
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: October 22, 2010
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Senator Steven B. Oroho
Assemblywoman Nellie Pou
Assemblyman David W. Wolfe
Robert Romano
Steven Petrucca
Beth Schermerhorn
Paul Stridick



ALSO PRESENT:

James Vari
Executive Director

Rosemary Pramuck
Senate Republican
Jerry Traino
Assembly Republican
Commission Aides

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
Robert Tighue Appraiser Division of Property Management and Construction New Jersey Department of the Treasury	8
Sergeant Dewey Bookholdt New Jersey State Police New Jersey Department of Law and Public Safety Office of the Attorney General	9
Christopher Bailey Assistant Commissioner Budget and Finance New Jersey Department of Human Services	21
Katherine Fling Director Office of Project Management and Construction New Jersey Department of Human Services	32
Barbara Gantwerk Assistant Commissioner Student Services New Jersey Department of Education	40
Ronald Goodwin Interim Superintendent New Jersey School for the Deaf	45
David Corso Director Office of Administration New Jersey Department of Education	50

TABLE OF CONTENTS (continued)

	<u>Page</u>
Daniel W. Foster Administrator New Jersey Department of Law and Public Safety Office of the Attorney General	64
APPENDIX:	
Testimony submitted by Christopher Bailey	1x
Testimony submitted by Barbara Gantwerk	8x
Testimony, and supporting documents submitted by Daniel W. Foster	12x
pnf: 1-84	

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

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

We will now take a role call.

MR. VARI: Senator Sarlo. (no response)

Senator Oroho.

SENATOR OROHO: Here.

MR. VARI: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Here.

MR. VARI: Assemblyman Wolfe. (no response)

Mr. Romano.

DEPUTY TREASURER ROMANO: Here.

MR. VARI: Mr. Stridick.

MR. STRIDICK: Here.

MR. VARI: Mr. Petrecca.

MR. PETRECCA: Here.

MR. VARI: Ms. Schermerhorn.

MS. SCHERMERHORN: Here.

MR. VARI: Ms. Cimiluca. (no response)

Mr. Annese. (no response)

MR. VARI: Ms. Molnar.

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

Since we have a quorum, we'd like to move Item 9 up right now -- the New Jersey Building Authority -- before the other items -- 5,6,7, and 8 -- if that's okay with the Commission members.

So with that, I would like to welcome New Jersey Building Authority. Steve Sutkin is speaking on their behalf.

S T E V E N M. S U T K I N: Good morning.

My name is Steven Sutkin; I'm the Director of the Division of Property Management and Construction. I'm substituting for Ray Arcario of the Building Authority, who is away on a family emergency today.

We've presented to you the project report that was submitted to the Building Authority and approved. We've also submitted a draft form of resolution, and I'm going to take you through just a couple of the points associated with the project. And if you have any questions, I'll be happy to answer them.

Also with me today is Robert Tighue from the Division of Property Management and Construction, who negotiated the deal that's under consideration; and Sergeant Dewey Bookholdt from the New Jersey State Police. Thank you.

What we're here to discuss today is the acquisition of approximately 11 acres that sits next to the West Trenton campus of the New Jersey State Police, on which sits an approximately 3,000-square-foot building. On the site of the West Trenton State Police campus you have some very significant operations and buildings: You have a new Public

Health Lab, that was just constructed by the New Jersey Building Authority, which includes a biosafety lab level 3; you have the New Jersey State Police Headquarters; and you have the State Police Regional Operations Intelligence Center.

As I noted, the NJBA is in the midst and nearly complete with the Health Lab project. And part of that project -- when it was brought originally to the Building Authority, and for a joint resolution of the Legislature, and to this Commission -- included a facility identified as a security command center. And that security command center to be designed, constructed, including hard and soft costs, was budgeted at about \$5.4 million.

At the conclusion of the Health Lab project, and the construction of the Health Lab project, we were approached by the neighboring property owner in whose property we had recently vacated a lease, and we began negotiations with that property owner to acquire the 3,000-square-foot building and associated 11 acres of property, in lieu of constructing a brand-new security command center. We ran the numbers; they were favorable. We looked at the security issues associated with owning that property and owning 11 acres around the West Trenton Police campus, and we found that it was actually more favorable to own that property and to retrofit the existing building rather than to construct a new building. And it actually enhances the hardening of the entrance -- which is Trooper Drive -- to the State Police campus.

The deal that we've negotiated with the property owner is \$1.675 million. And one additional point that's important is the roadway leading to the campus, which is known as Trooper Drive, is a private road

and it's owned by the property owner from whom we're buying the property. So had we built the security command center, we would have had to negotiate an easement or a lease or a license just for that roadway, which would have been a continuing obligation for the State to pay; and that's now paid for and we own it.

An important point also is this will require no additional debt on the part of the State of New Jersey, because it's already subsumed within the Building Authority debt that was obtained for the Health Lab project and other improvements associated with it.

So with that, I think all the other details are laid out in the project report. Myself, the Sergeant, and Mr. Tighue are prepared to answer any questions you might have associated with the project.

MS. MOLNAR: Thank you.

Any questions or comments?

Senator.

SENATOR OROHO: First of all, thank you very much for the analysis and the presentation.

So I guess this original project started sometime late 2003 or 2004?

MR. SUTKIN: Yes.

SENATOR OROHO: So all the money is going to come from reallocation--

MR. SUTKIN: Yes.

SENATOR OROHO: --of the project? And this will also include some, obviously, some construction? It's not-- \$1.6 million, I think, is for acquisition, and then the rest is for construction--

MR. SUTKIN: Design, soft costs--

SENATOR OROHO: --and soft costs--

MR. SUTKIN: --contingencies, etc.

SENATOR OROHO: What about the concern-- Are the contingencies in the request?

MR. SUTKIN: Yes.

SENATOR OROHO: I thought I saw that there's a-- This may not be based upon a final design, or final cost estimates, or--

MR. SUTKIN: We're still at a very preliminary stage. We don't have a detailed cost estimate from the design firm. So we want to keep a little bit of vagueness in it because we don't want to commit a precise figure. But these are some of the general numbers that we think the project's going to come in at.

SENATOR OROHO: But how would we know? How far off could we be?

MR. SUTKIN: I don't think we'll be very far off. I think we were generous in the amount, frankly, that we put into the project, to ensure that we wouldn't have to go through the administrative steps again to make sure that the project was complete.

SENATOR OROHO: Right. As far as the overall project itself, the-- How's our track record been on -- because I guess it's been done in phases, right? Whether it's been-- Starting back in 2003 or 2004, how's the track record been with respect to our budget versus how our actual costs ended up?

MR. SUTKIN: The Building Authority has a very good record of coming in under the budget. It's a combination of things: one is, the projects are carefully managed. The second thing is--

SENATOR OROHO: We as a Commission have to make sure that they're not too generous in their original--

MR. SUTKIN: Right.

SENATOR OROHO: --in their original estimate.

MR. SUTKIN: Right, right. Because there are a lot of procedural hurdles to go through: We have to get the Building Authority Board to approve the project report; we have to come to the Capital Planning Commission; you have to get a joint resolution of the Legislature. So you want to make sure you do all the due diligence you can, preliminarily, to make sure you have enough money to go forward with the project.

SENATOR OROHO: So it's safe to say that you're highly confident that the request here covers everything, and if they're properly managed maybe there'll be some additional savings.

MR. SUTKIN: Yes, I'm confident.

SENATOR OROHO: Okay, thank you.

ASSEMBLYWOMAN POU: Madam Chair?

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN POU: Thank you.

Steve, it's good to see you.

MR. SUTKIN: It's nice see you, too.

ASSEMBLYWOMAN POU: It's been a long time.

MR. SUTKIN: Yes.

ASSEMBLYWOMAN POU: Good morning to all of you.

I just wanted to follow up on the questions that the Senator started to speak about. I, too, had made a notation in terms of that particular section, Senator, that you've referred to with regards to the ultimate costs. And I guess what really kind of stuck out to me was the fact that you go on to say that "the costs, however, will depend upon the results of the contract bidding following the final design, and the costs could be as much as 10 to 15 percent above the project cost estimate." I was wondering if -- obviously, there's a breakdown. You've provided us with -- not a breakdown; I'm sorry -- with two particular cost figures. With the actual acquisition and total cost of the project being (indiscernible) -- I'm going to round it up -- \$4.1 million, of which the \$1.6 million is for the actual purchase. Could you, perhaps, expand upon a little further, in terms of some of the additional costs for the breakdown of some of the items that you make reference to in your comments? For example: the professional fees, some of the other related costs in categories that you've broken down. How much of that \$4.1 million is aligned with these four different categories?

MR. SUTKIN: I don't have the details of the cost breakdown. I can provide them to the Commission. They are not in a detailed format yet, but the costs are generally for design costs. The architectural engineering costs and the anticipated construction costs associated with retrofitting the 3,000-square-foot building to suit the -- I'm sorry, it's an 8,000-square-foot building -- associated with the retrofitting--

ASSEMBLYWOMAN POU: Eight thousand? Not-- I thought your information indicated 3,000-square-foot for a single story building.

MR. SUTKIN: What Sergeant Bookholdt is telling me is I'm mixing up the original design for the security command center that was part of the original Building Authority project, the funding of which we are looking to reallocated to this purchase -- that building was 3,000 square feet. The one we're designing -- this one that we're purchasing from the neighboring owner is 8,000 square feet.

MR. VARI: If I may just break in here.

ASSEMBLYWOMAN POU: It's 8,000? I'm sorry, is that what you said?

MS. MOLNAR: Would you stop for a second.

MR. VARI: Excuse me. Deputy State Treasurer Romano has to leave, so he's going to vote in the affirmative for the project.

MS. MOLNAR: Thank you.

DEPUTY TREASURER ROMANO: Thank you; thank you very much.

MS. MOLNAR: For the new building, it's 8,000 -- the one you're purchasing.

MR. SUTKIN: Yes.

MS. MOLNAR: The prior one is 3,000.

ASSEMBLYWOMAN POU: So could someone explain why do you need 5,000-square-foot additional space?

ROBERT TIGHE: Well, I think it's more of a result of the fact that the building is already existing, so it's an existing building that would be less expensive than building a new building. So it's 8,000 square feet which-- I believe there were architects that have gone in and looked at it

and said they could work within the footprint of that building and still provide what the command center originally wanted to provide.

MR. SUTKIN: And what we would look to do, Assemblywoman, is we would look to, once it gets approved, what are the consolidation opportunities we would have to close out Law and Public Safety leases, for example, and to collapse them into this building which has the additional square feet.

ASSEMBLYWOMAN POU: Is that part of the plan?

MR. SUTKIN: We're waiting to see that it gets approved first, and then we're going to consider what leases we have that are expiring and fold them in. The cost of retrofitting it down from 8,000 square feet wouldn't make sense.

ASSEMBLYWOMAN POU: No, I understand that. Certainly, that makes-- I understand that part. I'm trying to understand: You went from a 3,000-square-foot building to an 8,000-square-foot building, and I'm just trying to understand the rationale for the additional space, and how would you utilize that additional space in terms of your consolidation purpose; if, in fact, that's part of the original plan.

MR. SUTKIN: Sergeant Bookholdt can provide additional information.

SERGEANT DEWEY BOOKHOLDT: I think-- Thank you. The benefit, as we discussed, is moving from ground-up construction to purchasing an existing building. In doing so, the space that we would need for our purposes as a security command center would still only be 3,000 feet, or perhaps even less. So I think what Steve is saying is that there will be additional space through this purchase, by redirecting these

funds, that could be used for other consolidation purposes. So we would not be using, for our specific security-related purposes, any more than the original 3,000 square feet that were going to go toward the construction of a ground-up, new building.

ASSEMBLYWOMAN POU: Have you factored in the cost associated to the operations of the additional space, even though you may not be utilizing more than your, now, 3,000 square feet use of space that you now need? Is that factored into your overall cost?

MR. SUTKIN: Well, that would be part of the consolidation analysis, when we ultimately--

ASSEMBLYWOMAN POU: So that has not been completed? Your overall cost analysis has not been completed as of yet?

MR. SUTKIN: I think there's been some idea bandied about within our Space Planning group, Bernie McLaughlin and the other people who you recall, who used to appear before the Space Utilization Committee. But they're pretty much in the planning stages. We had had a group leasing that space in the Attorney General's Office that we moved out, which actually helped us with some leverage with the lessor once we vacated the space. We can now analyze whether we can place them back again, because there is the additional square feet, or maybe we can develop an even more strategic move to back out of lease space.

