
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 9
State House Annex
Trenton, New Jersey

DATE: October 12, 2001
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chairwoman
Anthony F. Annese, Vice-Chair
Robert A. Roth

ALSO PRESENT:

David Rousseau
(representing Senator Bernard F. Kenny Jr.)
Jerry Traino
(representing Assemblyman Francis J. Blee)
Mary Messinger-Gault
(representing Assemblywoman Barbara Buono)
Gail Alexander
(representing Peter Lawrance)
Edward J. Troy
(representing Janice Mitchell-Mintz)
John Geniesse, Acting Executive Director
New Jersey Commission on Capital Budgeting and Planning



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

In accordance with Public Law 231, 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* and *The Star-Ledger*, and filed with the office of the Secretary of State.

We'll now take a roll call.

MR. GENIESSSE: (Acting Executive Director) Mr. Annese.

MR. ANNESE: Here.

MR. GENIESSSE: Mr. Roth.

MR. ROTH: Here.

MR. GENIESSSE: Mr. Rousseau.

MR. ROUSSEAU: Here.

MR. GENIESSSE: Mr. Traino.

MR. TRAINO: Here.

MR. GENIESSSE: Ms. Alexander.

MS. ALEXANDER: Here.

MR. GENIESSSE: Mr. Troy.

MR. TROY: Here.

MR. GENIESSSE: Ms. Molnar.

MS. MOLNAR: Here.

MR. GENIESSSE: Madam Chair, we have a quorum.

MS. MOLNAR: Thank you.

I'll turn the meeting over to you for the election of Chair and Vice-Chair.

MR. GENIESSSE: I'll open up the floor for nominations for Chair.

MR. ROTH: I'll nominate Carol Molnar as Chair.

MR. GENIESSSE: Do we have a second?

MR. ROUSSEAU: I'll second the nomination.

MR. GENIESSSE: Any further nominations? (no response)

Okay, I will take a roll call vote on the motion to nominate Carol Molnar as Chair of the Capital Commission.

Mr. Annese.

MR. ANNESE: Yes.

MR. GENIESSSE: Mr. Roth.

MR. ROTH: Yes.

MR. GENIESSSE: Mr. Rousseau.

MR. ROUSSEAU: Yes.

MR. GENIESSSE: Mr. Traino.

MR. TRAINO: Yes.

MR. GENIESSSE: Ms. Alexander.

MS. ALEXANDER: Yes.

MR. GENIESSSE: Mr. Troy.

MR. TROY: Yes.

MR. GENIESSSE: Do you want to vote for yourself?

MS. MOLNAR: Yes, sure. Thanks.

MR. GENIESSSE: Ms. Molnar, yes.

The motion carries and you are elected Chair.

MS. MOLNAR: Thank you.

MR. GENIESSE: Now on the nominations for Vice-Chair.

MR. ROTH: I nominate Anthony Annese.

MR. GENIESSE: Second?

MR. ROUSSEAU: I'll second the nomination.

MR. GENIESSE: Mr. Rousseau seconds.

Any further nominations? (no response)

On the vote for Anthony Annese as Vice-Chair.

Mr. Roth.

MR. ROTH: Yes.

MR. GENIESSE: Mr. Annese.

MR. ANNESE: Sure. (laughter)

MR. GENIESSE: Mr. Rousseau.

MR. ROUSSEAU: Yes.

MR. GENIESSE: Mr. Traino.

MR. TRAINO: Yes.

MR. GENIESSE: Ms. Alexander.

MS. ALEXANDER: Yes.

MR. GENIESSE: Mr. Troy.

MR. TROY: Yes.

MR. GENIESSE: Ms. Molnar.

MS. MOLNAR: Yes.

MR. GENIESSE: The motion carries. Mr. Annese is Vice-Chair.

MR. ANNESE: Thank you.

MS. MOLNAR: Thank you, very much.

The next item is the Executive Director's report.

MR. GENIESSE: Okay.

Madam Chair, at the last meeting I did not have the opportunity, because of time constraints, to introduce Michael Lihvarcik, who is, as of this past July, the new Supervisor of the Capital Planning Unit.

Mike, why don't you stand up so everybody recognizes you.

Mike has been, for the past several years, at the Office of Management and Budget, the lead analyst for the Department of Transportation, particularly including the Transportation Trust Fund and the New Jersey Transit Accounts.

And Mike is going to be a big help to me. And I hope you all call on him, as well, for any questions you might have.

And the other item I just wanted to clarify, again, for the Commission members, we have the -- later on the agenda we have the Department of Transportation testifying, and their capital request, as it was last year, is essentially confined to the Division of Motor Vehicles' capital needs. The other part of the capital, from the Department of Transportation, which is not going to be discussed today, is the Transportation Trust Fund.

Traditionally, the Commission includes in its recommendations the estimated amount of State funding for the next fiscal year based on the enabling legislation. I believe that estimated number is about \$870.8 million, but that is a separate process. The projects which are adopted are presented to the Governor and the Legislature in March of the following year. So, just to clarify that for Commission members.

That's my report.

MS. MOLNAR: Thank you, very much.

We'll move on to our capital requests. Our first department is the Commission on Higher Education. I'd like to welcome Jim Sulton, Executive Director of the Commission.

JAMES E. SULTON JR., Ph.D: Thank you, Madam Chair and members of the Commission.

I'm pleased to have with me Dr. Saul Fenster, President of the New Jersey Institute of Technology, who also serves as Vice-Chairman of the Presidents' Council Commission. The Presidents' Council always works in tandem on issues related to budget and other affairs. And so I'm delighted that Dr. Fenster could join us today.

I'll speak first. Then Dr. Fenster will follow me.

I am delighted to be here today to discuss the capital needs of New Jersey's senior public colleges and universities.

Before doing that, I would like to make you aware of a broad higher education capital planning initiative that is underway. This month, the Commission on Higher Education and the Presidents' Council will finalize a report, *Higher Education Capital Planning for New Jersey's Future*. It is the beginning of a continuous process that will annually provide fundamental information about the physical plants of the State's public and private colleges and universities.

This first report will reveal aggregate data about the existing physical plants and also examine current demographic trends and projected capital requirements to address those trends. Several options will be presented for State policy makers to consider in the next legislative session as they determine if and

how New Jersey will support expanded higher education services for the burgeoning number of students as well as growing State needs.

Adequate and predictable funding for college and university facilities and other capital expenses is fundamental to meeting New Jersey's higher education and economic development needs. In order to fully serve the current population of students, colleges and universities must maintain, renovate, and expand their physical plants, where necessary, and keep equipment and technology current to meet changing workplace needs.

Further, if New Jersey institutions of higher education serve a growing portion of the population of high school graduates, address the growing demand among nontraditional students, and extend access to more individuals from underrepresented groups, additional physical plant expansion and expenditures for technological infrastructure and equipment will be necessary.

For the past seven years, we have come before you to encourage State support of annual funds for maintenance and renewal at our 11 senior public institutions. And that is our focus again today. While policy makers will grapple with long-term capital issues pertaining to all of New Jersey's colleges and universities, both public and independent, we encourage the Capital Commission to focus recommendations for the Fiscal Year 2003 budget on the immediate needs of the 11 senior public institutions.

The higher education community's tenacity in requesting State funds for deferred maintenance, and your recommendations in the mid-1990s to address the significant maintenance backlog resulted in the 1999 creation of the Higher Education Capital Improvement Program.

This fund provided \$500 million for the four-year public colleges and universities to address, primarily, deferred maintenance. I am happy to report that we have approved the use of all but \$140 million of the allocated funds, and we expect to approve the rest in the coming months. This initiative is a shared commitment to addressing vital needs, with the public institutions paying one-third of the debt service and the State paying two-thirds.

A significant portion of the maintenance that was deferred during the decade of the 1990s will be addressed as a result of the Capital Improvement Fund, and we sincerely appreciate the Capital Commission's support.

At the same time, however, the Commission on Higher Education is increasingly concerned about the lack of State support for the ongoing maintenance that is necessary to avoid future backlogs. National standards call for an annual expenditure on maintenance of between 1.5 and 3 percent. However, no funds were appropriated for maintenance in Fiscal Year 2002 or in the previous two years. Without annual State funding to support maintenance, the work either is supported through additional tuition and fees from students or it is deferred, which leads to greater costs in the future.

As part of its pending comprehensive report on capital planning, the Commission on Higher Education proposes a State policy calling for an annual State appropriation of at least 2 percent of the current replacement cost of the State's senior public institutions, with the institutions contributing at least an additional 0.25 percent. Data from the Commission's recent survey on capital facilities and needs indicate that the replacement value of the 11 senior public institutions, excluding auxiliary buildings, is approximately \$3.6 billion. We

therefore recommend an appropriation of \$72.6 million in Fiscal Year 2003 for capital maintenance and renewal at the 11 institutions.

The Commission believes that this immediate assistance is a fundamental State investment. It will preserve existing physical plants at State institutions, while, over the next year, policy makers consider other long-term policies and funding mechanisms to meet the escalating need to enhance and, in some cases, expand current physical plants system wide.

Over the years, the Capital Commission has acknowledged the importance of maintaining the infrastructure that supports teaching, learning, and research at our senior public colleges and universities. We urge you to continue that support by recommending annual appropriations at a minimum of 2 percent of the replacement value of these institutions. Predictable, annual State capital funding is essential to address student needs and to support the State economy and prosperity, which are so dependent on high-quality colleges and universities.

Thank you for your attention and your ongoing recognition of the importance of capital funding assistance for the State's public institutions of higher education.

I'd now like to turn it to Dr. Fenster.

MS. MOLNAR: Okay.

S A U L K. F E N S T E R, Ph.D.: I thank you very much, Jim.

