
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: October 17, 1997
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Senator Bernard F. Kenny Jr.
Assemblyman Louis A. Romano
Linda M. Anselmini
Robert A. Roth
E. Martin Davidoff

ALSO PRESENT:

Diane Koye
(representing Assemblywoman Carol J. Murphy)

David M. Mortimer
(representing James A. DiEleuterio Jr.)

Christina Higgins
(representing Michael R. Ferrara)

Paul Shidlowksi, Acting Executive Director



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

We will now call the roll.

MR. SHIDLOWSKI (Acting Executive Director): Mr. Martin Davidoff?

MR. DAVIDOFF: Medium bagels are here.

MS. MOLNAR: Thank you very much.

MR. SHIDLOWSKI: Mr. Anthony Annese? (no response)

Mr. Robert Roth?

MR. ROTH: Here.

MR. SHIDLOWSKI: Senator Littell? (no response)

Senator Kenny?

SENATOR KENNY: Here.

MR. SHIDLOWSKI: Diane Koye, representing Assemblywoman Murphy?

MS. KOYE: Here.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Here.

MR. SHIDLOWSKI: Mr. Dave Mortimer, representing Treasurer DiEleuterio?

MR. MORTIMER: Here.

MR. SHIDLOWSKI: Commissioner Anselmini?

COMMISSIONER ANSELMINI: Here.

MR. SHIDLOWSKI: Christina Higgins, representing Mike Ferrara?

MS. HIGGINS: Here.

MR. SHIDLOWSKI: Margaret Villane? (no response)

Ms. Molnar?

MS. MOLNAR: Here.

MR. SHIDLOWSKI: We have a quorum, Madam Chair.

MS. MOLNAR: Thank you.

Do I hear a motion to approve the minutes of September 26?

MR. ROTH: Madam Chair, I have a correction I'd like to make.

At the bottom of Page 5, top of Page 6, it states that Mr. Davidoff moved to make a motion to include authorities' debt. If you recall, I amended that motion, to which we agreed, where we would also include a request to the Treasurer to provide a schedule of unfunded debt so that we could then get the overall picture of whether or not we've had an improving or worsening situation.

MS. MOLNAR: You made the motion.

Was it approved?

MR. SHIDLOWSKI: It was not. I mean, I believe that what happened was that you had suggested that we delay the motion, that we would have a discussion today on that subject, Madam Chair.

MS. MOLNAR: Okay.

MR. ROTH: I'm sorry. I thought the vote was taken.

MR. DAVIDOFF: Well, at least the motion was made, and it should be reflected in the minutes.

MS. MOLNAR: Yes, you made a motion.

MR. DAVIDOFF: At least if we could ask that the motion be reflected, I think along with my motion it was kind of deferred, but it was absolutely made and should be corrected and reflected in the minutes.

MS. MOLNAR: Right. Motion was made by Robert Roth to amend Mr. Davidoff's motion.

MS. HIGGINS: And the nature of the amendment was?

MR. ROTH: That Mr. Davidoff had moved to have authorities' debt presented to us. And I said, if that's to be presented, we should also include all the outstanding unfunded debt that-- Because the authorities' debt to a large extent was incurred to reduce long-term unfunded debt, we basically want to see whether or not that occurred. Did-- Could the overall debt picture improve or worsen? And unless you see both halves of it, you can't tell.

MS. MOLNAR: Okay. Can we discuss it at the end?

MR. DAVIDOFF: Madam Chair?

MS. MOLNAR: Yes.

MR. DAVIDOFF: On that area on Page 6, when you made your suggestion that we postpone the discussion, I believe both myself-- At least myself and, I believe, Mr. Roth we accepted that, and, I guess, the minutes should be revised to say that we accepted your suggestion.

MS. MOLNAR: Okay. Thank you.

MR. DAVIDOFF: And I have one other change. On the top of Page 3, it says that "Mr. Davidoff expressed an opinion that whether or not the

State provides 1 percent share of -- the colleges should spend their 0.5 percent matching as a good faith effort.” And the context of that, which is not included in the minutes and I would ask that it be included in the minutes, there was a discussion prior to that point in which I asked the colleges specifically are you spending your matching portion, either as originally proposed at the half percent level or by even matching what they did get. And their response was “No.” And that discussion, what I’ve just said now, should be included in those minutes. When we approve these minutes, it should be with that, if nobody has any objections.

MR. SHIDLOWSKI: Corrections are noted, Madam Chair.

MS. MOLNAR: Thank you.

The minutes, as approved, could we-- I’m sorry, the minutes as amended, could we approve them? A motion to approve.

MR. DAVIDOFF: I so move as amended.

MS. MOLNAR: Second?

MR. ROTH: Seconded.

MS. MOLNAR: Okay. We’ll take a roll on this.

MR. SHIDLOWSKI: Mr. Davidoff?

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Roth?

MR. ROTH: Yes.

MR. SHIDLOWSKI: Senator Kenny?

SENATOR KENNY: Yes.

MR. SHIDLOWSKI: Diane Koye?

MS. KOYE: Yes.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Dave Mortimer?

MR. MORTIMER: Yes.

MR. SHIDLOWSKI: Commissioner Anselmini?

COMMISSIONER ANSELMINI: Yes.

MR. SHIDLOWSKI: Christina Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Carol Molnar?

MS. MOLNAR: Yes.

Okay. The next item is our Executive Director's report.

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

Both the Department of Corrections and the Office of Telecommunications and Information Systems provided supplementary information, which we distributed this morning. I believe that both are planning to refer to those materials in their presentations. So we've made them available.

We've made a slight change in the agenda. Commissioner Fauver's staff requested that he be allowed to go last today. He has a meeting with the Governor this morning, and so we've accommodated that change.

The next meeting that we have is October 31. We'll be providing with the briefing materials a draft of the criteria which the staff plan to use in evaluating the projects and making recommendations to the Commission. I would appreciate the feedback from Commission members at our next meeting

on that criteria. Perhaps we could have a discussion in other business so that we get a better feel for how you all feel we should approach this.

That concludes my report, Madam Chair.

MS. MOLNAR: Thank you.

Any questions or comments?

Marty?

MR. DAVIDOFF: Yes. What about your follow-up discussions with the Treasurer regarding the agencies, and Mr. Roth's request that was-- You were going to have that discussion--

MR. SHIDLOWSKI: We have a representative of the Treasurer here, but I did make that request to him, and he had indicated that he had spoken to you on the subject, as well, last year. As far as I know-- I mean, the feeling of this Treasurer is the same as the last Treasurer. The information that's needed to make some evaluation of the State's ability to undertake additional debt is the information that was provided last year. As far as I know right now, that's the information that will be presented this year as well.

MR. DAVIDOFF: Madam Chair--

MS. MOLNAR: Yes.

MR. DAVIDOFF: --I think this would be an appropriate time to do it, but we need to then, I believe, address the Legislature about getting our own staff so that we can accumulate the information on our own. Because at this point, we have no authority over the Treasurer's Office, and I think that it's to -- it remains with the Legislature and the Governor to provide a new budget staff for us so that we can accumulate information on agency debt and then present it to the Legislature as part of our report if we so choose. We

need to have a discussion. If you would like to do it now or after the presentations--

MS. MOLNAR: All right. Can we do it after the presentations under other business?

MR. DAVIDOFF: Thank you.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: Just my comment-- Just to remind everyone that the debt service presentation that had been scheduled for the 31st was postponed until November 7. But I think I made it clear enough that I was hoping that by the 31st we would receive -- for the 31st or before that weekend -- the material on the debt service presentation about the hard and the soft debt. I know there's the old adage, debt is debt, but there is a difference between hard debt and soft debt. And I'm hoping that we will be able to receive by October 31 -- that's about a week before -- those materials that would normally be given to us preliminarily a week before the meeting. I know the presentation has been postponed, but I think the material should be forthcoming.

MS. MOLNAR: Is there any problem with getting the information?

MR. SHIDLOWSKI: Our objective is always to provide briefing materials a week before the meeting.

ASSEMBLYMAN ROMANO: If you would allow me, Madam Chair, but in this particular situation, who knows what will befall the situation so that we may not get the material. I mean, heaven only knows. A week before I think we deserve to get the material.

MS. MOLNAR: Okay. I believe we usually receive it on a Thursday or a Friday the week before.

Mr. Davidoff.

MR. DAVIDOFF: I would just like to make a comment that for the brief time I've been here I've found that, at least the last four or five meetings, it's been very consistent, as we have been getting our materials in advance. I don't see anything out of the ordinary here that should be being raised. I assume we'll get them, and it's-- Our staff has done-- For not having a staff officially, we've done pretty well for getting our materials, and I'm thankful for that.

ASSEMBLYMAN ROMANO: Through you, Madam Chair, I know we have been receiving the material, but this is an unique situation when we talk about the debt service. And when you say assume, I've learned a long time from Felix Unger, you never assume anything. It might very well be the case. We are dealing in, what may I call, the best of times or the worst of times. And who knows what will happen on the 31st of October, whether we will receive that material or not. And I'm just setting everybody on notice that we were promised that the material would be given to us the week before. I'm looking forward to the material. That's all.

MS. MOLNAR: We have a meeting on October 31.

ASSEMBLYMAN ROMANO: That's right.

MS. MOLNAR: So we will know at that point-- I would think we would be apprised if there's any issues to hold it up.

SENATOR KENNY: I have corresponded with the Treasurer's Office on the same issue that Assemblyman Romano raised. I sent the letter

out either yesterday or the day before yesterday. Our concern is that the election, of course, is the following week. We had wanted to see that that presentation be made when it was scheduled to be made on October 31. I don't think it requires much speculation to see that the presentation was moved from the 31st to later on for after the election for a reason. So our letter to the Treasurer addresses that concern.

In addition to that, as the Assemblyman pointed out, the materials must be in our hands on October 31. If they're not on our hands on October 31st, then there will be some repercussions.

MR. MORTIMER: Is that a threat?

SENATOR KENNY: I don't know. How do you--

MR. MORTIMER: A little humor, Senator.

SENATOR KENNY: How--

MR. MORTIMER: A little humor, Senator.

SENATOR KENNY: Oh. Okay.

MS. MOLNAR: Well, Senator. At one of the meetings--

SENATOR KENNY: There will be repercussions in that the not having the materials in our hands prior to the election will be viewed as a political attempt on the administration's part to suppress this information prior to the election.

MS. MOLNAR: Now, we discussed at a prior meeting -- Paul and I -- that it has been this Commission's policy to accommodate all the Departments. So when Paul called me, I did try to accommodate the Treasurer. I had no hidden agenda. I was trying to accommodate all the Departments. So I said I didn't have a problem with this postponement.

MR. ROTH: Madam Chair, even with the November 7 date, I think it's still considerably earlier than we've ever gotten this in the past.

MS. HIGGINS: Absolutely.

MR. DAVIDOFF: Two weeks earlier than last year.

MS. MOLNAR: We're doing better. So in trying to accommodate everyone, I was trying to go along with it. So there was no hidden agenda on my part. So just to let you know, we should receive the material on the 31st. If we do not, then it will be another issue.

SENATOR KENNY: Okay.

MS. MOLNAR: Any other questions or comments? (no response)
If not, I'd like to welcome our departments.

Our first presentation is in the interdepartmental request. I'd like to welcome Anthony Mazzella.

