furniture, computers, and telephones.

This concludes the Department of Agriculture's capital funding requests for Fiscal Year 2009 and out-years. Thank you for the opportunity to speak with you. And I'd be happy to answer any questions you may have.

MS. MOLNAR: Thank you.

Any questions or comments?

Did you want to talk about the request from last year?

SECRETARY KUPERUS: Oh, I had to say-- You know, it is not part of my testimony, but I shared with the Chairwoman this morning that for five -- I think five or seven years, I was coming to this Commission -- I've been here for five years. I've been doing it all the time I was Secretary, asking for a chromatograph. At first I couldn't even pronounce chromatograph, for some reason. And for five years I came here, and the last two years you approved our request. So I was so happy.

One year, it didn't meet the budget -- couldn't get through the budget process. And now, last year you approved it. It survived the budget process. And we're going to welcome this Commission to the unveiling of the chromatograph that's now on order and coming to our Department in the not-too-distant future.

But we really appreciate your support for that. But it was just one of those requests that was indicative of really how important this process is -- and our need to really react to the changing needs for animal and plant health, and lab infrastructure.

So thank you for the opportunity, Madam Chair.

MS. MOLNAR: Thank you for your gratefulness. (laughter)

Oh, Mr. Brune has one question for you.

MR. BRUNE: Secretary, a couple quick things: Could we get a budget on the \$248,000 -- on the mobile lab -- that splits it between-- Because I understand that maybe a piece of that is for the acquisition and a piece of that is for the securing of the facility.

SECRETARY KUPERUS: Correct. And what we'll do is, we'll supply, to the Commission, a more detailed-- We supplied information already. And as time evolved a bit-- We are not going to put the mobile lab next to the current lab that we're in. We're actually focusing on the new lab and the changing -- the planning necessary, and the infrastructure improvements necessary to support housing the new lab -- the mobile lab there. But we'll most certainly update our request and provide you with a more detailed budget.

MR. BRUNE: Just so I understand -- because the new lab, I think, is going live in 2010, right?

SECRETARY KUPERUS: Correct.

MR. BRUNE: Is the Federal commitment such that we have to act now, or can we wait until 2010 to match it?

SECRETARY KUPERUS: You know what? I'll include that.

MR. BRUNE: Okay.

SECRETARY KUPERUS: We'll have to ask. And, most certainly, a mobile lab could be purchased now, for sure, and utilized. It just wouldn't have the appropriate infrastructure hook-ups that we would need. But a mobile lab is just that, a mobile lab, a self-contained lab that could be moved from location to location. We're hoping that the Commission supports this request, because it would really add value to existing lab facilities.

MR. BRUNE: Just a couple other quick things on the Horse Park. Are fees at all a possible way to go here, as far as-- One of the curiosity questions we have is: when the fees were last raised there. And I

ask because it's somewhat of a modest amount that we're looking for. Are fees any possible way to go?

SECRETARY KUPERUS: Well, this is a capital expense. The fees, you know, really take care of the running of the Horse Park, which is a significant operation, to say the least. When you have 300,000 visitors, that should give you an indication that's not a small facility. But they have their own issues. And it's very difficult for them actually to meet their budget on an annual basis. And that's something we're working with them on.

But this is a capital request that is part of the State's infrastructure. This is a building on State land, most certainly DEP land, that we've worked with DEP on in terms of managing. And we would appreciate your support.

So, yes, it could be a consideration, but not likely. Because remember, too, that the Horse Park competes with other venues like it around -- even within this state or in surrounding states. And many times the Horse Park hosts regional events. And there's an option to come to New Jersey or to go to horse parks that are located in other states. And, most certainly, we have to stay competitive in that environment as well.

MR. BRUNE: Well, it-- Just to get it square on our end, it would be helpful if we could just see how much fees -- the amount, I should say, of the fees that are raised and when they were last-- The amount that is generated each year, I should say, and the amount -- when they were last raised.

SECRETARY KUPERUS: We'll provide you with a complete budget--

MR. BRUNE: That would be helpful.

SECRETARY KUPERUS: --of the Horse Park and the fees, absolutely. We would be most certainly happy to do that.

MR. BRUNE: On the lab management system, has the Department talked to OIT?

SECRETARY KUPERUS: On the what?

