
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: October 9, 2009
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony Annese, Vice Chair
Assemblyman Joseph Cryan
Gary Brune
Patrick O'Connor
Paul Stridick



ALSO PRESENT:

James Vari
Executive Director

Beth Schermerhorn
Assembly Republican

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

TABLE OF CONTENTS

	<u>Page</u>
Steven M. Sutkin Director Division of Property Management and Construction New Jersey Department of the Treasury	2
John Geniesse Chief of Staff Division of Property Management and Construction New Jersey Department of the Treasury	6
Laurie M. Hodian Director, Office of Administration New Jersey Department of Children and Families	7
Kathleen M. Kisko Assistant Secretary of State New Jersey Department of State	12
 APPENDIX	
Testimony and attachments submitted by Steven M. Sutkin	1x
Testimony submitted by Laurie M. Hodian	193x
Testimony submitted by Kathleen M. Kisko	201x

B. CAROL MOLNAR (Chair): I would like to call the meeting to order.

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

We will now do a roll call.

MR. VARI: Senator Sarlo. (no response)

MR. VARI: Senator Karrow. (no response)

MR. VARI: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. VARI: Mr. O'Connor.

MR. O'CONNOR: Here.

MR. VARI: Mr. Stridick.

MR. STRIDICK: Here.

MR. VARI: Mr. Brune.

MR. BRUNE: Here.

MR. VARI: Mr. Annese.

MR. ANNESE: Here.

MR. VARI: And Chairwoman Molnar.

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

We will immediately begin with the Fiscal Year 2011 capital requests. Our first department will talk about interdepartmental requests. I

would like to welcome Steve Sutkin, Director of the Division of Property Management and Construction.

That is on. (referring to PA microphone)

S T E V E N M. S U T K I N: That is on? Okay.

Thank you.

MS. MOLNAR: Good morning.

MR. SUTKIN: Good morning, Madam Chair and Commission members, and thank you for the opportunity to present the Department of the Treasury's Fiscal Year 2011 Interdepartmental capital budget request. 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; and with me today is John Geniesse, Chief of Staff of the Division.

The Fiscal Year 2011 Interdepartmental Capital Budget requests a total of \$794.3 million to fund projects through Fiscal Year 2017. Of that total, \$145.4 million is being requested in Fiscal Year 2011. Excluding requests for open space preservation and energy efficiency projects funded from dedicated sources, approximately \$37 million is requested to address the most urgent capital needs of the State-owned facilities that are managed by the Division.

The following projects have been assigned top priority status by us in our request for funding to repair or replace critical building systems and equipment in State-owned facilities.

One: Window replacement, Executive State House; \$2.7 million. An energy audit of the Executive State House, conducted in August 2008, noted that the windows are in poor shape and require replacement. Each year, there is a greater safety concern as the condition of the exterior wood components continues to deteriorate. Additionally, the windows allow moisture to infiltrate and reduce the effectiveness of the HVAC systems in controlling temperature in the building. The audit recommended replacement with energy efficient double-pane windows and estimated savings of \$175,000 annually in heating and cooling costs. In addition, the window replacement would significantly reduce CO₂, methane, and nitrous oxide emissions.

Two: Replacement of HVAC, heating and cooling systems at the Beneficial Insect Laboratory; \$3.5 million.

The existing building systems at the facility are more than 25 years old. Technology and the variety of experiments at the bug lab have changed dramatically over the past several years, rendering our current systems obsolete and incapable of performing properly. This is an insect rearing and testing laboratory where the accurate maintenance of temperature and humidity is critical to the operation. Many of the insect populations are considered rare, exotic species that could be lost if the equipment is not replaced. DPMC's Fiscal Year 2011 request of \$3.5 million is based on a 2007 consultant study that recommends a complete replacement of the facility's HVAC system, as well as replacement of the existing boilers and chillers. It should be noted that, because of the risk of complete breakdown, we already are proceeding to replace one of the two existing boilers which is well past its useful life.

