
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: September 26, 2008
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony F. Annese, Vice Chair
Senator Anthony R. Bucco
Assemblywoman Marcia A. Karrow
Gary Brune
Jack Donnelly
Paul Stridick



ALSO PRESENT:

James Vari
Executive Director

Mary Alice Messenger-Gault
*Assembly Majority
Commission Aide*

Rosemary Pramuk
*Senate Republican
Beth Schermerhorn
Assembly Republican
Commission Aides*

***Meeting Recorded and Transcribed by
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B. CAROL MOLNAR, (Chair): I'd like to call the meeting to order.

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

We will now take the roll call.

MR. VARI (Executive Director): Senator Bucco.

SENATOR BUCCO: Here.

MR. VARI: Assemblywoman Karrow.

ASSEMBLYWOMAN KARROW: Here.

MR. VARI: Mr. Stridick.

MR. STRIDICK: Here.

MR. VARI: Mr. Brune.

MR. BRUNE: Here.

MR. VARI: Mr. Donnelly.

MR. DONNELLY: Here.

MR. VARI: Mr. Annese.

MR. ANNESE: Here.

MR. VARI: Chairwoman Molnar.

MS. MOLNAR: Here.

MR. VARI: Madam Chair, you have seven members present.

You have a quorum.

MS. MOLNAR: We will be skipping item four, approval of the minutes. We will vote on the minutes of September 5, 2008, at the next meeting.

The next item is the Executive Director's report.

MR. VARI: Thank you, Madam Chair.

I just have a few remarks on the Executive Director's report before I speak to the classification of State buildings project.

We have word from the Building Authority that they're going to fund the \$50,000 project that Agriculture requested for a mobile lab -- to house a mobile lab. That's the good news. The bad news is, Agriculture requested a \$2 million HVAC for the bug lab, and that's actually a \$2.9 million estimate.

We had a couple questions to the various departments. One was the Department of Agriculture question that concerned the cost benefits of the bug lab. And the reports that we have back from them looks at savings or cost avoidance of pesticide use of about \$101 million. This is all in your material that we've provided.

On the State Library, Mr. Brune asked for a cost analysis to repair the movable shelves at the Library, and that cost is about \$100,000 over the last 10 years, so approximately \$10,000 a year. And Assemblyman Cryan asked for a reevaluation of those -- of the chairs -- ADA chairs. Originally, they were looking at \$63,000 per chair. Upon reevaluation, it's more in the \$39,000 range.

And finally, Judiciary submitted a copy of-- You may recall, we asked for estimated balances for their salary accounts. They're anticipating very small balances to remain at the end of the year.

We also have word from the Interdepartmental Accounts, when they report that Priority 4 has been resolved. But they'll go into more detail on that today.

Madam Chair, that concludes the Executive Director's report. And with your permission, I would like to speak about the classification of State buildings project.

MS. MOLNAR: Go ahead.

MR. VARI: Earlier this week, we mailed you out some information on OMB working with certain departments to classify State buildings by asset criticality. The main purpose of this project is to clearly identify which assets are supporting the mission of the various departments. So what we've done is, we've focused on four agencies to begin with: Military and Veterans Affairs, Juvenile Justice Commission, State Police, and Education. And we basically sent them raw data from the LBAM system, in an Excel file, by building use. So we categorized buildings, Tier A through E, by the type of building uses. So Type A buildings would be things like dormitories, or hospitals, residences; while Type E buildings are miscellaneous types of buildings. And this is all raw data from the LBAM system.

What we're getting back from the departments is Tier A through E -- but they're moving their buildings into Tier A, being the highest priority types of buildings critical to the mission of the departments. So it may be -- you may have examples where they're moving dormitories from the A down to a category C or lower, and moving buildings up from C to A.

Again, we just received most of this information over the last few weeks, and we're going to be sitting down with these four departments to verify -- make sure we're all on the same page as to what buildings are the most critical to these departments.

Why are we doing this? Well, you probably saw from the report how many buildings we have to look at. There are over 5,000 buildings in the LBAM system. So we're trying to clearly focus on what are our most important assets, move from a project-based to more of a facility-based decision-making situation.

We also want to concentrate or bundle our dollars into these identified facilities. And what I mean by that is, if a Department comes in with a certain facility that's deemed a high priority, and the Capital Commission recommends a project for it, I want to be able to bundle other dollars into that facility from statewide accounts, which could include a roofing account, or an energy efficiency account, ADA account. These are all statewide accounts that should follow the critical projects -- the projects that have been identified. Hopefully, longer-term, we'll reduce the number of non mission-dependent assets and increase utilization of our more critical assets.

So that's kind of where we stand right now. I don't know if you have any questions or comments on how we should proceed here. But that's pretty much where we are.

MS. MOLNAR: Thank you.

The analysis was very interesting. I look forward to some of the results.

Any questions or comments? (no response)

If not, I want to thank you for your work so far.

Is that it?

MR. VARI: Yes, that's it. That concludes my remarks.

MS. MOLNAR: Thank you.

We will begin our Fiscal 2010 capital requests. Our first department is Health and Senior Services. I'd like to welcome David Gruber, Senior Assistant Commissioner.

Good morning.

SENIOR ASST. COMM. DAVID GRUBER: Good morning, Madam Chair and Commission members.

As noted, my name is David Gruber. I am the Senior Assistant Commissioner with the Department of Health and Senior Services. And I appreciate the opportunity to present the combined DHSS and Department of Agriculture request for capital funding for Fiscal Year 2010.

I'm here along with Dennis Flynn, Assistant Commissioner, Public Health and Environmental Laboratories Director; DHSS Director of Management and Budget, John Fasanella; Mr. Jeff Schantz, representing the architecture and engineering firm of HOK, the architecture and engineering firm that serves as the primary consultant for the New Jersey State Building Authority on the design and construction of our new Public Health, Environmental, and Agricultural Laboratory. HOK's experience in the field of this type of design has served as the technical basis for much of what is included in today's request. Also in attendance in the audience is Carl Costantino, the Project Manager for the New Jersey State Building Authority, the primary developer in this project.

Our request is focused and, we believe, necessary. It is a request to outfit New Jersey's new Public Health, Environmental, and Agricultural Laboratory, a state-of-the-art capability that will provide safety and security for the residents and visitors of New Jersey and will replace the State's existing 45-year-old structure. As can be seen from the artists' rendition on Slide 3 of your handout, this is truly a capital project.

We have been here before you in the past during development of this concept, and you're well aware of the history and effort that brings us here today. My intent is to virtually bring you inside this new building and show you what we do, the nature of the request, and the far-reaching arms of the laboratory that touch our children, our staff, our farms, our animals, and our environment. This is a facility with a mission to protect us all, and my goal is to provide you the evidence needed that will support the State's funding of our request.

On Slide 4, you will see a recent picture of the structure. The ground is leveled, the foundation is laid, and the steel girders are erected. But without your assistance, the building will only be a building without capability, capacity, and without function. Now is the time to ensure that the building becomes a working laboratory, housing, as you'll see on the next page, a public health laboratory that tests and reports on human diseases and conditions; a chemical and bioterrorism testing lab that will confirm or more hopefully rule out the presence of a terrorist threat; an environmental laboratory that helps to keep our air, waters, and lands clean; a regulatory oversight agency that guarantees that commercial laboratories are held to State standards; and a laboratory that addresses the health of animals; and guarantees we can maintain our claim as the Garden State.

On Slide 7 you will see our location is on New Jersey State Police Division Headquarters grounds, secure and restricted, an area that guarantees the safety and security of the highly sensitive and mission-critical laboratory equipment. And it allows for a secure campus during times of emergency.

Let's enter the lab at the administrative building and note that unlike our current arrangement in downtown Trenton, in the rear of the new lab is a separate entrance for potentially hazardous materials. This safety feature guarantees the isolation and pretesting of inbound samples, reducing the threat to nonlaboratorians and the possibility of facility contamination. This is one of the many lessons learned in emergency preparedness and response since the dark days of 2001.

Now, inside the building we encounter one of the many security measures that allow for public control and access. This critical component of building design permits public use of auditorium and laboratory training facilities in the administrative building, while simultaneously restricting movement to the areas where sensitive testing occurs.

Also on the first floor are the Department of Agriculture testing facilities and the DHSS lab's radiological testing machines. In our slides, we've included agencies and organizations supported by the State Laboratory and where our requested equipment is to be housed. It is my intent to demonstrate that, although as a DHSS representative I'm requesting the money for health and agricultural purchases, our lab services are multi-agency, and much of the equipment in our request is in direct support of numerous State agencies. This is truly a State lab.

Making our way to the second floor, noted on Slide 12, we note two exceptionally important capabilities: our newborn screening lab that provides over 1 million tests for over 100,000 infants each year; and our BSL-3 lab, where we screen for biological agents capable of causing mass disease and death. In 2007, our existing BSL-3 facility conducted approximately 4,700 tests with a degree of expertise that resulted in Florida requesting our support in 2006, during which we conducted over 1,000 tests for that state. The lab is proud of its role. And letters like the one on Slide 13 tie high-valued machines to what all of us recognize as our highest-valued treasures.

Our third floor will house bacteria-testing capabilities in support of both DHSS and local communicable disease services. Whether for meningitis, rabies, sexually transmitted diseases, or Lyme disease, our lab tests for those agents that disrupt our lives and communities. We also provide drug testing for those agencies listed in the top right of Slide 14.

The top floor will house our chemistry lab. Although I could easily read you the list of equipment we're requesting, I think it more important that we bring home what we test for and whom, as again noted in the blue boxes on that page.

But the huge machines are only part of the equation. As salient as the support to our testing machines, is the request to provide outfitting for this new facility. In slides 16 through 19, you will see instrumentation that has well-exceeded effective lifespan, and we consider it in need of replacement. You will also see the support equipment, building furnishings, and telecommunication equipment that enable the staff and the facility to

function. The guidelines by which we developed this request are shown on Slide 20.

Slide 21 lists our requests. By anyone's standards, this is a large amount. However, I will assure you that we fully understand the fiscal state of the State. And we were diligent during our deliberative identification of what was needed and when, figuring out how to come up with this request.

We've included Slide 22 in support of this deliberative process. In order to ensure equipment move and to prevent interruption of life-saving laboratory services during transition from old space to new, we view our request as time-critical and functionally required. Slide 23 identifies our methodology for determining this request, and the specifics are on Slide 25 and on.

Consistent with this Commission's previous guidance, we have held off on requesting needed equipment in previous year capital requests in anticipation of the stand-up of the new laboratory. I would hope you'd agree from our presentation that now is the appropriate and critical time for the requests. And I also hope that you agree that this is not a request by the Department of Health or the Department of Agriculture but, instead, a request that supports vital and essential goods and services to the people of New Jersey. Our goal is to provide New Jersey the laboratory services that it needs, deserves, and, in many cases, are unavailable in other laboratories in the state.

Madam Chair, members of the Commission, this concludes my formal presentation. And my colleagues and I would be happy to answer any questions or address any of your concerns.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments?

ASSEMBLYWOMAN KARROW: Obviously, I have--

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN KARROW: Thank you.

I'm sorry. This is my first year on this Commission.

SENIOR COMMISSIONER GRUBER: It's mine, too.

(laughter)

ASSEMBLYWOMAN KARROW: The structure itself is funded from the New Jersey Building Authority Fund?

SENIOR COMMISSIONER GRUBER: Yes.

ASSEMBLYWOMAN KARROW: Why didn't they include money for finishing off this building?

SENIOR COMMISSIONER GRUBER: My understanding is that is not allowable in the bond process.

ASSEMBLYWOMAN KARROW: To use for the capital equipment? Certainly, the furniture perhaps not. But the capital equipment--

SENIOR COMMISSIONER GRUBER: I'd like to defer back to the Building Authority to answer that, if that's acceptable.

ASSEMBLYWOMAN KARROW: Okay.

C A R L C O S T A N T I N O: Good morning.

My name is Carl Costantino. I'm Assistant Chief of Design and Construction for the New Jersey Building Authority.

And I think the best way I can answer that question is, during my tenure with the Building Authority it's always been our practice that any of the FF&E is not included in the original bond authorization. I guess the best way to describe that is, take the building and turn it upside down. Everything that falls out of it is not part of our project authorization.

I would, I guess, direct your attention to the project report that we distributed earlier. It pretty much specifically details what we can bond for. Beyond that, it's probably something that I would-- For a more specific question, I would probably elevate it to my Director to maybe provide you with a more specific answer to your question. But in essence, that's what I know about the process from the design and construction side.

ASSEMBLYWOMAN KARROW: Okay.

When this-- This was approved back in 2004?

MR. COSTANTINO: I believe September 2004, somewhere in that range.

ASSEMBLYWOMAN KARROW: Was there an agreement, Chair -- because I don't know who is new and who is old up here -- but was there an agreement that there would be an outfitting of that building at that time?

MS. MOLNAR: Gary.

MR. BRUNE: I might be able to help a little bit, because I'm on the Building Authority itself.

This is, as Carl said, a long-standing practice. We've only funded the bricks and mortar, not the things, as Carl said, that would fall out. That was true of the Hamilton facility that we built for the State Police. And traditionally, the approach has been to fund a master lease

debt service in the operating budget for things like the furniture and the telecom that go with that. That's at least been the past practice heretofore.

That's so people would come to us in the Capital Commission and say -- spark a discussion about what they need to fit out the building. At least the past practice has been that we would budget that in the operating budget as a master lease kind of a line of credit. And we did that in part because it's such a big -- seems to be such a big amount and we have so little discretionary capital. That's the way we've been handling it.

ASSEMBLYWOMAN KARROW: I guess my question, though, is, in 2004, was there -- there was discussion about what it would cost to do that FF&E for the building, on this Commission?

MR. BRUNE: I don't know if it was on this Commission. I know there was an original estimate made to the Building Authority about the total cost of that project. There was an estimate somewhere in there about this particular aspect of it. I don't know if it came to -- I guess it did come to this Commission, because the Commission would have to approve the project. I don't know if that particular piece was covered though, off the top--

ASSEMBLYWOMAN KARROW: Can you tell me how many people this building is designed for?

SENIOR COMMISSIONER GRUBER: Approximately 300.