ANTHONY MAZZELLA: Good morning, Madam Chair.

With me this morning is David Millstein, who is our ADA Director in the division of Property Management and Construction.

Again, good morning, and good morning to the Commission members. I'm the Deputy Director of the Treasury's division of Property Management and Construction. And I thank you for the opportunity to appear before you and present the interdepartmental capital budget requests for Fiscal Year 1999.

I would like to acknowledge Mr. Shidlow's assistance and the the Commission's staff for their advice and guidance in the preparation of this request.

The funding request before you focuses on three priority areas being: life safety, facilities preservation, and environmental remediation; Priority 2 being building and life safety code compliance; and Priority 3 being nonemergent maintenance and general renovations and upgrades.

The Division of Property Management's focus has been to standardize applications of facility usage, particularly in the office space environment, and reduce our need to go outside the State-owned inventory and reutilize State-owned facilities reducing our leased-space inventory statewide. The Statewide Facilities Master Plan continues to enable the Department of the Treasury to maintain oversight of the baseline office space requirements for agencies in the executive branch. Our objectives in readapting and reassigning State-owned space have successfully enabled this Department to effectively reduce space on a statewide basis to which we will have achieved a goal of eliminating over 80 percent of the identified surplus space represented in our Statewide Facilities Master Plan report.

We continue to analyze future lease-reduction opportunities through the more effective utilization of State-owned facilities. Focusing on the minimal capital improvements necessary to effectively utilize our State-owned space, this capital budget request presents an accurate and up-to-date need in support of those future reduction objectives.

To date, our lease-reduction initiatives through Fiscal '99 project over \$13 million in annual rent elimination. These efforts have been achieved through the cooperation of the various Departments who utilize, lease, and own facilities statewide. Their cooperative efforts in reducing costs through

consolidating and working smarter has played a major role in our success to save in this area.

Our continued expectation to more effectively utilize our State-owned inventory is premised on our ability to secure our needed capital funds. While several of these projects are repeat requests from the FY98 budget, our need for funds in these areas continues to remain a priority if we are to efficiently utilize our assets.

Thank you for your attention during these brief comments, and I'll be happy to answer any specific questions you may have at this time.

MS. MOLNAR: Okay. Thank you.

Any questions or comments?

Assemblyman.

ASSEMBLYMAN ROMANO: Madam Chair, just one comment about the Justice Hughes Complex.

Aren't they doing a massive waterproofing on the outside due to the hanging--

MR. MAZZELLA: Yes, sir. Assemblyman Romano, they are replacing the exterior skin on that building. That's part of an ongoing capital improvement project that's taking place there. We have done some additional upgrades to the heating and air-conditioning system there. We've done a complete ceiling tile replacement there, and so on. We're staging this as funds are available.

ASSEMBLYMAN ROMANO: Well, I noticed that -- through you, Madam Chair -- you have underground electrical distribution. Is that the same

complex, the Justice Complex? That would be number one. I don't know, you got a whole lot of ones.

MR. SHIDLOWSKI: That's the priorities, I believe, you're looking at, Assemblyman.

ASSEMBLYMAN ROMANO: Yes.

MR. DAVIDOFF: Project numbers are the fifth column.

ASSEMBLYMAN ROMANO: Oh, the project code.

MS. MOLNAR: Yes, here it is. The project number.

ASSEMBLYMAN ROMANO: Project number, I see. I'm sorry.

MR. MAZZELLA: Is that the \$1.5 million request? It's the wire management system within the building to-- As you may know, the building comprises approximately 1 million square feet. It was constructed in 1981. The building is serviced by an underfloor wire duct system. And that system did not have what I would call an effective wire management program available to it when it was originally installed. And so as technology required increased wiring capacity in the duct systems under the floor, wiring was added without any effect to properly manage it. We need to install a wire management system there. The duct system is becoming excessively overburdened with wiring.

ASSEMBLYMAN ROMANO: I have no other questions.

MS. MOLNAR: Thank you.

Mr. Davidoff.

MR. DAVIDOFF: Yes. Going to the underground storage tanks, Project No. 18, the 5 million, was that last year's request? When it says the

prior year's column-- Or was that over a period of several years? I'm looking at the departmental summary.

MR. SHIDLOWSKI: If I could interject--

MR. MAZZELLA: Please.

MR. SHIDLOWSKI: Actually that should have been the prior year's appropriation. My recollection is that that number should actually have been \$9 million.

MR. DAVIDOFF: Nine million.

MR. SHIDLOWSKI: That's what was appropriated by the--

MR. DAVIDOFF: So last year, you had \$9 million. I assume last year you had asked for 97 million, also, on this particular item.

MR. MAZZELLA: I don't have the specifics on that.

MR. DAVIDOFF: Or something in that--

MR. MAZZELLA: Yes.

MR. DAVIDOFF: Okay. I guess the point I-- The issue I'm trying to get to-- A lot of the Departments come to us, realize that they can't spend everything in one year, because the budget isn't there. You got 9 million, I guess, last year on this particular item. Even if you got the 97 million, could you properly administer seeing all of that work done in one year?

MR. MAZZELLA: I doubt that; however--

MR. DAVIDOFF: Then--

MR. MAZZELLA: --I do not have the specifics on the underground tank process. That's really another faction of our Division. I can

give you the details on how that could be organized. I believe we're tied to some Federal legislation.

Paul.

MR. SHIDLOWSKI: There is. There's a Federal deadline of December 1998, and any tanks that are not upgraded at that point in time are subject to fines of \$25,000 per day per incident. The fines being what they are could be significant to the State. This represents the remaining need. When staff makes recommendations to the Commission, we try to factor in what we need to accomplish before that deadline.

MR. DAVIDOFF: I understand that. I guess the question is, are those fines being implemented? Or are they being--

MR. SHIDLOWSKI: We haven't reached the--

MR. DAVIDOFF: If you're making a good faith effort--

MR. SHIDLOWSKI: --deadline yet.

MR. DAVIDOFF: Oh, it's December 1, 1998.

MR. SHIDLOWSKI: December 23, actually, I believe.

MR. DAVIDOFF: Okay. And I guess what I'm asking is that when these come initially, I understand staff is going to prioritize it. But when a department comes to us, it's not realistic in my opinion, and I might be wrong, to ask for all \$97 million in one year. It's not going to come about, and you would have a tough time administering even if you got that windfall of money in one year. I'm just asking that, you know, to be realistic. If you say, "Well, we could handle over three years or four years or five years," and that would be realistic. Instead of just putting everything in FY99 and then just taking what you get. After you can try to work with the group priorities in

order to stage it in so that by the time it gets to the Treasurer's staff, you know, there's at least been some hard thinking about it on your part.

MR. MAZZELLA: Thank you.

MS. MOLNAR: Any other questions or comments?

Diane.

MS. KOYE: In the Governor's budget in the proposal, it showed you had a 60 million request for underground storage tanks. And it appeared that it jumped to -- your request jumped to 97.4 million, and you were given 9 million. I was just wondering, first of all, why it jumped so high and who is going to be doing that work? Is the State going to be doing that work, or will that be contracted out? Will there be any further future costs?

MR. SHIDLOWSKI: I think I should probably answer that question. I happen to be involved in this in my other job. Sixty million was the amount of effort that we believed needed to take place during Fiscal Year '98 in order to meet that December 1998 deadline. The fact that only a fraction of that amount of money was actually appropriated, the 97 million represents the remaining effort that needs to take place next fiscal year in order to meet the Federal deadline.

MS. KOYE: Are there going to be any out-year costs beyond that, or is that just it?

MR. SHIDLOWSKI: That represents the amount of effort we need to accomplish. That's our best estimate at this point in time. Whether that will change or not, I would suspect that it would. I mean, we're dealing with underground tanks. Until you actually remove the tanks, you don't know what's involved.

MS. KOYE: Did the price rise?

MR. SHIDLOWSKI: I believe that the costs, as we're indicating them here, were the costs that were represented in the study that we conducted a couple of years ago of all underground storage tanks that are State owned.

MS. MOLNAR: Mr. Mortimer.

MR. MORTIMER: I think that what they were doing last year was prorating the amount of work they thought they could do in a year. The sum total was always around the 97 million mark.

MS. KOYE: Okay.

MR. MORTIMER: Sixty million would have been a start or partial payment towards that. Now because that wasn't made -- only 9 million was made -- we got the deadline. The outgoing costs or recurrent costs could come from two areas to the extent that we don't meet the deadline and fines are levied. That could result in a recurring future cost.

MR. SHIDLOWSKI: Right. We haven't factored any of that into this request.

MR. MORTIMER: Correct. And then, secondly, as Paul has illustrated, when you open up the ground and start taking these tanks out is when you really find out what the remediation costs will be. We do have some experience numbers, because we have a track record in having removed some of these facilities, especially in the areas like DOT and our relations with motor fuels, but they do have some ability to project reasonably accurately, but it's not-- I don't think anybody here would want to swear that the 97 million is going to be to the penny.

MS. MOLNAR: Thank you.

MR. ROTH: Madam Chair.

MS. MOLNAR: Robert Roth.

MR. ROTH: I'm really puzzled as to how we could even think of not spending this money if, in fact, we face a likelihood of getting fines on the order of \$30 million a year on 1285 upgrades that are necessary. It seems to me that since the Department is only receiving roughly 10 percent a year of what it's requested that at this rate we're looking at an additional eight years of work, or \$240 million worth of fines conceivably. I don't really know whether or not that's going to happen, and I'm wondering if there's any effort being made at the State House to coordinate with Washington to see whether or not this deadline can be postponed.

MS. MOLNAR: I'm not familiar with any.

Paul, are you familiar with any policy at the executive branch?

MR. SHIDLOWSKI: I have no knowledge of any discussions that are taking place with Washington. I know that what we are attempting to do is show a good faith effort by remediating the tanks that pose a hazard.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: When we consider this for our final analysis in November, Madam Chair, I would like to see, if you deem appropriate, that we understand fully the interaction with Washington. Many of these laws that impose fines, such as the ADA, they have policies that say if you're making a good faith effort to get things done that the fines will be waived. The sanctions will not be imposed. Obviously if what Mr. Roth said-- Those numbers are frightening. So I'd like to really understand that, and if by sometime a week before -- I think it's November 22 -- we're making the final decisions, or in that

vein, we can get some feedback specifically on this issue as to what's happening-- There may be a group of states meeting on this already, you know, trying to lobby Washington and say, "Okay, what if we've identified 1285 tanks and we're going to clear up 300 a year or 200 a year." I mean these tanks have been around for a long, long time, and there should be an appropriate amount of time to go and get them cleared up.

So I think we need to understand and we may not be very far at that, but we need certainly to understand that. Obviously, the Governor is going to need to understand that. So either that information is already flushed out somewhere or it needs to be so I -- so that I can understand it, because I'm very obviously, as Mr. Roth, I'm a bit confused and I'd like to understand that.

MS. MOLNAR: I think you raise a good point. I think the whole Commission needs some form of comfort level, what comprises good faith. So it could be helpful, prior to our final recommendations, if we had something for guidance.

MR. SHIDLOWSKI: I'll try to provide a briefing to Commission members on this subject.

MS. MOLNAR: Thank you very much.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: Mr. Davidoff mentioned December the 22nd?

MS. MOLNAR: No. November.

ASSEMBLYMAN ROMANO: November. Okay.