Number three: Roof replacement, various locations; \$2.5 million. Working with our roofing consultant, DPMC has determined that several State-owned buildings in the Capitol Complex are years overdue for roof replacement. Based on the roof consultant's report, the Beneficial Insect Lab, Distribution center, OIT Hub, and Executive State House roofs will need to be addressed. The continued deferral of these roof maintenance projects has cost the State significant dollars in emergency roof repairs and interior work resulting from water infiltration. Continued deferral of these projects will ultimately cost the State much more when old, untouched or patched roofs fail, resulting in moisture-exposed interior work spaces that require repair and mold remediation, and potentially exposed staff to health-related risks.

Four: Richard J. Hughes Justice Complex escalator modernization; \$1.5 million. The Hughes Justice Complex was constructed nearly 30 years ago. The existing escalators are in need of modernization. Moving parts wear out over time, decreasing reliability and resulting in costly repairs. Modernization is necessary in order to comply with changing safety code standards and to take advantage of the new technology which has improved the efficiency of motors and drives such that they require less electrical usage.

Please note that this submission separately lists, as numbers 201 to 209, nine projects totaling \$9.2 million that are being presented for funding consideration to the New Jersey Building Authority. These projects have been identified by DPMC and the State Capitol Joint Management Commission as needing immediate action to address ongoing health and life safety conditions in the State House and other facilities in the Capitol

Complex. The Building Authority proposes to fund these projects from surplus funds resulting from savings on previous Building Authority projects. Once approved by the Building Authority, we will be back to present these projects to the Commission for review and approval.

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 the building.

The Interdepartmental request also contains the statewide accounts that are funded centrally by OMB in order to prioritize requests submitted by all the agencies. These accounts include funding for security, Americans with Disabilities Act, and hazardous material removal. In addition, the DPMC is requesting funding for renovation projects pertaining to State-leased facilities, also known as *tenant fit-out*. This funding is essential to current efforts to close certain leases and reduce the central rent budget through consolidation within State-owned and leased space.

In closing, I would like to thank you, Madam Chair, and members of the Commission for its consideration of this year's capital budget and past support. I ask that you carefully consider these projects to proactively address long overdue mechanical and building system issues before we must react to expensive and emergency shutdowns and repairs.

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

MS. MOLNAR: Thank you.

Any questions or comments? Assemblyman.

ASSEMBLYMAN CRYAN: Hey guys, how you doing?

The lab-- Number three, the windows -- I get; which I assume is -- what -- about a 16-year-payback on the windows?

MR. SUTKIN: Yes.

ASSEMBLYMAN CRYAN: The agricultural lab -- we talked about this thing last week as well, I think. Can you explain how it's \$3.5 million for an HVAC system?

MR. SUTKIN: This is the estimate that we received from the consultant -- I don't know if we have it; we could present that report. However, it's tied to some of the sophisticated requirements required in this type of lab.

ASSEMBLYMAN CRYAN: Help me out here.

JOHN GENIESS E: Through you, Madam Chair. Assemblyman, there are actually two consultant studies that were done in June of 2007 looking at the HVAC system and at the -- also the heating and cooling, the boilers and the chillers in the facility. This is the estimate; our bid was Miller-Remick. They did an estimate of approximately \$3.2 million at that point in time for the -- which includes the demolition of the existing system and the replacement. Because of the urgency of one of the boilers being near the end of its useful life, we pulled that out. We are proceeding in replacing that. We had, actually, this in as a request two years ago for \$2.9 million; we've taken into account inflation or whatever to make it \$3.5 million at this point in time. But the estimate is based on the consultant's report, I guess is the bottom line.

ASSEMBLYMAN CRYAN: So from-- So the \$3.5 million is a factor of judgment; it's not a solid number. It's based on the 2007 number with a factoring of costs.

MR. GENIESSE: Correct, correct.

ASSEMBLYMAN CRYAN: I'll leave the inflation numbers alone. All right; at least I understand. Thank you.

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

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

MR. SUTKIN: Thank you very much.

MS. MOLNAR: Our next presentation is Department of Children and Families. I'd like to welcome Laurie Hodian, Director of Administration.

