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# *Commission Meeting*

of

## NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

**DATE:** October 29, 2004  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

B. Carol Molnar, Chair  
Robert A. Roth, Vice Chair  
Assemblyman Joseph Cryan  
Anthony F. Annese  
Patrick R. Brannigan  
Gary Brune

**ALSO PRESENT:**

David Rousseau  
(Representing John E. McCormac)  
George LeBlanc  
(Representing Senator Wayne R. Bryant)  
Rosemary Pramuk  
(Representing Senator Robert E. Littell)  
Beth Schermerhorn  
(Representing Assemblyman Guy R. Gregg)

Michael Lihvarcik, Executive Director  
New Jersey Commission on Capital Budgeting and Planning



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

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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 public notice of this meeting by giving written notice of time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail and/or fax to the Trenton *Times, Star-Ledger*, and filed with the office of the Secretary of State.

We'll now take a roll call.

MR. LIHVARCHIK (Acting Executive Director): Thank you, Madam Chair.

Senator Littell? (no response)

Ms. Schermerhorn, for Assemblyman Gregg?

MS. SCHERMERHORN: Here.

MR. LIHVARCHIK: Assemblyman Cryan?

ASSEMBLYMAN CRYAN: Here.

MR. LIHVARCHIK: Mr. Roth?

MR. ROTH: Here.

MR. LIHVARCHIK: Mr. Annese?

MR. ANNESE: Here.

MR. LIHVARCHIK: Mr. LeBlanc, for Senator Bryant?

MR. LeBLANC: Present.

MR. LIHVARCHIK: Mr. Brannigan?

MR. BRANNIGAN: Here.

MR. LIHVARCHIK: Mr. Brune?

MR. BRUNE: Here.

MR. LIHVARCHIK: Mr. Rousseau?

DEPUTY TREASURER ROUSSEAU: Here.

MR. LIHVARIK: Chairwoman Molnar?

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

Before we do the Executive Director's report, we have some housekeeping to do. Mike Lihvarcik has been acting as our Acting Executive Director. I'd like to entertain a motion to appoint him as the Executive Director of the Commission.

Do I hear a motion?

DEPUTY TREASURER ROUSSEAU: I'll make that motion.

MS. MOLNAR: Do I hear a second?

ASSEMBLYMAN CRYAN: Second.

MS. MOLNAR: Okay. We'll take a roll vote.

MR. LIHVARIK: Ms. Schermerhorn for Assemblyman Gregg?

MS. SCHERMERHORN: Yes.

MR. LIHVARIK: Assemblyman Cryan?

ASSEMBLYMAN CRYAN: Yes.

MR. LIHVARIK: Mr. Roth?

MR. ROTH: Yes.

MR. LIHVARIK: Mr. Annese?

MR. ANNESE: Yes.

MR. LIHVARIK: Mr. LeBlanc?

MR. LeBLANC: Yes.

MR. LIHVARIK: Mr. Brannigan?

MR. BRANNIGAN: Yes.

MR. LIHVARIK: Mr. Brune?

MR. BRUNE: Yes.

MR. LIHVARIK: Mr. Rousseau?

DEPUTY TREASURER ROUSSEAU: Yes.

MR. LIHVARIK: Chairwoman Molnar?

MS. MOLNAR: Yes.

MR. LIHVARIK: The motion passed.

Thank you.

MS. MOLNAR: Thanks, and congratulations.

MR. LIHVARIK (Executive Director): Thank you very much.

MS. MOLNAR: Now, our Executive Director's report.

MR. LIHVARIK: Okay.

Madam Chair, last week we received responses to questions from the Commission from the Department of Agriculture and the Commission on Higher Education. This information, along with a request for information on funding for Facility Maintenance by Mr. Roth, is being provided today for the Commission's review. We are still awaiting responses from the Department of State, the State Librarian, the Department of Treasury, and the Garden State Preservation Trust. This information should be available at the next Commission meeting.

With respect to the Facility Maintenance request made by Mr. Roth, the information developed by Commission staff -- most notably Mr. Roger Bushyeager -- is displayed in two charts. They are the total statewide expenditures by fiscal year, from Fiscal 2000 to Fiscal 2004, and the

expenditures incurred during Fiscal 2004 by individual departments. Also attached are bullet points that highlight how other states treat maintenance. Regarding the correlation to the issuance of debt and maintenance activities, the debt report is scheduled to be presented to the Commission at the next Commission meeting. At that time, any questions regarding this issue will be answered. It should be noted that the issuance of debt is a function of many factors: exigent environmental concerns, such as the preservation of open space; upgrading schools, through the Schools Construction Program; and making the State's transportation system top notch, through the Transportation Trust Fund.

After the debt report is issued, if there are any questions that you have regarding the correlation between that and the information that we've provided, the Commission staff will be available to answer any of your questions.

With that, that concludes my Executive Director report.

MS. MOLNAR: Thank you.

Any questions or comments from Commission members?

MR. ROTH: I just want to say thank you for the report. I haven't had a chance to review it yet. But certainly, within the next couple of weeks, I'll be taking a close look at it.

MR. LIHVARIK: I would direct that thanks to Mr. Bushyeager, Mr. Brune, and other staff at OMB that were involved in this process.

MS. MOLNAR: Thank you.

Okay. We'll begin our capital requests.

Our first department is Department of Corrections. I'd like to welcome Peter Roselli, Assistant Commissioner.

Good morning.

Could you introduce your staff?

**ASST. COMMISSIONER PETER T. ROSELLI:** Thank you, Madam Chairwoman.

To my left is Barbara Kutrzyba, the Department's Director of Financial Management; to my right is Jim Barbo, our Operations Director, among whose duties is the Capital Program of the Department; and to his right is his Assistant Director, Gerry Kennedy, who supervises Facility Maintenance and Construction within the Department of Corrections.

MS. MOLNAR: Thank you.

ASSISTANT COMMISSIONER ROSELLI: Good morning, Madam Chairwoman.

On behalf of Commissioner Devon Brown, I'm pleased to present the Department of Correction's Fiscal Year 2006 capital budget request to you and the Commission.

The Department of Corrections, DOC, is responsible for the custody and care of persons committed to the adult and youth State correctional institutions. It provides educational, vocational, and counseling programs, and services contributing to the rehabilitation of offenders and their ultimate reintegration into the community upon release from custody. The Department is responsible for ensuring that county and municipal jails comply with statewide standards, as well.

Adult institutions, the prison complex: The adult correctional facilities include South Woods, New Jersey, East Jersey, Bayside, Northern and Riverfront State Prisons; Southern State and Mid-State Correctional Facilities; and the Central Reception and Assignment Facility. The Edna Mahan Correctional Facility for Women provides for custody of adult females. Adult male inmates are also housed in minimum security units at Ancora, a satellite of the Bayside State Prison; and Jones Farm, a satellite of the Central Reception and Assignment Facility.

Special units and treatment centers also fall under the jurisdiction of the Department. The Adult Diagnostic and Treatment Center, ADTC, provides specialized evaluation and treatment services for state prisoners committed under the State's compulsive and repetitive sex offenders act. A Special Treatment Unit, operated jointly by the Department of Corrections and the Department of Human Services, provides for the secure care and treatment of civilly committed sex offenders who have completed their custodial terms as state prisoners. The Department also contracts with nonprofit agencies to provide bed spaces for select, pre-release offenders in community residential facilities.

Youth correctional institutions, youth complex: In addition to the adult facilities, the Department operates three youth correctional facilities. Garden State, Mountainview, and Albert Wagner Youth Correctional Facilities provide for the custody, care, and rehabilitation of younger and less-violent males aged 18 to 26. The Juvenile Justice Commission, an independent agency within the Department of Law and Public Safety, maintains jurisdiction over offenders younger than age 18 committed to State custody.

Parole and community services: As of September 2001, parole services were transferred to the State Parole Board, and as such, the Department no longer supervises parolees.

Correctional Facility Policy and Planning, major facility issues: A major challenge facing the DOC continues to be prison overcrowding, despite recent decreases in the inmate population. Over the eight fiscal years from 1991 to 1999, the Department's adult inmate population increased by 9,775, or 45 percent, from 21,525 to 31,300 inmates. During the next three fiscal years, from 2000 to 2002, the state prison population decreased by approximately 4,000 inmates, to 27,300. Since then, the population appears to have stabilized at this level. Notwithstanding this stabilization, sufficient additional and replacement bed space has not been constructed over the last 10 years to keep pace with the inmate population, considering the deterioration of much of the Department's current housing stock.

During the past seven years, alternatives to traditional institutional incarceration have expanded considerably. The Department has increased the number of noninstitutional treatment and alternative program slots by 356 percent, from 762 in 1995 to more than 2,850 in Fiscal Year 2004. Over the last three fiscal years, additional residential treatment space has been added to the State Parole Board alternative programs, as well. However, the number of inmates who can be assigned to such programs is limited.

The recent stabilization of the inmate population and the use of alternatives to incarceration have not appreciably relieved pressure on DOC facilities, since most of the reductions have been experienced in the number of State-sentenced inmates housed in county facilities. During the last several

years, the number of State inmates housed in county jails has dropped from over 5,000 to less than 2,000. The result is that State correctional facilities continue operating at well beyond their design capacity.

State prisoner population growth is directly attributable to various legislative enactments and public safety practices, including the New Jersey Code of Criminal Justice, Title 2C, enacted in 1979; the Parole Act of 1979; the Graves firearms Act; the Comprehensive Drug Reform Act of 1986; the 1997 No Early Release Act, NERA; and other statutory changes.

The No Early Release Act, which requires that an offender serve 85 percent of his sentence, is anticipated to double the length of stay for a significant number of State commitments. There currently are 4,000 inmates serving time under NERA. To date, only 400 NERA-sentenced inmates have been released. Over the past two years, NERA admissions have averaged 100 per month, while NERA releases number fewer than 10 per month. This leads us to anticipate some modest increase in the inmate population during the next several years, due to continued buildup of NERA-sentenced inmates.

A second major issue facing the Department of Corrections -- the continued use of modular buildings, essentially trailers, constructed of inexpensive, nondurable materials throughout the state -- is directly related to the rapid prisoner population growth during the 1980s and 1990s.

In response to prison overcrowding, the Department initiated the installation of these units in May 1981. Since then, the Southern State facility, which currently provides housing for 1,586 prisoners in 13 trailer units; and nine individual trailer units at four other facilities, housing an additional 1,023 inmates, have been placed into operation. Due to recent fires which destroyed

a 120-bed unit at Southern State, in August 2003, a 100-bed unit at East Jersey State Prison in February 2004, and partially destroyed a 100-bed unit at the Riverfront State Prison in March 2004, these units have become a primary life safety concern.

Although the 20-year-old Southern State facility is the Department's primary focus because it is comprised entirely of trailer units for prisoner housing, the trailer housing units at the Bayside, East Jersey, Edna Mahan, and Riverfront facilities are also a concern.

A third major capital issue is the continued use of antiquated, obsolete facilities. The East Jersey State Prison is a medium/maximum-security prison with 2,000 beds of various security levels. The facility was constructed more than 100 years ago, in 1886, and other than selected wings at the New Jersey State Prison, it is the Department's oldest facility. Despite extreme efforts to provide short-term maintenance to this aged facility, its basic infrastructure is obsolete, outmoded, and in a chronic state of disrepair.

The final major capital issue has to do with the ability of the Department to continue to maintain the existing physical plant and infrastructure to ensure the availability of existing bed spaces within the limits of annual capital appropriations, which have been significantly reduced over the last five years. This includes the necessary improvements that must be made at all facilities to meet new codes with regard to fire safety and environmental concerns. The collapse of the D-Wing stairwell at the Albert Wagner facility in June 2004; the continued leakage in the high temperature, hot water piping system at the South Woods facility; the loss of electrical power to units in the maximum-security custody area of the Edna Mahan facility in May 2004; the

loss of electrical power to the I-Wing at the Albert Wagner facility in June 2004; and the recent loss of water supply at the Mid-State Correctional Facility are all indications of the Department's need for additional capital funding.

The interacting effects of continued prison overcrowding, combined with the aging trailer units, use of antiquated facilities, and the inability to maintain buildings and infrastructure underscore the need for new construction and internal renovations.

**New construction:** The Department received Federal Violent Offender Incarceration/Truth in Sentencing grant funds in the amount of \$11 million to construct a new 350-bed minimum-security housing unit on the grounds of the Southern State Correctional Facility. Locating the unit on an existing site resulted in lower operating costs for the new beds, due to the sharing of existing administrative and program services. This unit has been a successful addition to the Department's physical plant.

**Replacement unit:** A new, 134-bed minimum-security housing unit has been completed at the Jones Farm facility in Mercer County to replace trailer housing units, which were beyond their life expectancy. There was no net gain in bed spaces with this replacement unit. The project was funded from a 1989 bond issue appropriation. The unit represents a much-needed facility replacement in our system.