MS. MOLNAR: We meet November.

Mr. Mortimer.

MR. MORTIMER: Paul, just a point when you're doing your briefing paper. You might want to include some of the other mitigating factors that the executive branch is looking at in terms of reducing future expense as well, because if we do see a number of fueling facilities and how that has a capital, as well as potential operating, impact.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

If not, I'd like to thank you for your presentation.

MR. MAZZELLA: Thank you.

MS. MOLNAR: On behalf of the Department of Treasury OTIS, which stands for Office of Telecommunications and Information Systems, I'd like to welcome Hank Murray and Mark Carroll.

HANK MURRAY: Good morning, Madam Chair. Thank you very much for having us here today.

Good morning, ladies and gentlemen.

In addition to Mark Carroll, I also have Bill Finnegan from the OTIS staff here as well. Ron Maxson could not be here. He's out of state. He asked me to convey his thanks to the Commission for their support this fiscal year.

We have been able to embark on a fairly sizeable project to consolidate three existing data centers within OTIS into two facilities. Where we stand with that effort is over two consecutive weekends in September, we installed two new enterprise servers and have effectively reduced the number of processors from four to two.

In January of 1998, we will complete this project by effectively eliminating the data center that presently is in the first floor of the Taxation building. It was with the funding that the Commission gave us this year that we were able to proceed with the acquisition of those two processors.

If we can answer any questions on the material that we have submitted, we'll be more than happy to do so.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman Romano.

ASSEMBLYMAN ROMANO: This is very high tech. (laughter) And I'm not about to start questioning -- how can I put it? -- just for the want of names, you know, some of the things here. I have always had the highest regard for the oldest group. You may recall from, I think, a prior year I'm the one who would suggest that you would become an integral part of the State Department of Education's attempt at networking, etc., etc., etc. Because I think you gentlemen -- and I don't know if there's a female with you -- but you gentlemen have the expertise to help schools and colleges do what they're doing. I know they have a private partnership as such, but I think OTIS does an excellent job.

MR. MURRAY: Thank you very much.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

No. Okay. If not--

MS. KOYE: I have a question.

MS. MOLNAR: Yes. Diane.

MS. KOYE: The data center-- Money for the data center-- The consolidation.

MR. MURRAY: Yes, ma'am.

MS. KOYE: I believe 3.8 million, and it was given in the '98 Approp Act, and we were led to believe-- The Legislature was led to believe when we gave that approp that that was it. There was no discussion of future out-year costs. So it's a little disturbing to see that you're requesting more money for that when that wasn't made clear in your original request.

MR. MURRAY: I believe the original request showed that we were looking at a five-year time frame to procure these particular processors, and in fact, the total contract that was awarded in mid-August of this year was \$20.5 million.

MS. KOYE: Was this for the consolidation of Barracks Street and--

MR. MURRAY: That's correct.

MS. KOYE: Okay. We got some information that showed it, which is the one time.

MR. MURRAY: No.

MR. SHIDLOWSKI: The original request, if I may interject, was for considerably more money. The exact number escapes me, but it was a \$14 million or \$15 million number. That was a project that was actually recommended by the Commission. When the Governor's budget was constructed, it was thought to be more efficacious to finance the acquisition of the equipment for the data center consolidation over a five-year period. And so, the amount of money represented here is the amount of money that's

needed in order to make the line of credit payment for that equipment and the consolidation project.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Yes. Just pointing out, last year's request showed \$16 million for this project in their request. Originally, they were asking for 8.5 million Fiscal 1998, 4 million in 1999, and 3.5 million in 2000. So they did indeed-- I have it here to see. May I see-- After this five-year project is done in the main center, isn't the state of technology such that there's always going to be-- I mean it's changing so fast, you envision there are going to be substantial costs afterwards as technology changes, or you think you have ten years here? Or you really don't know?

MR. MURRAY: History has said that two to three years is about as far as that technical plan will really work.

MR. DAVIDOFF: Is any of this-- Do you deal with the year 2000 problem on this?

MR. MURRAY: Yes, we do.

MR. DAVIDOFF: And how are you proceeding on that? What's the status? Do you have monies budgeted for that already?

MR. MURRAY: It's not included in this.

MR. DAVIDOFF: It's not included. It's an operating--

MR. MURRAY: It's an operating expense.

MR. DAVIDOFF: Okay. How is that?

MR. MURRAY: We have contracted with a number of software companies and acquired additional software products that presently run on our existing processing platforms to help our staff and go through and make the

basic changes to accommodate the year 2000. There are probably 60 different projects going on within OTIS today in converting code to make it compliant with the change to the year 2000.

MR. DAVIDOFF: And you're comfortable that all that will be done?

MR. MURRAY: I am not the least bit comfortable--

MR. DAVIDOFF: You're not in the least--

MR. MURRAY: --that all that will be done. That is a vast amount of work. There are many factors that influence that. We are attempting to modify existing applications to accommodate the millennium change at the same time that we are trying to expand those systems to accommodate additional needs from client agencies. So it's an awful lot of work.

MR. DAVIDOFF: So while we're doing this, we're making sure that the year 3000 is okay, too? (laughter)

MR. MURRAY: I'm not going to be around to worry about 3000.

MR. DAVIDOFF: Thank you. Well, that's what they said in 1975 when they were designing these systems.

MR. MURRAY: I had a personal experience in 1960 with a transition from the punch card era to the early first and second generation of computing where you had to go from a single-digit year and 1959 changing to 1960. And it was a very small problem compared to 1999 going to 2000.

MR. DAVIDOFF: Figure with that--

MS. MOLNAR: Any other questions or comments?

ASSEMBLYMAN ROMANO: Madam Chair, just one question. An interesting point about being able to cover the year 2000. Is there

sufficient funds in this budget to do what you have to do to make that time line of the year 2000?

MR. MURRAY: In the capital budget?

ASSEMBLYMAN ROMANO: Yes.

MR. MURRAY: Our capital budget submission is directed more at the computer needs and the infrastructure needs, in other words, our buildings and our physical plant. We are dealing with our operating budget to accommodate our people costs and whatever application software costs we need to make all these changes.

ASSEMBLYMAN ROMANO: When you say operating costs, that's not the providence of this--

MR. MURRAY: That's correct.

ASSEMBLYMAN ROMANO: --Commission. That will be in your budgetary--

MR. MURRAY: That's correct.

ASSEMBLYMAN ROMANO: --requests.

MR. MURRAY: And the year 2000 is not strictly an OTIS problem. There are a number of computer systems that each of the individual agencies have that may have the same problem that OTIS has getting everything able to accommodate the year 2000.

ASSEMBLYMAN ROMANO: Well, Madam Chair, I'm not going to prolong this, but see this is my argument: That you are the high-tech group, and when you talk about other agencies, I just cringe and say, how come you're not the master agency?

MR. MURRAY: We are spending a very sizeable amount of time in working with agencies not only on the applications that OTIS runs for them, but also on their own operating environments. And whatever assistance we can lend them, we're helping out.

ASSEMBLYMAN ROMANO: Well, just that we're not looking forward to surprises. You know what I mean, that you might have done your job and then somebody down the line for whatever reason -- some check or some documents, whatever the case might be -- doesn't go along with the change of the time. There might be some horrendous situations that may evolve. I always look to you as the -- how can I put it? -- the -- what's the right word beyond high tech? -- as the leader, if you will, with the vision and all, as far as all the State's needs, to guide all the agencies. If they can't get it from you, then whom do they get it from?

MR. MURRAY: We are endeavoring to provide that leadership. And as I said, we are working very closely with all the different agencies and how this gets done.

ASSEMBLYMAN ROMANO: I expect no less.

MR. MURRAY: Yes, sir.

MS. MOLNAR: Commissioner Anselmini.

COMMISSIONER ANSELMINI: Madam Chair, I just wanted to answer the Assemblyman's questions. There's also an entity called the Information Resource Management Commission, which is a creature of the Legislature created as a tribranch agency that has responsibility for setting the vision for the use of information for this State. And that group meets once a

month, and they have identified the year 2000 as the most critical problem of the State right now.

The three branches of government are working together to access the amount of resources that are required. Dick LaRossa is the Chair of that Commission. It is his intention to bring the -- I guess the amount of resources that are required to the attention of the Legislature in the next budget process.

ASSEMBLYMAN ROMANO: I appreciate that, Commissioner. I'm only hoping that I have to assume then that you are an integral part of that network that's being set up?

MR. MURRAY: Ron Maxson attends virtually every meeting that the Commission has.

ASSEMBLYMAN ROMANO: Thank you.

MR. MURRAY: Thank you.

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

MR. MURRAY: Thank you very much.

MS. MOLNAR: Our next item is the Department of Military and Veterans' Affairs. Until the General gets here, could we jump down to other business in the meantime and perhaps discuss the one item that was brought up earlier.

I have notes scribbled here. I have-- One was Marty about a letter to the Legislature asking for a full funding of this Commission. Also, Mr. Roth brought up putting the unfunded outstanding debt of all the agencies and then having all agency debt, even if it's not backed by the full faith and credit of the State.

I think we lost Senator Kenny unfortunately.

Now, my notes also say that the Treasurer's Office feels that we have all of the information-- He will be presenting information similar to last year to make our evaluation. And that did not include all of the agencies' total debt or outstanding unfunded debt.

Is there any discussion, comments?

MR. DAVIDOFF: I'd like to make a motion. In order to fill our obligations under the statute as interpreted in the broadest possible manner, we hereby direct staff to accumulate, in a format similar to that provided by the Treasurer last year, a summary of all data of State authorities and agencies and any other State debt that will not be included in the Treasurer's Report.

MS. MOLNAR: That will not be included?

Do I hear a second?

ASSEMBLYMAN ROMANO: I'll second it.

MR. DAVIDOFF: Thank you, Assemblyman.

ASSEMBLYMAN ROMANO: At what time line, though, I have a question. It sounds pretty Herculean.

MS. MOLNAR: All right. Now that I have a first and second, why don't we discuss it.

MR. DAVIDOFF: The time line-- We have a part-time staff. I think the second problem that we're going to have to address, after we make it our Commission's desires to have this information, we're going to have to have our Executive Director report back to us as to what his time line is and if it's possible for him to do it under the current budgetary constraints. If it's not, then I would think that we would then have to go to the legislation (*sic*)

and the Governor and say, "Listen, we feel we need to do this. We feel we need to understand this information, and we need a further budget."

So I think there are really two separate issues. One, do we as a Commission feel we need this information? If so, we should get it. I'll give you an example of what the information would be. The Treasurer's going to tell us what debt has been issued directly for State operations. However, if the Economic Development Authority has debt associated with its operations, if the Garden State Parkway has debt associated with its operations because they are funded by other sources, that will not be included in the Treasurer's Report.

MR. SHIDLOWSKI: I think I need to interject at this point. And how does that information fulfill the Commission's mandate under the amended legislation to make a judgment about the State's ability to increase its overall debt?

MR. DAVIDOFF: Well, the Treasurer's point--

MR. SHIDLOWSKI: The Treasurer's point, and I agree, is that it's not relevant information for that decision making.