Madam Chair and members of the Commission:

As Dr. Sulton said, I'm Saul Fenster, President of NJIT and Vice-Chair of the Presidents' Council, which represents all of the public, private, and

senior institutions and community colleges in the State. And I'm delighted to have this opportunity to, very briefly, address the Commission.

We have been working very closely with the Commission on Higher Education. And I think the product that will emerge will be truly a joint product, as has any number of instruments that have emerged from the new structure of Higher Education.

I would like to emphasize that what is happening now is collaborative and comprehensive, and we truly need this. And just a slight emphasis on one point that the New Jersey System of Higher Education is still a work in progress. It is a relatively new system and capital needs, both in the maintenance area and in the new construction area, which is the subject of a subsequent document, are very much needed.

Dr. Sulton has provided you with information concerning the important planning activity, and I will not repeat it here. Rather, I think it is important to underscore the need. Our global, knowledge-based economy continues to offer both challenges and opportunities for New Jersey and the nation. With intellectual capital and human resource development underpinning economic prosperity and quality of life, colleges and universities play an integral role in addressing these challenges and capitalizing upon these opportunities.

The recent tragic events only serve to underscore the need for an educated citizenry, which has a direct linkage with our economic strength both in New Jersey, which is a very wealthy state on a per capita income basis, and for our nation. That really does give us the capacity, as an economically powerful nation and State, to deal with these exigencies that we face today.

I would like to call your attention to the fact that the facility planning process described will need to address the projected enrollment growth that is inevitable, given the baby boom echo.

Now one of the issues that emerges from time to time is whether the new technologies, meaning distance education, the Web-based instruction and so on -- whether that mitigates, in some way, the needs that will emerge out of the capital planning comprehensive needs reports that will be forthcoming. And what we have found at my university is that, in fact, distance education -- and we offer some 300 courses through distance education -- in fact, ends up increasing the needs for brick and mortar or face-to-face instruction, because what happens is more and more people are drawn in to higher education, which is a terrific need for our State and our nation.

So more and more people are not only taking courses through distance modalities but are taking courses through brick and mortar modalities. In fact, about 1000 of our 9000 or 10,000 students are, in fact, taking courses in mixed modalities, which gives them an opportunity to work, to get work-study opportunity, cooperative education opportunities, to schedule their courses more rationally, and for us to be offering courses both -- what are called synchronous, which means regularly scheduled or asynchronously, which means at any time that the student cares to log on.

In addition, of course, the various distance education facilities themselves need to be built. So there is no panacea associated with -- what there is is a grossly expanding opportunity for higher education, which is a big plus in New Jersey. And of course, we do provide many opportunities for

courses to be given to the industrial sector, which is critically important in maintaining our economic base.

The investments made by the State and county in our colleges and universities have built a strong system of public and independent institutions. We're pleased that the State has been able to provide support for certain capital development projects.

The more recent programs, the Equipment Leasing Fund and the Higher Education Capital Improvement Program, have provided significant resources to the institutions. The institutional shares are generally funded from reallocations from other, much needed operating accounts and from increases to student tuitions and fees. It should also be noted that there is a practice that the State does not support certain types of construction, primarily in the areas of student activities, such as housing and dining. The costs of these facilities are generally borne by the users, which adds, of course, to the cost of instruction, of education, I should say: residential cost, food plants, for example, parking, and so on.

While the planning process is underway, I urge the Capital Planning Commission to give a high priority to the preservation of the capital investment made by the State and the senior public institutions. The Commission on Higher Education is recommending, and the Presidents' Council supports the funding of \$72.6 million to the 11 colleges and universities. This amounts to 2 percent of the replacement value of the extant physical plant. These funds will help ensure that significant progress made in the reduction of deferred maintenance, enabled by the Capital Improvement Fund, is not undone.

I appreciate very much your time and attention to this important matter. The matter of capital planning and expenditures is one of high priority to the institutions, and your positive recommendations with respect to the capital request is urgently sought.

Thank you, very much.

MS. MOLNAR: Thank you.

It's very exciting that all alternatives for learning are being utilized. Glad to hear that.

I have one question. Are any funds being redirected for security, in light of the recent activities at the Trade Center?

DR. FENSTER: There's no question -- but on my campus, where a number of the public institutions have security forces, what we call public safety forces, as well as commissioned police officers who carry weapons, I might say, they carry weapons with full approval and appreciation of our student body. There is no protest over those. They provide a high degree of security, a feeling of security, but with the National Guard call-up there are some shortages. And we're adding to staff, and we do have, in fact, to speak explicitly, a provision for additional vehicles. We need to keep current in terms of weapons. Our weaponry needs to be current vis-à-vis the police forces. These are police officers with full power of arrest, and we need to have additional people replacing people who are away. So there is an economic strain.

We are updating emergency preparedness manuals. I recently received an E-mail -- you know, one of the privileges of E-mail and being President is that you have direct contact with the world. And a parent wanted to know, rather explicitly, what we were doing at NJIT to deal with bioterrorism.

When I mentioned our emergency preparedness handbook, she had already read it -- much to her credit as a parent, I might add. She had already read it and said it did not explicitly deal with bioterrorism. Well, you know it just -- the last edition was six months ago or so.

So we are updating our manuals. We are increasing our -- making appropriate, in number, our security and police force, updating our vehicles, and studying the matter of bioterrorism, chemical terrorism, and other kinds of exigencies which may appear. It's an additional cost to the universities and an important one.

MS. MOLNAR: Thank you.

Are there any questions or comments from the Commission members?

MS. MESSINGER-GAULT: I have a question.

MS. MOLNAR: Mary.

MS. MESSINGER-GAULT: The way I'm reading this stuff, the Commission's request is \$72.6 million for a facilities renewal, but then we have \$770 million in requests from the colleges individually. Are the colleges now supporting the Commission's request, or do the colleges still want their individual request?

DR. SULTON: I expect the answer is both. I think that the Commission's request is for the overall maintenance of the statewide physical plant, but institutions traditionally submit individualized institution requests to the Office of Management and Budget. So that is a particularness that is not done at one locus, it's done campus by campus.

We have, in our budget policy statement and in our capital planning, a model made up of all of the institutions, and this is a first step toward answering what I gather is your concern: Can we have a more comprehensive view of what is happening statewide? We are just starting that effort and getting to that point. But for this year, that is an addition to the statewide request that we submit on behalf of all those institutions.

MS. MESSINGER-GAULT: That's what we are really looking at, like \$845 million, roughly, of total requests. Although some of that \$72 million is in there.

DR. SULTON: Right, but those are not all deferred maintenance. Our \$72.6 million --

MS. MESSINGER-GAULT: No, I understand, but their, you know FY 2003 request from the colleges and the Commission together total roughly \$845 million, right?

DR. SULTON: Yes.

MS. MESSINGER-GAULT: Okay, I want to make sure I'm reading this right.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Can you explain how this proposal seems to differ a little bit from last year. I think last year you were willing to put up 0.5 percent, I think, and I forget what was the value -- what was their request to the Commission? Was it 1 percent?

MR. GENIESSE: I think it was 1 percent last year --

MR. ROUSSEAU: One percent of renewal costs and --

MR. GENIESSE: -- and it was about \$36 million. I guess, roughly, about half of what --

MR. ROUSSEAU: Right, and then they would put up 0.5 percent.

Could you just explain why now you're going for 2 percent, and why it's only a 0.25 percent match? So now, you're going for 2.25 percent when last year it was 1.5 percent. What was the rationale between going to a higher number right now?

DR. SULTON: Last year we were working off a 1997 survey instrument that had been distributed, and we have since engaged in further planning and done another survey. So that would change our amount of this total statewide, but then --

MR. ROUSSEAU: Right. Right, but that changes your amount. It doesn't change the percentage.

DR. SULTON: Doesn't change the percent. And the percent has changed based on our work with the Capital Data Committee, as well as the Capital Planning and Funding Committee that we put together since last year. They have looked at NACUBO and an organization named APPA -- I can't explain the acronym because I'm not a physical planner, but it's a national organization that looks at higher education facilities and determined 2 percent as the standard to the current replacement value used by institutions of higher education, plus the 0.25 percent that the institutions would kick in. So that's the difference.

We have engaged in a new planning effort to try and get more specificity, and the Higher Education Capital Improvement Program was put in place. The State asked, quite logically, whether we could prevent crisis

management in this area. In other words, half a billion dollars to bail us out of deferred maintenance needs. At that particular point in time, it was a good thing, but it wasn't a good practice to have to wait until we got into a fix to estimate what our costs are. So we engaged in this effort to try and generate more predictability and planning.

MR. ROUSSEAU: Okay. Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Troy.

MR. TROY: If I may.

Relative to the Bond issue, the \$550 million. My notes here say that of the \$552 million, \$78.6 million has been distributed. Does distributed mean committed under contract or has just been allocated to the different institutions but has not yet materialized into actual contacts?

DR. SULTON: It means actually distributed, committed under contract, as you said.

MR. TROY: So, the \$278 million is basically money on the street, where you've already begun to do selected projects.

DR. SULTON: Right.

MR. TROY: What's the status of the other \$271 million that's under balance? Has that been --

DR. SULTON: We have about \$140 million left to approve at the Commission. So, we have approved, I think, \$360 million already, and there's \$140 million in forthcoming requests from the institutions that the Commission has yet to approve.

MR. TROY: Okay. Thank you.

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

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

DR. SULTON: Thank you, Madam Chair.

DR. FENSTER: Thank you, very much.

MS. MOLNAR: Our next department is the Department of Law and Public Safety. I'd like to welcome Tom O'Reilly.

THOMAS J. O'REILLY: Good morning.

MS. MOLNAR: Good morning.

MR. O'REILLY: I'm Tom O'Reilly, with the Department of Law and Public Safety, and I'm here on behalf of John Farmer.

