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# ***Commission Meeting***

of

## **NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING**

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

**DATE:** October 30, 1998  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

B. Carol Molnar, Chair  
Senator Robert E. Littell  
Assemblyman Louis A. Romano  
Michael R. Ferrara  
Anthony F. Annese  
E. Martin Davidoff

**ALSO PRESENT:**

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

Jerry Traino  
(representing Assemblyman Francis J. Blee)

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

Lewis Schenlin  
(representing Janice Mitchell Mintz)

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



*Meeting Recorded and Transcribed by*  
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Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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## TABLE OF CONTENTS

	<b><u>Page</u></b>
Charles Chianese Executive Director New Jersey Building Authority	8
James S. Poole Acting Director Office of Public Finance New Jersey Department of the Treasury	8
Ronald S. Tuminski Assistant Commissioner Management and Budget New Jersey Department of Environmental Protection	28
James F. Hall Assistant Commissioner Natural and Historic Resources New Jersey Department of Enviromental Protection	33
Richard Gimello Assistant Commissioner Site Remediation New Jersey Department of Environmental Protection	40
John S. “Jack” Terhune Commissioner New Jersey Department of Corrections	42
Major General Paul J. Glazar Adjutant General New Jersey Department of Military and Veterans’ Affairs	56
Lieutenant Colonel Mark E. Clemmensen Assistant Commissioner for Support Services New Jersey Department of Military and Veterans’ Affairs	69

## **TABLE OF CONTENTS (continued)**

	<b><u>Page</u></b>
Michele K. Guhl Commissioner New Jersey Department of Human Services	77
David Heins Deputy Director Division of Family Development New Jersey Department of Human Services	86
Vincent Giampeitro Director of Operations New Jersey Department of Human Services	89
<b>APPENDIX:</b>	
Memo submitted by Senator Robert E. Littell	1x
Resolution and Project Report submitted by Charles Chianese	2x
Narrative submitted by John S. "Jack" Terhune	
Testimony and charts submitted by Major General Paul J. Glazar	40x
rs:1-107	

**B. CAROL MOLNAR (Chair):** I'd like to call this meeting to order. In accordance with the Open Public Meeting law, the Commission has provided adequate public notice of this meeting by giving written notice of time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail or fax to the *Trenton Times* and the *Star-Ledger* and filed with the Office of the Secretary of State.

We'll now take the roll call.

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

MR. DAVIDOFF: Here.

MR. SHIDLOWSKI: Mr. Anthony Annese.

MR. ANNESE: Here.

MR. SHIDLOWSKI: Mr. Robert Roth. (no response)  
Senator Littell.

SENATOR LITTELL: Here.

MR. SHIDLOWSKI: David Rousseau, representing Senator  
Kenny.

MR. ROUSSEAU: Here.

MR. SHIDLOWSKI: Jerry Traino, representing Assemblyman  
Blee.

MR. TRAINO: Here.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes, and the coffee is on its way.

MS. MOLNAR: Thank you.

MR. SHIDLOWSKI: Mr. David Mortimer, representing Treasurer DiEleuterio.

MR. MORTIMER: Here, and thank you, Assemblyman.

MR. SHIDLOWSKI: Mr. Lewis Schenlin, representing Commissioner Mintz.

MR. SCHENLIN: Here.

MR. SHIDLOWSKI: Ms. Margaret Villane. (no response)  
Mr. Michael Ferrara.

MR. FERRARA: Here.

MR. SHIDLOWSKI: Ms. Carol Molnar.

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

First item on our agenda is the approval of the minutes of October 2, 1998.

MR. DAVIDOFF: Madam Chair.

MS. MOLNAR: Yes, Mr. Davidoff.

MR. DAVIDOFF: I have two revisions I would like to make to the minutes. On Page 3, regarding the capital request presentation, at the last sentence, the minutes reflect only half a cent available for additions and improvements to the physical plan. My recollection is that -- and I ask that they go back to the record -- was that it was for additions, improvements, and deferred maintenance. That was part of that half a cent. I would ask them-- If that is correct, I ask that that be corrected in the final set of the minutes.

On Page 6, I ask to see what preventative programs the Commission-- I'm now dealing with the Juvenile Justice Commission on what preventative programs the Commission had in the long run that would minimize the need. I was informed that there were several -- that there were many such programs and that they would provide me specific information, and "they would provide me specific information" is not in the minutes. I would like to add that, please.

MR. SHIDLOWSKI: Okay.

MS. MOLNAR: Any other amendments? (no response) If not, do I hear a motion to approve and a second?

MR. DAVIDOFF: Move to approve as amended.

MS. MOLNAR: Do I hear a second? (affirmative response)

Assemblyman, okay.

Take the roll.

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Senator Littell.

SENATOR LITTELL: Yes.

MR. SHIDLOWSKI: Mr. Rousseau.

MR. ROUSSEAU: Yes.

MR. SHIDLOWSKI: Mr. Traino.

MR. TRAINO: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Mortimer.

MR. MORTIMER: Yes.

MR. SHIDLOWSKI: Mr. Schenlin.

MR. SCHENLIN: Yes.

MR. SHIDLOWSKI: Mr. Ferrara.

MR. FERRARA: Yes.

MR. SHIDLOWSKI: Ms. Molnar.

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: So moved.

MS. MOLNAR: The next item is the approval of the minutes of October 9, 1998. That was our working session.

Do I hear a motion to approve?

ASSEMBLYMAN ROMANO: I don't even think I got it, between you and me, but I'll move the minutes.

SENATOR LITTELL: Second.

MR. SHIDLOWSKI: They don't have them?

ASSEMBLYMAN ROMANO: I don't.

MR. SHIDLOWSKI: We just distributed them today.

ASSEMBLYMAN ROMANO: Oh, okay.

MR. SHIDLOWSKI: You hadn't received them previously, so I wasn't expecting you all to vote on them today.

MS. MOLNAR: All right, we'll remove that from the agenda until next--

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

MR. SHIDLOWSKI: I have a couple of items, Madam Chair, if I can find my report.

There are some changes to today's agenda. The Department of Corrections will be presenting in the second slot today due to Commissioner Terhune's schedule. And we've moved the Building Authority Project Report for the Hughes Justice Complex to the very first item of business. Commission members should have a letter in their materials that was given to them -- a letter from Mr. Chianese in which the Building Authority Project Report for the Special Treatment Unit has been withdrawn at this time.

In the briefing materials that were distributed to all the Commission members, there is a new Corrections overview. The ones that were sent out were last year's. So if you could make that change.

There has also been a last minute amendment to a project request by DMVA. We've distributed that this morning, and if you could make that substitution as well--

There was a letter from Legislative Counsel to Senator Littell representing -- regarding the representation of executive branch members of the Commission by designees. I've consulted the Attorney General's Office. I haven't received an official opinion as yet. However, based on advice from the Attorney General's Office, I would recommend that the Commission employ the same rules for executive branch designees that we currently use for legislative branch designees.

ASSEMBLYMAN ROMANO: Which is what?

MR. SHIDLOWSKI: Well, for purposes of voting for the minutes, legislative designees can vote, but they're not allowed to vote on any of the



recommendations for projects, any recommendations for bond referenda, or any of the project reports from the Building Authority.

SENATOR LITTELL: Except for the Treasurer.

MR. SHIDLOWSKI: Except for the Treasurer, that's correct.

MS. MOLNAR: Does it count towards the quorum though? They send the designee to sit there and relay back the materials.

MR. SHIDLOWSKI: I don't believe so, not for purposes of voting.

MS. MOLNAR: But to have a meeting--

MR. SHIDLOWSKI: We don't need a quorum to actually hold a meeting.

MS. MOLNAR: Oh, it's only for voting.

MR. SHIDLOWSKI: We've also distributed, today, the revised bylaws and the criteria that were discussed at the October 9 meeting.

MS. MOLNAR: I thought, maybe under other business, we would chat about the bylaws. Senator Littell sent us all a letter saying make things to hold off until there is legislative relief. So if you want, we can discuss that under other business.

As far as the capital presentations, the Building Authority will be first. The Department of Environmental Protection is next.

MR. SHIDLOWSKI: That's correct.

MS. MOLNAR: Then will come Corrections, Department of Human Services, and then the Department of Military and Veterans' Affairs.

MR. SHIDLOWSKI: No, that's not-- Human Services will be going last.

MS. MOLNAR: All right.

Military Affairs will be going before Human Services.

MR. SHIDLOWSKI: And then, as a final item, it has come to my attention that some of the reports that were distributed in the briefing materials have some numbers populating the Commission recommendation column. These are not the staff recommendations. They're numbers from last year that hadn't been cleared up in the reports.

That concludes my report.

MS. MOLNAR: Thank you.

MR. FERRARA: So just ignore them?

MR. SHIDLOWSKI: Right. Yes, excuse me. The Commission members should just ignore that column for the time being.

MS. MOLNAR: Thank you.

MR. DAVIDOFF: I have a question.

MS. MOLNAR: Sure.

