
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 16
State House Annex
Trenton, New Jersey

DATE: September 20, 1996
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Assemblyman Louis A. Romano
Assemblywoman Carol J. Murphy
Anthony F. Annese
E. Martin Davidoff, Esq.

ALSO PRESENT:

David Rosseau
(representing Senator Bernard F. Kenny Jr.)

Thomas Neff
(representing Senator Robert E. Littell)

Edward Troy
(representing Linda M. Anselmini)

Christina Higgins
(representing Michael R. Ferrara)

Paul Shidlowski, Acting Executive Director
New Jersey Commission on Capital Budgeting and Planning



Meeting Recorded and Transcribed by
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B. CAROL MOLNAR (Chair): I'd like to call the meeting to order. In accordance with Public Law 231, the open public meetings law, the Commission has provided adequate public notice of this meeting by giving written notice of time, date, and location at least 48 hours in advance. This notice has been mailed and faxed to *The Trentonian*, *The Star-Ledger*, and filed with the office of the Secretary of State.

We will now take the roll call.

MR. SHIDLOWSKI: Martin Davidoff?

MR. DAVIDOFF: Here.

MR. SHIDLOWSKI: Anthony Annese?

MR. ANNESE: Here.

MR. SHIDLOWSKI: Robert Roth? (no response)

Tom Neff, representing Senator Littell?

MR. NEFF: Here.

MR. SHIDLOWSKI: David Rosseau, representing Senator
Kenny?

MR. ROSSEAU: Here.

MR. SHIDLOWSKI: Assemblywoman Murphy?

ASSEMBLYWOMAN MURPHY: Here.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Here.

MR. SHIDLOWSKI: Brian Clymer? (no response)

Edward Troy, representing Commissioner Anselmini?

MR. TROY: Here.

MR. SHIDLOWSKI: Christina Higgins, representing Mike Ferrara?

MS. HIGGINS: Here.

MR. SHIDLOWSKI: Attorney General Verniero? (no response)
Carol Molnar?

MS. MOLNAR: Here.

MR. SHIDLOWSKI: We have a quorum.

MS. MOLNAR: Thank you.

I'd like to ask you to join me in the Pledge of Allegiance.
(members comply) Thank you.

The first item on the agenda is the approval of the August 16, 1996 minutes. Is there any discussion?

ASSEMBLYMAN ROMANO: Just one comment, Madam Chair.

On the last page there is a statement that says, "Assemblyman Romano also requested a separate resolution to be written for the next Commission meeting." I'm the one who was supposed to have said it, and I don't even know what it means. I wonder if you could just drop that line out. It makes no sense whatsoever. I can't recall it.

Does anybody recall what I said after my soliloquy?

MR. SHIDLOWSKI: That is the basic sense of your request, Assemblyman. We had voted on a motion to support the dredging proposal and staff went back and wrote a resolution for the Commission. We had passed this by Ms. Molnar for her approval, and we, subsequently--

ASSEMBLYMAN ROMANO: Oh, it's that resolution.

MR. SHIDLOWSKI: Yes.

ASSEMBLYMAN ROMANO: I think that this should be clarified. I was under the impression that when I received the finished resolution that it was, in fact, given the prerogatives of the Chair -- that she articulated into the resolution, in concert with you, that appropriate resolution that would be disseminated to the newspapers and the media. I have no problem with that resolution. But I just wish it would be indicated in there. It is not clear.

Aside from that, I'll move-- Oh, Mr. Davidoff--

MR. DAVIDOFF: I have a couple of items on the minutes. First of all, there was a vote and the roll call was taken, and it is not recorded who voted for, who voted against, and who abstained. I ask that the minutes reflect that, both now and in the future--

MS. MOLNAR: Good idea.

MR. DAVIDOFF: Unless it is a unanimous vote, that they reflect who is voting which way so that there is a record and that they be amended. I know I was the no vote in that. I don't know who the abstention was. I'm sure you have a record of it.

I also-- If you recall, after you asked me to put on the record information as to some of the rationales as to why I had wanted it split on the five issues-- I would appreciate it if that small section could be included in the minutes. Again, you have a tape of them. I ask that they be added and that we be given a chance to see the minutes next time with that.

There was also a discussion during the meeting, specifically, that the agencies had a due date of August 15 to provide their recommendations, that they had not been received by our meeting, and that a request would go back to the agencies and alert them that the statute does require an August 15

date. I know our Executive Director does his best to get them in, but I just wanted it on the record that we are aware that they were late and that we're working diligently to do that.

Finally, whoever prepares these minutes -- and I understand how difficult a job it is -- we should kind of have at the end "Respectively submitted," and whoever is responsible. I don't know if that is our Executive Director or somebody on his staff. But I think it is important for history to know who the preparer of minutes is, and I ask that that be part of the process if you don't mind.

So with those changes, if everybody would agree, I would then move to approve the minutes.

MS. MOLNAR: Could I suggest, perhaps, that we table the approval of the minutes since there is quite a bit of updating changes.

MR. SHIDLOWSKI: We can do that, Madam Chair. We'll incorporate these comments into the minutes and resubmit them at our next meeting.

MR. DAVIDOFF: And my suggestion is, regarding my comments, if you could just fax it over so that at the next meeting I don't have to raise anything else.

MR. SHIDLOWSKI: Okay.

MS. MOLNAR: Mr. Romano, would you be willing to withdraw your motion to approve the minutes?

ASSEMBLYMAN ROMANO: Whatever the Chair desires. I withdraw the motion.

MS. MOLNAR: All right. Thank you.

We'll table it until the next meeting, and we'll fax a copy so that everyone can see them.

The next item is the Executive Director's report.

MR. SHIDLOWSKI: I just have a few brief comments, Madam Chair.

The staff are continuing to work with agencies to refine submissions. As you can see from the briefing materials that were presented to Commission members, we're asking for some additional information that had not been incorporated in the requests in previous years. In a lot of cases, we're not receiving that information back from agencies. So it has been something of an iterative process in trying to get the submissions from the agencies into a final form in some cases.

We're also developing criteria for the evaluation of the requests, and we'll be sharing that with Commission members when it is completed, prior to our final vote on the recommendations. We would appreciate feedback from the Commission members on that criteria.

We have received the opinion of the Legislative Counsel on the issue of the appointment of Legislative Designees. We shared the opinion with all the Commission members. It is included in the packets today. It is fairly clear from the opinion that legislative members may not appoint designees to act for them.

Given that we had this opinion, I then contacted the Attorney General's Office and asked how we should proceed. I was advised that the Commission needed to take a formal action to reverse its prior motion to allow Legislative Designees to act on behalf of the legislative members.

MS. MOLNAR: This will still allow Designees to attend on the member's behalf, vote on the minutes, but they cannot exercise any discretion regarding projects or bond proposals.

MR. SHIDLOWSKI: Okay. I believe we have to put that into the form of a formal motion, Madam Chair.

MS. MOLNAR: All right.

Do I hear a motion to reverse our former approval of allowing Designees to exercise discretion?

ASSEMBLYMAN ROMANO: I think you should allow that to be Assemblywoman Murphy and myself, since we are the legislators in question. If I make the motion, I'm sure that she will second it.

ASSEMBLYWOMAN MURPHY: I will be happy to do so, Assemblyman.

MS. MOLNAR: Thank you.

Is there any discussion? (no response)

Should we take a roll call?

MR. SHIDLOWSKI: Okay.

Mr. Davidoff?

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese?

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Okay. I guess I can't ask the representatives.

Assemblywoman Murphy?

ASSEMBLYWOMAN MURPHY: Yes.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Troy?

MR. TROY: Yes.

MR. SHIDLOWSKI: Ms. Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Ms. Molnar?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: The motion carries, Madam Chair.

MS. MOLNAR: Okay.

MR. SHIDLOWSKI: That concludes my remarks, Madam Chair.

MS. MOLNAR: Thank you very much.

The next item is our capital request presentation. The first one is the Department of Agriculture, which has been doing a wonderful PR job on TV. I have seen the commercials, and I am favorably impressed.

I would like to welcome Jack Gallagher, the Director of Administration.

JOHN J. GALLAGHER JR.: Good morning.

Secretary Brown asked that I express his regrets at not being able to be with you this morning, but he is on his way out of town and asked that I present his remarks to you this morning with your indulgence.

Good morning, Chairwoman Molnar and Commission members. On behalf of the Department of Agriculture and Secretary Brown, it is my pleasure to appear before you today and present the Department of Agriculture's capital budget request for the Fiscal Year 1998.

My name is Jack Gallagher. I am the Director of Administration and joining me today, on my right, is Dr. Zirkle -- Dr. Ernest Zirkle -- who is the Director of the Division of Animal Health, and to my left, is Lynn Mathews, the Equine Information Specialist for the Department.

As you know, our Department works very closely with all segments of the multibillion dollar and agriculture industry in the Garden State. Our diverse equine and livestock industries account for over one-quarter of the cash receipts earned by New Jersey farmers.

In addition, our equine industry generates hundreds of millions of dollars worth of recreational and leisure activities through our racetracks, our standardbred and Thoroughbred breeding programs, and our local, State, national, and international horse shows and competitions.

The two capital projects I bring before you today on behalf of our Department are critical to the health of the livestock industry, one literally and the other figuratively.

The first project involves the replacement of a critically important piece of equipment in our Department's Animal Health Laboratory, the glassware washer/dryer. Some of you may recall last year at this time we requested funding for this item. Unfortunately, although this Commission recommended approval of its purchase, it was not included in the final 1997 budget. Our need for this equipment has been well documented.

Most of you know that our Animal Health Laboratory has an excellent reputation. We offer a variety of tests for a growing range of animal diseases, some of which are transmissible to humans. The importance of properly sterilized glassware for achieving reliable, accurate test results cannot

be overstated. Moreover, sanitizing of the Laboratory's glassware is crucial to protecting our lab workers from those diseases which can be transmitted to humans.

Our existing washer/dryer is now over 31 years old. We have made it last through one more year by using parts cannibalized from other machines. Replacement parts for the existing glassware washer/dryer are just no longer available from any vendor. We are operating the current machine on borrowed parts and borrowed time.

The cost of a new glassware washer/dryer is \$65,000. Failure to replace this important piece of equipment could result in an incorrect diagnosis, which could cost our animal agriculture industry millions of dollars and even result in a considerable threat to public health. Therefore, we are again seeking your approval for replacement of our Lab's glassware washer/dryer at a cost of \$65,000.

The second part of our Fiscal 1998 capital request reflects the urgent need for a permanent grandstand at the State-owned Horse Park of New Jersey in Upper Freehold Township. By now, I think all of you have heard about the caliber of the Horse Park, the interest and dedication of its volunteers, and the growing importance of this site as a national and international venue for equine competitions.

This year, the Horse Park hosted 31 events, most of them three-day shows. The Horse Park is almost totally self-supporting with no State tax dollars used for its operation and maintenance. Economic spin-off for business of all kinds in the surrounding area continues to grow.

We are working hard to find creative and innovative ways to fund construction of an indoor arena and covered work area for the Park. This would move the Park toward realizing its full potential, giving it a year-round capability and allowing a greater diversity of events both equine and nonequine related. In the interim, however, we are requesting funding for the construction of a permanent grandstand adjacent to the east rink in the Horse Park.