There's a number of things I want to talk about today that -- Attorney General Farmer would like to be here personally, but he is currently participating in one of the Joint Terrorism Task Force meetings with the FBI, this morning, in Newark.

Generally, I summarize, in the interest of time, the remarks we have in the speech, but today, with your indulgence, I'd like to kind of go through some of these and highlight some of the issues.

First, I would like to thank everyone for the recent support you provided for the new Emergency Management Command Center. The events of September 11th have changed America and New Jersey. Emphasis now must be placed on the critical work of those people responsible for our public safety.

Many of the priorities that are included in this capital request represent both facilities and equipment that are necessary for the 9000 men and women in the Department of Law and Public Safety to do their jobs. These

requests enable us to continue to provide the highest level of safety for our citizens.

There are four major functional areas contained in our capital request: emergency response, State Police reform, preservation of assets, and law enforcement functions.

Vital to our law enforcement responsiveness is our infrastructure. I would like to now update you on the progress of our new State Police Troop C Headquarters located at Hamilton, New Jersey. At this time, it is anticipated that the building will be ready for occupancy the spring of 2003.

The Troop C Headquarters building will house a patrol function and, very importantly, a statewide communications center. The patrol functions from Hightstown, Princeton, and Ewing will be consolidated into the Troop C building. Approximately 200 employees will be housed in this facility. We went out to bid for that facility. Unfortunately, some of the construction costs were a little higher than anticipated, requiring us to delete the dollars that are originally allocated for communications equipment.

As a result of that, we have requested money for the communications equipment in the 2003 request. The 911 Emergency Communications Center at the Troop C Headquarters will provide centralized police and emergency dispatching functions for the State Police, the Department of Transportation, and the Department of Environmental Protection. Coordination of those three entities are extremely critical.

Paramount to our safety is the capital request to upgrade the State Police radio system to a digital microwave network. Many of you may not be aware that the New Jersey State Police used the World Trade Center as part of

its Communications Center supporting the northeast portion of this State. Since the September 11th terrorist attacks, we lost a major component of that facility. The importance of this project is to replace that piece of the facility -- and basically what is referred to as the Troop B, which is the North Jersey area of responsibility -- is critical.

Just as an aside, communications, as it relates to public safety, cannot be overemphasized. During the World Trade Center issue, many of the telephone lines, many of the cell phone issues, totally deteriorated in terms of our ability to communicate. In fact, at one point in time, because of the lack of interoperability, in terms of some of the radio systems, we actually had to send troopers physically, by boat, to One Police Plaza in New York in order to relay communications back and forth. That is why, if you hear me emphasizing communications today, it's because of some of the lessons learned on September 11th.

We need to move ahead now on this \$21 million project for the communications, which will be phased in over three years and will replace obsolete technology and equipment that is no longer manufactured. Communications in the Northeast region of our State cannot be returned to normalcy unless the existing 15-year-old, analog radio communication system is replaced by the digital microwave infrastructure. We need to make sure that we do not leave the officers in the field or on the road without proper communication systems to maintain and assist with the public safety of our citizens.

The plan to expand the Totowa Communications Center also dovetails with the original radio request. The Totowa Communications Center

is the busiest in the State. Presently, we handle 900,000 911 calls in a given year.

The cellular emergency calls are extremely important, as was demonstrated, again, during the World Trade Center attack. If you asked people who had cell phones on September 11th and were able to use them in the midst of the crisis, I believe they would inform you that there was no more valuable instrument that they could have in their possession.

Just as an aside. You may have seen in this morning's *Trenton Times*, there was an article about how the State Police were running a kind of debriefing session for many of our dispatchers in the Totowa station. The Totowa station took an awful lot of emergency phone calls, 911 phone calls, from the World Trade Center and from New York because of the override from New York City. We were totally saturated. And unfortunately, many of those calls, perhaps, couldn't have been answered as adequately as they should've been. We expect that 900,000 growth in 911 cellular calls to expand to 1.5 million or more in the upcoming year as people switch from landlines and go more and more to the cellular telephone use.

We are asking for money, first, to fund the design portion of that cellular 911 response, so that the overcrowded 911 center and the space up in North Jersey can be alleviated.

Another of our requests also deals with the State Police's ability to respond to emergency situations. In our 2003 request, we have asked to complete the helicopter replacement project that is beginning this current fiscal year. At present, during a state of emergency, our medevac helicopters are unable to perform rescue operations such as rooftop evacuations. This is

unacceptable. We need to standardize our aging fleet with twin engine ships so the aircraft can address both medevac and law enforcement actions.

If you look at the profile of New Jersey, in terms of building construction -- I know many of the individuals here are in that business. The high-rise nature, particularly along Jersey City, or what I think is referred to now as the Gold Coast, is changing dramatically. There are many 15-, 20-, 25-story buildings. Many of them are out of reach for normal or traditional firefighter apparatus, in terms of the ability to evacuate people off the roofs. The need for helicopters, at least one helicopter in our fleet that has that capability, is paramount.

The area of State Police reform, which we talked about in the last couple of years, continues to require capital investments. We are making considerable progress on our gender retrofit renovation project, and through this capital project we have ensured that all accommodations are equal in all our stations and that we have met the goals outlined by the consent decree.

Last year, we spoke at length about the progress we had made in upgrading the technological capabilities of the State Police in line with the reform efforts. Again, today, I'd like to address those for a minute or two.

We have installed video cameras in all State Police cars. We have completed the installation of the computer aided dispatch system, implemented a distance learning program for our recruits, and moved towards completing the computerized management awareness personnel performance system, or as it's known, MAPPS, in turn, which is a requirement of the Department of Justice.

We've installed 600 mobile digital computers, which provide our road troopers with immediate access to Federal and State criminal history

databases. Unfortunately, the recently completed computer aided dispatch system, or CAD as it's known, needs to be replaced. The contract for the existing CAD system was originally awarded back in 1996 and reflects the design of a 1994, 1995 technological layout. At that time, the intent was to track and record vehicle stops and to develop a reporting system. The system was never designed to be a key part of the complex information reporting system that is now required by both the State Police and the Federal consent decree.

Over the last couple of years, we have patched that together and it has worked admirably, but as technological advances continue, we are very concerned that in the very near future that system will not be adequate.

The current CAD system cannot easily interface with other systems using more modern databases. Recently, additional and detailed data demands were made on the CAD system, and we learned the CAD system could not keep up with those demands.

As all the newly planned or currently installed systems develop, such as MAPPS, Internal Affairs, Intelligence, CAD, and evidence tracking continue, we need to continue to put that investment into the technological portion of the State Police.

If we are truly to achieve an integrated solution capable of supporting the needs of the Division over the next several years, CAD needs to be replaced. And we need to do so as soon as possible.

Another important reform issue is providing training for our State troopers. In order to comply with the consent decree, the State Police had to restructure the way it recruits, selects and trains, evaluates and promotes its

members. All training activities for our State Police recruits take place at the Sea Girt Training Center.

This center is shared with many other agencies within and outside the Department of Law and Public Safety. It's very crowded. And we're asking today for funds to construct a new facility at that location, which will be shared with other departments who participate there, in order to accommodate our needs and the needs of the other law enforcement agencies.

As for capital preservation projects, which are vital to our mission, we have asked for construction funding to renovate specific buildings at the State Police Headquarters. After our move to Hamilton, 160,000 square feet will be available for retrofitting at our overcrowded complex at West Trenton.

Other projects requiring funding for preservation and safety purposes, that are requested in this 2003 request, are for electrical upgrades, critical repairs, fire safety retrofits, and funding for road replacements and parkway facilities.

This year, the Department is requesting funding for basic law enforcement capital projects also. They include the new technology building being constructed at Hamilton and patrol operations equipment. The technology building, which is adjacent to the Troop C Headquarters, will house a new state-of-the-art forensic laboratory and high tech crime units for both the Division of Criminal Justice and State Police.

The State Police lab is currently located at a leased site, and this will be relocated to the new technology complex. And around 325 employees will be located in this building. In order to make that building functional, there is a need to purchase forensic laboratory equipment for both the new technology

center as well as the regional labs, which support the new technology center. We will be unable to move most of the equipment from the existing laboratory.

Basically, the equipment that we have in the existing lab is approximately five-plus years old. By the time we take occupancy, that equipment will be over seven years old. Both the change in technology and the cost of relocating some of our highly calibrated scientific equipment indicates that it is cost prohibitive in terms of trying to move that to the new location.

Our labs must be certified by ASCLAD, and we need to centralize the biochemical, trace evidence capabilities, as well as our ability to analyze fire debris and perform DNA analysis. Our request incorporates funding for the most advanced, state-of-the-art technology and sophisticated equipment. Again, not to be repetitive, but some of the issues again coming out of the World Trade Center demonstrate, in terms of fire debris, DNA, the criticality of the forensic science capabilities of the Division of the State Police in order to respond to some of those types of situations.

On another issue, the Treasury Department is requesting funding for the construction of an annex to the Richard J. Hughes Justice Complex, which we overwhelmingly support. The Justice Complex parking is minimal, and approximately 600 parking spaces are underneath the Justice Complex.

For safety reasons, which I think are fairly obvious, contemporary designs do not suggest locating parking arrangements beneath office space. We would like to build a parking garage adjacent to this building to eliminate the current situation in terms of those cars going in and out of the Justice Complex on a daily basis.

Those are our brief highlights of the 2003 request by the Department of Law and Public Safety. I certainly want to thank you on behalf of Attorney General Farmer for your past support to the Department in the critical mission that we serve. I'd be happy to try to answer any questions that you have at this time.

Thank you.

MS. MOLNAR: Thank you.

Any questions or comments from the Commission members?