MR. DAVIDOFF: Just a point. Our proposed bylaws will indicate -- will currently indicate that we're going to require seven members to transact business for a quorum. So when we do discuss the bylaws, we may want to change that if the executive branch members cannot count toward a quorum.

MR. SHIDLOWSKI: I agree. I haven't reflected that as yet, but we can discuss that when we are doing other business.

MR. DAVIDOFF: The other thing is-- I didn't catch the second item. You said some numbers had changed or some report had changed.

MR. SHIDLOWSKI: Some of the briefing materials that we sent out have some numbers in the Commission recommendation.

MR. DAVIDOFF: No, no, earlier on, right in the second item of your report.

MR. FERRARA: There was a change in the DMVA's request, and there is a new summary sheet.

MR. DAVIDOFF: Okay.

MR. FERRARA: And a new detail page.

MR. DAVIDOFF: That's what I was--  
Thank you.

MS. MOLNAR: All right, our first Department, under capital request-- We'd like to welcome the New Jersey Building Authority, Charles Chianese and Jim Poole.

**C H A R L E S   C H I A N E S E:** Madam Chair, members of the Commission, thank you for the opportunity to address this Commission. My name is Charles Chianese. I am the Executive Director of the New Jersey Building Authority. The Building Authority had requested to come before this Commission on behalf of our client, the State of New Jersey, whom, here with me today, representing the State is Jim Poole, from the Office of Public of Finance. Both Jim and I are prepared to address any questions that any Commission member may have with respect to the project report.

I understand the Commission members have been provided a copy of the report in the agenda package, and I did bring some extra copies in the event that someone doesn't have a copy.

MR. SHIDLOWSKI: Could you give us a brief overview?

**J A M E S   S.   P O O L E:** As an overview to the transaction, what the Building Authority is requesting, and has documented at the last board

meeting, is a refunding of a project that they had not originally undertaken but was undertaken by the Mercer County Improvement Authority.

The Project is the Justice Complex down here in Trenton, which was built back in 1978, which is approximately three years before the authorization to start the Building Authority. Had the Building Authority been in existence when the Justice Complex was under construction, it is our belief that it would have been a simple Building Authority transaction. It fits all the criteria for the Building Authority.

What we would respectfully request from this board is to move the project report to issue refunding bonds by the Building Authority to take out the lease we currently have with the MCIA for the Justice Complex and enter into a lease with the Building Authority as other projects, down here in Trenton, that have been financed with the Building Authority.

The refunding would, as the report shows, produce savings of about \$6,500,000. It's a simple high-to-low refunding with that service savings. The life of the bonds have not been extended in any way.

Currently, when the report was put together, the numbers were as of early September. As of yesterday, the savings has grown to about \$8 million, and it will take -- wherever the market is in February and March when we complete the transaction.

With that as a brief overview, I will entertain any questions from the committee (*sic*).

MS. MOLNAR: Thank you.

Any questions or comments?

SENATOR LITTELL: Yes, I have--

MS. MOLNAR: Senator.

SENATOR LITTELL: Jim, it seems to me-- You said that there's no new money -- no expansion of revenue, yet this building was built in 1978, and, typically, those bonds are sold on a 30-year basis. That would mean that there is only 10 years to go. And your proposal calls for extending this by paying off \$50 million MCIA 1978 Series A bonds, \$60 million of 1979 Series A bonds, and \$2,175,000 of 1985 Series A bonds.

MR. POOLE: Correct.

SENATOR LITTELL: And if those bonds were all going to expire in 10 years, then why are we going to extend the bonds out further?

MR. POOLE: Senator, when those bonds -- those were the amounts there were the original par amounts. When the bonds were issued, they were issued as -- not as 30-year bonds, but as 40-year bonds with a turnout to 2018 -- maximum turnout to 2018. The 1978 bonds were 30-year bonds, the 1979 bonds were approximately 29-year bonds, and the 1985 bonds just went out to 2018. So the existing debt we now have, on the Justice Complex, with MCIA goes until 2018. And the refunding bonds that we would issue would only go to 2018. The average life of the bonds have not changed, and while the principal amounts have changed a little bit because it is a high-to-low refunding again, the average life has not changed. But these were 40-year bonds when they were issued originally.

SENATOR LITTELL: Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: For some reason, I don't find, in my materials, this particular-- If somebody--

In essence, right now, the MCIA owns this building. Is that correct?

MR. POOLE: The MCIA owns the building and has entered into a lease with the State of New Jersey to lease it to the State, correct.

MR. DAVIDOFF: Okay.

The Building Authority is going to purchase the MCIA?

MR. POOLE: Yes, and they would then lease it--

MR. DAVIDOFF: At what cost?

MR. POOLE: At the \$86 million -- I mean, sufficient to refund the debt which, pursuant to the report, would be \$87.6 million.

MR. DAVIDOFF: So this \$87.6 million is the current debt on the building?

MR. POOLE: Is the current principal amount of the debt, correct.

MR. DAVIDOFF: Is the current principal amount of the debt. And some of the debt, currently, would come due -- if it was 1978 would come due in 2008 (*sic*).

MR. POOLE: The debt comes due serially, so it comes due from 1998 through and including 2018.

MR. DAVIDOFF: That's an attachment in here?

MR. CHIANESE: Yes.

MR. POOLE: The report-- If you turn to the report -- the attachment of the report on Page 4 which is headed "Savings."

MR. DAVIDOFF: Savings, okay.

MR. POOLE: You will see the prior debt service, you see the date as to which the debt service is due, you'll see the prior debt service due to the MCIA.

MR. DAVIDOFF: This is including interest?

MR. POOLE: This is including interest.

MR. DAVIDOFF: So this is not just the principal?

MR. POOLE: Correct.

MR. CHIANESE: Correct.

MR. POOLE: I can make that available to you, though.

MR. DAVIDOFF: So this is including interest and principal. So I guess the refunding debt service is again interest and principal.

MR. POOLE: Correct.

MR. DAVIDOFF: So basically-- For example, if I look at 1/1/2006, the prior debt service is \$5,382,000 including interest. Incarnate, the refunding debt service is \$5,633,000 including interest. And these amounts, as you say-- You know you're saving \$6 million. But, usually, when somebody saves \$6 million, they kind of cut off the back end and don't push everything off. It seems that you're--

MR. POOLE: Well, if you look at the fourth column over -- and interyear, there are a change of payments where it says annual savings.

MR. DAVIDOFF: Yes.

MR. POOLE: What that does is it takes the January and July payments and gives you the net difference between the debt that is going to be paid if we do not do the transaction versus the debt that will be paid if we do do the transaction.

MR. DAVIDOFF: So you are taking most of the savings up front here.

MR. POOLE: Correct.

MR. CHIANESE: Correct.

MR. DAVIDOFF: So basically, we're taking most of the savings up front rather than retiring \$4.8 million of debt.

MR. POOLE: Correct.

MR. DAVIDOFF: Why are we doing that? Are we plugging a hole in the budget?

MR. POOLE: Are we plugging a hole in the budget? No, we're not plugging a hole in the budget. The debt service that is appropriated to MCIA would be reduced. The appropriation that is now in place in Fiscal Year 1999.

MR. DAVIDOFF: The alternative is to take that \$4.8 million in savings up front, pay down the debt, and save all the interest on that \$4.8 million. Right now, you're paying, in 2018, seven and some-odd million.

MR. POOLE: That can be done also.

MR. DAVIDOFF: And then we'd save even more money than the \$6 million.

MR. POOLE: On a cash basis, correct. On a present value basis, that is incorrect.

MR. DAVIDOFF: What is your current interest rate that you're intending we fund these bonds at?

MR. POOLE: If you look on the top of column five, it's 4.9 percent as of when these where--



MR. DAVIDOFF: Four point nine percent-- Generally, what is the State's cost of funds on average?

MR. POOLE: The State's cost of funds? Well, under an appropriation credit, which this is, at that point and time was 4.9 percent. This is a State cost of funds. The Building Authority is considered--

MR. DAVIDOFF: So if we took this \$5 million and said, "Let's pay it off now," we'd save -- instead of paying it off in the year 2018, we'd save about \$300,000 a year.

MR. POOLE: You could reduce-- Oh, if you levelize the savings?

MR. DAVIDOFF: Yes.

MR. POOLE: Okay.

MR. DAVIDOFF: And let's talk about present value. You're saying we're going to have \$6 million in savings, but that is not the present value of our savings, is it?

MR. POOLE: The present value is the last line on that page where it says net present value savings. That is the -- that \$6.5 million versus the \$6.6 million is the present value savings.

MR. CHIANESE: And the reason that the numbers are fairly the same is because the present value calculation is -- if you look at the saving calculations from the year 2001 on, are fairly nominal amounts. There is a lot of cash up front. So, therefore, the present value savings are relatively close to your--

MR. DAVIDOFF: Right, because we are getting most of the savings up front.

MR. CHIANESE: Correct.

MR. DAVIDOFF: Okay. And the only-- I guess the comment now that I understand this -- and thank you very much for walking me through it.

I think Senator Littell was right in that you're kind of pushing this back a little further.