To date, spectators have gathered under a large, open-sided canvas tent to watch events in the east rink, which is the Horse Park's primary exhibition site. In the past year, this large tent has collapsed twice as the result of high winds. One collapse resulted in minor injuries to those under the tent.

The permanent grandstand we would like to build would be 50 feet wide and 168 feet long. It would seat many of the Park's spectators and participants and provide an area for the vendors who attend equine events. Not only would it offer a safer venue for spectators, it would also comfortably accommodate a larger audience.

Construction of a permanent grandstand is consistent with the Park's Master Plan and has therefore received approval from the Department of Environmental Protection, who is the Park's landlord. Construction of the grandstand would cost approximately \$350,000; however, it would help us minimize the potential for personal injury that would remain with us if we installed another tent.

Again, I would like to take the opportunity to thank you for allowing us to present our Department's budget on behalf of the Secretary of the Department. I would like to point out, if you haven't seen it already, you

should have a folder in front of you which would describe something about the Horse Park and, in particular, there is a rendering of the grandstand in it -- about two-thirds of the way through the book.

Thank you again, and at this time, I would be happy to try to answer any of your questions.

MS. MOLNAR: Thank you.

I think we just found our blue books. (referring to folder)

Are there any questions from Commission members?

ASSEMBLYMAN ROMANO: I have several, but I wanted to offer my colleagues the opportunity to go first. I dislike always speaking on every topic.

MS. MOLNAR: Are there any questions from--

ASSEMBLYWOMAN MURPHY: Yes, I do have one question.

MS. MOLNAR: Carol.

ASSEMBLYMAN ROMANO: I defer to my honorable colleague the right--

MS. MOLNAR: Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Go ahead, go ahead. You're stopped now, Lou.

I'm sure it is in the information. I apologize for not having a number. How many people do you feel will fit in the grandstand? How many will it accommodate?

MR. GALLAGHER: Assemblywoman, we estimate approximately 250 people. On the surface, that would not seem to be a great deal, but that is permanent seating and allows for an exhibit area in the back. There are a

number of vendors who attend shows, tack and different suppliers of that type of thing, which have become very popular at the Park. It is also an income producer for the Park. So approximately 250.

ASSEMBLYWOMAN MURPHY: Do your tents, presently-- When you have used the tent, does that accommodate more, the same number? Would you be using a tent in combination with the grandstand on some events?

MR. GALLAGHER: We would not be using a tent. The permanent grandstand would take its place. The seating is approximately the same.

ASSEMBLYWOMAN MURPHY: Thank you.

MS. MOLNAR: Are there any other questions?

Assemblyman.

ASSEMBLYMAN ROMANO: Madam Chair.

I met Secretary Brown last evening at the Chamber of Commerce, and he told me he wouldn't be here but that I should be kind and gentle.

MR. GALLAGHER: Thank you, Assemblyman.

ASSEMBLYMAN ROMANO: First of all, a project number on your request-- You have number two and number three. May I ask, what was number one?

MR. GALLAGHER: It was our understanding, Assemblyman, that it was-- I think we put them both at number one.

MS. MOLNAR: Number one was the glass.

MR. SHIDLOWSKI: If I could interject here, Assemblyman. Our current method for soliciting requests from the Departments is to send out the

previous year's request, and then, we ask agencies to update that information. In some cases, if they delete a project that number would go away. So what we have here is not necessarily-- They are in sequential order, but they wouldn't necessarily be continuous numbering.

ASSEMBLYMAN ROMANO: I thank you for that information, but I still would be interested to know what was-- Are you now or have you ever been-- What was project number one?

MR. GALLAGHER: Assemblyman, the instructions this year allowed us to put in both projects as a top priority and that is what we did.

ASSEMBLYMAN ROMANO: No, no, no. You're missing my point. It says project number two and three. What happened to one?

MR. DAVIDOFF: Yes, what was the deleted project? I think that is what you're asking.

ASSEMBLYMAN ROMANO: That is all I'm asking. What was one?

MR. GALLAGHER: Paul, if I may, perhaps it was last year's request based upon an indoor arena?

ASSEMBLYMAN ROMANO: Oh, you mean for the big structure?

MR. GALLAGHER: Correct.

ASSEMBLYMAN ROMANO: Okay. Okay.

MR. GALLAGHER: That was about a \$15 million ticket item that we decided not to enter this year.

MS. MOLNAR: Thank you.

ASSEMBLYMAN ROMANO: My second comment-- I think that this body has always been very responsive, which is indicated, except it has never appeared in the budget. But let me ask this: As far as this grandstand, has the Governor ever attended this horse show?

MR. GALLAGHER: The Governor has been at the Park numerous times, yes.

ASSEMBLYMAN ROMANO: She has been at the Park. Has she ever witnessed, let's say, a show?

MR. GALLAGHER: Yes.

ASSEMBLYMAN ROMANO: And where has the Governor sat?

MR. GALLAGHER: The Governor, I believe -- the only time that I have seen her there, and I haven't been there every time she has been there -- has been under the structure, has been under the tent, has participated in the show. So she has been on the back of a horse.

ASSEMBLYMAN ROMANO: What do you mean, she has been on the back of horse? (laughter) She has been on the back of a horse in the back of the tent. I don't follow you. (laughter)

MS. MOLNAR: She is in the show.

MR. GALLAGHER: The Governor has participated in the show as a rider. (laughter)

ASSEMBLYMAN ROMANO: Oh, participated in the show. I'm talking about as part of the viewing audience.

MR. GALLAGHER: She has also participated as a spectator.

ASSEMBLYMAN ROMANO: I only offer this to my colleagues: You know we have had situations where people in high office or high

aspirations have fallen from different platforms, etc., and maybe there is a safety item here that would, let's say, preclude or prevent any accidents from occurring by providing a more sturdy structure.

I can almost envision it, you know, with the-- I forget what they call that tassel that hangs from the top -- so that someone can go with the crown and say, "Let the games begin," or whatever the case might be.

But, Madam Chair, something of this nature where we do have people who come from all over the world, I believe--

MR. GALLAGHER: Yes.

ASSEMBLYMAN ROMANO: --there are-- What would they call them equineists? (indicating pronunciation)

MR. GALLAGHER: Equestrians.

ASSEMBLYMAN ROMANO: Equestrians, okay. (laughter)

MR. GALLAGHER: Equine aficionados. (laughter)

ASSEMBLYWOMAN MURPHY: We call them horses, too, Lou. (laughter)

ASSEMBLYMAN ROMANO: Because I'm a firm believer that everybody should have, in their repertoire, a white pony -- take their picture on the pony as a young boy. I said that before in Appropriations. Everyone needs a little horsey for the photographer.

But in this case here, I think we do need a grandstand, something that is in keeping with the State of New Jersey. We are noted as the Garden State, which also includes in the Farmland Assessment Act -- recently amended -- horse farms.

So I recommend very highly that the grandstand, at least, be built, aside from the needed glassware, which I'm sure you might make us aware of as far as what epidemic could start or what misdiagnosis can happen. We're not going to get into one of these famous jury trials in terms of the veracity about DNA, whatever the case is here.

But these are two, I think, important issues. They have been around for several years, have they not?

MR. GALLAGHER: They have.

ASSEMBLYMAN ROMANO: This will fit into that day, if it ever comes, for the big building that will fit in with it. It's not that it is going to have to be taken down--

MR. GALLAGHER: It meets the Master Plan, yes.

ASSEMBLYMAN ROMANO: Pardon me?

MR. GALLAGHER: It meets well within the Master Plan and has nothing-- It is not located at or near where the indoor arena will be.

ASSEMBLYMAN ROMANO: Today is the day of review, but I just implore my colleagues to try to listen to this plea.

Thank you, Madam Chair.

MS. MOLNAR: Thank you, Assemblyman.

Mr. Davidoff.

MR. DAVIDOFF: Good morning.

MR. GALLAGHER: Good morning.

MR. DAVIDOFF: This looks like a wonderful series of materials. I just wish I had it last night when I was preparing for this meeting. I ask you and all the others who are going to be presenting afterwards in the weeks to

come: Please, next year -- you know the date -- about a week before, please get your materials to our Executive Director. He will express mail them to us.

MR. GALLAGHER: We'll do that.

MR. DAVIDOFF: It's really very, very helpful to us to have the materials in advance, and I implore you to do that.

I understand very well the need for sterilization and outdated technology-- We'll probably save more in utility costs than some of the costs over time, but I just-- I just can't imagine the volume of glass that a \$65,000 machine would be needed to sterilize. How many-- How big is this operation? Can somebody embellish that?

MR. GALLAGHER: Dr. Zirkle.

ERNEST W. ZIRKLE, D.V.M.: The expense of this equipment is primarily in the technology which you have mentioned, and the removal of the old equipment and the installation of the new equipment is also part of the cost.

With regard to size, it's about as large as two 55-gallon drums put together. It is stainless steel. It is hooked in with electricity, a heating system for drying, etc. It is a rather complicated piece of equipment to properly wash laboratory pipettes, glassware, etc.

MR. DAVIDOFF: Have you included in your budget request whatever maintenance is required to keep this high-tech machine going?

DR. ZIRKLE: Yes, we have.

MR. DAVIDOFF: Turning to the Horse Park, I noticed in your comments you talk about this as an interim measure. If this indoor arena is built, what would happen to this grandstand? Would it be abandoned?

MR. GALLAGHER: No. The grandstand would remain as the primary outdoor spectator site. The indoor arena would handle, quite obviously, year-round events.

MR. DAVIDOFF: As you indicated, this is a revenue raising-- A lot of these shows raise revenues. They stimulate the local economy around that. Has there been any effort to take funds from those sources or local businesses that are going to benefit from an expanded grandstand in some sort of public/private partnership to raise the money for this?

MR. GALLAGHER: Attempts are underway at a private contributor. That has not been defined. That has not been determined at this particular point in time. Right now, the revenues received by the Park are about making the Park break even, but we use no State funds to do it.

As we improve the facility, we will improve our capability of raising additional revenue and, hopefully, putting it into the Park. This is recognized by certain people in the industry who may -- and I emphasize may -- be willing to step forward as a private/public partnership, but that is not definite yet.

MR. DAVIDOFF: Yes. One of the things I would imagine that somebody-- There might be some businesses who have the sponsorship and call it the whatever-the-name grandstand who might be willing to do it. There is some precedents for that, I believe.

In any event-- But the fact is, if we give the money, certainly, they won't. We don't have the power, but if the Governor and the Legislature give the money, certainly those public/private interests will not give it. I just wanted to have that clear in my mind.

Thank you very much.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Good morning.

I have a few questions about your tent. How old is that tent?

LYNN B. MATHEWS: The tent is six years old, sir.

MR. ANNESE: Six years, okay. What is the life expectancy of it?

MS. MATHEWS: Five.

MR. ANNESE: All right. I vaguely remember a tent that, I believe, this Commission recommended about one or two years ago. Is this the same tent or a different tent?

MR. GALLAGHER: No, it's a different tent.

MR. ANNESE: That is stable. Okay. That is what I wanted to know.

Thank you.

MS. MOLNAR: Are there any other questions?

Mr. Rosseau.

MR. ROSSEAU: As someone who has brought his children down to the Horse Park probably about six or seven times a year in past years -- not as many times this year -- I was at the Park one of the times when the tent actually came down-- The grandstand, looking at the rendering, is going to be covered. Correct?