L A U R I E H O D I A N: Good morning.

MS. MOLNAR: Good morning.

MS. HODIAN: And thank you for the opportunity to appear before you today.

MR. VARI: Could you turn on the microphone?

MS. HODIAN: I don't know -- did I do it?

Okay, good morning, and thank you for the opportunity to appear before you today.

I am Laurie Hodian, Director of Administration for the Department of Children and Families, and I am charged with, among other responsibilities, managerial oversight for the Department's Office of Facilities and Support Services.

And I have with me, at the table today, our Director of Facilities, Rob Butcavage.

We remain committed to the Governor's message of fiscal responsibility in State government, and we've limited spending as much as possible. As such, we thoroughly evaluated our capital budget needs and limit today's request to only those projects that we consider absolutely critical.

Our request today is limited to four projects. Each of these have been evaluated according to emergent need, taking into account our obligation to protect the health and safety of the children and families we serve, and to maintain or bring our facilities into compliance with existing codes and regulations. I'll briefly highlight the importance of each project.

Our first priority is asbestos removal and site restoration in the amount of \$350,000 for our regional schools. The Department operates 18 State-owned regional schools that provide educational services and supports to approximately 700 children and young adults each year. These are students who exhibit severe cognitive, physical, behavioral, and emotional disabilities; or moderate to severe learning disabilities; as well as our pregnant and parenting teens. Six of the regional schools also operate DYFS-licensed child care centers for the infants and toddlers of our parenting students.

The potential health hazard to children and staff, and the need to comply with Department of Community Affairs Asbestos Hazard Abatement regulations and the Federal Asbestos Hazard Emergency Response Act, makes asbestos abatement our number one priority. In November of 2007, the Whitman Company, which was awarded the

contract to re-inspect all of the schools, determined that 12 of our facilities required asbestos abatement. Based on their evaluation of the condition of the facilities, the Department has developed an Asbestos Management Plan in which our regional schools have been prioritized based upon the condition of the materials at each facility. Six schools have been fully abated to date. Of the remaining six schools, Passaic, Atlantic, and Bergen County Regional Schools have been designated as most in need of asbestos abatement, and they are our Department's priorities for asbestos abatement activity in Fiscal Year 2011.

There is extensive cracking at the seams and in the floor thresholds of the linoleum flooring at these schools. The linoleum and mastic, which has asbestos containing materials, is non-friable, meaning that asbestos fibers are not released unless the surface is abraded. Because the floors are deteriorating, we need to abate the linoleum and mastic as soon as possible. It is also necessary to address the transite panels, which are the boards under the windows, that also contain asbestos.

Our second priority is to install new emergency generators, in the amount of \$240,000, for our residential treatment centers. The Department operates three State-owned residential treatment centers that provide housing and educational services to children who have been abused or neglected and have behavioral health issues. The centers were constructed in 1973, and as funding for maintenance has declined, the facilities have suffered some deterioration. The emergency backup generators at our three residential treatment centers, or RTCs, and our 18 regional schools are obsolete, undersized and unreliable. While all of them need to be replaced, the Department's most pressing concerns are for the

three RTCs. The equipment at these three sites is 36 years old and cannot be relied on to provide the backup needed during an emergency.

As you know, when power is lost, the consequences can be serious. Backup generators are needed for fire alarms, heat, hot water, and emergency lighting. While the RTCs do have backup generators that currently enable proper functioning of fire alarms and essential emergency lights in the event of a power outage, these aging generators are not a reliable or permanent solution. Moreover, these generators do not have the capacity to provide adequate power for the rest of the residents' needs. In the event of a power outage, the RTCs could lose power to their freezers, ovens, heat, hot water, and air conditioning.

The installation of new emergency generators, including the required electrical upgrades to expand utilization and capacity, is necessary to ensure that we are prepared during a power outage. The Department has developed a plan that has prioritized each facility in need of a generator replacement. The Woodbridge RTC will be completed first. Service contractors indicate that replacement parts for the generator at this site are no longer available due to the age of the equipment. The Vineland RTC is our second priority site. Replacement parts for this specific model are very difficult to find. The generator also does not have the capacity required to power the facility's sewage system compactor/grinder in the event of a power outage.