MR. POOLE: No--

MR. DAVIDOFF: Let me finish.

MR. POOLE: If you can just flip to the prior page, there are four different sections there. In the section you'll see the average life of the refunding bonds, which is \$11 -- I'm sorry. Yes, that is the average life of the refunding bonds, 11.7--

MR. FERRARA: What page are we on now? I'm sorry.

MR. POOLE: Page 3.

MR. FERRARA: Page 3.

MR. POOLE: Page 3 of the--

MR. DAVIDOFF: Of the attachment.

MR. POOLE: And then the average life of the refund debt bonds is 11.460 years. So to say that we are pushing the debt out, I will take -- I will disagree with that.

MR. DAVIDOFF: My thinking is, when we -- just my nature is-- If I'm going to save \$6.6 million and you're taking it up front in your 1999 and 2000 bulk of it through this 4.8 million and 1.7 million, my conservative nature is, "Well, why don't we just reduce the debt by that \$6.5 million?" and that will be \$6.5 million that we have to pay in the year 2018, plus all the

interest accruing. And-- If this is going to be just a straight swap, what is going to then happen with this \$6.5 million? What are you going--

MR. POOLE: I would leave that decision up to the Legislature.

MR. DAVIDOFF: So this is going to produce \$6.5 million extra to be used now.

My comment to my colleagues is that I would approve this as long as it was restructured with a refunding debt service to decrease the time that we were paying this off and use this savings up front to reduce the debt immediately and thereby reduce our future payments and not mortgage our future. We're not mortgaging our future, this is a net savings, but try to have a further savings for our future years and budgets.

MR. CHIANESE: Madam Chair, if I may just add one comment.

Mr. Poole indicated that at the point it was presented to the Building Authority Board, the present value savings were approximately \$6.1 million which, based on current interest rates, were \$8-plus million, I believe, on the present value calculation.

Effectively, what that would enable the State to do, through the legislative process and the budget process, is that the debt service, that currently is appropriated on behalf of the MCIA debt, would be able to be reduced through the General Fund appropriation that is required to service that debt equal to the savings that are accruing in the upfront years.

So it, in essence, becomes a pure cash savings to the State of New Jersey, based on the way this has been structured and presented to the Commission because you'd, effectively, be able to reduce the MCIA debt service that is required in the budget.

MR. DAVIDOFF: I agree with you, but that is \$6 million over the two years -- \$6.5 million reduction in the budget right up front, and I rather see us reduce the debt and reduce future payouts and minimize the debt service that were-- There is going to be enough need for us to put this toward building prisons and other things. I'd rather-- My personal view is to say, "Let's cut our debt on this, and then if we need -- the MCIA needs to go out and get money for other projects, they'll go out and get money for their projects."

MR. FERRARA: It doesn't give the Building Authority any more authority to spend. What it does is--

MR. DAVIDOFF: It gives the Legislature more flexibility to spend money.

MR. FERRARA: It gives the Legislature--

MR. DAVIDOFF: I understand that. I am saying that I'd rather see the money get--

MR. FERRARA: I understand what you said.

MR. DAVIDOFF: --rather than just in 1999.

MR. CHIANESE: The proposal presented to the board, in essence, is a proposal that will save the State \$8 million in cash by way of this transaction, which the Legislature would then have an opportunity to decide whether to reduce-- Well, obviously, the MCIA debt would, certainly, go down because the appropriation would be required in a smaller denomination, but it, certainly, puts \$8 million in the State coffers.

MS. MOLNAR: Yes, Mr. Davidoff.

MR. DAVIDOFF: All right. I agree with you that that is the case, but there are two ways to put the \$8 million: One is to put it all in one year, and one is to say, "Okay, I'm going to reduce future debt over the next 30 years, and the present value savings will be \$8 million." I, for one, would rather invest in my future. You're basically saying the Legislature -- you have \$8 million -- or \$6.5 million cash more to deal with in the next two years' budgets. My point here is that I would rather see this money saved for our future to reduce our future (indiscernible) and reduce our debt service. I think the Legislature-- This would be like, in effect, extra money to come in and-- The Legislature will make the decision, as the Commission will make the decision, but my preference would just be to see this refinanced in a slightly different way.

MR. POOLE: I would just question whether -- and I am not a lawyer, and I am not aware of exactly what powers this Authority has. I would just question whether this Authority can override a legislative decision. If that is what the Legislature would like to have done, and this report will have to be approved by the Legislature-- I just question, if that is not what the Legislature wants done and this board has approved this motion based on that suggestion, where that leaves this transaction?

MS. MOLNAR: I'd be interested in Treasury, so I would like to call Mr. Mortimer.

MR. MORTIMER: I think Mr. Poole has sort of hit the nail on the head. We're not being asked, and it is my understanding that it is not in our purview to question how this is structured. We are being asked to approve the Building Authority's request to refinance a debt that will, in fact, produce

a savings, and that savings and how it is structured will be dealt with by other bodies.

So the question before us is, simply, do we, as a Building Authority, wish to concur with the restructuring of this debt, having it come under the Authority as it will, and then allow the other bodies that have jurisdiction to deal with that?

While Mr. Davidoff has some very, very good ideas, I think it is pretty clear we don't have the ability to do the structuring here.

MR. POOLE: And I will propose-- I am a little bit early, but the report is on its way to the Joint Budget Oversight Committee in all deference to the Cochair, Senator Littell.

The State is also, at the same time, proposing a general obligation refunding, which does not have to come before this board, but to the Joint Budget Oversight Committee. And within that report, that was approved by the State back in early October, we are doing exactly that, Mr. Davidoff, but we are using the savings and suggesting that we will come before the Legislature with a supplemental appropriation to use those savings to pay down other debt of the State of New Jersey. However, to pay down the general obligation debt, at the interest rates where we are today, is not the most economic. There is other, higher-yielding debt that produces better savings for the State to buy down or to buy off, for lack of a better term.

So we-- Treasury feels that is in purview to transact-- To do that transaction would require a supplemental appropriation by the Legislature once the savings is achieved on its general obligation debt. So I propose that any savings here -- that decision can be made along the same lines.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Is this Resolution 991 that we're looking at here?

MS. MOLNAR: Yes.

MR. DAVIDOFF: Would it be appropriate to add another whereas in this? Whereas, it has been represented to the Commission that the savings will be used to pay down debt -- will be available to be used to pay down debt of the State of New Jersey, which is the representation that was just made.

MR. POOLE: No, the representation that was made was that it would be a proposal by the State -- by Treasury for the general obligation debt savings to be used to pay down the debt. At that same time, this can be in the mix.

So that is not the representation. Your representation is not quite clear.

MR. DAVIDOFF: All right, do you want to state it again, please?

MR. POOLE: That the representation that Treasury is going to propose that savings on a general obligation refunding that the report is on its way to JBOC for will state that we will use those savings to pay down existing debt.

MR. DAVIDOFF: The savings from this particular reform?

MR. POOLE: No, from the general obligation.

MR. DAVIDOFF: The general obligation.

MR. FERRARA: He is saying there is another situation--

MR. DAVIDOFF: But here--

MR. POOLE: That representation--

MR. DAVIDOFF: That's not going to be--

MR. POOLE: There has been no representation as it relates here. The representation was that your discussion as to what to do with the savings can be had in the Legislature in conjunction with the general obligation debt.

MR. DAVIDOFF: Ms. Molnar -- Madam Chair, and I am asking your guidance on this, would it be appropriate in our resolution, and I guess the "now, therefore" section, for us to say -- for us to ask the Legislature to carefully examine whether savings here would be most effectively used to reduce further debt in pursuant to our discussion?

MS. MOLNAR: Rather than in the resolution, perhaps we can attach a cover letter that goes with the resolution.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: I go along with Mr. Mortimer. Our role here today is to approve the refunding. I look on this resolution here -- it's clear-cut enabling the movement of this here. Now, if we're going to do anything else, which Mr. Davidoff has suggested, we might have a separate resolution recommending without having approval of how you see the bonds to be paid off. But I think that this resolution should be untouched because this is to allow it to move forward.

If I am wrong, somebody correct me.

MR. DAVIDOFF: Well, if you would be agreeable with a separate resolution to that effect, I would, certainly -- that would, certainly, satisfy me.



ASSEMBLYMAN ROMANO: But a nonbinding resolution, Mr. Davidoff.

MR. DAVIDOFF: Well, I don't think we can bind the State. That's fine. I would go along with that.

MR. CHIANESE: Madam Chair, if I may add, through this process, if the Commission here today were to render a favorable decision and approve the resolution, the Building Authority's next step would be then to introduce a concurrent resolution to both Houses of the Legislature. At which point, it would require an affirmative vote before we could move forward with the transaction anyway.

MS. MOLNAR: In lieu of this resolution, how about a cover memo, or do you insist on an informal resolution? Do you want a nonbinding resolution or just a cover memo to the Legislature?

MR. DAVIDOFF: I will go with the majority.

MS. MOLNAR: Michael, any feeling there?

