
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: October 26, 2007
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony F. Annese, Vice Chair
Assemblyman Joseph Cryan
Assemblyman Guy R. Gregg
Gary Brune
Jack Donnelly
George LeBlanc
David Rousseau
Paul Stridick



ALSO PRESENT:

James F. Vari
Executive Director
New Jersey Commission on Capital Budgeting and Planning

Meeting Recorded and Transcribed by
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B. CAROL MOLNAR (Chair): I'd like to call the meeting to order. In accordance with the Open Public 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 faxed to the Trenton *Times* and the *Star-Ledger*, and filed with the Office of the Secretary of State.

We'll now take a roll call.

MR. VARI (Executive Director): For Senator Bryant, Mr. LeBlanc.

MR. LeBLANC: Here.

MR. VARI: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. VARI: Assemblyman Gregg.

ASSEMBLYMAN GREGG: Here.

MR. VARI: Mr. Rousseau.

MR. ROUSSEAU: Here.

MR. VARI: Mr. Stridick.

MR. STRIDICK: Here.

MR. VARI: Mr. Brune.

MR. BRUNE: Here.

MR. VARI: Mr. Donnelly.

MR. DONNELLY: Here.

MR. VARI: Mr. Annese.

MR. ANNESE: Here.

MR. VARI: Chairwoman Molnar.

MS. MOLNAR: Here.

MR. VARI: Madam Chair, you have a quorum.

MS. MOLNAR: Thank you.

The next items -- approval of the minutes of September 7, 2007, and September 28, 2007.

MR. STRIDICK: I'll move both.

MS. MOLNAR: Okay, we'll take them together.

Do I hear a second?

ASSEMBLYMAN GREGG: Second.

MS. MOLNAR: Okay.

MR. VARI: On the motion to approve the minutes of September 7, 2007, and September 28, 2007, Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Abstain.

MR. VARI: Assemblyman Gregg.

ASSEMBLYMAN GREGG: Yes.

MR. VARI: Mr. Rousseau.

MR. ROUSSEAU: Yes.

MR. VARI: Mr. Stridick.

MR. STRIDICK: Yes.

MR. VARI: Mr. Brune.

MR. BRUNE: Yes.

MR. VARI: Mr. Donnelly.

MR. DONNELLY: Yes.

MR. VARI: Mr. Annese.

MR. ANNESE: Yes.

MR. VARI: Chairwoman Molnar.

MS. MOLNAR: Yes.

MR. VARI: Madam Chair, the motion passes.

MS. MOLNAR: Thank you.

Our next item is the Executive Director's report.

MR. VARI: Thank you, Madam Chair.

I just want to draw your attention to -- Children and Families submitted their report, as required by the Appropriations Act, on the SACWIS project, and that's available for you. We handed that out. The SACWIS project totals 70.4 million in State and Federal funds, and the Fiscal '08 Appropriation Act does include 2.8 million in language for additional funding for the project.

Basically, the Department reported that they are -- have completed the SACWIS project and they've trained all 5,000 of their case workers on how to use the system. And the DFC does not anticipate requesting additional capital funds for this project. They have noted, however, that there will be on-going operating expenses. And I'd imagine that's something we would look at, to see what other type of applications the SACWIS project has replaced -- if there would be some savings.

Assemblyman Gregg asked a question on the Uniform Fire Safety Code at the last meeting, and why we had to -- why the State House now has to -- it's recommended to put in the fire suppression system in the basement. And DPMC reported back that the Fire Safety Code was adopted in 1987, following the State Uniform Fire Safety Act of 1983. So in a sense, the State House was never really exempt from the Fire Safety Code.

ASSEMBLYMAN CRYAN: It's good to be government.

MR. VARI: Yes.

Mr. Stridick asked about the \$800,000 cost estimate for New Lisbon. That's just an error. There is no actual cost estimate for that project that came in, but we'll have to follow up on that.

And finally, Mr. Brune asked Military and Veterans Affairs to provide OMB with the strategic plan for the armories. And that has not been submitted to us yet, but Colonel James Grant is working on that.

Madam Chair, that concludes my report.

MS. MOLNAR: Thank you.

ASSEMBLYMAN CRYAN: Question?

MS. MOLNAR: Yes.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: SACWIS is 70.2, but it said they're looking for 2.8 in additional money?

MR. VARI: No. It's 70.4 million. They have 2.8 million in language in the '08 appropriation, and that is included in the total.

ASSEMBLYMAN CRYAN: Yes, right. That's part of it, right? Okay.

MS. MOLNAR: Okay.

Any other questions or comments? (no response)

If not, we'll move along to our capital requests. Our first department is the Department of Environmental Protection. I'd like to welcome John Watson Jr., Deputy Commissioner.

D P T Y . C O M M I S S I O N E R J O H N S . W A T S O N J R .:
Good morning, Madam Chair and Commission members. We appreciate the opportunity to come before you this morning to talk about the

Department of Environmental Protection's capital needs for Fiscal Year 2009.

At the outset, just let me first acknowledge the incredible challenges that we all face this budget cycle, as we address the monumental task of balancing our critical capital needs against the demands of a much smaller revenue base. With that said, I'm here to request your consideration of \$25.9 million in capital funding to address some of the most urgent needs that do not have alternate funding sources for our Department's work.

In summary, our capital needs represent 4 percent of our entire capital budget request. Our capital request includes investment in our information and technology systems, flood control and dredging projects, funding for the Palisades Interstate Park Commission, and for our State Mosquito Control Commission. For the sake of time today, I will only highlight some of the Department's needs from our comprehensive list, which has been distributed to all of you earlier.

On the information technology investment front, the Department has worked closely with OIT to identify the IT capital budget needs contained in this request. These investments are all essential to efficient service; and protecting the environment, and the public health and safety of our great state's residents.

The upgrade of wiring that is 20 years old in the Department Station Plaza 4 and 5 complex, and the replacement of our IT network switches is at the top of our list. The DEP switches are out of warranty, in end of life, and must be replaced or staff will lose the access to critical data systems required to perform the day-to-day functions, like evaluating

permits, performing inspections, taking enforcement action, and cleaning up contaminated sites throughout New Jersey.

Another information technology priority is to fund the Department's and OIT's enterprise Citrix infrastructure. Citrix provides the necessary access to the Department's enterprise data systems by our field operations, who are responsible for emergency response, routine investigations, and compliance inspections. It also provides access to county environmental health inspectors to perform their share of the DEP-related work.

We are also hopeful to migrate to the State standard e-mail system, which among other things supports eDiscovery, archiving, and search capabilities to meet legal requirements and reduce staff time spent fulfilling electronic discovery requests. The Office of Administrative Law indicates that our Department has the greatest number of litigation issues and the greatest need for eDiscovery tools.

One of the last items that I wanted to mention this morning on the IT is our need to expand the imaging infrastructure to reduce paper file storage and costs, provide faster access to information, and increase work flow efficiencies while providing information online to the public. The DEP has received over 60,000 OPRA requests over the past five years, since the beginning of the Act -- the Open Public Records Act. Just last year the DEP saw 18,000 requests to our Department alone, and that eclipses the number of requests for all other departments in the State combined. Presently, there are 45,000 boxes stored in our Division of Archives and Records Management. And providing an imaging solution will facilitate greater

access to our records, reduce our storage and rent needs, and improve our response time to OPRA requests, as the law expects.

On the flood control front, flood control projects contained in our requests include funding required as the State's match to the Federal HR-6 projects. Specifically, \$10.6 million in State funds will leverage \$31.7 million in Federal funds. Major projects to be continued in Fiscal Year 2009 include the Green Brook, South River, Saddle River, and Passaic River flood control projects. Also requested is the funding necessary to support the New Jersey District Water Supply Commission's management and operation of the first completed Federal flood control facility on the Ramapo River.

We also propose \$6 million in capital moneys for dredging so that we can maintain New Jersey's navigational channels along our intercoastal waterway, and prevent all of the serious and significant issues and problems we have with shoals in our waterways, and the fact that we have not been able to do routine dredging of our navigational channels.

The Department requests \$3.3 million on behalf of the Palisades Interstate Park Commission. This funding will provide \$1.2 million for recreational development projects; \$1.7 million for road improvements, like along the Henry Hudson Parkway; and \$400,000 for historic preservation projects.

Our Mosquito Control Commission is requesting \$870,000 for the replacement of their heavy equipment used by county Mosquito Control Commissions for their open marsh management projects, which really serve to reduce the requirement and need for the use of larvacides and other pesticides to control our mosquito populations. They're also

requesting \$161,000 for open marsh management projects at the Forsythe National Wildlife Refuge.

The detailed package provided to you, as I said earlier, contains a sampling of projects, that are in various stages of completion, that are funded entirely or partially through our dedicated revenue sources. There you will find information on our shore protection projects. The New Jersey Shore Protection Program remains viable with the annual dedication of \$25 million. That funding, coupled with Federal and local support, has been and will continue to be critical to the State's efforts to protect our coastline and support our tourism industry and our coastal economy.

The Department has identified \$45.9 million in shore protection projects, which represents our need to meet Federal funding matches if all Army Corps of Engineers endorsed projects are fully authorized for funding by Congress.

Our Fiscal Year 2009 capital request focus on beachfill projects that cover such areas as Sea Bright, Long Branch, Ocean City, Absecon Island, and Long Beach Island. As in the past, our requests for dedicated Shore Protection funds will be used in large part to leverage approximately \$98.7 million in Federal funding.

Our site remediation -- on our site remediation side, our Fiscal Year 2009 capital needs for remediation include funding to continue ongoing remediation and cleanup projects, water line replacements, and closure of sanitary landfills. Offsetting part of these needs, we anticipate Federal participation from the Superfund Program at a level of \$10 million, and \$41.3 million from the CBT dedication. Cleanups -- we've been fortunate because of the CBT funding set aside, dedicated to the

Department of Environmental Protection, to negate the need to issue bonds for those projects over the past 10 years.