MR. DAVIDOFF: Well, here's the point I'd like to make. As a Commission member, I understand the Treasurer's view as to how the ratings are done and how he wishes to do this. However, notwithstanding then, having compared this with some local municipalities where I've done the same thing, I believe it would be instructive for us to do this. The wording of the statute is unclear. I think it's up to us as a Commission to act independently and make that determination, regardless of what the Treasurer does. I don't think it impacts on what the Treasurer does. If we get this information, we

may look at it and say, "You know what, I understand this information. I understand it's funded, and if the State debts, according to the Treasurer, is 10 billion and when we look at this is another 82 billion, will we know it's all funded, then we can understand it." Then if we wish, we can make that information known to the Legislature.

But I think it's our responsibility as Commission members to make that determination, not the Treasurer's responsibility to tell us what we should and shouldn't know. And before I can make that determination as a Commission member, I have to have the information. And what I'm being denied is the basic information. If you give me the information, Mr. Shidlowksi, then I would be able to make a determination if it's relevant. But if you just tell me, "Mr. Davidoff, it's not relevant," I can't make my own independent judgment. And that's why I believe I've been put on this Commission.

MS. MOLNAR: Well, I have a question, a theoretical question. All these authorities, like the Parkway, have their own boards, and aren't we second-guessing their due diligence? They look at the revenue streams and their expenses. Aren't we second-guessing them?

MR. DAVIDOFF: I'm not second-guessing them. I'm just saying give me the information. Tell me what their debt is. I'm not going to go second-guess the propriety or not, but I'd like to get my arms around it and know how much it is. I have no idea what it is.

MS. MOLNAR: Even though it's coming directly from the revenue streams generated by that roadway?

MR. DAVIDOFF: Well-- But the Economic Development Authority, for example-- I don't know their revenue stream. The roadway might be a clear choice, but there might be other revenue streams we're not aware of. I-- Obviously the Governor, when she's making decisions as to tolls and other things like that, she's looking at these things-- The Treasurer-- Some Departments are looking at these things, and I think in order to understand the full-- I think one of our responsibilities as a Commission is to understand how State government is financed. And part of the way State government is financed and provides services to our State is through these authorities and through these independent agencies.

There are two ways to fund a road. One is you can tax the citizens and pay for the road, all right. The other way is you can put a toll on there and say, "Okay, I'm going to set up an independent authority." Well, the taxpayers are still paying for it, but in one fashion they're paying for it based upon use. On the other matter, they are paying for it through their per capita, or tax dollars, that they pay. I'd like to understand that. And I think-- I'm not looking to second-guess. I'm looking to understand it, because I think we'll bring more to our ability to evaluate everything. After I look at it, I may say, "It's no big deal."

But as you say, Madam Chair, there are authorities here that have a good handle on this. I don't think it would be that difficult for somebody just to coordinate and say, "Okay, give me your information, let me put it into a Lotus spreadsheet, and I'll give it to the Commission membership." It can even be given to us separate and months apart from when the Treasurer gives us his report, so it's not linked to it. If you wanted to give it to us next March,

I don't care, but I'd like to see the report. I'd like to have the report. I'd like to have the information updated annually. I'd just like to see it one time, then we can make a decision as a Commission whether we'd like to see it annually. But until I see it the one time, I can't make a decision in good faith. And I don't think the Governor would run this State without knowing that information. I'm sure the Governor knows the information or somebody on her staff. Why can't we know the information?

MS. MOLNAR: I can't remember if we had legislative intent, if we looked at that, whether that was the intent of the legislation, passed by my colleague here, to look at the State overall debt in those terms.

MR. SHIDLOWSKI: Mr. Davidoff, you made that comment that-- He thought that the amendment to the Commission statute was unclear. And on the contrary, when I had spoken to Legislative Counsel, they suggested it should be interpreted as plain language. So I would suggest that it is clear.

MS. MOLNAR: Would it make sense for our Legislature to amend this act to clarify what they meant? Did they mean the total State debt including agencies?

MR. MORTIMER: Madam Chair.

MS. MOLNAR: Yes.

MR. MORTIMER: Perhaps if Mr. Davidoff's interest is for his edification as a private citizen, he can request that information from each of those agencies, and they can provide it to him in a format that's readily available to any of the public entities, the bond rating entities, and the citizens that look at it. They file annual reports, quarterly reports, and that information can be made available to him as an individual citizen. I think the

Legislature's intent -- and I don't mean to speak for it-- But I have great respect for the language that they craft in such a manner for it to speak for what their intent is. I know that the Assemblyman is known as an authorthenist (*sic*) in the Assembly and chooses his words very carefully not only for connotation, but denotation. I know that the Senator has the same sense of eloquence in his House as do the members of the other parties.

(loud feedback from PA system)

MR. MORTIMER: Everybody shut their lights off.

SENATOR KENNY: I think that was in response to your comments, David. (laughter)

MR. DAVIDOFF: Actually, I think it was in response to mine.

MR. MORTIMER: I think frankly that the Treasurer's position as a department, not as an individual, has been expressed twice now. And clearly the intent of this Commission's work is to review that debt that the State has a liability for directly. The independent authorities' liabilities are not incumbent to the State. When they go out for their bonding, it is-- We are not listed as the payee. They, in fact, are the people who, through their revenue sources, must address those issues. So as a private citizen, I would suggest to the fellow Commission member that that information is available to you on request. I'm certain a quick form letter to the agencies you are interested in would get you a very prompt response from them.

MR. DAVIDOFF: I would have to know all the agencies that exist. I don't even know that.

MR. MORTIMER: They're listed in the *Fitzgerald's*.

MR. DAVIDOFF: What?

MR. MORTIMER: They're listed in the *Fitzgerald's*.

MR. DAVIDOFF: What is the *Fitzgerald's*?

MR. MORTIMER: It's a legislative guide book. It's a very interesting and very informative mean.

MR. DAVIDOFF: Where can I get that?

MR. MORTIMER: Almost any library, and I'm certain any member of the Legislature would be happy to help you with that. But I think that might get you-- And I think also, Mr. Davidoff, what that might help you do is-- I know from personal experience that those agencies would be more than happy to spend the time with you to answer even more specific questions that you may have in mind about their particular type of debt and all the characteristics that go with it. However, there is a distinction I would like to make, having municipal and county experience myself. There is not a lot of corollaries in much of the debt that the State or its authorities are issuing to the municipal debt because of the varying statutes that address each of the entities. And it makes it very difficult to do an apples-to-apples comparison.

So I think that the Treasurer's Office, both in the presence of Treasurer Clymer last year in person, as well as to the personal discussions that have been had with the present Treasurer, Mr. DiEleuterio, or that the Treasury's intent is to comply 100 percent with the statute and give this Commission 100 percent of what the statute requires that it give in the most informative fashion possible. It's not a staffing issue. It is a policy issue that is driven by legislative interpretation.

MS. MOLNAR: Thank you.

ASSEMBLYMAN ROMANO: Madam Chair?

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: Under your description of would you believe the policy should be or what it is, would Mr. Davidoff and all of us be apprised of, let's say, the Economic Development Authorities then?

MR. MORTIMER: It's my understanding, Assemblyman, that their reports are available as--

ASSEMBLYMAN ROMANO: No, but I'm saying-- But it would not be part of our report given to us as far as the debt?

MR. SHIDLOWSKI: The bonds that are issued by EDA--

ASSEMBLYMAN ROMANO: Yes--

MR. SHIDLOWSKI: --contract with the State are included in the debt report.

ASSEMBLYMAN ROMANO: --they are included?

MR. SHIDLOWSKI: They are.

ASSEMBLYMAN ROMANO: Okay. I just saw for that for Mr. Davidoff. I assume, from what you're saying is, here, the individual municipal authorities of sewage, authorities for the communities are not within what we're looking for, because the State has no bearing on that debt. The State does not guaranty any of those bonds.

MR. DAVIDOFF: No. I'm not looking for that either.

ASSEMBLYMAN ROMANO: Okay. The major entities, if we can use that word, where the State's full obligation -- faith and obligation or whatever the case might be -- will be included in the report.

MR. SHIDLOWSKI: The full faith and credit of the State only supports the general obligation bonds that the State issues. Debt issued under

contract with the State by the various authorities is subject to appropriation by the Legislature.

ASSEMBLYMAN ROMANO: Well, will that also be in the report?

MR. SHIDLOWSKI: Yes.

ASSEMBLYMAN ROMANO: Okay. I'm satisfied.

MR. DAVIDOFF: I'm confused. You're saying the agency debt will be included in the--

MR. SHIDLOWSKI: The agency debt that's in concert with the contract between that authority and the State is included in the debt report.

MR. DAVIDOFF: For example, there will be some debt from the EDA that is included and some that is not included.

MR. SHIDLOWSKI: That's correct.

MR. DAVIDOFF: Okay.

MR. SHIDLOWSKI: The EDA issues some debt on behalf of private corporations for their expansion projects, etc. That's not debt of the State's.

MR. DAVIDOFF: Madam Chair?

MS. MOLNAR: Yes.

MR. DAVIDOFF: Just a couple of clarifications in response to some of the comments made. First of all, I have no problem with what the Treasurer is providing us. He is providing us his -- what is the general obligations of the State, and that's fine. It is our responsibility, all right, to make a determination what we need. If we feel we need more, I think we should do it. The wording of the statute talks about a report on the State's

overall debt. Okay. The State's overall debt under my interpretation at least needs -- makes me want to see what is the debt of the agencies. All right. If you talk about plain language, I understand Mr. Shidlowski's right. Last year he did make a request to the Legislative Counsel, got the response, and-- But I think as, you know-- I don't have a problem with what the Treasurer's providing us. All right.

I'm saying this Commission has to make a decision whether we feel we need this information of the agency debt. For example, seeing the EDA portion that's part of the general obligations of the State, that's one piece. What about the portions that's not part of the general obligations, that's not part of the contract? I mean, these are all pieces of the puzzle that I think I need in order to make the final evaluation of the State's overall debt. Again, I understand it may not be the Treasurer's responsibility to do it, and we--

The motion I'm making is for us to make the decision whether we want it. If we want it, we then should direct our staff to do it. I understand there's an overlap in staff, but that shouldn't be the relevant consideration. The relevant consideration is whether the members here agree with me.

This is the second year I'm raising the issue. I suspect I'll probably raise it again next year, because it's my -- unless the Legislature wants to give me some clarification that "thou shalt not do what Davidoff wants," I view my responsibilities to understand the entire debt and view that as a critical responsibility here. I know there's a disagreement between what the Treasurer thinks this Commission's responsibility is, and obviously, the Treasurer is a member of this Commission. But I just wanted to tell-- In the Treasurer's capacity as such, I have no problem in what he's going to be presenting us, but

I think that we do need the additional information. And I will after this meeting probably approach some of you to find out how to get *Fitzgerald's* legislative guide. But I think I need to do that also -- pursue this as in my official capacities.

MS. MOLNAR: Now we have a motion on the floor that was made and seconded. Could we table the vote until after the General's presentation?

MR. DAVIDOFF: I'm finished discussing it, if everybody is ready to vote.

MS. HIGGINS: Can you read the motion?

MR. DAVIDOFF: I have it written--

MS. HIGGINS: You have the motion--

MR. DAVIDOFF: --and I'll read it again.

MS. HIGGINS: --written down?

MR. DAVIDOFF: Yes. In order to fulfill our obligations under the statute, as interpreted in the broadest possible manner, we hereby direct staff to accumulate, in a format similar to that provided by the Treasurer, a summary of all debt of the State authorities and agencies and any other State debt not included in the Treasurer's report.