MR. BRUNE: On the Lab Management Information System, I should say.

SECRETARY KUPERUS: Yes, that's in the process. We just heard your Executive Director report to you about this new process. And that's an out-year request now. And that's where it is right now. You know, the conversation with OIT is occurring now.

MR. BRUNE: Okay.

SECRETARY KUPERUS: But we wanted to alert you to this request -- that, frankly, it will be coming to you next year again, with the administration's support, and OIT's support. But it's something that-- It's better to tell you now before we ask, so you can be prepared for it, than ask you and have you ask all the questions from the beginning.

But OIT is definitely working very closely with us and will join us in this request next year, we hope.

MR. BRUNE: Just to clarify for the Commission members, the plan here is to get OIT to come back to us, hopefully in one fell swoop, with all of their reactions to all of the IT projects, in a formal way. And we would have that at the Commission at some time, hopefully before it's too late in the process.

Thank you.

SECRETARY KUPERUS: Thank you.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Madam Chair, through you, to our Executive -- or whomever you wish to direct the question to--

Could you bring us up to speed with respect to the second request of the Department about the roof repairs, and how that fits into the report our Exec made?

MR. VARI: The roof requests would go through the same process we're envisioning, that happened for Fiscal 2008. So we've asked the departments to submit their roof requests, as they have in the past, before the Commission. And when the budget process starts, we will further ask the departments to provide us with more information on the specific roofs -- the top five roofs for the departments -- for the requests that they made.

Then OMB will take those requests. And we have-- We've basically developed a decision matrix to look at each of the requests on a level playing field. So they're all having the same criteria applied to each request. And then we would have a decision matrix, with a weighted average, that would tell us which roofs are more important to the State, on a statewide basis.

So this request would follow that same process.

MR. ANNESE: Okay. I guess what I'm asking is-- I think you had mentioned you had seven roofs that you already have -- are high-priority roofs.

MR. VARI: Those are Fiscal 2008.

MR. ANNESE: Okay.

MR. VARI: So that Fiscal 2008 appropriated \$7 million. We've approved the design and replacement of 10 roofs with that \$7 million. And three other roofs -- we have funding for a design-only for three other roofs.

MR. ANNESE: All right, thank you.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: If I could just embellish what Jim is saying, Tony-- The roofing effort that we've done is -- might be something that we might want to think about for the future. It was an attempt to-- When he says *level the playing field* -- it was an attempt to look at all the departments going across, all their roofing needs, and grade them for things like the critical -- how critical is the facility; are there clients in that facility; how old is the roof; how much does it leak; operating savings -- all those kinds of things, and sort of try to come up with a score that you could then rationalize a horse park against something else. As you can imagine, it runs the gambit.

But as opposed to just doing a sort of seat-of-the-pants routine, we tried to develop a scoring system. And we're going to see -- we'll share with you, as we go forward, the elements of that. But we think it might be a better way of doing business.

MR. ANNESE: Thank you.

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

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

SECRETARY KUPERUS: Thank you for having me.

MS. MOLNAR: Our next department is the New Jersey Commission on Higher Ed. I'd like to welcome Jane Oates, Executive Director.

JANE OATES: Good morning, Chairwoman Molnar and members of the Commission.

As the Executive Director of the New Jersey Commission on Higher Education, I appreciate the opportunity to appear before you today on the capital preservation and maintenance needs of our senior public colleges and universities.

I was expecting Dr. McCormick to be here with me in case there were specific questions. I'm still expecting him. I think he's stuck in traffic.

But I will tell you that I am delighted to tell you that three student leaders from Rutgers have chosen to come today, showing you the importance of these issues to the student body at Rutgers. And I certainly welcome them here, as I welcome them any time I am anywhere.

Each year, the Commission has come before you to make the case for increased capital support for renewal of the State's assets at senior public colleges and universities. This year is no exception.

Welcome, Dr. McCormick.

RICHARD L. MCCORMICK, Ph.D.: Thank you, Jane.

MS. OATES: Each year the stakes are higher because our facilities have suffered from the lack of long-range, statewide strategic planning and budgeting for preservation and maintenance.