ASSEMBLYWOMAN POU: By the way, consolidation is good. I'm not opposed to it; I'm just trying to understand, from the correction of the information that what you've provided us with. In your report, or in your original information, with the background information, you make reference to the 3,000 -- we learned today it's 8,000. You only

need the 3,000. How would the additional 5,000 be used? Identifying those other particular facilities that may go into this project have not yet been identified or assessed as to whether or not that would be the case. There's no cost analysis how you would use the additional space for your operating purposes. So it's all-- One question just led to all the others, and that's really why-- I'm not against that; it's a great thing. But if it hasn't been thought out and planned, that's my reason for the questioning at this point. And if you were to consolidate some of those other facilities, what are some of those other facilities that you now have in use that you might consider as a viable alternative to be in that location, and how would that work from a strategic use of this building -- taking it out of some other location, I presume, in a different town, based upon your lease agreement, into that one facility?

MR. SUTKIN: Well, the first thing we'd look at, from a cost-effectiveness perspective, would be leases that are expired on month-to-month, or leases that are about to expire. The second thing we would look for is a function that would fit well with another Law and Public Safety group, which would probably be another division within Law and Public Safety; although we wouldn't discount the opportunity to put another department in there, but it has to be coordinated, especially with the security concerns in being in that building next to the West Trenton campus. But we'd go through that entire analysis in terms of programmatic and cost-effectiveness.

ASSEMBLYWOMAN POU: And you've been looking to-- These plans are in effect since when? How long have you been planning for this?

MR. SUTKIN: For this? I would say this has been under consideration for five or six months. We've been in negotiation with the lessor. We're preparing to present to the Building Authority, and then to come to the Capital Planning Commission. So our being able to move forward is dependent upon getting approvals at the various stages, and I believe ultimately the joint resolution of the Legislature. And then we have the ability to close on the deal, occupy, and at the same time consider the consolidation opportunities that we've been discussing.

ASSEMBLYWOMAN POU: Thank you.

MS. MOLNAR: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, thank you very much.

And, Chairperson, I'd like to apologize. I'm a former college professor, I've got all kinds of excuses for being late, but here's my excuse: I got about five miles from my house, I didn't have my cell phone. I had to go back, got caught in traffic. Got to Trenton, I was downstairs, I got a call from our office saying, "Where are you?" I said, "I'm on the elevator," because the elevator door is open, the light was lit. I'm talking with a person, talking with the person -- the elevator doesn't move. The elevator was broken, so I had to walk up the steps.

Anyway, pardon me, thank you. (laughter)

ASSEMBLYWOMAN POU: Good exercise.

ASSEMBLYMAN WOLFE: So here I am.

I was going to begin my question basically the same way the Assemblywoman did -- the acknowledgement that you say that regardless of what your submitting, usually there is a cost overrun of 10 to 15 percent.

And so -- is that the normal situation that you encounter? You present a proposal, and you assume there's going to be that cost overrun?

MR. SUTKIN: I think the normal presentation by the New Jersey Building Authority has always asked for a 10 or 15 percent contingency. It's not that cost overruns are anticipated; but it's just the matter of practice that that amount is always asked for.

ASSEMBLYMAN WOLFE: And what is usually the basis for the overruns?

MR. SUTKIN: I'm not saying that there are overruns. In fact, there's been significant surpluses arising from the project which the New Jersey Building Authority, understand, has given back in the budget efforts. But it's just really a belt and suspenders, because of the fact that you would have to go out to the market to get additional debt after having to go through a whole series of administrative steps to get approval for the project; and in the meantime the project sits, you'd face risks of delay damages from the contractors; the architects sue you for additional fees. So by getting the additional money upfront, at least that gives you the confidence that you could proceed and complete the job on schedule.

ASSEMBLYMAN WOLFE: So therefore the proposal does take into account the possibility of the cost overrun?

MR. SUTKIN: It does.

ASSEMBLYMAN WOLFE: It does; okay. So therefore you're telling us it may not be this much.

MR. SUTKIN: Exactly.

ASSEMBLYMAN WOLFE: Okay, thank you.

MS. MOLNAR: Senator.

SENATOR OROHO: Sorry, just as a follow-up to some of the questions. I appreciate the line of questioning.

I understand, certainly, the buy-versus-build, and then the issue of consolidation where we can save some operating costs in other areas as well. And this leads to-- I thought I recalled that there was a new -- and honestly, I'm not a security command center expert, or anything like that -- but I thought there was a new facility built, I guess, off of Route 130 for the State Police. Was there any consideration given to alternate sites? Like the idea of the consolidation -- being a good idea to bring it in, and we'd be worried about having, like, kind of-- I mean, you can't put -- with the State Police and security command center, I don't know if you could put the Department of Agriculture, or Human Services, or something like that. Was there any, within the existing locations that are under the control of the State Police, were there any other location looked at to say it would be more cost-effective to do it there?

SERGEANT BOOKHOLDT: Senator, I'll speak to that.

I guess, probably, it would be helpful if I were to define a little bit what the security command center is and what it's for -- the original concept of this project. But our division headquarters property in West Trenton is a multi-use, multi-agency facility that houses some of the State's most critical infrastructure. As Steven mentioned, you have the Regional Operations Information Center, which also serves as our emergency operations center. Should there be some sort of disaster in the state, that would serve as an area where continuity of government -- we would be able to, in a secure location, continue to allow government to function. As he mentioned, the new health laboratory -- health and agriculture laboratory --

that is a potential target. It's a biosafety level 3 laboratory. As such, the risks-to-threat ratio, which is something that we evaluate-- So the security command center provides a place for all of our security components to tie in, and it all has to do with hardening this target of the entire West Trenton base.

SENATOR OROHO: I appreciate it. I also appreciate the description of the security command center. So thank you very much.

MS. MOLNAR: Any other questions or comments?

Mr. Stridick.

MR. STRIDICK: Good morning.

The 8,000 -- the difference between the 3,000 and the 8,000 -- that additional 5,000: Is that fitted up, or is that going to be a raw space to be-- You know, come back here later on?

MR. TIGHUE: Currently it was a State Police barracks, so there is fit-up there. I believe the answer to everyone's question is that until the architect -- has there been an architect that's come in and actually looked? I know they've looked at it; but have they drawn up final plans?

MR. SUTKIN: There's no final plan yet.

MR. TIGHUE: So the 5,000 extra square feet is, basically, bonus at this point. Now, I will also just clarify that: About 1,500 of that area is garage area, currently, so it would probably remain. So you're really talking about 6,500 square feet of finished area; 3,000 would be what we would expect to put the Command Center in; the other 3,000, 3,500, would be--

MR. STRIDICK: For something else.

MR. TIGHUE: --bonus area that if, like I said, it is currently finished--

MR. STRIDICK: So it has HVAC, plumbing, and all that?

MR. TIGHUE: Oh, sure.

MR. STRIDICK: It's not raw space.

MR. TIGHUE: Right, but once they do the reconstruction, I'm sure they could work out a way where it wouldn't cost a lot to keep it vacant, or if it needed to be leased out to another agency we would be able to do that as well.

MR. STRIDICK: Okay, thank you.

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

If not, I'd like to draw your attention to the resolution that was in your packet. Although it's not stated in the resolution, it was stated today that no additional Authority indebtedness is contemplated for this project, and no additional State appropriations for debt service attributable to this project are contemplated, so be aware of that.

ASSEMBLYWOMAN POU: Madame Chair.

MS. MOLNAR: Yes.

ASSEMBLYWOMAN POU: Point of clarification.

Just based on your comments then, doesn't that contradict what the testimony has just been provided to us?

SENATOR OROHO: I don't think so.

ASSEMBLYWOMAN POU: No? The fact that there may be an overrun, which is not, in fact, stated here -- what that amount is would,

in fact, create some type of indebtedness that exceeds that of what the amount is anticipated. Is that correct? No?

SENATOR OROHO: I thought we had testimony that it would definitely be within this--

MS. MOLNAR: The \$4.1 million -- it's included in the \$4.1 million number.

MR. STRIDICK: The contingency is in the \$4--

SENATOR OROHO: Correct.

MR. VARI: Right.

ASSEMBLYWOMAN POU: The possible -- although not confirmed -- the possible 10 to 15 percent overrun is part of the \$4.1 million? Is that correct?

MR. VARI: Correct.

MS. MOLNAR: Yes.

ASSEMBLYWOMAN POU: Okay, thank you.

MS. MOLNAR: It's all subsumed within that--

SENATOR OROHO: I was concerned about that, too.

MS. MOLNAR: Thank you; thank you for your great questions today. I appreciate it.

Okay, I don't think we have to read it, do we?

MR. VARI: No, we don't.

MS. MOLNAR: Good; you all, hopefully, know already.

(laughter)

ASSEMBLYMAN WOLFE: Good idea.

MS. MOLNAR: I don't want to put you to sleep. Although I am an attorney, I don't want to do with all the *whereases*. Spare me all the *whereases*.

Do I hear a motion to adopt this Resolution, number 12.1?

SENATOR OROHO: Motion.

ASSEMBLYMAN WOLFE: Second.

MS. MOLNAR: Okay, we'll take a vote.

MR. VARI: On the motion to adopt Resolution 12.1 concerning the New Jersey Building Authority project--

MR. VARI: Senator Oroho.

SENATOR OROHO: Yes.

MR. VARI: Assemblywoman Pou.

ASSEMBLYWOMAN POU: I'm going to vote yes, although I do have my concern with regards to the additional space that may otherwise have yet not been identified for the real use, or even if we even need it at this moment. But thinking ahead, and thinking that consolidation is always a very good thing -- on that basis, my vote is yes.

MS. MOLNAR: Good, thank you.

MR. VARI: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

MR. VARI: Deputy State Treasurer Romano voted yes.

Mr. Stridick.

MR. STRIDICK: Yes.

MR. VARI: Mr. Petrecca.

MR. PETRECCA: Yes.

MR. VARI: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. VARI: Ms. Molnar.

MS. MOLNAR: Yes

MR. VARI: Madam Chair, you have eight votes in the affirmative; the motion carries.

MS. MOLNAR: Thank you.

Thank you, Steve, for coming.

MR. SUTKIN: Thank you.

MS. MOLNAR: And your staff -- thank you.

Our next department is the Department of Human Services. I'd like to welcome Chris Bailey, Assistant Commissioner for Budget and Finance.

SENATOR OROHO: Madam Chair.

MS. MOLNAR: Yes.

SENATOR OROHO: As they are coming up to get ready -- and this applies to all, for the Commission itself. As I was going through the packet of information that we get, and reading everything, I wondered: As we go through -- you know, I've made the comments about the operating impact. I'm dismayed that there's always -- never an operating impact from almost all departments. So my first thought I always had is, why are we doing it? And if there's no operating impact, my second thought is: Should we be looking at alternatives as to providing the service outside of the realm of government -- privatize, or whatever -- but are there alternatives?

So I really do hope that-- And as I'm reading through the material that's provided, I then go to the discussion points -- that are the questions from the Executive Director and the Commission -- I wonder if

somehow we should, in the future, think about the process we go through. That the answers to those questions which actually go right to the heart of operating impacts -- these meetings should be held after we have those answers to those very important, and very, very targeted questions, really. I thought they were very good.

So this being, I think, my third or fourth meeting -- I guess third on the new process, or this new calendar, or Capital Budgeting cycle -- I just wish we would take a look, and emphasize the fact that we need to have a look at those operating impacts. Because I really think that if it really says that none are stated, have we really looked at it hard enough to say that-- And as I said, the first thing that I look at -- if there's none stated, I say, "Why are we doing it?" Not everything can necessarily be health and safety and that kind of critical aspect.

So I just want to say that for the record, and maybe as we look through the process, that the departments give us the responses before the meeting so that we can, maybe, ask better, insightful questions here and have the benefit of the work that's been done by the staff.

So thank you.

MS. MOLNAR: I'll have to ask our Executive Director how doable is that, having some of these discussion points answered before the meetings.

MR. VARI: We do talk with the departments, and we send them the analysis the week before the meeting. So it's a bit of a timeframe. I think we follow up with the departments also on these questions.

SENATOR OROHO: I'm just saying that maybe in our scheduling -- and maybe this has to be next year -- but in the scheduling--

The idea that -- the statement where operating impacts were -- 99 percent of them say “none,” for almost all of the departments.

MR. VARI: Right.

SENATOR OROHO: I find that hard to believe.

MR. VARI: Now, that is something that they could look at -- the departments could look at while they’re putting their capital plan together.

SENATOR OROHO: The other issue is when we schedule the meetings; that is to say, if we’re going to require the departments to answer the questions, obviously we have to look at our schedule, because we have to give them time. But also from the idea that, as you’re going through and asking for these requests, making sure that they’ve looked at the analysis from the issue of the operating impacts, payback, cost savings, energy savings. Because a lot of them have to do with roofs, and heating, and air-conditioning, and whatnot.