**Summary:** The objective of the Department's capital program over the last 10 years has been first to maintain existing facilities and minimize further deterioration so that the bed space -- as added through new construction, contracts with the counties, and community-based expansion -- could relieve overcrowding. With \$3.3 million in funding provided from the Fiscal Year 2004

statewide fire, life safety, and renovation project capital appropriation, the Department either funded or supplemented previous capital appropriations for the following projects: warehouse roof replacement, DEPTCOR; Wastewater Treatment Plant expansion and upgrade at the Albert Wagner facility; new fire alarm system, Bayside; sewer system repairs at the East Jersey and Stokes Forest facilities; and the emergency high temperature, hot water leak repair at the South Woods facility.

The Department plans to continue this effort by funding the following capital projects, pending any new emergencies, with its \$3 million Fiscal Year 2005 allocation from the statewide appropriation: roof replacement, North and South Halls, Edna Mahan; chapel roof replacement, New Jersey State Prison; sally port receiving gate replacement, East Jersey; secondary egresses, Administration Building and cottages, Mountainview; and the replacement of the leaking steam supply and condensate line at the Wagner facility.

A second objective is the replacement of existing, aged facilities, which are costly to maintain and operate. New facilities would be designed to reduce custody staffing requirements and would incorporate state-of-the-art security technology to enhance operating efficiencies.

The Department's 2006 capital request addresses both of these objectives. However, in light of recent events, the Department's most pressing capital concern is now the continued use of trailer units constructed of these inexpensive, nondurable materials. The request has as its first priority the replacement of all of the trailer units at Southern State, at an initial cost of 13.5 million for programming and design. The phased replacement of the individual

trailer units at various facilities is the second priority, with a request of 10 million to replace the two remaining trailer units at the Bayside facility, at present housing 280 prisoners, with two of the Department's 134-bed dormitory prototypes.

The complete 2006 capital request consists of 38 projects with a total cost of 122.1 million. Of this amount, 42 million, or 34 percent, addresses the replacement of the aforementioned modular units and the East Jersey State Prison. The balance of 80.1 million, or 66 percent, addresses the preservation of the physical plant and infrastructure, with the highest priorities being compliance with the fire safety code, replacement of internal locking systems, replacement of existing facility security perimeters, and roof replacements.

Thank you for this opportunity to present the Department's capital needs to the Commission. I've introduced our staff, who are here. We would be happy to answer any questions you or Commission members may have.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thank you, and good morning.

The 352-unit facility at Southern State that had to be evacuated was only opened in 2003. Should that be a concern? I mean, it does rain in New Jersey.

ASSISTANT COMMISSIONER ROSELLI: Assemblyman, what occurred during the hurricane in September of last year was that the facility at Southern State, which is entirely trailer units, had to be evacuated.

ASSEMBLYMAN CRYAN: Okay. Just because it was part of the trailer unit?

ASSISTANT COMMISSIONER ROSELLI: Yes. Now, the 350-bed unit is a regularly constructed facility, and it was not evacuated. It stood the--

ASSEMBLYMAN CRYAN: It wasn't. I thought--

ASSISTANT COMMISSIONER ROSELLI: No, it was not.

ASSEMBLYMAN CRYAN: Okay. I thought this said the entire complex was.

A couple of other quick things. I assume that the East Jersey State -- looking forward, it's 18.5 to do the design, whereas in Southern State it's 13. And in a cost difference, it's 186 million to build a new one. Is that because it's maximum security? There's a significant cost difference between East Jersey and Southern State. Although if my math is right, the beds aren't all that much different. Is it because it's maximum security?

ASSISTANT COMMISSIONER ROSELLI: It's because it is maximum security, and also it is somewhat larger in population. It would be a somewhat larger facility.

ASSEMBLYMAN CRYAN: And priority two, the replacement of trailer units statewide, a couple questions on that -- and they're in the notes here. It's about 1,000 beds that are in that problem?

ASSISTANT COMMISSIONER ROSELLI: Yes, sir.

ASSEMBLYMAN CRYAN: Does it makes more sense to say, "Okay, let's get rid of the trailer units, but let's incorporate either into -- East Jersey, or probably Southern State -- into that 13 million" that you're looking

for, for a design? Is there space available? I mean, it doesn't seem to me to make sense, sitting here on this dias, as opposed to what you do every day -- it doesn't seem to make sense to look for replacement trailers all over the place when you can, perhaps, function and put them in one area, or is that too simplistic?

ASSISTANT COMMISSIONER ROSELLI: No, it's a good point. It is the case that you could combine the trailer unit replacement in one location, but you have a siting issue then. And secondly, you have the business of staged rebuilding. Our current concept is to have our prototypes used to replace space incrementally, so that there's not a large displacement of the population as the buildings occur. And you can also place them on the properties that we now have. Again, if you aggregate them, you are really -- a siting issue situation.

ASSEMBLYMAN CRYAN: Does the siting issue -- worth-- I mean, by the count here, it's almost \$40 million. That would seem to be a pretty good incentive to take a second look, almost. Right? The priority two, the total cost, which is what I'm looking at, is 39.8. I recognize, some of that we can incorporate into Southern State. But I assume that the design costs, the original 13 -- but you'd save money that way?

ASSISTANT COMMISSIONER ROSELLI: You would still, because you would be-- Wherever you place these--

ASSEMBLYMAN CRYAN: Right.

ASSISTANT COMMISSIONER ROSELLI: --you would be at the margin, perhaps if you aggregate them, saving some money. But the fact is that

at Southern State, replacing that physical plant would still require the 153 million, ultimately.

ASSEMBLYMAN CRYAN: No question. But the idea is, can you save some of the 40 million in priority two?

ASSISTANT COMMISSIONER ROSELLI: But that population, Assemblyman, would have to be accommodated by incremental space. So you would still incur that incremental cost, whether you placed them at Southern State or at a current East Jersey site. You still have that incremental population. In other words, these prices are associated with the populations involved. So those trailer units, whether they be located at disparate locations, or aggregated together, are still going to cost a substantial amount of money. You may save, by aggregating them, some costs at the margin for the fact that you have brought them together into one unit, but you're not going to save that much money, because the population needs to be accommodated.

ASSEMBLYMAN CRYAN: I'm not sure I follow you, but I'll accept that for you.

Just one other thing. The county facilities, which now have -- it sounds like a 3,000 bed availability at the moment, if I've read your statement right, right? We used to have 5,000; now the population is two. What options are there with the county beds, since by this statement there's options for space?

ASSISTANT COMMISSIONER ROSELLI: Yes. The history of the county jail backup -- when it hit 5,000, was a crisis circumstance. And really, we were at 5,000 for only a brief period of time. The fact is that these county facilities are not in good shape in many instances. And what we really are using them for is -- I wouldn't call it emergency backup in the first instance,

but backup of the last resort. So, for example, right now we have about 1,400 of our state prisoners backed up in county facilities. We do make payment, per diem payment, as you probably know, for those spaces. But we are reluctant to view those facilities as really surplus space of the same type that we would consider appropriate for state prisoners in our own facilities. They lack program activities that are appropriate for state prisoners doing longer sentences. And the facilities, frankly, except in a few instances, are fairly old and not in great shape themselves.

ASSEMBLYMAN CRYAN: I mean, just thinking out aloud, Essex has a new jail. The Bergen facility is relatively new.

ASSISTANT COMMISSIONER ROSELLI: Yes. I might say to you, Assemblyman, with regard to Essex, it's fully subscribed.

ASSEMBLYMAN CRYAN: Yes, all right. Okay.

The 27.3 number, in terms of inmate population-- I was at a drug court hearing last week with the Regulatory Oversight, where we just went into the last five vicinages in the state and clearly expect to have a reduced population of incarceration because of it. I also understand it's a commission now. I'm not sure of-- Is there a commission that's studying minimum sentences in New Jersey? Does that commission exist?

ASSISTANT COMMISSIONER ROSELLI: There is a commission that will be reviewing the sentencing structure in our criminal code, yes.

ASSEMBLYMAN CRYAN: Okay. And I should know this, but I don't. Do you have any idea when they're going-- I mean, I guess what I wonder is if we do changes on minimum standards, does it affect this request in

any way, or is it realistic to expect it will still be at 27.3, or somewhere in that area, in the near term?

ASSISTANT COMMISSIONER ROSELLI: Well, that's a good point. Last year, we visited the commission and gave testimony. We were observing that it appeared we were getting a net growth of about 200 a year. That seems to have flattened out. We think that part of it is the fact that our alternative programming, that's been funded and put into full operation in the parole board circumstance, has helped. And in addition, it is the case that if sentencing structures were to be adjusted and impacted -- for example, mandatory minimum sentencing -- it certainly would have an impact in the correction population. This presentation assumes a steady state population at the current level.

ASSEMBLYMAN CRYAN: The current levels and-- Okay. All right.

Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Brannigan.

MR. BRANNIGAN: On priority three, the replacement of the East Jersey State Prison, has the Department explored debt financing through the New Jersey State Building Authority?

ASSISTANT COMMISSIONER ROSELLI: Mr. Brannigan, as you have observed over the years, we defer generally to the State Treasurer and OMB with regard to the method of funding. And we are certainly supportive of any and all methods as the Treasurer so determines. And so, therefore, we're presenting here what our need is, and presented the mathematics of the financing

in one way, and that is by out-right purchase. But certainly, if there were other mechanisms brought to bear, that would be fine.

For example, the locking system at Bayside was quoted last year in terms of cash outlay. And the Treasury Department chose to fund it on a multi-year basis. So that's fine with us. We're happy to entertain any of those alternatives.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Pete, good morning.

ASSISTANT COMMISSIONER ROSELLI: Good morning.

MR. BRUNE: A couple questions, Pete, to follow up on the Assemblyman's line of questioning about the facilities, and then I just wanted to ask you something quick about priorities four, five, and six.

If we look at this in the total cost basis, Pete, over time, there's three options here: There's build bricks-and-mortar kind of solution to the trailer problem, there's replace them with trailers, and then there's the county aspect. And as I understand it, the bricks-and-mortar solution, if you're building a new building in Southern State and conventional buildings in the other places where the trailers are, it's something like a \$200-million price tag when you add it all together over time, not just '06. And the replacement of the trailers alone is over \$50 million, which -- because they last only, I think, on the order of 15 years, it doesn't seem like a great option.

But the one that I'm wondering about is the cost of putting them in the counties in comparison to that. Is there a way to cost that out?

ASSISTANT COMMISSIONER ROSELLI: Well--

MR. BRUNE: And maybe the second question, Pete, just to get it all in front of you is, is it an appropriate question for the types of prisoners that you have in some of the locations? I think you mentioned maximum security in at least some of these trailers.

ASSISTANT COMMISSIONER ROSELLI: Yes. Let me respond in this way. Right now, on any one day, keeping in mind that we are double-bunked -- and I use the term very liberally -- because we have dormitory-style living, we have more than two inmates in cells around this system. So it's not just two inmates to a cell, in some instances. On any one day, our operating capacity is nearly full. That is to say, we are within 200 to 250 inmate spaces of full capacity. The county jail situation is such that it is, again, a last resort. The cost there to us averages about \$25,000 a year to house the inmates in those facilities. But keep in mind that the offender, while he or she is in those facilities, is really locked up. They may not be literally locked up in their cell, but it's a kind of holding activity. It is not a programmed kind of correctional presentation that occurs in our correctional facilities. There's limited educational services, social services, etc. The basics are attended to -- medical services, etc. So as a kind of longer-term, medium-term option, even in locations where the facility is in reasonably good shape, one would argue that that is not a kind of setting that one would want to view as kind of, de facto, another prison setting -- if you aggregated cells there, and thought about it, theoretically, as a 2,000-man or 3,000-man facility. They are just not suited to housing state prisoners who do, on average, a length of stay of about 24 to 28 months.

So the cost, again, is somewhat less than our per anum in our state correctional facilities, per inmate, but the services are far less with regard to the correctional aspect of corrections.

MR. BRUNE: Just so I'm clear on the composition of the inmates, are there inmates that you would not even think about putting in county facilities by virtue of their sentence?

ASSISTANT COMMISSIONER ROSELLI: Yes, absolutely. As we are determining the transfers -- the flow is through a county facility to us -- the nature of the inmate's background and behavior is considered in terms of transfer. In fact, these county facilities have the option of requesting that we take certain prisoners who are behavior problems, so we do that -- or medical problems.

MR. BRUNE: So did I hear it wrong, Pete, that the Southern State maximum inmates--

ASSISTANT COMMISSIONER ROSELLI: No--

MR. BRUNE: No, okay.

ASSISTANT COMMISSIONER ROSELLI: --it is a medium-minimum security, primarily medium.

MR. BRUNE: Just one other thing, Pete. On priorities four, five, and six -- this is fire safety, the locking systems, and the perimeter security -- one thing that's helpful, if you could point us out any -- if there's any areas of what you would term imminent public safety, life safety issues in those areas? Because we had, last year, I think the Bayside locking system came up after the budget was done. It was funded. I guess what I'm asking is, can you -- is there

a way to sift through these and highlight the few that you think are particularly problematic?