This week our campuses welcomed thousands of new students. These students arrived ready to improve their thinking and reasoning skills,

and to continue their studies leading toward successful careers. These talented women and men will go on to create innovative companies, to write prize-winning literature, to cure diseases, and to teach the future generation of New Jersey. These students will live the globalization theories that we just hear about right now. And many of them will hold jobs that we don't even know the name of today. They're, indeed, the future of this state.

Our well-educated state scholars have the ability to compete at any college or university. And we have to compete with states that have made improvements and expansions of higher education facilities a priority. Students who have grown up with wireless at Starbucks expect no less on their college campus. Students who have already taken college credit courses online while they're in high school expect that the use of technology in course delivery will be no less than what they've experienced before. And they also expect and deserve campuses that regularly address health, fire safety, health safety, and other building renewal issues.

These students chose their college or university based on what they saw when they visited the campus. For many of them, it was the extensive wet laboratories that had a professional level that was worlds above their high school chem lab. For others, they saw *smart* classrooms with write-on boards and video technology that allowed them to have complete interconnectivity with both the professor and the other students in their class. And, honestly -- those of you that have children will know this is true -- some looked at student centers, and dormitories, and recreational facilities. That's life.

Our colleges have to stay market competitive and offer those amenities or students won't choose them. They've done this on their own, by building nonacademic facilities without coming to the State. They desperately need the State's help on academic infrastructure and deferred maintenance.

Last year, when I testified before you, I warned you that we were going to complete a task force. And we did, this Spring, complete our Task Force on Capital Planning. We came up with four principles.

One, that any State support for higher education capital projects should be based on a statewide capital plan that prioritizes New Jersey's educational and economic development needs, and coordinates State support for eligible colleges and universities in the state.

The second was that State funding for higher education capital needs should be provided within the context of overall need for State support of higher education access, excellence, and affordability, recognizing that enhanced physical capacity has implications for concomitant increased State operating support and increased funding for student financial aid.

The third was that State support for major capital construction and renovation should require State and institutional commitment to preservation and maintenance of the new or renovated facilities over the long-term, and should include State and institutional support to eliminate existing deferred maintenance on campuses.

And the last was that State support for higher education capital needs should include coordinated State review and best practices oversight of the use of those State funds.

Nationally recognized standards for annual renewal at colleges and universities recommend that between 1.5 to 3 of current replacement value be dedicated to maintain and renew the physical plant. For Fiscal 2008, we recommended approximately \$65.5 million, which was 1 percent of the January 2006 estimated total replacement value of our colleges and universities. This is an unrealistic request for us to come before you and ask, since that would be about your entire budget, and leave nothing else for the pressing issues that you're going to hear and have heard.

Instead, we're asking that this Commission consider concentrating on deferred maintenance. Through the establishment of a dedicated project fund that includes an institutional match, colleges could prioritize deferred maintenance projects, such as the aforementioned fire safety; also ADA compliance, and HVAC upgrades that so many of them acknowledged.

By the way, this year is a banner year. Eleven out of 12 of our institutions have put their information on the Web before my testimony. I've been told that's a first. And I want to thank, publicly, Tom LaBue from OMB and Betsy Garlatti of my staff for the persistence and doggedness they had at getting those 11. Number 12 defeated us, but we're going to get them before the end of next week. I promised your Executive Director that.

DR. McCORMICK: Tell me Number 12 wasn't Rutgers.
(laughter)

MS. OATES: No, it wasn't Rutgers, or I would have an ejector seat here. We do a little comedy routine.

But each of the 11 of the 12 have put forward requests that would meet those three needs. The program could require as much as a 50 percent institutional match, and would send a clear message that the State was serious about sustaining safe, accessible, well-maintained campuses for all students, while protecting its own investment.

Our senior public institutions are critical State investments. They're assets for us not only for the value of the real estate, but for the promise of a better future for the generations of students to come. Those students will become the backbone of our well-educated workforce and the best of our natural resources. Three of them are sitting before you today. This preserves the health and competitiveness of New Jersey business and industry, and makes it a better place for all of us to live and raise our families.

Thanks very much for this opportunity. And I'm happy to answer any questions, and let Dr. McCormick answer the hard ones about Rutgers.

MS. MOLNAR: Thank you.

I want to thank you for the excellent educational system that we do have here in New Jersey.