Gail.

MS. ALEXANDER: I just have one question.

Living on the 19th floor of a high rise, I appreciate the concern for the helicopters, but how often has that been or -- you do not have the capacity to do that now at all?

MR. O'REILLY: No, we do not. The helicopters that we have are -- three of them are medevac ships, which have medical compartments, but they don't have the lift capability to take several people in the back of the ship. They are basically configured for two pilots, one medical technician and, generally, one, sometimes two, patients. In order to be effective in terms of doing a lift, an evacuation, similar to what you see like a Coast Guard type of helicopter for overwater or some of the other types of events, you need to be able to have at least six to eight people in terms of that type of capacity.

During the first World Trade Center bombing, many people were evacuated, actually, off of the roof with helicopters. Unfortunately, because of the fire situation, the updrafts, that was not an option this time. Being at the victim's center not too long ago, at Liberty State Park -- and I have to admit to

being a Mercer County native. I don't get up in that area too much, but I was surprised at the change in the landscape up there in terms of the number of buildings and in terms of the number of high rises that are going up there. Obviously, Newark and some of our other centers are the same way. So our feeling is that at least one ship that has that capability would be critical in terms of our being able to perform that mission.

MS. ALEXANDER: Have there been any incidents where the lack of a ship has contributed to either casualties or fatalities?

MR. O'REILLY: Historically, not to my knowledge.

MS. ALEXANDER: Okay.

MR. O'REILLY: There have been some issues over the water, where we have actually had to stop individuals who either their ship or boat has sunk, and we've had to basically hover over them, watching them, until either a boat or the Coast Guard could respond. There have been a couple of incidents like that. We couldn't lift them out of the water because of the lack of that facility. But nothing on a building to my knowledge.

MS. ALEXANDER: Thank you.

MS. MOLNAR: Mr. Troy.

MR. TROY: Tom, good morning.

MR. O'REILLY: Good morning.

MR. TROY: Tom, I guess over the years as we've worked together, you know, there's been a lot of discussions about radio systems, communications systems, dispatch systems, and I'll tell you, you can easily lose track of what is being replaced and why. And I heard a little bit from your

testimony that sometimes we get to a point where we place a system, and by the time we do it, it's outdated because of the technology.

My question to you is, is there a master plan developed by Law and Public Safety that addresses communications systems, IT systems, dispatch systems? Is there such a plan in place?

MR. O'REILLY: About two years ago, the Department of Treasury took a leadership role and engaged a consultant to comprehensively look at all of the communication needs of the State of New Jersey, as it relates to State entities. My understanding is that that report has been completed. It's a fairly substantial price tag.

The pieces we're talking about today are on the, what I'll call long-distance, out of the house, which is about a third. Our costs are about, maybe, a quarter of what the total roll up would be in terms of -- because we don't address, like, the Department of Environmental Protection or the Department of Transportation, in terms of their normal dispatch functions. We would deal with their emergency functions but not their normal dispatch functions. I understand that the Treasury report has that in it.

Our system, however -- let me just make one point of clarification -- when you upgrade our system, you are upgrading also the system that's used by the Department of Corrections, by the Division of Criminal Justice, and by a number of other ancillary law enforcement systems. And we have, over the last couple of years in optimistic planning, I guess, encouraged everybody, as they upgraded their in-car radios and portable radios, to go to a radio that will handle analog currently but is easily adoptable to digital. So some of those costs would not be incurred in that switch over.

But there is a master plan that we have for our Law and Public Safety needs. But there is also a greater master plan on behalf of the State of New Jersey that the Department of Treasury has.

MR. TROY: Thank you.

MS. MOLNAR: Regarding your calibrated lab equipment, you said that it will be seven years old. Is there a resale market? We'd totally lose, or can we --

MR. O'REILLY: Generally, in the past, that equipment, because of the reagents and other things that are used in conjunction with it, becomes very cost prohibitive to for other second generation purchasers to take.

Generally, what happens is that a lot of it is a pro bono donation to institutions of higher education or high schools to use, to the extent that it's appropriate in terms of their level of education. So we do look at that in terms of declaring surplus.

Any time we go through that process, we would follow the State surplus properties scenario. And after we would poll other State agencies, we then would go to see whether there's a marketplace and then after that, we'd go to donations.

MS. MOLNAR: Thank you.

Mr. Geniesse, you have a question.

MR. GENIESSE: Yes.

Tom, did I understand you, kind of in the beginning of your testimony, to say that the communications equipment that's needed for the Hamilton facility, was that originally included in the Building Authority Project report?

MR. O'REILLY: No, when we thought that the -- it was not. The Building Authority report contained the bricks and mortar. It was optimistically hoped that if that came in under budget, that perhaps we could go back and seek funding for the wires and the technology piece to fill up. Unfortunately, at this point, that does not look like that it's going to happen.

MR. GENIESSE: Okay. Thank you.

MR. O'REILLY: Thank you.

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

MR. O'REILLY: Thank you, very much. Have a good day.

MS. MOLNAR: Our next department is the Juvenile Justice Commission. I'd like to welcome Bruce Stout, Executive Director.

BRUCE D. STOUT, Ph.D.: Good morning.

MS. MOLNAR: Good morning.

MR. STOUT: Good morning, Madam Chairperson, members of the Commission, and Acting Executive Director Geniesse. Thank you for this opportunity to present the Juvenile Justice Commission's Fiscal Year 2003 capital budget initiatives.

Capital improvements and enhancements are critical to the success of any organization or agency. For the Juvenile Justice Commission, not only are they necessary to fulfill our obligation to provide safe, clean, and secure programs for both the juveniles in our care and our staff, but they are necessary to ensure public safety for the citizens of New Jersey.

The items listed in this presentation represent our most pressing needs. Our main focus, during the past fiscal year, has been threefold. First, in

July, the Commission opened a state-of-the-art, 144-bed Juvenile Reception and Assessment Center located in Bordentown. The completion of this facility, which began construction in 1999, marks a milestone for the Commission, and is the first suicide-safe facility in the State.

Since the opening of this facility, the Commission has consolidated all classification and reception duties at this single location. This has allowed us to better ensure that juveniles are placed in the most appropriate program and receive the treatment that they need to help them become productive law-abiding members of society.

The opening of this facility has also allowed the Commission to reduce the population at the New Jersey Training School from more than 500 to approximately 325 juveniles, in accordance with the recommendations of the advisory committee, which was put in place by Governor Whitman, to study the future of the New Jersey Training School.

Second, the renovation of the Hayes and Laundry Buildings at the historic Johnstone Campus has allowed the Commission to open a new boot camp orientation unit and a new unit specifically dedicated to juveniles who violate their parole. This major undertaking began in September of 1999 and was also completed in July of 2001.

Third, the Commission continues to address fire safety, suicide prevention, security enhancements, environmental, and infrastructure improvements at all locations. A highlight of these ongoing initiatives includes: a \$4.2 million fire safety system at the New Jersey Training School, which is expected to be completed next month; a \$1.5 million renovation of the Essex Residential Group Center, which will be completed in the spring of 2002; a

\$850,000 renovation of the Ocean Residential Group Center, which was completed in the spring of 2001.

Projects were also initiated for electrical upgrades and installation of emergency generators at the Wharton Boot Camp, Voorhees, Warren, Pinelands, and Green Residential Group Centers.

Lastly, in the past year, the Commission has designed a new dormitory building at the Voorhees Residential Group Center. Funds to initiate this construction are presently being held in reserve.

This year, the Juvenile Justice Commission has developed a seven-year capital plan, including 46 projects for a total of \$121.4 million. Thirty-four of these projects are requested for Fiscal Year 2003. The Commission's total request for FY '03 is \$21.4 million.

The Commission's Fiscal Year 2003 requests have been developed to build on the work begun using our FY '02 appropriation. The highest priority projects reflect the Commission's emphasis on safety and security, equipment needs, and structural and infrastructure improvements.

Several of the Commission's most pressing requests pertain directly to the safety of both the juveniles in our care and our staff. Priority Number 1 requests \$1 million to continue suicide prevention improvements throughout Commission facilities. In addition to being delinquent, many of the juveniles in our care have serious mental health issues. The Commission takes its mission to protect these children very seriously. And while we cannot guarantee that all juveniles will not find a way to harm themselves, we must do everything in our power to prevent such acts.

Suicide-safe beds and fixtures have been installed in the new Reception and Assessment Center and the newly renovated Hayes and Turrell Buildings. Of the approximately 1200 total Commission beds, 600 required replacement. Two hundred have already been replaced, with an additional 221 beds in process. This leaves approximately 179 beds requiring replacement.

In addition to beds, the Commission is replacing toilets and sink fixtures, lighting, dormitory fixtures, doors, hardware, vents, and removing items that can be used to cause self-inflicted injuries.

Previous years' funding has been allocated to provide suicide prevention features for the Juvenile Reception and Assessment Facility and the Hayes Building on the Johnstone Campus, as well as for residential units at the New Jersey Training School.

This year's request will be used to provide suicide prevention improvements at the Juvenile Medium Security Facility, which houses 127 of the Commission's most serious male juvenile offenders, many who have been diagnosed with serious mental illness.

Priorities number two and three request funds to replace outdated and obsolete security systems at both residential and secure facilities. The Commission relies on staff to ensure a high level of security at the Commission's residential programs. While very few juveniles escape from these facilities, it would greatly enhance our ability to maintain a high level of public safety if security screens were installed.

When Valentine Hall was renovated, phone boxes were installed as the primary method for staff to alert center control of an emergency. Today, the

technology exists to equip each officer with a personal duress alarm. For the safety and security of our dedicated staff, I recommend that we do that.