Thank you.

MS. MOLNAR: Thank you.

I welcome, again, our Department of Human Services.

A S S T. C O M M. C H R I S T O P H E R B A I L E Y: Good morning, Chairwoman Molnar and distinguished members of the New Jersey Commission on Capital Budgeting and Planning.

My name is Chris Bailey, and I serve as the Department of Human Services’ Assistant Commissioner for Budget and Finance. With me today are Joe Guider, Director of our Office of Budget Planning; and Katherine Fling, Director of our Office of Property Management and Construction; as well as Pat Howell, who oversees our developmental

centers, in the audience. They will assist me in answering your questions at the conclusion of my remarks.

I am here today to present the Department of Human Services' Capital Budget requests for Fiscal Year 2012, and to inform you of several recent accomplishments that were funded with capital appropriation dollars approved previously.

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 2012 request.

As you know, DHS serves nearly 1.5 million of New Jersey's most vulnerable citizens. We provide a wide array of services, including direct care at our State-owned and operated hospitals. As of September 2010, 2,685 of our clients reside in our seven centers for individuals with developmental disabilities, and another 1,795 individuals reside in our five psychiatric hospitals. Our facilities provide 24-hours-a-day, 7-days-a-week residential care, and treatment, and rehabilitation to New Jersey citizens with psychiatric diagnosis and developmental disabilities.

Through this Commission's capital budget recommendation in years past, it has demonstrated an understanding of both the need for these services and our infrastructure needs, acknowledging our responsibility to maintain and upgrade the aging infrastructure of our facilities.

Our requests for specific capital projects, and the priority rankings we assign to them, are based on our overriding commitment to providing appropriate and safe living environments for our clients that will enhance their ability to respond positively to treatment.

We must also earn our Federal funding reimbursement by maintaining good standing with the accrediting bodies for the services that we provide; they include JCAHO for mental health services and CMS for services to individuals with developmental disabilities.

We must ensure that our facilities comply with all regulatory standards. These include the Uniform Construction Code and Fire Safety Codes enforced by DCA, and clean air and water standards enforced by DEP.

I am pleased to say that we have completed several projects in the recent past that increase our compliance with these standards. We have many ongoing projects and a few relatively new projects that will accomplish this as well.

For 2011, the Department of Human Services received \$7.5 million in capital funding based on your recommendation. This included \$6 million in HVAC funding and \$1.5 million in roofing dollars. The roofing dollars are designed to be spent at Ann Klein Forensic Center to replace multiple sections of the roof that have failed. The HVAC funding has been allocated as follows: \$18 million to construct a natural gas main extension to New Lisbon Developmental Center, which will provide the facility with natural gas for its main fuel source rather than the No. 6 fuel oil that it uses now; approximately \$1.4 million to install a decentralized system for heating at New Lisbon DC that will replace the current centralized powerhouse and replace the facility's chillers to provide air-conditioning. The facility's current boilers are antiquated and are beyond the end of their useful lives; \$1.3 million to replace the rooftop air-conditioning system at Birch and Larch Halls at Ancora Psychiatric

Hospital. These are residential buildings that will concurrently have their roofs replaced using prior years' capital appropriations. Approximately \$1 million to replace two cooling towers to supply air-conditioning to seven residential buildings at Vineland East Campus. This project follows a project funded in prior years to replace the campus' aged chillers; that project has been completed. Eight hundred thousand dollars to replace two boilers at Woodbine Development Center. When this project is completed, the facility will have three new boilers that are capable of firing landfill methane gas, natural gas, and No. 2 fuel oil.

All these projects have been vetted through the Department of Treasury's Office of Energy Savings. We're working in very close partnership with John Rhodes, the Director of that Office. The projects at New Lisbon that I just mentioned are part of a larger effort being funded through the Federal ARRA program. We are pleased to be able to work with Mr. Rhodes to replace our aging infrastructure with state-of-the-art, high-efficiency systems that will yield a payback to the State for years to come in efficiency and lower fuel costs.

Now, in the interest of time and in consideration of the departments to follow us on the agenda, I would like to focus on our top five FY '12 capital budget requests.

Our first priority continues to be HVAC system improvements. This year we are requesting a total of \$21.65 million for our top four HVAC system improvements or replacement projects so that we can continue to address these needs at our facilities.

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 2012 budget is \$15 million for Hunterdon Developmental Center. This includes \$10 million for the replacement of the underground high temperature hot water distribution system, which is essential to delivering heat and hot water to the Center's buildings, both residential and support buildings. The \$15 million request also includes \$5.5 million to replace two aged chillers at the Center. These chillers are on the verge of failure. The Office of Energy Savings is aware of the critical needs at Hunterdon and has agreed that this facility should be where we make our next major investment.

The needs of this facility are somewhat complicated by the fact that a privately owned and operated co-generation facility provides the high temperature hot water to Hunterdon, and also provides a portion of the facility's electrical demand. This co-generation facility also serves Edna Mahon Correctional Facility, so you will likely hear about it from the Department of Corrections as well. The State's contract with the operator will expire in November 2013. That seems like a long time from now, but the State has to be poised long before the expiration date to enter into a new contract in order to assure a seamless transition. The contract will be bid through the Department of Treasury's Division of Purchase and Property. The Office of Energy Savings has been, and will continue to be, the lead in this effort to assure that the State will receive the best pricing possible. We had considered that one way to fund the replacement of Hunterdon's infrastructure might be through the new contract for co-generational services. But frankly, the high temperature hot water system and the chillers will simply not survive long enough for the new contract to be helpful. The State has to make this investment.

Our other critical projects for HVAC replacements are at Woodbine Development Center, the Ancora Psychiatric Hospital, and the North Jersey Developmental Center. The Woodbine DC desperately needs new chillers, again to replace their antiquated equipment with vastly more energy-efficient and cost-effective equipment. One of the existing chillers, in fact, has failed entirely and the facility has been renting a chiller for the past two summers, using operating dollars. Our budget estimate for this project is \$5 million.

We are seeking \$1 million to add air-conditioning to the Ivy Hall Gymnasium at Ancora Psychiatric Hospital. This gymnasium is the facility's largest indoor space to provide its clients with recovery supports and therapeutic physical services. Federal accreditation standards require that we provide our clients with these services. Without air-conditioning, the space becomes too hot to be used during the summer months.

And we're requesting \$650,000 to replace the air-conditioning system at the Meese Building on the grounds of the North Jersey Developmental Center. This buildings' residents are the most infirmed, most severely disabled population served by North Jersey. It is essential that adequate cooling be provided to these residents, many of whom are taking medications that impair their bodies' ability to self-regulate body temperature.

Our second priority continues to be the replacement of 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. These roofs have been in service far beyond their 25- to 30-

year life spans. They have been repaired again and again, and patched, over time.

By 2012, we are requesting \$6.3 million for roofing so that we can replace aging roofing systems and protect our clients, staff, and building contents.

Our first priority roofing project for 2012 is \$3 million to replace two cottages at each of three facilities: Woodbine, New Lisbon, and Hunterdon DC. These three facilities each listed several buildings that require new roofs. We've opted to try to advance roof replacements at all three facilities by proposing only two buildings per facility this fiscal year.

Our No. 2 priority for roofing dollars is \$2.1 million for Trenton Psychiatric Hospital. These funds will replace the roofs at the Drake, Raycroft, and Lincoln buildings. These buildings are all residential buildings and the roofs are failing.

We are also requesting \$1.2 million in roofing dollars for the Vineland Developmental Center. With these funds we can re-roof three of the facility's residential buildings: the Reeves, Sykes, and Bassett Cottages.

The Department's third priority project this year is to address fire safety issues at both the Vineland and Woodbine Developmental Centers. To resolve current violations issued by DCA, Vineland DC must correct deficiencies in their buildings' fire escapes. This project is complicated and made more expensive by the fact that the escapes are painted with lead-based paint which will have to be remediated. We estimate that this work will cost \$1.3 million.

Woodbine DC must replace the fire alarm panels in nine of its residential buildings. These panels are antiquated, replacement parts are

increasingly difficult to find, and they are not compatible with other fire alarm panels on campus. The facility needs to replace these panels to have one, unified system. We estimate that this work will cost \$300,000.

The Department's fourth priority project is to upgrade the existing oxygen system in the Health Services Residence building at Hunterdon Departmental Center, at a cost of \$500,000. Many of the building's residents are dependent on oxygen delivery systems for their survival. The current system is antiquated and the facility's emergency generators are not connected to the system to ensure that the equipment continues to operate when primary power is lost. When this occurs, the patients rely on battery backup units with only two hours run time. The facility's current oxygen storage capacity is also very limited. This makes the facility highly dependent on frequent supply deliveries. If a delivery is missed, then patients are at risk. If these funds are approved, we will be able to upgrade the system to adequately serve the 18 patients who are dependent on oxygen to some degree, including four who are totally dependent on ventilators.

The Department's fifth priority project is to retrofit patient rooms and bathrooms at Ancora Psychiatric Hospital with equipment and fixtures that will improve patient safety. The facility has been cited by both JCAHO and DOJ for having equipment and fixtures that are accessible to patients and potentially present a suicide risk. These include door hardware, faucet controls, toilet controls, and bathroom partitions. Both JCAHO and DOJ require that we install specialized hardware designed to reduce the risk of suicide. We have revised our request for FY '12 to \$600,000, reduced from \$750,000, to begin the effort by focusing on

patient bathrooms and the inside of patient bedrooms, areas where staff supervision is more limited.

This concludes my formal remarks. Let me add that the Department of Human Services appreciates the difficult position the Commission is in, with competing priorities and increasing costs during one of the worst economic downturns in decades, if not our lifetime. We urge you to continue to make thoughtful investments in our residential facilities so that our most vulnerable among us can be cared for appropriately.

We'd be happy to take your questions at this time.

MS. MOLNAR: Thank you.

Any questions or comments?

Senator.

SENATOR OROHO: Surprise, surprise. (laughter) I do.

Thank you.

I'm not going to reiterate my comment that I said before; they're applicable. On the HVAC, the request now is \$21.65 million; and then, I guess, in 2013, \$21.5 million. Are these projects scheduled that if the Commission was to approve the \$21.65, is it tied in that it would automatically be the \$21.5 million, making it really a \$43 million project? Or are they scheduled where, if we approved the first phase, that if something happened in 2013 that we either didn't have the resources available -- are we locked in that we have to do it?

ASSISTANT COMMISSIONER BAILEY: The first example -- the Hunterdon project -- that's \$15 million. That investment would be over three years -- the project would take three years to happen. So the \$15 million covers those three years, and I guess to some degree it goes back and

forth with OMB in terms of what the resources are available the following years. We're requesting the \$15 million so that we know we can continue -- or start and continue, the project.

SENATOR OROHO: So it's really a \$43 million request. It's a cash flow request for this year of \$21.6, but let's face it--

ASSISTANT COMMISSIONER BAILEY: Senator, let me just correct something. The \$15 million is for the next three years.

SENATOR OROHO: I understand.

ASSISTANT COMMISSIONER BAILEY: It doesn't compound.

SENATOR OROHO: No, no, I understood that. However, if you start at Hunterdon Developmental Center -- and you're asking for \$21.65 million this year -- and you start at the Hunterdon Development Center, and you start all these other projects, -- right? -- we're going to get to a stage where each one of these projects has to be completed, right?

ASSISTANT COMMISSIONER BAILEY: Right.

SENATOR OROHO: You can't start a project and then all of a sudden say-- My point being: Should we schedule these projects so that when we start one, we know we have the resources to finish it? That being my point.

ASSISTANT COMMISSIONER BAILEY: The \$21.5 million, Senator, just looking at the write-up I guess that staff provided you, that covers the first four projects to completion, from start to finish.

SENATOR OROHO: Okay. So we're not doing the planning of the projects where we start them -- we know that the projects, to

completion, will be the \$21.65 million; and if we don't have resources later on, then we won't start another project.

ASSISTANT COMMISSIONER BAILEY: That's correct.

SENATOR OROHO: Okay, all right.

On the operating impacts: You mentioned that would be vastly more efficient; but when we talk about "may lead to energy savings," this must be very old equipment or else we wouldn't be asking to replace it or repair it, correct?

ASSISTANT COMMISSIONER BAILEY: Yes, that's correct.

SENATOR OROHO: We mention in the public testimony that they're vastly more efficient. Couldn't we have looked at some sort of-- As we're up here trying to decide what to put money into and what not, I would think we'd be more apt to approve a project if it said "it's vastly more efficient, and it's going to save energy cost of \$X million per year over the next five years," or whatever, as opposed to "may lead to energy savings." I would certainly hope that \$21.7 million would lead to some sort of savings.