ASSEMBLYWOMAN KARROW: And what's going to happen to the old building?

SENIOR COMMISSIONER GRUBER: That would be at the discretion of Treasury. The Department of Health does not intend to use the old building.

ASSEMBLYWOMAN KARROW: At all?

After the early buyout program, how many employees are left?

SENIOR COMMISSIONER GRUBER: Approximately 270.
That includes the Agriculture component of it.

ASSEMBLYWOMAN KARROW: I don't have any other questions, Chair.

Thank you.

MS. MOLNAR: Senator, you had a question.

SENATOR BUCCO: Yes, thank you, Madam Chair.

Good morning.

This is also my first year sitting on this Commission. It looks like you have a lot of freshmen here.

Your annual maintenance costs -- \$3 million. What is your cost currently?

A S S T. C O M M. D E N N I S F L Y N N: My name is Dennis Flynn. I'm the Assistant Commissioner.

We currently are serviced by Treasury, so we don't have a comparable annual budget to maintain that. It's done through Treasury as part of the complex.

The building maintenance costs that you see in this request, which are noncapital, were developed based on a model that was given to us from the forensic laboratory in Law and Public Safety. That's how we came to that number. And it's pretty well supported, and Jeff can address this for other comparable facilities.

J E F F S C H A N T Z: We had our engineering team calculate what the average annual cost will be based on the types of systems that are in the building.

I think what needs to be understood is, the building that you currently own, which was built in the '60s, was built in an era when the technology was substantially different than what we have today. Also, the building codes and the life safety codes that were enforced then are substantially different than what you have today. But I think that the \$3 million accurately reflects the operating costs of the building.

SENATOR BUCCO: So the maintenance cost currently, you're saying, is provided by the Treasury.

MR. SCHANTZ: Yes.

SENATOR BUCCO: And now it's going to be shifted directly into your budget.

ASSISTANT COMMISSIONER FLYNN: It's still going to be-- We had to stipulate it so that it becomes a line item appropriation. But it will still be a Treasury number, so to speak.

SENATOR BUCCO: I'd like to know if there is a difference between what they're currently paying and what the new maintenance fees will be.

Also, a question on scientific equipment: I'm sure that's all state-of-the-art equipment that you're looking to purchase. What's the lifecycle of that?

SENIOR COMMISSIONER GRUBER: The average lifecycle for the equipment for the laboratory, if you want to generalize, is approximately 10 years. And I think we've provided in the charts the fact

that most of our equipment -- or a lot of our equipment, especially the ones we're requesting -- exceeds that 10-year requirement.

SENATOR BUCCO: Okay.

Being in the manufacturing business, and having a laboratory and all in my own business, I know just about on a monthly basis there always seems to be something new coming out. Is that also true with your type of equipment?

SENIOR COMMISSIONER GRUBER: I think that we have tried to balance the new technology versus the needed technology. So consequently, while there may be new types of equipment that come out and new tests that come out -- unless those tests significantly increase our efficacy or significantly would better service the community, we're not jumping on just getting new equipment for the sake of new equipment.

SENATOR BUCCO: Okay, thank you.

Thank you, Madam Chair.

ASSEMBLYWOMAN KARROW: I have a few questions.

MS. MOLNAR: Sure.

ASSEMBLYWOMAN KARROW: Regarding what's currently existing in the current building-- Is any of that equipment or furniture going to be traveling with you to the new facility?

SENIOR COMMISSIONER GRUBER: Yes, that was one of our considerations -- what we could bring and what we could not bring. And I think, again using the process that we've delineated, we looked at whether or not the cost to move, the cost to recalibrate, and the cost to shut down services and bring up services again-- We looked at those costs and how that balanced against the cost of new equipment, also adding the age of

the equipment we were considering. So we will, in fact, be bringing some of the equipment that we have in the current building over. The request that we have here is equipment that we have deemed as either not -- as either too old to bring over, too non-cost effective to bring over, or just equipment that is not appropriate to bring over.

ASSEMBLYWOMAN KARROW: Is there a list provided to us of what equipment you are going to be reusing and what we're going to be leaving behind?

SENIOR COMMISSIONER GRUBER: No, but I think, through the Chair, we could provide that.

ASSEMBLYWOMAN KARROW: Could you, please?

And also, is that equipment that you won't be taking -- is that going to be sold, donated, trashed?

SENIOR COMMISSIONER GRUBER: We put that through the surplus program, so it would not be our decision as to how that was disposed of.

ASSEMBLYWOMAN KARROW: And also, regarding the furniture in the building. Currently, is that going to be cannibalized and used on at least one of the floors of the new building, or are you planning on buying all new?

SENIOR COMMISSIONER GRUBER: There would be some that would be taken over. But I think one of the new -- one of the concepts of the new building, which makes it a more cost-effective building, is the open laboratory concept, in which instead of going through the traditional laboratory, sectional -- I'll call it *sectional* -- more of the maximum use of space. So we believe that the new furniture is more appropriate for this new

concept which, in the long run, does reduce the overarching cost of the building to begin with. But we will be taking some, but limited, amounts over.

ASSEMBLYWOMAN KARROW: What stuff from the administrative section?

ASSISTANT COMMISSIONER FLYNN: If I could add some depth to that. From the beginning of the design process, which has been two to two-and-a-half years in the works with HOK, this was more or less meticulously addressed. And as Dave said, the design of the new laboratory with our consultants included the fit out of laboratory rooms, as well as the administrative section, with new equipment and new furniture. The furniture that we have in the current facility is going to stay where it is, because that space in the Health and Agriculture building is still designed to be used. It's only the round building, the laboratory itself, that is going to be vacated and used for different purposes. So the cost of breaking down the system, the furniture, and the age of that type of administrative furniture would prohibit and be counterproductive to a new laboratory where you want to design that in. And that's what we did.

And to go back on the instrumentation a little bit, Jeff can add some depth to the 10-year formula. We've been coming to the Capital Commission for a number of years. I've been here many, many times. and the age of instrumentation -- to go back to the question about does it get better every year in science and technology: it certainly does. And the high-tech stuff that you see in our request -- the specificity, and the accuracy, and the automation, and the efficiency increases exponentially. But we don't ask for it routinely. And since we haven't had capital funds for four

or five years running, we haven't been able to be on that cyclical replacement program where we take the oldest and age them out.

And Jeff, if you want to back me up on the age and the problems involved in moving old instrumentation, it would be good.

MR. SCHANTZ: There has been, since the time that your old building was built, a shifting basis for the science that goes on. When the building was built in the '60s, a lot of the work was done as analytical, wet chemistry, standing next to a bench or in a fume hood. In the last 10 years, most public health services have shifted to molecular detection, which has to do with modifying the chemicals that are the basis of life. And so a lot of it relies more on those technologies than on the previous technologies. And so in that environment, a lot of the things that you would have been depending on in the old building simply no longer apply from the scientific basis.

One of the phenomena that tends to happen is, as you try to site-adapt the new equipment into the old environment, you start to build inefficiencies into it. So one of the things we've sought to do in the new building is to basically make it a much more efficient building than what you currently own. And one of the ways in which you do that is by coming up with space standards that are not only appropriate for the administrative side of things, but also for the scientific side of things, and allowing them to accommodate the technologies that they need in this era to do their work. So it's a very different thing.

By virtue of that, a lot of equipment that is over 10 years old really was designed in another era, and the science has moved on since then. So you are-- By doing this, you are investing in a line of equipment that

will bring to your process a greater degree of repeatability, a greater degree of reliability, and a greater throughput. And so if the State is seeking to cap hiring so that you cannot expand staff, it's a very simple tradeoff between capital and labor -- that you would have this equipment there that was capable of doing a higher degree of testing as opposed to people standing at benches doing that same level of testing.

SENIOR COMMISSIONER GRUBER: I think in direct answer to your question, there would-- We had intended to outfit the new building with new furniture, even in the administrative section.

ASSEMBLYWOMAN KARROW: I just wanted to repeat this. Only the round building is going, not the Health building?

SENIOR COMMISSIONER GRUBER: That's correct.

ASSEMBLYWOMAN KARROW: This is just the round building.

SENIOR COMMISSIONER GRUBER: That's correct, although we do have component -- administrative components of the laboratory that are in the square building.

ASSEMBLYWOMAN KARROW: Can you break out what the cost of the furniture is in the administrative section?

SENIOR COMMISSIONER GRUBER: I'm sorry, you mean what we intend to purchase for the new -- that would be 1.7.

ASSISTANT COMMISSIONER FLYNN: We have that.

ASSEMBLYWOMAN KARROW: It's \$1.7 million for new furniture for the administrative section?

ASSISTANT COMMISSIONER FLYNN: Correct.

MR. CONSTANTINO: That's for both departments' shared spaces, soup to nuts, in the entire building. And we've based that estimate, right now, upon State contracts in place.

ASSISTANT COMMISSIONER FLYNN: But that's not just administrative, that's the whole complex.

JOHN FASANELLA: John Fasanella, Director of Administration.

One of the things we're going to do, and we're working with Treasury building and property also -- they're having a space consolidation Task Force. We have a number of leased spaces. And we're approximately, right now, 20 to 25 people on the fourth floor of the Health and Agriculture building -- the square building -- have the laboratory, administrative and support staff, the directors. We're going to look at some of our leased space with Treasury, and we're going to backfill from leased space into State space and use the existing furniture to the extent that we can, so that space and that lease won't go to waste. We're trying to actually save money in the process by closing up some of the leases that we have throughout Mercer County, working with Treasury.

ASSEMBLYWOMAN KARROW: All right. And I have questions about that later in a package with the Interdepartmental budget.

MR. FASANELLA: Well, you can talk to the gentlemen at Treasury, I'm sure.

ASSEMBLYWOMAN KARROW: Right.

MR. FASANELLA: We're working-- I've been working very diligently with them -- one of the things we're trying to do, obviously, because some of that space is Interdepartmental paid for, some of that space

is paid directly by the Department. So it's a vested interest from both of us to do something.

ASSEMBLYWOMAN KARROW: So when you move those State employees over to the fourth floor or other consolidated owned spaces by the State, what happens to all that furniture?

MR. FASANELLA: I assume, depending on the whole process, some of that furniture goes over to the State's central warehouse, where instead of the State buying furniture because they say -- all go into surplus, and they will look to see what's the best. And what we usually do is, we go over to Treasury's warehouse, and instead of buying furniture, if there's -- for regular, nonequipment specific -- we go there and get cubicles there, and desks there, and chairs there.

ASSEMBLYWOMAN KARROW: John, that's my point. I'm hearing that you're going to be buying all new furniture for the administrative side. And we're in an economic-- I don't have to talk about what's been going on this week or last week. And the fact that we can buy new furniture for State employees, and people are having their own furniture repossessed every single day right now-- I don't even have to go down that road. So I would really like to see a capitalization of other buildings and make sure that we're maximizing every penny and not buy new furniture.

MR. FASANELLA: Assemblywoman, I can tell you, it is extremely difficult to get any purchase through for new furniture.

ASSEMBLYWOMAN KARROW: As it should be.

MR. FASANELLA: As it should be -- unless the Federal government and one of our grants is willing to pay for it. And in that case,

that furniture that we're replacing goes into Treasury so it can be used for other departments that don't have the luxury of Federal funds. We really-- And again, I've worked very cooperatively with Treasury. They have a very good system. We try-- We don't spend State funds on furniture unless it's like the last course.

ASSEMBLYWOMAN KARROW: Okay.

MR. FASANELLA: I'm being honest with you. I mean, I don't think there's been a State-funded purchase order for my Department -- I can tell you that doing the budget -- in years.

ASSEMBLYWOMAN KARROW: I can justify health, safety, and welfare, buying new spectrometers or whatever to make sure lives are saved, and there isn't some outbreak, and babies are okay. But I don't want to hear about-- I mean, you heard in the report that we went from a \$63,000 chair to a \$36,000 chair. It's a specialized chair, it's still too much money. So new chairs are just too much money.

Thank you.

Thank you, Chair.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Regarding your request for equipment this year, is that your -- will that fulfill your total needs, or are you going to come back next year and the year after for other equipment you might need?

SENIOR ASSISTANT COMMISSIONER GRUBER: I believe for the immediate needs, that would cover it. We don't have a secondary list we would expect to come back with. The only time we would come back with new capital budget requests would be for equipment that, during

normal lifecycle, would go down -- not for -- not that we have our A list and our B list, and we're only giving you our A list.

MR. ANNESE: And the other thing I wanted to know is, considering that the lab has to fulfill the needs of two departments, are both departments happy with the equipment and the facilities that you have going forward now?

SENIOR ASSISTANT COMMISSIONER GRUBER: Well, I would hope that we would understand that the needs are for more than just the departments. A large part of our testing is for DEP. So consequently, I think that all agencies would be happy with the equipment, because we're able to provide the testing services that are required. But if that's not the answer to your question, if you could rephrase that, I'd be happy to answer it.

MR. ANNESE: No, that's just exactly the answer I wanted.
Thank you.

MS. MOLNAR: Any other questions or comments?

MS. MESSENGER-GAULT: I have one. I just want to follow up on Assemblywoman Karrow's question.

MS. MOLNAR: Ms. Messenger-Gault.

MS. MESSENGER-GAULT: I understand totally new equipment, scientific advances, no question. But I'm looking at a list on Page 30 that includes break room tables, side chairs, bookcases, filing cabinets, task chairs, conference tables. There's none of that in the existing building or the warehouse that will fit into this new building?

SENIOR ASSISTANT COMMISSIONER GRUBER: If I had to speculate, I would speculate that there are probably items in warehouses

that fit into these categories. Whether they would be appropriate or fit the needs, I couldn't say, because I cannot-- I'll be open and say that we have not done a one-by-one look at, let's say, a conference table -- what conference tables are available. So it might-- It's a valid question that I don't have a good answer to.

MS. MESSENGER-GAULT: What's in the existing building of side chairs, bookcases? You don't have bookcases now?