The limitations of our physical security cannot be ignored. Also, at the time of renovation of Valentine Hall, it was the standard for a facility of its size to have manually locking doors. This system presents safety concerns, particularly in the case of a fire. Each door would have to be manually unlocked, wasting valuable minutes. The Commission recommends, in Priority Number 3, that an electronic cell door locking system be installed.

Everyday our highly trained custody staff do a wonderful job preventing incidents; however, I strongly recommend that we take this measure to increase safety at our secure facility for female juvenile offenders.

As noted above, fire and emergency services continue to be addressed by the Commission. Priority Number 11 would fund the construction of the center control room that provides fire and emergency services to both the Johnstone Campus and the JMSF campus, where there are almost 750 residents and staff.

The control room existing there dates to the 1970s and cannot integrate with new equipment and systems in regular use for fire and emergency services. This creates a significant safety concern. As the Commission consolidates its operations to this campus, the need to provide effective emergency systems becomes more and more critical. In the case of a fire or serious emergency situation, the Commission must be able to communicate with State and local authorities and take the appropriate measures to ensure safety to the best of our ability.

In order to do our job, the Juvenile Justice Commission cannot ignore its equipment needs, particularly our motor pool fleet. The Commission has developed a four-year replacement plan. Year one calls for 133 vehicles to be replaced.

Priority Number 4 requests \$3.3 million to replace aged and high mileage vehicles. Some vehicles in our fleet date back to 1982, and 43 cars have over 100,000 miles on them. Central Motor Pool rates allocate \$50 each month per car toward its replacement. At that rate, it would take ten years to replace each vehicle.

The Commission's most notable concern is the rapidly aging Aftercare /Parole Services cars. There was a day when parole officers worked in an office and kids came in to check with them. Today, in order to be effective, parole officers must be where the juveniles are, conducting random school, work site, and home visits. Three to four thousand miles are put on each car each month by staff who use their vehicles to perform these field service jobs.

A strong aftercare component is directly related to a juvenile's ability to remain crime free. Understanding the direct impact that parole and aftercare services have on increasing public safety and reducing recidivism, the Commission has put many resources into its aftercare system and has received funding in this year's budget to increase the number of parole officers and supervisors. I cannot stress their importance -- the importance of these vehicles -- more than to say that they are truly the lifeblood of the Juvenile Justice Commission.

In addition, aging specialty vehicles are needed to maintain Commission owned property and grounds and additional vehicles to provide

client services for medical care, school transportation, and job placement. They're included in this request. For instance, a 35-passenger bus at the Wharton Tract Boot Camp is no longer operable. If we do not replace it, there will not be enough vehicles on site, including personal vehicles of staff, to evacuate this remote facility.

Last year, it was recommended that the Commission seek grant funds to address the Commission's ongoing need to systematically replace aged telecommunications systems. We followed your recommendation; however, we learned that grant funds are only available for data lines and not voice systems. This year's request for \$1.2 million is detailed in Priority Number 9. Without these funds, the Commission will not be able to provide modern systems with adequate growth potential to accommodate new technologies.

In order to operate in the most efficient manner possible, the Juvenile Justice Commission continually reviews its needs and the condition of its existing facilities. The following requests would allow the Commission to fund critical repairs, remedy situations already identified in order to prevent further, more expensive, deterioration and allow the Commission to maximize its existing resources.

A comprehensive and far-reaching request by the Commission and the Department of Law and Public Safety to renovate the Johnstone Campus was not recommended for funding last year. Priority Number 5 requests design funding to fully renovate the Tramburg Building at Johnstone Campus to provide a consolidated Juvenile Justice Commission administrative office.

This Commission has granted funds in the past that have enabled the renovation of several other buildings on the Johnstone Campus, including

the Hayes and Valentine buildings. This request will allow the Juvenile Justice Commission to follow the recommendations of its master plan, which call for the Commission to renovate and restore the various buildings on the campus in order to consolidate as much of the Commission's leased office space as possible.

Priorities number six and number seven include critical repairs at the Commission's institutional facilities and community residential programs. Last year's allocation was solely for community programs, even though approximately 50 percent of the juveniles in the Commission's care reside in secure institutions. This request will enable us to continue to make small and emergency repairs at our community programs, while restoring funding for critical repairs at our secure facilities that are absolutely necessary to continue daily operations in a responsible manner.

As noted earlier, the Commission recently opened the new Juvenile Reception and Assessment Center in Bordentown. Once in operation, it was obvious that there were oversights and omissions during the design process. While the Commission is doing everything we can to remedy these problems through the Office of Construction, we will still be forced to find the funds to resolve situations now presented at that new facility.

The Commission requests \$820,000, in Priority Number 8, to address several of these issues. It has become apparent that the HVAC design is inadequate to cool the facilities control center. It was not unusual for the center control areas to reach temperatures of 95 degrees this summer. Our officers wear heavy protective vests that make these high temperatures even more uncomfortable than they would otherwise be. I visited those control

centers during some of the hottest days, and, I must tell you, it was unbearable. This is certainly not a situation that can continue. It is necessary for the Commission to take corrective action immediately.

It has also come to our attention that the flooring must be replaced at this new facility. Shortly after occupancy, the floor sealer began to peel off the concrete floor. If this situation continues, dirt, mold, and bacteria will create an unsafe working and living environment. I recently gave a tour to all new family court judges, in this State, of this new reception center. Many of them, because of the condition of the floor, felt the facility was several years old. And it's brand-new.

Also included in this request are two allocations to help maximize the use of this facility. The Commission would like to restore a removable dividing wall in the gym so that the space can be used for two or more functions simultaneously, such as parental visits and recreation. We are also recommending that drainage issues at the recreation fields be addressed so that they can be used as intended.

Priority Number 10 is a request for funds to design a new education facility at Warren Residential Group Center. The Commission had originally planned to renovate the existing facility, and this Commission generously granted funds for this project in our FY '01 request. However, engineering and architectural evaluations have determined that the current classroom, located in a converted barn on the property, cannot be renovated to comply with current construction codes. As a result, our funds were reverted.

Education is the single most important factor in a juvenile's rehabilitation, and the Commission has a statutory responsibility to provide a

thorough and efficient education. We comply with the Department of Education's Core Content Curriculum Standards. It is critical that these juveniles have a proper environment in which to learn that can readily handle the technology the Commission utilizes to teach the more than 1200 juveniles in our custody. The Commission is now requesting \$84,000 to design a new 3000-foot square classroom for Warren Residential.

Other requests are included to develop or implement much needed infrastructure improvements at several residential group centers and at the Wharton Tract Boot Camp. These include installing required sprinkler systems, HVAC upgrades, air quality improvements in dormitories and classrooms, upgrading aged heating and ventilation systems, and modifying electrical wiring so the systems will meet current electrical and fire safety codes.

Additional capital funds for Fiscal Year 2003 are requested to upgrade outdated interior electrical wiring systems at all of the New Jersey Training School's housing units, as well as the institution's food service, hospital, Wilson School, and vocational buildings. These projects are detailed in Priority Number 4. (*sic*)

I want to thank you for your honest evaluation of our requests in the past and for your support. The Juvenile Justice Commission appreciates the opportunity to explain our most pressing needs. And myself and Keith Poujol, the Commission's Facility Manager, are available to answer any questions you might have.

MS. MOLNAR: Thank you.

I just have one question on the facility with the flooring. You said, shortly after occupancy, the floor sealer began to peel. Are we pursuing any recourse against the contractors?

DR. STOUT: I actually spoke to Bob Rusciano yesterday, and he said that he has passed the material on to the Division of Law for investigation.

MS. MOLNAR: Thank you.

Any questions or comments?

MS. ALEXANDER: Yes.

MS. MOLNAR: Gail.

MS. ALEXANDER: Good morning, again.

DR. STOUT: Good morning, Gail.

MS. ALEXANDER: I have a question on your Priority 6 and 7. When you said the new Juvenile Reception and Assessment Center in Bordentown, once in operation, it was obvious that there were oversights and omissions during the design process, was that a design flaw?

DR. STOUT: Yes. Certainly the HVAC design was flawed. It was designed to adequately control, cool, and heat the center controls. It absolutely is ineffective.

MS. ALEXANDER: Are we going after the architect on that also?

DR. STOUT: That's the material that Bob has passed to the Division of Law, yes.

MS. ALEXANDER: Okay.

And one other -- the drainage issue on the recreation fields. Why wasn't that part of the original plan?

DR. STOUT: I'll let Keith speak to that. I believe it was.

KEITH POUJOL: Good morning.

MS. ALEXANDER: Good morning.

MR. POUJOL: There was adequate -- there was a design for drainage; however, the slope was so severe in that particular area -- the recreational area is like an L. It cannot be used for recreation. Half of the yard is macadam, the other half is sloped and was for grass activities. Because it's sloped severely, it's eroding under the fence, and we just cannot use that area for recreation. So it has to be regraded in a new way to direct water away from the building.

MS. ALEXANDER: Is this also an issue we're pursuing with the architecting?

DR. STOUT: I'm assuming so, Gail.

MR. POUJOL: Yes.

DR. STOUT: I don't know the specifics of what Bob has passed to the Division of Law, but I think it's all encompassing for the problems at the facility.

MS. ALEXANDER: Okay.

Thank you.

MR. ROTH: Madam Chair.

MS. MOLNAR: Mr. Roth.

MR. ROTH: This may be a problem with always going with the lowest bidder.

MS. MOLNAR: Any other questions?

Mr. Troy.

MR. TROY: Yes.

Good morning, Bruce.

DR. STOUT: Good morning.