MR. GALLAGHER: Yes, a hard roof.

MR. ROSSEAU: As you all know-- Anybody who has been down there in the middle of the summertime, when you're down there in the middle of a July day, the sun-- There are not many trees around there. Just so long as it is covered, so that there is some place to stay out of the sun.

Now, there is the grass area in front of the tent. Will that still remain a grass area where people can sit on blankets and things like that?

MR. GALLAGHER: Yes.

MR. ROSSEAU: Thank you.

ASSEMBLYMAN ROMANO: Madam Chair, if I may ask him--

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: Did you take the opportunity to have a picture taken of your child on a white pony? (laughter)

MR. ROSSEAU: Not on a white pony, but I can tell you that a lot of the people who do--

ASSEMBLYMAN ROMANO: Palomino, I don't care.

MR. ROSSEAU: There have been a number of times when people who were there showing their horses and everything have let my children on their horses. One year, somebody let them ride on the back of one of their buggies and things like that. So it's a great place.

ASSEMBLYMAN ROMANO: Thank you, Madam Chair.

MS. MOLNAR: Thank you.

Are there any questions?

Ed Troy.

MR. TROY: Just one. Mr. Gallagher, on the buying of the dishwasher, has any consideration been given on trying to purchase it through the State's Master Lease Program?

MR. GALLAGHER: Some, Ed, yes. But right now our ability to repay that over time would not be sufficient.

MR. TROY: Do you have any idea what that payment would be, in terms of a payment schedule, if it went through Master Lease?

MR. GALLAGHER: Well, if we amortized that over five years it would be five years plus a minor amount of interest. I don't know what that would be.

MR. TROY: Thank you.

MS. MOLNAR: Are there any other questions on this end? (no response)

If not, I would like to thank you for your presentation. The Commission will look at your requests.

MR. GALLAGHER: Thank you, Chairwoman. Again, on behalf of our Secretary, I would be remiss if I did not again ask you to please consider having a meeting at the Park. We would love to have you there. We have a facility for you.

MS. MOLNAR: Good. That's a good idea.

MR. GALLAGHER: I know we were close one time, but, at the last minute, the meeting had to be postponed. But, please, it is an open invitation.

MS. MOLNAR: Thank you very much.

MR. GALLAGHER: Thank you.

ASSEMBLYMAN ROMANO: You'll notice there were no nays.
(laughter)

MS. MOLNAR: Oh, you're on a roll today.

ASSEMBLYWOMAN MURPHY: It's been a long summer, Lou.

ASSEMBLYMAN ROMANO: Carol missed me. (laughter)

MS. MOLNAR: Okay.

Our next Department is the Department of Health. I would like to welcome Elin Gursky, Senior Assistant Commissioner, and Jim Houston.

SENIOR ASST. COMM. ELIN A. GURSKY, Sc.D.: Assemblyman Romano, I hope somebody said last night you should be nice to the Department of Health today.

ASSEMBLYMAN ROMANO: I'm always nice to the Department of Health. (laughter) You have Greg and Mr. Kohler, old friends.

SENIOR ASSISTANT COMMISSIONER GURSKY: Good morning, Madam Chairwoman and Commission members. Thank you so much for the opportunity to be here this morning.

On behalf of Commissioner Fishman, I would like to introduce Mr. Jim Houston, the Department's Assistant Commissioner of Management and Administration, and our new Acting Assistant Commissioner of the Public Health and Environmental Laboratories, Dr. Tom Domenico, to my left.

My name is Dr. Elin Gursky. I am a Senior Assistant Commissioner in the Department of Health and Senior Services. I am responsible for all the Divisions and Offices which comprise the Public Health Protection and Prevention Programs, including environmental and occupational health, communicable diseases, cancer, local health emergency response, and the Public Health and Environmental Laboratories. It is on behalf of the Laboratories that I appear before you today.

Let me begin with some events. January 1993 in Washington State, 600 cases of illness resulting in 178 hospitalizations and 4 deaths --

these were traced to the eating of hamburgers. The cause was finally determined to be a pathogen called *E. coli* 0157:H7.

Later that same year, in a place called the Four Corners, 94 cases of a strange new disease occurred, 50 deaths -- almost half the number of cases died. After much investigation, a link between illness and exposure to rodents led to the discovery of a disease called Hantovirus.

In the summer of 1996, this past summer, people as far away as Texas and as near as New Jersey developed serious and sometimes deadly diarrheal illness. The disease has been called Cyclospora. We do not know the source.

What these events have in common is a laboratory, and not just any laboratory, but a special laboratory: a laboratory designed, staffed, and ready to determine the type, the strain, the source, and potentially effective treatments for diseases and conditions which affect populations. A laboratory that looks for common patterns of disease in specimens which come from multiple sources, sources like hospital laboratories, clinic laboratories, office laboratories, and commercial laboratories. A laboratory that does not just perform the test requested by a physician in one part of a state, but performs further testing to see if the outcome matches a sample in another part of the state. A laboratory that sounds the warning bell that there is trouble. That is the role of a State Public Health Laboratory.

Let me tell you about some of the activities performed by your Public Health and Environmental Laboratory at the Department of Health and Senior Services this past year. Around Christmas, we all learned of a multiple dwelling in Hoboken that seemed, literally, to be dripping mercury.

Laboratory staff working around the clock Christmas week determined that two children had toxic levels of mercury in their urine and that high levels of mercury also existed in some of the adults who resided there.

In March, we became aware of the concerns of residents in Dover Township, Ocean County. The Department's laboratories performed thousands of tests of water and soil for compounds, radiologics, pesticides, and other items to determine if there are environmental issues associated with childhood brain cancers.

There are many thousands of tests associated with outbreaks that received less media coverage or none at all: meningitis, *Salmonella*, *Shigella*, asbestos, lead. Your State laboratory found 3 percent of all tuberculosis cases are resistant to multiple drugs. It is the State laboratory's job to tell the medical community what drugs are effective so we can contain the disease and the cost.

Our Lyme and other tick-borne disease cases in New Jersey have increased 54 percent between 1993 and 1995. Helping physicians make the right diagnosis facilitates appropriate and timely treatment. The list goes on and on, and you can be assured that your laboratory is the foundation for much of the medicine and public health delivered in New Jersey.

You have, attached to my talk today, a copy of a public health alert (indicating) that our laboratory sent out to all other laboratories in the State so they could be aware of *Cyclospora*, so they could look for it and do the appropriate laboratory testing.

I am here today on behalf of your Public Health and Environmental Laboratory. I ask you to support its continued well-being. The

laboratory capital budget request, which you have already reviewed, addresses four issues:

First is equipment. The Department of Health and Senior Services has consolidated many services from the DEP Laboratory over the past six months. While much of the equipment has been consolidated as well, purchases must be made to assure we have state-of-the-art capacity and rapid turnaround time. Also, as Federal agencies reduce health-related exposure standards, such as recently occurred with lead, new procedures and instrumentation are frequently required.

Two, information systems. To assure this State's Public Health and Environmental Laboratory interacts and seamlessly interfaces with the laboratories in our hospitals and medical centers, we need to develop a laboratory electronic information system. We have the promise of development assistance and software from the Federal Centers for Disease Control. This project follows others initiated by Senator Littell, recognizing the efficiencies, cost savings, and disease containment possible throughout electronic highways.

Our laboratory information system will have many benefits. It will streamline our operational costs. It will allow us to become a revenue-generating competitor for some laboratory services, and it will allow us to immediately notify hospital-based laboratories of a rare pathogen, a drug resistant pathogen, or other potentially costly and morbidity inducing problems.

Three, renovation. The environmental component of our laboratory has seen a 350 percent increase in workload over the past four

years. We have also succeeded in consolidating other State agency laboratories into existing space. To use this space as efficiently as possible, renovations such as removing some walls, changing corridor space into actual work space will be necessary.

Four, biosafety level modification. To assure we keep all the germs we are working on from escaping and infecting our laboratory or other workers/visitors in the building, we need to upgrade our biosafety level. This upgrade will also make us more competitive for Federal research dollars.

You have a laboratory you can be proud of and one which serves your constituents well. We are asking for your assistance to continue to serve.

Thank you for the opportunity to present these issues. My laboratory management staff here and in seats behind me would be happy to answer any questions you have.

Thank you.

MS. MOLNAR: Thank you. The Department of Health and Senior Services should be commended for its diligent testing considering your restraints -- spacing and equipment.

Are there any comments or questions from Commission members?

ASSEMBLYMAN ROMANO: I'll wait until the end.

MS. MOLNAR: Thank you.

ASSEMBLYWOMAN MURPHY: I won't.

MS. MOLNAR: Okay. Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Thank you, Madam Chairwoman.

I'm wondering, in our budget last year, there was a recommendation made regarding the merger of the laboratory of the Department of Health and the Department of Environmental Protection. Your message to us today indicates, certainly, that that has taken place.

Is that completed? Has that been done as far as it can be?

SENIOR ASSISTANT COMMISSIONER GURSKY: It is in the process of being completed. We have brought over several services and staff from the Department of Environmental Protection. We are currently attempting to bring over radiation sections, and we hope that this process will be completed very shortly.

ASSEMBLYWOMAN MURPHY: When that process is complete, is this what has exacerbated the need for the laboratory renovations, because of this--

SENIOR ASSISTANT COMMISSIONER GURSKY: This, most definitely, is. Bringing over radiation, for example, will require us to build a special hood and ventilation. There is no way we can do that. We very much want to retain radiation in the State of New Jersey and not outsource this capacity. To bring it in, we need to renovate our building so we have appropriate safety.

ASSEMBLYWOMAN MURPHY: Thank you very much.

Thank you, Madam Chair.

SENIOR ASSISTANT COMMISSIONER GURSKY: Thank you.

MS. MOLNAR: Are there any other questions?

ASSEMBLYMAN ROMANO: If you will allow me, Madam Chair?

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: First of all, I think you know from even last year coming here is like preaching to the choir. We made recommendations. They weren't implemented. This is not to suggest that we spend money freely, but we respond to the long considerations.

I just have a couple of comments. Obviously, I don't know what the final recommendation will be, because that actually comes out of the Treasurer's Office. They sit in consultation with OMB, etc. Because that even changes what finally comes out. Whether that is implemented within the Governor's budget is another thing. Then, finally, in the legislative budget is that something that is scooped over or left out, whatever you want to say.

So I hope you understand that.

I just want to make one or two comments here. I am glad for my colleagues question about the building or the renovations due to the fact that they have now incorporated many of the DEP laboratory functions inside the Department of Health. That was a very good question. But even beyond that, I'm sure you needed that even before they brought the equipment in.

SENIOR ASSISTANT COMMISSIONER GURSKY: That's correct.

ASSEMBLYMAN ROMANO: Okay.

Just let me ask this on the Cyclospora. Now, this is one thing that has alluded me. When this started to appear in the newspapers, I took the liberty of calling the Department of Health to ask them, should I receive any telephone calls, what should I tell my constituents about whether it was the strawberries, the blueberries, whatever berry you had there? Actually, they said

to just rinse them, just wash them, but they still didn't know where it came from, whether it was the strawberries or the blueberries.

You know, being an Army veteran -- I go back to the time in Germany -- when we used to have to eat fruit and vegetables, the Army used to give us a white powder in a box to rinse everything in. What is that white powder? Do you recall? The military, when you are in a foreign country, to dissipate whatever bacteria, etc., might be on that--

Feel free to jump in. This is a very open, democratic Commission.