MR. FERRARA: Well, my feeling is that we ought to let the Legislature determine what they're going to do with the savings, and we really don't need to make a recommendation either way. But I would prefer, if we are going to say anything, to do it in a memo.

MS. MOLNAR: Any strong feelings any other way?

MR. MORTIMER: Madam Chair.

MS. MOLNAR: Yes.

MR. MORTIMER: I have absolute faith that the members of the Legislature that are here and/or represented here are more competent of carrying this discussion eloquently on the floor of their respective Houses than

any letter we may write. No offense intended. And I don't believe we should get into these kinds of discussions that are outside the scope of our authority. While they may be very pertinent, while they may be very informative, they, quite frankly, distract us from the matters that we're here to do. It's something that each of us, individually, could carry forward in other forms if we would like, but from a time-management point of view, it might be helpful if we tried to stay on the bill (*sic*).

ASSEMBLYMAN ROMANO: On that basis, Madam Chair, let's take one topic at a time.

I will move this resolution.

MR. MORTIMER: Second.

MS. MOLNAR: Okay.

Should we take a roll call on the resolution?

MR. DAVIDOFF: I have a question.

MS. MOLNAR: Sure.

MR. DAVIDOFF: All right.

The wording in the resolution says -- recommends approval of the Justice Complex Project Report. My understanding is that this not only would approve the refinancing, but would approve the new amortization schedule that they're recommending. Am I correct in that?

MR. POOLE: I mean there are some things-- That amortization schedule and what has happened in the market since the October date that is on top of those sheets-- That amortization schedule has changed. I mean, the concept is still there.

MR. DAVIDOFF: So we should be approving the general-- Rather than approving the (indiscernible), we would just be approving the concept of doing the refinancing and leaving the details to the Legislature because, adopting the report, we seem to be adopting all the minutia behind it.

MR. SHIDLOWSKI: The report itself is the description of the transaction. Mr. Poole has included, for illustrative purposes, what the savings would be from the time he first examined that. You're not voting on that particular part of the--

MR. FERRARA: We're voting on the first two pages only? Is that correct?

MR. SHIDLOWSKI: That's correct.

MS. MOLNAR: Okay, good clarification.

MR. CHIANESE: Madam Chair, if I may also add.

In the Project Report itself, in provision two, Project and Project Scope, it does, clearly, delineate that if at the point of financing this deal it no longer makes any sense in terms of yielding savings, we wouldn't do the deal. It clearly spells that out on the second page in provision two where it references that if the present value stays as a percent of the bonds to be funded is 3 percent or greater, we would consider going forward with this; otherwise, we would not go forward with the deal.

MS. MOLNAR: Does that clarify it for you? (affirmative response)

So we're really voting on the first two pages of the report.

Any other comments or questions?

MR. FERRARA: I just want to make sure.

Jim, we don't need three and four because they're historical. They're saying what the current situation is.

MR. POOLE: Basically what they are telling you is at a point and time where we looked -- where the transaction would have been done. And we've been able to do it back in early October -- early September, excuse me.

MR. FERRARA: I thought the third page is basically saying what we really owe. We still owe \$87.6 million on the bonds that are already issued, and the fourth page is just saying, if we continue to pay under the current process, this is what we would pay out. So I think they are historical. They don't change, regardless of what decision is made on this or not.

If you say we only need Pages 1 and 2, that's fine.

MR. POOLE: One and two.

MR. CHIANESE: That's correct.

MR. POOLE: Three and four tell you that this is what the transaction would look like after it had been completed had it been done on September 3rd.

MR. FERRARA: I'm fine.

MR. CHIANESE: It was at the interest rate, at that point and time, that we did the analysis.

MR. FERRARA: Pages 1 and 2 are all that we need?

MR. CHIANESE: Correct.

SENATOR LITTELL: Subject to market conditions.

MR. POOLE: Correct.

MS. MOLNAR: Okay, do we all understand?

Any other questions? (no response)

We'll take a roll call on the resolution.

MR. SHIDLOWSKI: I'd like to read the resolution into the record.

Whereas, pursuant to the New Jersey Building Authority Act, the Authority is authorized to undertake projects as defined in the Act; and,

Whereas, the Authority, prior to undertaking any project whose cost is estimated to exceed \$100,000 shall comply with the provisions of the Act, including the preparation of a project report and the submission of the report to the Commission on Capital Budgeting and Planning for its review and findings.

Whereas, the New Jersey Building Authority decided that it is desirable and in the best interest of the Authority to undertake the acquisition of the Richard J. Hughes Justice Complex in order to allow the consolidation of a major State office building with the Authority, the preservation of a valuable asset for the State, and the achieving of present value savings to the State; and,

Whereas, the New Jersey Building Authority prepared the Justice Complex Report, approved it by resolution, and presented it and the associated materials to the Commission for its review and findings.

Whereas, the Commission finds the acquisition of the Richard J. Hughes Justice Complex to be necessary and convenient to meet the needs of the State agencies which are to utilize the project; and,

Whereas, the project is consistent with the purpose, and intent of the Capital Improvement Plan;

Now, therefore, be it resolved that the New Jersey Commission on Capital Budgeting and Planning recommends approval of the Justice Complex Project Report to the Governor and the Legislature.

MS. MOLNAR: Thank you.

We'll take a roll call.

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Senator Littell.

SENATOR LITTELL: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Mortimer.

MR. MORTIMER: Yes.

MR. SHIDLOWSKI: Mr. Ferrara.

MR. FERRARA: Yes.

MR. SHIDLOWSKI: Ms. Molnar.

MS. MOLNAR: Yes.

Now, the issue of a cover note from myself, addressed to, I guess, the Legislature.

Is there still strong feeling--

MR. DAVIDOFF: I think Mr. Mortimer's comments were appropriate.

MS. MOLNAR: Okay.

MR. POOLE: Thank you very much, members of the Commission.

MR. CHIANESE: Thank you very much.

MS. MOLNAR: All right, our next Department is the Department of Environmental Protection.

We're welcoming Assistant Commissioner Ron Tuminski.

**ASSISTANT COMMISSIONER RONALD S. TUMINSKI:**  
Good morning, Madam Chair and members of the Commission. First, let me thank you for the opportunity to present the DEP's capital needs for Fiscal Year 2000.

I would also like to by an introduction, and I have Richard Gimello, who is the Assistant Commissioner of the Site Remediation Program, and to my right is James Hall, who is the head of Natural Resources.

In four days, the voters of New Jersey will be asked to cast their vote as to whether they agree with setting aside up to \$98 million per year from sales tax revenues to preserve open space, save farmland, and preserve historic sites. The goal is to save 1 million acres by the year 2009. Similar ballot questions, in terms of preserving open space, will appear in various local ballots. The \$98 million to be dedicated at the State level will be used to buy land as well as make future debt payments. Clearly, this funding is needed if New Jersey is to preserve one-half of the remaining open space in this state.

In July of this year, New Jersey, via its Environmental Infrastructure Trust, became the first state in the nation to be granted full acceptance of its plan to finance both clean water and drinking water projects using the federally authorized State Revolving Fund, or SRF Program. As with

its clean water loan projects, the State is now able to provide drinking water loans with one-half coming from trust bonds and one-half from Federal drinking water funds.

In August of this year, the Governor signed legislation making \$95.8 million in loan money available through the Trust for clean water and drinking water projects. In September, the Department received final Federal grant awards from EPA that committed \$27.9 million from Federal Fiscal Year 1997 and \$17.3 million from the Federal Fiscal Year 1998 allotments. These marked the first two formal grant awards under the Federal Safe Drinking Water Act Amendments of 1996.

I felt it was appropriate to begin our presentation this morning by outlining these initiatives because they are clearly significant elements of our capital budget for the year 2000 and beyond.

Overall, the Capital Budget request before you totals approximately \$526 million. As noted by your staff, the funding is distributed in the following fashion.

From the General Fund, we are requesting \$190.7 million with the largest shares for -- \$95 million for Green Acres, and \$68 million is for parks and forestry and fish and game projects. From bond funds, we are requesting \$42 million; from Federal funds, we are requesting \$166.1 million; shore protection funds, \$22.6 million; Environmental Infrastructure Trust is \$42 million; and in terms of local matches, we are showing \$15.1 million.

While we are seeking the Commission's concurrence of our FY 2000 Capital Spending Plan, the Department will also be presenting its priority listing of site remediation and infrastructure projects to the Legislature



for review and approval in accordance with the appropriate legislation and laws. With respect to specific components of our FY 2000 request, I would like to highlight the following.

In water supply, the Fiscal Year 2000 request of \$17 million represents the third year of financing under the Federal Drinking Water SRF, as with the \$45.2 million in Federal funds available from Fiscal Years 1997 and 1998. The Department plans to leverage these monies through the Environmental Infrastructure Trust. The FY 2000 funding will utilize Federal Fiscal Year 1999 monies and \$3.4 million 1981 Water Supply Loan repayments to capitalize the project's financing and meet the necessary Federal match requirements.