ASSISTANT COMMISSIONER ROSELLI: Yes. The staff have, Gary, produced a, kind of, priority listing of these. I don't know that we have any -- I'll defer to Jim Barbo and Gerry Kennedy. I don't know if we have any that are dire emergencies at the moment, but they are-- We don't want to minimize it. We're concerned about our locking systems, and we are concerned about the perimeter security, generally. And we can provide you with these listings, and they're detailed.

MR. BRUNE: That would be fine.

ASSISTANT COMMISSIONER ROSELLI: And they are imbedded in these larger amounts, if that's okay?

MR. BRUNE: Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Lihvarcik.

MR. LIHVARIK: Good morning, Peter.

ASSISTANT COMMISSIONER ROSELLI: Good morning, Mike.

MR. LIHVARIK: It's always a pleasure.

ASSISTANT COMMISSIONER ROSELLI: Nice to see you, too.

MR. LIHVARIK: Two questions: The new 352-bed minimum-security housing unit, did that cost -- the total cost was \$11 million, or was there supplemental funds from another source?

ASSISTANT COMMISSIONER ROSELLI: Bob Werner, our staff member who works on this, indicates there was about a million dollars in addition, a state share. It was a 10 percent match, as I recall.

MR. LIHVARCHIK: And what type of facility was that? Was that bricks and mortar, or was that--

ASSISTANT COMMISSIONER ROSELLI: Yes.

MR. LIHVARCHIK: It was bricks and mortar.

ASSISTANT COMMISSIONER ROSELLI: Yes.

MR. LIHVARCHIK: And one other question. The 134-bed minimum-security unit, what was the total cost on that?

ASSISTANT COMMISSIONER ROSELLI: Five million dollars.

MR. LIHVARCHIK: And that was to replace trailer units. Was that bricks and mortar, as well?

ASSISTANT COMMISSIONER ROSELLI: Yes.

MR. LIHVARCHIK: And the costs are substantially lower than a new Bayside or a new -- your first two priorities. Why would that be? Why are these so less expensive?

ASSISTANT COMMISSIONER ROSELLI: Well, they are -- they're stripped-down facilities. They're added to the larger physical plant of a facility that has lots of the infrastructure in place already. So they're basically dormitories. Now, the 350-bed unit does have program space in it. The dormitory out at the Jones Farm has very little of that. So that's the reason. I mean, you're really doing a stripped down add-on. I mean, one of the reasons why we like the idea of adding to existing physical plants when we put up these units that are -- we're calling them *modular* -- is that you take advantage of the existing physical plant. You don't have to put in a sewer treatment plant. You don't have to put in the whole power infrastructure, etc., and that's really very costly.

MR. LIHVARCHIK: Are there other opportunities throughout the correctional system to do this type of construction, rather than building new facilities?

ASSISTANT COMMISSIONER ROSELLI: Yes. And that, to address -- back to my discussion with Assemblyman Cryan -- that's precisely part of the strategy that's being employed here. That if we can put these buildings up, they are well-done buildings. And they are nice, solid buildings that are very -- have great utility for us. And at the same time, you don't incur that incremental cost, which is rather large, to put in the whole infrastructure that implies a whole free-standing facility.

MR. LIHVARCHIK: Thank you.

Thank you, Peter.

ASSISTANT COMMISSIONER ROSELLI: You're welcome.

MS. MOLNAR: Any other questions or comments?

Mr. Annese.

MR. ANNESE: Commissioner, regarding the fire safety, have you made a determination of what has caused the recent fires you've had at the facilities?

ASSISTANT COMMISSIONER ROSELLI: Yes. I'm just going to make one comment about it, and I'll defer to Gerry Kennedy, if he wishes to add to it.

The fires occurred in the roofing of the trailers, and they were electrical fires. And these trailers are very well inspected and maintained, but by virtue of the nature of this construction, these facilities are subject to this kind of circumstance.

Gerry, do you want to say anything?

**G E R A L D K E N N E D Y:** The bottom line is, they break down in the insulation on the wiring. It's abused from the constant use.

MR. ANNESE: That was for all three fires?

DEPUTY TREASURER ROUSSEAU: Can I just interrupt for a second? Excuse me?

Are there any lawsuits pending on either of these fires? Because if there are, I think you probably should stop answering questions. I'm just curious. I'll defer to my lawyer, here, but I think just a couple of things you just said sort of--

ASSISTANT COMMISSIONER ROSELLI: To our knowledge, no.

DEPUTY TREASURER ROUSSEAU: Okay. Thanks.

Sorry about that.

MR. ANNESE: No problem. I'll withdraw the question if there's a problem? No. You're okay?

DEPUTY TREASURER ROUSSEAU: No. No. I was just-- I just heard him say a few things that-- I'm practicing without a license. (laughter)

MR. ANNESE: And then in your request for funding, item number four or five, I believe, in fire and safety, would that be addressing these problems, or are those problems independent? In other words, do you have to replace the trailers to solve this fire problem?

ASSISTANT COMMISSIONER ROSELLI: They are independent of the trailer issue. The trailer funding request itself is really a self-contained request. These are other fire safety code issues that we have around the Department.

MR. ANNESE: Okay. Thank you.

ASSISTANT COMMISSIONER ROSELLI: You're welcome.

MS. MOLNAR: Any other questions or comments?

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

Thank you.

ASSISTANT COMMISSIONER ROSELLI: Thank you very much.

MS. MOLNAR: Our next department is the Department of Environmental Protection. I'd like to welcome Irene Kropp, Assistant Commissioner.

**ASSISTANT COMMISSIONER IRENE KROPP:** Good morning.

MS. MOLNAR: Good morning.

Could you introduce your staff for the stenographer?

ASSISTANT COMMISSIONER KROPP: Absolutely.

I'm Irene Kropp, Assistant Commissioner, Department of Environmental Protection; Administrator Dave Rosenblatt, for Construction and Engineering; Dave Barth is the Director of Budget and Finance; and Al Payne is with the State Park Service. Additionally, in the audience, is Jim Hall with the Palisades Interstate Park Commission, if you have any questions regarding the Palisades.

Good morning, Madam Chair and members of the Commission. On behalf of Commissioner Campbell, I want to thank you for the opportunity to present DEP's capital needs for Fiscal Year '06.

The Department's Fiscal Year '06 capital request focuses on water supply and municipal wastewater assistance, restoring our park infrastructure,

remediation of contaminated sites, purchasing open space, protection of our beaches and beach water quality, and dam restoration. Our total capital needs equal \$771 million, and are broken down by funding source that are contained on the last page of the document.

I'd like to take a moment to highlight some of the following projects: With regards to coastal beach closure abatement, extensive development around and upstream of our coastal lakes in Monmouth and northern Ocean counties has caused these lakes to resemble stormwater detention basins, which are underdesigned and undermaintained for the large stormwater flows directed to them. The accumulation of sediments and sediment-associated pollutants in these lakes results in ocean discharges of a substandard quality. Beach closings are often necessary to protect the public health during the recreation beach season. Some communities have recently developed DEP-funded preliminary evaluations as a prelude to remediating problems in these lakes. Other communities are just beginning similar studies. Over time, we must determine how we can systematically fund the maintenance of these lakes. One immediate need is to remedy the ocean water quality problems that Wreck Pond continues to cause. This past summer, there were 59 closings of New Jersey's ocean beaches, and 51 of these were directly attributable to Wreck Pond.

Maintenance of these lakes, including upstream nonpoint source pollution controls and dredging, will be expensive, but the costs must be placed in the context of revenues generated by coastal tourism. The State's shoreline and the quality of the ocean water are vital to New Jersey's economy.

The Department's 2006 capital request includes a coastal beach closure abatement program for Wreck Pond, in Spring Lake and Sea Girt, as well as addressing stormwater discharges to coastal bathing areas in the Wildwoods.

**Recreational Opportunities:** More than 30 percent of our state residents take part in some form of wildlife associated recreation -- fishing, hunting, bird watching, and wildlife photography -- spending over \$2.1 billion annually.

Over 15 million visitors enjoyed New Jersey's Parks and Forests in 2004, providing economic benefits amounting to at least \$1.2 billion. Recreational opportunities are provided at 39 State Parks, 11 State Forests, four recreation areas and golf courses, 118 Wildlife Management Areas, 42 natural areas, and 23 individual historic sites. All of these areas encompass some 688,000 acres of New Jersey lands.

New Jersey taxpayers reap tremendous benefits when compared to the level of investment made in other states. New Jersey's State Parks and Forests constitute about 8 percent of New Jersey's total land, and rank eighth in the nation and second in the Northeast in terms of acreage. However, in 2002, New Jersey spent almost the same dollar amount as the other 50 states, on average, for the operation of its park system.

The capital plan before you again emphasizes the priority that we place on restoration and renovation of our parks' infrastructure and historic sites. Restoration projects at Rockingham, Ringwood, Fort Mott, and Barnegat Lighthouse are high on our priority list.

In reviewing our request, you will find the total funding requests of 100.8 million are included for Parks and Forestry, and Fish and Wildlife areas. The requests focus on enhancing the quality of the recreational experience for all of our visitors. Projects which have been categorized as urgent make up \$50.8 million worth of this total. The Department would use 26.4 million, or 50 percent of this funding, to renovate and rehabilitate existing facilities in order to eliminate health and safety issues; repair roads, parking areas and bridges; bring facilities into environmental compliance; and tackle the backlog of deferred maintenance.

Additional urgent projects include 7.1 million for continued restoration of the terminal, the train sheds, and the ferry slips at Liberty State Park, and 3.5 million for new fish-rearing tanks at the Hackettstown Hatchery.

Since the State set up a land preservation goal in May of 1997, close to 370,000 acres have been preserved, including 113,000 acres of farmland. Purchases of open space that will protect the State's surface and groundwater resources, as well as flood prone areas, are emphasized. Funding will also be used to create and improve parks in cities and suburbs. In concert with this goal, DEP's Fiscal '06 capital request includes \$185 million for the Preservation Trust projects. Specifically, 55 million is included for State acquisition projects and 10 million for new urban parks. Another 120 million is included for the Green Trust program to provide loans and grants to local governments and nonprofit entities.

The State's preservation efforts will be further bolstered by the acquisition of 1,800 acres of environmentally sensitive lands associated with watersheds, groundwater recharge, wellhead protection, and stormwater

management. This will be accomplished through DEP's partnership with the Environmental Infrastructure Trust.

New Jersey's Environmental Infrastructure Trust financing program has proven to be a valuable asset to the State in terms of water quality protection. Earlier this month, project sponsors again had the opportunity to submit planning documents for 2005 financing. Eligible projects fall under the broad categories of wastewater treatment, stormwater and nonpoint pollution control, and water supply. Projects eligible for funding include: wastewater and drinking water treatment, new water supplies, combined sewer overflows, stormwater management, landfill closures, brownfields remediation, stream bank stabilization, and open space acquisitions which protect water quality.

New Jersey's Environmental Infrastructure Financing Program is in its second decade. Since 1987, the Trust and the DEP have provided more than \$2.65 billion in low-interest loans to finance clean water projects. By leveraging this financing mechanism, New Jersey residents have saved nearly \$750 million, or 28.3 percent, as a result of these low-cost loans. This year's financing, which closes on November 5, 2004, will fund 36 county and municipal projects worth \$128 million. The bonds, which were offered earlier this month, were sold with interest rates of 4.04 percent.

The 2005 financing project, which corresponds to our 2006 request, currently includes 50 projects with a project total of \$475 million.

The Federal Safe Drinking Water Act amendments of 1996 provided New Jersey with the opportunity to leverage State loan funds to improve drinking water infrastructure facilities. The current Drinking Water SRF priority list identifies 180 projects and a need of \$553 million. We expect

that 75 (*sic*) million in projects will be financed in November. Our Fiscal Year 2006 capital request of \$3.8 million from the '81 Water Supply Fund represents the eighth year of financing under the Federal Drinking Water SRF, and will match \$19 million in Federal funds. As with the 118.5 million in Federal funds available from Fiscal Year 1997 through 2004, the Department will continue to leverage these moneys through the EIT.

New Jersey's Shore Protection program remains a viable one 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. Over the course of the past year alone, beach work fill has continued in Atlantic City and Cape May City, with construction scheduled to begin shortly in Brigantine and Cape May Point.

Our Fiscal Year '06 capital request of \$27.7 million for shore protection focuses on beachfill projects that cover such areas as Deal to Asbury Park, Townsends Inlet to Cape May Inlet, and Long Beach Island. In the past, our request for dedicated shore protection funds will be used in large part to leverage some \$56 million in Federal funds.

The flood control projects contained in our request include both the deferred maintenance of culvert repairs and replacements, and funding required as the State's match to Federal HR-6 projects. Specifically, \$6.4 million in State funds will leverage \$35.2 million in Federal funds. Major projects to be continued in Fiscal Year '06 include the Green Brook, South River, Ramapo River at Oakland, and Newton Creek projects.