This concept of a dedicated project for deferred maintenance-- What is the Governor's Office position on this? Have you bounced this off of them?

MS. OATES: I really haven't bounced it off of them. They are aware of the deferred maintenance issue. As you know, the members of the committee -- I serve graciously as a member of the Governor's cabinet and his higher education advisor. He certainly has, in conversations with me,

said the deferred maintenance is a real pressing issue and should be a priority.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Brune.

MR. BRUNE: Jane, two questions actually.

The last time I think the State provided this kind of money was around 1999. You're probably familiar -- Higher Ed Capital Improvement Fund.

MS. OATES: Yes.

MR. BRUNE: As I understand, at the time there was a provision there, if the Commission approved, for new construction projects to be funded from that, even though it was primarily for deferred maintenance. And I guess the question would be: Are you describing something that would have that component again, or is it strictly for deferred maintenance?

MS. OATES: Mr. Brune, my request today is strictly for deferred maintenance. I will not close the door in the future to come back to this Commission and say we might expand the capacity of a fund like that. But, right now, I think the deferred maintenance needs are great enough on all 12 of our campuses to require a dedicated fund. And the building needs of the campuses would far exceed what I would envision you would be able to put in this fund.

MR. BRUNE: Okay.

MS. OATES: Each of the campuses-- You can look online. The numbers are staggering. There's lots of commas, in terms of how much

each of our campuses wants to put forward. And I should add, without any joke here, these campuses have already extended their own debt service to build on their own. But this--

What I'm proposing for your consideration today is the reestablishment of a fund similar to that capital improvement fund, but would be dedicated just to the things that I'm asking. And it would certainly be up to the expertise of your Commission to determine the parameters, in terms of prioritizing that deferred maintenance.

MR. BRUNE: Well, that was actually going to be my second question. As far as the approval of the projects-- In the past, we've gotten into these discussions about -- based on the sheer size of the capital assets -- give us the block of money. Do you envision some type of approval process over the actual projects?

MS. OATES: I would hope that your Commission would have approval process over that. And we would certainly work to support you in any way, at the Commission, that we could. We think that you have greater capacity to look at capital improvement projects than we.

MR. BRUNE: Thank you.

MS. MOLNAR: Is there any bond money left from any prior bonds?

MS. OATES: Actually, there are two prior bonds that -- the money has been expended. But schools had not requested the money. We have been working over the past six months -- for instance, the JCC bonds -- to make sure that that money is expended. That money is completely expended now.

MS. MOLNAR: Okay.

Any other questions?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Through the Chair, just a question as it relates to how much money this will be and how you will derive how much that money will be. Will the committee, here, have information as it relates to how much you expect to spend on deferred maintenance on a yearly basis, over time, and have that associated with specific projects at all? Or is it your invisionment that we just throw a block of money out there and you just pick and chose, on a yearly basis?

MS. OATES: Assemblyman, since this is a new concept, and no one from the Commission has brought this to your attention before, we would work with you to work out those details. I would certainly, personally, be against not giving the money out without a matrix, in terms of-- I wouldn't want there to be any sense that we were favoring one college over another for some reason other than demonstrated need.

So I would hope that if the members of this Commission saw this as a viable alternative, we would work together to create a system to prioritize these projects and look at, perhaps over the course of years--

Obviously, one close to my heart, coming from -- I'm a special education teacher by training, long before I thought about policy -- is ADA compliance. It upsets me that we get kids through a K-12 system, telling them that if they work hard they're going to go to college. I don't want them to hit a classroom building on any campus in this state where they don't have access -- either wheelchair access, or bathroom access, whatever that would be. So that's one close to my heart. I certainly wouldn't want

to make that the number one priority, unless it was your collective vision as well.

We certainly-- We know the stories about what happens when you don't do electrical upgrades. We know the stories when HVAC -- the health concerns that come from improper HVAC facilities. I would want to work with your expertise in that, and not just hand money out as it is.

And praise some of those colleges that have already-- I don't want to give you the impression that colleges aren't already dedicating money to this. They are. But because of the age of our campuses, it is larger than what they can get done every year.

ASSEMBLYMAN GREGG: Thank you.

MS. OATES: Thank you.

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

If not, I want to thank you for coming.

MS. OATES: Thank you for inviting us. Thanks very much.