MR. TROY: In terms of the vehicle replacement, the way I understand it, Central Motor Pool buys vehicles for the entire State. Yes? Do you actually pay them this in cash? In terms of -- do you go to them, because I know about two, three, four years ago, there was a massive replacement of vehicles. I think it was Human Services and maybe DOT and some other places. And I don't believe it was an issue where the departments had to come up with the money. They had an appropriation, I believe, where they replaced a lot of the aging vehicles. But the way they recoup money is they charge you a monthly fee per the type of vehicle -- it's like maybe \$300 -- of which they escrow a percentage of that for future replacements so these things don't happen. Could you tell me how that operates at your institution?

MR. POUJOL: Yes. We are required, whenever there is an addition to the fleet, to provide the up-front funding for that vehicle. As the Executive Director stated, part of the CMP fees include \$50 that's going towards that eventual replacement. As part of that funding that you mentioned, the Commission was a benefactor and received approximately eight to twelve vehicles of its two hundred seventy-eight vehicular fleet, was able to be replaced.

MR. TROY: Okay. So there's about 12 cars that they replaced that they deemed to be unsafe or over -- I do believe that they have some criteria that they use.

MR. POUJOL: Correct.

MR. TROY: That they said these cars were unsafe or over 100,000 miles, of which you replaced 12 vehicles. So the cars you're asking for here now are in addition to the 200 or to replace those 200?

MR. POUJOL: The vehicles that we're requesting to you include at least 133 vehicle replacement requests. Ninety-eight are vehicle replacements, with approximately 51 of those vehicles specifically targeted for aftercare, who put the most mileage on their vehicles. And at the time the criteria was set, when the Treasury replaced these, they didn't make the cut.

MR. TROY: Okay.

And my final question -- if you know -- in terms of your operating budget, where you place Central Motor Pool -- that reimbursement. How much is the annual appropriation for Juvenile Justice for that purpose?

MR. POUJOL: I do not have that figure off the top of my head.

DR. STOUT: We can get that to you.

MR. TROY: That's fine, through you, Madam Chair.

Thank you.

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

If not, I want to thank --

DR. STOUT: Thank you, very much for your time this morning.

MS. MOLNAR: Thank you.

Our next presentation is the Department of Transportation. I'd like to welcome Lee Pereira, Director of DMV.

L I N O F. P E R E I R A: Good morning, Chairperson Molnar and Commission members. My name is Lee Pereira. I'm the Acting Director of Motor Vehicles in the Department of Transportation. And I'm pleased to be

here to present the Department of Transportation's capital budget request for Fiscal '03.

Our top three priority requests focus on the modernization of Motor Vehicle services agencies and our ability to more efficiently service our customers. Our Motor Vehicle agencies process approximately ten million transactions annually. Given the growing population in New Jersey and the enactment of the Graduated Driver's License Program and the fast tracking of the digital driver's license recently announced by Acting Governor DiFrancesco, the number of transactions that our agencies must process will be increasing.

Nearly every citizen of New Jersey has some interaction with an agency at one time or another. The DDL essentially guarantees their interaction over the next several years. Indeed, for many New Jersey citizens, Motor Vehicles is the only State agency they will visit in person. This interaction can either be positive or negative. The negative experiences many report at Motor Vehicle agencies are a direct reflection on State government and an impediment to public support for State programs everywhere.

The increased need for security in the issuance of driver's licenses has become apparent. The driver's license has become the most common and most accepted method of identifying ourselves. Increased security measures will only lengthen the experience for most customers at the Motor Vehicle agencies.

The Department of Transportation hired the consulting firm of KPMG to perform an organizational study of Motor Vehicle Services. This study identified a number of factors that prevent the agencies from providing the public the type of service that they expect and deserve. The study also identified a means of improving our services.

Our capital request for agency modernization centers on improving customer service and decreasing the wait times at the 45 Motor Vehicles agencies. Our plan provides the tools necessary to process transactions efficiently, to balance the workload, and to measure the performance. The modernization of each of those 45 agencies requires physical work flow improvements, installation of a workload management/queuing system, and designing and installing a new customer transaction computer system.

In Fiscal '02, based on the recommendation of the Capital Planning Commission, the Department received an appropriation of \$4.763 million for agency modernization. The amount of \$4.51 million was appropriated for the agency system, and \$253,000 for the queuing system. Since the project estimates have increased as the work on the project progressed, the Fiscal '02 appropriation was not sufficient to support our original rollout implementation plan for 23 agencies.

Based on current cost estimates, a major portion of the \$4.763 million will be needed for rewriting, roll out, and post implementation support of the agency information system. That system, which processes millions of customer transactions, is old and cumbersome. It forces agency staff to duplicate data entry when changing screens. It requires multiple terminals to get information needed to a customer transaction and increases the likelihood that those entering the data make errors. All of this results in a longer wait time being required to complete a customer's request.

The rewrite of the agency information system will include operator friendly features allowing agency staff to directly interact with Motor Vehicle mainframe databases and significantly improve the transaction efficiency,

accuracy, and throughput. Simply put, we'll be able to service our customers faster and with less chance for error. In these troubled times, all of our resources and efforts should be reducing the risk of errors and the duplication of documents. We must assure the public that we are providing documents, which not only attest to the ability of an individual to drive on our roadways but which provide proof of that driver's identity.

In addition to the rewriting of the agency information system, the Fiscal '02 funding will be used to establish three completely functional pilot Motor Vehicle agencies. These agencies will be equipped with queuing systems and new hardware and software platforms and upgraded communication infrastructure. Our request for Fiscal '03 will ensure that resources will be available to bring that project to completion.

Our first request of \$2.606 million, for agency modernization, addresses the physical process or work flow changes that need to be made. The current inefficient work flow design directs all customers to one intake window, regardless of how complex or simple the transaction may be. The work flow at each agency will be redesigned to include multiple one stop shopping windows that can handle all of the customer's transactions. As a result, customers will spend less time in the agencies. That request covers 43 of the Motor Vehicle agencies.

Our second request of \$1.892 million, for agency modernization, funds the installation of a queuing system at each of the agencies. This system will allow agent management to monitor customer work flow and wait times, to prioritize the handling of certain types of transactions, and to make adjustments for periods of heavy traffic by rerouting customers, reassigning workers, and

giving selected transactions priority. In addition, the system can be Web enabled so that our customers, who have access to the Internet, can look at an agency wait time before they decide to even go there. This request also covers those 43 Motor Vehicle agencies.

Our third request of \$5.367 million, for agency modernization, funds the continuation of the upgrade of the agency hardware and communication infrastructure to the remaining Motor Vehicle agencies that we won't get to this year. That request includes funding for cabling, servers, router upgrades, WAN upgrades, smart terminals, shared printers, and miscellaneous hardware, such as swipe card readers and signature capture equipment. Also included in this request is funding for smart terminals and shared printers at our four regional service centers and at our driver testing sites.

Our next group of requests covers funding for physical plant improvements at various Motor Vehicle Inspection Stations, Motor Vehicle agencies, and the combined inspection/agency facilities. Many of these aged buildings and adjoining structures require capital investment to correct major health and safety problems, such as the removal of lead-based paint, worn-out and leaking roofs, deficient paving in driveways and parking lots, and building code violations.

Other facilities require capital investment to prevent future problems. Work, such as the painting of structural steel, masonry walls, and exterior metal panels, is needed to prevent buildings and building systems from deteriorating due to exposure to the elements. We've included in our request, investments such as booths, HVAC improvements, and window replacement to

improve energy efficiency, health and safety, as well as comfort for both the public and our employees.

We have grouped similar projects in different facilities into a single project request. There are 12 groupings, including roof replacement, lane exhaust systems, lane and site lighting, HVAC for computer rooms and nonshared replacement and shared replacement, booths for driver testing and specialty sites, paving, curbing, sidewalks, striping, building exterior, and so forth. The total value of the capital improvements for Fiscal '03 is \$4.947 million.

In Fiscal '02, the Department of Transportation was appropriated \$500,000 for roof replacement; \$377,000 for HVAC replacement; and \$350,000 for office construction. OMB placed in reserve the funding for the office construction and HVAC replacement.

In Fiscal '03, our request includes items placed in reserve. Also included in Fiscal '03 are requests for unfunded facility improvements that were recommended by the Commission last year but which were not appropriated. These have also been combined into our Fiscal '03 needs.

Our final Fiscal 2003 capital request is for \$90,000 for surface electric vehicle lifts. This request includes one additional lift at three specialty inspection sites that we operate. Those specialty sites were originally intended to inspect salvage and untitled and reconstructed and retitled vehicles to make sure there's no fraud in the development of those vehicles. However, those three sites have been doing double duty as maintenance sites for the covert inspections that we now do at private inspection facilities and at the central lanes. Consequently, we've fallen way behind in getting those special inspections done.

Getting an additional lift at each one of those three sites will allow us to catch up.

Chairperson Molnar, that concludes my Fiscal 2003 capital budget request. Once again, I'd like to express our appreciation for your support of the Motor Vehicles capital requests in Fiscal '02. However, I cannot stress enough the importance of these requests in light of recent events. Our agencies must provide accurate and secure documents while serving our customers in an expedient manner. The modernization of these agencies is necessary to preserve the integrity of these documents, the integrity of the system, and the public's confidence in State government.

I'd be pleased to answer any questions that you or the Commission members may have. Thanks again for this opportunity.

MS. MOLNAR: Thank you.

I have two quick questions. I'm trying to remember last year's testimony. (laughter)

MR. PEREIRA: I wasn't here. (laughter)

MS. MOLNAR: Whoever was here testified that car registrations, prior to a certain year, are not computerized. They're on microfilm. Do you remember the cut off year? It was --

MR. PEREIRA: I don't. Do you Bill?

MS. ALEXANDER: '75, I think.

MR. PEREIRA: I don't know if that's true.

MS. MOLNAR: Okay.

MR. PEREIRA: I assume it is. All of our documents do get microfilmed. And I've seen the records for vehicles, and they go back pretty far.