SENIOR ASSISTANT COMMISSIONER GRUBER: There are bookcases now. I think that it goes to two categories. One would be the category of the uses that individuals and organizations have and are currently using. The other is the expansive characteristics of the new laboratory. For example, the training room and other areas -- and, for example, the breakout room, or the food room, which is also shared by the New Jersey State Police EOC people. There is not a cafeteria -- and I'm using cafeteria in the loose sense -- in that complex. So the intent was that people from the EOC would also come over for that. So I think there are two categories. One is the equipment that is currently being used by the Department of Health and Agriculture that possibly could be considered for moving over. The other is equipment that would fall under these categories that is not in our hands, or would be needed because of the new spaces in the laboratory.

MS. MESSENGER-GAULT: I think if Treasury could look at some of their existing furniture in the warehouse and see if there is anything suitable--

And the phone systems-- How old is your current phone system?

SENIOR ASSISTANT COMMISSIONER GRUBER: The phone system is an old phone system. We don't have a modern phone system. And, quite frankly, we would have preferred a more modern phone system in the new laboratory.

MS. MESSENGER-GAULT: And fax machines and copiers, how old are they -- the existing one?

SENIOR ASSISTANT COMMISSIONER GRUBER: Well, there will be fax machines and copiers that I believe would be taken over. However, I think--

MS. MESSENGER-GAULT: They're on the list of what you want to purchase. That's why I'm asking.

SENIOR ASSISTANT COMMISSIONER GRUBER: There are some, I believe -- and I'll ask for correction if I'm incorrect with this -- is that specifically, copiers are leased, and leased based on a specific -- the request in usage of the request. Now, whether or not that can be transferred over-- I mean, I would have absolutely no objection to taking a good copy machine to the next place. It's a lot easier to get it that way.

MS. MESSENGER-GAULT: Thank you.

MS. MOLNAR: Senator.

SENATOR BUCCO: Thank you.

On Page 30, at the bottom of the page, it says facility complex support. Can you explain that?

SENIOR ASSISTANT COMMISSIONER GRUBER: The laboratory, as a complex, includes warehouse space, it includes logistic space, and it includes areas -- warehouse and storage areas are redundant.

But it's support of the spaces other than the true laboratory and/or administrative spaces that are there.

SENATOR BUCCO: And some of the equipment listed on Page 30 -- some of the conference tables, break rooms, whatever -- that's also part of the facility complex, or is that just a storage?

SENIOR ASSISTANT COMMISSIONER GRUBER: I'm sorry, could you repeat that, please? I didn't hear.

SENATOR BUCCO: On Page 30, you have a laundry list of things that you want to purchase for \$4.8 million. And I asked if the facility complex support -- is that also part of that list going into the facility complex?

SENIOR ASSISTANT COMMISSIONER GRUBER: Yes, it is.

SENATOR BUCCO: Can you give me any type of synopsis of what that may be going into that? It's not the lab itself, I understand, it's the support for the labs? Is that correct?

SENIOR ASSISTANT COMMISSIONER GRUBER: With respect to you, sir, I'd rather, through the Chair, give you an additional list as opposed to us trying to scramble right now and waste your time.

SENATOR BUCCO: Okay. No problem, through the Chair.

ASSEMBLYWOMAN KARROW: One more, if the Senator is done.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN KARROW: No disrespect intended, you used the words, "If it's appropriate, we'll take it."

In a past life, I used to work for the Division of Property Management and Construction, and I used to do this budget. So I used to

interview every facility's administrator, in every department, every year. And I can't tell you how offensive it is for me to even imagine that you want to buy any new furniture for State employees in an administrative section. I can get the open lab concept. But just because you have a new, shiny building doesn't mean you have to have new, shiny chairs, and filing cabinets, and bookcases.

That's all I'm going to say.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Following up, same line of questions--

Speaking from OMB, I think we have a much better understanding of the equipment piece of this than we do the other pieces. And is it fair to characterize the telecom and the furniture estimates that have been made here are somewhat of placeholders at the moment?

SENIOR ASSISTANT COMMISSIONER GRUBER: I believe that's appropriate. We don't have an itemized list of that.

MR. BRUNE: Okay. So, as a for instance, on the furniture, we're using \$24 a square foot. Is that an industry standard of some type?

SENIOR ASSISTANT COMMISSIONER GRUBER: Yes, it is. And we can provide you data of comparable facilities right now, if you'd like, or later. But we have that available right now.

MR. BRUNE: What I was going to suggest is -- because there have been, obviously, a lot of questions around this area -- is if you could provide, through the Chair, just a list of the assumptions that you've made that go into these numbers. Particularly -- we spent a little less time on the telecom piece. Ultimately, I think you're going to have to go to OIT to get their approval. I don't quite think you've gotten there yet. But we would

want it, we would want to know, ideally, what the -- that they have filtered through them, on its way to us, that request of \$4 million for the telecom equipment.

SENIOR ASSISTANT COMMISSIONER GRUBER: That's appropriate, yes.

MR. BRUNE: Okay. The other thing I thought we would ask, through the Chair, is a report on the possibility that you could use existing staff in your new facility to raise additional revenue to offset what might be, depending on what the Commission decides here-- As I said, the traditional way of funding these things is a master lease -- to the degree that we can generate funds against that master lease from additional tests that you would do possibly for other State agencies that are now being done by private labs.

SENIOR ASSISTANT COMMISSIONER GRUBER: An excellent point. And right now, we're in an analysis of what we can do in order to bring new revenue in. I think in some ways, even if we weren't coming to you regarding a new laboratory, it's something that should be done. And we are in the process of defining whether or not we can bring in new business or, to the contrary, whether we can shut down things that aren't as necessary and are sucking funds from us. So we fully agree with the comment.

MR. BRUNE: Just to give one particular point on that score, I think you're asking for a piece of equipment having to deal with mercury sampling in water.

SENIOR ASSISTANT COMMISSIONER GRUBER: That's correct.

MR. BRUNE: It seems to imply -- I may be wrong on this -- there may be some overlap between what you need to do there and what, possibly, DEP does in that area now with private labs. I guess my question -- first question is, are you asking for that piece of equipment because you want to do work that DEP is now farming out to private labs, or is this something you're particularly doing?

SENIOR ASSISTANT COMMISSIONER GRUBER: The actual equipment, I believe, is for mercury testing for non-water based materials. For example, with Kiddie Kollege, that some of you are aware of, -- or actually testing fish. Even though the fish are in the water, the actual testing of the fish -- that mercury -- or if you have a contaminated site. We do not have the capability of doing that right now. The process would be to send that to the CDC, Centers for Disease Control.

MR. BRUNE: Is that work you do today, or is that work you would newly do?

SENIOR ASSISTANT COMMISSIONER GRUBER: That's what we would have to do if we were asked to do those samples today.

MR. BRUNE: And the people asking would be DEP?

SENIOR ASSISTANT COMMISSIONER GRUBER: And us -- both of us -- for DEP for certain aspects of it, for the Department of Health for others.

MR. BRUNE: So I guess we'd just like to understand on that whole score, again through the Chair -- if you could just look at that whole picture. And, obviously, we're in a situation where we can't hire any additional staff. But to the degree that the existing staff become more productive, or possibly just by virtue of having access to the equipment in

the new facility, if there are opportunities there that we should be talking about in terms of shifting work to this new lab and generating money to offset the costs.

SENIOR ASSISTANT COMMISSIONER GRUBER: Fully agree.

ASSISTANT COMMISSIONER FLYNN: If I can add a little depth to that, Gary.

MR. BRUNE: Yes.

ASSISTANT COMMISSIONER FLYNN: The capacity increase when we go to the new lab will probably be in the area of about 10 percent in terms of pure capacity. So the open lab concept will give us the opportunity, as Dave said, to look at new interagency agreements and secure as much fee-for-service testing as we can.

One of the new items that's on the list is the oral drug screening confirmatory, GC mass spec, which has been requested by AOC; which, if we can secure it, that will be a revenue-producing item.

MR. BRUNE: Just one last question on that score. Would it be a help to you if we got the Department of Environmental Protection to share with us, when they come in, their current unit pricing, or do you already know that for the tests that they do that might overlap what you're capable of doing? Are you already aware of all that?

MR. FASANELLA: Gary, actually two things would be helpful: the tests that they're sending outside right now, and whether or not we'd be capable of doing that. We've already instituted the process, as you're aware, where we ask whether or not -- what are State agencies doing, in terms of drug urine screening? If we're moving it into a new facility, and

obviously if everyone -- if it makes sense. We want to work the math. But if it makes sense, as we increase the volume, the unit cost goes down. So if all State agencies are using private vendors right now -- some of them are anyway -- to do the urine screening testing for drugs -- like Corrections and AOC -- if they come to us, and our unit costs come down, then that would make sense that we should do it as opposed to giving money to a private vendor.

MR. BRUNE: I'm just asking, John, whether you have that information in hand. Do you know what they're being charged or should we ask?

MR. FASANELLA: We know what we're charging for the tests that we do for them. We don't-- I don't think we know what they're charging for the tests that they do on the outside.

MR. BRUNE: Okay.

One last point, maybe, just for the Commission. When we last met, I think the Agriculture piece of this was quoted as being about \$400,000, about \$1.1 million in total. That's imbedded in this \$16 million request. Some other things dropped out, and AG's number went up. The bottom line remained the same.

Thank you.

MS. MOLNAR: Senator.

SENATOR BUCCO: Thank you, Chair.

You're currently sending some laboratory work outside because you don't have the facility to do it now? Am I correct? Did I hear that?

SENIOR ASSISTANT COMMISSIONER GRUBER: If we do not have the capability, that is a correct statement.

SENATOR BUCCO: Do we have any idea what it's costing -- what it cost over the last year -- that outside testing that now will be brought inside that will be a savings?

SENIOR ASSISTANT COMMISSIONER GRUBER: Yes, we -- specifically the oral drug testing, confirmatorial drug testing -- it's a \$1 million contract with New York to do that testing, which we believe, with the new equipment, we would be able to accept that responsibility. And with others -- I don't have specifics with other types.

SENATOR BUCCO: Maybe, through the Chair, you could give us a breakdown of that -- what your outside contracts are costing you.

SENIOR ASSISTANT COMMISSIONER GRUBER: That's not our outside contract, that's what AOC is paying to New York City. That is a contract we could actually, if we had the equipment, be able to do for New Jersey State agencies. But as far as testing of our -- any tests that we have that would have to go outside, it's very limited. However, that mercury would fall under that category -- mercury testing. We have not done a lot of that, so that is really not a significant amount right now.

SENATOR BUCCO: Okay. Thank you.

Thank you, Chair.

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

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

SENIOR ASSISTANT COMMISSIONER GRUBER: Thank you, Madam Chair.

MS. MOLNAR: Our next department will be Interdepartmental. I'd like to welcome Steven Sutkin, Director of the Division of Property Management and Construction.

S T E V E N M. S U T K I N: Good morning, Madam Chair and Commission members. Thank you for the opportunity to present the Department of the Treasury's Fiscal Year 2010 Interdepartmental capital budget requests.

The Interdepartmental request is submitted by the Division of Property Management and Construction on behalf of the Department of the Treasury and State agencies in the Capitol Complex.

My name is Steven Sutkin, Director of the Division of Property Management and Construction. With me today are Bernard McLaughlin, Deputy Director in the Division; and John Geniesse, Assistant Deputy Director.

The Fiscal Year 2010 Interdepartmental capital budget requests a total of \$860.3 million to fund projects through Fiscal Year 2016. Of that total, \$202 million is being requested in Fiscal Year 2010. Excluding requests for open space preservation and energy efficiency projects funded from dedicated sources, approximately \$94 million is requested to address the most urgent capital needs of the State-owned facilities managed by the Division.

The DPMC is responsible for the operation and maintenance of approximately 40 buildings that range in age from 20 to more than 200 years, with varied missions, including office buildings, laboratories, museums, libraries, and warehouses. While the operating systems and maintenance required for each of these facilities may be different, they are

similar in that their proper purpose and functioning is critical to the building's overall purpose. The efficient operation of these facilities saves significant budget dollars, which is particularly important in these times when the State faces many urgent priorities with very limited fiscal resources.

These priority requests represent conditions that must be addressed in order to keep the facilities operating. A number of these requests have been part of the previous capital budgets submitted by the DPMC that were subsequently deferred due to scarce available dollars. While we recognize the State's limited capital budget funding, the continued deterioration of the buildings exposes the State to more far-reaching projects as one system's failure has a domino effect on another, resulting in emergency repairs and employee relocations that radically increase costs, lower productivity, and inhibit the delivery of constituent services.

The risk of environmental hazards cannot be overlooked either. Failing building systems significantly increase the chance of mold and other airborne contaminants. PEOSHA-mandated remediation of these conditions has proven to be very expensive.

The following projects identified as our highest priorities address fire and life safety, as well as the replacement of core building systems such as roofs.

The first item is the atrium glass replacement at the Justice Complex at \$650,000. The Justice Complex was built in 1982. The unique aluminum and glass exterior dominates the façade of the building. The curtain glass panel system making up the atrium section of the building is a

Total Vision System, innovative in its time, but now reaching the end of its approximate 26- to 30-year life expectancy. A recent assessment of the glass curtain wall by the consulting firm USA Architects found a full length vertical crack in one glass pane, clamshell-like cracking in two other glass panes, and damages to two of the glass fins.

We have immediately taken precautions in the atrium to prevent employees and visitors to the Justice Complex from potentially risking their safety until the panels can be replaced. Although we have made replacement of the damaged glass panels our highest priority request for Fiscal Year 2010, we have also begun to move ahead in the current fiscal year with the design portion of this project and are investigating the availability of a more immediate source of funding for the construction. Our seven-year capital plan includes the consultant's long-term recommended solution to replace the entire glass panel system with a new tempered insulated glass system, with a projected total cost of approximately \$12 million.

The second item is fire code remediation in the Executive State House, at \$800,000. In an April 2005 inspection by the Department of Community Affairs, Division of Fire Safety, the State was cited and requested to complete necessary renovations to meet fire code requirements of a 30-minute fire barrier for the rotunda and exterior stairwells on all three levels of the Executive State House.