MS. MOLNAR: Our next department -- or branch, I should say -- is Judiciary. I'd like to welcome Christina Higgins.

C H R I S T I N A P. H I G G I N S: Good morning.

Is this on? (referring to PA microphone)

I'm Chris Higgins, and I am pleased to be here, Madam Chair and Commission members. I have with me Jim Rebo, our Chief Executive -- Chief Information Officer; and staff from our Budget Office.

We are pleased to be here to talk to you about our -- the Judiciary's capital budget needs for Fiscal '09. We have six important information technology initiatives for which we seek capital funding.

These technology projects are components of the Judiciary's IT strategic plan. I mention the strategic plan to give you a sense of the diligence and seriousness with which the Judiciary approaches the management of its resources, as well as its communication and data systems.

As you know, technology and vendor support of technology is changing rapidly. And as a result, we are confronted with the need to update our infrastructure in order to avoid obsolescence of hardware and software.

Our first priority for Fiscal '09 is to update the now-obsolete sound recording systems used to create the official record of court proceedings. An accurate court record is essential in order to ensure integrity, fairness, and justice. Currently, most of our courtrooms are equipped with analog audio recording equipment. These analog devices are no longer manufactured, and we can't buy replacement parts.

Through Judiciary's (*sic*) Division of Purchase and Property, a contract was recently awarded to purchase digital audio devices. These digital devices create higher quality recordings than the analog; are more reliable; and have better backup, retrieval, and storage features. We plan to replace sound recording equipment in our family courtrooms this fiscal year. But replacing all of the devices in our 425 Superior Court rooms, plus hearing rooms and grand jury rooms, is a multiyear project. Our Fiscal '09 request for \$3.3 million will fund digital recording in 182 civil courtrooms and grand jury rooms.

The ongoing upgrade of our Wide Area Network and core infrastructure has been necessary to enable the Judiciary to continue to

connect the courts to other State agencies and to the Internet. These upgrades are needed for two reasons. First, to keep pace with the growing and changing demands on our systems; and second, to maintain the safety and integrity of critical information assets. We must continuously protect our systems, not only from becoming obsolete, but from illegal access. We are requesting \$1.5 million this year to help us to continue our WAN upgrades, and \$1.6 million to expand the Judiciary's data center.

The next request we have is a \$3 million request to fund the development of electronic filing capability to support the expansion of e-filing to a variety of case types. You may have read this weeks article in the *Star-Ledger* regarding the growth of e-filing throughout the country. E-filing offers convenience and potential cost savings to both attorneys and to the courts, and makes it possible to access these cases on-line. All of the cases in the Federal court system already are accessible over the internet. And states around the country are struggling to meet the demand of court users for access now to state records.

We're also in the process of Web-enabling our case management systems to allow online access to case information. We are requesting \$2.7 million to continue to Web-enable our family, civil, and criminal systems, and also forms applications.

And, lastly, we are requesting \$9.5 million to upgrade our Local Area Network Infrastructure and desktop automation. The upgrade to Windows 2007 is required to meet the demands of our users and our applications.

You have more detail in the information that we submitted, and also a bit additional in the written testimony.

And I thank you for your consideration of the Judiciary's request. And we'd be happy to answer any questions that you may have.

MS. MOLNAR: Thank you.

I want to thank you for an excellent court system.

MS. HIGGINS: Thank you.

MS. MOLNAR: Is OIT involved with all these requests?

MS. HIGGINS: I'm going to defer to the CIO on that.

J A M E S R E B O: Well, we do work extensively with OIT, specifically on these particular requests. No, they're not involved in these. But all of our work -- we do joint planning. We have a number of major interfaces with Executive Branch agencies that OIT's involved in. So that's the extent of our collaboration.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Brune.

MR. BRUNE: On the first priority, Chris.

MS. HIGGINS: Yes.

MR. BRUNE: Just to clarify something: Is it fair to say there aren't any staffing implications to that? It's just simply the swapping out of digital for analog?

MS. HIGGINS: Yes, pretty much. We currently have court clerks in each of the courtrooms. And they operate the analog systems. And the way I understand it, we're talking about old tape systems. And those machines have actually failed, and we can't get appropriate tapes anymore that will work with assurance. The replacement system would be analogous to a CD system, but with a backup with a computer so that the

backup is done on a server. And it would prevent some of the risk that we currently have.