MS. MOLNAR: Okay. We had a first and a second. Take a roll.

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Roth.

MR. ROTH: No.

MR. SHIDLOWSKI: Senator Kenny. (no response)

Diane Koye.

MS. KOYE: No.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: I can appreciate why everybody is voting no -- I shouldn't be talking during this time -- but I think to clarify this you would have to change your resolution, because you're saying whatever they're not going to give us. I want that as well. And you know, that's pretty much of an open door. I'm personally satisfied with what they are going to give us.

MS. MOLNAR: Well, you can vote no in other business. If you want to make another motion, that's fine.

ASSEMBLYMAN ROMANO: Well, I'm just going to abstain on this one.

MS. MOLNAR: Okay.

MR. SHIDLOWSKI: Okay. Mr. Mortimer.

MR. MORTIMER: No.

MR. SHIDLOWSKI: Commissioner Anselmini.

COMMISSIONER ANSELMINI: No.

MR. SHIDLOWSKI: Christina Higgins.

MS. HIGGINS: No.

MR. SHIDLOWSKI: Ms. Molnar.

MS. MOLNAR: No.

MR. SHIDLOWSKI: And do we come back to Assemblyman Romano at this point?

Are you passing or abstaining?

ASSEMBLYMAN ROMANO: I just abstain.

MS. MOLNAR: Okay.

MR. SHIDLOWSKI: Motion does not carry.

MS. MOLNAR: Thank you.

The next department we will do is the Department of Military and Veterans' Affairs. I'd like to welcome General Glazar.

ADJUTANT GENERAL PAUL J. GLAZAR: Thank you very much.

(loud feedback from PA system)

MS. MOLNAR: Okay. You're going to have to speak loudly. Our mikes are not working.

ADJUTANT GENERAL GLAZAR: I was going to say, what did I do? (laughter)

Madam Chairwoman, Commission members, good morning.

As the Adjutant General, it is my pleasure to present to you today with the Department of Military and Veterans' Affairs '99 Capital Plan. The plan identifies 17 projects totaling \$19.1 million and, as in previous years, underscores our major critical concerns. We also ask for your continued support as demonstrated in the past.

This year instead of having a separate booklet with photographs, I have incorporated the photos into my testimony. To maintain continuity, we continue to categorize these photos by depicting projects that are planned, currently under construction, or illustrating the effects on an ongoing deterioration at our facilities.

In recognition of your past support, I again wanted to add thanks and really appreciate everything that you have done for the Department. Your continuing support is sincerely appreciated and is best illustrated by our Department having \$2 million worth of projects currently under contract this fiscal year. With these '98 funds, we will install fire suppression systems at our Westfield, West Orange, and Vineland Interactive Community Resource Centers -- and if you remember, that's what we're calling our armories now -- replace windows at Newark and Jersey City, and replace the roof at the Paramus Veterans' Home.

This funding will also allow us to do some Americans with Disabilities Act upgrades at Jersey City and major maintenance projects at West Orange and at our Department of Military and Veterans' Affairs headquarters. This funding continues the process of assaulting long-ignored preservation and construction projects but, as I have previously stated, falls well short of our overall needs.

I now want to bring you up to date on projects presently under construction. When we take previous years' capital funding and add to this FY97 Federal contributions of \$3.5 million for Army Guard construction and \$553,000 from the Veterans Administration, we undertook such worthwhile projects as: elevator upgrades at the Vineland Veterans' Memorial Home making them ADA compliant; a roof replacement and ADA improvements at our Franklin Interactive Community Resource Center; a fire suppression system installation at Teaneck and Jersey City Interactive Community Resource Centers; Phase II road construction at Arneytown Cemetery -- you can see by the photo what we really had done if you saw a larger overhead

photo -- we have doubled the size of the cemetery's available land by putting in the additional roads to support the second half of the cemetery operation; plus a covered storage building at that same cemetery that allows us to store the additional equipment that we have.

We have other renovations and various building improvements at our National Guard Training Center located at Sea Girt. Some of the projects we'll show you include a latrine to Building 26. It's a large addition to an auditorium-sized building.

With special funding from the Department of Treasury:

We are currently renovating and modernizing three barracks facilities that will be shared with the Department of Corrections for their Corrections Officer Academy -- you can take a look at the photo. It's a complete rehab from the ground up of three of the U-shaped barracks to square them off, include a 50-man classroom in that, as well as continued sleeping space for our soldiers and Corrections Officer Academy trainees; a cupola repair at our Morristown Interactive Community Resource Center; exterior repairs at our Vineland and West Orange Interactive Community Resource Center -- you can see with the columns-- About six huge columns holding the front of the building up. You can see the column before and the column afterwards. Just completely redid the column, but did them in such a way that we will not have to do them in the future, because they've all been wrapped with fiberglass to take care of them for longer than just a board replacement and a paint job; completed ADA improvements to our Newark Interactive Community Resource Center. The ramp -- you can see the photo shows there -- depicted; wheelchair lift to our Headquarters building. We

have a large number of veterans coming in there and very difficult to mount the steps. It's an elevator-type set up you see in the picture; boiler replacement at Teaneck. You can see the three huge boilers in the picture. And if you turn the page, take a look at the newer boiler -- replaced by two new boilers that are half the size.

These projects were all made possible by your realization that funding is necessary to save our infrastructure from long-term deterioration. Again, I want to thank you for this support. And that was money that had been granted to us combined with Federal monies to make that all work.

Now, however, these dollars are only beginning to address our requests. Today, as in the past, I ask for your help to permanently prevent further decay of our facilities.

First, let me assure you that our National Guard units continue to perform in a proud and outstanding manner. During the past year, the National Guard responded to two State emergencies resulting in 1652 missions and the call-up of 1615 personnel -- some of the snow that we had last year and the flooding.

Our counterdrug operations have assisted in seizing 2.5 tons of marijuana, 2 tons of cocaine, and 278 pounds of heroin, as well as almost 3000 weapons totaling over \$97.4 million. That's some of Jersey's best-grown marijuana -- the bottom picture -- you take a look at that. It's a continuing problem that we face. We have approximately 60 soldiers working full-time in that mission.

Therefore, my vision continues to be to ensure that all of our facilities are adequately maintained for training our Guard members. As I

stated last year, the results of disintegrating infrastructure are cancerous and slowly eating away at the heart of our facilities. Your funding support is the only cure. If you take a look at the photos that we show you there, the Red Bank Armory has water damage to it, the Newark roof deterioration-- We continue to patch and bring these things back up, but they continue -- because of large infrastructure problems -- to deteriorate.

Let's talk about the '99 requests. My first priority is funding for the architectural and engineering services for the demolition and reconstruction of our Vineland Home. This project has become necessary due to the age, condition, and overall functionality and major code violations of the building. You can see the campus of the Vineland Home spread out in the picture and identify. It becomes very difficult to run and control that operation, and we feel that the rehabilitation of the existing residential units has become cost prohibitive. Rehabilitation costs could run higher than \$20 million. Additionally, the Federal government will not contribute towards rehabing the facility since the maintain and repair is looked at as a State function.

Antiquated systems and desperately needed interior renovations only undermine the importance of quality of life issues and my deep concern for them. This \$36 million project will provide 332-bed nursing home units. Constructing replacement wings will save us \$2 million per year in efficiencies. Therefore, the payback of six years, \$12 million State share, which is 35 percent VA matched, is a cost-effective alternative.

In addition, the economic impact to the area would be significant. Using our Menlo Park Replacement Home Project, which is ongoing now, as

an example, the \$13 million State share brought a \$27 million Federal share. That \$40 million project has the potential of bringing \$120 million to the economy of that area by its completion. This makes good sense for New Jersey.

The next project, Priority No. 2, would provide the design cost for a conference center at our National Guard Training Center in Sea Girt. This multiuse facility would increase current support offered to our State Departments and could be expanded to private use. Presently we house the New Jersey State Police, Criminal Justice, municipal police classes, and Department of Corrections Officer Academy. Further expansion could include drug enforcement agencies, Department of Labor and Personnel. This venture would consolidate services, alleviate additional leased space, and reduce overall operating costs for the State. And that would be training functions for the Department of Labor and Personnel.

We just have a proposed drawing for the facility and how it would compliment the site down there.

In the future, our Department's presentation for Sea Girt capital projects will be for all Departments or agencies using the facility. We'll come in with one request in the future for all of the agencies, instead of having the three or four separate agencies come in and include dollars to support the Sea Girt operation down there. Right now some of the tenant request items are still independent of DMAVA.

The next request, Priority No. 3, addresses the replacement of the HVAC system and electrical rehabilitation at the Headquarters facility. This building's present systems are 30 years old and are in constant state of repair.

And just recently, we had to evacuate our building when one of the HVAC units caught fire. Yearly repair costs run in the excess of \$39,000.

The heating system is 100 percent electric and inadequate for the facility, and yearly electrical costs exceed \$139,000. These antiquated systems have made it obvious that their replacement would be the most cost-effective measure, too, for the future, because of the annual savings that we will be able to provide when taking a look at that.

The annual operating costs will be reduced by \$168,000. Therefore, we will receive a return on our investment within the next seven years. If you take a look at the photo that we've included next, it kind of shows you what the system looks like and how it's under a constant state of repair and what the exterior of that looks like.

The next project, Priority 4, deals with our Veterans Cemetery's expansion of our accessible areas. With this expansion and the daily burial rate of seven to nine interments, it has become necessary to develop plans to construct a secondary interment facility. This will supplement the necessary administrative and comfort facilities to our cemetery visitors. It puts it at the opposite end of the cemetery and allows us to do double interments without having to back up in one significant area of the cemetery. It also enhances the total operations down there. And as I mentioned earlier, that's seven to nine burials a day-- Is only going to get more, based on the age of our veterans' population that we have in the State. And as you know, we're the ninth largest populated State for veterans in the country with 735,000 veterans in the State of New Jersey, and a majority of them World War II and Korean War vets.

Priority 5 addresses the replacement of our Newark facility. Our design concept is illustrated on the following pages, and it takes a larger building, which was built in the 1900s but was built because it met the needs at the time, and it makes it a more cost-effective system.

The building currently is in need of major electrical, plumbing, and heating system repairs. By constructing a replacement energy-efficient facility, operational costs will be maintained and possibly reduced. Maintenance costs will be reduced, mission readiness will be increased, and the retention of the citizen soldier will improve. Additionally, we can move forward with our plans for Interactive Community Resource Centers that support the multiagency use of these buildings, allowing them to become an integral, effective structure in the community.

Priority 6 deals with the entire electrical system replacement at our Jersey City Interactive Community Resource Center. As depicted in the next two photos, this antiquated system can barely handle the increased electrical demands caused by the technology advances of the various new military equipment. It's appropriate that you'll see this before Halloween, because it almost looks like a Frankenstein electrical board with the master switches that we have there and the system as it's depicted there. It's interesting to walk in the basement and take a look at it.

I remind you that we cannot be expected to hold our facilities together, comply with State and Federal mandates, and improve our residents' care without funding to correct these problems. I do not want our facilities to continue to regress to a point not befitting the respect, sensitivity, and safety that should be given our veterans and soldiers.

Continuing with that thought, this plan as it has previously addressed serious fire/life safety concerns, Priority 7 will move it forward with the momentum initiated by previous years' capital funding. This request, Priority 7, supports our plan to install fire suppression systems in our Bordentown, Mt. Holly, Dover, and Cape May Interactive Community Resource Centers.