On our public lands projects, over 18 million people visit our State park system alone, annually. The Department is responsible for 42 State Parks, 11 State Forests, three recreation areas, 118 Wildlife Management Areas, 43 natural areas, and 50 historic sites, villages, and districts. Those sites encompass approximately 750,000 acres of New Jersey's landscape, and we have over 1,900 structures on those properties that we're directly responsible for.

And as all of you know, last year the voters approved a constitutional amendment from the CBT that ensures a stable source of funding for capital improvements for DEP managed lands. And this amendment has dramatically changed the Department's capital request as it is before you today. We are no longer dependent on variable capital funding levels to conduct the work in our Parks and Wildlife Management Area facilities, and we're very proud of that and very happy about that.

The New Jersey Environmental Infrastructure Financing Program just completed its 31st financing year, proving to be a valuable asset to the State in terms of water quality protection. Two weeks ago, the Environmental Infrastructure Trust accepted bids on \$220 million in new bonds to move those critical water protection projects forward.

On our Open Space Preservation Fund -- I just wanted to end up with. On November the 6th, as you all are well-aware, listed as Public Question Number 3, the voters are being asked to approve \$200 million in general obligation bonds that will provide needed funding to temporarily continue New Jersey's open space, farmland, and historic preservation

programs, administered by the Garden State Preservation Trust. Our progressive voters have consistently supported statewide ballots for open space since 1961. And every county and over 230 municipalities now have their own dedicated source of funding, on which they are very hopeful to continue to be able to leverage the State funding as we move forward in protecting the quality of life in New Jersey and our remarkable landscape.

And again, I'd like to thank you very much this morning for calling us before you. And I have beside me David Barth, who is our director of Finance and Budget for the Department; and Sherry Driber is sitting in the back bench, as she is our Chief Information Officer, and we'd be happy to try to answer any questions that you have at this time.

Thank you.

MS. MOLNAR: Thank you.

I have one question. Back in June, there was an article in the paper. It said, "Four beaches have been closed as a precaution against stormwater discharge from Wreck Pond. Runoff from Wreck Pond is a frequent cause of beach closures." What's the status of Wreck Pond?

DEPUTY COMMISSIONER WATSON: Madam Chair, Wreck Pond is a hugely complicated issue. We invested quite significantly a number of years ago in extending the outfall structure at Wreck Pond, with the hopes that we would send the materials that are coming out of the Pond itself further out into the surf so that it would be a little more diluted and would reduce the number of closings. With that said, we have some significant issues there that are going to be -- require very costly fixes, unfortunately. We have a major wildlife population there that's contributing to the contamination of that lake. But generally speaking, the

closings at the beaches near Wreck Pond are precautionary. Any time that there's a specific amount of rainfall, we close those beaches as a precautionary measure. Our programs continue to look at potential solutions to that problem -- like working along the shorelines and figuring out how we go about addressing that significant problem. But it is something that we hope to address in the future.

MS. MOLNAR: Thank you.

Any other questions or comments?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I want to follow up on the Wreck Pond issue. Didn't we approve Wreck Pond money off this Commission? Is there a funding issue at Wreck Pond?

DEPUTY COMMISSIONER WATSON: Dave.

E. DAVID BARTH: Good morning, Assemblyman.

Through the Chair, you have provided money out of the Shore Protection Fund to extend the pipeline.

ASSEMBLYMAN CRYAN: Right.

MR. BARTH: In addition, out of the CBT watershed dedication, we have provided funding to Monmouth County, and the four municipalities whose land contributes to the Wreck Pond problem, to address upland issues relative to the contamination. So we are addressing the various funding components, or the restoration of that, over time.

ASSEMBLYMAN CRYAN: Some of us thought that, when that money came out, we were solving the problem of Wreck Pond. And we didn't dream it -- I'll speak for myself, but I would imagine there might be others on this dais who thought that. What's the deal?

DEPUTY COMMISSIONER WATSON: Well, Assemblyman, respectfully, I certainly respect your expectation there, but I don't think that our Department thought that that was a complete fix. We knew that it was a component of an overall solution to try to reduce--

ASSEMBLYMAN CRYAN: Well, how much is it to fix it? What's the tab?

DEPUTY COMMISSIONER WATSON: I can provide that information to you later. I mean, obviously, the -- I believe they think that the ultimate solution is the dredging of that entire pond, which has considerable siltation in it and--

ASSEMBLYMAN CRYAN: Okay. Well, through the Chair, I'd like to request, as someone who voted for the Wreck Pond -- I'll speak for myself here -- someone who voted for the money for Wreck Pond, which has been on this Commission's list since I got here, since I've been on it, that -- and someone who absolutely thought that the authorization of that money was solving the issue -- that I'd ask for a comprehensive *how much is it to fix it*, so that we don't have to hear newspaper articles about precautionary closures.

DEPUTY COMMISSIONER WATSON: We'd be happy to provide that information to you, Assemblyman.

ASSEMBLYMAN CRYAN: That's amazing.

I have a question on the IT stuff.

DEPUTY COMMISSIONER WATSON: Sure.

ASSEMBLYMAN CRYAN: A couple-- It's just -- I'm fascinated by the fact that the technology-- Are we that far behind in

routers and things? How old is the stuff, that we need to bring remaining offices up to par?

S H E R R Y D R I B E R: I'm sorry, Assemblyman, I didn't hear the question.

ASSEMBLYMAN CRYAN: Priority one, the category for the wiring upgrade?

MS. DRIBER: Yes.

ASSEMBLYMAN CRYAN: How far behind are we in terms of technology and e-mail?

DEPUTY COMMISSIONER DRIBER: In those particular buildings that we're asking to upgrade the wiring, the wiring is subcategory 3. Category 5-E is considered the current standard, but on it's way out. That's how far behind those particular buildings are. The wiring is 20 years old.

ASSEMBLYMAN CRYAN: That's-- So the Department of Environmental Protection has 20-year-old wiring, in the time when we're moving to technology in order -- and you guys don't even have the Microsoft-- You guys aren't even on Microsoft, is that right? Or what's the exchange, Microsoft Exchange?

MS. DRIBER: Microsoft Exchange is the State's new standard for e-mail system, we're currently using group wise.

ASSEMBLYMAN CRYAN: How did everybody else pay for that? If it's a State standard, other departments have it, right?

MS. DRIBER: The State's actually just moving to Microsoft Exchange. There are seven agencies, I believe, that currently use Exchange. And for those agencies that are not, we are looking to move them.

ASSEMBLYMAN CRYAN: How did the seven pay for it, do you know?

MS. DRIBER: No. I'm not aware of that.

ASSEMBLYMAN CRYAN: Okay. And my other question is: The idea of 45,000 boxes, with the OPRA requests -- and people pay for OPRA, right? -- but you guys have two-thirds of all the OPRA requests in the state, right? And let's face it, what you're really doing here is funding, in a lot of cases, not all, engineers from private firms that request documents from you, and you basically have become a clearinghouse for these folks at a -- I think what most would consider to be a discount rate. Do I basically have that about right?

DEPUTY COMMISSIONER WATSON: Well, there's really no charge other than the copying that comes along with it.

ASSEMBLYMAN CRYAN: Right. Yes.

DEPUTY COMMISSIONER WATSON: So they do come in and access that information. But we're hopeful that by providing the information electronically that it might cut down on the direct OPRA request list, because the information will be readily available.

ASSEMBLYMAN CRYAN: Have you guys looked at the fees -- and I want to be clear, I sponsor a cost-of-copying bill, because I think it should be uniform around the state -- but I think it should be for the public, not for -- I'll be blunt -- I don't think it should be for private engineering firms, and people like that who are making a profit and turning it over. And I know that's what's happening in many cases in your Department.

DEPUTY COMMISSIONER WATSON: Yes.

ASSEMBLYMAN CRYAN: Has there been any look, when you're only looking--

By the way, with the \$500,000-- Let me ask this question first: With the \$500,000 in digital image storage system, would that eliminate, over time, the 45,000 boxes? Would you be able to image those, and store them, and put them electronically?

MS. DRIBER: I believe that some of those boxes will still have to be maintained. I'm not sure of the exact number. For example, in the Site Remediation Program, under DARM requirements, those files are required to be kept for at least 30 years.

ASSEMBLYMAN CRYAN: Right. But then they have to be kept in paper?

MS. DRIBER: Yes. Well, yes, in some cases.

ASSEMBLYMAN CRYAN: You can't image them and use that?

MS. DRIBER: In some cases.

ASSEMBLYMAN CRYAN: Okay. So I guess what I wanted to ask you is, can you look at fees? Especially when you're not -- and let's be candid -- you're not taking away from the general member of the public in most cases here -- and I want to make that abundantly clear -- that we look at some sort of fee impact on these image storing systems. And frankly, maybe even in some of these upgrades that make sense, because it's -- that's who you -- and you're dealing with for-profit companies in a lot of respects, aren't you?

DEPUTY COMMISSIONER WATSON: Yes, we are. Yes, we are.

ASSEMBLYMAN CRYAN: Really? And I'd encourage you to look at that, and tell you that, as somebody who sits in the Legislature and believes it should be uniform the other way and more accessible for the general public, that there should be some accountability there for the amount of work. It costs you guys \$5 or \$6 million a year, doesn't it, to do this request?

DEPUTY COMMISSIONER WATSON: Yes, it does.

ASSEMBLYMAN CRYAN: Okay. Thanks.

DEPUTY COMMISSIONER WATSON: Thank you, Assemblyman.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Jay, don't we have the ability to charge a little more than actually just the cost of copying? Don't we have the ability to charge some fee for the collection of the information, etc., on these OPRA requests? This is not an issue that's just DEP. I think Treasury is probably second, after DEP. And as the Assemblyman said, I mean, I don't think whenever one of these -- the gentlemen over here on the Legislature voted for OPRA, they thought that they were opening up a whole-- OPRA was for the public to get access to things. And what's happened is, you now have a whole cottage industry that's been started, of companies. And actually, it's ironic that by you putting it into some digital mode it's actually going to save those companies even more money now. Now they don't have to take hard copy and turn it into something. They're just-- You're going to take one step out of their process. But you know, I really think what really has to happen is, that we really need to relook at OPRA --

what? -- 10 years later -- isn't it about 10 years later? -- and look at what happened and what--

DEPUTY COMMISSIONER WATSON: It's five. Yes, five years.