MR. BRUNE: Okay.

It seems like it's a fairly -- it's a higher initial cost. It's something like 43 percent of the courtrooms -- 182 -- cost more than the subsequent out-year cost. Is that because you buy the equipment and install it later?

MS. HIGGINS: No, basically the way it works is, we have the individual equipment in the room, and then the server. And that runs roughly \$18,000 per courtroom. Year one is '08, and we're hoping to scrape together money to cover about 155 devices. Because that's in Year '08, you don't see that in our request here, because the request is '09 forward.

MR. BRUNE: Some of it's '08.

MS. HIGGINS: Right.

MR. BRUNE: Okay.

One last question: In the previous administration, there was about \$10 million -- I think it was exactly \$10 million -- provided from the -- I guess we call it the Motor Vehicle securitization -- at the time, for the courts. Is that money fully obligated at this point?

MS. HIGGINS: Yes.

MR. REBO: That money is not only fully obligated, it's fully expended, and exclusively with municipal courts, in conjunction with the ATS.

MR. BRUNE: Oh, so it went through the municipal courts.

MR. REBO: Yes, it's a totally municipal thing.

MR. BRUNE: With the traffic system--

MR. REBO: Pardon me?

MR. BRUNE: ATS is the--

MR. REBO: ATS -- ACS is the municipal court record keeping--

MS. HIGGINS: Tracking.

MR. REBO: --tracking system.

MR. BRUNE: So just out of curiosity, what-- Did that give us a-- I want to see how to phrase this. What type of benefit did we get out of the \$10 million, in terms of the ATS?

MR. REBO: The benefit was to help fund, although not fully, our interface and other work with Motor Vehicles. And by doing so, with capital purchases and so forth, for municipal equipment and--

MR. BRUNE: So you're sort of midstream on that effort? Is that -- you said not fully. Is that something you're still--

MR. REBO: No, no, no. We're fully interfaced with Motor Vehicles. That's been accomplished. Motor Vehicles, as we, are always in permanent revision in terms of things that are happening.

MS. HIGGINS: I think what Jim was saying is, it didn't fully fund the need. But information that I have, that's financial in nature, indicates that Year One of the expenditures was in '04, and then there was expenditure in '05 and '06, and that was it. So we're-- The money is expended.

MR. BRUNE: It's expended, but it sounds like it funded a piece of something that is still evolving.

MS. HIGGINS: Well, the ongoing interface needs to be maintained. So there's ongoing cost that is not supported any longer.

MR. BRUNE: Thank you.

MS. MOLNAR: Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Just a comment, Madam Chair.

Information technology is an issue that continues to come up time after time, and will continue to come up. And I know we've had discussions over the time I've been on the committee that we would use the Office of Information Technology for what I think most people would perceive it to be -- a clearinghouse -- ensuring that we are getting effective contracts, and ensuring that what is capital is capital, and what is operational should be operational. So I just remind the committee -- and hope the committee continues in that direction -- to, as we've done with the roofs -- or attempted to do with the roofs -- to stay on track to do that with information technology as well.

Thank you.

MS. HIGGINS: I know that last year we did share our information with OIT. And I would think that they helped by providing some insight to the Commission.

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

If not, I want to thank you, Chris and Jim, for coming.

Our next department is Secretary of State. I'd like to welcome Secretary of State Nina Mitchell Wells.

Good morning.

S E C R E T A R Y N I N A M I T C H E L L W E L L S: Good morning, Madam Chairwoman and members of the Commission.

I appreciate this opportunity very much to talk about the Department of State's capital budget request for 2009. The Department's request is a total of \$235,000, and it's for two priorities: \$160,000 to replace the sound and lighting system at the State Museum Auditorium, which has a capacity of 384 seats. And the second request is for \$75,000 to refurbish the seats in the Museum Planetarium. And that has a capacity of 149 seats.

The Planetarium is the largest between New York and Philadelphia. It's a major attraction for residents and tourists. It's a huge, huge draw for our capital city. It averages about 40,000 to 45,000 visitors annually. And as you can imagine, it's a huge draw for many, many school groups because of the educational nature of the programming.