MS. MOLNAR: There was a glitch with the computer system when it instituted, and there was that cost.

MS. ALEXANDER: It was 1985.

MS. MOLNAR: 1985, okay.

MR. PEREIRA: There you go, 1985.

MS. MOLNAR: There you go.

The other question. You mentioned security in the issuance of driver's licenses.

MR. PEREIRA: Yes.

MS. MOLNAR: Do you know what documentation is needed by a nonresident alien, now, to get a driver's license?

MR. PEREIRA: Again, someone else can help. But generally we require a birth certificate if you're a resident. If you're a nonresident alien, it's usually a passport and a valid visa. We've had a problem with documentation in recent years. I should say -- let me address you for just a minute.

I've only been on the job for three months, and my top priority has been agency modernization up until a month ago. And a month ago changed everything for all of us. We spent the last month looking at security and how people get licenses and how we process our documents.

For example, up until a few years ago, our agents could pick up the phone and call the INS and find out if a document they were looking at is valid. That stopped. And they stopped providing that service. We met just this week with INS representatives, and they offered us an ability to do a review of INS documents as they come in. The catch is that we have to check everyone, not just the ones that are suspicious. So we're going to start doing that.

Until fairly recently, we've been unable to check social security numbers. But there is a new process at the Social Security Administration that let's us do that, too. There are three states that are now using it. We hope to join those states very soon.

There are a whole lot of things we've thought about in the last month to make it more secure to get a driver's license. All of those things will only add to the difficulty of dealing with our Motor Vehicle agencies. All of those things will make it much tougher to get your work done when you go to an agency. So while Motor Vehicle agencies' modernization is no longer my number one priority, it's still a part of that number one priority because we'll lose the confidence of the public if we change our average wait time of one hour into an hour-and-a-half or two hours or three hours.

MS. MOLNAR: Okay.

Thank you.

MR. PEREIRA: I'm sorry, I didn't answer your direct question; the documentation for nonresident aliens.

ROBERT R. GRILL: (speaking from audience) The documentation for --

MS. MOLNAR: Could you give your name for the --

MR. GRILL: I'm sorry.

My name is Bob Grill.

HEARING REPORTER: Can you come up to the microphone?

MR. GRILL: Good morning. My name is Bob Grill. I'm also with Motor Vehicle Services.

Title 39, the New Jersey Administrative Code, calls for an applicant, for an examination permit and a driver's license in the State of New Jersey, to provide proof of their age, identity, and that their presence in this country is authorized under Federal law, obviously not a problem for an individual born in the United States or to U.S. citizens. For a person of foreign birth, the documents that are presented are usually a foreign passport, as Director Pereira said, with a valid visa and an acceptable I-94 status. An I-94 is a card that is completed by the applicant and stamped by INS indicating that they are here for business purposes or for pleasure.

MS. MOLNAR: You are now confirming these documents with INS under their new procedure?

MR. PEREIRA: Not yet, but we've been offered the opportunity to do that. What would be required is to place a new computer in every agency that's hooked up to the INS. And every single INS document would have to be entered into that. That's one of the rules. You can't just check some of them, you have to check them all.

MS. MOLNAR: I see. So it would be via computer. Okay.

Mr. Roth.

MR. ROTH: Many of these visas have expiration dates on them. Are the licenses keyed into those same expiration dates?

MR. PEREIRA: They have not until now. They've been getting the four-year licenses until now. We've looked at a couple of approaches to deal with that.

Our original software is 20 years old, you know. The significant increase in -- or a change in it that has happened is the Fiscal 2000 bug fix. So

it's very difficult to make any changes like that. It is possible to, with some effort, manually go in the back end and change the expiration date on every license, and we're considering doing that. That will take some more work, but --

MR. ROTH: Well, literally, it has become the means of identification in the State. If your visa expires and a policeman stops you and you show them a driver's license, he's not going to question you any further.

MR. PEREIRA: That's right. I mean, that's absolutely right. The system's designed to issue four-year licenses. That's what we've been doing. We're in an attempt to change that.

Initially, by manually having the agent flag each one of these for us and, at the back end, changing the date. The way the system works now is very complicated. Where there are dumb terminals with orange screens, the data is taken down and transmitted to the central computers. Sometime later, it comes back and tells the printer to print something out.

Anyone who has been to a Motor Vehicle agency has a story about that. So if you don't have one you can borrow one from somebody because they are sort of like urban legends. So it's not an easy system to deal with. The new agency system will be much easier. And it will allow for more flexibility. So one of the things we have to do then is to deal with each of those transactions that has a visa date that is less than four years. And at the back end, before that gets back out to the agency, make the change that says no, you have to expire less than four years. You have to match the visa.

MR. ROTH: Why do people with visas even need New Jersey licenses? Can't they use their international licenses?

MR. PEREIRA: Well, Commissioner, you've pointed that it has become, now, our primary method of identifying ourselves. It's hard to get a bank account or do anything else.

MR. ROTH: But they would have a passport.

MS. MOLNAR: Not all of them do.

MR. PEREIRA: Well, that's -- yes, I mean, I agree with you. It should be that easy, but it isn't. It's very hard to open a bank account or do almost anything without a driver's license.

MR. ROTH: Okay, we'll leave it.

MS. MOLNAR: Ms. Alexander.

MS. ALEXANDER: Thank you.

I have several questions. One, are you keyed in or will they be keyed into -- the facilities be keyed into the Federal watchlist? It seemed that some of these hijackers actually were on a list were already here, but those -- the new list -- will you cross-check that?

MR. PEREIRA: I don't know. I don't deal with that issue. Do you Bill?

Yes, we're not currently hooked up to the watchlist. It wouldn't require the individual agencies to do so. Under the new system, the smart terminals will be able to interact with the main computer in real time. Unlike what happens now. So what we need to do, if that's possible, is to have our main computer hooked up to the watchlist.

MS. ALEXANDER: How long will it take to install those new computer systems?

MR. PEREIRA: The agency's system is about a year's project. And we started with a request for proposals to do that. And because that agencies' system has grown from what we first thought it would be, KPMG had basically said let's just replace the existing agencies' system with one with similar functionality but using smart terminals. We decided that there are a lot of other things we would like to be able to do -- to take credit cards to do -- to hook it up to the accounting for each agency to track wait times and so forth. So frankly we underestimated the original cost to that, using the KPMG estimate. And we're going to use most of the money that we got last year for that agency system upgrade. And then we are going to do three pilot sites with all the smart terminals, and so forth, in the Fiscal '02 budget. That still leaves 43 other agencies that would need all those smart terminals and servers and shared printers. So we've divided the work differently. It was originally supposed to be 20, 22, and 23 over the two Fiscal Years. Now it's going to be 3 and 43.

MS. ALEXANDER: Okay.

And during, let's say, a high peak time at a facility, what assurances are you providing that the temptation to just let someone go through without checking with INS or the Social Security number, because there is such a huge wait? Is there a requirement that every INS number be checked now, no excuses, no matter how many are standing in line?

MR. PEREIRA: Not as we speak but very soon. In fact, for the last three years we've been prohibited from checking. INS simply wouldn't tell us. But with the new system, we will be required both by the INS and -- because we'll want to -- to check every single INS document on that computer. It may take us a little while to get those computers in there and reach a

memorandum of understanding with the INS for that system. But we'll get that up as soon as we can.

MS. ALEXANDER: And what is the procedure if an agent discovers an out-of-date visa? Do they just hand it back and say sorry?

MR. PEREIRA: Some of this stuff is a little complicated. For example, we're not allowed to confiscate a passport because it doesn't belong to us or to that person. It belongs to the country that issued it. So, agents will frequently hold up the passport and say, "This looks wrong. I'm going to call the police." And what often happens is the customer runs away. So, we end up with a bunch of passports that we're not suppose to have, but they abandoned them, and so they are ours. This isn't -- it's hard to explain to you how complicated some of these things are. But these folks know what they're doing. They've all been trained to look for false documents. The agents have it as part of their agency procedure and they're contracted with us to do so. And we have teams of auditors that regularly go out and check to see that all of that work is done properly.

MS. ALEXANDER: Can't they just not tell the person they're calling the police? (laughter)

MR. PEREIRA: Well, if it looks like they will call the police, the person can run away with their false documents and try again somewhere else. So, you know, sometimes that happens too. Interestingly enough, we're not allowed to confiscate those false documents. There is a procedure for calling the police whenever there's something that appears wrong. And there have been a number of arrests. First by local police and by the State Police, as well, this past

year of people who've tried to get driver's licenses using false documents. There is an ongoing process for doing that, and we have a procedure for doing it.

One of the things we are asking for in the regular budget for Fiscal 2003 is increased security at these agencies. There are four agencies that exist at our regional service centers, and they all have armed guards. And we have three other agencies that have armed guards because we think they're high risk agencies. But the rest of them, 40 of them, don't have armed guards. In fact, two-thirds of the agencies don't even have security cameras or panic buttons or anything else. So we're putting together a priority request in the operating budget to get security guards at all of those agencies as well as security cameras and so forth.

MS. ALEXANDER: Have you checked to see whether any of this funding could be reimbursed through this emergency act that the Federal -- Feds have passed?

MR. PEREIRA: Not yet, but obviously we'll be doing that for many of the things that we're doing for security right now. And so, you know, we're hopeful of getting some reimbursement for that. We don't know how much.

MS. ALEXANDER: And the last one, and this is just an anecdotal one, I guess. We give the driver's test in how many different languages?

MR. GRILL: I believe it's 16 currently.

MS. ALEXANDER: Sixteen?

MR. GRILL: Yes.

MS. ALEXANDER: How are we confident that those people can go out on the road and read signs in English?