The Department's request also includes capital moneys to address needs at the Bayshore Floodgate. Specifically, \$500,000 is being requested to address capital needs involving the replacement of outfall pipes.

The Dam, Lake, Stream, Flood Control, Water Resources and Wastewater Treatment Project Bond Act of 2003 was approved in last November's election. The act authorized the sale of \$95 million in general obligation bonds to provide funding for the repair of privately owned dams. The Fiscal Year '06 capital request, before you now, identifies the need for \$32 million from what was to be a second round of applications. However, in response to this summer's dam failures in Burlington County, the first application round was reopened. The Department is currently reviewing 94 applications, totaling over \$1.1 (*sic*) million. We anticipate the full amount available will be appropriated this fiscal year.

Our Fiscal Year '06 request includes \$6 million in capital moneys to maintain New Jersey's navigational channels and harbors. The funds will serve to eliminate the hazards of shoaling and the lack of regular, routine maintenance dredging.

Our Fiscal Year '06 capital needs for site remediation include \$108.3 million in funds in order to address ongoing remediation projects, water line replacements, operations and maintenance, 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 \$55.7 million from the CBT dedication. To date, the availability of the dedicated CBT funds for cleanups has allowed the State to avoid the issuance of approximately \$175 million in bonds. This has saved the State an estimated \$140 million in interest, which

would have otherwise been incurred if these cleanup efforts had been funded by traditional bonding methods.

In addition to the requests I have already mentioned, I also call your attention to the following items contained in our Fiscal Year '06 capital submission: Requests on behalf of the Palisades Interstate Park Commission are included at a level of \$6.8 million. Specifically, the Commission is seeking \$3.7 million for recreation development, and 2.1 million for road improvements, and \$950,000 for historic preservation.

One of the most effective methods of mosquito control is open marsh water management, in which heavy-duty amphibious equipment is used to create tidal flushing and to eliminate the mosquito-breeding habitat. The request for the State Mosquito Control Commission includes \$63,000 for secure insecticide storage facilities, and some 786,000 for the addition or replacement of equipment used by our county mosquito control commissions to implement an open marsh water management project. These projects are critical to controlling the mosquito population and related diseases in New Jersey.

Thank you for your time. And if you have any questions, we're here to answer.

MS. MOLNAR: Thank you so much.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thanks. Thank you.

I have questions on the dams. In looking at the priorities, I was kind of surprised that they were down as far as they were, to be honest with you. Unless I'm mistaken, they came after the point-of-sale license system for licenses. And given the circumstances, that kind of surprised me. So I do have

some questions for you. First off, in our summary, it says that there's \$3.1 million for dam repairs that's uncommitted; 2.0 in dams for State parks, and 1.1 for dams statewide. Is that still correct? Given the Burlington situation, you can see where my interest is.

**E. DAVID BARTH:** Assemblyman, the amount of money that was carried forward is correct. The \$1.1 million was reallocated in July of this year to help with the Burlington County dam situation. The Department appeared before the Joint Budget Oversight Committee to reallocate that \$1.1 million to help with the Burlington County situation.

ASSEMBLYMAN CRYAN: So, in their wisdom, they put the 1.1 into Burlington?

MR. BARTH: Right. It's still available for dams. But through our discussions, we allocated to grants and aid accounts for the Burlington County needs.

ASSEMBLYMAN CRYAN: Grants and aid. I'm going to ask about that in a second, a little bit more.

You're currently reviewing 94 applications that total over 101. Is that-- I'm sure this was written not today. Is that list actually done? My understanding is, it might be. Is it done? Is it with the Commission?

**DAVID ROSENBLATT:** The list is very close to being done. The Commissioner has not seen the complete list yet, though.

ASSEMBLYMAN CRYAN: Through the Chair, I'd like to request that, when it's completed, that this group receive a list of what projects were approved and for how much. When do you expect that will be?

MR. ROSENBLATT: Early next week.

ASSEMBLYMAN CRYAN: Timing is everything, right?

MR. ROSENBLATT: Yes.

ASSEMBLYMAN CRYAN: As I understood that bond issue, it provided low-cost loans. Is that correct?

MR. ROSENBLATT: Yes.

ASSEMBLYMAN CRYAN: All right. The grapevine -- or you could call it anything you want. So we talk about taking it to grants, as opposed to being loans, or is that off the table?

ASSISTANT COMMISSIONER KROPP: I believe someone has introduced legislation with regards to moving it to grants. I'm not familiar with it, personally, or if the Department supports that.

ASSEMBLYMAN CRYAN: You don't know the Department's position on it?

And my only other question is on Wreck Pond. Do you have any idea of the financial impact of the closures in terms of revenue for the State and tourism? Does anybody have any-- It's time for Wreck Pond to be fixed, there's no question. But do you have any idea of that? Does anybody at all? Is there an estimate?

MR. ROSENBLATT: I don't think we've ever done a calculation like that, no.

ASSEMBLYMAN CRYAN: Okay. All right.

Thank you.

MS. MOLNAR: Any questions or comments from this side?

Mr. Brannigan.

MR. BRANNIGAN: Thank you.

Last year I asked a question about Wreck Pond. And at that time, no one knew who owned it. The State owns it, I think we found out.

ASSISTANT COMMISSIONER KROPP: The State owns it, correct.

MR. BRANNIGAN: But in the areas of responsibility for the damage -- and clearly, it should be cleaned up, so that's not a question. But the area around there, Spring Lake-- And last year, I reminded people it's called the Irish Riviera. You can't buy a piece of property there for less than a million dollars. I mean, the land. Homes sell between four, six, eight, \$10 million. Sea Girt, the same thing. Very difficult for anyone from Newark or Trenton to swim in Spring Lake. There's no parking. The State and the Federal Government have replenished their beaches; they're magnificent. You can't eat on the beach; you have to go up on the boardwalk. My point being, at some point in time -- and how much analysis has been done of the contribution to the pollution by Spring Lake?

Because I know that in Belmar and in Avon there is a major effort to repair storm runoff into the area. But I think that if you're talking about economic benefit and property values in an area that is, perhaps, one of the most affluent in the nation, that there should be some responsibility. And my personal view is that if it doesn't exist now, that there should be some statutory action, so that these communities that are extraordinarily wealthy, provide little access to their beaches to the urban community -- that they should share some of the costs. And if the cost is \$19.3 million and the homes are selling from four to whatever, going in dollars, I think they could afford it.

I don't know if that was a question.

MR. ROSENBLATT: I'll make it one.

I think that Spring Lake can point the finger maybe at the upstream communities -- definitely at the upstream communities, for the contaminated stormwater that they generate. Specifically, we're talking about Wall Township upstream of the Wreck Pond itself. So Spring Lake has been active in trying to improve its stormwater collection system, that part which goes into Wreck Pond. But I think the majority of the work has to be done up in Wall Township.

The Department currently is funding a regional stormwater management plan that will provide us with information as to where we can conduct some stormwater control, sediment control projects in Wall Township to help improve the water coming into Wreck Pond. Spring Lake has a small border with Wreck Pond itself, and cannot be contaminating the water body as significantly as Wall Township does. And I'd really hesitate in pointing the finger squarely at Wall Township, but I've done that before. That's where we have to really focus our preemptive attention.

MS. MOLNAR: Any other questions?

Mr. Brune.

MR. BRUNE: Irene, good morning.

ASSISTANT COMMISSIONER KROPP: Hi, Gary.

MR. BRUNE: On Wreck Pond, just so I understand, the split of cost between Wreck Pond and Wildwood, which is also embedded in your first priority, is what exactly?

ASSISTANT COMMISSIONER KROPP: Fifteen million for Wreck Pond, 4.3 for Wildwood.

MR. BRUNE: So the 4.3 that we see going out into the future is a Wildwood-related--

ASSISTANT COMMISSIONER KROPP: Ongoing.

MR. BRUNE: So Wreck Pond, you're in and you're out. It's 15 million, and it's for dredging, correct?

ASSISTANT COMMISSIONER KROPP: And we have one project this year, which is funded with shore protection money, which is the extension of the outfall at Wreck Pond, and then the \$15 million is for dredging and the disposal of dredge materials.

MR. BRUNE: I guess, from last year, maybe I got the wrong impression, but I thought this was a geese-related problem. This is not that?

MR. ROSENBLATT: Right now, we believe that the swans and the geese in Wreck Pond do contribute to the bacteria problem. They have to. But we're getting a large amount of sediments from the upper watershed that -- sediments attract bacteria, they coagulate the bacteria together. And we believe that the sediments coming from upstream are probably a most significant contributor of the bacteria load. But because the swans and the geese are so close to the recreational beaches, congregating in Wreck Pond itself, that we also believe that the geese and swans are a real significant public health threat, as they contribute their feces to the water body, and that water from Wreck Pond is discharged to the bathing area at Brown Avenue in Spring Lake.

MR. BRUNE: I guess what I was trying to ask, what is the permanent solution? You go in and you dredge, but what -- is there a step two here?

MR. ROSENBLATT: Yes. The permanent solution is taking the results to the regional stormwater management plan and putting in sediment controls upstream, having Wall Township doing all they can to prevent stormwater from entering the Wreck Pond Creek.

Yes, we have to control the wildlife, particularly the waterfowl, on Wreck Pond itself. What we intend to do is help the municipality with plantings around the perimeter of Wreck Pond which take away the habitat that the geese and the swans prefer. So there's many steps here.

And as Irene stated, currently we're designing the extension of the outfall from Wreck Pond to move the discharge further away from the bathing area.

ASSISTANT COMMISSIONER KROPP: And Gary, there were some geese control projects at Spring Lake, undertook this year with funding from Fish and Wildlife. So we're trying to deal with that issue, too.

MR. BRUNE: Okay.

Irene, you and I spoke about the possibility of using the watershed CBT money, which had a carryforward of about \$5 million into this year. Is there a reason the Department wouldn't want to at least use some of that money here?

ASSISTANT COMMISSIONER KROPP: In talking to the watershed program, Gary, the cost of salaries for CBT programs is about \$10 million. The appropriation is like 11.4, which leaves us a balance of 1.4. And the estimated operating costs are about \$6.2 million for next year. So that pretty much kills the carryforward money. And that's all for the expanded -- the

stormwater projects in general, but expanded water monitoring around the state, and at Leeds Point and the fisheries area.

MR. BRUNE: Just another quick question. Your third priority, Irene, had to do with hunters and anglers -- it's a point of license system. There's a mention made in there that there's about a \$300,000 revenue that's not collected, I guess, because it's a manual system. How certain are we of that number?

ASSISTANT COMMISSIONER KROPP: We have real problems with our Fish and Wildlife revenue collection, in general. It's a historic issue to the point that Dave Barth will now be taking over the hunters and anglers, the entire revenue program from Fish and Wildlife, so we can get a handle on it and clean it up. But we do think that there are some serious issues with how the money is being handled, checks deposited, etc. It also came out in an OLS audit recently.

MR. BRUNE: I guess what I was wondering is, if we were fairly certain of that number -- that you would realize those revenues, presumably, if you put the system in -- then there is still some money in the property sale end of the program. I was wondering whether you could temporarily use the money from there and then pay it back once the revenues came in?

ASSISTANT COMMISSIONER KROPP: We can if we make out okay in the next year so with regards to the program. You know, it's running into deficit now, a salary deficit of about \$2.1 million and about another \$2 million to 2.5 in operating costs. So we've been having discussions with the Treasurer on how to handle that deficit.

MR. BRUNE: Okay.

ASSISTANT COMMISSIONER KROPP: Fern Valley and Forked River is one option.

MR. BRUNE: Just one last question. In your testimony, you mentioned about \$6 million for flood control, and I see you're asking for 4.1. Is your need in '06 -- is 4.1 the amount you need to leverage all the Federal money that's out there?

ASSISTANT COMMISSIONER KROPP: The 4.1 are the urgent projects, but the total projects is the 6.2, whatever was in there.

MR. BRUNE: Okay.

ASSISTANT COMMISSIONER KROPP: There's two line items.

MR. BRUNE: Okay. Thank you.

MS. MOLNAR: Mr. Lihvarcik.

MR. LIHVARIK: I say this extremely tongue-in-cheek, but as you did the limited bear hunt, could you have a limited goose hunt and make license fees \$200 and solve the point-of-sale problem and, possibly, the Wreck Pond problem all at once?

ASSISTANT COMMISSIONER KROPP: I think the Commissioner is already being stalked by some PETA people, so--

MR. LIHVARIK: As I say, I say that extremely tongue-in-cheek.

On priority number two, it mentions removal of underground storage tanks. And as I understand, there was a statewide study done that identified all of the underground storage tanks that had to be remediated or removed, and this was a couple of years ago. Are these new tanks that weren't included in that study?

ASSISTANT COMMISSIONER KROPP: We are uncovering tanks every time we turn around -- tanks that we didn't know about. That's sort of a number one issue. Number two, I think the original list of tanks that this Department came up with for replacement were leaking underground storage tanks. But under the statutes, you have to replace and do secondary containment on all underground storage tanks.