The Ewing RTC will be our third priority. Replacement parts for the generator at this facility are also very difficult to find, and capacity and service life are limited.

Our third priority is replacement of a concrete canopy roof structure at the Vineland Residential Treatment Center, at a cost of \$225,000. The identically designed existing concrete canopy structures at the Ewing RTC, which houses 30 children, and the Vineland RTC, which houses 34 residents, have shifted and cracked. Thanks to the support of the Commission in Fiscal Year '09, we are able to proceed with one of these much-needed structural roofing projects. The design phase of the demolition and replacement of Ewing RTC's concrete canopy roof was addressed first because of the severity of deterioration there. However, Vineland RTC's canopy roof has the same structural problems and is also a priority project for the Department.

And our fourth priority is replacement of HVAC rooftop units at the Vineland RTC, in the amount of \$70,000. The two existing 15-ton Goodman rooftop HVAC units at the Vineland RTC were installed in 1995 and are the main source for heat and air conditioning in the cafeteria, kitchen, and all of the administrative offices. The Department has been informed by more than one State vendor that these rooftop units, which are close to 15 years old, have outlived their operational expectancy and that due to the age of the equipment and the extensive interior rusting that has already occurred, these units can be expected to fail. This has been evidenced by the numerous breakdowns that the Vineland Center has experienced with the HVAC units over the last two years.

In support of the Governor's Energy Master Plan, all of the DCF renovations and facility improvement plans are designed to be energy efficient. The HVAC unit at the Vineland RTC will be replaced with Energy Star-rated devices, and the refrigerant in the new HVAC equipment

will be friendlier to the environment. The natural gas burning generators at the centers will be replaced by state-of-the-art technology which will reduce fuel consumption, and the LED lighting for use with the new generators will require less electricity.

I am hopeful that DCF's request makes it clear that we have limited today's request to only those projects that are truly essential. As noted earlier, we are mindful of and committed to the Governor's message of fiscal responsibility in State government and will continue to limit spending as much as possible.

I want to thank the Commission for the opportunity to address you this morning and discuss the Department of Children and Families' capital budget needs for the Fiscal Year 2011.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments?

ASSEMBLYMAN CRYAN: Well done.

MS. MOLNAR: Thank you. No questions.

MS. HODIAN: Thank you very much.

MS. MOLNAR: Our next department is the Department of State. I am welcoming, I believe, Kathy Kisko.

KATHLEEN M. KISKO: Correct.

MS. MOLNAR: Welcome.

ASST. SECRETARY KISKO: Thank you. Good morning, Madam Chairwoman and members of the Capital Planning Commission.

MR. VARI: Do you want to just turn on the microphone?
Thank you.

ASST. SECRETARY KISKO: Okay, I apologize.

On behalf of the Secretary of State, I would like to thank you for this opportunity to be here today, and for the privilege of presenting the Department of State's capital budget request for Fiscal Year 2011.

The Department's request is a total of \$197,000 to fund two essential priorities: \$85,000 for the purchase and installation of a security system upgrade at the New Jersey State Records Storage Center, Library for the Blind; and \$112,000 for an access control and security system at the Trenton War Memorial.

Although my Department fully understands the difficult budgetary times we are working in, and are committed to achieving the fiscal priorities of our great State, I hope you will agree that these two projects represent security needs that must be addressed. In order to fully express the significance of these issues, I would like to provide some background information regarding these requests.

The Records Storage Center, Library for the Blind and Handicapped -- recently renamed the Talking Book and Braille Center -- located at 2300 Stuyvesant Avenue in Ewing, New Jersey, serves to function as the key custodian for unique, original, and confidential records: housing papers, microfilm, and electronic media records for over 40 government clients and various agencies statewide, including the Division of Taxation and the Department of Environmental Protection. The combined personnel assets of the two organizations that share the building at 2300 Stuyvesant Avenue equal over 100 full-time employees, nearly 200 temporary volunteer employees, and material and equipment assets valued at several million dollars.