MR. PEREIRA: I guess the test covers the signs too. In some cases it does. But it still -- that's a problem because the only tests that are computerized are the English and the Spanish tests. Those are randomly changed by the computer, and we're pretty confident about those. But the other language tests are sometimes difficult for us because the test gets a little old and when we see, you know, vans full of people showing up and all asking for the Greek test, or whatever the case may be, we can pretty much figure out that that test needs to be changed.

MS. ALEXANDER: Especially when they look Russian. (laughter)

MR. PEREIRA: Yes, that's right.

MS. ALEXANDER: Thank you.

MS. MOLNAR: Mr. Annese, you have a question?

MR. ANNESE: Yes.

Madam Chair, I'm not sure if this question is for you or perhaps -- John, I'll let you direct it. But on page eight of the itemization request, there is a request for the painting of a number of facilities, 16 facilities. It's my understanding that painting isn't done through this Commission. Am I wrong here, or is there something you should alert us to?

MR. GENIESSE: I think that painting by itself probably wouldn't constitute a capital request, but if it's part of a larger, you know, renovation type project, we would accept that.

MS. MOLNAR: Any other questions?

Mr. Troy.

MR. TROY: Yes, if I could.

Just if I could add something, DOT does pavings, so you guys could just go over and help them out. (laughter) It's not my question.

DONALD N. CHIACCHIO: In theory we could, basically.

MR. TROY: Yes, I thought so too.

Just to follow up on the operating systems of the computerization, because there is a request here, and I see that Peat, Marwick has recommended a number of factors that will improve, and I'm sure a part of that is updating the computerization efforts.

It is my understanding now that the Motor Vehicle agencies are basically dumb terminals hooking up to a mainframe at OIT.

MR. PEREIRA: Exactly. Right

MR. TROY: Yes.

What is the new technology that you're proposing? Is it a client/server type of technology at each agency? And my follow-up question would be, would there be a compatibility issue? You're running an old system and a new system. Can you really phase it in from an IT perspective?

MR. PEREIRA: I'm told that there isn't a compatibility problem. It is a client/server system, as I understand it, at each of the agencies. There would be smart terminals in each agency that will allow you to do what you're used to doing at the computer nowadays, which is to page from one page to the next and enter the information and not lose it, which is what happens with the existing dumb terminals. And there would be real time connection to the mainframe back here at Trenton so that all of that stuff would happen at the same time.

What's envisioned is not only that but an integration with that and the queuing system and the work flow system. So that when people come in they're no longer just taken to any take window and told to sit down and wait for their name to come up and fill out the forms or whatever the case might be. Instead, the queuing system will prioritize the work and people will sit down at a station with a Motor Vehicle clerk who will, in real time, be able to enter the information on the screen, answer questions, review the documents and then print the thing right there, which is much quicker and more efficient than the current system of going back and forth online and waiting forever.

MR. TROY: If I could, is it possible to renew your registration and driver's license through the Internet at this point?

MR. PEREIRA: Just your registration, not your driver's license, at this point.

MR. TROY: And what percentage of registrations are now being renewed vis-à-vis E-government or the Internet?

MR. PEREIRA: Between 13 and 14 percent of registrations are renewed online via Access DMV, which is our Web site for that purpose. About 30 percent of them are still renewed at the agencies, which is sort of amazing to me, but apparently a lot of people wait till the last minute or are just accustomed to dealing with cash transactions and so forth. So we're still looking at ways to reduce that 30 percent even more, because it's really too simple a transaction to be handled in person.

MR. TROY: And I don't know where this was discussed -- there was one time some discussion about providing an incentive to renew on-line, because obviously your cost at DMV of not mailing the envelopes and opening

them and checks and whatever may be, that part of the whole concept of E-government and the customer focus was to give people that incentive an edge. I believe I read somewhere that Rutgers did a study and said basically now that 75 to 80 percent of New Jersey households have a computer and people are using them for various activities, to get their Pick 6 lottery numbers or whatever it may be. Is it thought of to provide an incentive, which would be a tremendous cost, probably, reduction of your operating cost of providing a fee reduction or some incentive to renew on-line?

MR. PEREIRA: There was a fair amount of debate about that when the on-line system was implemented because, in fact, there are a couple of extra costs associated with the -- we're paying a vendor to run that site for us. In addition, we're paying credit card fees, and amazingly we don't accept credit cards for anything else we do in Motor Vehicles. So there are some extra costs there. It's too hard to identify the cost savings on the other side, although I am sure there are. So there was a balancing act in which it was decided that the convenience and the ability to use a credit card without an extra fee was enough to get people to use the Internet. I love the Internet idea. Everybody who uses it loves it. We have a comment system where we ask people to make a comment at the end of the transaction, and an amazingly large percentage of people actually write in a comment. And 97 percent of those comments are positive. They just love it. I did it myself a couple of weeks ago and it's very easy. Much better than going to an agency.

MR. TROY: Thank you.

MS. MOLNAR: Gail.

MS. ALEXANDER: Just one more question. The news -- obviously recently -- talked a lot about applicants looking for licenses to haul hazardous materials. Are you screening those applicants more strictly now, or is this just reactionary?

MR. PEREIRA: Yes. We've started to look more closely at that. There is already a fairly stringent procedure for doing so, to obtain what is called a hazmat endorsement on your commercial driver's license. We're also looking not just at the hazmat endorsements but the endorsements for driving tanker trucks, because although a tanker truck may say milk on the side, we don't know what's actually in there. So, we're starting to look at those, and we're also looking at possible new legislation to give us new powers to screen those more carefully. We're working on that, as well.

MS. ALEXANDER: Thank you.

MS. MOLNAR: I have a question about the agencies. Can you refresh my memory? The employees at the agency are not employees of the State of New Jersey?

MR. PEREIRA: That's correct. There's a private agent who's contracted for each of the agencies and has the power to hire and fire employees. The agency contract is pretty complicated. It has to do with the number of full-time employees required at that agency based on the work flow. And there are per transaction fees that are paid, as well.

MS. MOLNAR: That's what I was wondering, if they're paid per transaction process. Does the agency also make any capital investments, since we're going to help them improve them, to process more transactions, they're going to make more money? So shouldn't they have to help towards --

MR. PEREIRA: It's a private system that's just barely private. I mean, essentially the major function of our agent is to hire and supervise the employees. Everything else, every procedure is dictated by us. Everything in the building, all the equipment, all belongs to us.

MS. MOLNAR: Do we procure the building and the lease -- we pay the lease -- the State?

MR. PEREIRA: Yes. Yes, we do. And everything, the counter space, the locker where they have to lock up the documents at night -- everything is ours.

MS. MOLNAR: He just shows up with the employees and says we're going to run this place for you today.

MR. PEREIRA: That's basically it.

MS. MOLNAR: That's it. Okay.

Any other questions or comments?

Mary.

MS. MESSINGER-GAULT: Unless I missed it, I don't see anything here related to the insurance lookup system. What's the status of that?

MR. PEREIRA: Insurance verification: One of the more frustrating things about my job has been trying to move that project. We are moving with insurance verification. We're putting out a RFP to develop a RFP, if you can believe that. A lot of states have grappled with what seems like a simple concept, which is the ability to match our records with the records of all those insurance companies so that in some real time we can figure out whether a person actually has insurance or whether they allowed it to lapse or what have you. New York has spent a fortune on it and it still doesn't work.

We've been spending a lot of time with the insurance companies trying to work out what protocols are necessary for doing that. We're about to hire a consultant to pull that together and then develop for us a request for proposals to completely change the interface so that we can communicate with those insurance companies. But that's one of the things that bothers me. We've had that law on the books for a couple of years now and have not been able to implement it.

MS. MESSINGER-GAULT: Won't that need to be integrated with these new smart computers to make sure they're all going to work together?

MR. PEREIRA: Yes. It will need to be integrated with our main database. And that's what will happen.

MS. MOLNAR: Any other questions or comments?

MR. TROY: Can I just follow up to Mary's question? My understanding was, I guess about eight, nine years ago, part of the scheme was that a person would make one payment on their insurance and get the insurance card, get their car inspected, and then no longer make any more payments and become, basically, an uninsured motorist. And I believe DMV, in conjunction with Insurance, had developed a system. The companies were downloading their data to Motor Vehicles and matching records of someone, who the insurance company had, that did not make their second payment or whatever else. DMV sent a letter out and said our records indicate that you didn't make an insurance payment. Did you get rid of the car? Did you sell it? Let me know, we're going to come visit you. Is that still working?

MR. PEREIRA: It is with the exception of the part of your question that described it as all automated. It's being done mostly by hand. We're

getting the information, checking it against our records and sending out that stuff in the old fashion way, because we haven't been able to integrate the computer records of the insurance companies with our computer records.

MR. TROY: Isn't part of the issue also that the registration database is not accurate? That there are many registrations of vehicles in there, and these cars have disappeared or been junked or people do not delete. What's the process in Motor Vehicles for -- I don't renew my registration and I don't send anything back to DMV. How long is that registration kept on file as an active record?

MR. PEREIRA: It's not kept as an active record. If someone fails to renew it then it's flagged as having not been renewed. But we're required by statute to keep it for a certain period of time. We keep the -- apparently, we keep the records almost indefinitely, but if they actually do what they're supposed to do, which is to turn in the plates and so forth, then it is flagged as no longer active and so forth. If they don't renew, there is a flag put on there saying it hasn't been renewed. But that's as much as we can do from our main computer system.

MR. TROY: Thank you.

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

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

MR. PEREIRA: Thank you.

MS. MOLNAR: I don't believe we have any other business. There are no minutes to be approved.

Our next meeting is Friday, October 26th at 10:00 a.m. in this room.

Any other business? (no response)

If not, meeting adjourned.

Thank you.

(MEETING CONCLUDED)