In Fiscal Year 2008, \$200,000 of funding was approved for a design study of alternatives to remedy the violations while addressing concerns regarding historic aesthetics of the Executive State House. The resulting study presented retrofit options that have been formally accepted

by the Department of Community Affairs as meeting the fire code requirements. These include replacing doors at three locations and separating the main corridor and rotunda from the side corridors. The design and first phase of the recommendations will be implemented this fiscal year using a part of the balance of the Fiscal Year 2008 funding. It is estimated that approximately \$800,000 in additional funding will be needed in Fiscal Year 2010 to complete all of the renovations and recommendations.

The third item is roof replacement at various locations, for \$2.5 million. In the Spring of 2006, DPMC engaged a consultant to perform an assessment of the condition of roofs of State-owned buildings in the Capitol Complex. The consultant found several buildings that were from one to four years overdue for roof replacement. Funding has already been approved in Fiscal Year 2009 for replacement of the DEP building roof. In Fiscal Year 2010, funding of \$2.5 million is requested to address the Beneficial Insect Lab and Distribution Center roofs. Continued deferral of these projects will ultimately cost the State more when old, untouched, or patched roofs fail, resulting in moisture exposed interior work spaces that require repair and mold remediation, and potentially exposing staff to health-related risks.

Number four is fire code remediation in the State Museum, which was mentioned before by Mr. Vari. I'm pleased to report that the Fiscal Year 2010 capital funding is no longer required for this ranked requirement to address fire code violations at the Museum. Recent discussions with DCA Division of Fire Safety staff, resulted in an agreement

on a low-cost remedy to correct the violation, which we will implement in the current fiscal year.

The next item is a new sprinkler system for the Health and Agriculture office and lab facilities for \$450,000. The Health and Agriculture administration and laboratory buildings have partial sprinkler systems installed in their basements. As the result of a DCA Division of Fire Safety inspection conducted in February 2006, a citation was issued requiring that complete fire sprinkler systems are provided in the windowless, unventilated basements of each building. A consultant study completed in this year, February 2008, estimated total design and construction costs for installation of automatic fire suppression systems in the two buildings at approximately \$200,000 for the administration building and approximately \$250,000 for the lab building.

I will say that given the fact that we will be relocating to the new lab facility in slightly less than two years, we're going to continue discussing the requirement in the lab building and hoping to get some deference from DCA, and alternatives. But as it stands now, we're currently in violation, and we need to address that violation either with funding, or future discussions and a relaxation from DCA.

Number six is the Taxation building communication riser cable at \$400,000. The Taxation building located at 50 Barracks Street is the headquarters for the Division of Taxation and houses the administrative functions of the Division as well as the Taxation Call Center. The Call Center answers taxpayer inquiries regarding all State tax information and handles tens of thousands of calls daily.

The riser cable that serves as the telecommunications backbone for all telephone service to every floor is original to the building and, over time, has seriously deteriorated. The riser cable is sheathed in paper which was the standard technology used in 1963. Paper sheathing is susceptible to water damage and corrosion, which has occurred over the years due to various water leaks. It has been spliced together and patched but is now beyond repair. Taxation is experiencing almost daily outages of phone service. This project would replace the old paper-sheathed cable with new technology. The new riser cable would be water resistant as well as fire retardant and would meet all current code standards. This would ensure the safety needed along with the durability and reliability that is critical to continuity of the services.

These projects, and those remaining that I did not detail, speak to the continuing emergent conditions of many of the buildings in the Capitol Complex. In some cases, they represent initiatives put forth by DPMC on behalf of the tenant agencies in these buildings. Funding is necessary to resolve these issues now rather than continue to pay maintenance and emergency repair costs that buy only short-term, temporary fixes.

Finally, the Interdepartmental requests contain the statewide accounts that are funded centrally by OMB in order to prioritize requests submitted by all the agencies. These accounts include funding for the Capitol Complex security, Americans with Disabilities Act, and hazardous material removal.

In closing, I would like to thank the Commission for its consideration of this year's capital budget and past support. Approval of

these priority requests will fund critical building infrastructure projects that require attention.

I would ask that you carefully consider these projects to proactively address long-overdue mechanical and building system issues before we must react to emergency shutdowns and repairs.

Again, I thank you, Madam Chair and members of the Commission, for the opportunity to present this year's requests.

I would also like to thank Jim Vari and Tom LaBue of the Commission staff for their ongoing assistance.

MS. MOLNAR: Thank you.

I had one question about your request number two: fire code remediation of the Executive State House. This was the-- This Commission has discussed this issue quite a bit.

You state that the resulting study presented retrofit options, including separating the main corridor and rotunda from the side corridors. Could you explain what you mean by that?

MR. SUTKIN: There is-- It's mostly an issue related to the smoke infiltration into the side buildings. These barriers would inhibit the migration of the smoke in a fire situation from entering the occupied spaces.

MS. MOLNAR: Are you saying they will be building new walls around the rotunda?

MR. SUTKIN: No. That's one of the issues regarding the rotunda that we were in negotiation with, with DCA. And we managed to have a compromise with them on what steps we could take without affecting, too much, the aesthetics of this historic building, which is the State House. I'm happy to present you with the summary -- an executive

summary of the exact steps that we plan on taking through the phased approach.

MS. MOLNAR: Will it look the same?

MR. SUTKIN: Some of the doors are going to look the same, some of the doors are going to be changed, some of the areas around the stairwell are going to be changed -- are going to look different. But the rotunda, pretty much, will not be as affected as some of the other changes to the doors, and the stairwells, etc.

MS. MOLNAR: The stairwells though -- I'm trying to remember now -- are part of the rotunda, right?

MR. SUTKIN: There are some stairways that are separate and apart from the rotunda area. Maybe the stairway that leads down to the cafeteria is one of the stairways that are involved. I can give you-- I can provide all the specifics from the report.

MS. MOLNAR: Okay. That would be helpful for me, since it was an issue of a couple meetings.

Any questions or comments?

ASSEMBLYWOMAN KARROW: Oh, lots.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN KARROW: The open stairwell and the atrium, are those going to be affected -- the historic, wooden, open stairwells that go up to the second, and third, and fourth floors?

MR. SUTKIN: I'm going to have to provide all the details. There was a lot of negotiation back and forth.

MS. MOLNAR: Could you give your name?

S T E V E N P I E T R Z A K: I'm Steve Pietrzak, the Building Manager for the State House Complex

We're proceeding right now with phase one. If you remember, the stairwell that comes up from the snack bar to the first floor -- that's going to have a hold-open door.

And to answer the Chair's question regarding what it's going to look like, primarily the doors that are to the various suites on the various levels of the Executive State House are not fire rated right now. So envision kind of the same look, but all those doors are going to be fire rated, primarily on the first floor: the Treasury suite, Secretary of State, Governor's suite, and Counsel. They're going to be more historic-looking doors, wooden but fire rated. And as you proceed upward on the second and third floor, those would be fire rated glass similar to what's there right now.

ASSEMBLYWOMAN KARROW: As a broader question, for at least a decade or more than that -- maybe 15 years -- there's been discussions with pretty much every governor about redoing the entire State House and bringing it totally up to code. Are there any ongoing discussions about that now or did everybody just give up?

MR. SUTKIN: I haven't been party to any of the discussions, but I would say that the price tag on such a project is somewhere between \$250 million and \$500 million. So I don't know if the time is right, now, for that subject.

ASSEMBLYWOMAN KARROW: Well, 10 years ago it was \$80 billion. So it would be pretty sad if it's that much now.

I want to, just for a second, talk about--

First of all, what have we done with the atrium at the Justice Complex? I mean, there has been ongoing scaffolding in there. Back around 2000, 2001 there was-- Has it just been, Steve, glass being replaced piecemeal all this time and that big fix has never happened because the big fix is just so astronomical?

B E R N A R D M c L A U G H L I N: Actually, no. And we haven't really replaced any of the large panels at this point.

Have we?

MR. SUTKIN: Most of the project was -- and it was security based -- was, they pushed out-- It used to be, when you went into the Justice Complex, you would go right into the center building before you were checked for security. And that didn't make a lot of sense, because by the time you were in there, you could do what you needed to do if you had ill-intent. So a lot of what the scaffolding and the project was about -- that you had seen in recent years -- was pushing out, I guess, the western exposed part of the Justice Complex and creating a new sort of annex atrium. And that's where the security is.

And there has been some roof work done. And there was a lot of interior work done as part of the New Jersey Building Authority project. But this entire replacement of the glass was not part of that project. And right now, the \$700,000 request is just to address the cracks in the panes, and the fins, which present the immediate problem. But the life expectancy of the glass system is three or four years. And that's the \$12 million complete replacement.

ASSEMBLYWOMAN KARROW: It says in the report that one of the panes of glass was from a projectile. What was that?

MR. SUTKIN: Rock, bullet -- we don't know.

ASSEMBLYWOMAN KARROW: Okay. So there was no insurance money behind that. I guess that's what I was asking.

A quick question on priority three, the roof replacements. You mentioned the New Jersey Network building. Since there are discussions by them about making that a private company, I don't know why we would be repairing a building that might go private, (indiscernible) public, State-owned property. The NJN building.

JOHN GENIESSE: That wouldn't be-- That's on our list of roofs that are overdue, but that's not one of our priority roofs for this coming fiscal year.

ASSEMBLYWOMAN KARROW: Which ones are your priority roofs?

MR. GENIESSE: I believe it was -- the insect lab and the distribution center were the two top priorities.

ASSEMBLYWOMAN KARROW: My last, for right now -- I'll defer. But my last question is regarding the 30-minute barrier at the State Museum. Have things changed in the codes and that's why that's suddenly been addressed by DCA, or is it an omission by the architect who designed the project? That building has just been finished.

MR. SUTKIN: I can't speak for the mission of the DCA in that regard. But I can say that it seems to me that since the Seton Hall fire from a decade ago, they had more rigorous enforcement and more code to affect dormitory-related facilities. And they've done a good job with that with the colleges, and developmental centers, and prisons, and other facilities like that to make sure everything is sprinkled properly. And now

they're expanding and being more aggressive in ensuring that all the details of the code are satisfied with respect to occupied facilities. And so that's why we get into discussion with them and compromise in facilities like the Museum, like the State House, where aesthetics start getting impacted and operability of facilities start getting (indiscernible).

ASSEMBLYWOMAN KARROW: I don't understand, because the building has just been finished. It just reopened, and now the DCA is coming in and saying, "You're not at fire code." So I'd like to know how that was missed. Was it missed by the architect, which would put it under errors and omissions; was it a code change by DCA; were they not at the table when the architects were finished? I'd like to know how that happened. Because it's a new building. It's all been finished. That's another open stairwell. It was designed as an open stairwell. It's aesthetic as an open stairwell. They use the stairwell as part of their displays. There are things on those walls. So I'd like to know how that happened.

MR. SUTKIN: The project was permitted under the rehabilitation code. The stairway was not implicated as something that needed fire barriers--

ASSEMBLYWOMAN KARROW: By the DCA.

MR. SUTKIN: --by the DCA.

ASSEMBLYWOMAN KARROW: And now they've turned around, years later, and said they have a problem with it? I have a problem with that.

MR. McLAUGHLIN: I think you're asking some of the questions we've asked ourselves also.

ASSEMBLYWOMAN KARROW: Through the Chair, could we ask the DCA to provide justification?

MR. STRIDICK: Paul Stridick, from the DCA.

I'm not privy to the details of this situation, but I will follow up, through the Chair, regarding this issue.

ASSEMBLYWOMAN KARROW: Thank you.

MR. SUTKIN: However, I will say -- and as we said, as Mr. Vari noted originally, we've reached accommodation with DCA on the issue for a very low cost to fix. That has made this request unnecessary at this point.

ASSEMBLYWOMAN KARROW: And that's great. It's just-- It's still the fact that they're doing this to State buildings and State agencies that have worked in good faith, following whatever they told you to do years ago. And the mere fact that you have spent time, which translates to public dollars, just to find a remediation -- whether it costs more physical dollars or not -- there's still an implication. And it's cost an awful lot of time and angst, including for the Museum staff. I don't get it. I don't know where they're coming from. If they don't have enough to do, maybe we need to have layoffs or something.

MS. MOLNAR: Senator.

SENATOR BUCCO: Thank you, Madam Chair.

On the roof replacement for various locations-- I see that the DEP building was approved. Has that been completed yet or is it going out? What's the story on that one?

MR. SUTKIN: That project is still in design.

SENATOR BUCCO: It's still in design. But yet you're looking for other locations throughout the Capitol Complex.

Do we bundle these bids for these roof replacements instead of doing them piecemeal? Would it be more advantageous for us to go out and bundle all of these roof projects? You're talking about \$2.5 million -- we did, for the DEP, \$2.5 million -- requested the beneficial insect lab and whatnot. Is it beneficial for us to go out and bundle all of this to try and get a better price?

MR. SUTKIN: I think the answer is: sometimes. In situations where you have roofs that are geographically close, roofs that require the same work to be done, roofs that have similar roofs -- like one roof might be a built-up roof, one roof might be a single-ply membrane, one roof might require structural changes or a parapet wall, one roof might require changes to the HVAC equipment on top. But in situations where there are roofs that are similar types of roof on the same area or same campus, it does make sense to have designs that might cover one or two buildings, and contracts that might cover one or two buildings.

SENATOR BUCCO: Excuse me for not knowing that much about roofing, but my thoughts are, aren't there roofing companies out there who could handle all of the different types, or is it all specialty types? You're saying there are different types of roofs, and I understand that.

MR. SUTKIN: Right. One roof might require-- Yes, there are different kinds of roofs, different kinds of expertise. Sometimes, from an administration perspective, it's better to have separate contractors doing each of the jobs. Plus, it spreads around the work more and provides the small roofing companies the opportunities to bid for work that, if they

weren't -- if they didn't have the capability to do a lot of roofs, they would be precluded from bidding that type of roof.

SENATOR BUCCO: Thank you.

Can you tell me, what is a rise cable at the Taxation building?

MR. SUTKIN: That's a telecommunications-related cable.

John, do you want to speak to that?

MR. GENIESSE: Yes, this is really the backbone for all of the telephone systems in the Taxation building. It runs up the entire length of the building. It connects, on each floor, all of the telephone systems. It contains the wiring which connects it.

SENATOR BUCCO: Okay. And the cost of that is \$400,000 to bring it up to the new type of cable rather than the paper-sheathed cable?