SENIOR ASSISTANT COMMISSIONER GURSKY: (speaking from audience) I think in Vietnam they gave people (indiscernible) compounds.

HEARING REPORTER: Madam Chairwoman, I cannot hear that.

ASSEMBLYMAN ROMANO: What was this?

SENIOR ASSISTANT COMMISSIONER GURSKY: I think in Vietnam they gave people a wash that they used to wash things. It was a phenolic compound -- phenol -- that was used to wash things off-- But then they told you to wash it very carefully because there was phenol in the compounds.

ASSEMBLYMAN ROMANO: So my question to you, Doctor, is-- We're going back in time. I don't want to date myself. But if we did it then, was there something wrong with what they were providing? Why don't we make a recommendation of what we would provide now? Because prevention is the best part of the cure. I'm not going to tell you, you're a medical doctor.

SENIOR ASSISTANT COMMISSIONER GURSKY: I'm actually a clinical epidemiologist, but I do want you to know that these alerts go out to

hospitals, physicians whenever we have a concern. We have done a number of these this past year: meningitis, Guillain-Barré, many problems. To the best of our ability, as soon as we know what preventive precautions can be taken, we give that advice.

The Cyclospora was a very difficult call for public health officials this summer. We know that the strawberry industry and the fruit industry is very angry with the Centers for Disease Control, but oftentimes, public health officials have to act on the very best information they can to try to contain an outbreak. At this point, the best association was imported fruits, fruits that were not even grown in this country.

So we do the best to weight the preponderance of evidence with the greatest amount of protection of the public.

ASSEMBLYMAN ROMANO: Well, just in that regard, Madam Chair-- I'm not going to prolong this.

What I am saying here is, I read the sheet that you sent out to the hospitals, etc. Being, I would say, the major senior citizen advocate for my party, I'm concerned about the people. Now, people when they read something or hear it on TV, their thoughts are "Well, what should I do?"

Now, that sheet has nothing to do with telling the people what to do. That sheet has to deal with the professionals in terms of how to test it, etc., etc. What I'm saying is, we go back to the story of -- I hate to use it, because it goes back to my (indiscernible) time -- the runny ache.

But in this particular context here, is it just-- "Make sure you clean it with water." What does that mean? Are we supposed to take strawberries, take a colander, put the strawberries in, then force them under

water, so we rip the skins off all the strawberries? Just how far do we go with this here? If there is another method of use, if there is a compound of sorts which is not something harmful, should we be washing our fruits and vegetables?

SENIOR ASSISTANT COMMISSIONER GURSKY: Well, I think if there were a compound that we could have used in this instance, or any other prevention, we would have suggested it. Let me just add, this particular alert is the one that went to laboratories.

ASSEMBLYMAN ROMANO: Right.

SENIOR ASSISTANT COMMISSIONER GURSKY: There was another alert -- different -- that went to physicians and hospitals, and we did a major press release that was in the newspapers that we hoped many of our senior citizens and the rest of our citizens read. To the best of our knowledge at that point we thought if one could carefully rinse their fruits, it would be helpful. I wish we had all the answers.

ASSEMBLYMAN ROMANO: As a final note, I want to thank you for all of your cooperation in the mercury situation in Hoboken. There was an immediate response, and that saga is continuing, because those people, I think, will end up with the building being taken down, but they're in the process of lawsuits.

Thank you very much, Doctor.

Thank you, Madam Chair.

MS. MOLNAR: Thank you, Assemblyman.

Mr. Davidoff.

MR. DAVIDOFF: Good morning.

I must apologize because I know very little about your laboratory. So I am going to ask a lot of questions so I can become educated.

First of all, where is this lab? All these renovations are within a single area in the building?

SENIOR ASSISTANT COMMISSIONER GURSKY: Yes, we're talking about the main Department laboratory, which is the Health and Agriculture building in the John Fitch Plaza.

MR. DAVIDOFF: About how many square feet is this laboratory area?

SENIOR ASSISTANT COMMISSIONER GURSKY: It's 64,000.

MR. DAVIDOFF: It's 64,000. So this is what we would be renovating, 64,000 square feet?

SENIOR ASSISTANT COMMISSIONER GURSKY: No. We're doing a small renovation on one part of one floor and another renovation on another part of another floor. We're not talking about renovating the entire laboratory.

MR. DAVIDOFF: About how many square feet are being renovated approximately?

SENIOR ASSISTANT COMMISSIONER GURSKY: I'm going to ask somebody much more knowledgeable.

ACT. ASST. COMM. THOMAS J. DOMENICO, Ph.D.:

I would figure that in the one portion where we would have to retrofit the radiation laboratory, we would probably be talking about 300 square feet. Another portion of--

MR. DAVIDOFF: It's 300?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes. But we're talking about having to put piping through 10 feet of concrete to accomplish certain types of things that we need to do to make the laboratory safe, because of some of the caustic chemicals that are used in analysis.

Another portion of the project that was described is biosafety. Biosafety would encompass approximately -- I would probably figure it's about 4000 square foot. Anywhere between 4000 and 6000 square foot would be needed in that, and that portion of the project is necessary because, as time has gone on, we have developed a lot of drug-resistant bacteria.

There have been much more virulent strains like, for example, the case of Hantovirus. You have to contain them in a facility that provides a level of safety and containment so that these live, active compounds do not get out of the facility.

MR. DAVIDOFF: We don't have that now?

ACTING ASSISTANT COMMISSIONER DOMENICO: We have it. We're doing it right now with plexiglass. We're doing it with very specialized hoods. But it is not appropriate due to the number and diversity of organisms that are coming about. Especially with the treatment of AIDS, there has been an awful lot of drug resistances that have come about into the environment over the last couple of years. These are not capable of being treated any other way, so you have to handle them very differently.

MR. DAVIDOFF: Do some of the medical schools in the State or some of the Federal facilities within the State have similar facilities for isolating these organisms?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes, it's even in proposal with the CDC that it will become a standard. It's in proposal right now, but it will probably, within the next year or two, become a requirement.

MR. DAVIDOFF: Okay. What I was looking for is, are there facilities, not that you're required to do it. Are there facilities now or proposed that would do what you're doing in terms of isolating organisms?

SENIOR ASSISTANT COMMISSIONER GURSKY: No, the State laboratory, I believe, is the most sophisticated BL-III laboratory we have.

MR. DAVIDOFF: Does the Centers for Disease Control have something in this region?

SENIOR ASSISTANT COMMISSIONER GURSKY: No, the Centers for Disease Control--

MR. DAVIDOFF: Strictly in Atlanta?

SENIOR ASSISTANT COMMISSIONER GURSKY: --is in Atlanta. If you have read this book (indicating) or have seen *Outbreak*, you know that their laboratories are BioLevel IV, the same as the military has in Fort Detrick. So they have extremely sophisticated laboratories.

MR. DAVIDOFF: Okay. Now, out of this-- One of the things you raise is, right now, you are outsourcing your radiation? Is that correct?

SENIOR ASSISTANT COMMISSIONER GURSKY: No. Right now, radiation is being done at the Department of Environmental Protection. As we began, several years ago, looking at consolidating laboratories across the State, there were numerous discussions about what to keep in the State, what could be outsourced, how the costs compare, how does the turnaround and

workload compare. At this point, the best, most cost-efficient solution is to bring it over -- to retain it in the State and bring it into the Department of Health.

MR. DAVIDOFF: Okay. So there is, right now, a secure radiation lab over in the Department of Environmental Protection?

SENIOR ASSISTANT COMMISSIONER GURSKY: Yes.

MR. DAVIDOFF: Currently, it is your Department's employees who are working over there, or are they still Environmental Protection employees?

SENIOR ASSISTANT COMMISSIONER GURSKY: Environmental Protection employees.

MR. DAVIDOFF: Okay. If we left it there, how much-- Out of this cost, how much is for the radiation lab part of it -- out of this, I guess, \$2.3 million that we're talking about for the renovations?

SENIOR ASSISTANT COMMISSIONER GURSKY: I don't know the answer.

ACTING ASSISTANT COMMISSIONER DOMENICO: You might be looking at a cost of moving the laboratory at \$125,000 to \$150,000.

MR. DAVIDOFF: For the radiation lab?

ACTING ASSISTANT COMMISSIONER DOMENICO: For the radiation lab.

MR. DAVIDOFF: For that 300 square feet and getting that all piped in?

ACTING ASSISTANT COMMISSIONER DOMENICO: To get all the piping done and to set it up the way it would be safe.

MR. DAVIDOFF: But if we left it over at EPA (*sic*) and just--

ACTING ASSISTANT COMMISSIONER DOMENICO: It can't be left in EPA (*sic*). The building is about--

SENIOR ASSISTANT COMMISSIONER GURSKY: DEP.

ACTING ASSISTANT COMMISSIONER DOMENICO: I'm sorry, the DEP. It can't be left there, the building is about to be turned over to another agency.

MR. DAVIDOFF: Okay, so that agency couldn't just say, "Let's leave that. Let's save \$150,000 and leave that one little 300-square-foot area here"?

SENIOR ASSISTANT COMMISSIONER GURSKY: I believe they're saving a lot of money by moving out of their building. This is the State Police laboratory, which is quite extensive.

MR. DAVIDOFF: They have a lab also? Oh, that's a crime lab, I guess.

SENIOR ASSISTANT COMMISSIONER GURSKY: Right. We're talking, of the nonevidentiary labs, there is an entire conduit of evidentiary, special police, criminal labs.

MR. DAVIDOFF: Again, I'm just trying to understand.

Now, going through your talk here, I'm trying to-- May I assume there are some items you just didn't mention, because I have four items here. The fourth item is a refrigerator/freezer for medicine and vaccine storage. Is that the same as what you had as number four, the biosafety level, or are we talking about two different things?

ASST. COMMISSIONER JAMES H. HOUSTON:

We're talking about two different things.

MR. DAVIDOFF: Okay, so it was not in your talk.

ASSISTANT COMMISSIONER HOUSTON: That is correct.

MR. DAVIDOFF: Can somebody tell us a little bit about that?

ASSISTANT COMMISSIONER HOUSTON: Yes. The freezer unit is located in the basement of the Health and Agriculture building. We store vaccines, TB drugs, STD drugs that we purchase through contract vendors and we distribute to various TB/STD clinics throughout the State. The freezer is about 30 years old. It was installed with the building when the building was constructed. We have been advised by the Treasury Department and General Services Administration that it should be replaced.

MR. DAVIDOFF: Okay. This problem is just age? It's time to go?

ASSISTANT COMMISSIONER HOUSTON: Yes. It's age. It's the way it is configured, the pumps, the compressors, that type of thing. The floor is rotting, rotting within.

MR. DAVIDOFF: So, then, I assume your items three and four, Doctor, were part of the laboratory renovations? The biosafety level is really also part of the lab renovations, which we have as number three, the \$2.3 million total project offer. Is that correct?

In your talk today--

SENIOR ASSISTANT COMMISSIONER GURSKY: I spoke specifically to laboratory.

MR. DAVIDOFF: Right. Okay. So you were only talking to the laboratory issue, all right, which are items one, two, and three.

What kind of equipment-- I mean we're talking \$3.5 million worth of equipment. Can somebody tell us-- Give me some concept as to what this is. I don't think we got a listing of what those are.