So I'll defer to Al if there's additional information.

**ALVIN PAYNE:** I believe there's an existing project right now, that we're removing 57. But there's still 20 out there, that we know, that are known tanks that we have to remove. And we're using the other funding from Treasury for to remove all those tanks. But again, we have, as Irene said, about 1,700 buildings out there, that we're not sure when we uncover a leaking tank or a noncompliant tank.

MR. LIHVARIK: So these weren't included in the statewide study?

MR. PAYNE: They may have been included, but not as maybe a first phase. The first phase we hit some of the bigger tanks in our public facilities, and then worked down to our oil and more of our residential, smaller units. Yes.

MR. LIHVARIK: And just the last question that I have -- it's on Wreck Pond, the dredging. If the stormwater management practices aren't put into effect first, and you did receive money for dredging and you dredged first, would then you have to come back and dredge again after the stormwater management practices are put into effect?

MR. ROSENBLATT: We're going to try to time those two things so that doesn't happen. We'd like to see the result-- We're not going to wait for this regional stormwater management plan to be completed. We're asking for the projects to be identified up front and then constructed, probably simultaneously; or if not simultaneously with the dredging, the dredging would happen just after it. So remember, this problem has been building up over a considerable number of years, so that even if the dredging occurred maybe a year before the sedimentation projects occurred, there wouldn't be that much of an impact to the pond itself. But we recognize that issue.

MR. LIHVARIK: Through the Chair, could you please provide the Commission with a time frame as to when the stormwater management practices would be implemented and when the dredging would be implemented, and what the impact of a delay in implementing the stormwater management practices would have if dredging were done first?

ASSISTANT COMMISSIONER KROPP: Absolutely.

MR. LIHVARIK: Thank you.

MS. MOLNAR: Good.

Mr. Annese.

MR. ANNESE: Yes. As a follow-up to a statement you made, Commissioner, about the closing of beaches, could you tell me -- is that the same one or two beaches that are closed over and over again?

MR. ROSENBLATT: Yes, they are.

MR. ANNESE: Okay. And which beach would that be?

MR. ROSENBLATT: Brown Avenue in Spring Lake, and York Avenue in Spring Lake.

MR. ANNESE: So these are not ocean beaches?

MR. ROSENBLATT: These are ocean beaches.

MR. ANNESE: They're ocean beaches. Okay. All right.

Thank you. That's what I wanted to know.

MS. MOLNAR: Mr. Brannigan.

MR. BRANNIGAN: I have a question that relates to priority four and five. In the recent Delaware flooding, there was considerable damage done to some State Parks, and does the repair and the action to remediate and to prevent future damage -- is that reflected in here? And has the Department applied under the FEMA funding for that?

ASSISTANT COMMISSIONER KROPP: Yes, we have applied for FEMA funding.

MR. PAYNE: Yes. You mean as far as -- Hunterdon County with the State Park System in Worthington, we are eligible, I understand, for FEMA. We have put those fees together. We have done some work to open the facilities back up, access to those facilities. And we're working on really getting prices for some of the structures and site work that was damaged.

MR. BRANNIGAN: Because there's two sources of funding -- to repair damage and then to take prevention action for future flooding.

MR. PAYNE: Yes, unfortunately--

MR. BRANNIGAN: For which you're eligible and for which the State matches there. So it's a free one for you.

ASSISTANT COMMISSIONER KROPP: Okay.

MR. PAYNE: Yes.

I was going to say that the one is the island at Bulls Island, which is -- we know it will flood. We built those facilities where the building sustained very little damage. It was more of the heating system, electrical systems that, unfortunately, were inundated with the waters.

MR. BRANNIGAN: Another question on your statement, you indicated that the Mosquito Control Commission had requested \$63,000 for a secure insecticide storage facility. That seems like a small amount of money to me. And through the Chair, if we could get a breakdown on that, and specifically, not only on the insecticide, but with the equipment, since the equipment is one of the highest concerns to the Domestic Security Preparedness Task Force.

ASSISTANT COMMISSIONER KROPP: Absolutely.

MS. MOLNAR: Any other questions or comments? (no response)  
If not, I want to thank you for your presentation.

ASSISTANT COMMISSIONER KROPP: Thank you very much.

MS. MOLNAR: We're going to take the agenda a little bit out of order. We'd like to do Judiciary next. I'd like to welcome his Honor, Judge Philip Carchman, Administrator of the Courts.

**PHILIP S. CARCHMAN, J.A.D.:** Good morning.

MS. MOLNAR: Good morning.

Could you introduce your staff?

JUDGE CARCHMAN: I certainly will. First, my name is Philip Carchman. I am the Acting Administrative Director of the Courts. This is my first visit here, so I would introduce myself. To my immediate right is Jim Rebo, one of our directors, who is involved with our IT work. And to his right is Chris

Higgins, who I am sure most of you know, who is also one of our directors in management and operation.

You have the benefit of my prepared remarks, and they have been submitted to you. And I don't think it's necessary for me to read them into the record. I would ask that they be included as part of the record. What I would like to do this morning is give you a brief introduction, which actually is part of the prepared remarks, then respond to some of the issues that have been raised by staff. There are a number of questions that have been submitted to us, and I'd like to respond to them directly and, of course, respond to any additional inquiries that the Commission may have.

I am pleased to have the opportunity to present the Judiciary's request for capital funding in the Fiscal Year 2006 budget cycle. While this is my first opportunity to address the Commission as Administrative Director, we in the Judiciary continue to stress our significant needs for investment in both information technology and enhancement of the Hughes Justice Complex facility. I am prepared today to discuss with you both of these large, multi-year projects and needs.

Our request this year includes three projects in information technology, requiring \$8.8 (*sic*) million in capital funds for Fiscal Year 2006, as well as facility requests requiring \$1.1 million.

First, the information technology infrastructure: In 2001, the Judiciary completed a comprehensive multi-year strategic plan for information technology. That plan, updated in year 2003, has guided our efforts since that time. The requirements for the Judiciary's information systems and the search for funding mechanisms continue. Our experience has demonstrated the

soundness of our plan and the compelling need for implementation. We are here today to present our needs and seek your support for funds.

The importance of an effective IT structure in the Judiciary not only has grown since 2001, but will continue to grow in the future. One key strength of the New Jersey system of justice is its statewide information network and systems, supporting not only the Judiciary, but many Federal, State, and local agencies involved with the administration of justice. All of our staff and thousands of users in law enforcement, social services, and other agencies require access to accurate and updated information on court cases. Those who depend on our efforts require effective and timely resources so that we can provide this critical support. We require the fundamental technological equipment including essentials as basic as office software for word processing, e-mail, legal research, and all the other critical elements to ensure the modern administration of justice. With software and equipment, we can effectively continue to serve our 20,000 users, and process the millions of transactions that each day move through our system.

In this time of unparalleled concern for security and public safety, it is more important than ever to ensure uninterrupted access to court information -- information that is essential to law enforcement as well. And this is a matter that I will address more specifically in a moment. All of our users must be assured that they will not be abandoned, and that our systems will remain operative, well-supported, and well-maintained. This is beyond debate and is the underpinning for our appearance before you today.

To briefly summarize our requests in IT, the first is conversion of our database and data communication software from an antiquated and

obsolete hierarchical system, called IDMS, to a modern and well-supported relational system. The second project supports our regular cycle of conversion to ensure a consistent and modern local area network, desktop, and office automation environment throughout the Judiciary. The third project expands our successful electronic document management and electronic filing of cases. Finally, on the facilities request, we seek funding for facility upgrades at the Hughes Justice Complex in Trenton.

We often speak and address budget issues in gross terms and in large numbers, and I would like to put some of the issues that we raised today in a real-world context. If you will-- On the ground, one of the issues that we've raised is the importance of converting our database and data communications software, and modernizing it so that we can serve all our constituents, including law enforcement. And I'd like to cite law enforcement as an example. I'd like to put it in the context of a State Trooper who stops a driver on the roadway and has available to him or her, in the cruiser itself, a computer which accesses much of our data. The Trooper makes the stop, makes inquiry into our database seeking information regarding warrants, outstanding matters that could involve even domestic violence complaints-- If our system is updated and our system is operating properly, we are talking about a transaction that can be completed in one second. If our system is not maintained and if funds are not made available to us, we potentially have a system which is degraded, and that Trooper may wait as long as eight seconds for the transaction to be completed.

Now, in the real world, eight seconds is a very short period of time. But if you think of a transaction taking eight seconds for the first transaction, eight seconds for the second transaction, eight seconds for the third transaction

with a Trooper going through multiple transactions involving a single driver, we are talking about something substantial and something that impairs and impacts on that particular Trooper's single stop. This is the issue that we are addressing. Again, we're now on the ground. When we talk about our systems being operative, when we talk about our systems being upgraded, when we talk about our systems even being maintained, this is the reason why we come before you for funds.

Now, to prepare for this meeting, staff raised questions about how the IT fund may be used to address the needs that I've outlined today. I assure you that the fund is fully committed to our IT needs, and have substantially reduced both the numbers of items and the dollar amounts that we request here today. Each of those requested items is funded in part by IT funds, but that is simply not enough to get the job done.

E-filing is a good example. The work of the courts in the civil division is closely aligned with New Jersey's pride in creating a business-friendly environment. For example, the simple fact is that retail businesses from neighborhood stores to national chains must devote a fair sum of resources to ensuring that they're paid for services and merchandise provided. When customers don't pay bills, businesses turn to the courts for redress. E-filing allows attorneys who handle these actions to file thousands of complaints electronically each day. Our computerized system ensures that notices are sent on time, judgments and payments are processed on schedule and come before a judge for action. And should it ultimately come to it, collections begin.

Can we do without e-filing? Certainly we can do without e-filing. We need only look to our past. But the past is not where the New Jersey courts

are at present, nor where they should be. Our citizens, both private and corporate, clamor for more effective and efficient systems of justice, and we need additional capital funds to provide it. We cannot meet the needs we have described for you based on the partial funding available to us.

You've asked us in reference to our facilities application if any of this priority posed any safety hazards. As we've indicated, the facility in question is over 20 years old. The furniture and fixtures, partitions are likewise of the same age. The condition of the furniture, the partitions, and the wirings, I must report, is an accident waiting to happen. Indeed, accidents have happened. Partitions have fallen over, and I fully expect that more will. They cannot be repaired, they're impossible to replace, and cannot be cleaned -- holding 22 years of accumulated dust, grime, and unknown bacterial agents. This is not acceptable to our workforce.

I am also concerned because these old partitions cannot accommodate modern requirements for wiring. The desktop of 2004 is an electric nerve center. In 1982, few staff had computers, photocopying machines were small and simple, printers were typewriters, and most desks held telephones with one or two lines. The partitions in our office do not allow for new, sophisticated wiring systems so we can make do. The resulting tangle of wires and cords under desks, around corners, and even walkways pose a daily threat to our employees.

Our aim is to provide a safe workplace for our employees. We need your help. We come here today seeking funding for our IT requests and our facility requests.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments?

Mr. Lihvarcik.

MR. LIHVARCHIK: I would just like to make one change to the packet that you received regarding the write-up. Chairwoman Molnar made a request last year, that was accepted into the Commission recommendation, that the Judiciary receive 1.2 million in capital funding. The question that I have is, regarding the renovation of facilities, the Building Authority is currently doing a renovation of the Hughes Justice Complex. As I understand, it's a major renovation of some of the same components that you're here speaking about. Have you been included into that, and if you haven't, why?

JUDGE CARCHMAN: I'm going to ask Chris Higgins to respond.

**CHRISTINA P. HIGGINS:** The Building Authority addresses basically the building itself -- the roof, the garage, the walls. But what we're talking about here are those things that find themselves within the shell of the building. The Building Authority only has authority and funds for basically the major things, is my understanding.

MR. LIHVARCHIK: As I understand, and I was at the Building Authority-- I sit on the Building Authority as the Commission representative, and so does Gary, that they were doing a more extensive renovation, which included the--

MS. HIGGINS: Not partitions. Certainly not partitions. Or, if so, then that was only for Law and Public Safety, and not for the Judicial Branch.

MR. LIHVARCHIK: We would like to check into-- We will contact the executive director and the authority to check in on that.

MS. HIGGINS: Please. We would be pleased for whatever resources, regardless of where.

Let me, though, include that there is a building-wide effort in terms of the carpeting. The carpeting is throughout the entire building. And that is the exception to what I said to you -- that it's basically the externals.

MR. LIHVARIK: So, regarding the carpeting in the area that you occupy, is that being taken care of by the Building Authority?

MS. HIGGINS: Yes.

MR. LIHVARIK: So that will eliminate that problem.

MS. HIGGINS: And that is not included in the costs in the requests that you have before you.

MR. LIHVARIK: Through the Chair, could you provide us with a breakdown of exactly what the costs are, what the \$1.1 million is, by modular units, by partitions, by electrical?

MS. HIGGINS: Certainly.