MR. ROUSSEAU: Five years it's been? Five years. And look at whether or not there should be more charges for some of the work that goes into-- Look, I get an OPRA request from a newspaper or somebody like that asking that -- wants to see all my-- And even the deal with e-mails from, you know -- and I have to go through every single e-mail. So there's the cost of not just copying that thing, there's the cost of two hours of my time or two hours of my administrative assistant's time, etc. But you can do more than just-- Right now, you can do more than just the copying fee, right? We can't add in some fee, right?

DEPUTY COMMISSIONER WATSON: I don't believe there's an opportunity to--

Can you get on (referring to PA microphone)?

MR. BARTH: Through the Chair, we do charge for extraordinary time, but that's usually after we've spent at least three to five hours of just base time collecting the data. It's when we go beyond that and can identify that there's thousands of records that may be subject to the specific request, and will take us time to go through the documents and redact them, that we can charge for extraordinary time. And we have an hourly rate for that.

MR. ROUSSEAU: Okay.

MR. DONNELLY: Madam Chair?

MS. MOLNAR: Mr. Donnelly.

MR. DONNELLY: Good morning, Deputy Commissioner.

DEPUTY COMMISSIONER WATSON: Good morning.

MR. DONNELLY: Could you describe the extent to which -- regarding Palisades Interstate Park Commission, either their own revenues or alternative sources are available for their capital needs?

DEPUTY COMMISSIONER WATSON: Sure. I'd have to defer to our Budget Director to answer that.

MR. DONNELLY: Thank you.

MR. BARTH: Through the Chair, the Palisades Interstate Park Commission does access Federal funds for some of its Parkway work. It's recreational development, and it's historic, is rather limited, as is the State, to other outside funding sources. But I think, as you will note, the specific request for improvements on the Parkway does have Federal moneys that are earmarked.

MR. DONNELLY: Just a follow-up. That's it for them, revenue-wise? Their own revenues, or--

MR. BARTH: Revenue-wise, the only other revenue that they actually bring in -- and I'm not sure if they have an entrance fee -- is revenue that's dedicated in the annual appropriation act, that comes off of revenues that they collect out of their police court and things for Motor Vehicle violations on the Parkway. That's dedicated back to their operation under the State's budget.

MR. DONNELLY: Thank you.

MS. MOLNAR: Any other questions?

Mr. Brune.

MR. BRUNE: Jay, on the first four priorities, the IT wiring, the e-mail, CITREX, and the routers: Has the Department considered, for the fee programs that are affected -- has the Department considered some type of a surcharge that might even be permanent in nature? Because this strikes me like this is not a need that comes and goes. But for the regulatory side of the Department, whether there would be some alternate solution about how to fund at least part of this?

MR. BARTH: Through the Chair, the Department has looked at that mechanism or that financing scheme in order to offset some of these expenses. Presently, the fee programs support our base operations relative to network consolidation, a help desk that underlies the Department's infrastructure relative to everyone being connected to the network. On an annual basis, that's about \$3 million that all the fee programs and the dedicated programs support. These expenses would more than double that assessment. And that, absent individual fee increases, the resources are not within the fee budget to support that expansion or these capital investments.

We've also looked at Federal funding as another possibility. And we have found, in very specific cases, the Federal Government has awarded grants to the Department for the development of software systems leveraging work with other states. Recently in the past year, we received a Federal grant from EPA to develop an air data exchange system between New York, Delaware, and New Jersey, and EPA. And that allows for the Department to upgrade its software systems and exchange data with EPA in the other states. In other situations, the Federal Government has made specific grant awards for very specific capital or equipment-related expenses,

such as upgrades to our air and radiation monitoring systems. But from a broad-based perspective, the Federal Government hasn't just given us operating support that addresses these issues more generally.

MR. BRUNE: Well, through the Chair, Dave, maybe if you could provide a list of the programs that would benefit from the first four priorities, maybe that would be a good start. And the thing we'd be looking for as part of that is, if we were to have a fee increase -- I know it's not in the base at the moment -- but if we were ever to have fee -- what would that require of them?

MR. BARTH: Certainly we could provide that, through the Chair.

MR. BRUNE: And in the same breadth, you know, the -- I think it's 1.5 million that we budget now for NJEMS. If we can get a detailed list of exactly what that goes for, the operating appropriation for that?

MR. BARTH: Yes, we can provide that as well.

MR. BRUNE: Number 5, you're familiar, I think, with the fact that there's a committee of sorts -- this is the digital imaging storage system. I believe, the committee includes the Division of Revenue and DARM. And most imaging, if not all imaging systems that are new, go through that committee for review and approval, and to benefit from their degree of expertise. Are you headed in that direction? Are you through that committee already, or--

MS. DRIBER: Yes. We actually have not started to work with that committee, but are very, very aware of the circular letter that has that requirement in it and have already started conversations with OIT.

MR. BRUNE: Okay. So you're at the beginning of that process?

MS. DRIBER: At the very beginning.

MR. BRUNE: The last question on HR-6. There's a spike this year, obviously, in the appropriation request, and I think the rationale was that we had the recent flood. But I wanted to ask you, is there a plan of sorts that gives us some sense of when we reach, sort of, the goal line for the various towns involved? Because the same towns pop up almost every year -- it's the Green Brooks of the world, and the Saddle Rivers. And the question becomes, I think, and at least in my mind, is there an end of town X's investment we have to put into?

MR. BARTH: Right. Through the Chair, we can provide that schedule. You are correct that you will see the Green Brook Project. It's a multi-year of individually, federally authorized funding each year. So our request matches what we believe the Federal Government will contribute, or actually the Federal Government takes the lead on. So we will provide the timeline on the various projects, to see when the goal line is on the individual projects.

MR. BRUNE: Okay. So through the Chair, the only thing that I might add to that, Dave, would be if you could differentiate between if we give you the normal -- I think it's just shy of \$6 million appropriation that we have been doing, versus the spike -- what are we not getting? What are we sacrificing if we just stay with the basic program?

MR. BARTH: Certainly we can provide that just to-- I know that, relative to the spike from what has been traditionally about \$6 or \$7 million a year to 10 million, it has driven-- Really, the primary driver is two

projects: one is the Federal lead on the Green Brook project or into much more construction, at this point in time, in the Bound Brook area; and off the top of my head I can't recall the other project, but I will provide that, through the Chair.

MR. BRUNE: Thank you.

MS. MOLNAR: Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Thank you, Madam Chair.

Through the Chair, I was just looking at your list of priorities, and one that jumped out at me is Waterloo Village, which is priority 50. And I note that the comments that we have are site improvements at Waterloo Village -- the purchase and installation of fencing, underground utilities, landscaping site development -- to upgrade the facility, make it safer and more aesthetically pleasing for clients. And adverse impact: lack of funding for this project would adversely affect safety and enjoyment of the clients. I would assume that all of you know that Waterloo Village is closed.

DEPUTY COMMISSIONER WATSON: Absolutely understand that, Assemblyman. And our desire is to get it back open and to do all the work that's necessary to make sure that it's a safe and attractive place to visit.

ASSEMBLYMAN GREGG: I certainly am glad to hear that, and I would hope that you would look at moving that 50, perhaps, a little higher. Because certainly, this Committee is about deferred maintenance. We talk about it all the time, and this is a perfect example of what happens when we either don't manage it well or monitor the buildings. And I

assume that list is just incorrect, because obviously you're not going to build fences around deteriorating buildings that have been allowed to fall into disrepair, and have heating and air conditioning problems that can't protect the assets that the State owns there. So, since it's in my backyard, I felt compelled to bring it up and hope that there is -- the priorities are not-- And I know things change, but this is the document we received. And to get a document that -- it's like seeing a document that says, "We need air conditioning," but the building isn't there anymore. So I would hope that the rest of these are more accurate than Waterloo Village and the priorities are certainly reviewed. So I ask, through the Chair, that if you could review those priorities and see if there are any other inaccuracies there that may either require a change in priority, at least, or a change in information as it reflects accuracy to the Committee.

Thank you, Madam Chair.

DEPUTY COMMISSIONER WATSON: Assemblyman, if I might add to that?

ASSEMBLYMAN GREGG: Please.

DEPUTY COMMISSIONER WATSON: Just through the Chair, this is basically a supplemental request for Waterloo Village. We are also doing a lot of work at Waterloo Village with the corporate business tax set-aside funding, as well, to get to those critical projects. So Waterloo Village as it stands, as a unit of the State Park Service, is certainly a priority for us, sir.

ASSEMBLYMAN GREGG: I am -- and through the Chair -- I am very much aware of that and appreciate the efforts that the Department has been going through. I, of course, would like to see some of those things

happen a little bit faster. And I'm glad to see that we're looking at parts of it in capital improvement, because we've been using actual cash to start the process of bringing the buildings and the facility back. But I would prefer to have those funds that are in that fund looked at more for operating expenses, to get it opened, than the capital expenditures, which certainly-- This is a real necessity. This is owned property. This is a facility that through a number of years and lack of management has been allowed to deteriorate. But I certainly do thank you for the money that has been coming, but hope that, one, the priority can move itself up.

I'm very familiar with Liberty State Park. I see it on the list in a number of places. I spend a lot of time there. I keep a little marine product there, so I spend a lot of time there, and I'm very appreciative to the way that area has been maintained. But I certainly would look at Waterloo Village as a higher priority than things that I see on that list, because I see nothing deteriorating in Liberty State Park. I'd love to see it improved and enhanced. But I will stay, parochially, with that one area because I think it's an incredible asset that we've lost, and I'd like to see it open as soon as we can.