I'll leave it at that.

ASSISTANT COMMISSIONER BAILEY: If I could just comment on that last point, Senator. The one project that could tell you that-- When we were determining -- and the Office of Energy came to us to use our own money at one of our facilities. There is going -- as I mentioned in testimony -- there's going to be a \$12 million investment in New Lisbon with that ARRA money, and we did factor in a savings of \$2.3 million in energy savings. I don't think that's provided yet to the Chair, but we certainly could provide that information. So in that case we did, when we

looked at which facilities to apply that money towards, we did look at rate of return there.

SENATOR OROHO: I'm not just picking on Human Services, I'm picking on every department with respect to-- We have, obviously, a prioritization of resource availability that we have to go through, and I'm just saying that anybody who comes, really, and has tried to measure it, I think goes up on the priority listing because we know it's been reviewed.

One other-- I forgot to-- With respect to the New Lisbon, the new wells: Does it really come down to \$1 million per well? Is that--

KATHERINE FLING: Yes, Senator, that has been our experience in previous facilities where we have proposed to drill new wells -- that that was the cost estimate provided by the engineering design firm.

ASSEMBLYWOMAN POU: Why? Why?

SENATOR OROHO: Is it because-- Obviously it's (indiscernible), I'm not an expert in the security command center; I'm not an expert on wells, either. God, I hope I don't have to drill a new well; no, I'm on city water (laughter) and I'm not thinking about drilling a well in my own home, or something. But why a million--?

MS. FLING: Well, it is a multi-phase type project where you have to drill a test well first, and then you do testing and then you install a permanent well. There's also a lot of permitting involved with DEP and water quality, there's a lot of engineering that goes into that. It is an expensive prospect.

SENATOR OROHO: I'd love to see an analysis of what -- the expected soft costs versus the hard costs of the well itself.

MS. FLING: We'll get back to the Commission through staff.

SENATOR OROHO: Thank you.

MS. MOLNAR: Good point.

Assemblywoman Pou.

ASSEMBLYWOMAN POU: Thank you, Madam Chair.

I just-- Chris, your response to the Senator with regards to the ARRA dollars -- the Federal dollars. You made mention of one of the projects. Can you provide us with a breakdown for each of those projects -- how much you were able to leverage, how much did the Federal government-- How much money is being placed in each of those projects' fund through Federal dollars, and what the actual cost is?

ASSISTANT COMMISSIONER BAILEY: I can give you the breakdown of the New Lisbon project, specifically. That was the only place where ARRA dollars were used.

ASSEMBLYWOMAN POU: Okay.

ASSISTANT COMMISSIONER BAILEY: But I can give you that breakdown.

ASSEMBLYWOMAN POU: So out of the nine projects, only one of those projects you have ARRA dollars being applied to.

ASSISTANT COMMISSIONER BAILEY: Yes, New Lisbon isn't among the nine, since we were able to use an alternative funding source for it.

ASSEMBLYWOMAN POU: I'm sorry, okay; all right.

So none of the nine projects that are cited here would have any Federal funding that is being leveraged with the cost that is cited in this report?

ASSISTANT COMMISSIONER BAILEY: That's correct.

ASSEMBLYWOMAN POU: And just a similar question: Is there-- I know you mentioned about the Hunterdon Development Center, and the 15 years (*sic*) that that's going to take it-- That that's a three-year phased total payout. Is that-- Do you have-- Do you anticipate the same for all of the other projects as well, in terms of it being multiple-year projects and what that actual cost is, or is there anything -- anyone of these projects that's to be completed within this year's fiscal year?

ASSISTANT COMMISSIONER BAILEY: Katherine, feel free to take this, or supplement, but like I said: The first four projects cover the entire amount of the project from start to finish. The first project, Hunterdon, is \$15 million over three years. I guess your question, Assemblywoman Pou, is: Are the other projects-- What are the phases of each of these projects -- is that what you're getting to?

ASSEMBLYWOMAN POU: Oh, I'm sorry. No, actually, you've made a good point. You said the first four projects really are what makes up the \$21.6 million. Got it; okay.

ASSISTANT COMMISSIONER BAILEY: Yes.

ASSEMBLYWOMAN POU: Okay, I got it. And then the others projects are projects that you want to identify, and that are important, but are not currently part of the \$21.6 million.

ASSISTANT COMMISSIONER BAILEY: Yes, if the first four were funded, in other words, say, we'll probably come back next year and ask for these other--

ASSEMBLYWOMAN POU: I appreciate that clarification. Okay, thank you so very much.

So only for those first four projects. Then is the anticipated completion period also phased in within a certain period of time, like that of Hunterdon, or what?

MS. FLING: The other projects would be on a timeline to complete the project, in total, as soon as possible.

ASSEMBLYWOMAN POU: So can we assume that it can-- It may very well fall before the end of this fiscal year?

MS. FLING: The process that we use to complete a construction project relies on the Division of Property Management and Construction, and the Department of Treasury. There are always phases to a project; there is a design phase to a project where an architect, an engineer, are hired. There is a phase where then only the amount of money needed to purchase those services would be expended -- sometimes that extends past a fiscal year boundary, and then the construction dollars are actually needed in the second fiscal year. We haven't attempted to split up the request, however, into design funds and construction dollars because of the concern that if we only requested the design dollars this fiscal year, and they were approved -- speaking to the Senator's point earlier -- we may not be able to get the construction dollars in the subsequent fiscal year.

So projects that are so important to us that we really can't risk not going to construction, we ask for the entire sum of money in one fiscal year.

ASSEMBLYWOMAN POU: While I understand the absolute-- It's very good budgeting, and it's a good concept to consider something like that, I understand that. I guess my next question, though, with regards-- The reason why I was saying the fiscal year is, are we anticipating that any

funds that are not used within this particular fiscal year budget cycle -- that some or any of those funds would be lapsing to the General Treasury; and then, come once again, to this Commission or through other forums where you would then have to request those additional dollars?

ASSISTANT COMMISSIONER BAILEY: The capital fund appropriations are non-lapsable dollars, so they'll carry forward.

ASSEMBLYWOMAN POU: Okay, very good.

Thank you very much.

MS. MOLNAR: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, thank you.

I have, actually, two questions. In you priority list, you're asking for \$22 million for HVAC renovations in many facilities, and you indicate-- In the impact statement you say, "the implementation of these projects may result in energy savings." How do you base that statement? Have you done cost analyses into the future -- 5, 10, 15, 20 years? What is the basis for that? Because you're asking for, what, \$22 million? Yes, \$22 million.

MS. FLING: Twenty-one-point-six-five.

The reason why we haven't been able to go into greater detail in terms of the operating impact of these projects is simply because we have not had a study -- a commission -- to show us what those savings will be.

ASSEMBLYMAN WOLFE: Okay.

MS. FLING: I think we could say there would definitely be energy savings. The magnitude of those savings is not known to us at this time. But if we take the example of the New Lisbon project, we will have a

payback of the \$12 million investment there -- the ARRA investment of \$12 million in five years.

ASSEMBLYMAN WOLFE: Excuse me -- how much?

MS. FLING: So you can see that making these HVAC improvements and replacing equipment that's 25 or 30 years old with new equipment that is more energy efficient, has automatic controls, and so on, does yield considerable savings; and those are applied in a payback situation to the State.

ASSEMBLYMAN WOLFE: Okay, so that one facility; but overall, you really haven't-- You're assuming there's going to be a savings?

MS. FLING: Right. I should go further to say that the New Lisbon Developmental Center actually had an energy audit performed by a firm under John Rhodes' office, the Office of Energy Savings. These other facilities have not had a similar energy audit performed.

ASSEMBLYMAN WOLFE: Right. Now, my second question -- I have to be very delicate how I say this, because both Senator Oroho and Assemblywoman Pou and I sit on our respective Budget Committees. And we had considerable hearings with your Department about the closing of the Hagedorn facility last year -- that was very controversial -- that was proposed, then it was taken off the table. Now, in your projected list here, you have almost a little bit more than \$500,000 for roof replacement at that facility. Now, does that assume that facility will remain functional or is it-- This is a policy issue. You know what I'm saying? Are we keeping the facility open, and you're going to fix it up? Or--

ASSISTANT COMMISSIONER BAILEY: The specifics of the Hagedorn project I can let Katherine handle. But what I could say to

closure is that: There was a recent bill passed by Valerie Huttle, Chairman (*sic*) of the Human Service Committee, and there's a Task Force that's being put together with Legislators as part of that Task Force. And I think the recommendations for Hagedorn -- they're specifically going to look at Hagedorn, with the recommendations I think to concur around February. So I think for any one of us to be presumptuous about Hagedorn's fate, in fairness to the Task Force, I'd think we'd want to see how that plays out first.

ASSEMBLYMAN WOLFE: So this is for a roof replacement, correct?

ASSISTANT COMMISSIONER BAILEY: This project is for a roof, yes.

ASSEMBLYMAN WOLFE: So in terms of a timeline-- You say, "Wait until February." But when would this project-- If there wasn't a timeline, when would that begin? When would you begin to implement that?

MS. FLING: If you notice, the request for Fiscal Year '12 is for \$6.3 million, which would only cover the first three of our priority projects; it would not include the \$600,000 that is listed as our No. 8 priority, which is the Hagedorn East Hall roof. So for Fiscal Year '12 we're not requesting funds for the Hagedorn roof.

ASSEMBLYMAN WOLFE: So again, I don't want to be accused, as a Legislator, of saying, "Don't replace the roof," if we have patients there, but--

MS. FLING: In essence, Assemblyman, we have-- Actually, that roof project was well along in development because it is a poor-

functioning roof at this point. We actually had a design completed; we had a contractor under contract through DPMC; we cancelled that project and in lieu of replacing the roof we have float coated the top of the roof. In fact, the last part of it is being done this fall. So that repair should take us through whatever timeline it takes to make a decision about the future of the facility. But we are not requesting roofing dollars for Hagedorn in Fiscal Year '12.

ASSEMBLYMAN WOLFE: Again, I have no more questions, but I just want to reiterate what I said first of all: It's a very sensitive issue, and I, as a Legislator, I think we really need to know what's going on.

ASSISTANT COMMISSIONER BAILEY: I trust this -- Hagedorn, we're with you. We're very careful in what we're submitting related to that.

ASSEMBLYMAN WOLFE: Okay, good. Thank you very much.

Oh, one other thing: Coming back to New Lisbon, with the well, \$1 million -- how much is it?

SENATOR OROHO: Three million -- \$3 million total, three wells.

ASSEMBLYMAN WOLFE: Why do they need a well? Do they have a municipal system that services that area?

MS. FLING: We actually looked into that-- Oh, I'm sorry. We actually looked into that at the request of the staff. There actually are no public water sources in Woodland Township, New Jersey. There is development along Route 72, adjacent to New Lisbon, including a WaWa and several restaurants. They all operate on well water.

ASSEMBLYMAN WOLFE: Holy smokes; okay.

MS. MOLNAR: Any other questions or comments?

Beth Schermerhorn.

MS. SCHERMERHORN: Throughout your request, there are different projects for the Vineland Developmental Center.

ASSISTANT COMMISSIONER BAILEY: Yes.

MS. SCHERMERHORN: Are any of them related, or do they need to be accomplished in order to close the West Campus?

ASSISTANT COMMISSIONER BAILEY: No. These are all projects for East Campus. In the budget, as you call *West Campus* is being collapsed into East Campus. So these are all projects related to East Campus.

MS. SCHERMERHORN: Right. But do they need to be accomplished in order to make the move happen?

ASSISTANT COMMISSIONER BAILEY: No, that move will happen regardless of the consolidation efforts.

MS. SCHERMERHORN: Okay.

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

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

Our next department is the Department of Education. I'd like to welcome Barbara Gantwerk, Assistant Commissioner of Student Services.

Good morning.

A S S T. C O M M. B A R B A R A G A N T W E R K: Good morning.

Madam Chair and members of the Commission, good morning.

My name is Barbara Gantwerk, and I am the Assistant Commissioner for the Division of Student Services. I appreciate this opportunity to come before you today to discuss the capital funding needs of the Marie Katzenbach School for the Deaf, the State school to educate the deaf and hard-of-hearing students.

With me today are David Corso, Director of Administration; and Ronald Goodwin, Interim Superintendent of the Katzenbach School, who are available to answer your questions.

Currently, approximately 180 children attend the Katzenbach School -- 81 of them are boarding students, on campus from Monday morning until the close of school on Friday. Students and staff at the Katzenbach School share a common language -- American Sign Language. It is the glue that binds this community together and makes Katzenbach unique in the state.