MR. LIHVARIK: Thank you.

Thank you, Madam Chair.

MS. MOLNAR: Christina, it's my understanding that this is for one floor. Your plan is to do one floor at a time. So, last year, the Commission put in 1.2 million so you could start that work.

Any other questions or comments?

Mr. Brune.

MR. BRUNE: You first.

MR. ROTH: All right.

MS. MOLNAR: Mr. Roth.

MR. ROTH: Your Honor, I was taken by your graphic example of that police officer sitting out in the car, waiting eight seconds for a response.

Your Priorities 1 and 2 refer to the purchase of quite a bit of software and hardware. And I'm wondering, does it include funding for those laptops that the police cars are going to need?

JUDGE CARCHMAN: It does not. And my reference was that the--

I'm sucking on something, because my throat is dry. I apologize.

The police -- all law enforcement, State Police and local police, access our data. Their hardware is their hardware. We are not purchasing hardware for them.

The example that I was giving you was to demonstrate how significant it is to make sure that our system is maintained and, if necessary, upgraded. We must be able to provide the data that can be accessed by law enforcement sitting in the cruiser. And that was the example that I gave you. But they're using police hardware.

MR. ROTH: Would it include-- Would you be providing copies of the software the police need to access your data, or would they have to buy it independently?

JUDGE CARCHMAN: I'm going to have Jim Rebo respond.

**JAMES R. REBO:** Our networks, the law enforcement network and our network, are connected. And our database system, that has the information on, like, for example, municipal court arrest warrants, are accessed by law enforcement through the State Police network to our network, to our database. And so they really don't use our software, per se. They have their own software

for accessing their own data, in combination with ours. They're accessing multiple systems simultaneously.

MR. ROTH: So, I mean, if the data is going through a funnel -- that police computer -- it might be the narrow end of the funnel that's holding things up. Could that be possible?

MR. REBO: Well, I can't speak directly to the needs of law enforcement in the area you're referring to. I can only speak to our own needs. And I know that they do need the information that we have, 24-7, in the arrest warrant area. And we need to be responsive to that very quickly.

MR. ROTH: Thank you.

JUDGE CARCHMAN: Let me add to that.

Your observation may be correct. It may be the end of the funnel. Our concern is, we can't be delaying at our end. If the funnel is wide open, the eight second delay that I've alluded to, by example, can't be created by us. That's why we're here.

MR. ROTH: Thank you. It makes sense.

MS. MOLNAR: Any other questions or comments?

Mr. Brune.

MR. BRUNE: Two questions. One is fairly simple.

I was wondering if we could, through the Chair, get a copy of your latest IT master plan. I think it was '03. That would be one.

JUDGE CARCHMAN: Sure.

MR. BRUNE: But the other question: Have you considered short-term-- We have a short-term financing option that's called *line of credit*. And,

typically, it is available for hardware and software that isn't completely customized.

I guess my question is, have you considered taking a piece of the fees that come in today, or possibly a surcharge you haven't even applied yet, to pay off the debt service of short-term financing, which is a way to get to where you want to go?

MS. HIGGINS: That's something that we explored with your office in prior years. What you see here is, in effect, the principal. And it's possible that we could leverage, on a one-time basis; but then, after that, that commits us, obviously, to the debt service.

MR. BRUNE: I'm assuming-- That's what I'm assuming -- is that you would rationalize a way to segment out either a piece of your existing fees, or some fee you're not even collecting today, to pay debt service. Because this-- And I guess the follow-up question would be -- and it's hard to judge here -- how much of this would be eligible for that?

MS. HIGGINS: We can identify the hardware to you, and then we can work with people in your office. But let me tell you that, when we did an analysis in the past, it brought it down just a small percentage.

MR. BRUNE: Well, the point I'm trying to make, Chris, is that, as I understand it, the software, as long as it's not completely unique -- as long as it's somewhat -- I'm not sure what you're after here -- whether it's off-the-shelf or not -- is possibly eligible.

MS. HIGGINS: Right. But, for instance, if it's  $X$ , a third of  $X$  would need to be in the current year. And then, next year, a third of  $X$  would need to be in next year. And that impacts our ability, obviously, to do the next

year kinds of issues. So I see it as a one-time issue. And we would certainly work with you on that.

MR. BRUNE: Thank you.

MS. MOLNAR: Mr. Rousseau.

DEPUTY TREASURER ROUSSEAU: Totally tongue in cheek: The Judiciary would allow us to borrow for operating costs. (laughter)

MS. MOLNAR: Mr. Brannigan.

DEPUTY TREASURER ROUSSEAU: Or the Judiciary would want to borrow for operating costs.

JUDGE CARCHMAN: I'm not sitting on the case.

MR. BRANNIGAN: Your Honor, thank you for your very fine presentation. And you did indicate your concern about security.

We're very concerned about cyber terrorism. And the State, the Executive branch, is launching a significant effort to address that issue, which agencies even that have stayed at the cutting edge, today, are facing new challenges. How much of what you're proposing deals with cyber terrorism, and how much are you working with the Executive branch? And would you be -- since your systems do interconnect -- would you be interested in working in partnership with the Executive branch, as they move forward on that specific issue?

JUDGE CARCHMAN: Before I turn it over to Jim, I will tell you I've been in office for two months. One of the things that I have been most impressed with is the issue of security, IT security. It is a constant drumbeat. Whatever steps need be taken to ensure security -- and that obviously dovetails into your inquiry about terrorism -- is a major concern of ours.

Having said that, by way of introduction, I turn it over to Jim.

MR. REBO: Well, like you, we're obsessed with the security issue and have participated, already, in some of the homeland security and cyber security gatherings, and will continue to do so.

We're working very hard, in collaboration with the State Police, on this issue with the Criminal Justice Information System's network. And we're evaluated monthly. And we're keeping our grades up on that and will continue to do so.

MR. BRANNIGAN: Thank you.

MS. MOLNAR: Any other questions or comments? (no response)  
If not, I want to thank you, your Honor, and your staff.

MR. REBO: Thank you.

JUDGE CARCHMAN: Thank you very much for your attention.

MS. MOLNAR: Our next department is the Department of Human Services. I'd like to welcome Jacob Eapen, Assistant Commissioner.

Good morning.

**ASSISTANT COMMISSIONER JACOB EAPEN:** Good morning, Madam Chair and members of the New Jersey Commission on Capital Budgeting and Planning.

Seated with me is Jim Zapicchi, from the Office of Budget Planning. And on my right is Katherine Fling, from the Office of Facilities Support.

On behalf of Commissioner Davy, I'm pleased to have the opportunity to appear before you, in order to present the Department of Human Service's Fiscal Year 2006 capital budget request.

Let me begin by saying that the Department of Human Services appreciates all that we have been able to accomplish with the assistance and support of this Commission and the staff at OMB.

As the social service agency for the State, the Department serves more than 1 million of our most needy residents. And our annual requests for capital funding are based on the need to serve these people to the best of our ability, as well as to our commitment to certain principles and goals.

We're also concerned, very much, with the facilities, to make sure that the people who visit the facilities and the residents are safe. We are concerned with meeting the basic needs of the residents of the six hospitals and seven developmental centers that provide 24-hour residential care.

In addition, we must be certain that the Department and its facilities are in compliance with all the applicable regulatory standards, including building codes, fire codes, Federal laws and regulations, and accreditation standards.

Each year, our requests exceed the amount of funding that is available to be appropriated to complete them. Based on your past recommended appropriations, this year I'm pleased to say we've completed several major projects and have made substantial headway in a number of others.

Specifically, in 2004, we have installed water distribution fire suppression and fire detection systems at the Trenton Psychiatric Hospital, administered by the Division of Mental Health Services, in West Trenton, Mercer County; installed a new roof at Holly Hall, at Ancora Psychiatric Hospital, also administered by the Division of Mental Health Services, in

Winslow Township, Camden County; completed a fire notification system at Vineland Developmental Center, administered by the Division of Developmental Disabilities, in Vineland, Cumberland County; completed the HVAC system upgrade at the Green Brook Developmental Center, administered by the Division of Developmental Disabilities, in Green Brook, Somerset County; completed the second half of the steam tunnel replacement project at the Woodbine Developmental Center, again administered by the Division of Developmental Disabilities, in Woodbine, Cape May County; continued to upgrade our facilities in line with work begun in 1996, which is intended to make them both ADA compliant and as environmentally fit as possible. Our projects include the cleanup of hazardous material and remediation of underground fuel storage tanks.

In addition, we continue to make plans for a number of other projects that will be made possible through funding appropriated in Fiscal Year 2005.

With this funding, we plan to begin replacing the steam lines at Woodbine Developmental Center in Woodbine, Cape May County; continue developing the Statewide Automated Child Welfare Information System, the SACWIS system, for the Office of Children's Services; begin the HVAC improvement project at the Vineland Developmental Center in Vineland, Cumberland County; begin to install a fire suppression/detection system and emergency lighting at Ancora Psychiatric Hospital in Winslow Township, in Camden County.

As you know, our requests carry forward each year. While they continue to be extensive, you can see that we have -- every year we continue to make substantial progress.

As we look ahead for FY 2006, the Department once again has a number of projects for which it is requesting funding. I know that you have received detailed information for all of our projects. This morning, I would like to take a few minutes to review the projects that we believe are the most critical. Following that, I will be happy to discuss and answer any questions that you have.

At the top of our list is a request for the fourth year of funding, as we continue to implement the Statewide Automated Child Welfare Information System, the SACWIS system. This system will give us the critical ability to track, analyze, and manage the cases of the children in our child welfare system.

This system has become even more critical as we have moved forward over the past year to complete an extensive Child Welfare Reform Plan. This plan, which grew out of a settlement agreement in a lawsuit filed against the Division of Youth and Family Services, was approved by a Federal Court judge in June, and will take three to five years to fully implement.

SACWIS is one of the keys to the new child welfare system that we are working to create. As I believe you are aware, from our previous testimony, New Jersey is one of the last states in the country to implement this federally mandated, state-of-the-art system. To date, you have approved a total of 19.3 million to begin implementing this system. This funding has been matched by an equal amount of Federal funds, for a total of 38.6 million.

In FY 2006, we are requesting an additional 3.5 million, which, as before, will be matched by an equal amount of Federal funding, making a total of 7 million available to us. This will bring the Federal and State investments in this system to a total of 45.6 million, or slightly more than 80 percent of the 55.6 million the system is expected to cost by the time it is complete.

While SACWIS is the Department's highest priority, a second priority is the preservation of our infrastructure. Thirteen of the top 25 items on our list are intended to help us meet that goal.

We are requesting a total of 32.3 million for these 13 projects. All are for long-needed improvements to, or replacement of, HVAC, electrical, and roofing systems in our facilities. Many of our facilities were built in the early years of the 20th century. As these structures age, their needs become more critical.

Our most pressing need is to connect the wastewater treatment plant at Ancora Psychiatric Hospital to the wastewater system operated by the Camden County Municipal Utilities Authority, also called the CCMUA. The hospital's infiltration lagoon system has failed, and a feasibility study has concluded that the most reliable and cost-effective alternative is to connect the wastewater treatment plant, via a pipeline, to the CCMUA's Cedar Brook pumping station, in Winslow Township. This project has the support of the DEP and the Pinelands Commission. Without this project, Ancora will be forced to transport the effluent from the wastewater treatment plant on a daily basis. We currently have roughly 749 patients in Ancora.

Another project that we consider critical is replacement of the HVAC system in the seven intermediate care facilities/mental retardation

cottages on the East Campus of the Vineland Developmental Center. As you are aware, in FY 2004, \$1.6 million was appropriated to the Department for upgrading the HVAC system in four of the seven cottages. In FY 2005, \$1.4 million was appropriated to the Department for replacing the HVAC system in the three remaining cottages.

However, we recently discovered that the underground distribution system for the cottages is made entirely of asbestos-containing Transite. As a result, this distribution system must be abandoned. We are requesting \$3 million to complete this work.

Indeed, in warm weather, the HVAC system cannot maintain a temperature lower than 80 degrees in much of the cottages, as they are now configured. This does not meet the Federal ICF/MR standards. Again, currently we have, in the seven cottages, around 200 patients.

Additionally, we are requesting 1.1 million to install a fire suppression/detection system in the service, administration, maintenance, schoolhouse, laundry, and personnel buildings at Hagedorn Psychiatric Hospital in Glen Gardner, Hunterdon County. I want to assure you that Hagedorn buildings with client living areas do have approved, operable fire suppression systems.

However, the fire detection system in the buildings I listed, which do not contain any living areas, but are all used extensively by staff and some clients, is effectively non-existent. Repairing the system is no longer an option since parts are no longer available, and the facility has been cited by DCA for noncompliance with life safety codes.

The fifth most critical project that I will be briefing you -- is replacement of the water lines at the Hunterdon Developmental Center in Clinton, Hunterdon County, which has a population of 55 clients. This project involves replacing the underground water -- temperature water piping and supply lines, and the water lines that provide chilled water to the cottages for air conditioning.