The recent expansion of our Imaging Service Group to include case files and confidential records for the Department of Children and Families, coupled with the thefts, break-ins, and acts of vandalism that have been documented at the location over the past few years, have spurred the need for immediate attention to the issue of security at this location. As such, a physical security survey of the Records Storage Center was recently conducted by the New Jersey State Police's Office of State Government Security. The survey was conducted to identify various security vulnerabilities currently present in a building that was constructed decades before the September 11 disaster heightened the need to raise security protection for government employees and properties, and long before identity theft became a nationwide plague. In an effort to bring the security posture of this building up to standards, the survey recommended mitigating security vulnerabilities and improving current security measures.

It was determined that severe vulnerabilities existed in the current Records Storage Center security system due to the lack of a closed-circuit television system and a comprehensive interior access control system via swipe card readers. These two systems, and their corresponding equipment, are required to provide an efficient and effective degree of physical security during and after working hours, as they will be used to properly manage and control access in and out of the building.

This capital budget request is designed to meet the security requirements of this important facility, set forth in this report, by providing a total of 21 interior and exterior cameras; 11 swipe card readers; and the creation of a closed-circuit television system of digital network video

recorders, monitors, equipment racks, power supplies, a system controller, and any necessary mounting brackets and hardware.

In conjuncture (*sic*), the Trenton War Memorial continues to be one of the most preferred locations in the State capital, yet remains in dire need of a security system upgrade as well. A highly sought after location for performers, numerous State agencies, and community organizations looking to hold events in the downtown of our beautiful city, this venue boasts a state-of-the-art lighting and sound system, and seating for over 1,800 patrons. The Trenton War Memorial hosts a unique blend of cultural entertainment year-round for the State of New Jersey and its patrons.

Due to increased security concerns, Facilities has determined that the Trenton War Memorial is in need of both additional security cameras as well as upgrades to the access control system located on premises.

Currently, the War Memorial has only one camera, which functions only during daytime hours. Combine that with limited security guards and nearly 2,000 visitors regularly, keeping the War Memorial secure with minimal security has proven to be an arduous task. The upgrade to additional outside cameras would also help with the security in front of the Trenton War Memorial and the Capitol Stacy Park.

The access control system at the War Memorial is over 10 years old and still has numerous vulnerabilities that could put the employees, patrons, and State's assets at risk. Simply put, the security system at the Trenton War Memorial is, and has been, in dire need of an upgrade, and this capital budget request provides such.

The new security system is necessary to ensure the safety and security of the staff, the performers, the facility, and our patrons. It will provide an updated access control and security system, and an expanded closed-circuit television system.

Failure to fund the necessary improvements to these security inadequacies would only continue to perpetuate the vulnerabilities, leaving the facilities, its employees, and the assets contained therein at a high risk for vandalism and/or theft, both of which have been statistically shown to increase exponentially during difficult economic times; and ultimately, may even increase the potential for possible future litigation against the State of New Jersey.

Again, I'd like to thank you for the opportunity to discuss the Department of State's requests here with you today. I hope you will be in agreement that the security requirements of both the Records Storage Center and the Trenton War Memorial are paramount, and thus should qualify for funding under the Fiscal Year 2011 capital budget.

Thank you for your time and consideration. I welcome any questions you may have.

MS. MOLNAR: Thank you.

Any questions or comments? (no response)

ASSEMBLYMAN CRYAN: I just hope we can do it.

MS. MOLNAR: Thank you for coming today.

MR. VARI: Thank you.

ASST. SECRETARY KISKO: Thank you.

MS. MOLNAR: Okay. Our next meeting is October 23. Do we know yet who will present the debt report?

MR. VARI: The debt report's not-- The debt report's not on
October 23.

MS. MOLNAR: Oh, I'm sorry. What am I thinking?

The 23rd, though, we have quite a few items on the agenda.

Any other business? (no response)

If not, meeting's adjourned.

(MEETING CONCLUDED)