The school moved to its current location on Sullivan Way in 1926. The 117-acre campus is comprised of 31 buildings which require constant maintenance because of their age. In today's world, maintenance of the school's facilities is a challenge. We have been working with other departments of State government to share the responsibility. During the last two years, the School has invested in several large-scale facility improvements, including repaving campus roadways, upgrading the School's fire alarm system, and making minor renovations to bathrooms in student residences.

As you know, these children are in our charge, and we are responsible for their health and safety as well as their education. In light of this responsibility and in recognition of the serious fiscal situation facing

our State, our 2012 capital request for \$3,950,000 is limited to the projects that are essential for the health and safety of the students and staff at the School.

The first one is the high school air-conditioning, for \$500,000. Some students attending school at Katzenbach School have medical conditions which require their education to be provided in an air-conditioned setting. For these students, failure to provide an education program under the conditions specified in their Individualized Education Program can be a compliance or legal issue, as well as a serious health issue.

Approximately half of the school's students attend classes in the vocational high school, which is more than 30 years old. The building is constructed with large glass pane windows that do not open. The heating, ventilating, air-conditioning system cycles air through the building year round. The central air-conditioning units have outlived their useful lifetime; they are now unreliable and need to be replaced. The units often break down or malfunction. When that happens, classroom temperatures can exceed 85 degrees, forcing the school to disrupt instruction and relocate students elsewhere on campus.

Because of the age of the equipment, repairs are difficult and costly. Repairs also take time; sometimes it is necessary to relocate classes for several days while waiting for needed repairs. Because of the construction of the vocational high school, there is no alternative to replacing the air-conditioning system. Without an HVAC there is inadequate ventilation and it is not possible to use room air-conditioners.

The next item is the fire alarm upgrade for Phase III, which is \$3 million. This request is to fund Phase III of the campus-wide initiative

to replace the conventional fire alarm with an addressable system. Phase III will replace the fire alarm system in nine buildings. This list includes the remaining three student dormitories, the Early Childhood program building, the vocational high school, two administrative office buildings, two buildings occupied by tenants, and the school's alumni museum. Completion of Phase III of this project is critical for the health and safety of the students in these buildings.

Campus lighting for \$200,000. The school campus is home to students when school is in session. At night, the campus is dangerous because it is too dark to see in many locations. For deaf people, this problem is exacerbated by their dependence upon vision to monitor their environment. Problems with outside lighting accounted for multiple fire code violations in April 2008. Additional lighting is absolutely essential for the safety and security of students, their families, and staff. The State Fire Inspector's recent findings also called for the need to increase the amount of outside and emergency lighting at the Katzenbach School. During the school week, our campus operates a 24-hour operation, with our students regularly traveling from school to the Educational Resource Center for homework and tutoring, or the athletic facilities, and ultimately to the dormitories.

In addition, evening workshops offered during the week for parents and programs offered by our tenants require that the campus be adequately lit for the safety of our community. With the assistance of the Office of Energy Management, we have identified the areas most in need of additional lighting, while employing technologies to reduce our overall energy costs while providing maximum visibility.

The last is the high school window replacement -- \$250,000. This project is to replace damaged window panes in the vocational high school. These windows have cracks and leaks, thereby furthering the challenge of properly cooling or heating the school's classrooms and offices, particularly in extreme weather. Maintenance staff has caulked and sealed the windows, but damages have exceeded our ability to properly maintain them.

We ask that you continue to support the investment in Katzenbach School, and hope the Commission will recommend that the 2012 budget include funding for these key initiatives.

Thank you very much for the opportunity to speak to you today on behalf of the Katzenbach School for the Deaf.

MS. MOLNAR: Thank you.

Any questions or comments?

Senator.

SENATOR OROHO: I'm going to let somebody else go first this time. (laughter) Thank you.

MS. MOLNAR: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Thank you. Somehow I knew he'd say that. (laughter)

Good morning, good morning, Assistant Commissioner. Let me just begin: I'd like to ask if you would please respond to the question in each of the categories that you've made a request for. You've made-- I'll start with your first item, which speaks about the high school air-conditioning and the \$500,000 request. You go on to mention in your testimony that "because of the age of the equipment" -- there's no

indication of what that is; if you could share with me some more information about that. When was the last time that any of these particular equipment were replacements, in each of the different categories, just so that I don't have to ask for every one. I mean, I'll be happy to do that if you like; but I'd like you to just take us down, for each category -- speak in terms of the actual age of the equipment that you're talking about and the need for the replacement with regards to-- Well, let me just stop there. I was going to ask about the windows, but I'll just stop there for the moment. If you would, please, address that.

ASSISTANT COMMISSIONER MS. GANTWERK: Okay; and I'm going to ask Superintendent Ronald Goodwin to address it.

ASSEMBLYWOMAN POU: Absolutely; thank you very much.

Good morning, sir.

RONALD GOODWIN: Good morning.

The HVAC in the high school is original equipment, and the building was opened and activated in 1978. It's been up on that roof for a long time. And we put about 25 -- depending upon the year -- \$25,000 a year in repairs.

ASSEMBLYWOMAN POU: So it's never been -- I'm sorry, sir -- so it's never been replaced since 1978?

MR. GOODWIN: That's correct. The same thing would apply to the windows -- they are obviously original equipment with the building in '78 as well. And what has happened is that the-- I'm sure that you all have large windows in your homes; there's gas in between the double panes. When it breaks, it sweats, and it loses its ability to insulate.

ASSEMBLYWOMAN POU: You have how many buildings, sir?

MR. GOODWIN: Thirty-one.

ASSEMBLYWOMAN POU: Thirty-one buildings? And they house how many students?

MR. GOODWIN: One hundred eighty, today.

ASSEMBLYWOMAN POU: What's your breakdown of that student population?

MR. GOODWIN: I beg your pardon?

ASSEMBLYWOMAN POU: The breakdown of your student population?

MR. GOODWIN: About 15 in early childhood; in the elementary middle school, about 60, roughly speaking; and maybe 100 in high school.

ASSEMBLYWOMAN POU: What's your staff breakdown?

MR. GOODWIN: The staff? The total staff is about 200.

ASSEMBLYWOMAN POU: What's your student ratio?

MR. GOODWIN: Teacher--

ASSEMBLYWOMAN POU: Teacher-student ratio.

MR. GOODWIN: About one to five, on average. Administrative code permits us no more than eight in a classroom.

ASSEMBLYWOMAN POU: That's the same for any-- I'm sure the Assistant Commissioner could speak -- certainly could talk about that. We have a lot of standards that we have to meet in all our schools throughout the entire state of New Jersey. We well exceed all of those standards. So while I am not at all (indiscernible) any -- questioning the

need for this, I certainly am very supportive; I understand the population, I certainly understand the need and the complexity of that. I'm just simply trying to get an understanding and a hands-on in terms of what are the requirements and the standards. The standards that you've just indicated, obviously if that were enforced all throughout the State of New Jersey, we would have less problems today. So while I recognize and am sensitive to what you're saying, certainly that is not what is carried out.

I'm sure as there may be some other questions, let me just stop here for the moment and defer to any of the Assembly members.

MS. MOLNAR: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes, hello, Commissioner.

ASSISTANT COMMISSIONER GANTWERK: Hello, good morning.

ASSEMBLYMAN WOLFE: I see you a lot; you're a good person.

ASSISTANT COMMISSIONER GANTWERK: Excuse me?

ASSEMBLYMAN WOLFE: Glad you're still there.

ASSISTANT COMMISSIONER GANTWERK: I'm sorry?

ASSEMBLYMAN WOLFE: I said, you're a good person -- I'm glad you're still there.

ASSISTANT COMMISSIONER GANTWERK: Oh, well thank you very much. (laughter)

ASSEMBLYMAN WOLFE: You can delete that from the record. (laughter)

SENATOR OROHO: There's no deleting in (indiscernible).

ASSEMBLYMAN WOLFE: First of all, I have to congratulate the Department, because I think in comparison to a lot of the other requests, you've been very frugal -- and I'm sure the Governor would love that. But I have to be very personal: Over 30 years ago, I belonged to the Jaycees in my hometown. And I was asked to get a flag that flew over the Capitol in Washington to present to the-- A Boy Scout troop was being formed at the Katzenbach School. I knew nothing about the Katzenbach School. And Congressman Forsythe was the Congressman at that time; he did fulfill that request. And I was there on a Friday night. And I have to say to my colleagues here, if you've never been to that facility -- it's a school. And the auditorium was filled with parents and about maybe 25 boys and, I think, Dr. Jochem--

MR. GOODWIN: Dr. Charles Jochem.

ASSEMBLYMAN WOLFE: --who was the head guy. And I have to tell you, the first thing the boys did -- this new Boy Scout troop that was being formed -- was to salute the flag. And most of them couldn't hear and couldn't speak, but they all made a sound to try to pledge allegiance. And I'll never forget the expression on their faces or the look on their parents' faces. I don't know what happened to those young men, but it was something I'll never forget, and that made, for me, a lasting impression of that facility -- the things that they did.

So you should've asked for more than windows, I mean if you're-- (laughter) But congratulations, and I hope that you have the continued success that you do, because it's certainly a worthy facility and I think a lot of folks in the state aren't really aware of the good things that happen there.

Thank you.

ASSISTANT COMMISSIONER GANTWERK: Thank you. I just want to appreciate those comments. And we would welcome anyone to come and visit the School, because I don't think you can come to the School and not recognize its uniqueness and the service that it's providing the children and the families.

ASSEMBLYMAN WOLFE: It must've been over 30 years; maybe I'll take you up on that. Thank you.

MS. MOLNAR: At one time the Commission used to move its meetings around, and one year it was at the Katzenbach School conference room. It's a beautiful campus.

SENATOR OROHO: That's a good idea -- to get out--

MS. MOLNAR: Yes, but it's hard getting out. It apparently wasn't conducive to our staff who had to schlep all this stuff.

ASSEMBLYMAN WOLFE: You mean, they got lost? Did they get lost? (laughter)

MS. MOLNAR: But it was interesting: We had it all around the state. We even had it at Liberty State Park, there, where the old railroad terminals were. You could see the Statue of Liberty.

SENATOR OROHO: Well, with all the new technology today of movability, maybe we could rethink that.

MS. MOLNAR: Yes, yes.

Any questions Senator?

SENATOR OROHO: No, no, no; I'm good.

MS. MOLNAR: Nothing? Oh, wow.

SENATOR OROHO: The Assemblywoman and the Assemblyman took care of them.

MS. MOLNAR: Wow. How about on my right, here? Any questions or comments?

ASSEMBLYWOMAN POU: Madam Chair.

MS. MOLNAR: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Thank you.

Actually, the staff had prepared some questions, and I thought it's good. I'd like to just ask, if you would, it indicates here that the Department has nearly \$4 million in carry-forward in tuition accounts, which are permitted to fund capital projects. Are any of these resources available for the capital requests that you are requesting for today?

DAVID CORSO: Well, we have utilized some of the carry-forward money to do projects currently. We're in the process of putting a card reader system for security purposes; we're renovating some bathrooms. The problem with the \$4 million carry-forward is that it's a soft number, because it's based on the number of students that leave one year -- senior class -- and come in the next year. So while it's \$4 million right now, it depends on how many kids cycle out and come back -- cycle back in. And I think Ron-- The number of kids this year is 15 going out, and at the beginning of the year we don't know exactly how many kids are going to come in. And each child has a value, depending on what placement they are. For example: A residential child brings in more money than a day student.

We have utilized the \$4 million -- well, we have utilized carry-forward money in the past, but we don't have an exact hard number. So as

the projects come up, we do them. For example: We have a problem with the dam. The dam-- There's a dam-- There's a brook that runs through the School; there's a dam there. That is leaking. So we're now undertaking a study through the DEP to help us. The Dam unit over there is helping us look at that, and we're trying to gauge a number, and, more likely than not, we'll use some of this carry-forward money to do the study, as well as to repair the dam. So the things that come up on a day-to-day basis that we need-- And we have steam; another project that we're working on is steam leaks, because there's a loop in the steam system. As those leaks occur, we have to dig up the steam leaks, fix them to maintain the integrity of the system. So basically we use a lot of the carry-forward money for emergency projects that come up.

ASSEMBLYWOMAN POU: Okay, thank you so very much for that detailed description.

May I just ask you, specifically, though: Are you currently using any of your \$4 million to fund any of the projects you've now just described, within these \$4 million carry-over -- which, if I understood correctly, that doesn't appear to be the case.

MR. CORSO: No, we are not.

ASSEMBLYWOMAN POU: So that would leave you with \$4 million, currently, in your carry-over funds?

MR. CORSO: That's a \$4 million projected carry-forward.