The water lines are perforated and beyond repair. The piping system is 34 years old and is experiencing more leaks every year. This year, a hot water leak caused damage under a cottage, and the cottage had to be evacuated during repairs. For this project, we are requesting \$9 million.

Commissioner Jim Davy thanks you, Madam Chair and members of the Commission, for the funding recommendations that you have supported for the Department in the past years. And we request your continued support.

Chair, the Commissioner has requested me to invite the members of the Commission to visit our facilities. And, through the Executive Director, if you would like to arrange an opportunity for you to come to our facilities during the month of November--

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments.

Mr. Roth.

MR. ROTH: I'm going to admit my ignorance, here.

You used the term *cottage*. To me, a cottage is someplace on a beach, where you go to relax. Could you explain what you mean by cottage?

ASSISTANT COMMISSIONER EAPEN: The facilities which were built in the past, in the early 1900s-- The cottages are smaller homes to house our residents, our clients. So it's not like a beach house, but it is smaller cottages where clients are staying, where they get treatment. So, in one cottage, we may have about seven clients, in another cottage, we may have 10 clients, depending on the size of the cottage.

MR. ROTH: Somewhere in here, you mentioned you had about 20 residents in seven cottages. I'm presuming they're, like, three-bedroom apartments.

ASSISTANT COMMISSIONER EAPEN: I think I mentioned it was 200 clients in seven cottages. It is 200 clients in seven cottages.

MR. ROTH: Oh, I'm sorry. So it's-- Okay. I'm sorry, I misunderstood.

All right. Thank you very much.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN CRYAN: Thank you.

I'll hold off on the SACWIS stuff. I'm anxious, as we've talked about -- Jacob -- to see it move forward, like I'm sure many are.

Priority 2 is what I want to talk about -- Ancora. I think there's also Priority 10 with Ancora, in terms of 350,000 for an electrical system, or so.

In reading the backup to this, there's money to give to Conrail, and there's money for the hookup and the MUA, as well. I was wondering if you could take us through this a little bit more. Why-- The staff questions are pretty straight forward. Why can't the lagoon system handle the wastewater?

Did the population increase? What's the source of the problem? What's going on now?

ASSISTANT COMMISSIONER EAPEN: Assemblyman, we have nine lagoons at Ancora. What's happening is, the fluid is going into the lagoons, and the soil cannot accept the amount of discharge that is coming in. The daily discharge is around 400,000 gallons. And what is happening is, since the effluents cannot go into the soil, it's becoming a lake-like situation.

We got a temporary approval from DEP to pump out, from these lagoons -- the overflowing lagoons -- into the ground. And that's only a temporary solution. It's come to a stage where, even in the grounds, the lake-type atmosphere is happening, leading into a breeding ground for algae and other soil problems that we have.

The long-term solution-- In fact, the only solution we see is to have this connection set up -- a piping connection to the Camden Municipal Utilities Authority, so that we can get the sewage out from Ancora and from the lagoons into the Camden Utilities Authority, for treatment and discharge.

ASSEMBLYMAN CRYAN: And how long is the long-term? How long is the stages of the project?

ASSISTANT COMMISSIONER EAPEN: We are ready to start this project. In fact, we are seeking \$5.1 million. And the 5.1, Assemblyman, is for consultants, new (indiscernible), CCMUA upgrades, and closing fees.

ASSEMBLYMAN CRYAN: A million-and-a-half to Conrail?

ASSISTANT COMMISSIONER EAPEN: It's about 1.5 million. Again, this is an estimate. We definitely have to negotiate the numbers. And we're hoping we--

ASSEMBLYMAN CRYAN: Who negotiates that?

ASSISTANT COMMISSIONER EAPEN: We are getting consultants. And we're also working with the legal team, which is going to be from the AG's Office, as well as our legal team.

ASSEMBLYMAN CRYAN: Because 6 -- 7.3-- By the way, I have no idea how much wastewater somebody generates. I know my daughter is in the shower forever. But 749 -- using 800 into 400,000, that's 500 gallons a day. That sounds like a lot. I mean, I don't-- Is that standard use, is that high?

**KATHERINE A. FLING:** That's a standard hospital use, 400,000 gallons a day.

ASSEMBLYMAN CRYAN: Is it? I just--

MS. FLING: It's standard hospital use.

ASSEMBLYMAN CRYAN: It's standard usage for a hospital.

MS. FLING: It's standard for hospital use, yes.

ASSEMBLYMAN CRYAN: It just seems like, to be honest with you, 7.3 million is going, in essence, to other government agencies -- to Conrail. And that seems mighty frustrating, in looking at this project.

Are there any other options here, especially given the fact that Camden County -- the State's made an incredible investment in Camden County? Is there -- someone leverage that? How does that work? Have you negotiated these fees, or are they still on the table?

ASSISTANT COMMISSIONER EAPEN: No, we have not started negotiating the fees. We wanted to have the funding in place in order to start negotiating fees. But we do have a--

ASSEMBLYMAN CRYAN: So what is the--

ASSISTANT COMMISSIONER EAPEN: I'm sorry.

ASSEMBLYMAN CRYAN: What is the basis of the estimates then?

ASSISTANT COMMISSIONER EAPEN: We do have a conceptual agreement from DEP to start moving on this project. And we have some conceptual estimates from a project engineer who's been working with us.

MS. FLING: The project engineer has had preliminary conversations with the representatives of Conrail and also CCMUA. And he's basing his estimates on their standard fees for the amount of wastewater that we would be sending, and also standard fees for the use of Conrail's right-of-ways along their railways.

MR. LIHVARCHIK: Assemblyman, if I may interrupt you just for one second.

ASSEMBLYMAN CRYAN: Why of course.

MR. LIHVARCHIK: Hope you get to the point of this--

George Warrington and New Jersey Transit, along with the Commissioner of the Department of Transportation, Jack Lettiere, deal with Conrail all the time. They've dealt with them extensively on the construction of the South Jersey Light Rail line, the River LINE. And I would be remiss if we didn't recommend that if you're going to deal with Conrail, why not contact the two people in the State who have extensive dealings with -- it's not Conrail anymore, it's CSX, after the consolidation? They may have some dealings, or there may be some quid pro quo available to possibly reduce that fee.

And I apologize for interrupting, but--

ASSEMBLYMAN CRYAN: No, you're very helpful. You can see why I'm stuck on here.

MR. LIHVARIK: But I think that George Warrington, being the transportation expert-- And I defer to Mr. Brannigan.

MR. BRANNIGAN: That meeting has already occurred -- at least the preliminary meeting. George Warrington has been meeting with Commissioner Davy on a number of issues. And I personally know it's going to be an ongoing discussion.

MR. LIHVARIK: Thank you.

ASSEMBLYMAN CRYAN: And on the same point with-- I recognize there's an MUA, and there may not be -- but the State's investment in Camden County speaks for itself. The idea of a \$6 million connection fee, to me, just seems highly negotiable, given our investment there. And I would ask that you would consider that as you move forward on this.

And I would ask, through the Chair, when you finish negotiating those fees, that this Commission get a note back telling us exactly what they were.

ASSISTANT COMMISSIONER EAPEN: Absolutely.

ASSEMBLYMAN CRYAN: By the way, is Ancora's population going to grow at all? Is the 749 stagnant, or is it a-- What's the forecast on Ancora?

ASSISTANT COMMISSIONER EAPEN: It's been growing. And the average population -- it depends from month to month -- but it's been around the mid-700s.

ASSEMBLYMAN CRYAN: Okay. We did just put a new roof there, right?

ASSISTANT COMMISSIONER EAPEN: Yes.

ASSEMBLYMAN CRYAN: Okay. All right. Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Brune.

MR. BRUNE: Jacob, Good morning.

ASSISTANT COMMISSIONER EAPEN: Good morning.

MR. BRUNE: The operating costs, on Priority Number 2 -- just want to confirm-- Once we hook up -- which it looks like it would be by '07, if I'm not mistaken -- the operating cost to hook into the Camden facility is about 700,000 a year?

ASSISTANT COMMISSIONER EAPEN: That's correct.

MR. BRUNE: That's correct?

Just one other question. On SACWIS, we mention a \$55 million cost. In the out years here -- at least on your submission -- there's an \$8.3 million number for '09 through '12. Is there an ongoing operating impact that's embedded there? What is that number?

ASSISTANT COMMISSIONER EAPEN: That's the cost for maintaining the SACWIS system on an ongoing basis.

MR. BRUNE: Okay. So it's like 2 million something per year.

ASSISTANT COMMISSIONER EAPEN: It's going to be around \$500,000 a year. What we've given you, Gary, is over a period of time.

MR. BRUNE: I guess what I'm asking is, this says 2009-2012, \$8.3 million. One of our questions is: When does this project shift from

becoming an IT project to an operating impact? I'm assuming-- It sounds like it's imbedded in there.

ASSISTANT COMMISSIONER EAPEN: In terms of the timing, Gary, the project is-- The first model is coming out -- as I told the Assemblyman this morning -- is coming out next month. The second, which is a bigger model, is coming out by the Fall of 2005. And the project will be completed by Spring, Summer of 2006. From that time on, what we will be -- the cost we will be incurring is primarily for enhancements and maintenance of the system, going into 2007 and beyond.

MR. BRUNE: Okay. Just so you know, it seems like this is implying that there's about a \$2.5 million cost of that, per year. We just might want to talk, later on, if that's accurate or not.

ASSISTANT COMMISSIONER EAPEN: Absolutely.

MR. BRUNE: Thank you.

MS. MOLNAR: Any other questions or comments? (no response)  
If not, I want to thank you and your staff for your presentation.

ASSISTANT COMMISSIONER EAPEN: Thank you.

MS. MOLNAR: Our next department is the Department of Transportation. I'd like to welcome Assistant Commissioner Kathleen Immordino.

**A S S T. C O M. K A T H L E E N M. I M M O R D I N O:** Good morning, Chairperson Molnar and Commission members. I want to thank you on behalf of Commissioner Jack Lettiere for the opportunity to come before you today and present the Department of Transportation's capital budget request for Fiscal Year 2006.

With me today, on my right, are Steve Hanson, who is the Chief Financial Office of the DOT, who will be able to answer any questions that you may have on the Transportation Trust Fund; and to my left is Al Brenner, who is the Director of Support Services, which includes facilities engineering, who will answer those facilities engineering related questions.

The priorities of the Department of Transportation focus on improving the lives of New Jersey's residents by improving the safety of the transportation system. The ability for us to move that mission forward requires that we provide safe facilities and equipment for the 3,900 men and women who make up DOT's workforce, by maintaining and upgrading our physical plant. Our obligations to the citizens of the state require that we ensure that we take responsible steps to safeguard the facilities and the equipment, to protect them from misuse and theft.

The DOT's capital budget request for Fiscal Year 2006 focuses on two major components. First, maintaining facilities that meet the health and safety standards, and meet the security needs for our employees; and that are environmentally responsible to the communities in which we are located. And second, taking the necessary steps to increase the security of our facilities and vehicles in this time when homeland security must be a priority. DOT trucks and equipment, like other emergency services vehicles such as ambulance, fire, and police vehicles, have a high level of access to emergency sites and to protected locations. This requires diligence on the part of the Department to ensure that these assets are protected from theft and used only by DOT employees.

DOT's physical plant responsibilities are extensive. In addition to the main campus in Ewing -- with 35 buildings, including three major office buildings, a materials laboratory, multiple garages, a sign fabrication shop, and a day care center -- DOT also operates three regional headquarters, a high-tech traffic operations center, 79 maintenance yards, bridge houses on all the moveable bridges, and many garages. In all, there are over 400 structures that we're responsible for maintaining. The maintenance yards, in particular, need our continuing attention at a level which exceeds our resources. Yard structures that currently exist are on the average of 30 to 40 years old, and deteriorating rapidly. Construction and preventative maintenance are needed to prevent further deterioration. Our intent is to invest in those structures now, in order to avoid the need for more costly structural repairs.

DOT's budget currently provides \$5 million per year for facilities, which is inadequate to address a backlog of needed repairs that totals close to \$26 million. Most of the funding currently received is being spent on items similar to what you will see in this proposal: roof repair and replacement, new construction of facilities, upgrading facilities to meet code, fuel pump code compliant repairs, oil/water separators, installation of potable water and sanitary systems, HVAC repair and replacement, and salt Domar repair and replacement. However we cannot keep pace with the need and cannot maintain enough of our facilities. The need to upgrade the security of our buildings and our equipment, post 9/11, cannot be ignored, but comes without funding. This is not a request for funds to replace a particular facility or implement a particular program. The goal of this request is to provide funding that will allow

us to bring all the facilities, over a seven-year period, to a minimum level of usability and security.

This request falls into seven major categories: homeland security, new maintenance facilities, snow fighting systems, fuel facilities, building rehabilitation, HVAC and mechanical systems, and electrical systems.