DEPUTY COMMISSIONER WATSON: Thank you, sir.

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

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

DEPUTY COMMISSIONER WATSON: Thank you very much again.

MS. MOLNAR: Our next department is Department of Human Services. I'd like to welcome Ann Kohler, Deputy Commissioner.

D P T Y. C O M M. A N N C L E M E N C Y K O H L E R: Good morning, Madam Chairwoman and members of the New Jersey Commission on Capital Budgeting and Planning. I'm very pleased to have the opportunity to be here today and speak to you about the Department of Human Services Capital Budget request for Fiscal Year 2009.

With me here today is Katherine Fling, from our Office of Facilities Support, and Jim Zapicchi, from our Office of Budget Planning.

First, I'd like to say that the Department of Human Services greatly appreciates all the support that's been shown to us by this Commission and the staff of OMB, including Gary Brune and his staff.

As one of the largest social services agencies in the state, we serve more than a million people. These are the state's neediest and most vulnerable citizens.

Our annual requests for capital funding are based on the need to serve our clients, as well as our commitment to certain principles and goals. Our primary goal in the Department is to provide a safe environment for the residents of our five psychiatric hospitals and our seven developmental centers. These facilities provide 24-hour care to some of our most at-risk clients. And I'd also like to add that our ability to operate these facilities in an appropriate manner assures that we can continue to receive the hundreds of millions of Federal dollars that we receive for these facilities.

We need to ensure that our Department and all its facilities are in compliance with all the applicable regulatory standards, including building codes; fire codes; Federal laws, regulations, and accreditation standards.

I'd like to review for you some of the major capital projects that have been initiated or completed in Fiscal Year 2007, and give you some idea of the challenges that face us as we strive to meet the needs of our clients. The emergency repair of the high temperature, hot water line at Hunterdon Developmental Center was completed. Without this repair, four of our cottages would not have hot water.

We installed an ADA accessible ramp in the Main Building at Ancora so that now wheelchair-bound clients can enter the building through the main entrance. On an ongoing basis, we're attempting to upgrade all of our facilities to make sure that they're all ADA compliant and as environmentally fit as possible. We are also working on a number of projects that have been made possible through the funding you have appropriated to us this fiscal year.

We're continuing the design of an energy-efficient boiler replacement at Trenton Psychiatric Hospital and the Woodbine Development Center. We are trying to replace the old energy-inefficient boilers with new energy-efficient equipment.

We are replacing water lines at Hunterdon Developmental Center. The existing lines are over 30 years old and extremely inefficient. We're designing a connection that will extend Ancora Psychiatric Hospital into the wastewater management system operated by Camden County. And we are designing new roofs for four cottages at Vineland Developmental Center and one at Hunterdon Developmental Center.

While these initiatives are expansive, each year we are making significant progress. Now we're looking forward to 2009, and our funding request will enable us to continue the critical work that we have begun. I

know that you have received detailed information on all of our projects, and I just want to take a few moments to highlight some of the major ones. The Department's first priority, as I said, is to protect our clients and to preserve our infrastructure. Many of our facilities were built in the early 20th century, and as they age our needs become more critical.

The funding that we are requesting will enable us to make long-needed improvements to our air conditioning, ventilation system, electrical and roofing systems. Our most pressing need right now is for our heating and air conditioning improvements. All seven of our developmental centers and three of our five psychiatric hospitals have major needs in this area. They are becoming more urgent every day and we need to address them. Unfortunately, the systems at our facilities are so old that we can't even obtain replacement parts for them. If we cannot maintain comfortable temperatures for our patients, we will again be at significant risk of losing the Federal fundings we received to operate our facilities.

We are requesting a total of \$41 million so that we begin to address the needs of our developmental centers and psychiatric hospitals. Our goal is to ensure that adequate heat, ventilation, and air conditioning is available in all of our buildings for all of our patients.

In addition to this need, over 35 buildings have roofs that are in very poor condition. We are requesting \$5 million that can begin to address the most serious of our roof problems. This is a very high priority because a bad roof, as you know, can cause serious -- result in serious water damage, which can destroy equipment, materials, and structures -- actually undermine the structural integrity of our buildings. It can also create mold

and other environmental problems, causing a significant health risk to our population.

Another request we have is driven by a change in the type of patients that are being admitted to our psychiatric hospitals. We are finding that more and more of our patients that enter our psychiatric hospitals are younger and much more active than those that have been admitted in the past. As a result, we have additional needs for programming space. This has been cited by the Joint Commission on Accreditation of Healthcare Organizations, JCAHO -- that we need additional program space. And again, the JCAHO accreditation -- we must maintain in order to bring in our Federal dollars.

The Governor's Task Force on Mental Health also noted the same lack of programming space and recommended that we add more for our patients. So, this year, we are requesting \$4.2 million for additional program space at Trenton and Ancora psychiatric hospitals.

I know this is a lot of information. And I know you've received a lot of back-up materials to all of our requests. I wanted to keep my statement somewhat short so we'd have additional time for questions and answers.

So I thank you for your continued support as we move through this process. And I'm happy to answer any questions that you may have.

MS. MOLNAR: Thank you.

Regarding your one bullet point, you say, "We are designing a connection that will extend Ancora Psychiatric Hospital into the wastewater treatment system operated by the Camden County Municipal Utilities Authority." Last year, the issue came up regarding the cost of connecting to

this MUA -- that they were some ridiculous number. I don't know. It was \$5 million or something.

ASSEMBLYMAN GREGG: Ridiculous is the right word.

MS. MOLNAR: Okay. (laughter)

What is the status of that negotiation or whatever?

DEPUTY COMMISSIONER CLEMENCY KOHLER: I'm going to ask Katherine Fling to give you the details.

MS. MOLNAR: Yes, could you introduce your staff for the minutes?

DEPUTY COMMISSIONER CLEMENCY KOHLER: I'm sorry, Katherine Fling and Jim Zapicchi.

MS. MOLNAR: Thank you.

KATHERINE FLING: Yes, Madam Chair and Assemblymen. I know this is a particular interest of yours.

ASSEMBLYMAN GREGG: Not me. (laughter)

MS. FLING: Last year, we did have a connection fee of \$5 million on the table. We have since been able to modify that number, making some different assumptions in the calculation of that fee, based on reduced water usage -- which we anticipate to be in place by the time we make that connection. And now we're looking at a \$3.5 million connection fee.

The actual connection fee will be determined by the 12 months prior to when the connection actually is in place. And it's based on the CCMUA's standard charge per gallon of processed effluent.

MS. MOLNAR: Thank you.

Any other questions or comments?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I just have one area, and that's on the \$41 million.

Under Priority 1 that you have -- and you have the listing of them, which is in the first page of the back-up -- not that I care. On the list of 11, Number 2 is missing. But I'm assuming the order is correct.

How did you determine one order over another? I noticed the first few are Olmstead-related. And I just want to understand how that priority -- the priority of the \$41 million -- how it was developed. And also, did you factor in -- and correct me if I'm wrong -- but under Olmstead, we have some pretty stringent requirements to move folks to group homes over the next eight years, out of these facilities. And how was that factored into the equation?

DEPUTY COMMISSIONER CLEMENCY KOHLER: We have considered Olmstead in our planning for this. Yes, we do have plans to move a number of clients into group homes. But we have found that we are -- the population, despite our best efforts, is increasing at a number of our facilities. And so while we hope to, perhaps, be able to close some wings, it's unlikely, at this point, that we're going to be able to close entire buildings. And so we need to maintain these buildings and make sure that the heating and air conditioning is sufficient for our clients.

But I'm going to ask Katherine also to go into the details.

MS. FLING: Yes, there is a prioritization list of each facility under the HVAC Priority 1 project. Those priorities were set based on the condition of the existing equipment. And we have aged systems, as you probably know. The first two or three facilities on that prioritization list

have the oldest infrastructure of all of the facilities. And they are having the most difficulty in keeping them operational.

ASSEMBLYMAN CRYAN: Because I know New Lisbon is far worse, for example, than Vineland.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes.

ASSEMBLYMAN CRYAN: And I'm still confused a little bit on the Olmstead thing. I haven't read it in the past couple of months, but it's 1,800 (indiscernible), isn't it, over the next few years?

DEPUTY COMMISSIONER CLEMENCY KOHLER: It's over a number of years. That's correct.

ASSEMBLYMAN CRYAN: It's over eight years, isn't it?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes.

ASSEMBLYMAN CRYAN: What's the population in these facilities today, in total? Not the sites, just the DDCs.

DEPUTY COMMISSIONER CLEMENCY KOHLER: The developmental centers.

ASSEMBLYMAN CRYAN: The developmental centers.

JAMES ZAPICCHI: Almost 3,000.

ASSEMBLYMAN CRYAN: Okay. So help me. The population today is 3,000. We are under a State mandate, which I recognize there's some dispute over as to whether or not we'll attain the goal of 1,800. But for argument's sake, let's say we achieve half of it, which is, for argument's sake, a thousand. It's a third of the population. We intend to keep all these facilities open, and invest in HVAC, and everything else?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Let me share with you what happened last year. We placed 80 people in the community as part of our Olmstead planning. And 72 -- we had 72 emergency emissions. So our census went down by eight people.

ASSEMBLYMAN CRYAN: Okay. So they came back.

So how do I--

DEPUTY COMMISSIONER CLEMENCY KOHLER: I mean, our goal is that we can reduce the census. We do hope that we can reduce it.

ASSEMBLYMAN CRYAN: It's the goal. It's also part of a law, isn't it -- the court ruling?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Olmstead is a Supreme Court ruling, yes -- that you need to keep clients in the least-restrictive setting.

ASSEMBLYMAN CRYAN: Okay. So is-- So refresh me, as a legislator, then. Is 1,800 a goal, or is it a requirement?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Well, states do have the flexibility to develop a plan. And we do want to place 1,800 people.

ASSEMBLYMAN CRYAN: Is it law, or isn't it? Let me ask it that way.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Okay. The law says that you must provide care in the least-restrictive setting.