Our next request deals with all phases of the infrastructure categories. It's Priority No. 8 on my list. It identifies items under this category -- are the neglect that we have looked at year after year due to insufficient funding and our commitment to correct health safety issues. Take a look at the photos that are identified here with the Bordentown Armory with our window problems that we have here, the Toms River Armory, which is a very inefficient window system in there, our Teaneck water damage that we continue to have, and our Bordentown paving problems that we show. It's just a continual erosion of some of the infrastructure that we face and not the dollars necessary to take care of that. If you continue through and take a look at the West Orange water damage, just about every building we have-- I know, as Assemblyman Romano knows, our flat roofs have continued to plague us year after year after year.

It's to take care of the quality of the facilities and continue to move forward and do this before our buildings severely deteriorate. It's the quality of care on our buildings that our veterans deserve. It's the quality in the life-health safety issues that our veterans deserve, as well as our soldiers, in those facilities.

I'm going to skip through some of these, but you can take a look at our Veterans Transitional Housing project that we have that we're taking care of veterans in a facility at Ancora State Psychiatric Center. And in that facility there, you can take a look at the outside fire escape. It does not meet code requirements. We have a problem with that, because it's not a covered facility. With that being the case, that means when there's snow and ice, it's almost an unusable facility and does not meet the program objectives. But it's an award-winning program down there. We've taken national acclaim for Transitional Housing Program for our veterans. What we need to do is provide them the facilities that will take them through and meet their needs out there.

We continually go through and look at the upgrades and requests for all of our different categories that we have. If you look at the Teaneck masonry damage -- we reflected that one in previous years to you -- we've taken some corrective actions where money has been available, but every time we leave a crack that has not been taken care of in the masonry through the winter season, you wind up losing masonry. And that's a good example of masonry about ready to fall. And if you remember in the past, we lost a whole parapet wall, a million dollars worth of damage, that we're just recovering from now to fix that Teaneck Interactive Community Resource Center-- A large wall that we have on the facility down there.

Even in the Headquarters building -- we look at our loading ramp in our next picture that we have here -- continually under life-safety repair issues. It's a continued problem that we have when we go through there, as well as going through the requests that we-- We still have asbestos problems

in the buildings, we still have underground storage tank problems in our facilities that we need to take of, we still have ADA-accessible problems that are out there, and it's a continual request that this funding program will allow us to go through and address.

When you look at the overall cost of the projects that we have and the total rehab of all the facilities, it's quite a significant amount of money. It's in the \$250 million range. But if we keep going after those in the \$1 million and \$2 million increments to fix them, we're never going to get there. We're going to have a catastrophic loss of building or facility in the process of doing that. We're are either going to see a loss of life in there-- We're going to see a fire in the process, or other things out there.

I think if you get down to where you look at the last couple of paragraphs that I have for you in the testimony and take a look at-- An ongoing project needs to be addressed in the funding phase where we can fund it over a 15-year period to total requirement, a 10-year period, and an 8-year period. I've given you some numbers in there to take a look at. And those numbers would address it in a systematic approach to get healthy with the buildings.

And really, that's my request to you. If you take a look at where we are in building new prisons for our prisoners, they're probably in better shape than some of our soldiers and our veterans are today in the way they are housed and the way they are taken care of. And that's my address to you today, really, to take a look at some of the horror stories I present to you in this report, take a look at the pictures of the good-news items that we've done with the funding that you've provided for us in the past. But it's a continued

degregation of the facilities, because it becomes a geometrical increase in repairs when it starts to get beyond where you can patch it with mortar. You need to go into complete renovations and do it from the ground up, basically like our Newark Armory is today. It needs a ground up restoration.

I'm open for any questions you might have. I've kind of skimmed through the tail end of it for you, but the meat and potatoes comes down to it's a request that is a large request. It's a request to you for a greater share of the need of dollars for the future, based on the age of our buildings, and to let you know that the buildings, even though they are in a state of disrepair, with the dollars you give us we constantly peck away at the most prudent repairs. And that's life-health safety issues.

Questions?

MS. MOLNAR: Thank you, General.

Any questions or comments?

Assemblyman.

ASSEMBLYMAN ROMANO: Two comments. One, with the building of the day care center up at--

ADJUTANT GENERAL GLAZAR: Paramus.

ASSEMBLYMAN ROMANO: --Paramus, does the Federal government allow for any money for this?

ADJUTANT GENERAL GLAZAR: Yes. We're getting reimbursed now. We have a day care center as one of the projects in the rebuild of the Menlo Park Home. That will be the first one that comes on line. We have a per diem reimbursement coming in for day care. It's one of our first ones that are really-- We started doing this, and it's not been done by anybody else out

there, really. It's an innovative step. We've incorporated that into the design of that building. As you know, Paramus is not going to be rebuilt, because it's a newer building. It's one of our newest buildings out there, and it would be to add on to that existing facility. When we go into the Vineland rebuild, that's also what we're going to take into account with Vineland. So the Federal government would have a piece of that. So the Federal government helped us with Menlo. It will support us with the Vineland rehab, but with the rebuild, there's a piece of that that can still be Federal government supported, but we need a State piece, also.

ASSEMBLYMAN ROMANO: All right. There are two other comments. I know you want to take down Vineland. I hope there is nothing there of historical value because, as you recall, I come from Hudson County with the two cannons.

ADJUTANT GENERAL GLAZAR: No.

ASSEMBLYMAN ROMANO: I don't know if you're aware of the two cannons situation or--

ADJUTANT GENERAL GLAZAR: At Vineland?

ASSEMBLYMAN ROMANO: No. Hudson County.

ADJUTANT GENERAL GLAZAR: Oh.

COMMISSIONER ANSELMINI: Park.

ASSEMBLYMAN ROMANO: The Lieutenant General, I think he understands.

You know the story about the cannons?

ADJUTANT GENERAL GLAZAR: And don't promote him to Lieutenant General. That's one rank over me. (laughter)

MICHAEL L. WARNER: That's okay with me.

ADJUTANT GENERAL GLAZAR: I have to correct you on that.

ASSEMBLYMAN ROMANO: In any event, I just want to make the point--

ADJUTANT GENERAL GLAZAR: I'll be answering to him instead of vice versa.

ASSEMBLYMAN ROMANO: I hope we're not throwing away something that somebody looks upon with fond memory.

MR. WARNER: Sir, let me just answer that question for you. If you remember at Vineland, a part of that facility was reconstructed a few years ago when the old, existing building that was the pre-1900 building was demolished, but all of the stone was used and incorporated in a memorial wall that was in the new facility. So the historical part of that facility has already been incorporated into the new portion.

ADJUTANT GENERAL GLAZAR: And we did that at Menlo, also. We saved historical pieces of the Menlo Home, the old portions of that, and also captured a lot of it in photographs for display purposes. But when you looked at the building, it was uneconomical and there was no historical value to the facility itself, just pieces of it.

ASSEMBLYMAN ROMANO: I know you'd be aware of it, because coming on the heels of a situation where we had in Hudson County where they're refurbishing of a park. They just threw away, if you will, two Civil War cannons, and the veterans are up in arms.

ADJUTANT GENERAL GLAZAR: They should be.

ASSEMBLYMAN ROMANO: You can't imagine what's going on. And that's why I say, I hope everybody is careful when you throw something away today.

By the way, getting back to the rank for a moment, why are you still acting?

ADJUTANT GENERAL GLAZAR: Acting?

ASSEMBLYMAN ROMANO: You have Acting in front of your--

ADJUTANT GENERAL GLAZAR: It's a Federal process that takes a lot of time. I'm officially a Brigadier General.

ASSEMBLYMAN ROMANO: Right.

ADJUTANT GENERAL GLAZAR: But the Major General part is an ongoing process that takes time. It's a real screwy Federal program.

ASSEMBLYMAN ROMANO: I thought of that earlier, and then when you mentioned about the rank you came back-- Where does this acting come in? You've been here several years.

ADJUTANT GENERAL GLAZAR: Yes, sir.

MR. WARNER: Several more.

ASSEMBLYMAN ROMANO: This convention center that you have--

MR. WARNER: Conference center, sir.

ASSEMBLYMAN ROMANO: Conference center. Other groups use that as well?

MR. WARNER: We're very limited right now. Sea Girt has four tenants on the installation, but when we try and do anything of a larger capacity with each one of those groups or all the groups together, we're limited

to our mess hall, which limits us to about 250 people. There is really no facility where we can go any larger than that that we presently run and occupy. By maximizing a conference center down there -- one of the conversations and thoughts that we had -- we can defray a lot of the rental space, and we've done that at Sea Girt. We saved about \$2 a square foot for State Police, Corrections Officer Academy, and Criminal Justice -- Sea Girt versus Fort Dix. So we've saved a lot of dollars in the rental market that way. We think that with a conference facility it could be almost a State training facility for all workers. With Department of Labor and Department of Personnel, we talked to Commissioner Anselmini on this issue a while back. It was a good alternative to leased space, but we have a tremendous need for it on the weekends on the Federal side, also.

ASSEMBLYMAN ROMANO: Where is the conference center located?

MR. WARNER: There isn't one right now.

ASSEMBLYMAN ROMANO: Oh, there isn't one.

MR. WARNER: No, sir.

ASSEMBLYMAN ROMANO: I thought you were using some place in Sea Girt, no?

MR. WARNER: We use a piece of Sea Girt right now, but we have a need to continue that in a larger scale.

ASSEMBLYMAN ROMANO: Because I can see the need for it within the other Departments.

MR. WARNER: Yes, sir.

ASSEMBLYMAN ROMANO: And when we talk about the Department of Education and Department of Labor, they're running all kinds of shops and--

MR. WARNER: And the facility that we have now has the mess facility to it, so we can provide lunches, we can provide housing if necessary. So we just think that that would be the -- to round that campus out. That's probably the wise way to spend money, and it would save other Departments in rental-lease monies to do some of the things that they're doing.

ASSEMBLYMAN ROMANO: I'm sure that Ms. Higgins will go over this very carefully with you and will come up with some recommendations.

Thank you very much.

MR. WARNER: I appreciate that.

MS. MOLNAR: Any other questions or comments?

Diane.

MS. KOYE: General, was there a feasibility study done on that center that you'd like?

MR. WARNER: We're in a process. We've done the architect-engineering study of it. We have the plans for it. The next step would be probably the feasibility piece of it and float that through.

MS. KOYE: You don't know when that would be completed? I mean, is that in the works now?

MR. WARNER: No. I can't tell you that one.

MS. KOYE: Would Corrections and State Police also be requested to contribute?

MR. WARNER: Yes. They would support this. Absolutely. We've talked to them about it. As far as we're concerned, it's a campus right now that has multiuse tenants. Anything that's proposed for that campus is done in concert with all of the tenants. We sit down, we discuss it, we put together-- Basically, we have a board that meets and talks about the plan of the campus and how that all operates, and that's all part of it. And this was one of the ones that came up from that. It's an issue that's been discussed a long time. It's been on our drawing boards for a long time. We see a tremendous use of it just on the Military side, let alone on the Veterans side now, and also on all of our tenants. Projection is, just from the use of the tenants on it, it's almost an 80 percent fill. So it's definitely needed. If you take a look at where some of the classes are conducted now, and the classrooms down there, if you're familiar with Sea Girt, they're using Building 26 and you know the age and vintage of what's in there. It definitely needs some additional help.