Let me start with homeland security. The homeland security request focuses on vehicle and equipment security, facility safety, and putting in place some of the key components that are needed to implement the Department's Business Continuity Plan in the event of an emergency. The request is for \$1.025 million in the first year, and a total of \$2.4 million over seven years. The key components of the homeland security request are: secure vehicle key storage at all yards, which would allow emergency responders, only, to have access to the facilities and vehicles, but prevent the use of vehicles by any unauthorized party; security fence installation and repairs, beginning with three yards in fiscal '06 and continuing until all the yards have been completed; emergency lighting at the main headquarters and the regional headquarters; emergency generator preventative maintenance for the 52 emergency generators that the Department currently has in service, which run security lighting, building lighting, heat and fuel pumps in the event of a power outage. These are especially important during our 24-hour snow removal operations.

Under new maintenance facilities: The cost to construct a conventional block building in a maintenance yard is a million dollars. DOT is trying to take a new approach to this, and proposes the installation of 21 modular structures instead, at a cost per yard of \$250,000, to replace substandard structures. The expenditure in the first year would be \$2.5 million,

with a total cost over the seven years of 5.25 million. The structures that currently exist in these locations, as I've said, are 30 to 40 years old and deteriorating rapidly. They must be upgraded to meet the PEOSHA standards and local building, fire, electrical, and plumbing codes. Additionally, many of these facilities are not ADA compliant, which is required. In several yards, we are currently purchasing trailers to replace unusable buildings. While this provides a short-term solution, it is not the best or most efficient. The continued deterioration of these buildings will eventually require major, costly structural repairs.

Under snow fighting equipment: One of the most critical operations that is performed by DOT is snow and ice removal. This item would provide \$5.8 million, \$1.8 million of which is in the first year, for the installation of new salt storage barns and salt wetting systems, which treat the salt with calcium chloride -- these would be in 10 yards -- and the expansion of salt wetting systems that are currently in use in the remaining yards. In addition to providing a larger salt storage capacity, the use of salt barns, as opposed to salt Domars, ensures environmentally safe operation and brings us into compliance with DEP regulations. The use of those salt barns, in addition, allows the loading of salt into trucks to take place within the confines of the salt barns. This mitigates the noise impact to adjacent neighbors during this 24-hour operation.

In terms of fuel facilities: DOT currently has fuel facilities at 64 locations throughout the state. In addition to providing fuel for the DOT vehicle fleet, these fuel facilities are used by all State government agencies and by police departments. This item would provide \$982,000, with \$280,000 in

the first year, for construction of a new fuel facility at the Hanover maintenance yard, and the upgrade of the existing facilities at the Bloomsbury and Mount Laurel maintenance yards. Renovations to the fuel facilities in the three additional yards would take place in the second year, with 12 upgrades in the out years of this program. This is being undertaken, in part, to comply with the DEP mandate to test and maintain the vapor recovery systems at all fuel facilities.

In terms of building rehabilitation: Building rehabilitation services -- including PEOSHA and local code compliance, vehicle wash basin construction, emergency lighting repairs, replacement of plumbing, repair of settlement cracks, office space renovation, restroom improvements, conversion of electrical systems, ADA compliance, painting, exterior siding, windows, and overhead doors -- would be performed in 10 maintenance yards, the Cherry Hill Regional Headquarters, the Ewing headquarters, and the Elmwood Park Traffic Operations Center in the first year, at a cost of \$2.4 million. Total funding of \$6.7 million, over seven years, would include an additional nine yards in the second year, with the renovations to the 40 buildings on the Ewing campus in the out years. This program would also allow construction of an addition to the Elmwood Park Traffic Operations Center, and the replacement of the Cherry Hill maintenance yard roof structure. In some facilities, the alternative would be to close the facilities for health and safety compliance.

Under HVAC and mechanical systems, and electrical upgrades: The heating systems are critical not only to the health and safety of employees, but are essential during the snow fighting operations, which take place at all DOT facilities. This program would allow repair and replacement of HVAC and

mechanical equipment at various maintenance yards and garages, and the Freehold Regional Headquarters; and the replacement of oil/water separator systems at the Lakewood maintenance yard. The first year cost would be \$263,000. The remainder of the \$4.4 million requested would go toward maintaining and upgrading heating and air conditioning systems at additional locations. An additional \$1.7 million, with \$230,000 in the first year, would allow for the upgrade of electrical systems at all facilities.

Chairperson Molnar, that concludes my Fiscal Year 2006 capital budget request. Once again, I would like to express appreciation for the support that you have previously given to DOT's capital requests. I would be pleased to answer any questions that you or the Commission members may have.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman.

ASSEMBLYMAN CRYAN: Priority--

I'm sorry. Thanks.

Priority 4 -- the snow stuff. The tire tax was an enjoyable part of the budget process, to no end. I don't really remember all of the numbers that it was supposed to raise. But unless I'm mistaken, it was around 10 million. That's on memory, so you can correct me any time you want.

If we have a lighter year, why not -- is it at all possible to use that money for the salt and the other things that are listed?

ASSISTANT COMMISSIONER IMMORDINO: I'll defer to the CFO, Steve Hanson. I know one of the concerns the DOT has, going into this

year, is that we are always short on funding for snow removal. And we'd be very happy to work with OMB, cooperatively, to do that.

ASSEMBLYMAN CRYAN: If I remember right, it was like 20 million last year, or some number that was the basis when we did the bill. But if we do have a light year, is that feasible?

**STEVEN B. HANSON:** Assemblyman, those funds that were raised through the tire tax were not directly appropriated at DOT. They are serving as a resource to back up directory letter language that, in the event we run out of money in our snow operations this year, that money would be available, similar to what happened last year.

ASSEMBLYMAN CRYAN: So how much money is in the budget? And I probably should have checked first. How much money is in the budget, this year, for snow removal?

MR. HANSON: I believe it's approximately in the area of \$12 million or \$13 million. But there is directory letter language that allows us to spend more than that if we have to.

ASSEMBLYMAN CRYAN: So how much of the snow tire -- of the tire revenue enhancer -- I need to put my democratic face on there for a second -- is-- That's a reserve money. So you have 12 or so appropriated, and then that revenue is in backup. Is that correct? Do I have that correct?

MR. HANSON: That's my understanding.

Mike, maybe you can comment.

MR. LIHVARIK: Yes.

ASSEMBLYMAN CRYAN: Okay. So if we don't -- if we have a lighter-- Let me go back to the original. If we have a lighter-- I remember last

year saying -- I'm almost sure it was like \$20 million, off memory. But if we have a lighter year, can we use it for the snow stuff and not have to make the allocation?

MR. HANSON: The extra money would, generally, not be appropriated to us if we had a lighter year. If -- in terms of -- you're talking about the 12 million or whatever--

ASSEMBLYMAN CRYAN: It's already there. We've dedicated that funding -- we've dedicated the funding from the tire -- I know this much -- we dedicated the funding from the tire tax to snow removal. I was here for that part. Correct?

MR. HANSON: I can't speak to that. I only know that we could only spend money that's been appropriated. And I don't believe that money was actually appropriated to us.

ASSEMBLYMAN CRYAN: All right. So you need the Legislature to appropriate it to you, or this Commission, or some body. Is that correct?

MR. HANSON: Excuse me?

ASSEMBLYMAN CRYAN: Go ahead. Straighten me out.

MR. BRUNE: Not to interrupt, but I might be able to help you--

MS. MOLNAR: Mr. Brune.

MR. BRUNE: --a little bit, Assemblyman.

There's about \$12 million, in total. About two of that went to DEP for its entire cleanup.

ASSEMBLYMAN CRYAN: Right.

MR. BRUNE: About 10 million of it was dedicated to offset the existing cost of the Department for snow removal. If the Department's snow

costs exceed what we have budgeted, we typically do what Steve described. We generate money from the general fund, essentially, to cover that.

ASSEMBLYMAN CRYAN: Okay. So the tire money is actually in a general fund for this specific purpose.

But let's go this way, then. Even if it is that way, it's still money. I mean, I don't want to-- This is their fourth priority. I don't know how much time I want to spend on this. Is it reasonable, if you do have a lighter winter, to just appropriate that money to Priority 4 and be done with it?

MR. BRUNE: Well, I think the case we have in front of us-- In the current budget, it's already been used to offset-- It's already been taken into the general fund, and it's already offsetting part of their existing costs. So it's not really there to go back to in case there's a lighter winter. If you have snow needs that exceed what we've budgeted, it simply comes out of the general fund.

ASSEMBLYMAN CRYAN: All right. I'm sorry.

All right. Thank you.

Thanks.

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

I just had one question.

I believe, last year, the DOT instituted new ticketing machines in all the stations. I was just curious how that's working.

Oh, that's New Jersey Transit -- part of New Jersey Transit.

Any other questions or comments? (no response)

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

ASSISTANT COMMISSIONER IMMORDINO: Thank you very much.

MS. MOLNAR: We have one item under other business -- one small item.

We got a request from Mike Ferrara (phonetic spelling), from Rutgers, to appear before us to, I guess, present some kind of capital request or discuss their needs. We felt, in talking with the staff-- We weren't sure whether we want to open that up and allow all the colleges to appear before us. So I wasn't sure how the Commission members felt about having anyone up here.

Mr. Brannigan.

MR. BRANNIGAN: I think that's the role of the Commission on Higher Education. It's a coordinating role. And if you open it up to one thing, you'll have everyone. It's a continuing issue that individual institutions come forward with requests related not only to capital, but to operating expenses. So I think if we made an exception, we would be undermining the orderly process for budgeting.

MS. MOLNAR: Is there a consensus on that? (affirmative responses)

Okay, good. All right. Thank you.

Any other business?

MR. ROTH: Madam Chair.

MS. MOLNAR: Yes.

MR. ROTH: I was wondering whether or not we can expect to receive minutes before the next meeting so that we can vote on something before next year.

MR. LIHVARIK: We are diligently trying to get them.

MR. ROTH: I have an operational question concerning how you handle the various questions -- good questions that are raised by staff analysts in all of these presentations that we receive. There's simply not enough time at these meetings to ask all those questions.

At some point in the process between now and the time you make a recommendation to us, are all those questions answered?

MR. LIHVARIK: The questions that are answered are the questions that are posed by the Commission members to the various commissioners that testify.

DEPUTY TREASURER ROUSSEAU: But I think what he's asking is, even if we don't ask one of those questions, you guys, in your due diligence of coming up with the staff recommendations--

MR. LIHVARIK: Yes.

DEPUTY TREASURER ROUSSEAU: You look at those issues--

MR. LIHVARIK: Yes.

DEPUTY TREASURER ROUSSEAU: --and talk to the departments.

MR. LIHVARIK: Yes.

DEPUTY TREASURER ROUSSEAU: And whether or not it's done in a public meeting or not, those concerns that you raise are, ultimately, taken care of.

MR. LIHVARIK: Absolutely.

MR. ROTH: If they're not, I think you should make a note of it, at the time you're giving us your recommendation, that certain questions remain

unanswered or were not responded to. Because I find that your questions are fascinating, but there's just not enough time to ask them all at these meetings.

And one last thing. In an earlier meeting, I asked for a status of open space purchases since the referendum. I'm wondering how that's coming along.

MR. LIHVARIK: Staff--

Again, Mr. Roger Bushyeager has contacted--

The gentleman's name--

MR. BRUNE: His name is Ralph Siegel.

MR. LIHVARIK: Ralph Siegel.

MR. BRUNE: And he's the head of the GSPT, the Garden State Preservation Trust. He indicates it's going to take him a little time. But he's shooting for the end of November, I think -- early December, the latest.

MR. ROTH: Thank you.

MR. LIHVARIK: So we're hoping to get that to you as quickly as we possibly can.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Yes. Through you, Madam Chair, perhaps to Mike-- We now have two vacant seats on the board. Is there a way we can expedite some new appointments?

DEPUTY TREASURER ROUSSEAU: Our executive vacancy -- we have raised that to people in the Governor's Office, right now, to try to take care of that.

The public appointment, I would guess, probably should wait until after the new Governor takes office on November 15. But I will make a point to--

MR. ROTH: Has this Governor resigned? (laughter) I don't think we can anticipate a new Governor until we see resignation.

DEPUTY TREASURER ROUSSEAU: We'll make a point of it to try to get that on somebody's radar screen to find--

MR. BRANNIGAN: We should have a public member by the next meeting.

DEPUTY TREASURER ROUSSEAU: Well, it wouldn't go for the next-- It will have to be a public member. You guys go through advice and consent.

MR. BRANNIGAN: Not public member. I meant the--

MS. MOLNAR: Executive.

MR. BRANNIGAN: --Executive.

DEPUTY TREASURER ROUSSEAU: The Executive member we will have for the next thing.

MS. MOLNAR: That's a little easier.

DEPUTY TREASURER ROUSSEAU: Right. A public member is a little more difficult. It has to go through the advise and consent process, I think.

MS. MOLNAR: Yes.

All right, any other business? (no response)

If not, meeting adjourned. See you on November 12.

**(MEETING CONCLUDED)**