ASSEMBLYMAN CRYAN: I'm aware of it.

DEPUTY COMMISSIONER CLEMENCY KOHLER: It does not say a count of people. It just says the most appropriate setting for the clients.

ASSEMBLYMAN CRYAN: Okay. So when we talk, in different committees, about 1,800 people, as a commitment from the State of New Jersey, to be out of these facilities and into group homes, are we fooling people or are we--

DEPUTY COMMISSIONER CLEMENCY KOHLER: No.

ASSEMBLYMAN CRYAN: Well then help me.

DEPUTY COMMISSIONER CLEMENCY KOHLER: We do plan to put 1,800 people in the community over a number of years. We hope that they are not replaced with more clients in our developmental centers. We do hope to reduce wings and areas of our developmental centers.

ASSEMBLYMAN CRYAN: But, Ann, how do you take 1,800 people out of a population of 3,000, and then ask for \$41 million for seven facilities when you-- If we did it all the way we've told the public, and everybody we're accountable to, that we did -- that by any reasonable standard we would close some of these facilities-- How do I manage those two ideals here?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Well, part of the problem is timing -- that we have clients that are in those facilities today that don't have the appropriate air, ventilation, and heating.

ASSEMBLYMAN CRYAN: I've been there. It's a disaster.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Okay.

ASSEMBLYMAN CRYAN: It's an absolutely incredible moral problem.

DEPUTY COMMISSIONER CLEMENCY KOHLER: If you've been there, I think you know it's pretty critical that we need to get some fix in place so that we can operate these facilities while we are depopulating them.

ASSEMBLYMAN CRYAN: So what in these numbers-- So are all these numbers for full-force -- for a full capital reinvestment to plan us for the next few decades or so, or do any of these numbers reflect a transitional plan based on our public commitment on Olmstead and a realistic expectation that we will close facilities as a result?

DEPUTY COMMISSIONER CLEMENCY KOHLER: I think that we can say that it does reflect the fact that we are moving some people out under Olmstead. But we have an immediate need to maintain the buildings for the clients that are there today.

ASSEMBLYMAN CRYAN: So how many people does it reflect?

DEPUTY COMMISSIONER CLEMENCY KOHLER: I think it reflects the current population.

ASSEMBLYMAN CRYAN: Okay. So it doesn't reflect the reduction.

So I guess what I would ask, Ann, to you and to your staff, is that I'd like-- I'm not going to play double speak with you here. The numbers speak for themselves. We've made a public commitment to 1,800 -- to reduce the population of 3,000. If we're doing that, than \$41 million isn't realistic. And I don't know-- I'm not an HVAC guy, but I know that

you can do temporary things that makes some sense. So I'm asking you-- Because I believe that this is the most important priority. And I did read the previous two meetings that I wasn't here for. I believe this is the most important priority. Anybody who has sat-- Anybody who believes that we're getting warmer -- and I think most of us do -- sat there when most of these things-- I said this last year. If you sit there, it's unbelievable. The best that these facilities can do -- the best -- is keep it 20 degrees cooler than outside, which means some of these guys -- some of these folks who can't speak or help themselves are sitting in 95-degree conditions on some August afternoons. It's brutal. It's absolutely-- It's inhuman, is what it is.

And I agree with you. But I want to see a consolidated plan that reflects our public commitments on Olmstead and a cost factor that doesn't ask the committee for \$41 million. Because if we achieve both objectives, in essence, we've failed.

DEPUTY COMMISSIONER CLEMENCY KOHLER: We can do that.

ASSEMBLYMAN CRYAN: All right. That's what I want.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Absolutely.

ASSEMBLYMAN CRYAN: Through the Chair, please.

Thank you.

MS. MOLNAR: Mr. Vari.

MR. VARI: Yes, would you be able to submit a copy of the prioritization list and how you arrived at that decision, at least for the top five priorities on the HVACs and the roof?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes, we'd be happy to do that.

MR. VARI: And the criteria used.

DEPUTY COMMISSIONER CLEMENCY KOHLER: We'd be happy to.

MR. VARI: Thank you.

MS. MOLNAR: I had one other question. Last year, we -- this committee recommended \$3.5 million to fund the replacement of steam lines at the North Jersey Development Center. And then what was actually given did not include, I don't believe, the 3.5. Is that 3.5 request in your current request?

MR. ZAPICCHI: Yes, it is. It's included in Project No. -- I believe -- 6.

MS. MOLNAR: Six, so that's--

MR. ZAPICCHI: It didn't make the Governor's budget.

MS. MOLNAR: All right. And when I looked in 6, I didn't see it mentioned, so I was wondering if it was there.

MR. ZAPICCHI: Yes, it's in there.

MS. MOLNAR: It's in there.

MR. ZAPICCHI: Yes.

MS. MOLNAR: Thank you.

Any other questions or comments?

Mr. Brune.

MR. BRUNE: Ann, it's just a technical question. Last year -- I think you probably recognize -- we funded about \$6 million worth of HVAC.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes.

MR. BRUNE: And last year's request was lower than this year's. Has that \$6 million been taken into account against the 41? It's just that there are other needs that are coming forward?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes.

MR. BRUNE: Okay.

Katherine, you made one comment that I just want to clarify. You said the priority was set by the age of the equipment. Is that accurate?

MS. FLING: That's one of the factors, yes.

MR. BRUNE: So there are several. I wanted to get at whether -- I think you probably do -- but whether you're considering the relative criticality of the building itself, as opposed to the age of the equipment, when you figure out what's the--

MS. FLING: Well, in terms of providing adequate HVAC, we consider all of our buildings of equal priority.

MR. BRUNE: So you're weighing different things.

MS. FLING: Patient-occupied buildings, yes.

MR. BRUNE: Only one of which is the age of the equipment.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Well, it's patient-occupied buildings.

MR. BRUNE: Right.

MS. FLING: Right.

MR. BRUNE: But is there presumably a pecking order, even within them?

MS. FLING: No, because these systems are based on powerhouses and chiller equipment that serves the entire campus. These

are not individual systems that serve a building. This is a campus-wide powerhouse that serves all of the buildings.

MR. BRUNE: Okay.

DEPUTY COMMISSIONER CLEMENCY KOHLER: But I don't think-- We don't say the developmentally disabled versus the psychiatric, or this wing versus that wing.

MR. BRUNE: No, I didn't mean that, Ann. I was-- I guess we-- We would like to understand better how you discern which one is the first one and which one is the 10th one. How do you work through that and -- put it that--

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes, it's probably--

MR. ZAPICCHI: It's very hard.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes, it's the age and the state of disrepair.

MR. BRUNE: Okay. So as you submit what Jim requested before-- If you could give us some sense of that, that would be a help.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Sure.

MR. BRUNE: And the last thing I wanted to ask you was-- I was just looking at-- There's an obvious question here having to do with the coordination of projects, I think. There are several buckets that have needs across many buildings. Ancora, as an example, needs-- Five buildings need roofs, it needs an electric switch gear, it needs a steam line, it needs HVAC. Is there-- And we tend to approach this on a piecemeal basis. Is there any benefit to doing it differently, to looking at a facility and saying, from a coordination standpoint, "What does Ancora need," and do it, sort

of, facility by facility? Because we're obviously biting a piece of this off each year.

DEPUTY COMMISSIONER CLEMENCY KOHLER: On a high level -- and then I'm going to turn it over to Katherine. Part of the problem is, if we start saying, "Okay, we're going to fix Ancora--" And so you get a contractor to fix Ancora. Well, it could be that they need a roof, they need air conditioning, they need new plumbing. So it's more difficult to coordinate among all those disciplines, as opposed to saying, "I need my plumbing fixed."

MR. BRUNE: Okay. So it's better to do it the way we've been doing it?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes.

MR. BRUNE: Okay. Thank you.

MS. MOLNAR: Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: The point was raised by Mr. Brune about the \$6 million from last year. Where did it go?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Jim.

MR. ZAPICCHI: Well, really, we're-- It hasn't gone anywhere. The money is still here.

John Rhodes has not decided which exact projects are going to be funded. When we did this list, we took out \$6 million worth of projects.

DEPUTY COMMISSIONER CLEMENCY KOHLER: I think it's safe to say that we are in discussions. We're actively planning and attempting to move all those projects through. We've gotten estimates. We just haven't completed them all yet.

ASSEMBLYMAN GREGG: I think the conversation we've been having today is reflective, one would argue, of life-safety issues -- of the conditions in the facility as it relates to temperature. One would think that the priority would be clear that that would be the number one priority, prior to fixing a pipe that's leaking. You would make that facility--

DEPUTY COMMISSIONER CLEMENCY KOHLER: It is very high priority. We are trying to balance it, working with the energy czar and BPU to make sure that we have the most effective and energy-efficient equipment that we can in our facilities.

ASSEMBLYMAN GREGG: Now, I'll just use -- through the Chair -- the final comment on my colleague's comments, because I agree with him that there seems to be -- and maybe I'm mishearing this overriding belief that you want the facilities to look like they're perfect at the end of the day, right before we close them. And I think that's-- No matter how you spin it, it continues to come back to that, which does not appear to be practical. Because, forget court orders and laws, if the State is moving in a certain direction -- that if you can't show us, at the end of the day, what the building will be used for after it's closed in immaculately perfect condition -- that the people got to use for eight minutes prior to their departure into their group home, which I think is a good place for them to be -- that this is a bad business plan. It doesn't make sense. I mean, that's not what a homeowner would do. A homeowner would not bring their house up to full value knowing that they have no use for that home later, and knowing that it's going to be -- not be able to be used for anything. They would sit there and say, "How do I bring the environmental issues up to standards, at the minimum cost, knowing that--" We don't know what's going to happen to

the building. Someone has to know, of these seven facilities, what you expect that picture to look like. Any business would do that. Which three, or which four are going to be your buildings in the future? And then emphasize permanent changes in those facilities, that may look at things like geothermal and other things that will bring the costs down and will make it more affordable in the future. And then those other facilities -- brought to an environmental standard that's appropriate for the clients, through technology that may be portable entities, that can bring the air conditioning and heating levels to where you need them to be without huge capital expenditures. And I think that seems to be the driver of what we're talking about here. And we hope when you come back that perhaps that's in the plan.