MS. MOLNAR: Any other questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: Yes. Are my buttons off here? (referring to PA microphone)

MS. MOLNAR: Yes. The sound is making that strange noise, so we had it turned off.

MR. DAVIDOFF: Oh. Okay.

With respect to the Vineland facility, number one-- First of all, thank you for an extraordinarily thorough presentation. It's very helpful for us to see the pictures, and I appreciate your taking the time.

ADJUTANT GENERAL GLAZAR: I don't think most of you get the opportunity to see our facilities, so we try to provide some of that firsthand.

MR. DAVIDOFF: It's certainly appreciated and helpful.

The Vineland facility, which you are proposing to reconstruct at 332 beds, how many beds is that facility now?

ADJUTANT GENERAL GLAZAR: It's approximately the same number of beds. It's not an increase, and it's--

How much is--

MR. WARNER: There are 280 beds there today.

ADJUTANT GENERAL GLAZAR: Okay, I'm sorry.

MR. WARNER: And they need 332.

MR. DAVIDOFF: Two hundred eighty beds. And with the aging veterans population, has this been generally -- has it been maintained? Is there a waiting list to get into these facilities?

MR. WARNER: Yes.

MR. DAVIDOFF: There is a waiting list. How long a waiting list is there to get into the facilities?

MR. WARNER: The waiting list for the three institutions averages on a day-to-day basis of about 150 folks.

MR. DAVIDOFF: One hundred fifty people?

MR. WARNER: Yes.

MR. DAVIDOFF: Okay. And has that been declining or increasing in the last five years?

MR. WARNER: It has declined over the last few years because we've done a better job of management. We have done a better job of keeping our beds full. But we need to increase the space. We already know that the expanded beds from when Menlo Park opens up will increase that by about 90 beds, and we already know we'll fill them as soon as the beds are available.

MR. DAVIDOFF: You have a waiting list of 150, I suspect.

MR. WARNER: Yes.

ADJUTANT GENERAL GLAZAR: Yes. Well, let me explain to you, when you talked about better management. We had timewise a six-month waiting list previous to our taking a look at how we fill beds, how long we kept them empty once there was an available bed, and that is now down to a three-month waiting list timewise. But we reduced a number because we've gone from that 80 percent to 85 percent fill that we've habitually had in our homes to a 99.9 percent fill. Virtually, every bed is filled, and it's filled within an almost two-day turnaround time.

MR. DAVIDOFF: Only a three-month wait is actually quite reasonable in this--

ADJUTANT GENERAL GLAZAR: Yes.

MR. DAVIDOFF: --day and age of years and years and years.

MR. WARNER: But that's important-- And I just add that it's important that if a veteran's in a Federal VA facility in the hospital at East Orange or Lyons from Philadelphia and requires long-term nursing care--

MR. DAVIDOFF: They need it immediately.

MR. WARNER: --the VA will place them in a private care facility on a contract for 90 days. So we're at a point right now -- is that if the family

applies immediately, we can then accommodate them when they come out of the private care facility that the VA pays for. So it's important to keep it within that three-month range.

MR. DAVIDOFF: Okay. So basically, this will make this 332 facilities--

In your budget, you show on your time line \$36 million over the full time line. However, in your discussion, you talked about the fact that the State share will only be 12 million. So I'm kind of confused. Maybe by the process, Mr. Executive Director, why do you put 36 million if the Federal government is picking up 24?

ADJUTANT GENERAL GLAZAR: The total cost of the project is 36 million. Depending on how the Federal government will pick it up, it's usually about-- The max you can get is a 66 percent share, Federal versus State. We show you the total cost of it in there.

MR. DAVIDOFF: Okay. But when we do our budgets, when we only show 12-- If, let's say, we wanted to do this or--

MR. SHIDLOWSKI: That's correct. I mean, we would-- What we recommend as staff to the Commission, we would show both components, both the General Fund component, as well as the expected contribution from other funds, be they Federal or fees or other.

MR. DAVIDOFF: Okay. One other point, you give us pictures of cracks and bricks and the like, and you make the appropriate point that, "Well, if we put mortar on it right away, you know, before it goes another winter, we avoid a major problem." Isn't that part of your operating budget as opposed to a capital budget?

ADJUTANT GENERAL GLAZAR: The operating budget is not much better in that area. We do that, but when you have 36 major facilities in the budget that we have, when you look at that, you can only do so much with the mortar and you can only take care of a certain type of repair. When you have in a particular case that you see the brick falling off the side of the building there, the mortar will seal the hole, but it doesn't stop the rust of the main support column that's in there. It slows it down. You continue to have problems that way. Everything that we've addressed in operating budget and capital budget to fix we've tried to fix it right and not patch it. We've tried to take the systemic problem and cure it right down to the core of the facility and make it so we don't have to go back and readdress it with a Band-Aid type of approach.

MR. DAVIDOFF: Are some of these repairs to these buildings-- Are any part of these covered by the Federal government or out of any revenue stream?

ADJUTANT GENERAL GLAZAR: No. No.

MR. DAVIDOFF: Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

If not, General, I thank you for your presentation.

ADJUTANT GENERAL GLAZAR: Thank you very much.

MS. MOLNAR: The next department is the Department of Corrections. I'd like to welcome Commissioner Fauver--

COMMISSIONER WILLIAM H. FAUVER: Thank you.

MS. MOLNAR: --and John Forker.

(loud feedback from PA system)

COMMISSIONER FAUVER: Thank you for the warm welcome.

(laughter)

I'd like to just give to the Commission a little background on what drives the needs for space and for money for capital projects. The inmate population right now is a little over 18,000; that is actually in our facilities. There's another 3000-plus in the county jails. And additionally to those, which is a backup, there are 900-some, currently under contract with various counties where they receive aid and help in construction money to help them build or renovate their facilities if they would agree to keep so many State inmates at a reduced per diem. And that's basically where we are in numbers.

The increase since 1981-- We've had an increase of an average of 107 inmates per month. The anticipated increase for now through 1999 is 100. So there is a decrease there. Probably some of that can be attributable to the fact that people are staying in longer and not getting out as fast to commit crimes.

The 1998 appropriation that we received was for 12 projects to the amount of \$9 million. These were basically project programs that would help us to renovate existing facilities, such as East Jersey three wing for heating, the locking systems-- The money really designed, which has been in here for years -- that was always an issue that Senator Ewing had with us was the dome at Rahway State Prison or East Jersey State Prison. That money was in there for a design, and we're looking at the studies now to determine the course of action. I mean, the dome does not add to security, obviously, of the prison.

We hope not. There's nobody that can climb up that high. But it is a hazard, in that we're concerned with it collapsing on people at some point.

So that's in here, and that's a little different than the other things you'll see as requests, which are generally the infrastructure issues and locking devices. What we have from '98 basically that's -- they're just a listing, which I'm not going to read off to you. We had last year, as in other years -- we've had about a million dollars for emergencies which tend to be things like generators, fire code issues, things like that, and we continue to ask for some of those for this coming year.

I point out that in our request this year, 81 percent are repeats from things that did not get funded in the past. An update on Southwood Prison is that it will totally be 3000 beds when completed in the spring of next year. Right now, we have just about 1000 inmates in there. The second phase will be open probably later this month, which is also 1000, so that most of those will come directly out of the county jail. So that from that 3000 backup figure that I gave to you just a few minutes ago -- is without that happening. It will be reduced, and it will continue to go down as we can bring people in.

The estimated date of occupancy for the final phase is March of next year, and that will add another 1300 beds. Now, that won't take that county backup down to 1000, because they'll be people that will be added. The projections of the 100 increase per month may or may not hold. That may change. But if all those things fall into place, that's kind of the completion date we're looking at.

So the things we're asking for in this year's budget request are basically to renovate areas that we're using and we're forced to continue to use

even though they are aged and, you know, under-- Ideally, probably, we would not be using them, that probably we would not be asking for money. We would just be asking for money at some point to build, to replace. Most of the things are in the material that you have. I really don't have anything different than that. I would just again say that the infrastructure issues, which I include locking systems in that, are necessary, and we would certainly appreciate as much help as we can get with this.

So that you won't see it all as building and just building on top of building and renovating, we are, in this year's budget, expanding into some of our programs to keep people out of jail, so they don't have to come back. We're asking through the courts, with an increase of numbers of people in the ISP program, intensive supervision, where the-- That is restricted now by the kind of crimes that people can commit-- We're looking to expand that. We're also looking at what we're going to call, for want of a better word right now, a kind of a halfway back situation.

Right now, a parole officer who has a violator, even on a technical violation, only has two choices. He can either overlook it, just write a reprimand, something like that, or send the person back. We think there's a fairly sizeable category in between that really needs a place to go and to be put, which is somewhat structured, but not back to jail. So we're trying to-- We've got some contracts with some halfway house providers. It would just be the same kind of premise, but it would be coming back in -- stopping them from coming back in, instead of helping them on the way out.

So those things and some similar things with smaller numbers, I think, will help to again drive down the number of people coming back into

the institutions. I think that also this, in a sense, is not best-case scenario. Things could work out better, but they sure could also work out a lot worse. It's hard to imagine what the Legislature will pass in the way of tougher crime bills. I don't see any nontougher crime bills going through, if there is such a thing, and which will only lead to the population-- So again, this-- Increase in population. This is really driven by the fact of the populations.

Basically, it's the story that I tell you almost every year, so rather than just kind of read through the DOC capital budget requests, we have John Forker and Bob Werner here with me, and we're glad to respond to any questions that we can answer that you have.

MS. MOLNAR: Thank you, Commissioner.

COMMISSIONER FAUVER: Thank you, Carol.

MS. MOLNAR: Any questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: I'm sorry. We have how many inmates currently -- 18,000?

COMMISSIONER FAUVER: Eighteen thousand-plus in the -- actually in our institutions.

MR. DAVIDOFF: How much does it cost to build a new prison per occupant?

COMMISSIONER FAUVER: Well, it depends on what kind of prison it is, if it's a medium or maximum. Minimum is the easiest, because it's the most reasonable moneywise.

MR. DAVIDOFF: Let's talk medium.

COMMISSIONER FAUVER: Medium security per bed construction cost will be 60,000, 65,000.

MR. DAVIDOFF: Per person?

COMMISSIONER FAUVER: That's two to a cell and includes the other areas, mess halls--

MR. DAVIDOFF: Because I'm looking here that in the time frame we're looking at, something like -- in all these improvements to improve the current facilities, we're looking at a total cost for every prisoner in the system, just talking about capital projects, of about over \$20,000 per person. I'm just trying to see whether it makes sense throughout the whole system to build new might be cheaper. And when you consider the operating inefficiencies, it may be that if you look at some of these individual facilities, it may actually be less money to build a new facility. I assume you've been doing that analysis, and so far we're not quite at that point?

COMMISSIONER FAUVER: We're not quite there yet. We have the Vitetta Group doing an analysis for us, which is very close and we expect to have it next month, with recommendations really addressing the questions you're asking: Should we build new, should we put money into renovations? For example, the extreme is Trenton State Prison which -- where a four wing was built in the 1860s, and it's still in use. This Commission and others helped us to replace Trenton State Prison years ago, and the intent at that point was to tear down the old part and just use the new. It never came to pass, because the populations grew too fast. I would think there would probably be some kind of combination of new construction and renovations

of old. Because that's what I hope, I think, will tell us if there is a point where-- it's like a car. There's only so many more things you can do to it.