ASSEMBLYWOMAN POU: I understand that.

MR. CORSO: Right.

ASSEMBLYWOMAN POU: Well, do you anticipate that you're not going to have \$4 million?

MR. CORSO: As I was trying to explain, it's a soft number. Right now, it could be \$4 million. We are using the current carry-forward, which, I think, is around-- The current carry-forward from last fiscal year into this fiscal year, for the projects that I just mentioned to you.

ASSEMBLYWOMAN POU: Okay.

MR. CORSO: So this \$4 million is, the way I think it's written up, it's a projected carry-forward into next year, but that's going to be-- That becomes based on the number of students. If we have the same amount of students that leave and come in, then we would have carry-forward money -- but that's not always the case. Also, the variable included in there is how much we charge tuition for each child. For example, one year we had to raise the tuition 15 to 20 -- I think it was about 20 percent, because the fuel oil prices went through the roof.

ASSEMBLYWOMAN POU: So you're describing all of the very same, similar problems that every single school throughout the State of New Jersey is going through. And really, in fairness, I'm just trying to kind of get an understanding of what we're doing here today, and what's the best possible decision, as a member of this Commission, for us to take when we look to prioritize these particular projects.

Every single school in this particular budget, the Administration requested it -- in fact, took away all of the surplus dollars for public school systems. You are telling me now there appears to be a \$4 million potential carry-forward that can, in fact, be applied to any one of these projects, currently.

MR. CORSO: That's correct.

ASSEMBLYWOMAN POU: So that's a luxury, sir, that many of the public school systems do not have, because those dollars were taken away from many of the schools' budgets. So I'm trying to understand how does that differ from what we have been trying to do, and many other schools have had to do, with -- do more with less or be creative in terms of using their funds.

Please help me to understand how it's different for your particular school than what we have been asking all of the other New Jersey public schools systems to do.

MR. CORSO: I'll answer the question this way, then: If money is available at the end of the year, we will fund whatever project we can if it's one of these priorities. The other thing I would like you to understand is that the State kicks in about \$3.5 million to \$3.9 million in direct State service appropriation. The rest of the budget comes from tuition charged on the students, which is somewhat different than a regular school district operates.

ASSEMBLYWOMAN POU: I'm sorry, what was that amount -- \$3.--?

MR. CORSO: The direct State service appropriation for the Katzenbach School is \$3.9 million.

ASSEMBLYWOMAN POU: Thanks; okay.

MR. CORSO: The rest of the money -- the rest of the budget, which is around \$16 million, comes from tuition charged to the school districts.

ASSEMBLYWOMAN POU: It's interesting, though, that the \$3.9 million direct appropriation from the State almost equals your \$4 million surplus that you're talking about right now.

Tuition is what, sir? How much is your tuition?

MR. CORSO: Almost \$13 million. The total budget is \$16 million.

ASSEMBLYWOMAN POU: Okay.

MR. CORSO: Twelve million dollars.

ASSEMBLYWOMAN POU: What's your tuition? Tuition per student?

MR. CORSO: Well, it's different. It's categorized.

MR. GOODWIN: It varies from student to student. If you're a day student, this year it's \$47,500.

ASSEMBLYWOMAN POU: Forty-seven thousand--

MR. GOODWIN: Forty-seven-five. If you're a residential student, it's around \$60,000. If you're in the multiply handicapped, it's a little more. If you're in emotionally disturbed, which is virtually a one-on-one, it can be \$85,000. So it varies with the services we provide.

And of course, as we've looked out, our three-year projection indicates, based upon a mathematical model -- which is the only thing we can do. When you want to predict the future, I always go by the past -- you look at what's behind you. And we know what our percentages are, and we feel that the population based upon our numbers right now will be dropping. Because we know we have a graduating class of 30 children; we know we don't regularly take 30 children a year. So we can look at that,

and as we look out three years, we predict that that surplus will probably be gone.

Not in that equation, of course, is the emergency stuff that we have to do. We're in the unique position of being -- not providing service is not an option. When we don't have heat, we need heat, we've got to keep the children warm; when we need food, we've got to buy the food; when we need teachers, we've got to have it. We can't defer it out and provide less service -- like DMV, people wait in longer lines -- we're dealing with handicapped children. So when our emergency projects come up, which involve, generally, heat -- because those pipes have been in the ground since 1926 -- it's very, very expensive. A small leak is a minimum of \$50,000.

ASSEMBLYWOMAN POU: I know; I can certainly appreciate it. We have schools in my district that are over 100 years old, so I can certainly appreciate what that may be like, and what those very inefficient facilities and inefficient use of energy as a result of these very old pipes -- or just the energy systems that are currently in place. So I can certainly appreciate what you're saying, sir. I am just trying to get an understanding in terms of how does that differ from what appears to be the policy of what we've been doing all throughout this past year, within this fiscal year budget.

Thank you.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN WOLFE: Yes, I just have a question.

You talked in response to Assemblywoman -- the tuition for the various levels, I guess, of categories of students. How many residential students do you have?

MR. GOODWIN: Eighty-one, I think.

ASSEMBLYMAN WOLFE: Eighty-one?

MR. GOODWIN: Yes.

ASSEMBLYMAN WOLFE: And how young are they? What would the youngest be?

MR. GOODWIN: The youngest one is probably around 10.

ASSEMBLYMAN WOLFE: Really?

MR. GOODWIN: We don't encourage real, real young children.

ASSEMBLYMAN WOLFE: Sure.

MR. GOODWIN: Years ago, we had a nursery and there were 4- and 5-year-olds; but that's not encouraged anymore.

ASSEMBLYMAN WOLFE: Okay, thank you.

MS. MOLNAR: Senator.

SENATOR OROHO: Thank you very much, and I did see the question with respect to the discussion points, with the \$4 million, and it just led to a-- I wasn't going to reiterate some of the-- I'd like to, obviously, see the answers when they come in; but the question did lead to: The issue of the carry-forward, right? The School -- the Katzenbach School, right? Is that how you say it?

MR. CORSO: Yes, Katzenbach.

SENATOR OROHO: That's not in the school funding formula?

MR. CORSO: No, it's not.

SENATOR OROHO: So you get all your funding from either the State -- which is the \$3.9 million, I guess.

MR. CORSO: That's correct.

SENATOR OROHO: And the sending district of the student?

MR. CORSO: Yes, that's correct.

SENATOR OROHO: Okay.

MR. CORSO: Based on what our tuition rate is, and based on the category of the child--

SENATOR OROHO: Oh, the category.

MR. CORSO: --that sending district pays--

SENATOR OROHO: That school district sends directly.

MR. CORSO: Correct.

ASSEMBLYWOMAN POU: So it's part of the school funding formula then.

SENATOR OROHO: That's what I'm-- So if that student classifies, obviously, as special needs, that school district does get additional funding, per se, for that child that should then flow to, for instance, Katzenbach School.

MR. CORSO: That's correct.

SENATOR OROHO: Okay.

ASSEMBLYWOMAN POU: So it's all fully funded.

SENATOR OROHO: With respect to-- Thirty are leaving, and we don't know how many are, necessarily, coming in.

MR. CORSO: We don't usually know that until July -- June, July, August.

SENATOR OROHO: Is there a waiting list?

MR. GOODWIN: No, sir.

MR. CORSO: No.

MR. CORSO: They're leaving faster than they're coming.

SENATOR OROHO: Any reason why? Is it because--

ASSEMBLYWOMAN POU: They're being mainstreamed.

ASSISTANT COMMISSIONER GANTWERK: There are a number-- I can start with some of the reasons, but the thrust is to have students educated within their home districts.

SENATOR OROHO: Home districts -- right.

ASSISTANT COMMISSIONER GANTWERK: And to develop programs. We also have changes in the area of deafness where children are having cochlear implants which are allowing them to hear, which is allowing them to be educated in their home districts with nondisabled peers. And we see a change in Katzenbach in trying to serve those students and get them to the point that they can go back to the districts. So there are many reasons, and the idea is to have, certainly as Ron said, younger children -- not at a program that's very far away -- but creating programs that serve districts. So the districts are saying, "We need to have our child at Katzenbach," and part of our issue is making the tuition a reasonable one for them as well. And that's what we're always struggling with -- to not make the tuition so high that it makes it hard.

SENATOR OROHO: Now, are they all New Jersey residents?

MR. GOODWIN: No, sir.

SENATOR OROHO: No.

MR. GOODWIN: We have about a half-a-dozen from across the river.

SENATOR OROHO: So what happens to the tuition there?

MR. GOODWIN: The tuition is higher for out-of-state.

SENATOR OROHO: Okay.

MR. GOODWIN: And right in the administrative code you'll read that no out-of-state student will be at Katzenbach -- will take a place at Katzenbach that would be used for an instate student. So out-of-states are only admitted after all the request for instate--

SENATOR OROHO: So if you have the space available, and you have-- Okay. Thank you very much.

ASSEMBLYWOMAN POU: Madam Chair.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN POU: How much of that \$3.9 million that you were awarded through the State is used for any of out-of-state students?

MR. GOODWIN: It's not directly applied to them.

ASSEMBLYWOMAN POU: But I would imagine it's integrated in your salaries of teachers, facilities, operational costs -- all of that is based on-- You know, the overall use of that, so technically one can make the argument, or it could be said that, perhaps, some of that \$39 million that is coming from the State may, in fact, be used for the overall facility which, in fact, benefits out-of-state residents.

MR. GOODWIN: Technically speaking; however, we do have a higher tuition for out-of-state, so that that argument can't be made too effectively.

ASSEMBLYWOMAN POU: It doesn't come back to the State of New Jersey, though. The dollars don't come back to the State of New Jersey. So you're not defraying the cost--

MR. GOODWIN: You could argue that--

ASSEMBLYWOMAN POU: --to New Jersey residents.

MR. GOODWIN: No, but you could argue that that would offset the cost of food, heat, or something else for those students. It's done deliberately.

ASSEMBLYWOMAN POU: It's a good point, sir; it's a very good point. I don't disagree with you; that's a very good point. Thank you for pointing that out.

MS. MOLNAR: Any questions or comments? Any further questions? Mr. Stridick.

MR. STRIDICK: Two really quick questions on the replacement windows: Will the windows be operable -- in other words, not to solely rely on the deficient HVAC system for fresh air intake? And previously, the window replacement was, several years ago I believe, an item that was not done. And why wasn't it done when the funds were allocated?

ASSISTANT COMMISSIONER GANTWERK: We never got the funds for the windows, as I--

MR. STRIDICK: No, I was under the impression that it was previously funded.

MR. VARI: I'd have to check.

MR. STRIDICK: Okay.

MR. VARI: I don't remember that.

MR. STRIDICK: Well, I guess then I only have one question, regarding the operation of the windows. (laughter) Will they be operable, or will they be fixed?

MR. GOODWIN: The windows themselves are fixed in place; they're double-paned, fixed-in-place windows, like a picture window in your

house. And if you've ever had a leak in a picture window in your house, you know what happens: They get all cloudy.

ASSEMBLYWOMAN POU: No, the--

MR. GOODWIN: Oh, the new ones? The new ones will be replacements for those double-panes.

MR. STRIDICK: But will they be operable; in other words, not to solely rely on the HVAC system 365 days a year for fresh air?

MR. GOODWIN: The plans are to replace them as they are, because they're huge.

ASSEMBLYWOMAN POU: Madam Chair.

MS. MOLNAR: Yes, Assemblywoman.

ASSEMBLYWOMAN POU: How is that energy efficient, then? Why would you-- Based on Mr. Stridick's question, have you put in place a replacement of -- all of your renovations, are they taking into account an energy green-efficiency system of some sort? And, if that were the case, perhaps just as a follow-up to Mr. Stridick's question, I would imagine that operable windows would allow for a better flow of air and greater use of efficiency, because during those periods of the year that you do not have to use your air-conditioning system, it certainly could be a cost-savings measure.

MR. CORSO: That's a good point. And what we'll do is, we'll get in touch with the Office of Energy Management in Treasury and ask them to help us look at this from the perspective of: Would it be better to put operable windows in versus non-operable windows? And they're very good; they help us-- As you heard from Human Services, and even with us, they're expertise is invaluable to us.

ASSEMBLYWOMAN POU: I would ask you to take a look, just because this is a big deal, and it's an important one. In New Jersey there is what we call the Sustainable Jersey -- it's online, it's on the website, it's something that the State of New Jersey is promoting. It is good for everyone. If it's good for municipalities and counties, it's certainly very good for all schools. So it will give you an outline in terms of what are some of those energy efficiency codes or different systems in place that will help to really identify some of these cost savings.