DEPUTY COMMISSIONER CLEMENCY KOHLER: We will definitely include it in the plan.

ASSEMBLYMAN CRYAN: I'm sorry, I have a follow-up.

MS. MOLNAR: Sure.

ASSEMBLYMAN CRYAN: What are the projects for the \$6 million? What are they?

MR. ZAPICCHI: They're with the Office of Energy Savings.

DEPUTY COMMISSIONER CLEMENCY KOHLER: They're being reviewed, right now, for energy efficiency.

MR. ZAPICCHI: They're not in the list. They're being reviewed by the Office of Energy Savings.

DEPUTY COMMISSIONER CLEMENCY KOHLER: And we are committed to spending that money to do those improvements.

ASSEMBLYMAN CRYAN: So this tab would be \$48 million -- \$47 million without it?

DEPUTY COMMISSIONER CLEMENCY KOHLER: This is on top of that. That's correct.

MR. ZAPICCHI: It would have been \$47 million, correct.

ASSEMBLYMAN CRYAN: Okay. So what \$6 million worth of projects did you take off?

MR. ZAPICCHI: Trenton -- the boiler conversion in Trenton. And also new boilers for Woodbine.

ASSEMBLYMAN CRYAN: Boilers for where?

MR. ZAPICCHI: Woodbine.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Woodbine.

ASSEMBLYMAN CRYAN: And Woodbine still needs another million?

MR. ZAPICCHI: Yes, that's for air conditioning.

ASSEMBLYMAN CRYAN: And Trenton needs another \$5 million.

MR. ZAPICCHI: Right.

ASSEMBLYMAN CRYAN: By the way, does this list-- If the money all fell from the sky, would this take care of all the HVAC improvements needed in these facilities?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Yes.

MR. ZAPICCHI: Yes.

ASSEMBLYMAN CRYAN: All right. Thank you.

MS. MOLNAR: Mr. Stridick.

MR. STRIDICK: Yes.

Is there a master plan for each of these sites? In other words, a scope of work in order of magnitude -- something that will kind of put together the whole basket of needs for each of these properties, and then prioritize them individually? My only fear is that, if there is an HVAC solution without a roof solution, that could still render the building unusable or substandard. And so how do you kind of bring balance to each of these projects?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Our plan does include everything, and it does prioritize it. We recognize you can't do one without the other. But the funding is what really has limited our ability to do everything. So I think the plan that we have, the prioritization that we have given to this Commission, I think does show you the entire picture.

MR. STRIDICK: The master plans that you have for these facilities-- Is that something that you could share with this Commission? I know that it's probably voluminous, but maybe just for the top priorities that you have.

DEPUTY COMMISSIONER CLEMENCY KOHLER: It is-- The capital budget request is our master plan.

MR. STRIDICK: Okay. Maybe I'll just make myself a little bit more clear -- is to-- When you're requesting funds for specific projects, and there are priorities-- But how do they all kind of-- How do the puzzle pieces all fit together? In other words, something that we're doing now with the-- Say if we do give funding for X project, that Y project is still a need. And so it really renders that project unusable, or still to an unusable,

substandard condition. How do you kind of make your decisions and balances, based on the whole kind of scope of work that needs to be done at each particular site?

DEPUTY COMMISSIONER CLEMENCY KOHLER: Okay. Well, the first thing we do is determine the entire scope of work that needs to be done. And we include all of those things in our request. Okay? We prioritize it based upon health and safety needs of our patients. "Is the roof about to fall in? Will they have no hot water? Will they have no heat or air conditioning?"

MR. STRIDICK: Right. "Is the temperature unbearable?"

DEPUTY COMMISSIONER CLEMENCY KOHLER: And that's how we prioritize it.

We do recognize that because of limited funding, everything in our request, which is our master plan, is not likely to be funded -- that only our top priorities are likely to be funded. And so that's how we--

MR. STRIDICK: Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments?

Mr. Brune.

MR. BRUNE: Ann, just to clarify one thing: If you have a project that, as he was pointing out, needs a roof, and it would be more efficient to have the roof done at the same time as the HVAC -- I imagine you will share that with us, right, as you come back to us with the criteria by which you picked these projects?

Obviously, some of them may not be-- The Ancora example I gave you may be a bad one. But if you have a few that it makes eminent sense to do two things at once, then you'll share that with us, I guess.

DEPUTY COMMISSIONER CLEMENCY KOHLER: Sure, absolutely.

MR. BRUNE: Good. Thanks.

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

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

DEPUTY COMMISSIONER CLEMENCY KOHLER: Thank you very much.

MS. MOLNAR: Our next department is the Department of Law and Public Safety. I'd like to welcome Dan Foster, Deputy Administrator.

Good morning. Could you introduce your staff?

DANIEL W. FOSTER: I certainly will.

To my right is Wendy Warner, who is the head of our budget section. And to my left is Captain Elgrim, who happens to be the head of his budget section from State Police.

MS. MOLNAR: Do you have your microphone on?

MR. FOSTER: Should be. Can you hear me now?

MS. MOLNAR: Yes, thank you.

MR. FOSTER: Good morning, Chairwoman Molnar, Executive Director Vari, and members of the Capital Budget and Planning Commission.

My name is Dan Foster. I am the Deputy Administrator for the Department of Law and Public Safety.

On behalf of Attorney General Milgram and Administrator Ricketts, I would like to thank you for this opportunity to present the Department of Law and Public Safety's \$28 million capital budget request for Fiscal Year 2009.

Administrator Ricketts regrets that she was unable to be here today. Me, too. (laughter)

I am not going to read the prepared testimony that we provided you, and I promise to keep my remarks brief.

First, I would like to thank you for your support of our previous funding requests. Unfortunately, as you know, no capital funding was included in our Fiscal Year 2008 Appropriations Act. Consequently, the Department continues to be faced with the challenges of limited resources, aging equipment, and failing infrastructure.

Unfortunately, with the passage of time, poor conditions have worsened, and the cost of repairs or replacements have risen. Acting now to remedy these situations is not only a sound business decision, but also is the only decision that enables us to successfully accomplish our mission of protecting the citizens of New Jersey.

Amongst many of the Department's capital needs, the top funding priority continues to be electrical upgrades required for various State Police facilities across the state. Other capital requests throughout the Department include: critical repairs and security system at the Regional Medical Examiner's Office; replacement of a 70-year-old generator, which provides emergency power to six buildings at State Police headquarters; the

replacement of obsolete storm sewer system at Division Headquarters; funding for an engineering study at the Bi-Valve Marine Police Patrol Station, where the lack of a bulkhead has resulted in structural damages to the station; the restoration of the Log Cabin Museum at Division Headquarters; new HVAC systems at three State Police facilities; critical repairs to State Police Troop B Headquarters, in Totowa, which includes new windows and replacement of a back-up power system; the final up-fit of the Regional Operations Intelligence Center, or the ROIC, at Division Headquarters. It includes equipment ranging from 9-1-1 consoles, computers, network systems, telephones, desktop PCs, and fax machines; electronic surveillance equipment to support domestic security, narcotics, organized crime, and street gang investigations for the State Police; conversion of the State -- Division of Criminal Justice radios from analog to digital technology, which will coincide with the State Police conversion; and funding to support the telephone system replacement for State Police investigative offices in nine road patrol stations; funding to purchase the six State Police stations that are currently being leased, including Hope, Perryville, Wilburtha, Bellmawr, Allenwood, and Bridgeton; and finally, funding to convert evidence storage space currently used by Criminal Justice into usable office space within the Justice Complex, Whippany and Cherry Hill. By doing so, we expect to close additional leases.

The fact that I have not gone into great detail about each of these requests does not diminish the fact that all these projects remain critical needs of the Department. These needs are vital to the ongoing operations and success of the Department of Law and Public Safety. And I

ask the Commission to take all the Department's requests under serious consideration.

Thank you. And I will now be happy to answer any questions I can.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Annese.

MR. ANNESE: Regarding your Priority No. 1, have you had brownouts or blackouts with your electrical system now?

MR. FOSTER: No, but the problem with No. 1 is that we're at a point where that could happen at any given time. And the seriousness of that particular facility going down could be detrimental to the lifeline of a State Trooper. We're concerned about that, obviously.

MR. ANNESE: Okay. Are you looking for increased electrical capacity? Are you looking for more wattage, more power? Is that what the request is?

MR. FOSTER: Yes.

MR. ANNESE: It's not just replacement of existing panels.

MR. FOSTER: Exactly.

MR. ANNESE: All right. Those were my questions.

Thank you.

MS. MOLNAR: Last chance. (no response)

Gee, you lucked out today. (laughter)

MR. FOSTER: I did. Thank you very much.

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

A S S T. C O M M. B A R B A R A G A N T W E R K: Madam Chair and members of the Commission, good morning and thank you for the opportunity to testify about the Department of Education's Fiscal Year 2009 capital budget request.

I'm Barbara Gantwerk, the Assistant Commissioner for the Division of Student Services. And with me is David Corso, the Director of Administration.

Our Department's funding requests are in two areas: the Katzenbach School for the Deaf and the Regional Day Schools for children with disabilities.

At the outset, I would like to publicly thank the Office of Management and Budget for their assistance and advice in preparing this budget request. Their continued support has been greatly appreciated.

There are two priority projects that we consider critical to the maintenance of the buildings and to the health, safety, and well-being of the students who use them. Our total request is for \$960,000. We have carefully reviewed all requests and have included only the most essential projects for your consideration. Although I am aware of the severe constraints on funding for capital projects, I can say that each of the projects we are proposing is essential and merits your serious consideration and support.