New Jersey's Wastewater Treatment Financing Program has entered its second decade. Since 1987, the trust and DEP have financed more than \$1.4 billion in clean water projects. This year's financing, which closes next week, funds 15 county and municipal projects worth \$67.1 million. The projects will address such problems as removing and replacing combined sewers, replacing collapsed or cracked sewer pipes, as well as the purchase of equipment necessary to increase sludge-handling capacities. The 1999 Financing Program, which corresponds to our Fiscal Year 2000 request, currently includes projects valued at a projected \$300 million.

The funding requests included in our FY 2000 capital budget for our parks, fish and game areas, coupled with our local assistance programs, are aimed at enhancing the quality of life for New Jersey's citizens. Of the request before you, \$10.6 million in capital funding, categorized as urgent, would be used to renovate existing parks and fish and game facilities to bring them into

environmental compliance, eliminate health and safety issues, tackle the backlog of deferred maintenance, and expand upon the Department's environmental education initiatives through the expansion of our nature interpretive facilities.

In the area of shore protection-flood control, which remains an essential part of our programs, we anticipate FY 1999 Federal appropriations of \$12 million and \$16 million respectively. Of the shore protection funds, \$10 million is anticipated for the Sandy Hook to Barnegat Inlet Project.

Our FY 2000 capital request of \$22.6 million for shore protection will be used for such beachfill projects as the Deal to Asbury Park Project, the Townsends Inlet-Cape May Inlet, and Raritan Bay to Port Monmouth Projects. As in the past, our request for dedicated shore protection funds will be used, in large part, to leverage some \$58.5 million in Federal funds through the HR-6 Program.

The flood control projects contained in our request include both the deferred maintenance of culvert replacements and funding required as the State's match to HR-6 projects. Specifically, some \$7.2 million in State funds will leverage some \$37.5 million in Federal funds. Major projects to be continued in Fiscal Year 2000 include the Ramapo River at Oakland, Green Brook, and work along the Molly Anns Brook.

I also call your attention to the fact that, for the first time, the Department's request includes capital monies to address needed repairs at the Bayshore Flood Gate. Here, \$1.8 million is being requested to address capital needs involving the Closure Gate, steel bulkheading, and storm sewer outfalls.

Our Fiscal Year 2000 request includes \$3 million in 1996 dredging bond funds and \$3.2 million in capital monies needed to maintain New Jersey's navigational channels and harbors. The funds will not only serve to eliminate the hazards of shoaling and the lack of regular routine maintenance dredging, but will also leverage an estimated \$8 million in Federal funds.

The Fiscal Year 2000 funding needs for Site Remediation includes some \$28.1 million in CBT funds in order to continue ongoing projects, water line replacements, and to fund operation and maintenance efforts. Further, the Fiscal Year 2000 request includes the additional commitment of \$19.1 million in CBT funding for underground storage tanks.

The availability of the dedicated CBT funds for cleanups has allowed the State to avoid the issuance of approximately \$28.7 million in bonds. This alone has already saved the State some \$18.7 million in debt costs which would have otherwise been incurred if these cleanup efforts had been funded by the traditional bonding method.

In addition to the above requests, I also call your attention to the following items contained in our FY 2000 capital submission. Requests on behalf of the Palisades Interstate Park Commission are included at a level of \$2.9 million. The Commission is seeking these funds in order to address improvements to its sanitary facilities, deal with shoreline restorations at its Alpine site, as well as to address paving and drainage improvements along Henry Hudson Drive. The request for the State Mosquito Control Commission includes \$140,000 for open marsh management and some \$862,000 for the addition and/or replacement of equipment. In order to

address the replacement of outdated analytical equipment at our pesticides lab facility, \$150,000 is being requested for FY 2000.

Thank you for your time. If there are any questions, I and the DEP staff members with me will be glad to answer them.

MS. MOLNAR: Thank you.

Any questions or comments?

Senator.

SENATOR LITTELL: Commissioner, I went down to your Page 2 chart -- parks and forest recreation and development -- \$1,230,000 and \$7,325,000 and \$2,875,000, and one of them is the Liberty State Park and one is the Palisades and the other-- (remainder of comment indiscernible)

Where would I find a list of the need for the money to finish the monument at High Point State Park and the work that needs to be done at Greenwood Manor? It may be in there, but it is not clear to me. And those are projects that I've talked about and am interested in.

**ASSISTANT COMMISSIONER JAMES F. HALL:** To some extent we've provided the detail to the Commission. I'm not sure you have provided it to the staffing, so if there is additional detail that you can't see in the reports, I would be glad to provide it to you, Senator. I have the detail.

SENATOR LITTELL: I just want to make sure that those projects are covered in that.

ASSISTANT COMMISSIONER HALL: Those projects are covered in our overall request.

ASSISTANT COMMISSIONER TUMINSKI: For example, under special and historical development, we do have, under High Point, monument restoration. There was an urgent request for preservation of \$750,000 for Fiscal Year 2000.

MR. DAVIDOFF: Can you give us the project number for that on our sheets so we can follow along?

ASSISTANT COMMISSIONER TUMINSKI: I'm going between the documents that the Commission staff prepared and what we've submitted.

I believe it's-- I guess it would be project 42-027. It would be part of those projects. They're shown on Page 11, I believe, of the presentation. That is where the historic building renovation/preservation -- under the category of parks and forestry. It is the middle box.

ASSEMBLYMAN ROMANO: Senator Littell, what he is referring to is Page 11, here. (indicating) Do you have that? I'm sure you have that.

SENATOR LITTELL: I've got it.

ASSEMBLYMAN ROMANO: You have to read between the lines, however.

ASSISTANT COMMISSIONER TUMINSKI: Both High Point and Ringwood are included in that listing.

SENATOR LITTELL: What do you have planned for Hopatcong? Is that for the State park or is that--

ASSISTANT COMMISSIONER HALL: That would be part of the State park, yes.

SENATOR LITTELL: What about Kittatinny? You've got leaking roofs, and you've got--

ASSISTANT COMMISSIONER HALL: Well, for Hopatcong, that is part of the renovations of the canal area near the outlet, and also Grover Cleveland is-- The historic site, Grover Cleveland, is an offsite of Hopatcong State Park, so it is listed under that site. Those are the two things associated with Hopatcong.

In terms of Kittatinny, we have -- \$1.5 million was requested for buildings and site work at Kittatinny State Park.

SENATOR LITTELL: Okay, well, I won't burden you today, but will you give me all the backup information on those projects, please?

ASSISTANT COMMISSIONER HALL: Absolutely.

SENATOR LITTELL: Thank you.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: I'm sure you mentioned about Palisades State Park to such a degree because you figured you would defuse any comments I might have.

I'm very happy for what you've addressed in Palisades State Park, the seawall, Ross Camp, the sanitary facilities-- long time coming -- but it is the poor man's shore, if you will.

In the budget of FY 1999, there was a cut, I believe, of \$450,000 or \$500,000 dealing with the maintenance in the parks, you'll recall. How have we handled that? How have we handled \$500,000 less? Because I stand alongside of Senator Littell in that all these things sound wonderful here. I'm very well satisfied. This is an ambitious program you have.

How about the ongoing maintenance, though, in all of these areas? We talk about Ringwood -- I only say Ringwood because I happen to have gone up there for a session. How are we handling the everyday maintenance before it gets to the point of, what we call, preservation?

ASSISTANT COMMISSIONER HALL: Well, I think, in terms of your comment with this year's budget-- While the good Senator had provided some additional funding in the budget, the Governor had not agreed with all that funding provided we were increased by \$500,000 in our maintenance accounts and \$1.5 million in our staffing accounts. We are moving forward with additional staffing -- a total of 38 positions as a result of the \$1.5 million. With the \$1.5 million for maintenance, we are going to make good inroads into replacing some of our equipment that has long since passed due in need of replacement.

So we are making progress. I think, clearly, even the Governor has suggested that there's -- that's part of the ongoing effort that she's going to be making in looking at our budget. I think it is one step at a time and to continue to make progress, and I believe we will.

ASSEMBLYMAN ROMANO: Well, in reference to many of the other situations here -- through you, Madam Chair -- the \$98 million a year that's coming up on the ballot, my understanding -- correct me if I'm wrong -- is for the dedication of open spaces. I don't think any of that money can be used for the projects that you're talking about here.

ASSISTANT COMMISSIONER HALL: Well, the constitutional amendment that's on the ballot would be able to be used for a wide range of things under the language that is provided there. The detail of what that

distribution might be is going to be the subject of enabling legislation, assuming the passage come next Tuesday. But what's eligible for funding, under the constitutional amendment is farmland preservation, the typical Green Acres open space preservation, which includes local grants and loans, urban park development, and State park development.

ASSEMBLYMAN ROMANO: I'm aware of that, but what I'm saying is that many of the projects that you have here-- I don't think that that money--

ASSISTANT COMMISSIONER HALL: I think it's fair to assume that the backlog of capital needs we have in the State park and wildlife management system would not be fully addressed by the constitutional amendment.

ASSEMBLYMAN ROMANO: I have no further questions, Madam Chair.