MR. GENIESSE: That's correct. And probably the majority of that cost estimate would be the labor involved with the electricians -- not so much the materials, but the time and the labor involved.

SENATOR BUCCO: Does the phone company do that, or is that an outside contractor?

MR. GENIESSE: Outside contractor. It's our responsibility, it's not the phone company's.

SENATOR BUCCO: Okay. And that goes out to bid also, I would imagine?

MR. GENIESSE: Yes.

SENATOR BUCCO: Okay. Thank you.

Thank you, Madam Chair.

MS. MOLNAR: Mr. Vari.

MR. VARI: Senator, I just want to follow up on the roofing questions. The roofing projects over the last two years have been handled by a central account. I think we'll continue that in 2010. So the projects aren't being bid out piecemeal by department. The requests are coming in by department now, and then through the Spring we'll prioritize those projects and make final decisions on what to fund.

SENATOR BUCCO: And then bundle some of them together.

MR. VARI: If appropriate, sure.

SENATOR BUCCO: That's what I was asking.

Thank you.

ASSEMBLYWOMAN KARROW: I have more.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN KARROW: Could you just clarify the clean energy -- the \$10 million for clean energy budget, under *continuing statewide budgets*?

MR. GENIESSE: The request for the \$10 million for clean energy -- possibly OMB can also speak to that. That's the specially dedicated fund that's been set up to fund energy savings projects through the Office of Energy Savings in Treasury. The request is part of our budget, but we're--

ASSEMBLYWOMAN KARROW: So it's like the Garden State Trust Fund.

MR. GENIESSE: Yes.

ASSEMBLYWOMAN KARROW: You're just holding the money.

MR. GENIESSE: Yes, it's included in Interdepartmental.

ASSEMBLYWOMAN KARROW: Thanks, John.

And then--

MR. SUTKIN: Although, if I can just add one thing.

ASSEMBLYWOMAN KARROW: Sure.

MR. SUTKIN: To the extent that they involve capital changes, they go through the Division of Property Management and Construction to be designed and constructed. But they're the client agency.

ASSEMBLYWOMAN KARROW: Okay. Who is the client agency, BPU or DEP--

MR. SUTKIN: The Office of Energy Savings.

ASSEMBLYWOMAN KARROW: And then the tenant fit-out lease renovations -- the \$4 million. Is that used for these consolidations that were represented earlier with the early retirement program?

MR. McLAUGHLIN: Yes, that's a portion of it. Some of it's for life safety, but the majority of the money, especially in this past year, has been spent. We're projected this year to spend about \$2 million on consolidation efforts that will reap about -- this year, it will be about \$4 million worth of rent savings in this actual fiscal year, which will grow next year to, I think, about six to seven as we get full-year benefit of these leases being closed.

ASSEMBLYWOMAN KARROW: But other than life safety fixes in leases, it's mostly used for move and consolidations.

MR. McLAUGHLIN: Absolutely. We're not doing any cosmetic -- painting or things like that. If it's a life safety trip hazard that we inspect, and the carpet needs replacing, we'll repair it.

ASSEMBLYWOMAN KARROW: Thank you.

That's all.

MS. MOLNAR: Mr. Donnelly.

MR. DONNELLY: I have a question regarding the Law and Public Safety atrium and perhaps pardoning funds. Do you have any information about Federal Homeland Security funding for that purpose, or could you check on that?

MR. SUTKIN: No, I don't, but we will check on that.

MR. DONNELLY: Maybe as a follow-up, you mentioned the need for immediate funding versus long-term funding. Ultimately, you're looking for the \$695,000 now and then the \$12 million. Is that the short versus the long?

MR. SUTKIN: Yes, the 695 is to address the current crack in the main glass -- six by 25-foot panel -- and glass fins. And the \$12 million is for the complete replacement which, by the way, the study showed is a more energy-efficient glass system with double pane -- with gas between the two panes, which also-- Your question about homeland security reminds me -- we're also going to be exploring any Federal moneys available as a result of energy savings, and any bills that there are -- laws -- for energy savings opportunities -- projects.

MR. DONNELLY: Thank you.

Thank you, Chair.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Just to follow up on Mr. Donnelly's question, Steve. To the degree that you're engaged in that conversation with Law and Public Safety about that funding, which we know to exist to some degree-- It's a stream of money that comes in that they split with the locals, I

believe. There is a State piece. You might want to include OMB so we could have one conversation rather than two or three.

MR. SUTKIN: Thank you. I will.

MR. BRUNE: We might be able to help you there.

One minor question: In priority seven -- which I don't think you got a chance to talk about -- it's \$240,000 for HVAC in something called the State Office Building. I just want to clarify what building that is.

MR. McLAUGHLIN: That is 135 Hanover Street.

MR. BRUNE: 135 Hanover. Okay.

And one last minor point, I think.

You indicated, Steve, that obviously we don't quite know what we're doing with the lab -- the old lab building. But we have a request in here, tentatively for -- because I guess we've been cited for the sprinkler system -- for the 250,000. Should we assume that we should hold that one in abeyance until you've got some better guidance on what we're being asked to do there -- or we have some clarity of what the long-term plan is for that building?

MR. SUTKIN: I will follow up today with DCA and try to advance the discussion on what alternatives there are to spending the \$250,000 on the basement, and then I will report back to the Commission.

MR. BRUNE: Thank you.

MS. MOLNAR: Any other questions or comments?

Senator.

SENATOR BUCCO: Thank you.

On the clean energy -- the \$10 million. This is an ongoing project that you're working on? What has been done on that?

MR. SUTKIN: This is funding -- the \$10 million is funding that gets directed to an office within Treasury that is separate and apart from this Division, which is called the Office of Energy Savings. And that money gets directed to that agency. And then it may affect -- I can't speak for that agency -- but they affect different energy savings initiatives. Some of them are capital infrastructure improvement, some of them are as simple as changing out (indiscernible) and having more efficient lighting. But when there are capital infrastructure programs that they want to implement, they come through this division. But with respect to the spending of that money, those questions need to be directed to the Office of Energy Savings, because that money doesn't come to us.

SENATOR BUCCO: Okay. There are projects that are continually ongoing, then, I would say -- you would say?

MR. SUTKIN: Yes. It's not one project.

SENATOR BUCCO: Do we know-- Do we have a list of what has been done? Is there any type of list of what has been done?

MR. VARI: Senator, we can make that available for you.

SENATOR BUCCO: We have that?

MR. VARI: Yes, the list of energy savings projects in '08 and '09.

SENATOR BUCCO: Thank you.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: I might point out, Senator, that when Human Services comes up next, one of the main ways we'd be using that money in the two years is to put new HVAC systems into some of the institutions that -- where the appliances are aged, they're antiquated. And so you will

have an opportunity to see-- I think their top priority for several years has been to methodically go through the institutions and use this money to put in new systems.

SENATOR BUCCO: Good. Thank you.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN KARROW: Yes, getting back to the old health lab building -- who will be, from Treasury, making that recommendation as to what will happen with that building, in what timeframe, and to whom? Does that go to the State House Commission, does it come back here? What's the process?

MR. McLAUGHLIN: We have been looking at that building for-- There are two priority buildings we're looking at very closely as to whether the State needs to be in them. That is one of them. The studies that we've seen for the lab building itself is that to retrofit that for any productive office use or things like that would be way beyond cost prohibitive, based on the nature of the building. So for the laboratory itself, the current plan is to basically mothball that building when its closed down, and there will be significant operational savings in terms of the electricity, and utilities, and things we've spent.

The existing administration building is a very inefficient building, as you know. It's old.

ASSEMBLYWOMAN KARROW: Is that the second building you're looking at?

MR. McLAUGHLIN: That's the square building, yes.

ASSEMBLYWOMAN KARROW: When you said there were two buildings you were looking at, was that the second?

MR. McLAUGHLIN: Oh, no, no. The second building we're looking at is actually a totally separate building, the Mill Hill Revenue site, which is what we think of as the most inefficient building. And we have a plan in the works for an alternative to that, that we could enact, that would be very beneficial.

For the Health building itself, whatever we do we think it would be at least two to three years before we would be able to vacate that building. And the recommendation that DPMC has come up with is that we should, and we are, looking at the right scenario to do that, whether that be a buy, build, or lease of an existing building or new building. We're also looking at the ERI -- how this is shaking out. Is there a possibility of creating space someplace else for a wholesale movement out of that building? And then if that were to be the case, the decision would be made by us and with other people -- what do we do with that building? There's been some discussion about -- it's a prime land for redevelopment in the city of Trenton. So the possibility exists of either a sale for the State-- It could be that we tear down and rebuild if that is the appropriate thing. We have not gotten that far yet to see what is the best scenario. But we do see that we should be looking at making a plan to vacate that complex in its entirety within the next five years.

ASSEMBLYWOMAN KARROW: How old is that building?

MR. McLAUGHLIN: I think 45, 50 years old.

ASSEMBLYWOMAN KARROW: That's really sad. The State of New Jersey is really pathetic in maintaining buildings. And the idea that it's cheaper to mothball than to retrofit prime land and prime real estate in this city -- that it's cheaper to tear it down or mothball it because of 40

years of neglect -- and I've seen that with other buildings in the state. We are so many years behind keeping these buildings maintained.

MR. McLAUGHLIN: It's an interesting concept. About six years ago, we looked at all of our 42 buildings, and we classified them as buildings that were in relatively new and good shape, and we needed to just upgrade the maintenance to keep them in that condition; and we classified a number of other buildings that were worth investing some money in immediately to prevent them from getting to the point where we would have to ultimately mothball them; and then there were basically two other buildings where we have been doing subsistence, because it looked like the amount of money we would have to spend to make up for those years of neglected or deferred maintenance was not cost productive. And the Health building is one of them. The laboratory is being taken care of. The Health building itself is a building that -- while we'd like to stay in it, we'd look to stay in it -- currently -- and we're still evaluating it -- any money we spend there we may not get the payback we could get for other uses of the land or building.

I'd also like to touch on something you brought up with the last group that was up here -- the Department of Health. You made some excellent points, and I wanted to reassure you on a couple of things regarding the furniture.

With the assistance of OIT -- I'm sorry, OMB and Purchase and Property, about two-and-a-half years ago we totally changed the process under which furniture is purchased. Right now, no furniture over \$1,000 can be purchased for the State without first going through our office at DPMC. When we get any request to purchase -- and this would have been

one of them -- the first thing we look at is, is there existing furniture in need of replacement? And we look at it not from a cosmetic standpoint, but from a functional standpoint. If it is no longer functional, our first option is to utilize the surplus furniture we have in our warehouse, which we created in the end of 2006 by consolidating all the individual departments' furniture. We've signed a cooperative agreement with the Juvenile Justice Commission where they have -- some of their clients are working under our direction to learn refurbishment of furniture. So as a result of this, in 2007 and 2008, the furniture purchases the State made are in excess of \$3 million less than the three-year preceding average of furniture purchases -- because we have provided reused, surplus furniture, refurbished furniture. We've refurbished the furniture that-- Chief Justice Rabner is only using surplus furniture for his office. Most of the State House, including the Governor's Office, is using refurbished furniture done through this program. And we expect that program to reap even greater benefits now. With this ERI package, there is a lot of good, usable furniture out there that, as we close leases, we're pulling it in, quantifying it. And I would expect that the majority of the office administrative furniture that was requested in that last presentation we will be able to fill at no cost to the State for new furniture.

So thank you for bringing that up. It's something that DPMC wanted to do for a long time before I got there. We were able to get it done for three years, and it's working very well.

ASSEMBLYWOMAN KARROW: Great.

Thanks, Bernie.

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

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

MR. SUTKIN: Thank you.

MS. MOLNAR: Our next department is Human Services. I'd like to welcome Diane Zompa, Chief of Staff.

C H I E F O F S T A F F D I A N E M. Z O M P A: Good morning, Chairwoman Molnar and distinguished members of the New Jersey Commission on Capital Budgeting and Planning.

My name is Diane Zompa. I am the Department of Human Services' Chief of Staff. I am pleased to have this opportunity to present the Department of Human Services' capital budget request for Fiscal Year 2010, and to inform you of our accomplishments with the Fiscal Year '08 and '09 appropriations.

With me today are Assistant Commissioner Missy Balmir; and Katherine Fling, Director of our Office of Property Management and Construction. Sitting with us also are Joe Guider, from our Office of Budget Planning; Matt Panyko, from the Division of Developmental Disabilities; and Don Ryba, from the Division of Mental Health Services. They're available to assist Missy, Katherine, and me to address any questions you may have at the conclusion of my remarks.

I'd like to begin by expressing the Department of Human Services' appreciation for the continued support of this Commission and for the assistance of staff at OMB in the preparation of our fiscal 2010 request.

As you know, the Department of Human Services serves nearly 1.5 million of New Jersey's most vulnerable citizens every day. We provide

a wide array of services, including residential placements, that we support through a combination of community provider agencies and directly through our network of State-operated facilities.

The Department currently operates five psychiatric hospitals and seven developmental centers statewide. These facilities provide 24-hour, seven-days-a-week residential care to New Jersey citizens with psychiatric diagnoses and developmental disabilities. The clients that we care for are generally people with disabilities so severe that they cannot live independently, whether it is for a short period of time while their condition is assessed and stabilized, or for longer periods of time owing to the severity of their illnesses or multiple diagnoses.

Through your approval of capital budget recommendations in years past, you have demonstrated a realistic understanding of our infrastructure needs, acknowledging both the continued need for these services and our responsibility to maintain our aging and antiquated infrastructure.

Our requests for specific capital projects and the priority ranking we place on them are based on our overriding commitment to provide our clients with safe living environments within which to receive treatment. We must ensure that our facilities comply with all applicable regulatory standards including building codes, fire safety codes, both State and Federal statutes and regulations, Department of Environmental Protection standards, and the standards of our accrediting bodies.

I am pleased to say that we have completed projects in Fiscal Year '08 that have increased our compliance with these standards, and we

have started a number of such projects with our Fiscal Year '09 capital funding.

For Fiscal Year '08, with the assistance of our partners in Treasury's Division of Property Management and Construction, DPMC, we have completed the following projects.