MR. SHIDLOWSKI: I would like to interject one thing, though, Mr. Davidoff. I think you're looking at the total seven-year cost. I think if you will look at--

MR. DAVIDOFF: Yes, \$846,000 is this year. I understand that.

By the way, if this is adopted, procedurally, Madam Chair-- If this was put in the budget, would they be committing to beyond this year or only the \$846,000 for this year?

MS. MOLNAR: We have just the \$846,000.

MR. DAVIDOFF: All right. So if you can tell me what is in the \$846,000, just a general idea?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes. What you're looking at in terms of equipment-- I would say that you would be looking at a certain-- Instead of going through each item, I'm just going to give you the generality of what the equipment that has been requested intends to do.

MR. DAVIDOFF: And tell me if it is duplicative to give us additional capacity or if it's to replace.

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes, on the sheet it would describe whether--

MR. DAVIDOFF: I don't think I have that sheet.

ACTING ASSISTANT COMMISSIONER DOMENICO: On the sheet it gives you a little synopsis of each one of the equipment and how it would improve its various efficiencies--

MR. DAVIDOFF: But what he was showing is not the same.

May I see that for a minute?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes.

MR. DAVIDOFF: Could you show the Chair to see if we have that in the package.

Yes, what you're showing me is different than what he seems to be looking at.

MS. MOLNAR: Paul has it, but it's not here. Perhaps we could share it with Commission members. We can send you a copy.

MR. DAVIDOFF: Please.

MS. MOLNAR: Paul does have one back at the office.

MR. DAVIDOFF: Okay.

I'm sorry, we don't have that. So if you could tell us a little bit?

ACTING ASSISTANT COMMISSIONER DOMENICO: There are several pieces of equipment that are on the list. I want to deal with the generality of what the equipment is needed for. Most of the equipment on the list is the environmental laboratory side.

What you're looking at is newer equipment that will provide computerization. The older equipment that we have doesn't have that. Without the computerization link to the type of equipment-- The computerization now assists in the ability to operate the equipment in a better

perspective than we were able to do it before -- everything had to be done manually. Now, it's programed into the instrumentation.

Also, in the portion of data collection, if you have equipment that is 10 years old, the capability to be able to interpret that data has changed dramatically over the years because of the computers capable of being able to do anything with it.

So the new type of equipment-- The fact that the equipment has become old, and secondarily, that all new equipment would have these other features in there in computerization -- that did not exist before -- they are major advances. Even if it still performs the same type of testing, that is one thing we need to concern ourselves with.

Another one is that, as was explained by Dr. Gursky, we have had a 350 percent increase in volume. That was up to this past Fiscal Year. Our volume will probably go up another 100 percent to 150 percent when the DEP lab consolidation is completed. That is an enormous work volume increase to have to continue to absorb with the same personnel or the minimal additions of personnel. So part of the equipment request was related to being able to handle many manual tasks on equipment -- manual preparations of samples -- that now can be used through automated equipment that can process the sample.

MR. DAVIDOFF: And that is saving labor year after year after year?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes. With the volume increases it will stop us from having to add labor. Otherwise,

we have to do manual techniques and, based on volume, we would have to hire accordingly.

MR. DAVIDOFF: Let me ask you this: The equipment that you're getting, if you didn't get the renovations, is this the kind of equipment that really needs to be installed within renovations? Does it make sense to get one without the other or is it even possible-- If you just got the equipment and didn't get the renovations, would you be able to effectively utilize that equipment?

ACTING ASSISTANT COMMISSIONER DOMENICO: The renovations, like, for example, the radiation, is an essential component. You can't put the laboratory there unless it's done. Some of this other equipment we will largely be able to retrofit in existing laboratory spaces. We may do some minor changes to accommodate any addition, but half the list is replacement in nature so that would just be taking something out and replacing it with something else.

A third issue you need to understand about the equipment is that we do a number of-- We test a variety of areas for contaminations. Some of this newer equipment also has the capacity of being able to handle a sample once and give us five or six different constituents where, right now, we would take the same piece of equipment-- We would have to have multiples of the equipment or we would have to take our one piece of equipment, switch it around to be able to use it to run another test, and we would have to do this numerous times, where the new equipment -- one piece in particular -- will be able to do five or six of them all on one particular piece of equipment, all at the

same time, which is a current technology to anyone having these type of laboratories today.

SENIOR ASSISTANT COMMISSIONER GURSKY: Let me just also add that the volume of the workload in the laboratory is increasing irrespective of the consolidation. So I think we do have two issues here: keeping up with the workload and not having to hire additional staff to maintain the workload, the quality of the work and the turnaround time -- again, turnaround time is essential-- Physicians need that information immediately. We can't let it wait four or five days.

The other is streamlining costs across the State by consolidating laboratories. That is another problem that leads us into some renovation.

MR. DAVIDOFF: The concern that I have is, we're looking at \$2 million for (indiscernible) over seven years -- \$6 million. The realism of this happening even if we recommended it -- the realism of it getting adapted into the budget is probably not a high percentage thing, based upon the history of what has been recommended by this Commission.

My suggestion would be -- and I'd ask you to do this-- Obviously, there are very many important things here, and I think it would be helpful--

I don't know the procedure, Madam Chair, to do this.

--for us to say, "Listen, what if you only got-- Give us priority one, two, three amongst this \$2 million and say, 'If I had \$700,000, this is what I would want. If I had \$1.4 million, this is what I would add.'" This way, as we're deliberating, and as the Governor's Office and the Legislature beyond this, they can look at this and say, "Okay, if we're going to do this in a logical

fashion,” rather than us saying, “Okay, we’ll give the equipment and not the renovation.” That may not make sense. All right?

I think I would rather you go back and come back to us with a memorandum that says, “Listen, here is what, at least, we would like in terms of, if we are going to plan and maybe do this a little slower or in a logical fashion -- instead of us doing it over seven years, maybe it will take ten or twelve years to do it.”

The first step might be, “Here is where we would spend the first \$700,000 or the \$1.4 million,” and put it in that fashion. That way, we might be able to get more credibility down the line and say, “Fine. Here is what we recommend. We have prioritized it or the Department has prioritized it.” So even though you can’t give all of what the Commission says, maybe down the road the Governor or the Legislature will at least give you part of it.

But I think it is important that you prioritize at this level, so as it goes into the hopper, everybody will see that. Always stressing that these are all high-priority items for you, but you have got to do some prioritization, otherwise somebody else is going to do it for you. My suggestion is that you do that going into the hopper.

MS. MOLNAR: It’s my understanding that the Department does prioritize for our staff the items.

MR. SHIDLOWSKI: And they are indicated in the material that we distributed.

MR. DAVIDOFF: I understand, but I’m trying to say that if they could just-- If they could just do \$700,000, I want to be able to say, if we’re sitting down, or even the Legislature, “Okay, they’ve already said if they only

had so many resources this is what they would do.” I don’t want the job of going through all the detail and saying, “This one, this one, this one,” because I don’t know.

You know much better than I. So I would suggest that. Madam Chairperson will tell us if that is appropriate and determine as a follow-up--

Two other things and then I’ll-- You made a comment that “We tell people which drugs are effective.” In my mind, just seeing that comment, I’d say, “Isn’t that very duplicative? We have private industry trying to market things and they’re doing things. We have the Federal government that tests every single drug that is allowed to be sold. Why are we having 50 states telling each of their states what is effective?” In my mind, that doesn’t seem like an effective utilization of resources. Can you explain that?

SENIOR ASSISTANT COMMISSIONER GURSKY: I will be very happy to explain that, and I am going to do that visually. This (refers to poster) is from last week’s *Home News* on drug-resistant bacteria in hospitals. One of the roles of our laboratory is to be able to look across our State to see what kind of bacteria we have and what kinds of drugs are working and not working.

The kinds of drugs that are effective in New Jersey are very different from those which are effective in North Dakota and California. I think you, our physicians, and our citizens want to make sure that when they live in this State and we know we have 3 percent drug resistance for tuberculosis, and we can tell our physicians exactly which drugs are not working, we save a lot of money, we save a lot of morbidity, and we save a lot more time back in hospitals.

I would assure you that if there was a way that other states could do our work and tell us what was effective, there would be one less thing on our plate. But I think right now, as we have these problems-- You should also know New Jersey is one of the leading states in the country doing hospital surveillance on pathogens, on what is resistant to what drug, what is sensitive to what drug. So I think we're trying to do a good job on that effective.

MR. DAVIDOFF: I have no more questions.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Yes, Assemblyman Romano.

ASSEMBLYMAN ROMANO: Through you, Madam Chair, and just so that, perhaps-- I'm doing this just to explain to Mr. Davidoff--

What you have described is exactly the process. See, nobody is telling you that, but the process that will develop and be put before this Commission will be a distillation of people like John Ekarius from the Treasurer's Office, the Office of OMB sitting with the appropriate representatives of the various Departments and saying, "What's the bottom line here?"

Let's not let a case of those stories, not here in the State, where they bought a machine and they didn't buy the one part, so they couldn't use the machine because they didn't buy the part-- Thankfully, that doesn't happen here, because we do have an articulation from all of the Departments. They sit with the various people. Even beyond who is sitting here in front of us, there are other people who are directly involved.

In my time here on this Commission, we've never been embarrassed to the point of, let's say, buying one piece and not buying the other piece. So that is something that goes up in the final.

Another point, I think to understand this even better, especially with the Department of Health -- we had several initiatives going on here. There was a major initiative to move into the Department of Health this whole idea of senior citizens, which took things out of Community Affairs, Human Services, and put them into the Department of Health and Senior Services.

At the same time, ongoing, was a consideration as to what would be the better outcome, what would be the better price, how could we achieve better performance if we might outsource some of our laboratories. So it was decided at that time that if they were centralized in the Department of Health they could do, in my words, a better job at less cost if they outsourced all of this. So this is all part of these two initiatives coming together.

I am sure there are other costs that we will not see, because we are only concerned with capital equipment. But there are operating type of costs that are transmitted in this relocation of Departments.

So I just explained this to you just to make you understand what is going-- You have different initiatives crossing here. So I know what is going on in your mind, and you have a sharp, let's say, mind in terms of management procedure, to get right to "Who is going to be the new tenant, etc., etc." But this is part of a plan to consolidate many of the laboratories, and it was determined that the Department of Health in New Jersey was the best organ to provide these services.

I'm sorry to take up so much of our time.

MS. MOLNAR: Thank you, Assemblyman. That was very good for clarifying that.

Are there any other questions?

Christina.

MS. HIGGINS: I have a question. Going to that point of the consolidation of the labs and the fact that by having the DEP responsibilities come to Health, were there staff that also came to Health, and could you just explain that context to us?

SENIOR ASSISTANT COMMISSIONER GURSKY: I'd be very happy to. I believe your question is: Did some of the staff from DEP come with the work?

MS. HIGGINS: Yes.

SENIOR ASSISTANT COMMISSIONER GURSKY: And, yes, what we did was, we looked at the volume of work, we looked at those projects, those activities which also generated revenue, and determined how many staff we would be able to bring over. Where we required additional staff, we did that.

MS. HIGGINS: That did or didn't relate directly to the 100 percent increase? Did that cover the 100 percent that you mentioned, that your work volume had increased by 100 percent?

ACTING ASSISTANT COMMISSIONER DOMENICO: The 350 percent increase came about before the DEP consolidation.