MR. DAVIDOFF: Well, I mean, if we're looking at spending \$20,000 to \$25,000 a prisoner for capital projects in the next six to eight years, and then we might be able to get a couple of thousand in operating efficiencies each year if we had a new facility. I mean, it's beginning to look more and more like at least the facilities that are getting the brunt share of this -- some of this money -- might make some sense to do it. Unfortunately, every time you build a new prison, you need the old prison still for the population because it fills up so fast. It's very hard to get out of the cycle. I'm now speculating.

I'm finished.

MS. MOLNAR: Any other questions?

Assemblyman.

ASSEMBLYMAN ROMANO: Just a fast question for my good colleague, Commissioner Fauver. I notice here-- Is this-- You have priority number-- Security improvements. And for the next fiscal year, you're looking for over \$12 million. That's number one. This past year, have there been any attempts to escape any place?

COMMISSIONER FAUVER: Yes. There have been attempts to.

ASSEMBLYMAN ROMANO: How many have been successful?

COMMISSIONER FAUVER: Well, fortunately, from many of our secure facilities none. We've had escapes from farms and out buildings, but not from inside.

ASSEMBLYMAN ROMANO: The security improvements, what are we talking about? Briefly, I'm not looking for an engineering study here.

COMMISSIONER FAUVER: Well, we're talking about-- The first item we had was replace locking systems in wings one and three in East Jersey State Prison. The locking systems get to the point where the key basically opens everything, which we frown upon. The security surveillance system has become more and more important, because-- We have these in the mess hall, for example, and we're in the process of installing them in major areas in the prison, so we can get on film anything that does happen. I think it does two things. It cuts down on incidents that may occur, because the inmates know it's on film. It's also a protection for the officers, as long as they're doing their job and don't get falsely accused by inmates later on. So we're putting those into all the mess halls. We have had them at Trenton and the bigger places, but we're expanding that.

Let's see what else we got. Surveillance at a number of places, perimeter lighting around a couple of the-- Let me backtrack just a minute, Assemblyman. The mission of some of the institutions that were built -- for example, Mountainview was built really for juveniles. It's an open setting. There is a fence but really was never lit like a prison perimeter should be. So that's one of the requests in here because now Annandale-- Many years ago was Annandale. It was-- I don't think you'd find anybody there over 22 years old. They're mostly just above the juvenile age. Today there are people in there with more serious crimes with probably people 35 or 40 years old. So there's a different mix of inmates, and security becomes more of a concern.

ASSEMBLYMAN ROMANO: One other thing, Commissioner, we're back to our good old friend, the rotunda-dome repair.

COMMISSIONER FAUVER: Yes.

ASSEMBLYMAN ROMANO: In prior years was 500,000. Again, we're looking for the 5 million.

JOHN J. FORKER: Are you asking what the 500,000 was for, Assemblyman?

ASSEMBLYMAN ROMANO: Well, no. I know you spent 500,000, because I think it was just going to fall down, and you just gave it some support. We're still back then-- This rotunda-dome is still a problem.

COMMISSIONER FAUVER: Yes. What do we have as a--

MR. FORKER: We asked for 5 million this year in order to replace that dome. They're still in the midst of studying it, and it's also part of that master plan that's being performed by Vitetta. One of the questions we had, which has been an ongoing question and we can't seem to get a resolution to it, is the historic value of that dome. Obviously, we would prefer to just get rid of the dome and put a different roof on it than have to repair the dome. We should be having an answer to that shortly, right?

ROBERT WERNER: There have been past studies that have been completed. We're just researching those now to see which way we feel will be the most cost-effective and the quickest resolution.

ASSEMBLYMAN ROMANO: Be careful about doing away with the dome, because who knows, you might have prisoners who will object on the basis of getting rid of something with an historical significance. We have the situation with the Military-- I was remarking to them about the two Civil War

cannons that someone threw away from a park. I'm sure you must have seen it on TV. So be very careful about throwing something away today. I don't know what you would do with a dome, by the way-- But that's also possible.

COMMISSIONER FAUVER: I could use it when I sit out in the sun so my head doesn't burn. (laughter) Actually, apropos to your comments, that did happen at Trenton Prison, when we built the new prison. We had to keep the front facade of the old prison because it was an example of Egyptian-style architecture in the United States.

ASSEMBLYMAN ROMANO: Egyptian-style architecture?

COMMISSIONER FAUVER: Yes. Yes. Why, I'm not sure. That was before this Commission or even me. But if you go into Trenton Prison, which we would invite anybody to come in, particularly you, Assemblyman--

ASSEMBLYMAN ROMANO: I know, you would like that. (laughter) You would like to have me in there. I know that.

COMMISSIONER FAUVER: As you go from the new part to the old part, you actually -- it's just like you're approaching it from the street before the new part was built. I know that's an issue.

ASSEMBLYMAN ROMANO: Well, Commissioner, as always, OMB will be working with you.

Do you get involved with this, Mr. Mortimer?

MR. MORTIMER: The Treasurer's Department does, sir.

ASSEMBLYMAN ROMANO: Okay. So they'll bring you in the back room and talk things over. So we'll see what comes out of their report.

COMMISSIONER FAUVER: Okay.

MR. MORTIMER: Assemblyman, I don't want to be in any back rooms at the Correction Center.

ASSEMBLYMAN ROMANO: You know our feelings, we always try to be kind to you.

COMMISSIONER FAUVER: I know.

ASSEMBLYMAN ROMANO: Always figuring they might be doing hard time.

MS. MOLNAR: Thank you, Assemblyman.

Any other questions or comments?

Diane.

MS. KOYE: Thank you. It was reported that you hired an architect, the Vitetta--

COMMISSIONER FAUVER: Vitetta Group. Yes.

MS. KOYE: The Vitetta Group to do a master plan. This was in 1995. Has that plan been completed? Your plan is referred to several times in your capital request.

COMMISSIONER FAUVER: The plan is the one currently being completed. We expect to have the next month-- We expect to have it the end of November, beginning of December.

MS. KOYE: Through the Chair, can we get a copy of that master plan?

COMMISSIONER FAUVER: Sure.

MS. KOYE: And the other thing was-- I understand that you have about \$14 million that's unappropriated in your 1989 Bond Act for the

construction of correctional facilities. Can any of this capital request be offset with the use of that bond money?

COMMISSIONER FAUVER: Well, if you look at that, I think the bond money is usually very specific as to what you can use it for.

John.

MR. FORKER: Yes. There's 5 million, I believe, unexpended at this point. But the wording on the bill is specific for increases in beds. I have the exact wording around here somewhere.

COMMISSIONER FAUVER: You can get it to them.

MR. FORKER: I can get it to you as far as what the exact wording is. Basically, it was passed in order to provide us with the ability to create additional beds. Now, whether or not that interpretation can be extended to preserve beds that presently exist, because if you lose them, it's just as dramatic as not being able to create new ones, is a question we'd have to ask.

MS. KOYE: Have you allocated how you are going to use the 5 million or whatever you have available, because I thought it was 14?

MR. FORKER: Well, there was just a drawdown done so that might have decreased it in the 14. We are looking at other areas in which to increase our population in order to keep up with the 100 a month that we're experiencing. So, yes, we do have other areas, but we're negotiating for that.

MS. KOYE: Okay. Because you also have-- There's a Senate bill that's pending before the Senate Budget and Appropriations Committee that would appropriate 255 million in State correctional facilities.

COMMISSIONER FAUVER: Yes. I also--

MS. KOYE: Assuming--

COMMISSIONER FAUVER: There's money in there for counties, too, I believe.

MS. KOYE: Well, that 50 million for counties, but 255 for the State correctional facilities, assuming that's enacted, can any of that be used to offset this capital request?

COMMISSIONER FAUVER: It would depend on the wording of the bill whether it enables us to do it or not.

MR. FORKER: I think the bill just provides--

MS. KOYE: I thought it was permissive.

MR. FORKER: --for the Department to create another institution similar to Bridgeton, a facility that's being constructed right now, which is a 3000-bed facility.

MS. KOYE: The other thing was-- A million was appropriated for roof replacements in the '98 budget, and there is also a prior year unexpended balance that was carried forward of about 700,000, and none of that money has been expended, yet, to date this year. And, in fact, 300,000 has been placed in reserve, and now you have a request for 11 million in the '99 budget. I was just wondering why you were requesting additional money when there's money placed in reserve in this year's budget. In fact, I have it-- Do you know why the money was placed in reserve?

MR. FORKER: Well, what will happen from year to year we put in requisitions in order to draw down the money through the Division of Building and Construction. There's a process in which there has to be design performed before bids can be let, and often times what will happen is the money has been earmarked and spent towards the design but hasn't really

reached the time frame in order to do the construction. And funding at that point is put in reserve, and we have to go back to ask whether or not that can be released in order to complete the project. It's really a bookkeeping mechanism as well.

MS. KOYE: Does it take a long time to spend your capital approp?

MR. FORKER: It depends on how long it takes--

MS. KOYE: Because we looked at all of your accounts for that, and it didn't look like only a few thousand dollars were spent--

MR. FORKER: Well, all--

MS. KOYE: --out of, like, the 9.5 million.

MR. FORKER: Again, it depends on how long it takes to have the design completed in order to begin the construction. Sometimes that takes a longer period of time than we would like.

MR. SHIDLOWSKI: I think, if I interject at this point, part of the process that Corrections and other agencies labor under is that until they actually receive the appropriation, the division of building and construction -- and that's not their name anymore -- can't even undertake to issue a design contract. So you'll see a little bit of money issued for the design of these larger projects. And we're only a few months into the fiscal year at this point in time.

MS. KOYE: So it traditionally takes longer.

MR. FORKER: That also might clarify the difference between the 5 million and 17 million on the bond. We look at it as, once we have the project started, as if we're spending that money while you may be looking at it as what's appropriated and when it's actually spent.

MS. KOYE: Okay. And just one last question?

I noticed you moved into the -- you're now in the Vroom Building. What's the status of the renovations, and what's the source of funding to support that, because I didn't see a capital approp?

MR. WERNER: We had a \$5 million draw down out of the 1989 Bond issue, I believe. Right now the status is that we just received that money about six weeks ago. We are now prioritizing those requests to secure perimeter, eating renovations-- We're working with the institution to prioritize what requests they need to be completed. That's where we are at right now.

COMMISSIONER FAUVER: You see, that would be permissible under a bond act because of its additional beds added to the system, which is why-- John was explaining before in having to look at the wording. In this case, there are beds added. So we could do the draw down.

MS. KOYE: Okay.

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

If not, Commissioner, I'd like to thank you again for coming.

COMMISSIONER FAUVER: Thank you, Carol. See you again.

MS. MOLNAR: We will review your requests.

ASSEMBLYMAN ROMANO: My favorite Commissioner.

COMMISSIONER FAUVER: Same time next year.

MS. MOLNAR: Oh. Tough act to follow.

Is there any other business to come before the Commission?

If not, I want to remind you that our next meeting is on Halloween, on October 31.

If there are no other comments, meeting is adjourned.

(MEETING CONCLUDED)