MS. MOLNAR: Thank you.

Any other questions?

Mr. Davidoff.

MR. DAVIDOFF: Two things. When we're reviewing these projects-- You know, on the summaries prepared by the staff, there is a departmental priority number. That's the priority that you give to us amongst your 70 or 80 projects. You'll note that every one is Priority No. 1. I would ask that you forward to the staff, through the Chair, a prioritization of the projects. Do you have these sheets that we--

ASSISTANT COMMISSIONER TUMINSKI: Yes we do.



MR. DAVIDOFF: Please prioritize the projects, so then, when they're considering cutting because of the budgets, at least they will be able to do that.

Now, some of it is funded by third-party sources, and you may want to separately code them priority source-to-ready or something like that. And amongst all the other priorities that are not funded by specific sources, you may want to give a prioritization as to what is really flexible on.

I would ask, through the Chair, if they could provide that to them and, then, in future years, because I know we've mentioned this in past years, the future year is at the first cut.

Please provide that to them.

Will that be a problem?

ASSISTANT COMMISSIONER TUMINSKI: We will-- As you said-- You're correct in that, because of the diversity of the funding sources we do have in here, it's not as easy to prioritize. The one thing we do in the submission to the staff that doesn't come back -- that comes through as a one-two-three priority is, at least, we do try to say that, of the various funding levels that would come from the General Fund capital; such as in parks for renovations and restorations, we do try to single out those projects that we consider urgent and break them out into categories of urgent and necessary and just desired. So our urgent projects would be, what we consider within each of those categories, as being the most important.

MR. DAVIDOFF: Unfortunately, we don't get those. Maybe for this Department, because of the funding sources -- maybe the presentation

may be a little different. It will have things that are dedicated and then General Fund and where we have some flexibility.

The second thing is, and again this is a staff comment specifically-- It's not one that -- although it's a very good comment, it's not one that I found-- The staff pointed out that certain projects such as yearly dam inspections, insecticide treatment 4201, 017, and 003 appear to be operating expenses rather than capital.

Could you comment on that? Those three projects in particular.

ASSISTANT COMMISSIONER HALL: Well, with regard to the mosquito control, I believe that's in relation to the open water marsh request, which is ditching and diking of intercostal waterway, and to me is a capital expense in terms of the physical activity we have take on the ground.

MR. SHIDLOWSKI: The description for the particular project Mr. Davidoff is referring to talks about insecticide treatments.

ASSISTANT COMMISSIONER HALL: For that portion, I believe--

MR. DAVIDOFF: 4201.

ASSISTANT COMMISSIONER HALL: But the description underneath it talks about -- that the continued activity that's being requested here-- It's talking about what the overall program is. The continued activity toward the end of that paragraph is talking about-- What is the open marsh water management, which is what the predominant funding is for?

MR. DAVIDOFF: So where you put "wildlife refugee required treatment insecticides by the counties of the State--"

ASSISTANT COMMISSIONER HALL: That's part of an--

MR. DAVIDOFF: The cost of that is not in here.

ASSISTANT COMMISSIONER HALL: Correct.

MR. DAVIDOFF: That's in your operator--

ASSISTANT COMMISSIONER HALL: Correct.

ASSISTANT COMMISSIONER TUMINSKI: And with regard to the dam inspections-- What we do with the vast number of dams that we have is go through outside sources, at various times, for both inspection and repairs. And those costs for inspections are part of what we include in the capital project for renovation and rehabilitation. So it's a component of that capital project.

MR. DAVIDOFF: But aren't you always inspecting your capital projects to -- isn't this an ongoing kind of thing that, in order to determine the extent of your capital projects, you're always performing inspections?

ASSISTANT COMMISSIONER HALL: There are less rigorous visual inspections that take place yearly, but more rigorous engineering inspection is something that we've always done through the capital budget as a component of the overall repair.

MR. DAVIDOFF: Okay, as long as you -- as long as staff becomes satisfied that that is, indeed, not an operating expense.

Thank you.

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: Yes, Ron, and company, I would like to ask a question about hazardous waste cleanup. I know that in the Superfund it is saying \$20 million. And that, to me, sounds like a lot less than we've gotten

in the past. Is that correct? Is there a decline here in Superfund money from the Federal government?

**ASSISTANT COMMISSIONER RICHARD GIMELLO:**

Well, it varies by year given the status of the various projects. So in one year, it will vary. The \$20 million this year is reflective of the stages of the projects that we're focusing on this year. That will vary by year depending on the nature of the projects that we're addressing.

MR. FERRARA: If you were to look at the projects that have been approved by the Federal government now and to the future, does this adequately represents what would be coming over the next four or five years?

ASSISTANT COMMISSIONER GIMELLO: No, I don't think we're projecting that far out with this number. I think it is a fiscal year projection.

MR. FERRARA: Well, the \$20 million and then--

ASSISTANT COMMISSIONER GIMELLO: Oh yeah, we go out--

Those are rough estimates, given what we know. One of the problems that we're having this year, as you may all be aware, is that enabling legislation -- the Federal legislation -- and therefore the disbursements from the fund which is no longer authorized is completely up in the air. So we actually expect these numbers to be adjusted upon passage of the Federal legislation.

MR. FERRARA: Okay, so there needs to be a reauthorization--

ASSISTANT COMMISSIONER GIMELLO: Yes.

MR. FERRARA: --of the Superfund.

ASSISTANT COMMISSIONER GIMELLO: Right.

MR. FERRARA: At one time, we used to get, I believe, more money than any other state for--

ASSISTANT COMMISSIONER GIMELLO: Well actually, we still do.

MR. FERRARA: Are we still the leader?

ASSISTANT COMMISSIONER GIMELLO: Absolutely, without any question. We've gotten over 15 percent of all the money ever released in the nation's Superfund. Given the number of sites that we have, because we've been aggressive in finding them, I don't expect that dubious distinction will change very shortly.

MR. FERRARA: Very good, thank you.

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

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

ASSISTANT COMMISSIONER TUMINSKI: Thank you.

ASSISTANT COMMISSIONER HALL: Thank you.

MS. MOLNAR: Our next Department is the Department of Corrections. I would like to welcome Commissioner Jack Terhune.

**COMMISSIONER JOHN S. "JACK" TERHUNE:**  
Thank you, Madam Chairwoman and members of the Commission. I am joined here today by my Chief of Staff to my left, your right; Assistant Commissioner Maurer, to my right, your left, who is responsible for administration of financial affairs; and to her right Director Dick Waldis of our Financial Planning Division.

I welcome this opportunity. Clearly it is my first opportunity before this distinct body to make a capital recommendation on behalf of the

Department of Corrections. Certainly, I think our general mission is well known by all of the Commission members, and that is to ensure that all persons committed to the care and custody of the Department of Corrections are confined with a level of custody, to protect the public, and provide educational and reintegration training to all inmates.

The Department of Corrections, historically, has had a flat population going back to the mid to late 1970s. At which time, it experienced a significant increase in the number of inmates committed to the care and custody of the Department. Some legislative initiatives, again by historical perspective, are directly responsible -- enactment of the 2-C criminal code in 1979, the Drug Reform Act in 1987, and most recently -- last year -- the 85 percent sentencing guidelines affecting parole. That has not only resulted in additional commitments, but certainly, increased the length of stay for inmates who make it to the State Department of Corrections.

There are several things that are not in the printed document that the Commission members have that I would like to take this opportunity to share. That is, as we move forward into a seven- or ten-year master plan, to examine our physical plant as it exists today and make decisions whether we should renovate and repair and/or make recommendations for replacement to deal with the increased number of inmates, we also examine alternative sanction programs which have been continually expanded as a solution to additional capital investments in physical plan. Again, by historical perspective, we currently have 2700 community placement beds operated by private vendors. We have over 3000 enhanced parole slots, which are run by the Department of Corrections through our Bureau of Parole. And the ISP,

Intensive Supervision Program, run by the Administrative Office of the Courts, has 1207 slots.

I would like to share with you the success of our boot camp which opened in 1997 as a result of legislation adopted by both Houses of the Legislature. We have a 6 percent recidivism rate, or a very good success rate, compared to 60 percent in our general prison population. And we are prepared to recommend an expansion of the 120 beds at that facility on the grounds of New Lisbon Developmental Center to, hopefully, 300 beds.

East Jersey State Prison, for those of you who are unfamiliar with the nomenclature, was formerly known as Rahway and is located in Woodbridge. We are recommending that we give serious consideration to not allocating additional funds into repairing or replacing that facility -- it goes back to the turn of the century -- but to give serious consideration to replacing it. Not only would that address a crumbling infrastructure, but certainly, I believe that it would address a number of staffing inefficiencies which are recurring costs year after year.

Additionally, there are a number of life safety issues which need to be addressed, both in the fire side and in the asbestos abatement side. Those recommendations are, certainly, included in the documents that the Commission has before it. Some of the life safety issues, I might add, may be eliminated if there is decision made to replace or add to any of our existing infrastructure.