At the six-patient residential buildings at Ancora Psychiatric Hospital, we have installed fire suppression, fire alarm, and emergency egress lighting systems. These systems have also been installed in all the support buildings on campus that provide treatment and socialization opportunities for our patients. This project cost a total of \$18 million. These buildings are now protected with state-of-the-art systems which will make the timely evacuation of our clients and faster response by fire personnel possible.

At the multipurpose building at Hunterdon Developmental Center, we replaced the leaking roof and installed an air conditioning system for the gymnasium at a cost of \$1.3 million. The gymnasium can now be used throughout the Summer to provide the facility's patients with a ventilated and cooled environment in which to recreate, participate in workshop activities, and socialize.

Also with Fiscal Year '08 funding, we began projects at both Trenton Psychiatric Hospital and Woodbine Developmental Center to make major modifications to the boiler plants. At Trenton, we will be modifying the boilers to accept natural gas as their primary fuel source. At Woodbine, we will be replacing a failed boiler and making modifications to change the primary fuel source to natural gas. At TPH, the current construction cost estimate is \$2.5 million; for Woodbine, \$3.2 million. At

both facilities, we are replacing antiquated equipment that represents 30- to 50-year-old technology.

As you know, these projects are funded by energy savings dollars. The Governor's Energy Master Plan is being implemented to the fullest extent possible by the Department of Human Services. We are working in close partnership with John Rhodes, the Director of Energy Savings.

Both facilities will be switching their primary fuel source from heavy fossil fuels to much cleaner natural gas. At Woodbine, we will also be using landfill gas from a local supplier to the fullest extent possible. Landfill gas is also a green energy fuel source. The added benefits of these projects include increased energy efficiency, decreased operating costs, and 100 percent compliance with our DEP operating permits.

With the Fiscal Year '08 and Fiscal Year '09 roofing funds that were approved, per your recommendation, we have begun a number of critical infrastructure projects including: The Cedar, Birch, and Larch Hall buildings on the campus of Ancora Psychiatric Hospital will receive new roofs and new roof decking, at an estimated cost of \$1.7 million for each of these buildings. We anticipate the Cedar Hall roof replacement will be completed by the Fall of 2009. The replacements at Birch and Larch Halls should be completed by the Spring of 2010. These are patient-occupied buildings. The roof replacements are necessary due to the age and condition of the roofs. They have been leaking for some time. We will also be using energy savings dollars to replace the rooftop HVAC systems on these buildings concurrent with the roof replacements.

Cottage Number 21 at Hunterdon Developmental Center will receive a new roof at a cost of approximately \$600,000. This roof should be replaced by the Fall of 2009.

And the Kimble, Cross, Landis, and Regan residential cottages at Vineland Developmental Center will also receive new roofs by the Fall of 2009. We estimate that these roofs will cost a total of \$1.4 million.

With the Fiscal Year '09 funding recommended by the Commission, and funded through P.L. 2008, Chapter 22, we will begin the design of new electrical switchgear at Ancora Psychiatric Hospital and Hunterdon Developmental Center. These projects are currently funded at \$500,000 and \$1.4 million, respectively. This equipment is necessary in order to automatically switch the facility's main power source from the utility -- in the event of failure -- to the facility's emergency generators. Our current equipment is so old that it can no longer be repaired.

At Hagedorn Psychiatric Hospital, we will be designing modifications to the existing switchgear at the newer North Hall Building so that additional services can be connected to the facility's emergency generators. This project received a capital appropriation of \$500,000.

Also with the funding provided by this new law, we have begun a project to replace elevators at Vineland Developmental Center and Trenton Psychiatric Hospital. Funding has been appropriated in the amounts of \$1.2 million and \$500,000, respectively, for these projects. The new elevators will increase patient safety, accessibility, and provide reliability at these facilities where we currently experience significant down times and costly repairs. These projects are scheduled to be completed by the Spring of 2010.

Now, as we look ahead to our 2010 capital budget request, I'd like to take a few minutes to highlight just a few projects. I believe you have already received detailed information about each of these projects in your pack.

Our first priority continues to be HVAC system improvements. This year, we are requesting a total of \$39.9 million for HVAC system improvement or replacement projects so that we can continue to address these needs at our developmental centers and psychiatric hospitals. We have prioritized the projects by facility, based on the age and condition of the existing systems and the needs of our clients.

Our first priority for HVAC system replacement for Fiscal Year 2010 is the New Lisbon Developmental Center. We commissioned an engineering study to assess the condition of the New Lisbon powerhouse and to make recommendations as to its refurbishment and/or replacement. We have copies of this report with us today. And if you are interested, we would be happy to share those with you.

The engineer's report clearly indicates that the equipment has passed the end of its useful life and is rife with operating deficiencies that cannot be repaired. The report recommends the replacement of all of the equipment at this facility. This should include the three boilers, the two chillers, and other ancillary equipment. The report also includes a construction budget estimate of \$6 million for this project. We have increased our request to \$7.5 million to provide funding for the required engineering design and to account for anticipated inflationary cost increases.

Our first step in this project will be to review the potential of supplying natural gas to the site as the primary fuel source. Currently, New Lisbon operates on No. 6 fuel oil, a fuel that releases a lot of pollutants into the atmosphere. The New Jersey Department of Environmental Protection wants State agencies to move away from this fuel at least as a primary fuel source. New Lisbon Developmental Center is behind the curve in this regard. Our goal is to convert this 1950s powerhouse to a 21st century model powerhouse, with technology that emphasizes energy efficiency and minimal emissions by using clean-burning fuel.

Our other critical projects for HVAC replacement are at Hunterdon Developmental Center and Woodbine Developmental Centers, respectively. The Hunterdon project is expected to cost \$5.5 million; the Woodbine project, \$2.8 million. Both facilities need new chiller plants, again moving to more energy-efficient and cost-effective equipment.

Our number two priority continues to be the replacement of our failing roof systems. More than 30 of our buildings, system wide, have roofs that are in extremely poor condition. We have actively leaking roofs at many of our facilities. We have roofs that have been in service far beyond their 25- to 30-year lifespan. They have been repaired and repaired again over time.

For Fiscal Year 2010, we are requesting \$5 million so that we can continue to replace our aging roofing systems and protect our clients, staff, and building contents. Our crucial roof replacement project for 2010 is the roof at Holly Hall at Ancora Psychiatric Hospital. We are requesting \$1.5 million for this project. This is a continuation of the effort begun with Fiscal Year '09 funding to address the patient-occupied buildings at this

facility. This roof has also passed its life expectancy. As such, we will be replacing the roof decking on this building.

Another critical roof replacement project is at the Ann Klein Forensic Center, with an estimated cost of \$1.5 million. The roof at this facility has been the subject of repair after repair for several years now. We are currently spending \$30,000 to make repairs intended to get the building through this coming Winter.

And we are also requesting roofing dollars for the Greenbrook Regional Center. The Center's roof is actually made up of a number of smaller roofs on different sections of the building. We have requested \$1.5 million in Fiscal Year 2010 to replace all of the roof sections. We have made all of the repairs we can. We continue to battle leaks. It is time to replace the roofs at this facility as well.

The Department's number three project -- priority project this year is to replace the failing steam distribution system at North Jersey Developmental Center. This request is for \$5 million. The existing piping system is more than 30 years old. The piping provides steam for heating the facility's residential buildings and to operate the main kitchen. The system consists of steam and condensate return lines that are encased in conduits filled with asbestos-containing insulation.

Numerous leaks are ongoing at this site. And because of the presence of asbestos, every repair involves an asbestos abatement project to get through the insulation to the leaking pipe. In fact, we have recently identified one section of the main distribution pipe that must be replaced immediately. If it were to fail, the entire campus would be without heat.

Obviously, the replacement of the entire piping loop is essential to this facility.

The Department's fourth priority project for 2010 is to properly close the three landfills at Ancora Psychiatric Hospital, for \$2.5 million. We ceased using these landfills in the 1980s. Given the investment we've made at this facility to remediate environmental issues, closing these landfills in compliance with DEP and the New Jersey Pinelands Commission requirements would be the next logical step. The Pinelands Commission has required us to submit a plan to close these landfills in order for them to approve the Camden County Municipal Utility Authority connection project. The Pinelands Commission will expect us to follow through with that plan, and rightfully so.

This issue leads us directly to an update on a project that I know you've been interested in, the connection of Ancora Psychiatric Hospital's wastewater to the Camden County Municipal Utility Authority. This is perhaps our largest capital improvement project currently, as it is estimated to cost \$17 million.

I am pleased to report that we have partnered with the Department of the Treasury and with CCMUA to accomplish this goal of running the five miles of pipe from Ancora to CCMUA's treatment facility. As you know, this connection has been mandated by the New Jersey DEP as the only viable solution to effectively treat the sewage from Ancora. We are acting under an administrative consent order with the New Jersey DEP to accomplish the connections by October 2009. We are on target with this deadline. In fact, the design plans are currently under review by the New Jersey Pinelands Commission.

Obviously, obtaining this Commission's recommendation to fund our priorities is the most central phase of all of our projects. I thank each of you for the part you play in that effort. This concludes my remarks. We would be happy to take your questions at this time.

MS. MOLNAR: Thank you.

Any questions or comments?

Mary Messenger-Gault.

MS. MESSENGER-GAULT: Hi. How are you doing?

Under the Olmstead decision, the State is under order to substantially undertake the depopulation of the mental hospitals and developmental centers. And I know the plan for doing that is in the works and hopefully will be done soon.

As part of that plan, are you reassessing your institutional needs?

CHIEF ZOMPA: Absolutely. That's a very critical component of that plan. So as we are looking at moving our clients from the developmental centers and the psychiatric hospitals into community settings-- As we're looking to reduce the number of actual admissions into our developmental and psychiatric hospitals -- so only the appropriate admissions are being made -- we're looking to reduce the census in our facilities. As that happens, we're looking at where those reductions occur, we're looking at the opportunities they present for some consolidation, opportunities they may ultimately present for closing down a wing, eliminating cottages, using them for different purposes. All of that is an ongoing part of our process.

It's difficult, up front, to anticipate where those opportunities are going to present themselves, because the placement of clients in the communities are really very, very dependent on priorities among the clients, upon finding the appropriate fit. But as we see opportunities to move our clients, to consolidate our facilities, we absolutely will be looking at those issues, in light of the physical plant, in light of the staffing resources, in light of the client needs in making the best decisions and, ultimately, recommendations to this Commission.

MS. MESSENGER-GAULT: Since that plan should be coming fairly soon, other than immediate, critical life safety projects, isn't it a little premature to be doing capital changes to some of the other facilities when you don't know if in a year you're going to close that facility?

ASSISTANT COMMISSIONER MISSY BALMIR: If I could just add, I think part of the challenge is also that when we reduce, say for instance at DDD, the number of 125, that's spread across the various facilities. So you can have a number of reductions across all of the facilities. So the challenge being that you have reduced your census, but not necessarily enough at this point to say you don't need to move forward with some of these emergent capital projects, because we still have clients that are there. So that's part of what we're trying to manage as we go forward.

MS. MESSENGER-GAULT: I understand the life safety things. But perhaps something like changing your fuel source on one of these-- Is that a critical life safety thing, or is that DEP wants you to change to a different fuel source? If you don't know if you're going to use that facility in a year--

CHIEF ZOMPA: Katherine can maybe speak to that.

KATHERINE FLING: Yes, the changes in fuel source that we're discussing and implementing hopefully through this capital budget request are required of us by the New Jersey Department of Environmental Protection. We are changing that in order to comply with emissions standards that DEP has set up and that EPA has set as well -- Federal standards. So if we were to depopulate to some extent, we are still operating a facility and we have to comply with the current standards as we operate.

MS. MESSENGER-GAULT: So you don't expect to close any facilities as a result of Olmstead? I mean, I thought you had said that you might close cottages, you might close wings.

MS. FLING: As we close cottages -- just so you understand, our campuses are set up as centralized power plants. So if you close a cottage or two cottages, it isn't really cost effective to actually close those buildings, because we still have to provide minimal heat, and they are still part of the distribution system for our power, electricity, and so on. So it's more cost-effective to actually reuse those buildings for another purpose than to actually close them down. You'd have to get to the point where you're closing multiple buildings on the same campus in order to really pare back our powerhouse requirements. And we're not sure where that's going to happen, given how we have to go about planning for community placements of patients.

MS. MESSENGER-GAULT: What's the current population in all the facilities combined, mental health and DDD?

CHIEF ZOMPA: Total? In our developmental centers, the current population is approximately 2,780. In our psychiatric hospitals, it's about 2,008.

MS. MESSENGER-GAULT: And what do you expect it to be after you deal with the Olmstead placements, say, in three or four years?

CHIEF ZOMPA: If you take a look at the current Olmstead plan for our developmental centers, the plan called for a reduction of -- in this year, a reduction of 250. Actually, when the budget was struck, there is a budget to support a reduction of 125.

MS. MESSENGER-GAULT: That's the first year. But say five-year plan.

CHIEF ZOMPA: The plan is 250 a year. For our developmental centers, the plan is 250 a year.

MS. MESSENGER-GAULT: Thank you.

MS. MOLNAR: Senator.

SENATOR BUCCO: Thank you.

First of all, Greenbrook Regional -- I'm pleased to see that their roof is being replaced. As a frequent visitor to that facility, I can attest to the problems that are there.

I do not see our facilities closing down and getting rid of all of our clients, because all of our clients that are not eligible to be living outside of the structure of a regional center. And I know, as our client list seems to grow each year, that we-- When I first came into the Assembly, it was around 5,000, 6,000. I think it's up closer to 8,000 today -- people looking for placement for the developmental centers.

CHIEF ZOMPA: You're talking about the waiting list?

SENATOR BUCCO: Waiting list, yes.

CHIEF ZOMPA: Yes, for the developmental centers. You're right.

SENATOR BUCCO: So it keeps on growing. We're not really shrinking the rolls. So I don't see any possibility of our institutions, our developmental centers, closing. I don't think you're going to see that happen.

There are too many people out there that need the facilities. I think it's a false hope that we're going to close so many and save some money. I think we're going to always need them around and keep them there to take care of the clients who are in need of it.