MS. HIGGINS: Right.

ACTING ASSISTANT COMMISSIONER DOMENICO: So you might add another 150 percent on top of it.

MS. HIGGINS: I understood that. My question is whether you got enough people to accommodate that addition in workload?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes. We calculated how many personnel we would need from the DEP to do their portion and, due to consolidation, it was significantly less than they were utilizing to do the same amount of tests.

MS. HIGGINS: Where I'm going with this is: If you got the people to cover the work, then, it's really the 350 percent that is driving your need for the equipment?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes. As the anticipated volume continues to increase you have two strategies. One would be to continue hiring personnel with their fringe benefits, etc., or to go to the type of equipment that is readily available and has proven itself at this particular time, that could accommodate the influx of volume. Instead of further going on, it's a point to try to stop at this point.

MS. HIGGINS: Doctor, you mentioned the biosafety level modifications, and what we have received in our office is separately -- that the rest of the Commission hasn't seen -- is a project alert. I want to understand how these two components relate and if they are the same thing.

The project alert talks about the need for construction services in the magnitude of approximately \$1 million for a category type III containment lab on the fifth floor of the health lab building. Is that the same thing?

SENIOR ASSISTANT COMMISSIONER GURSKY: Yes, Ma'am.

MS. HIGGINS: Okay. So that means that before us we have a request for renovations across the years for \$2.3 million, within '98 of \$1.1

million, and for the most part, we're talking about this -- I'm sorry -- category type III containment lab?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes.

MS. HIGGINS: Okay. Just wanted to be sure.

MS. MOLNAR: Thank you.

Are there any other questions or comment?

MR. TROY: Madam Chair, just one quick question, please.

MS. MOLNAR: Mr. Troy.

MR. TROY: Under the information systems category, Doctor, you said that the new system will have benefits, and one will be to save on operational costs and the other one is actually, maybe even a revenue-generating situation. I mean, no better way to support a capital request than by saving money and making money.

I guess my question is: Do you have any preliminary numbers or estimates on how much money would (A) be saved, and (B) how much revenue might be generated if this request was recommended?

SENIOR ASSISTANT COMMISSIONER GURSKY: I would be very happy to put something together for you. At this moment I don't. I would be happy to submit that through the Chair.

MS. MOLNAR: Yes.

JOSEPH J. MARCUCCI JR.: (from audience) Moving the laboratory from Lawrenceville-- One of the reasons for renovation is we have a satellite lab in Lawrenceville, and we're currently paying between \$250,000 and \$300,000 in rent on an annual basis. By utilizing some of these renovations we will be able to consolidate the lab into one building, so up front

there will be a \$300,000 savings just in rental costs alone, not only talking about efficiencies between operational units.

Also, there are some areas of biochemistry where we are looking at providing services to the City of Newark and the City of Camden and expanding those services to other local health departments in the State, which could bring in some revenue depending on the opportunities that present themselves in those areas.

MR. TROY: Thank you.

MR. DAVIDOFF: Who was that man speaking?

SENIOR ASSISTANT COMMISSIONER GURSKY: That was a very talented gentleman, Mr. Joe Marcucci, who is, for my programs, our fiscal guru.

MS. MOLNAR: Are there any other questions?

Mr. Davidoff.

MR. DAVIDOFF: That raised another question. I just want to clarify if I heard this correctly.

If we do not do these renovations, we do not save \$300,000 a year in rent? Is that correct?

MR. MARCUCCI: If we do not do these renovations, it will be very difficult for us to move out of that satellite laboratory.

MS. HIGGINS: If we don't do the radiation component of the--

MR. MARCUCCI: The radiation component is a whole other issue. The radiation component is a DEP issue, because the State Police is taking over that building. DEP would have had to move that laboratory regardless of whether or not it came to the Department of Health. So those

costs would have been there-- That move of the radiation laboratory cost would have been there regardless of whether or not it came to the Department of Health or it stayed at the DEP, because they State Police is taking that building over.

MR. DAVIDOFF: Now, you made that comment very difficult. I need to know straight out, if the renovations are not done do we not save the \$300,000?

MR. MARCUCCI: We do not save the \$300,000, because we can't move out of the satellite laboratory.

ACTING ASSISTANT COMMISSIONER DOMENICO: At this particular point--

MR. DAVIDOFF: Okay, a minute ago you said "difficult," and now you say "can't." We need to know clearly what the answer is. I need to know clearly what the answer is.

ACTING ASSISTANT COMMISSIONER DOMENICO: The answer to this clearly is that we have potential savings. We haven't been able to figure out where we can incorporate that many square feet of laboratory-needed space into this particular building. Some renovations will be required to be able to get that to be done.

MR. DAVIDOFF: What I would like to know, and in accordance with what you're giving this gentleman at his request, specifically is: What dollars of renovations, minimum, would be required to allow you to save \$300,000 of rent. Because if we have that piece of information, we can probably-- It would be foolish of anybody not to do that amount of renovation.

So you might be able to tell us, “Hey, if we have \$350,000 in renovations, we can make the space to consolidate the lab. Maybe we won’t have all of the other components, but at least we can move things in.” I would like the answer to that question. I think the people who look at this down the road -- as you say, you sit with the staff and everything -- would also like that answer.

SENIOR ASSISTANT COMMISSIONER GURSKY: Thank you. We will be very happy to provide that.

MR. DAVIDOFF: Thank you very much.

MS. HIGGINS: May I add to that?

MS. MOLNAR: Yes.

MS. HIGGINS: When that comes, I would like to understand how the radiation testing component fits into the picture and how much savings or cost avoidance there is related to that.

MR. DAVIDOFF: I think he said \$100,000 to \$125,000 for the radiation.

MS. HIGGINS: It would be nice to see it in writing, don’t you think?

MS. MOLNAR: Are there any other questions or comments? (no response)

If not, I would like to thank you for your presentation. Our staff will be reviewing your requests.

Our next Department is Public Broadcasting. I would like to welcome Elizabeth Christopherson, the Executive Director.

ELIZABETH G. CHRISTOPHERSON: Good morning, Madam Chair, and also Commission members. I thank you for the opportunity to appear before you on the Commission today.

I am here with, to my left, Jerry Rice, our Deputy Director of Finance and Administration, and Larry Will, our Director of Engineering, and also Bill Jobes, our Director of News and Public Affairs.

The Authority's work is most familiar to you through NJN, which operates public television and radio networks that serve the citizens and the State of New Jersey.

Before I discuss the Fiscal Year 1998 capital budget, I would like to revisit an important transaction that NJN completed last year that directly affects this year's capital equipment request.

As many of you are aware, in August of 1995, NJN entered into a \$4.3 million agreement where we relinquished our must-carry rights on Time Warner's New York City cable system to the Television Food Network for an eight-year period.

The \$4.3 million from this transaction is earmarked exclusively for the acquisition and upgrade of broadcast and telecommunications equipment for New Jersey's public broadcasting system. Of this \$4.3 million, NJN received \$1.25 million last September. In this fiscal year, we received \$500,000, and we will receive the remaining \$2.55 million over the next six years as long as the must-carry rights legislation remains in effect.

This year's request to the Capital Budgeting and Planning Commission does not include items targeted for replacement using nongovernmental revenue sources, such as the \$4.3 million just discussed.

Consequently, for the second year in a row we are limiting our capital budget request, which totals \$595,000, to just three areas: preservation, infrastructure, and compliance.

We request funds only for those projects that protect the value of the State's investment in NJN, that ensure the safety of our employees, or that enable us to comply with regulatory requirements.

First, we thank the Commission for recommending \$595,000 for the capital items in last year's request. We hope you will, again, see the value in the items requested, and if made now, these expenditures will reduce future costs and allow us to continue to provide services to the citizens of New Jersey. We respectfully request that the Commission again recommend this amount in capital improvements in Fiscal Year 1998.

NJN is the only television station available to nearly all New Jersey households, including the 30 percent without cable. We create and produce approximately 25 percent of our television broadcast day, and NJN is one of the top producers of local programming in the PBS system.

Many of our programming dollars are spent on programs that ultimately receive recognition for their excellent quality both within our State and beyond our borders. In fact, NJN was recently honored with 28 Emmy nominations -- the most in the mid-Atlantic region.

Our broadcast schedule includes a nightly news program, a mix of public affairs, cultural, educational, sports, and special events programming. Recent examples include a national PBS documentary on domestic violence and news coverage of both the Republican and Democratic national

conventions, and as much as 40 percent of our broadcast day is devoted to instructional programming for schools, college credit, and GED preparation.

Our enabling legislation charges us with establishing and operating public television and radio stations and harnessing the full spectrum of video and audio technology for public service. We have the responsibility to coordinate telecommunications policies for the State under the New Jersey Public Broadcasting Act of 1968.

The Authority uses a broad range of technology including satellite, instructional television fixed service, videotape, fiber optics, and computer on-line services. Projects in cooperation with the State's Department of Education and the Commission on Higher Education employ technology for interactive distance learning for high school and college students.

This effort includes service to public schools, such as distance-learning programs that bring world language and advance math teachers to classrooms throughout the State, in addition to cooperative programs with the New Jersey Institute of Technology, Burlington County College, Brookdale Community College, the County College of Morris, and Thomas Edison State College. Through the use of multiple technologies, NJN is a resource for our schools as they seek efficient and effective ways to deliver a fair and equitable education to all students.

I mentioned that our Fiscal Year 1998 request concentrates on preservation, infrastructure, and compliance. The first area of concern involves facilities preservation. We request funding to replace the roofs on two of our four transmitter buildings. The original roofs are nearly 26 years old and leak badly, creating a real danger of water damage to the television transmitters. A

modest \$70,000 investment for new roofs will protect State assets of more than \$4 million in technical equipment at these two NJN transmitter sites. We continue to use trash cans and plastic sheets to divert water from equipment and to protect our station personnel from electrical shock.

The next area, infrastructure, relates to the repair of Channel 52's tower-site access road, which is located on the New Jersey State property in Lawrence Township. This original road is almost 25 years old and continues to deteriorate. Dozens of potholes present a risk to our employees and to vehicles that must use the road at all hours of day and night.

Our Channel 23 transmitter site in Waterford, Camden County and our Channel 58 site in Warren Township, Somerset County present similar problems with deteriorating access roads. The total request to repair these roads is estimated at \$160,000 over two years, of which \$110,000 will be needed in Fiscal Year 1998. As you proceed with your evaluation of our request, we invite Commission staff to tour these locations.

The next area of concern, under the heading of preservation, relates to the emergency broadcasting regulations. We work in conjunction with the Federal Emergency Management Agency, the Emergency Broadcast Committee of the New Jersey Broadcasters Association, and the New Jersey Emergency Management Section of the State Police in West Trenton on a coordinated effort to disseminate public emergency information.

To fully meet our legislative mandate to provide emergency broadcast coverage, we propose replacing the standby power generators that serve our transmitters over the next two years. The new generators, at a cost of \$160,000 in each of the next two years, will be capable of operating the

television transmitters during a total commercial power failure. The special television service NJN provided to New Jersey, New York, and Connecticut, views during the World Trade Center bombing and to the entire State during the blizzard of 1996, are examples of our ability to provide vital broadcast services during these statewide emergencies.