Our preventative maintenance program needs to be addressed. The total funding requirements have not yet been quantified. But I think, all too often we look at the number of beds that we need to meet the number of

inmates sometimes at the expense of maintaining a preventative maintenance program.

We have submitted, for the Commission's review for this year, 40 prioritized projects with a total funding request of \$122 million. Some of those, Madam Chair, as I indicated, may be removed if we make a decision to expand and/or replace any of our current physical plant. I would not, certainly, support putting renovation money into something that within master planning process of seven- to ten-years, is potentially going to be replaced. We have prioritized them, and they are not all Priority No. 1, I don't think, in the documents. They go from 1 to 120, I hope.

And I thank you for the Chair's kind indulgence to our presentation.

MS. MOLNAR: Thank you for coming. Commissioner Fauver always tried to come in person, and I'm glad you're continuing that tradition.

COMMISSIONER TERHUNE: Thank you.

MS. MOLNAR: Any questions or comments?

Assemblyman.

ASSEMBLYMAN ROMANO: Commissioner, you have, in the selected project descriptions, \$7.3 million for perimeter security enhancements.

COMMISSIONER TERHUNE: Yes, sir.

ASSEMBLYMAN ROMANO: Now, coupled to that-- That would be achieved through the reduction of guard tower staffing.

COMMISSIONER TERHUNE: Well, the enhancements in perimeter security is a replacement of some of the existing and somewhat antiquated perimeter fencing and the deployment of fences in a new and



improved configuration which would include electronic detection equipment. And, certainly, the recommendation of the Department is to replace some of the guard towers at certain institutions.

ASSEMBLYMAN ROMANO: At the same time, what's running through the Legislature -- in fact, it already passed through the Senate, and yesterday the Assembly passed it -- which is Senators Cafiero and Zane's -- which would require public hearing and local approval to change security classifications at certain correctional facilities. And you know -- it goes on -- describes what happens at a certain hearing. Let's put this together here. You know-- Will there be public input when the State decides to do away with guard towers? The public at large feels secure when they see a guard walking around in a tower. When they don't see a tower, they wonder who is watching the prisoners.

Can you say anything about that?

COMMISSIONER TERHUNE: If I may-- Yes, I can, Assemblyman. Thank you for the question.

Clearly, the public will have the opportunity to address any security-related issues at any facility that we run in the State of New Jersey. I am well aware of the legislation that was adopted or passed by the Senate two weeks ago and, most recently, yesterday by the Assembly.

ASSEMBLYMAN ROMANO: Yes, by the Assembly.

COMMISSIONER TERHUNE: I have, of course, read all of the language. I have registered in objection to the third paragraph, which was shared with each member of the Assembly and Senate. However, we are not advocating changing any security classifications of any institution. All 15 that

we run, basically, house minimum-, medium-, and maximum-custody inmates in the secure perimeter of those facilities. Guard towers, in my opinion, and I've said this before, sir, are a perimeter security enhancement that went back to days before we had electronics. Most modern facilities that are designed or retrofitted today use a combination of perimeter patrol coupled with some form of electronic detection equipment on the perimeter fence. I am aware of what the language of the legislation says. If it is signed as written, clearly, before we would be able to do that, it would require a public hearing and approval by the local governing body. In the case of Bayside, where the security enhancements in Leesburg are under way, that would be Morris River Township.

So I am clearly aware of that. I still stand by my representation that we can be far more efficient and effective through a combination of perimeter security, patrols, coupled with electronic detection equipment, coupled with an improved fencing design. And that's what we have put in place and has been funded at Bayside State Prison in Leesburg.

ASSEMBLYMAN ROMANO: Madam Chair, just one comment.

It's been taken off our agenda, but you mentioned Morris River Township--

COMMISSIONER TERHUNE: Yes.

ASSEMBLYMAN ROMANO: --who is looking for that sex offender facility.

COMMISSIONER TERHUNE: Well, I would have to qualify that statement, Assemblyman, in all due respect. That request for the facility was made in a newspaper article. I have since had conversations with

representatives of State government, as well as the township. There is no firm commitment by the township that they, in fact, want that planned facility within the confines of that community. But I will share with you and all members of the Commission that that discussion is ongoing.

ASSEMBLYMAN ROMANO: I realize that because it was taken off our agenda -- and, especially, no newspaper article. We do have a letter from the Mayor of Woodbridge, former Senator McGreevey, who doesn't want it there.

COMMISSIONER TERHUNE: And I've spoken directly to the good Mayor.

ASSEMBLYMAN ROMANO: He's looking for a public hearing.

I think that's what's important in all of this here that the public at large should find out something before the fact and not after the fact. I'm sure every member of the Commission here agrees with me.

I have no further questions.

MS. MOLNAR: Thank you.

Senator.

SENATOR LITTELL: I agree with Assemblyman Romano.

Commissioner, there is nothing more sensitive than putting a convict or somebody who's been accused of a terrible crime in a community where the community is scared to death.

Eliminating the guard towers is shared by the -- both parties in both Houses. The vote was 73 to 2 and 36 to 1 in the Senate. I think you need to take note of that. The members are very concerned. They're not

trying to stand in your way of doing your job, but you have to understand that these things are not popular everywhere.

How many false alarms have you had in the new South Woods Facility as a result of your electronic crime device?

COMMISSIONER TERHUNE: I can, certainly, provide the Commission with a detailed report on the false alarms. The large majority of those were during the construction of that facility. I'm sure everyone on the Commission is aware that there was a phased project. The security perimeter was installed with the first phase, and thereafter a number construction-related missions were undertaken which resulted in a number of the so-called and reported false alarms. But I can, certainly, provide the Chairwoman with a detailed report if the Commission would be so inclined.

SENATOR LITTELL: Yes, I would like to have that information--

COMMISSIONER TERHUNE: Certainly.

SENATOR LITTELL: --and I would like to know, once you have a false alarm, what takes place? Do you lock down the whole facility?

COMMISSIONER TERHUNE: Absolutely not, Senator. What happens is there is a response -- a perimeter patrol response to the zone that is activated, and they determine if, in fact, it is an attempted escape or if it's a malfunction or a false alarm. The latest report that we did for South Woods, where we have two roving perimeter patrol vehicles assigned 24-hours a day, seven days per week, was that each officer was responsible, on an 8-hour time period, to 2.5 responses. That's the only job he or she has. So on an 8-hour shift for a police officer in a community deployment to respond to 2.5 calls, I think, is well within my expectations of what we can expect from a correction

officer. And that is what it came down to in South Woods. But I would be happy to provide the detail to the Chair.

SENATOR LITTELL: Okay.

You and I've had this discussion before. I don't see in your proposal -- it may be there, but these things aren't easy to read. Where is the money for cleaning up Mountain View at High Point State Park?

COMMISSIONER TERHUNE: The cleanup of High Point State Park, I believe we're both well aware, Senator, was in our budget for last year and was taken out. It is not in the capital budget, but rather, it will be included again in our operating budget. We continue to work with DEP to develop a plan for the closure of the sewage treatment facilities at High Point.

SENATOR LITTELL: Well, I think it's gone on long enough. We ought to get it done. You ought to find some money someplace to do it. Putting it off for another year's budget doesn't make sense to me.

COMMISSIONER TERHUNE: I'm moving ahead with the plan. It's got to be approved with DEP, and we've taken that out of our other operating expenses to do the plan. I mean, it's not a big expense for us because we're doing it in-house with current staff.

SENATOR LITTELL: Just for the record, who took the money out of the budget?

COMMISSIONER TERHUNE: I, truthfully, don't know, Senator. It was in our original request, and it was not in the adopted version, to the best of my knowledge.

SENATOR LITTELL: And how much was it?

COMMISSIONER TERHUNE: I believe it was \$500,000 if my recollection is correct.

SENATOR LITTELL: Well, I would like to have a memo on that, please.

COMMISSIONER TERHUNE: On the fact--

SENATOR LITTELL: I would like to have a memo, through the Chair, explaining all the details with regard to cleanup of that facility. It's something that I've been fighting for a long time for.

COMMISSIONER TERHUNE: Yes, Senator, I would be happy, through the Chair, to send a memo on the history on the -- I believe it's \$500,000.

SENATOR LITTELL: Cleaning out those old trailers is something that doesn't really require a lot of expertise. You need a device that will come in there and pull them up on a flat-bed and get them out of there. Why hasn't that taken place?

COMMISSIONER TERHUNE: Because we are studying, with DEP, the closure of the entire site.

SENATOR LITTELL: Well-- But it's been agreed, by both Departments, that those trailers had to be removed and some of the buildings had to be demolished. There were two buildings that were going to be saved and turned over to DEP. It doesn't need to be studied, it needs to be done.

COMMISSIONER TERHUNE: I am unaware of any agreement between DEP and the DOC to turn over any buildings.

SENATOR LITTELL: Well, I attended the meeting.

COMMISSIONER TERHUNE: The meeting that I attended, Senator?