Thank you.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN WOLFE: Yes, I just have a question: Have you considered alternative energy sources? I know we're going to be hearing from the Law and Public Safety; they're going to come up next and they're asking for a gob of money -- no, it's not a lot of money (laughter) -- for geothermal studies, feasibility studies. That might be something you might want to look at.

MR. CORSO: When the Office of Energy Management came out and helped us with our lighting, they had talked to us about that. So we can also explore that with them.

ASSEMBLYMAN WOLFE: Great, okay.

MR. CORSO: Because quite honestly, the powerhouse situation out there is-- That's the steam, and it's probably -- in another year or two we're going to be coming to this Commission asking to replace that.

ASSEMBLYMAN WOLFE: Is this like the powerhouse in *Young Frankenstein*? (laughter)

Thank you.

MS. MOLNAR: Senator.

SENATOR OROHO: Just one quick follow-up to the Assemblywoman, because I read the same thing about the inoperable windows, and the energy came to mind. But I also wanted to -- and I have not been to the School, and I should get to the School and see it -- but is there also-- If you have operable windows, would it help the ability for egress in case of some sort of emergency or something like that? I always worry about getting locked in somewhere, you know? So anyway -- just a point.

Thank you.

MS. MOLNAR: Perfect.

Any other questions? Wonderful comments today. You guys are really awake. (laughter)

SENATOR OROHO: We did our homework, talking about a school.

MS. MOLNAR: You did.

Which reminds me: I live in Westfield, and I read in the paper that Westfield is going to try to put solar panels on all the schools. So I don't know if that would work for Katzenbach.

Any other questions or comments? (no response)

If not, I want to thank you for coming.

ASSISTANT COMMISSIONER GANTWERK: Thank you very much.

MR. GOODWIN: Thank you.

MS. MOLNAR: Last, but not least -- I thank them for their patience -- the Department of Law and Public Safety. I want to welcome Dan Foster, Deputy Administrator.

SENATOR OROHO: You guys going to come up and talk about a gob of money? (laughter) What's a gob?

DANIEL W. FOSTER: Gobs of money. (laughter)

Good morning. My name is Dan Foster; I'm from the Department of Law and Public Safety. And to the left of me is the Budget Director, Kristen Fischer; and to the right of me is Lieutenant John Miranda from the Division of State Police.

Good morning again, Chairwoman Molnar, Executive Director Vari, and members of the Capital Budget and Planning Commission. On behalf of Attorney General Paula Dow, I would like to thank you for this opportunity to present the Department of Law and Public Safety's Fiscal Year 2012 capital budget initiatives.

I believe that most of you are already familiar with the work and mission of the Department, which is to protect the safety, security, and quality of life of the people of New Jersey. Although we realize that several departments within the State are faced with similar challenges regarding limited resources, aging equipment, and failing infrastructure, the Department of Law and Public Safety and its mission is compromised with the passage of time and our inability to address these critical needs. The fact that no capital funding has been appropriated to the Department over the past few years impacts the requests we bring forward to you today.

As in past years, the Department comes to the Capital Commission for your support. I would like to take this opportunity to

describe for you just how critical the present need is and ask that you, again, consider funding for capital improvements within Law and Public Safety. Although our request this year remains basically unchanged from last year, our priorities have changed due to the rapid deterioration of some of our infrastructure.

The top priority within the Department involves electrical upgrades at various State Police buildings. Generators for Division Headquarters, Building 15, which is the hub for the technology that goes on within State Police; and Building 6, which is electronic surveillance equipment, are still needed; as are the electrical upgrades for four patrol stations. The 70-year-old generator at Building 6 failed this past June, and the Division began renting a backup generator. The State Police also need to replace 15 emergency backup generators for its radio system. Almost all of these generators are 20 years old or older.

The Northern Regional Medical Examiner's Office, which serves as the largest morgue in the state, conducting more than 5,000 death investigations and 1,300 autopsies annually, is in desperate need of a new generator to replace the current unit that is more than 27 years old. The current unit's motor is actually a diesel-fired, modified farm tractor engine that was installed when the facility was originally built. Due to its age and condition, it cannot support the power requirements of this operation.

Critical repairs at Troop B, Totowa Headquarters, also remain one of the Department's top priorities. The building needs new windows, that are failing; and new exterior panels, that are rusting from the inside out. Totowa Headquarters also needs an upgrade to its electrical system to replace its uninterruptable power supply, which could render

communications and computer-aided dispatch inoperable in a power outage.

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

The structural integrity of the bulkhead at the State Police Point Pleasant Marine Station is severely in need of repair. The station represents the sole regional facility for providing maintenance and repair services to the Marine Services Bureau fleet. An underwater study conducted in April of 2009 revealed the bulkhead and dock were in fair-to-poor condition. Recommendations were made as to what repairs are needed to prevent further deterioration of the bulkhead and to preserve the structural integrity of the facility. Since the engineering study, the bulkhead has deteriorated significantly. One wall of the bulkhead has bowed and cracked the timbers. There are sinkholes developing around the entire perimeter of the bulkhead, including another large one behind the station.

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

The telephone system throughout several State Police buildings is antiquated and in need of replacement. The current system installed at these locations is obsolete and no longer is supported by the manufacturer's maintenance program.

The Division operates and maintains several 9-1-1 public safety answering points and State Police dispatch centers throughout the state. In Calendar Year 2009, the Division recorded more than 750,000 9-1-1 calls. The ability to accurately record, retrieve, and maintain these recordings are critical for evidential, investigative, and homeland security purposes. The current recording systems are at the end of their life cycle. They are not capable of integration or central storage, and are experiencing increased failure rates. A new, secure, centralized storage system is needed to meet the current and future needs of the Division.

Most of these requests may be familiar to you from last year's testimony. Unfortunately, with the passage of time, the poor conditions have worsened and the cost of repairs or replacement continues to increase.

The needs I have briefly outlined here today are vital to the ongoing operations and success of the Department of Law and Public Safety. I want to advise you that there was one change, in that priority No. 6 we're requesting to be removed off the table as we came up with an alternate solution to that.

I will be glad to answer any questions you may have, and thank you again for your time.

MS. MOLNAR: Thank you.

I have just one question about priority No. 4 -- the Point Pleasant services. Have alternative locations been looked at all?

MR. FOSTER: We have looked at alternative locations. It's very difficult to find one that would be able to sustain the operation that is currently at that location. It's where the central hub is for most of their maintenance and repairs. A suitable alternative site hasn't been located yet. The fact of the matter is, we have the same, similar problem up in Newark, where we're trying to find alternate location.

MS. MOLNAR: Okay, thank you.

Any questions or comments?

Senator.

SENATOR OROHO: Just have a question, with respect to-- You mentioned it's been a number of years since you've had a cap -- you've actually gotten capital funding. How many years has it been since Public Safety has gotten some?

MR. FOSTER: Oh, the history?

SENATOR OROHO: Yes.

MR. FOSTER: Or in the previous -- past couple of years?

SENATOR OROHO: Because I think there was no funding last year.

MR. FOSTER: None. I think the last time we got some funding was in 2009, and some of that money was actually lapsed back to the General Fund.

ASSEMBLYWOMAN POU: Madam Chair.

MS. MOLNAR: Yes, Assemblywoman.

ASSEMBLYWOMAN POU: No, no, I don't want--

SENATOR OROHO: No, go ahead.

ASSEMBLYWOMAN POU: I'm sorry. I thought when I asked the question earlier, that funds could not be lapsed, the response was that any decision that is made by this Commission -- those funds cannot be lapsed back into the General Treasury.

MR. VARI: Well, no, the process is: If a project -- a capital project -- is approved for funding, the request comes in at an amount that's going to be for the 100 percent for that project. So if it's going to take three years to do, for example, an HVAC project, they're going to request all three years of funding in the first year. As that project is started -- design phase, construction phases -- those funds, they're non-lapsable. They automatically carry forward -- the capital appropriation.

What happened in '09 was, we had the appropriation, but before the projects even got off the ground--

ASSEMBLYMAN WOLFE: They cancelled them.

MR. VARI: Right, we cancelled the projects and lapsed the funding. So it's permitted-- Normally a capital project would just be a non-lapsable account. It's not like a DSS account where it lapses. So if the funds are appropriated, and the project is moving forward, generally it wouldn't lapse.

ASSEMBLYWOMAN POU: Just keeping in mind with your description, and while we're-- I'm sorry, this is not necessarily related to the Department of Law and Public Safety's capital request, but perhaps related: In response to my earlier question, that was on the new construction for the State Police facility that we talked about earlier. Does that mean if they do their three-year project, would any of those dollars

that are not expended during that period -- would any of those funds be lapsed?

MR. VARI: Again, those are Building Authority funds.

ASSEMBLYWOMAN POU: Okay.

MR. VARI: So I'd have to see how the project plays out, in terms of funding. Sometimes when they've had surplus funds from other projects, they came-- Like last year, they came before the Commission again, and we reallocated those dollars.

ASSEMBLYWOMAN POU: So it comes back to us, or does it go back to the General Treasury?

MR. VARI: No, in that case it was just Building Authority money, and they came to us with a resolution with a list of other projects they wanted to reallocate.

ASSEMBLYWOMAN POU: Okay. I just-- It just seems-- I need a clarification. I'm not so sure I'm still clear on that, because I think while you're indicating that it cannot be done for the purpose of the project that's in place -- but you seem to feel as though there may be the possibility that some of those funds, depending on what happens, can in fact be lapsed.

MR. VARI: Right. At the end of the fiscal year, if it's a capital project -- and we don't actually go in and cancel it and lapse the funds -- those dollars are going to carry forward into the next fiscal year.

ASSEMBLYWOMAN POU: When you say *we*, who's *we*?

MR. VARI: OMB -- the Treasury.

ASSEMBLYWOMAN POU: So OMB can decide to lapse those funds into the General Treasury if they see fit.

MR. VARI: Yes; it depends on the project.

ASSEMBLYWOMAN POU: So if we're approving a project that goes back to the \$4.1 million, or whatever that amount was, but the actual expenditure is -- I'm just going to make this number up for the purpose of the discussion -- \$3 million, \$1.1 million can be lapsed back into the General Treasury.

SENATOR OROHO: I think one, you have an Authority.

MR. VARI: Yes, that's a Building Authority project -- right? Is that what you're talking about -- the Building Authority project?

SENATOR OROHO: Yes.

ASSEMBLYWOMAN POU: Yes, yes.

MR. VARI: No, that's a Building Authority project, so we don't lapse--

MS. MOLNAR: It doesn't lapse.

ASSEMBLYWOMAN POU: Okay, let me-- Do not make it a Building Authority project -- any project that we're acting upon. Let me rephrase the question: Any project that we're voting on that deals with the funding of that particular project, can any of those funds be lapsed into the General Treasury?

MR. VARI: Yes.

ASSEMBLYWOMAN POU: Okay -- which is different from what was stated to me earlier.

MR. VARI: Well, in terms of the Department of Education?

ASSEMBLYWOMAN POU: No, no, no -- I think it was the one before that. It wasn't the Department of Treasury.

SENATOR OROHO: Oh, Human Services.

ASSEMBLYWOMAN POU: No, it was the first one.

MS. MOLNAR: Building Authority?

ASSEMBLYWOMAN POU: Well, the Building Authority.

MS. MOLNAR: Yes, it's a different animal, yes.

ASSEMBLYWOMAN POU: Okay, okay.

So all Building Authority, Department of Ed, Public Safety -- obviously State Police is part of-- But all of those can be lapsed, but not the Building Authority. Is that correct?

MR. VARI: Correct, yes.

ASSEMBLYWOMAN POU: Thank you.

MS. MOLNAR: Okay.

Any questions for our presenters? Any further questions?

SENATOR OROHO: No, I'm good.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN WOLFE: Yes, I'm sorry. I had to be out of the room for just a couple of minutes.

In your proposals, you have specialized equipment for the Medical Examiner and for communications infrastructure equipment, I guess, for a number of facilities to upgrade them. Is there Federal funds available for either of those?

MR. FOSTER: We have used Federal funds whenever possible. We've applied for Federal funds for the Medical Examiner's Office, but we have yet to get anything to be able to address that.

ASSEMBLYMAN WOLFE: Right. How about for the infrastructure -- the communications upgrades? Is there Homeland Security money available for that, or is there--

MR. FOSTER: Not for that. We have gotten some-- Well, we do get a some of the money from 9-1-1 communications. But the 9-1-1 assessment that gives out to-- No, it's not for infrastructure.

ASSEMBLYMAN WOLFE: Well, I'm all for that bulkhead repair in Point Pleasant, since I live about a half-a-mile from there. (laughter) They need that bulkhead, those Marine Police guys.

Thanks a lot; thank you.

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

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

SENATOR OROHO: We're not done; we have some other action to take care of.