Also of concern under preservation is the need for emergency repairs to our four main towers and to three smaller towers. The towers that support the four NJN TV-transmitting antennas were constructed between 1970 and 1973. The towers have an estimated useful life of approximately 50 years, but only if properly maintained. All of the tower structures are showing severe surface rust, especially those more than 300 feet above the ground.

The maintenance responsibility for the three smaller towers, which belongs to the New Jersey State Police, was transferred to NJN in 1990. The towers originally constructed in the 1960s are located in Blairstown and Brass Castle in Warren County and Croton in Hunterdon County. These towers show similar deterioration which could result in the structures becoming unsafe. Needed structural repairs of these towers, including painting, are estimated at \$255,000 in Fiscal Year 1998.

Our total capital project request for Fiscal Year 1998 is \$595,000. As previously discussed, NJN expects to receive the balance of the \$4.3 million from the Television Food Network contract through the year 2002. Those funds are dedicated to upgrade our television and radio networks, to make necessary improvements in our studio, and to provide for the purchase of cameras and editing equipment that will be used to support our services and protect our revenue streams.

Future plans include the upgrade of existing space to provide a state-of-the-art distance-learning classroom. Even with this expected funding from the Commission and the Television Food Network transaction, NJN still faces significant long-term capital needs to meet an impending unfunded Federal mandate.

The FCC is engaged in rule-making proceedings that, when adopted within the next year, will require all commercial and noncommercial TV stations to transition to digital television. The process needed to meet this unfunded Federal mandate is expected to begin in Fiscal Year 1999 and will cost each television station in the nation between \$2 million and \$8 million. Since NJN has four stations, the early cost estimates are from \$8 million to \$32 million over the next three to five years beginning in 1999.

During the seven- to ten-year transition period, all television stations, including NJN, will broadcast in both the present analog format, as well as the high-resolution, wide-screen, multichanneled sound, digital format. By the end of the ten-year period, all NJN television broadcasting will operate in a digital format. We will keep you updated as we received additional details on this conversion to digital television.

NJN's Engineering Department has already started to work on this transition plan. NJN was selected late last year by PBS as one of twelve stations nationwide to receive a \$25,000 planning grant for the conversion to digital TV. This grant, however, is only for the preliminary study for digital television transmission. Our long-range plan must include the additional funding required to implement this conversion.

The FCC, in all likelihood, will make this transition a requirement to maintain a broadcasting license, and NJN will need to purchase and install the required origination, recording, editing, and distribution equipment by the federally mandated transition date.

In summary, NJN is working hard to become more self-reliant and competitive. We are proud that NJN continues to increase private sector support each year and the portion of NJN's budget directly funded by the State appropriation has decreased from a high of 65 percent in Fiscal Year 1989 to about 30 percent in the Fiscal Year 1997 budget. To continue this trend and to protect the infrastructure that draws the private sector to support the network, we constantly need to upgrade and safeguard our technical equipment and facilities.

We welcome your assistance as we move forward to provide even more effective and efficient services to the citizens of New Jersey, and thank you for the opportunity to report on the current status of the New Jersey Public Broadcasting Authority.

MS. MOLNAR: Thank you.

Are there any questions or comments?

Tom.

MR. NEFF: I'm just wondering, regarding the Television Food Network deal, an awful lot of money is going to NJN and we don't have any breakdown as far as how that is being spent.

MR. SHIDLOWSKI: The agreement between NJN and the State Treasurer mandated that these funds be used for capital equipment and replacement.

MR. NEFF: That agreement could be changed though, could it not?

MR. SHIDLOWSKI: I suspect it could.

MR. NEFF: Okay. Last year, there was a request for \$70,000 -- or maybe it wasn't this same amount -- for roof replacements, because-- And we were told last year, also, that there is a potential for a loss of equipment and potentially people could be electrocuted. I mean, if that is such a high priority, I don't understand why the Food Channel moneys that are readily available aren't being used to fix a roof. I mean, if it's that high of a priority--

MS. CHRISTOPHERSON: That is a very good question. I think that most public television stations on average -- and I think Larry Will reports this, for example -- would be investing, at least, several hundred thousand dollars in upgrading their capital needs. You know, too, the changes just even in the last 10 years between how many of us are using fax machines, computers, and so forth. But I'm not suggesting we're investing in fax machine and computers, I think we're using money--

This beautiful, state-of-the-art building that we have was not completely finished. We're using money to finish the building, which helps us with facilities rental. We are using money to replace cameras, which allows us to even go out and maintain our business.

We would be glad to share with you additional details. It is based upon a plan that is presented to the Authority Board once a year. They review it, and based on the priority needs of the network and they are quite large, I think-- We're trying to describe to you-- But we would be glad to give you additional information on that.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Within the terms of that agreement, could the \$4.3 million be used for the replacement of the standby generators? I know you have to give up some cameras and stuff, but is that an appropriate use of the money under the agreement?

MS. CHRISTOPHERSON: I think we were trying to direct-- We've had critical needs. If you can imagine being in the business of televisions and not having cameras that work, we were making choices such as that, that really allow us to bring in additional private sector support. So we have a very large list, I guess, of capital needs. We were trying to use the ones that generate and help us with private sector support with the Food capital and, then, really talk about the things that relate to the infrastructure and the safety of personnel and other items for this Capital Commission request.

Do you want to expand on that, Jerry?

JERRY A. RICE: I could add that the majority of the Food Channel funds, which, incidently, we have only received \$1.25 million-- As has been testified, the remaining money, depending on where that legislation goes with the must-carry rights, may or may not come to us.

The budget for this coming year is only \$500,000. The majority of that, as Elizabeth testified, relates to preserving the infrastructure within the network. The majority of that is used for generating additional revenue -- the kinds of equipment that we're talking about -- or preserving the revenue that is now in place. We do a lot of videoconferencing. We do training, also other kinds of things that that equipment is used for in terms of generating revenue.

MS. CHRISTOPHERSON: Larry Will, our Director of Engineering, also wanted to add a comment.

LARRY WILL: Yes. The Capital Planning Commission -- and, Paul, correct me if I am wrong -- has a list of priorities for funding. The technical equipment aspect of New Jersey Network is actually the lowest priority and traditionally has had a problem with State capital funding. So I think a decision was made to utilize the private sector revenue to fund the equipment which was, oftentimes, not funded through the Commission and to use the categories, as outlined on the planning documents that we received, to use the State-provided funds for those areas that are highest in priority: infrastructure, compliance with regulations, and safety.

MR. DAVIDOFF: Understanding, I guess, through all of this discussion the answer is, yes, if you wanted to use that part for generators you could, but that is not the priority you have established. Is that correct?

MS. CHRISTOPHERSON: Yes, that's correct.

MR. DAVIDOFF: Okay. So that if it was a decision of the Legislature or this Commission or someone to say, "Well, you've got \$595,000, maybe we'll ask you to take \$200,000 from your other source," it's possible for you to do that if you wanted to rejuggle your priorities? You might not accomplish everything you want on the programming side, but that is a possibility.

MS. CHRISTOPHERSON: Well, I think, perhaps, the better way to explain this--

MR. DAVIDOFF: I understand you want as much money as you can get, but I just--

MS. CHRISTOPHERSON: I don't think it-- Well, I suppose everyone has a wish list, but I think we're talking about some urgent needs with the kind of-- So that I think that we could make a case that is as compelling as the one that we did last year that you recommended these very same items, last year, and I think we could make a case for how we're spending the Food Channel money for being equally compelling in terms of attracting different revenue or protecting safety. We have people riding around in vans with 160,000 miles; last week one of them caught on fire. You know, things like that you want to tend to, right?

MR. DAVIDOFF: I understand that everybody never has as much as they want, nor have as much as they probably need. I love NJN--

MS. CHRISTOPHERSON: Thank you.

MR. DAVIDOFF: --and if I could give you that money-- I can't, because even if we approve it, we can't give it to you, somebody else does. I'm just exploring the possibilities so that I understand it all.

MS. CHRISTOPHERSON: I appreciate you thinking creatively about this, and we would be glad to give additional information about some of the urgent needs.

Thank you.

MS. MOLNAR: Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: I would only make one comment, in addition to saying that it's very nice to see you all here.

MS. CHRISTOPHERSON: Thank you.

ASSEMBLYWOMAN MURPHY: The emergency repairs to seven antenna towers-- Just as a comment for all of us to think about and remember,

the difficulty of creating a tower for any sort of transmission in the State of New Jersey, frankly, to me, impels that to the top of the list. Because it's like building a jail, you will never ever be able to reconstruct an antenna tower no matter whether one was there for 100 years. The sentiment around those kinds of facilities is incredibly poor, and I would suggest that that almost needs to be the first of your priorities, because if those are not done, the rest of the thing doesn't matter. They simply can't be done again.

MS. MOLNAR: Thank you.

MS. CHRISTOPHERSON: Thank you for that comment, Assemblywoman.

MS. MOLNAR: Assemblyman Romano.

ASSEMBLYMAN ROMANO: For myself, I'm not going to say anything critical at all. I would have made a point before all the conversation started about the \$160,000 for the replacement of the standby generators, that, in fact, would have belonged to the \$4.3 million. But I can appreciate where you are coming from.

But I think what you heard here today-- Get ready, because this is going to be an exceptionally bad year, and I'm sure that some creative bookkeeping is going to take place along the way. So hang on to what you think-- Hang on to your hats, we're in for a rough ride and we'll just see where it goes. You can tell that from the questions that are being raised here.

MS. CHRISTOPHERSON: Thank you.

ASSEMBLYMAN ROMANO: Just two comments: As far as the Internet that you're using for the schools, etc. -- what you provide the schools with -- I wonder if you could ever forward to me what you actually supply to

the school districts? And, more importantly, how about Hudson County, through the vocational school and the individual school districts-- I would be very interested.

You know, we hear about this, but no one seems to want to dot the *I*s and cross the *T*s as to how this is actually working. What is being provided to the individual school districts, *A*, and, *B*, is it coming through the area of vocational/technical schools or is it coming in from NJIT or Saint Peters-- They had a challenge grant several years ago with dishes up on the roof, you know.

But we're jumping ahead, we're going beyond all of that. As I noted here before, you're talking about the digital TV. My nephew keeps telling me, "Wait till digital TV." The way it looks here, I better grab a TV as soon as I can, because I may never see the digital TV.

Those are the only comments I would have.

Thank you, Madam Chair.

MS. MOLNAR: Thank you, Assemblyman.

Are there any other questions or comments?

ASSEMBLYWOMAN MURPHY: Madam Chair, may I--

MS. MOLNAR: Mr. Troy.

ASSEMBLYWOMAN MURPHY: When he is finished--

MR. TROY: Go ahead, Assemblywoman.

ASSEMBLYWOMAN MURPHY: I'm sorry. Thank you very much, Mr. Troy.

You mentioned the maintenance responsibility for the three smaller towers having prior to this time belonged to the New Jersey State Policy. Why was that responsibility transferred to NJN?

MS. CHRISTOPHERSON: That was prior to my joining, but perhaps--

You have the institutional history, Larry Will. Thank you.

MR. WILL: Yes, Assemblywoman, we made an agreement -- a memorandum of understanding with the New Jersey State Police to utilize three smaller towers at those locations mentioned when they constructed new, larger towers for the State Police communications system. The towers were still there. They were still serviceable.