And what has happened is, as parents are getting older who are caring for their children, or their siblings, and whatnot-- There has to be some place for them to go once the parents or the siblings can no longer take care of them.

I think you do a good job. And I do have to say that I am very, very much aware of what's happening in our developmental centers and have been for years, being part of that.

Thank you.

CHIEF ZOMPA: Thank you.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN KARROW: Good afternoon.

A question regarding the HVAC roof replacement projects--

I guess my first question is, under the HVAC projects -- some of those energy projects are part of your -- part of their application in the 2009 energy efficient projects, yes?

CHIEF ZOMPA: Yes.

ASSEMBLYWOMAN KARROW: So if they get approved, you're budget is going to go down?

CHIEF ZOMPA: Yes.

ASSEMBLYWOMAN KARROW: When you looked at the roofs and the HVAC systems that needed to be repaired, did you look at the possibility of economies of scale, of doing roofs and HVAC systems at the same time?

CHIEF ZOMPA: Yes, we do.

ASSEMBLYWOMAN KARROW: Any of that happening?

CHIEF ZOMPA: When it makes sense, yes. In fact, I think in our-- But, in fact, what we're looking at is, we look at the priorities in terms of the patients' safety, in terms of needs. But when, in fact, it makes sense that we're doing a roof project and the HVAC, it would make sense to do it at the same time.

ASSEMBLYWOMAN KARROW: Even if it's pushing the roof a little further or the HVAC system a little--

CHIEF ZOMPA: A little bit.

ASSEMBLYWOMAN KARROW: Okay.

CHIEF ZOMPA: If, in fact, when we're doing the roof, and we're looking to do the underlying decking, as we were doing in some of our cottages at Ancora -- that certainly made sense to pull those together.

Katherine, you have the expertise.

MS. FLING: That's what I would say exactly.

At Ancora, in doing the Cedar, Birch, Larch, and Holly buildings, we will be replacing the HVAC equipment at the same time. Because on these buildings, we're going to be replacing the roof deck. So we have to remove all the equipment anyway in order to replace the deck and the roof. And this way we can -- on the decking side -- make sure we structurally support the new HVAC equipment appropriately by doing both at the same time. But we do prioritize HVAC projects and roofing projects separately and try to blend them when it does make sense. So we may, in fact, do an HVAC project without doing the roof -- if the HVAC project is our number one priority, and the roof has just been replaced 10 years ago, it still has 15 years of useful life left to it, and vice-versa.

ASSEMBLYWOMAN KARROW: And I just want to say, I applaud you at really being sensitive to your priorities also. I mean, you have lots and lots of projects that are deeper down and that you're not highlighting, that you know are unrealistic. And if anybody ever wants to see an agency that does more for less, they should really visit one of these developmental centers and see how old the clients' furniture is, and how old the staff's furniture is, and how-- You know, you want to talk about cannibalizing things to get a little bit more life out of something, it's happening there more than anyplace else. And that's really what government is about -- is taking care of your fragile populations and not some administrator's bureaucratic lifespan.

You brought up the Pinelands in Ancora. So I have to bring this up to you regarding the new well at Hagedorn. That is in the Highlands preservation area. Have you started the permitting process with the Highlands Council?

MS. FLING: No.

ASSEMBLYWOMAN KARROW: Okay.

MS. FLING: But we do know that we will be talking to the Highlands Council about this project.

ASSEMBLYWOMAN KARROW: You should start soon.

MS. MOLNAR: Senator.

SENATOR BUCCO: Thank you.

A question about North Jersey with the steam pipes: You did, years back, major renovations to those buildings. Was there any consideration at that time -- I don't know if you can answer this or not -- or is there any consideration now-- Instead of the steam pipes -- individual heating systems for those buildings?

MS. FLING: Well, as you may recall, there was a catastrophic failure of the boilers in the powerhouse at North Jersey. We did spend some time thinking about rather than replacing that main powerhouse -- going to individual boilers at that time, because we had a catastrophic failure. The cost-effective and fastest solution at that point was to replace the boilers, which is what we did. So we made quite a substantial capital investment in that powerhouse to replace those two boilers. So now it makes cost-effective sense to replace the piping and remain a centralized powerhouse at that campus.

SENATOR BUCCO: Okay. Thank you.

A question about Greystone: The main building is empty now?

CHIEF ZOMPA: Yes.

SENATOR BUCCO: What are the plans for that? Any?

MS. FLING: The main building and all of the buildings that we have vacated to move into our new facility have been declared surplus to the Department of Human Services and have been given to the Department of the Treasury for disposal. We are continuing to do some minor improvements to the buildings in the effort to keep them in as good condition as we can. We are doing some repair work on some roofs in two locations. And we have installed a new fire alarm system that operates on a wireless basis so that all of the buildings remain protected and have a fire alarm system. Otherwise, it is Treasury's responsibility to find new owners for the building and the campus.

SENATOR BUCCO: Okay. I did have someone who was interested in that main building, and I will speak to Treasury about that -- although I think there was legislation passed around '96, '97 that we could not sell that building. It had to stay there.

MS. FLING: That is true.

SENATOR BUCCO: But I know the other buildings -- you have started to demolish, I think, some of the buildings up there.

MS. FLING: Actually, the buildings that you see being demolished now are being demolished by the county of Morris, and they are on the part of the property that the county of Morris now owns.

SENATOR BUCCO: Yes.

MS. FLING: Yes.

SENATOR BUCCO: Okay. Thank you.

Thank you, Chair.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: I just want to clarify one thing that you mentioned before with regard to Olmstead. There are 12 facilities, right? Five psychiatric hospitals and seven developmental centers. Typically, are they all using centralized power?

CHIEF ZOMPA: Yes, they are.

MR. BRUNE: So when you said before, if Olmstead proceeds as it's going, it's difficult to cut off a cottage here and there, because it's on the central power grid--

CHIEF ZOMPA: Yes.

MR. BRUNE: We've made an investment in all of these places sometime in the past in a centralized power arrangement.

CHIEF ZOMPA: Yes.

MR. BRUNE: So how does that-- Should we conclude from that, that complicates your ability to deal or react to the Olmstead depopulation?

MS. FLING: One could conclude that, yes.

ASSISTANT COMMISSIONER BALMIR: Can I just make-- Just for clarification of your question: from a capital perspective it makes it

challenging. Because if there is an expectation that you'll be able to depopulate a whole -- a portion of the campus -- but you still have to run, obviously, some utilities to that space. So I'm just separating the kind of programmatic part for Olmstead in the capital piece at our facilities.

MR. BRUNE: I thought I heard you say that you would tend to reuse those cottages in some way instead of shutting them down.

CHIEF ZOMPA: Yes.

MR. BRUNE: I just want to understand how that works going forward.

CHIEF ZOMPA: If, in fact-- As we're putting more -- supporting more and more of our consumers in the community, the extent to which the cottages and the facilities make sense to integrate into the community services, then it would make sense to keep these cottages and these facilities in service. We also have the option, if they're on the central power source, is to cut off a cottage and then develop an independent power system for that cottage if, in fact, some of that made sense.

MS. FLING: I think some of the uses that we've talked about but have not implemented yet would be the possibility of creating a training center for employees, the possibility of jettisoning off some of our buildings to be operated by community provider agencies rather than operated by the State. But they would still remain State-owned property and would still be serviced by the centralized power plant.

MR. BRUNE: So as opposed to mothballing, you would seek to do other things.

MS. FLING: Yes. As you actually close buildings down and shut off utilities to buildings, not only do they degrade quickly in their infrastructure, but the power plant actually has a hard time producing, because

you're reducing what you need from the power plant, and yet you have a power plant that is sized for a certain amount of output. So you kind of frustrate your powerhouse by reducing the load that you draw from it.

MR. BRUNE: I appreciate that. I guess at 250,000 a year, that will begin to add up sometime soon in a way that is going to, you would think, trigger some of those decisions. I was wondering if you have a plan that is already in place that you could share with us that speaks to that.

CHIEF ZOMPA: Because of the difficulty in knowing-- First of all, we're dealing with the fact that our facilities were really overpopulated. So, right now, some of the reductions are right-sizing our facilities. And I think that will continue for a while. As we're looking-- It's very difficult to anticipate where you're going to be -- where the clients will be moving out, and then what kind of shifts you can make. So we're monitoring that. Because, again, the clients that go out into the community -- it's based on their priorities, it's based on fit, it's based on readiness to move. So as we see that happening, that information will help us better plan.

I think if we put together-- We talked about it. Should we be putting together a strategic plan now, we wouldn't have a lot of confidence in that plan, because we really don't know how all of this is going to play out. But we're monitoring. If we see an emergency of a particular -- of a roof in one of our cottages, the first question we ask is, "Do we need to keep this cottage on line?" So we'd examine that issue before we would address an emergency.

MR. BRUNE: Okay. One thing I would encourage you, Diane and the Department -- and this is not peculiar to Human Services. But to take the example of priority three, the steam lines in North Jersey-- It seems clear that -- a combination of two things. You have a leaking pipe situation -- right? -- throughout the facility; and I would imagine you're also incurring

maintenance cost thereby, and anything we put in there is going to be more efficient.

And like I said, this is not peculiar to you. But when we turn to the operating impact, it says *none stated*. There is an implied operating savings in both these projects. To the degree that you can help us with what that is, that helps, I think, actually move these things to the top of the heap to some degree.

CHIEF ZOMPA: Okay.

MR. BRUNE: So if it's known, or if somebody else -- somebody in your Department can take a stab at that, that would be a good thing.

CHIEF ZOMPA: Sure.

MR. BRUNE: And I just wanted to ask you about one project you did not talk about. Priority six talks about correcting fire safety violations at 20 different buildings. This is \$2.5 million. Can you just describe what buildings are we talking about? Are they concentrated in some way or are they scattered around? And actually another question regarding these: If we make this investment, does that take care of the lion's share of the violations that are--

MS. FLING: I'm sorry, priority six is in regard to the Vineland Developmental Center campus specifically.

MR. BRUNE: Oh.

MS. FLING: It's four patient-occupied buildings on the west campus and 10 support buildings on both campuses. And they are-- It's fire escape replacement, specifically. This would be to repair or replace fire escapes and also to enclose the fire escapes so that if folks are actually having to use them, they are under cover and are not weather exposed -- the fire escape.

MR. BRUNE: The buildings that the fire escapes are attached to are -- I imagine they house clients.

MS. FLING: The four on the west campus do. The 10 other buildings are support buildings, which would be patient-occupied during the day for programming purposes, and it may also be administrative buildings as well.

MR. BRUNE: Through the Chair, could you just provide us with the breakdown of the cost between those two, the cost for the four versus the cost for the 10?

MS. FLING: Yes.

MR. BRUNE: That would be helpful.

Thank you.

MS. MOLNAR: I had one question: the connection of the Ancora hospital to Camden County Municipal Utility Authority. This came up last year. I believe the Authority was going to assess a large fee for us to hook up -- it was like \$5 million.

MS. FLING: Five million.

MS. MOLNAR: See, my memory-- I think this Commission asked if that could be somehow negotiated with the Authority. Is there any update on that?

MS. FLING: There is actually. We have not negotiated it with the Authority, but we have looked at the factors that go into the formula the Authority uses to come up with that connection fee. The basis of the formula is simply a gallonage of sewage transferred to CCMUA, and then that's multiplied by their standard rate per gallon. What we've done is to reduce the amount of wastewater that we anticipate sending to CCMUA by two initiatives. We've installed water saving devices at the facilities' residential

buildings -- at the sinks, and also at the showers, and at the housekeeping sinks as well. And the other major project that we've taken on to accomplish this is to replace the equipment that is in those facilities' laundry services building. So we're going to be removing old, antiquated laundry service equipment, replacing it with a new type of system called a tunnel washer that actually uses one-quarter of the water that our old system is currently using. And by those two means, we anticipate being able to reduce our wastewater flow by approximately half and reducing the connection fee by half.

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

MS. FLING: So we're down to \$2.5 million for the connection fee without negotiating.

I had spoken to CCMUA, the engineering staff. They are reluctant to negotiate the fee, because it is a standard fee that they use on all customers. And they feel it would be, I suppose, politically difficult to explain why the State would get a different rate than all other users. But as I said, we've been able to reduce that connection fee significantly with our other initiatives.

MS. MOLNAR: Great. That's good news that you got the gallon estimate down.

Any other questions or comments?

Assemblywoman.

ASSEMBLYWOMAN KARROW: Does the State of New Jersey give the city of Camden, or Camden County, a payment in lieu of taxes for the facility?

MS. FLING: I assume they do. I don't know what the amount of that is.

ASSEMBLYWOMAN KARROW: Wouldn't that be a really good reason to negotiate that connection fee -- if we do?

MS. FLING: Possibly so. As I said, I spoke to--

ASSEMBLYWOMAN KARROW: Because we don't have to pay them anything.

MS. FLING: I spoke to the engineer. I have not spoken to members of the commission.

ASSEMBLYWOMAN KARROW: Why don't we try that? Because that is a tax-exempt building, and we are giving them a payment in lieu. So maybe we should talk to them about in-kind government and why they should give a connection reduction.

MS. FLING: Yes. Ms. Karrow, we had, several fiscal years back, asked for the assistance of Treasury to reach out to Camden, the powers that be, to have that discussion. And basically we didn't get that assistance as yet. But we're not saying, by remarks today-- We're not saying that we're not interested in negotiating that fee lower. And, again, we would ask for assistance in making that happen.

ASSEMBLYWOMAN KARROW: Through the Chair, make sure that happens -- that Treasury assists in the negotiations based on the payment in lieu of taxes to the county and the city, to see if we can get a reduction on that connection fee.

MS. MOLNAR: All right. We will pass that along to--

ASSEMBLYWOMAN KARROW: DPMC.

MR. BRUNE: I would think DPMC.

MS. MOLNAR: Okay. All right.

Thank you.

Any other questions or comments? (no response)

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

CHIEF ZOMPA: Thank you.

MS. MOLNAR: Our next department is the Juvenile Justice Commission. I'd like to welcome Rosanne Fairbanks, chief administrative officer.

ROSANNE FAIRBANKS: Thank you.