ASSEMBLYMAN WOLFE: Oh, we do?

ASSEMBLYWOMAN POU: We do?

SENATOR OROHO: We've got minutes and-- Do we still have a quorum?

MS. MOLNAR: We have exactly seven, enough to-- We have a hold-over -- Executive Director hold-over for Chair and Vice Chair, and minutes.

ASSEMBLYMAN WOLFE: I move those.

MS. MOLNAR: Wow.

SENATOR OROHO: I second.

This is for which one? This is for the Executive Director, and the Chair, and Vice Chair?

MS. MOLNAR: Yes; so you're making a motion to appoint Jim Vari as Executive Director, Carol Molnar as Chair, Anthony Annese as Vice Chair. Okay -- three items.

SENATOR OROHO: So we can make that in one motion?

MS. MOLNAR: That saves time.

SENATOR OROHO: So moved.

ASSEMBLYMAN WOLFE: Second.

MS. MOLNAR: Okay, we'll take a--

MR. VARI: On the motion to approve the nominations for Executive Director, Chair, and Vice Chair.

Senator Oroho.

SENATOR OROHO: Yes.

MR. VARI: Assemblywoman Pou.

ASSEMBLYWOMAN POU: Yes.

MR. VARI: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

MR. VARI: Mr. Stridick.

MR. STRIDICK: Yes.

MR. VARI: Mr. Petrecca.

MR. PETRECCA: Yes.

MR. VARI: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. VARI: And Ms. Molnar.

MS. MOLNAR: Yes.

Just for some of our new members: The Chair and Vice Chair are voted on from the public members.

MR. PETRECCA: Nominated, right?

MS. MOLNAR: Yes, the nomination has to be from the public members.

ASSEMBLYMAN WOLFE: We did that.

MS. MOLNAR: We're short one public member so far.

MR. VARI: So it's always going to be Carol and Mr. Annese.
(laughter)

MS. MOLNAR: Well, I want you to know for the record: I was appointed by Governor Kean in 1987 to the Commission. I was reappointed by Jim Florio.

ASSEMBLYMAN WOLFE: Wow.

MR. VARI: And have you served as Chair--

MS. MOLNAR: And I've served as Chair-- When Whitman became Governor, I was appointed Chair.

ASSEMBLYMAN WOLFE: You've done a great job; you ought to stay.

MS. MOLNAR: Thank you. (laughter) It's great; you guys have great questions.

ASSEMBLYMAN WOLFE: So we don't have a quorum, but can we--

MS. MOLNAR: We do have a quorum.

MR. VARI: No, we have seven.

MS. MOLNAR: We can vote on the minutes.

MR. VARI: Madam-- That motion is approved.

MS. MOLNAR: Okay, we have to vote on the minutes, on Item 7 and 8 -- minutes from--

MR. VARI: Yes, the approval of minutes from February 23, 2010.

MS. MOLNAR: It's back to last year.

MR. VARI: Yes.

MS. MOLNAR: And September.

MR. VARI: And September. Do you want to do those as separate, or--

MR. STRIDICK: I can vote on February; I can't vote on September since I was absent.

MR. VARI: So then we'll be short.

MS. MOLNAR: We don't have enough votes, then, to vote on the minutes today.

SENATOR OROHO: No, we'll have to--

MS. MOLNAR: Next time, when Mr. Annese is here, perhaps we'll have enough.

SENATOR OROHO: Yes.

ASSEMBLYMAN WOLFE: I don't think I was here in February.

MS. MOLNAR: Yes; all right, good.

Senator Oroho brought up some good points about impact and having some of these questions -- discussion points maybe answered in the future. So it's very helpful.

Any questions? Anybody want to make comments?

MR. VARI: I did have an Executive Director--

MS. MOLNAR: Oh, Executive Director's report. I'm so sorry.

MR. VARI: Executive Director's little report; should only take about 45 minutes or so. (laughter)

I just wanted to let everyone know, on the roofing projects, we have budget language which appropriates \$5 million from the sale of real property for roofing projects. And over the last several years what we've done is budgeted, centrally, the roofing projects. And then we'll go out in the summer and evaluate the various needs that are out there. And what we're going to fund with that \$5 million is the Albert Wagner Youth Correctional Facility for \$2.6 million; the Ann Klein Forensic Center for \$1.5 million; Northern Jersey (*sic*) Prison medical building for just over \$500,000; and New Jersey Training School for Boys -- they have an administrative building roof that needed (indiscernible) work for \$466,000. So those are the roofs we have for this year.

MS. MOLNAR: Now, any of the roof requests we got today, would they--

MR. VARI: What happens is, the roof requests we're getting today and throughout this fall cycle will probably retain the \$5 million budget language to draw down from real property receipts. And then in the spring-summer time, go out and evaluate all those projects again, run them through a decision matrix, talk to the departments; and then, of course, obviously within the constraints of the dollars we have, make decisions in the fall at what we're going to fund.

SENATOR OROHO: For my understanding: So we have a separate fund for receipts from sale of properties?

MR. VARI: Yes, right. The sale of real property receipts have to be used for capital projects.

SENATOR OROHO: Right. But within there we have a separate roofing program -- re-roofing program -- that was already existing?

MR. VARI: Correct. We had a central account for roofing. Since there hasn't been an appropriation, we've used budget language to get the \$5 million from the receipt account -- the sale of real property -- and that funds our roofing projects.

SENATOR OROHO: Okay. Just as a question, as a Commission member: How do we make the determination-- Can those receipts be used for any other capital project, or must they be used for roofing?

MR. VARI: Oh, no, no.

SENATOR OROHO: Any?

MR. VARI: Capital projects, right?

SENATOR OROHO: Okay. Is there any reason why that wouldn't go into the bucket of funds for all projects?

MR. VARI: Well, we're talking about a very limited dollar amount here. I mean, it's \$5 million; you see some of these roofing projects coming through at over \$2.5 million. So we're just, really, touching the iceberg of the roofing needs that are out there.

SENATOR OROHO: My point being is: So we've made a determination about the priority of the roofing; these projects are a higher priority than any other project that we hear.

MR. VARI: Well, we're hoping, obviously, to have other funds for other types of projects. I mean, there's HVAC funding, clean energy funding which goes through John Rhodes' office--

SENATOR OROHO: My point, though: We vote on it-- I imagine we'll vote on a capital program.

MR. VARI: Yes.

SENATOR OROHO: Based upon what we've heard.

MR. VARI: Right.

SENATOR OROHO: So we're not voting on this.

MR. VARI: No, I'll show you the language, the proposed language.

SENATOR OROHO: But will this be part of the regular capital budgeting program that we will vote upon, that is essentially the Executive Director's recommendation that this is a high priority?

MR. VARI: Correct.

SENATOR OROHO: So it's part of the regular (indiscernible)? Okay. So it's something we will end up taking official action on?

MR. VARI: Yes.

SENATOR OROHO: Okay, all right, thank you.

I just wanted to make sure I understood.

ASSEMBLYWOMAN POU: I'm sorry; let me just follow up with a question on that. Does that mean, then -- how much was it? Five million dollars, did you say? The \$5 million from the budget language which, in essence, we've all already approved because it's part of the budget to begin with, so we're just simply-- Well, we did-- It's actually authorized for the use of that, because of the budget approval. So why are we-- How is that we're, once again, applying those \$5 million? Are we just agreeing with the recommendation of what those individual projects are but, in essence,

those projects-- You can use those dollars right now without any further approval from this Commission, is what it sounds like to me.

MR. VARI: Correct. That's what I'm telling you; right. The Commission gave me the \$5 million, and then from that \$5 million--

ASSEMBLYWOMAN POU: The Commission or the budget--

MR. VARI: Well, the Commission recommended it; the budget approved it.

ASSEMBLYWOMAN POU: Okay.

MR. VARI: Okay? And then from that \$5 million, because there's just such a long list of building projects out there, I don't think we could, in any way, choose the top projects in this setting. So what the Commission's asked me to do over the last several years is go through all those requests and make the decision, and I'm informing you of those decisions.

ASSEMBLYWOMAN POU: So in essence, what it sounds like is that there's going to be more than \$5 million-- There could be more than \$5 million allocated for the use of roofing, if this Commission is so inclined to approve any of the requests that came before us, plus the recommendations of the Executive Director. So that we may very well be saying, should that be the decision of this Commission that -- I'm just going to use a figure -- that a total of, maybe rather than \$5 million, it might be \$8 million used for that purpose.

MR. VARI: Well, obviously, since this is coming from the sale of real property, we're going to have to--

MS. MOLNAR: It's fine, I--

MR. VARI: --we're going to have to go out and see what kind of receipts they think they're going to get for '12.

So if you're talking about -- just change the budget language do you mean? Like go from--

ASSEMBLYWOMAN POU: No, no. no.

MR. VARI: Are you saying keep the \$5 million there--

ASSEMBLYWOMAN POU: I'm just saying, technically, we may very well be approving more than \$5 million of roof repairs for this fiscal year for any number of--

MR. VARI: It's possible.

ASSEMBLYWOMAN POU: Your recommendation, plus if we're so inclined to accepting any of the recommendations from the folks who came in today.

MR. VARI: Correct.

ASSEMBLYWOMAN POU: Do you do a general assessment of-- Is there some kind of assessment of all of the needs -- the capital needs -- and then do you put out one large specification for an RFP where you're now getting those figures? Because why are we not helping-- Why are we not trying to utilize a more efficient use of the dollars? For example, if we know there's a \$10 million need out there, why not put out a specification for roofing repairs to see what we get in return?

MR. VARI: I'm not sure I understand the question here.

I mean, the needs for roofing total--

ASSEMBLYWOMAN POU: If the need is -- this is my question -- if the need is \$10 million for roofing purposes, the State has so identified X number of repairs--

MR. VARI: Yes.

ASSEMBLYWOMAN POU: --put out one general statewide specification for contractors to come in--

MS. MOLNAR: To come and bid.

MR. VARI: Oh, all right -- the bidding process.

ASSEMBLYWOMAN POU: --and bid on that particular (indiscernible). Why are we not--

MR. VARI: I know we've talked about that with DPMC before, but each roof is so unique--

ASSEMBLYWOMAN POU: No, no, no -- I get it.

MR. VARI: They do do projects--

ASSEMBLYWOMAN POU: Sure. No, I understand that. But you're leveraging the cost, then. You're leveraging the dollars; you're providing-- You're allowing for better use of those funds, because now outside experts and professionals and contractors are now providing you with a possible good, same quality of product and a lesser cost for the repair. Why wouldn't we want to leverage that type of system?

MR. VARI: Something I guess we could talk about.

SENATOR OROHO: I think they do, but I would imagine it's probably--

ASSEMBLYWOMAN POU: Well, I don't think they do do that.

SENATOR OROHO: No, it's Property Management.

MR. VARI: DPMC -- right.

SENATOR OROHO: The Department that does all the bidding. We do the approval of the overall capital plan.

ASSEMBLYWOMAN POU: But couldn't we recommend that?

MR. VARI: We could talk to Steve Sutkin about that.

ASSEMBLYWOMAN POU: Okay, thank you.

SENATOR OROHO: It would be interesting to know what their actual process is.

MS. MOLNAR: Yes, Assemblyman.

ASSEMBLYMAN WOLFE: Completely different question.

Is it possible to change the date of the next meeting (indiscernible)? There's a League of Municipalities meeting.

MS. MOLNAR: It always conflicts with the League. We have problems with that.

MR. VARI: The November meeting?

MS. MOLNAR: Yes, it's the League week.

ASSEMBLYWOMAN POU: The 19th, I think you have it down for.

MS. MOLNAR: It always falls in League week.

MR. VARI: I think the following week is Thanksgiving.

MS. MOLNAR: You'd have to move it to the week before then, the 12th -- November 12. Will the departments be ready?

SENATOR OROHO: There's no operating impacts, so we might as well--

MS. MOLNAR: I don't think Mr. Annese can make that meeting -- he can't make the 12th, just so you know. So everybody else would have to show.

MR. VARI: Okay. I think we should-- Tom, we shouldn't have any problems with the departments.

UNIDENTIFIED MEMBER OF AUDIENCE: (indiscernible)

MR. VARI: We'll have to ask--

MS. MOLNAR: Flexible room, yes. Hopefully this room; if not, the one down the hall is fine.

MR. VARI: All right, so we'll check on the room availability and notify the departments and everyone.

MS. MOLNAR: Okay, good.

Normally we do the debt report, so we had to push it out because they were never ready with the CAFRA report. So that's not an issue, since the debt report is in December.

So okay, all right.

No other questions? (no response)

Meeting adjourned.

(MEETING CONCLUDED)