At the Katzenbach School for the Deaf: The Katzenbach School for the Deaf provides facilities for educational, vocational, and

residential programs for deaf and hard-of-hearing students. Many of these students have additional disabilities which further compound their needs. The campus is composed of 31 State-owned buildings. The Department is requesting funding for one project at the school.

We are requesting \$560,000 for Phase 3 of the replacement and upgrade of the alarm system. Last fiscal year, this committee recommended, and the Legislature appropriated, \$2.4 million for Phase 2 of this project. Phase 3 will involve replacing manual stations and smoke detectors with compatible devices.

As to the Regional Day School requests: The Department of Education is required by law to operate 10 Regional Day Schools located in nine counties throughout the state. At this time, all of the schools are operated by local education agencies under contract with the Department. Operating expenses are generated entirely through tuition charged to local districts that send students to the Regional Day Schools.

Most of our buildings are approximately 25 years old, and we are beginning to see a pattern of need for replacement of key structural building units.

The Department is requesting funding for one project at the Jersey City Day School for the installation of a fire suppression system. We are requesting \$400,000. The State's insurance carrier recommended that a fire suppression system be installed. This recommendation was based on inspection by the carrier and is in accordance with the State's loss prevention plan.

Thank you for your consideration of our requests. Your continued support is very much appreciated. And we'll be glad to respond to any questions that you may have.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Brune.

MR. BRUNE: I just have one question about the Regional Day Schools. You indicate that we would be replacing the other four schools in the future. Do you know the approximate cost of those other four schools?

DAVID CORSO: About \$400,000 each.

MR. BRUNE: Each.

MR. CORSO: Yes.

MR. BRUNE: So are they-- Just so we know-- Because it's a fire-safety issue, right?

MR. CORSO: Fire safety and building preservation.

MR. BRUNE: Are they in a similar situation as Jersey City?

MR. CORSO: Yes, all the schools were built the same, except for Milburn, which has already been sprinklered. Every building is a one-story. Milburn was a two-story.

MR. BRUNE: Dave, are we replacing a system or they don't have a system?

MR. CORSO: No, we're putting one in.

MR. BRUNE: We're putting--

MR. CORSO: Brand-new system.

MR. BRUNE: They don't have a system in any of these other four?

MR. CORSO: No, they don't, not a fire suppression system. They have an alarm system but not a fire suppression system.

MR. BRUNE: Okay. Just one last question: Is that need in your extended list here?

MR. CORSO: Yes.

MR. BRUNE: Is it represented? So it's under-- If we look here, we'll find it under fire suppression in the out-years?

MR. CORSO: In the out-years, absolutely.

MR. BRUNE: Thank you.

MS. MOLNAR: Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Very quickly, on the fire suppression, it shows that the recommendation is from the State's insurance carrier. Did they give any inclination that there would be a decrease in premium because of this?

MR. CORSO: Not that I'm aware.

ASSEMBLYMAN GREGG: Just through the Chair, obviously in the real world out there, when your insurance carrier comes in and says you should do something, there usually is a benefit statement on the other side. And sprinkling is clearly one of those that gives a fairly substantial change in your fire insurance. So since it doesn't appear that in this case the State is self-insuring -- at least from the documentation here -- that there is a real, live carrier getting a real, live premium -- that perhaps, through the Chair, you could get information regarding that. Because it may make it a better idea to, in group, do these buildings if it's a fire-safety issue; do it all at once and then be able to come back with the cost savings

that may actually amortize the investment, providing safety and also be a cost savings as well.

Thank you, Madam Chairwoman.

MR. CORSO: Assemblyman, I will follow up with the Bureau of Risk Management in the Department of the Treasury on that question.

ASSEMBLYMAN GREGG: Thank you.

MS. MOLNAR: Mr. Vari.

MR. VARI: No, Mr. Rousseau.

MS. MOLNAR: Oh, I'm sorry, Mr. Rousseau.

MR. ROUSSEAU: Did our insurance carrier look at the other four buildings, or did you do Jersey City just because that's the one that it looked at and that's the one that it recommended right now?

MR. CORSO: They looked at all of them.

MR. ROUSSEAU: And they made a similar recommendation for all of them?

MR. CORSO: Yes, to each and every one of them.

MR. ROUSSEAU: So I think, following up on the Assemblyman's-- I think we really need to look at-- I'm concerned about us picking one instead of not the other. Also, the fact that if we're going to do -- and we'd have to talk to DPMC and people like that-- I'm concerned that if we do five, maybe we can get a -- you know, put them all out to bid at the same time, get the same person to do them, maybe get -- or at least three -- we could package them based on where they are in the state. And possibly instead of \$400,000 apiece, maybe it's \$380,000 apiece, or something like that. Because we also know that if we don't do it now, the \$400,000 that we're -- the \$400,000 that you're estimating now isn't going

to be \$400,000 three years from now. It's going to be-- So I think that this is one where it's -- that I think we really need to look at that. If we're going to do it, we do it, and we do it right, and we do it all -- we do it now. And then we find out how much we're going to save on our insurance.

MR. CORSO: I will follow up.

MR. ROUSSEAU: Okay. Thank you.

MS. MOLNAR: Mr. Stridick.

MR. STRIDICK: Yes.

Typically, how large are these facilities in area of square footage -- are we talking about? Just roughly guesstimate?

MR. CORSO: Anywhere between 19,000 and 25,000 square feet.

MR. STRIDICK: Nineteen thousand to 25,000.

And I understand that local jurisdictions take care of -- they have a threshold of up to \$50,000, and that you take care of all the improvements and maintenance beyond \$50,000. But in these large ticket items, do the local jurisdictions have any participation, or are they off the -- they're not on the radar screen because it's under -- it's over their threshold?

MR. CORSO: They generally do not. We contract-- We utilize Property Management and Construction to manage the project. I mean, they have programmatic say, because some of these Regional Day Schools run Summer programs, so they have to move them. But no, not in terms of the project itself.

MR. STRIDICK: And the project cost -- they don't have--

MR. CORSO: No.

MR. STRIDICK: Okay. Thank you.

MR. CORSO: They do not.

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

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

Our last department is the Department of Corrections. I'd like to welcome Peter Roselli, Deputy Commissioner.

D E P U T Y C O M M . P E T E R T . R O S E L L I: Good morning, Madam Chairwoman. On behalf of Commissioner Hayman, I'm pleased to present the Department of Correction's Fiscal 2009 capital budget request to you and the Commission.

I'm not going to read the speech. I wanted to speak to three issues that I think you will be interested in, in particular, and then turn it over to you if you have any questions.

With me are my colleagues: Deputy Commissioner for Operations, Jim Barbo, who handles the capital program of the Department; and to my left, Assistant Commissioner for Administration, Carmella Elmer.

The first item I wanted to address is the progress-to-date on the replacement of the hot water distribution system at the South Woods State Prison. On behalf, again, of the Commissioner, we would like to thank you for -- and the Commission -- for your support in securing funding for this repair. There has been \$14 million appropriated to date for the project. The final design indicates a cost of \$1.5 million more than that. We've made that our first request as a priority.

The plans have been submitted, as I noted. Construction code approval is underway. And the anticipation is that the bidding will occur,

and that perhaps the construction will begin as early as February 2008. In addition, the consultants have completed a preliminary forensic analysis of the problem and have passed that on to the Division of Property Management and Construction, I believe, and the Attorney General's Office. And so matters are proceeding along the lines of recovering those funds that are -- that will have been expended on this project, both previously and in terms of replacement.

The second item is an item I mentioned last year and is underway, in terms of analysis and repair. And that is at our Central Reception and Assignment Facility. You may recall that last year we mentioned that we were having water damage identified in the facility. We have since had to vacate four dormitory units. And that entailed depopulating that facility by just under 200. The analysis is in the process of being completed. And we'd like to thank the Treasury Department for having identified some preexisting funding to cover the cost of those repairs. That's been very helpful to us. As soon as those repairs are completed, we'll repopulate the facility with 190 to 200 additional inmates.

The last item I'd like to mention is a new priority on our list. And that is a need to replace the great majority of our radio communication equipment. I think Dan Foster, my colleague from Law and Public Safety, mentioned it as well. The Motorola company that provides us these hand-held radios that we use as a primary security mechanism for our officers is -- has discontinued the production of the nondigital version of these radios. Of our almost 2,700 handsets that we use daily, 2,500, basically, are nondigital. The few that we've replaced over the years have -- we've replaced with digital handsets. But as of 2009, our understanding is -- from

Motorola -- that parts will no longer be available for these particular nondigital radios. So it's imperative that we replace them.

The cost of doing this is about \$7 million. And we have-- We intend to apply for approval to purchase them through the line-of-credit program. The request we've made in our capital budget is for the first-year repayment, assuming that we were to purchase them en masse in 2009. We would pay back the cost over four years.

And this one, again, I emphasize, is a particularly great concern for us. I'm sure it is for the Troopers and other law enforcement officers. But in our situation, our officers, as you know, are unarmed and they are in close proximity to a large number of criminal offenders every day. So it is the first line of defense for our officers in our facilities.

I would also add: the officers who are doing central transport and other kinds of movement of inmates in and around the community also use radios of this type. So that's all subsumed in that 2,468 number that we've quoted here in the document.

With that, we just want to, again, emphasize the fact that we're holding together a fiscal plan structure -- as you all know very well, as you've listened to our comments about it -- that is tenuous in some instances. And we appreciate every dollar you've passed on to us. And we think we've used it wisely. So the money will be used wisely.

So with that, we're happy to answer any questions you may have.

MS. MOLNAR: Thank you.

I'm curious: Priority 2 is facility replacement at Southern State Correctional Facility, and Priority 10 is East Jersey State Prison. I'm just

curious on your priority as-- I think that East Jersey-- I got a tour of that once. It was practically falling over. I'm just curious, why is that 10 and the other one is 2?