Good morning, Madam Chairperson, members of the Commission, Executive Director Vari. Thank you for this opportunity for us to present the Juvenile Justice Commission's 2010 capital budget initiatives.

Myself, I am Rosanne Fairbanks. I'm the Director of Administration. I'd like to also introduce Dan Smurlo and Dave Eschert of my staff, who are part of our facilities' capital planning team.

I come to you today on behalf of the JJC's Executive Director, Veleria Lawson, and the 1,300 young people who we care for every day in the JJC's secure, residential, and day facilities. I also speak to you today on behalf of the JJC's dedicated employees who work in the juvenile justice field as teachers, correction officers, youth workers, parole officers, social workers, and administrative support staff. This diverse team of professionals work with our youth who come to us from all corners of our state, including your neighborhood and mine.

As youthful offenders, it is our mission to provide security, structure, and all the rehabilitative services they need to return home as productive members of our communities. These services include vocational training, academic training, social and life skills training, drug rehabilitation, counseling, and job readiness training.

Achieving our goals is not an easy task, even under ideal conditions. The residents and staff need buildings that are functional, safe,

and provide a positive rehabilitative environment. We seek, from the Capital Commission members, buildings that are free of fire code violations, health code violations, antiquated electrical systems, septic system failures, and dysfunctional heating plants. Our maintenance staff and capital funds are used to effect emergency repairs and too often provide Band-Aids to systems in need of complete replacement.

Your job in making these decisions to fund projects, especially in a restrictive budgetary climate, is not easy. And I want to assure you that our capital requests are not glamorous.

Since you have a copy of our full presentation, I would just like to highlight our top priorities.

I'd like to also say that all our requests represent our most critical needs while taking into consideration long-term usage of the facilities and annual operating savings. We have consolidated, just this year alone, two leased spaces in anticipation of improving space in buildings that are State-owned.

As in the past several years, and out of true necessity, the JJC lists critical repairs as its number one priority. These capital funds are the JJC's life-blood, basically. We maintain more than 80 buildings statewide, many of which were built in the 1930s. Out of the \$3.3 million requested this year, a few highlighted projects include the replacement of 35 doors and locks at our Training School to abate fire code violations; the renovation of toilet and shower rooms that have been cited for health code violations at our Pinelands Residential program; decommissioning an abandoned sewer plant at our Johnstone Campus that could actually save \$45,000 a year in operating costs -- sludge hauling costs; and installation of new windows and doors at JJC's Tramburg building in Bordentown to help reduce our energy costs. Some of

the items listed on our critical repairs spending plan may result in monetary fines as well if they're not abated timely.

Our second highest priority is to replace the septic field at our Pinelands program, at a projected cost of \$1.2 million. Sanitary septic breakouts create unhealthful conditions that place the residents and the staff at risk. Septic breakouts have occurred on this field located in the environmentally sensitive Pinelands preservation area over the past three years, especially during heavy rainfalls. These breakouts violate DEP regulations and are an ongoing environmental hazard. To avoid this hazardous condition, the septic tanks need to be pumped more often, from once every three months to three times a week, at a cost of about \$75,000 per year. This project was requested last year, but not funded. Because of its emergent nature, a Treasury scope of work has already been completed and an investigative field report has determined that the fields do need to be replaced.

Fire safety projects in our dormitory buildings have been a continuing request as well for a number of years. And the good news is that we have made major progress. We have received fire safety funds in '09 to complete two residential programs, our Albert Elias and Voorhees Residential, both projects of which are in scope development. Our Bordentown site is complete, and with the completion of our ongoing fire suppression at the Training School, that campus will be about 70 percent complete.

This year, as our third priority, we are requesting fire safety funds of \$3 million to complete fire suppression and alarm system installations in our nonsecure residential program sites, the Costello Prep Academy, in the Wharton Tract, and the Ocean Residential program. And this should complete our community program fire suppression projects.

As a continuing request, the JJC seeks to provide energy savings by eventually closing our centralized powerhouse and abandoning the leaking underground steam lines by installing independent heat and hot water boilers in all the buildings at the New Jersey Training School. We are happy to report that the gas line project is 100 percent complete, along with new operating heaters and boilers in three buildings, our Juvenile Reception Unit, our Behavior Modification Unit, and our Special Treatment Unit building. Three additional buildings, our Social Services building, Housing Unit 6, and the Chapel are in a scope of work. This year's request for \$1 million includes our hospital, Housing Unit 25 Special Needs Unit, and the Guidance Unit buildings. If we, today, were able to convert all of our gas -- all of our buildings to gas from the system that they're currently on, we would save about a million dollars annually. Approval of this request will allow for the closure of one entire steam loop that is in the worst condition and one that has many irreparable steam line leaks.

In order to meet the complex needs of our residents and address the most severe behavioral issues, while protecting the safety of our staff, the JJC has restructured resident placement at our Training School. And as a result, the JJC has identified the Behavior Modification Unit, BMU building, to provide housing for residents who need to be segregated from the general population. BMU is a 40-cell living quarters that was originally constructed in 1973. That's one of our newer buildings folks, 1973. It's definitely a building that's worth retrofitting.

In order to effect cost efficiencies for design and construction, and to safeguard the safety of residents and staff during construction, the JJC proposes \$2.7 million to renovate the interior of this building unit that has not been updated since its construction over 35 years ago. Items addressed in this

renovation would include new suicide-resistant windows, suicide-safe furnishings and plumbing fixtures, new suicide-resistant cells and locks, and air quality improvements. This building has limited space above the ceiling where much of the mechanical systems would be run, such as piping for the fire suppression system, duct work for outside fresh air, and conduit for the electronic locks, and so on. The use of a single design firm and a single prime contractor to design and coordinate the installation of these various systems in this limited space would better ensure a successful project without design or construction conflicts on equipment placement. A new security ceiling to be included in this request would be installed after all the work is complete rather than leaving the ceiling open -- which is not acceptable for security reasons -- or continually removing the ceiling for each project, thus potentially damaging the ceiling and increasing time and cost for ceiling removal and reinstallation. Secondly, the inflationary costs inherent in construction materials would be kept to a minimum. And, most importantly, the building would only be vacated once. In our roof requests, we've also requested a roof for this building as well.

At this point in time, I'd like to take this opportunity to thank the Commission on behalf of the JJC and the Attorney General's Office. A special thanks to Jim Vari and Tom LaBue for their assistance and advice.

We are proud of our organization and would like to show you results of your prior recommendations. So any time any members of the Commission would like a tour, we'd be happy to take you on a tour of our facilities.

We are here for questions.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblywoman.

ASSEMBLYWOMAN KARROW: I just have one.

First of all, thank you for your presentation. I really appreciate how fiscally conservative you have been in this.

I just have one question. Do you have any census data on how many gang members we are housing that are illegal immigrants?

MS. FAIRBANKS: I could check on that and provide that back to you through the Chair. I'm not sure of that data off the top of -- of the illegal immigrants. I thought you were going to go with just gangs.

ASSEMBLYWOMAN KARROW: No, no.

MS. FAIRBANKS: But illegal immigrants -- I'd be happy to check on that.

ASSEMBLYWOMAN KARROW: If we are housing them or if we have a policy on not housing them.

MS. FAIRBANKS: I would be happy to check and get back to you, through the Chair.

ASSEMBLYWOMAN KARROW: Thank you.

MS. MOLNAR: Senator.

SENATOR BUCCO: Thank you, Madam Chair.

You have the New Jersey Training School -- that's the North Jersey Training School?

MS. FAIRBANKS: It's in Monroe Township, in Middlesex County.

SENATOR BUCCO: Oh, okay. You want to cut off the steam lines and put in individual. That's why I had asked Human Services about the North Jersey Training center.

MS. FAIRBANKS: Yes, it's a lot--

SENATOR BUCCO: It seems to me to be more efficient. Somewhere along the line you have to cut your losses.

MS. FAIRBANKS: The steam line is really -- yes. Really, the gas loop is definitely a solution. We are using Fuel Oil No. 6 too. So the cost to continue to operate the current system is really getting astronomical. If we could bring all the buildings on in that campus, which I believe is about 20 buildings left, we could save, annually, about a million dollars.

SENATOR BUCCO: I noticed that you have \$7.2 million reappropriated from your prior fiscal years but it's dedicated for specific purposes, or needed on an ongoing basis, or are not available to redirect for other purposes. Is that correct?

DANIEL SMURLO: No. A lot of those projects are ongoing projects. Right now, we have a large fire safety project that has been going on for a number of years at the Training School. Those are difficult kinds of projects, because you have to move people around, you have to move kids, you run into problems with the building. They're all ongoing projects. They are happening now. We have a lot of construction going.

We also have to be careful at the Training School, because we made them a promise that we would not work on any more than two buildings at a time. Because any more than that, then you start having security concerns and issues with the kids -- moving them around. So we're trying to keep it to that, even though we do have projects going on in other buildings on smaller scales. So we're moving--

Also, our Control Center is moving. We have to put up a water tower for the fire suppression system, because we found out there wasn't enough pressure from the municipal agencies to support the water pressure to operate a system. So it's a lot -- there's a lot involved with the design.

SENATOR BUCCO: So they're ongoing projects that are just being redirected.

MS. FAIRBANKS: Right, these are ongoing projects.

The \$7.2 million basically is for projects that are already in place. And so while it seems that we have an awful lot of money, basically all those dollars are dedicated to these various projects, as Dan has mentioned.

SENATOR BUCCO: I didn't realize that. I thought you had this pot of money, and you couldn't use it for anything else. I was ready to put in legislation to say, "Yes, you can."

MS. FAIRBANKS: No.

SENATOR BUCCO: Okay. Thank you.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Rosanne, two questions that somewhat relate to what we heard from Human Services. I'll say the same thing to you that we said to them. To the degree that you can help us with the operating impact of these, which typically says-- It seems to me that there's an obvious operating impact. If you could help us with that--

MS. FAIRBANKS: Absolutely.

MR. BRUNE: But the other point is-- You seem to be taking the exact opposite tact that we just heard on the centralized powerhouse situation whereas we heard in Human Services, saying they would keep it in place -- they actually had the steam line project, you might have heard-- But we're going to be upgrading the central facility. You seem to be going in the other direction.

MS. FAIRBANKS: Yes.

MR. BRUNE: And I was wondering, have you talked at all to-- While I want to give you a chance to comment on that, I was wondering, as

you do, if you had talked at all to the Office of Energy Savings in Treasury. I'm curious about why we have two different departments doing two different things.

MS. FAIRBANKS: Dave.

DAVID ESCHERT: I've been working on the boiler job for some time, and we have been in contact with the department of Energy Savings. And, in fact, members of the Capital Commission's staff and of the Office of Energy Savings have been out to see the project, because it's been ongoing for some time. It started with the installation of a gas loop to feed all the buildings and convert each one individually.

The reason why we are not trying to pursue upgrading the powerhouse is because there are between three and four miles of underground steam and condensate piping in the ground, and that piping is just beyond repair. So it's much more cost effective for us to just go along and put individual boilers in each building than it is to try to replace all of that underground piping and then bear the cost of upgrading the powerhouse on top of that.

MR. BRUNE: So you've been in contact with the Office of Energy Savings?

MR. ESCHERT: Oh, yes.

MS. FAIRBANKS: Yes, we have.

MR. ESCHERT: We certainly have.

MR. BRUNE: Suicide prevention is normally a request that you make here to the Commission. I don't see it this year. Can I assume that aspects of that are imbedded in priority one, which seems to be even higher than it sometimes is.

MR. SMURLO: I can answer that. Suicide prevention, right now-- We've been concentrating on Bordentown primarily, because the juvenile medium facility is one of the only remaining secure lockups that we have that still does not have suicide prevention measures taken in the individual cells. This year, again through your funding, we have a project out there that is going to replace the combination units -- the toilet-sink combination units with suicide-resistant. And we also have a second project that's going to replace the furnishings with suicide-resistant furnishings in that building.

Primarily the reason we haven't requested it-- It is embedded, though, in the Behavior Modification Unit, where we're trying to do this whole building at one time.

MR. BRUNE: Oh, I was asking, I'm sorry, about priority one -- whether it was embedded in critical repairs or not.

MR. SMURLO: No, it's not in the critical repairs.

MS. FAIRBANKS: No, it is not.

MR. BRUNE: So the only suicide prevention being the other projects that you mentioned.

MR. SMURLO: Right.

MR. BRUNE: Is it safe to conclude that we've invested enough in the recent past in that area that it's become less of a priority than it was before?

MR. SMURLO: What we're doing with it is-- Mostly where we have any situation where there's single-cell lockups is where kids are most prone to hurt themselves, and we're concentrating on those buildings. But we can only do so many at a time. So we still have Housing Unit 6 at the Training School, which is pretty much untouched. But we're getting there.

There's not that much left. We're not doing anything with suicide in the community programs because we don't have the situation there.

MS. FAIRBANKS: And, you know, how we place our population throughout our system as well-- You know, we utilize, of course, the buildings and those cells that we have crafted with the suicide furniture for our most vulnerable and for those risk-assessed individual youth that have those issues.

MR. BRUNE: Two other quick questions: On priority two, are you under any DEP citation on the septic system?

MR. SMURLO: Septic, yes.

MR. BRUNE: Okay. And one last one: If we were to fund priority three, which talks about fire code violations and suppression -- the \$3 million. I think there's a statement that you made in your submissions that this would be -- this represents the remaining investment in that area for the community--

MS. FAIRBANKS: For the community programs.

MR. BRUNE: --programs.

MS. FAIRBANKS: Yes.

MR. BRUNE: Is it safe to assume that there's still a ways to go on your own State--

MS. FAIRBANKS: The Johnstone Campus, I believe, is complete. And we're about 70 percent complete at the New Jersey Training School.

MR. ESCHERT: I think there's like eight buildings remaining at the Training School that need to be addressed -- fire safety.

MR. BRUNE: And beyond that -- that's the extent of it.

MR. ESCHERT: That's all of it.

MR. BRUNE: Thank you.

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

If not, I want to thank you for your presentation.

MS. FAIRBANKS: Thank you very much.

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

If not, our next meeting is for October 24. I will see you all then.

Meeting adjourned.

(MEETING CONCLUDED)