The agreement that we made with the police was we could use them for our public broadcasting needs, and the tradeout was that we had to assume the maintenance responsibility for the towers. They still own the land and they still own the towers, but we have to maintain them as opposed, if you will, for a rent payment. There was no cash transaction.

ASSEMBLYWOMAN MURPHY: Now, because I do not understand what the difference is in the different kinds of towers, is there a reason why you cannot now use the same towers that the State Police are using? Let these three go, if you will, share the cost of the maintenance on the three larger ones.

MR. WILL: They indicated to me-- Their communications people indicated to me that they have already used up the capacity of those new towers for their own communication needs. In some cases, the towers are also shared by New Jersey Transit.

ASSEMBLYWOMAN MURPHY: Right.

MR. WILL: So there is a significant number of radio antennas and the towers-- When you construct a tower, you have to kind of estimate how many things you're going to put on the structure. The use of the State Police and, in some cases, New Jersey Transit has essentially maxed out those new towers. So we really couldn't move our antennas over there without a structural overload.

ASSEMBLYWOMAN MURPHY: Are there other organizations, services, entities that need to use, need to have antennas on smaller towers that you could lease the space to and, thereby, recoup some money for the maintenance?

MR. WILL: I would love to do that. The State Police -- their DAG -- has determined that their legislative mandate is such that they are prohibited from using their facilities for commercial ventures.

ASSEMBLYWOMAN MURPHY: Even the three smaller ones which you--

MR. WILL: Yes. That was our first request, and it was denied.

ASSEMBLYWOMAN MURPHY: Now, your four main towers, you lease the space on those?

MR. WILL: That's correct, because we have no such restriction -- we in New Jersey public broadcasting. We do lease space out to other entities. Also, we make space available to other State agencies, county agencies, and local governments for their communications needs.

OMB had a meeting a couple of months ago and invited all State agencies to come in. We had a forum to discuss communications needs and

sharing of tower facilities. That meeting was very productive. Folks got together, and it actually turned out that, I think, New Jersey Network was the leader of all State agencies before OMB decided to check on what was going on.

So we probably are doing more in this regard than any other State agency in sharing of space. Part of the reason is that we put some pretty substantial towers up in 1970. They are not trivial by any means. If you look at the one out here at 295 and Route 1, you'll get a feel for that.

ASSEMBLYWOMAN MURPHY: I just wonder if there isn't some way you could get some more ownership of three small towers back from the State Police if, indeed, they don't intend to use them, so that they could, indeed, be put to more profitable uses. It is a shame to waste that space.

MR. WILL: I would guess an initiative would have to be started to see -- it may take legislative action, I don't know -- whether or not the State Police could change their policy or possibly transfer the land to NJN. I'm offering suggestions here. I don't know that there are answers, but it certainly could be looked into.

ASSEMBLYWOMAN MURPHY: I would like to look into it.

MS. MOLNAR: Assemblyman Romano would like to suggest something.

ASSEMBLYMAN ROMANO: Yes. I have to leave. I apologize for interrupting, because I am on the bent to take public transportation and, thereby, reduce the pollution.

MS. MOLNAR: Thank you, Assemblyman.

ASSEMBLYMAN ROMANO: That is not the only reason, but--

Let me just say this: In keeping what my colleague said about renting space up on the antenna, I would be remiss if I didn't bring to your attention that last night, as I came up the Turnpike, for the first time when I see all of those billboards -- curiously enough, I don't know if anybody is going to pick it up, but several of them were for cigarettes, of all things -- on the Turnpike, so now it starts to look like tinsel city going up toward New York City-- You have the billboards on both sides. They're lit up with all sorts of advertisements.

I know we're making a buck off of it, but I don't know if we are giving them something at the same time. So when I heard my colleague say maybe we can rent them-- Now, I leave it to everyone's imagination. Just think of what you might rent to or for hanging off of those towers. Let your own creativity dictate, conjure up in your minds.

Thank you. It has been a pleasure.

MS. MOLNAR: Thank you, Assemblyman, and thank you for your white horse story.

Mr. Davidoff.

MR. DAVIDOFF: Okay. On the towers, once these emergency repairs are made, do you have enough money in your budget to maintain them properly annually so you are not going to require emergency repairs in the future?

MR. WILL: We used to have enough money in the budget. We had a specific amount set aside every year in what is called the 70-series accounts. That, as a budget, dwindled in size starting in the late 1980s. It

became more and more difficult to allocate the limited maintenance dollars toward routine tower maintenance.

My experience has been that if we make these repairs, we will be pretty much off of the hook, if you will, for the next four to five years. With some prudence, we can make sure that we don't get into this position. We're in this position because we had several years when there wasn't funding to do the maintenance, and that is why the costs have gone up. It is sort of an escalating problem.

MR. DAVIDOFF: Madam Chair, what is the process for which-- If we say, "Let's do these towers and repair these towers. We will ask the Governor and the Legislature, when they are looking at these operating budgets, to make sure we're maintaining them;" otherwise, they're going to be back here four or five years from now possibly for more emergency repairs. Do you have an answer?

MS. CHRISTOPHERSON: Not a total answer, but I have one additional comment to make to that, and that is that when we did do the Food Channel money, we did have an agreement that we would set aside 2 percent of our budget and start addressing some capital needs with the understanding with everyone looking that there would be ongoing capital needs that need to be planned for. So we are doing, as an Authority, as the Board, as staff members -- trying to address these things on a long-term basis and planning for those needs. So we appreciate that.

MR. DAVIDOFF: Yes, you need to do that, because if we're here four or five years from now on the same thing, "We need more emergency repairs on the towers," we're going to say--

MS. CHRISTOPHERSON: It's an astute comment. So it's a good comment and we have tried to incorporate that into our fiscal planning. Thank you.

MS. MOLNAR: This Commission has also recommended that each Department earmark a certain percentage -- I don't recall for maintenance, I think 1 percent or 3 percent--

MR. RICE: Yes. Let me just add one other comment: The budget for the Food Channel funds this year is \$500,000. Of that, we have had to dedicate \$175,000 for repairs and maintenance, because we do not have enough in our operating budget to cover repairs and maintenance for our equipment.

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

Mr. Rosseau.

MR. ROSSEAU: One question on the Food Channel. I assume that there is a number of Pennsylvania cable stations, also, that are required on must-carry for NJN. Have there been any discussions with any of them about relinquishing?

MS. CHRISTOPHERSON: We are exploring all avenues. Let me just say, we are exploring all avenues to bring in additional revenue. I think it was a landmark deal when we did this in New York, but we are certainly very actively exploring all avenues.

MS. MOLNAR: Are there any other questions?

Mister--

ASSEMBLYWOMAN MURPHY: Madam Chair.

MR. TROY: Twice.

ASSEMBLYWOMAN MURPHY: I'm not going to do it this time.
I'm going to wait. (laughter)

MS. MOLNAR: Mr. Troy.

MR. TROY: Thank you.

Just one question on the access roads. Are these roads on the State of New Jersey right-of-way? Is this State of New Jersey property?

MR. RICE: Yes.

MR. TROY: They are--

MR. WILL: I'm sorry. Probably, if we would look into a debit and credit with Transportation to do the work, as opposed to going on the outside -- we have done that in the past, but it is still an actual budget item.

MR. TROY: You haven't answered question. My question was: Have we talked-- Is this something that would go through the Department of Transportation?

MR. WILL: We would definitely give them an opportunity. They actually will quote on this job just like a private contractor would. Sometimes they're low bid and sometimes they're not.

MR. TROY: Only if they're low bid?

MR. WILL: Right.

MR. TROY: Thank you.

MS. MOLNAR: Assemblywoman.

ASSEMBLYWOMAN MURPHY: I'm just wondering if we could not, through the Chairwoman, get a copy of the DAG's report relative to those New Jersey State Police towers?

MR. WILL: We have never seen that report. We have just been told in writing by the Superintendent that that was the case. All we can provide ourselves would be the letter we received from the Superintendent. I think the State Police would have to be the one to do that, I would think.

ASSEMBLYWOMAN MURPHY: I would appreciate that, through the Chair, please.

MS. MOLNAR: Thank you.

If you could provide that, thank you.

Are there any other questions or comments? (no response)

If not, I would like to thank you for your presentation. Our staff will be reviewing your recommendations.

Thank you.

MS. CHRISTOPHERSON: Thank you so very much. We appreciate it.

MS. MOLNAR: Is there any other business any member would like to raise?

Mr. Davidoff.

MR. DAVIDOFF: Two things. First of all, I notice that the Department of Education was originally on for today and was changed. I would like to hear why.

MR. SHIDLOWSKI: They were unprepared to make their presentation. They had been involved in moving the entire Department from one location to another. They said that it would have been difficult for them to get all of their materials together. So we rescheduled them at their request.

MR. DAVIDOFF: Okay. The other piece basically deals with the theory of how our Commission is working. Again, as a new member, do we wait until our December meeting to discuss the pros and cons of each of these? When do we start our process of whittling down or is this something you're going to educate me on outside?

MS. MOLNAR: I know in some years we have had special meetings if some members have requested to go over some of the items. Recently, I don't recall having any special meetings.

MR. DAVIDOFF: We just do it in December at the last meeting? So we keep notes now and in December, we -- that is when we would go over it?

MS. MOLNAR: Yes. There has been a lot of material. If need be, we could request a special meeting, depending on the staff, too, how fast they could work on this.

MR. DAVIDOFF: The only thing in my mind from having seen the history from the prior years-- We recommend an amount, then it gets cut, then it gets cut, then it gets cut. I am wondering if somebody who is cutting what we recommend is saying, "Well, they're just easy and they're not doing it." If we took a different approach and tried to really prioritize a little more at this level -- put a cover letter to the Governor's Office and say, "Listen, we really tried to whittle down. This is really what is necessary" -- I'm wondering if we would be more successful in getting the projects we think should be done? That is kind of an open question. I don't know the answer.

MS. MOLNAR: Based on my reading, the Governor recommended a lot of things that we recommended and they were not

appropriated. So it is up to the Legislature, at that point, to appropriate. So there is support at the executive level for a lot of our recommendations.

MR. DAVIDOFF: I think that she had cut ours in half, if I recall.

MS. MOLNAR: Yes. The three Departments today, at least, she had pretty much concurred with.

Do you have any comment on that?

MR. SHIDLOWSKI: Mr. Davidoff, I think that the largest change between what the Commission had recommended and what was recommended in the Governor's budget was the change in the funding for the Transportation Trust Fund.

MR. DAVIDOFF: Yes, well, I see Health here, though, that she only recommended \$326,000 versus \$1.1 million. I mean there was a big-- That was one of the Departments here. I'm trying to look for public broadcasting-- (searches through materials)

MS. MOLNAR: It's a good comment. We can, perhaps, maybe in the wording of our cover letter, make a stronger case.

MR. SHIDLOWSKI: We'll be contacting you when it is time to write the transmittal letter to the Governor on the Commission's recommendations.

MR. DAVIDOFF: I would be glad to assist.

MS. MOLNAR: I want to make a comment. As a matter of protocol, if you would like to request material from the Departments, you should request it through the Chair.

MR. DAVIDOFF: I apologize for that.

MS. MOLNAR: Thank you.

It helps to keep them focused. If they're not sure whether they should provide it, they look at me and they look at you. So it would be helpful.

Thank you.

Our next meeting is October 18. If there is no other business to come before the Commission, the meeting is adjourned.

(MEETING CONCLUDED)