DEPUTY COMMISSIONER ROSELLI: Well, No. 2 is the replacement of these trailer units. The Southern State Correctional Facility, Madam Chairwoman, you may recall, is really a series of trailers. And these trailers are deteriorating in their core. So if you were to visit these -- that facility, you'd say it's very well-maintained in a surface sense -- the maintenance people we have are very good. But, unfortunately, these trailers are double their useful life expectancy and under great stress, because we have quite a number of inmates in each trailer. So it becomes a current problem. Also, we have had fires in these trailers, notwithstanding very close -- how should I say it? -- scrutiny of the maintenance requirements for the electrical systems in them. So this becomes a more immediate concern of ours. Furthermore, the location is one in which there is weather damage potential that is great. We had to evacuate, you may recall a few years ago, the whole facility because of Hurricane Isabel. So that's the reason.

MS. MOLNAR: Any questions or comments?

ASSEMBLYMAN CRYAN: I just have one.

MS. MOLNAR: Okay.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I just want to echo your points on the radios. I serve as an Undersheriff in Union County, and we are going through that transition. And not only the expense, but the fear factor -- as someone who supervises officers who transport prisoners and understands.

And I just want to echo to the Committee, this is something that's going on throughout the state on a county level with us and others. And the fear factor of having the folks enclosed without the ability to communicate at any level is, needless to say, one that would make all of us shudder a little bit. I just want to echo to the Committee, because-- The cost, I've got to tell you, when I first saw the bill -- as you guys might expect -- didn't really thrill me all that much. But they just are expensive. But they do have a fairly useful life cycle overall--

DEPUTY COMMISSIONER ROSELLI: Yes, sir.

ASSEMBLYMAN CRYAN: --which actually makes it more palatable.

DEPUTY COMMISSIONER ROSELLI: I might just-- I appreciate that comment from Assemblyman Cryan.

I might mention that the cost of these handsets is-- I mean, when you buy them in volume, you get a discount, but really you're in the \$3,000 area. And you know, if you think about a desktop outfitting with a microcomputer, it's probably double the cost of that desktop outfitting, but it's really extremely important to have these if you're a law enforcement person.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: What is the life expectancy of -- either one of you, either Assemblyman or -- what is the life expectancy of these new radios, and will they be-- I mean, five years from now, are they going to be out of date? I don't think so, because digital is where -- I don't think there's any place else to go.

DEPUTY COMMISSIONER ROSELLI: No. They're very durable. And once we go to the digital, it will be a long time before we would need to.

MR. ROUSSEAU: The ones we currently have, how long do they--

DEPUTY COMMISSIONER ROSELLI: Many years.

MR. ROUSSEAU: So more than three-- You mean, the three-- You mean, we could look at five -- we could look at a five year.

DEPUTY COMMISSIONER ROSELLI: Or 10 maybe.

MR. ROUSSEAU: Well, we've never gone 10 on a line of credit payment.

DEPUTY COMMISSIONER ROSELLI: Oh, no, no, no.

MR. ROUSSEAU: Right.

DEPUTY COMMISSIONER ROSELLI: I would suggest to you, Dave-- You're asking me about the useful life of the radio.

MR. ROUSSEAU: Right. But I'm saying, useful life is at least 10, so we could look at (indiscernible) longer than three, if we wanted to on that.

DEPUTY COMMISSIONER ROSELLI: Yes, if you want to. Whatever way you think.

ASSEMBLYMAN CRYAN: I represented 10 when I did them a capital improvement plan -- the freeholders, for what it's worth.

MR. ROUSSEAU: Okay, thanks.

MS. MOLNAR: Any other questions or comments?

Mr. Brune.

MR. BRUNE: Peter, on the South Woods -- let's see if I have this right. Might we know in mid-December what the bid is? So this is sort of an estimate of where we think it might be headed? So at that point, we might have a better idea of what we're dealing with there?

DEPUTY COMMISSIONER ROSELLI: Well, what we're giving you, Gary, is what the design consulting firm has given us most recently, as the cost in the final design document, the official document, to DBC. So you'll recall, when we first came forward with this, you know, the thought was this would cost about 8 million, give or take a few dollars. And then when you get into it and you have to put the thing above ground, it gets more expensive. So last year's estimate at 14 wasn't half bad. This one -- it's just a little higher now. So it seems like this one isn't going to be too far off.

MR. BRUNE: That sounds like it's going to be near the time we're going to be voting on all this. So if you can help us with -- if it changes, that would be a big help.

DEPUTY COMMISSIONER ROSELLI: Yes. We will be happy to do that.

MR. BRUNE: And the other thing, just so the Committee knows, the Department did a particularly good job, we think, based on the-- We asked them to prioritize the projects within these various priorities. There's an attachment that you got that does that.

The only thing I would ask, Peter, if you could help us with is, for the '09 pieces, if there's a little bit of narrative you can give to us that differentiates the projects from one another. Just tell us a little bit about

why one is No. 1 -- the same question we asked of Human Services -- why another one is No. 5. Just how that works.

Thank you.

DEPUTY COMMISSIONER ROSELLI: We'll be happy to do that.

MR. BRUNE: Thank you.

MS. MOLNAR: Are there any other questions or comments?

Mr. Annese.

MR. ANNESE: Yes. Just as a follow-up to your request for the radios. If I understood you correctly, you said they would cost \$3,000 apiece?

DEPUTY COMMISSIONER ROSELLI: Roughly.

MR. ANNESE: Could you give us an idea of what they do? They must be more than just radios for \$3,000.

DEPUTY COMMISSIONER ROSELLI: Well, they're two-way radio communication devices, and they have the capability to be programmed to do any number of functions along those lines. So that, for example, if your external -- I'm not an expert on this -- but if you're externally moving inmates around, that radio connects to the State Police system; so that we have full range of capability through the State Police radio system statewide, I believe. Am I right, Jim?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Correct.

DEPUTY COMMISSIONER ROSELLI: So that's the value of the radio. And the company has gone to -- they're not going to do the more basal version any more, they're going straight digital. The reason is, it has

multi-function capability, which is very sophisticated in terms of radio tower use and all that.

MR. ANNESE: I also take it this is a modern -- let me rephrase that. They've solved the problems of getting transmission inside of steel buildings, in reinforced concrete buildings, and things like that?

DEPUTY COMMISSIONER ROSELLI: Yes, sir.

In our facilities, we have virtually no dead space. And our facilities have very thick walls. There's steel in the walls. And Assemblyman Cryan is smiling because he knows in all these jails around the state, including our State prisons, it's the same problem. But they are a very serviceable item, and they-- Without it, there would be a tremendous cost to try to wire these correctional facilities to do some alternative.

MR. ANNESE: All right.

Thank you.

DEPUTY COMMISSIONER ROSELLI: You're welcome.

MS. MOLNAR: Any other questions or comments?

Assemblyman Gregg.

ASSEMBLYMAN GREGG: Thank you, Madam Chair.

Just to go back to this hot water system that we discussed last year and, as I remember, I don't believe we approved it, but money did appear for it. And a number of questions came up as concerning the actual age of the facility and the hot water system. And some questions were brought up, and I don't know if they were answered. Maybe I missed it, that warranties -- issues of how long one would expect that kind of a system to work. Obviously, most people would think 10 years is a very short time for a system like that and that kind of cost. Could you respond to that?

DEPUTY COMMISSIONER ROSELLI: Assemblyman, this did come up. Property Management and Construction Division provided us with the following information: The standard terms and conditions of a State construction contract were in place for this one. The contractor is required to offer a one-year warranty from the date of acceptance. The manufacturers' guarantee is on materials and equipment from one to three years. And the consultant that we had is reviewing the documents -- has been reviewing them to determine where we fit into that one-to-three-year span. So that information is what was passed on to us. I am not as conversant with the particulars of construction contracts, and so I couldn't tell you why it is that if the useful life of the subsystem or the facility is of great length, why this is the standard term. But perhaps, the Property Management and Construction people can provide that information to you.

ASSEMBLYMAN GREGG: To me, number one, we would hope, through the Chair, we'd get that information. And I assume you're asking for the money, so I would hope you would get it from Property Management for us. But I would think this falls into the category of design flaw, as opposed to equipment failure. I'm not an engineer, but this appears to be a conceptual design flaw. Are they actually going to replace, if you were to get the money, with an identical system?

DEPUTY COMMISSIONER ROSELLI: No, sir.

ASSEMBLYMAN GREGG: Or would it be different?

DEPUTY COMMISSIONER ROSELLI: No, sir. This system will be above ground and will allow for observation continually with regard to the maintenance element. So that's one of the advantages of this system.

ASSEMBLYMAN GREGG: So that would go back to my premise: that it perceives to be a design flaw, which to me would be beyond the scope of any warranty. A warranty is -- you know, the equipment I buy, it breaks, it doesn't-- You know, it has a life expectancy of *X* -- an air conditioner or whatever it may be. This could be an engineering design flaw where culpability may be the people who designed it. And if that's the case, I don't think there's a statute of limitations as far as the State goes on chasing people down, whether it's Consumer Affairs, or DCA, or other folks. We have lots of attorneys on-- And I would like to know, through the Chair, if that company that designed this 10 years ago is still doing business with us. I think that's a question that often happens -- are these folks continual contractors, that we talk about in the Legislature, who have made designs that don't function well, and then the taxpayers have to come back and replace them in a short period of time? People can make mistakes, and it happens all the time. And when they make a mistake, usually they make good on it. And so I'm still harping on the idea that we've got some money on the table out there, and I think it's incumbent upon you, in trying to replace it, to find that revenue first before you have to ask the taxpayers to belly-up again to replace something that should have been done right the first time.

Thank you, Madam Chair.

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

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

DEPUTY COMMISSIONER ROSELLI: Thank you very much.

MS. MOLNAR: Now, the Commission's next meeting is November 16, when we'll hear the Debt Report from Treasury, and a few other departments. We're going to hear from the Department of Children and Families -- we're all seeing stuff in the paper about that, Juvenile Justice, and the Treasury, OIT.

No other business? (no response)

Meeting adjourned.

(MEETING CONCLUDED)