The Museum Auditorium and the Planetarium generate revenue through fees and admission. Additionally, the Museum is in the midst of a major, major, major renovation -- \$15 million -- to upgrade the building's infrastructure. This is the first major effort for those buildings since they opened in 1964 -- more than four decades. There have been some previous renovations of the seats, and refurbishments in both the Auditorium and the Planetarium.

As you probably have heard, there is an ongoing private fundraising capital campaign for the Museum -- \$13 million campaign that I am undertaking with the Governor for the interior portions of the Museum, the exhibit spaces. So once the Museum reopens in the Fall, we'll have a new Museum shop, and a café, ADA compliant restrooms, wonderful new

exhibit spaces for the 2-million-piece collection -- a very exciting new museum.

But what we don't have in the Auditorium right now is a sound and lighting system. The system is 40 years old and cannot handle the new media and electrical equipment demands of today. So it makes it very difficult to be able to rent it out because of that, and also because of a very old, outdated electrical and lighting system. So those are the two things. The sound and the lighting systems are completely outdated and unusable. It's a wonderful, wonderful auditorium that is highly sought after by State agencies, colleges, nonprofits, community organizations. It's one of the most preferred locations of that size in the capital city for seminars and meetings, public programs, film festivals, and much, much, much more. Because it is that size, it's wonderful.

We also have, of course-- You're probably thinking the War Memorial and Patriot's Theatre. That's 1,800 seats. So that's a perfect venue for large gatherings. But for gatherings of the size that I mentioned, the Museum Auditorium is perfect. So we do need that state-of-the-art sound and lighting system to be able to generate the rental income. That would be wonderful to be able to add to the revenue for the Museum to continue the programming that we do there.

And next-- The Planetarium, as I said, is a wonderful, wonderful venue that's quite a draw. We need the \$75,000 to replace the seats. Those seats have not been replaced since 1989. They need to be completely refurbished. They're completely worn and torn, and they have a very unique kind of technology that allows the seats to recline so that you can look at the inner dome and see all of the wonderful laser shows. We all

know what that's about. And, also, the seating is not ADA compliant, and we'd like to also upgrade to that point to make sure that the Planetarium continues to be state-of-the-art, first-class, for both all of our visitors as well as our tourists.

And that concludes my testimony. And if you have any questions, I'd love to answer them.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Good morning.

SECRETARY MITCHELL WELLS: Good morning.

ASSEMBLYMAN GREGG: Just, through the Chair, a question on the seating in the Planetarium. I do a quick calculation and you're budgeting about \$500 per seat, give or take.

SECRETARY MITCHELL WELLS: Right.

ASSEMBLYMAN GREGG: Are you getting new seats?

SECRETARY MITCHELL WELLS: Yes. The technology is very sophisticated. Yes.

ASSEMBLYMAN GREGG: But not refurbished. Our document says *refurbished*.

SECRETARY MITCHELL WELLS: In some cases they're being refurbished, and in some cases they're new seats, depending on the condition. Yes.

ASSEMBLYMAN GREGG: It would seem to me that if we do approve this, or it does appear to be a worthwhile scenario, that certainly we should be looking at just getting new seats. So looking at the life

expectancy then, we'll know from day one that we've got new seats, and they should last 10 years or 15 years, as opposed to contracting with folks to just fix things that--

Unfortunately, I guess my comments reflect on how many times we fix things in State government and continue to fix things. The Department of Agriculture just testified on roofs that, seven or eight times, we've repaired the roof at the Horse Park. Well, if I repair a roof in one of my commercial buildings, I don't suspect I'm going to be repairing it again; or the people who repaired it will be coming back again and fixing what they didn't do.

So perhaps that's just a business look at it. But if you could get some information to the committee as it relates to that specific refurbishing and replacements so we could get a feel for that.

SECRETARY MITCHELL WELLS: Sure.

ASSEMBLYMAN GREGG: I guess the committee would probably wish to see similar information as it relates to the lighting and sound equipment as well.

Thank you, Madam Chair.

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

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

SECRETARY MITCHELL WELLS: Thank you so much.

MS. MOLNAR: That's it for today.

Our next meeting is Friday, September 28. Hopefully we will have a quorum and we will vote on the items we did not vote on today.

Meeting adjourned.

(MEETING CONCLUDED)