SENATOR LITTELL: We had a meeting at High Point, at my request, with the DEP and the Department of Corrections, Mr. Fauver to deal with the removal of those trailers and buildings that weren't needed. And their position was that they were turning the facility back over to the DEP, and at that point in time they weren't going to do anything. And since then, everybody's been in agreement to clean those trailers out of there and clean up their facility.

COMMISSIONER TERHUNE: To the best of my knowledge, Senator, that's what the money was requested for, the actual disposal of and closure of I guess the permanent buildings that you elude to and/or the removal of the mobile trailer type buildings, and the money, as I indicated, was not there in our budget.

SENATOR LITTELL: But you have enough money to do that part of it. The major amount of money that is needed is for the cleanup of the lagoons and waste water treatment plants that they have that malfunction and cause the pollution in the first place.

COMMISSIONER TERHUNE: It's my understanding that the bulk of the \$500,000 was, in fact, for some type of a closure, and I'm using that term generally because I'm not an expert on the issue, but some type of a closure of the water treatment facilities at that site.

SENATOR LITTELL: Okay, well, I'm not going to (indiscernible) this thing, but I want that cleaned up.

COMMISSIONER TERHUNE: I will be happy to send a memo to Madam Chair on what was included in the \$500,000 and why it wasn't approved to the best of our knowledge.

SENATOR LITTELL: Okay, thank you.

MS. MOLNAR: Any other questions or comments?

MR. FERRARA: Just one--

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: --Commissioner. You mentioned Rahway, you know, that's old, antiquated. There was a portion of Trenton Prison that when they did the reconstruction or the new construction, I believe was supposed to be closed, dating back to the 18th century -- 19th century -- late 1800s. As far as I know, that's still operational. Is there any plans to close that part of Trenton Prison?

COMMISSIONER TERHUNE: Regrettably, Mr. Ferrara, from what I can determine from the historical perspective, we have never been able to get far enough ahead in the population -- inmate population -- to close anything. But rather, what we have done, most recently, is opened a new facility at Bridgeton -- 3200 beds. The older facilities are very inefficient to operate for a number of reasons, whether they be guard towers, whether they be linear design as opposed to podular design. I, certainly, would be an advocate of replacing older inventory with more efficient design, which would translate into some savings in terms of operational efficiency year after year.

But to answer your question, directly, I know, originally, the old portion was to be demolished. It is still standing, and it is still being used today.



MR. FERRARA: Okay, thank you.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Prison population has been skyrocketing based on all the articles I read. What programs do you envision that can slow down the pace of that growth or, possibly, reverse that trend? What kind of innovative technologies can we use -- or innovative ways of dealing with potential inmates other than incarceration? Do you have any ideas?

COMMISSIONER TERHUNE: We have a number of ideas, and the State Department of Corrections is aggressively pursuing a number of treatment-related alternatives that are designed to address the cause of criminality and criminal behavior. Eighty percent of the inmates come to us, on a national average, directly or indirectly, because of substance abuse. So we have significantly increased the number of treatment beds. Both those in the therapeutic community institutionally, but certainly those in the public sector through the halfway house initiatives. With the opening of Talbot Hall in South Kearny this past April, we seized that opportunity to use it as an assessment center for any and all inmates going through our system into a halfway house. It is too soon to tell the success of it because it's only been open since April, but I think we have to run a parallel path, in my opinion, of addressing violent crime in a very serious and severe way, while, at the same time, understanding the cause of recidivism. Eighty percent of it, as I indicated, is drug related. That is why we significantly are trying to expand and develop a performance-based outcome for all of our programs so we know what works.

MR. DAVIDOFF: Just a follow-up question. When you say 80 percent are drug related, drug related in that people are performing crimes to get money to have drugs, or because--

COMMISSIONER TERHUNE: Correct.

MR. DAVIDOFF: --and thereby--

COMMISSIONER TERHUNE: Both are true. About 37 percent of the inmates come to us with a drug charge, actually possession, use, distribution of drugs. The other 43 percent that make up the 80 would come to us for armed robbery, theft, car theft, car jacking -- all crimes committed to support an addiction habit. So in my opinion, if we're going to address the cause and not the result, you look at the totality of the picture, too, with addiction and make an effort to address the addictive disorder that is driving the criminal behavior.

MR. DAVIDOFF: You may or may not know this or maybe one of the other people who are testifying later from Human Services-- If somebody wants to kick a drug habit now and says, "I want to get into a rehabilitation facility," can they, or is there a long wait?

COMMISSIONER TERHUNE: I would, respectfully, suggest that that question be asked of Mr. Kaufman from Human Services since they're responsible for it. But I will tell you that my opinion is that there is not enough treatment opportunities for those that may be afflicted with addictive disorders.

I don't know how you quantify that, necessarily, but there is, probably, more drug addicts than there are drug treatment beds.

MR. DAVIDOFF: Okay, thank you.

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

COMMISSIONER TERHUNE: Thank you, Madam Chair, and  
I will forward the requested documents, hopefully, by next week.

MS. MOLNAR: Thank you.

Our next Department is the Department of Military and Veteran's  
Affairs. I would like to welcome General Paul Glazar.

**MAJOR GENERAL PAUL J. GLAZAR:** Good morning.

Madam Chairwoman, Commission members, I want to wish you  
all a good morning. You've been here all morning. It's real nice outside. I just  
wanted to bring some news from the outside world.

As Adjutant General, it continues to be my pleasure to present you  
with the Department of Military and Veterans' Affairs FY 2000 Capital Plan.  
This plan identifies and reidentifies 15 projects totaling \$23.5 million and, as  
in previous years, reemphasizes our major critical concerns. We again ask for  
your continued support as demonstrated in the past.

Again, on behalf of the Department, I express our thanks. Your  
continuing support is best illustrated by our Department developing \$2.4  
million worth of projects to continue this fiscal year. With these FY 1999  
funds, we will install fire suppression systems at our Atlantic City, Westfield  
and West Orange Interactive Community Resource Centers; replace windows  
at the Woodbridge ICRC; and replace roofs at Jersey City, Woodbridge,  
Woodstown, and Paramus Veterans' homes. This funding will also allow us to  
do Americans with Disabilities Act upgrades at Jersey City and major  
maintenance projects at West Orange, Morristown, and our Department of

Military and Veterans' Affairs headquarters. These projects and their funding continues the process of correcting long-ignored preservation and construction items but, as you know, falls well short of our overall needs for the total requirements of the Department.

Continuing with the identification of supported capital projects, I would like to bring you up to date on those projects presently under construction. When we take the FY 1998 capital funding and add the FY 1998 Federal contribution of \$3.9 million for Army Guard construction and \$69,000 from the Veterans Administration, The following projects are ongoing or completed.

Window replacements at our Dover, Jersey City, Newark, and Riverdale Armories. And you can see the Dover picture there as well as the outside the windows in the Jersey City Interactive Community Resource Center and also the Newark and Riverdale Interactive Community Resource Centers. And we've also completed committal shelter at the Arneytown Cemetery, giving us an additional capability of running some concurrent interments down at that facility.

If you continue through the presentation, you can see a facility that we're very, very proud of at this time. And that is the rehab of our drill floor at the Jersey City Interactive Community Resource Center. That is, probably, one of our largest structures. It's got a 60-foot-high roof and almost an acre freestanding with a wood floor. And you can see what that looks like now -- and a real good community project on that one.

Our completed barracks conversion at the National Guard Training Center at Sea Girt, and those three barracks facilities that you see

there were old, U-shaped facilities that we squared off. In the center of the U we built a 50-person classroom, upgraded the bathroom facilities, and continued on through. You can see the upgraded facilities on the next picture. We really put a lot of effort into some real old, pre-World War II construction. Now, our weatherproofing projects continue at our Atlantic City Interactive Community Centers.

These projects were all made possible by your realization that funding is necessary to save our infrastructure from long-term deterioration, and again I thank you for your support. However, these dollars as you know, only begin to address our requests. Today, as in the past, I ask for your assistance in permanently preventing further decay of our facilities.

As stated in the past, my vision continues to be to ensure that our facilities are adequately maintained for the training of our Guard members and the well-being of our veterans. That brings me to our FY 2000 request.

Since this is my fifth year of presenting this plan, I know that you understand our needs. Therefore, I have decided to emphasize projects one thru six, which are critical to our continued operation and bridge us into the next century.

The first project is funding for the architectural and engineering services for the demolition and reconstruction of our Vineland home. Not only is this project necessary due to the age, condition, overall functionality, and major code violations, it will help offset the potential closing of the Federal Veterans' Hospital in East Orange. If that facility closes, the care of the patients will, ultimately, fall back to the State.

It is imperative that proper facilities be made available to handle the potential influx of residents. And from the picture, you can see the Residential Unit 3, that the line points to, is a large, three-story facility coupled with Resident Unit 1, which is a sprawling facility, and Resident Unit 2. The intent would be to rebuild these facilities into a modern, cost-effective unit that would get us out into the 21st century. The cost to rebuild -- repair these facilities comes in at about \$20 million range.

Additionally, I want to re-emphasize that the Federal government will not contribute towards maintenance and repair of the facility since their guidelines require maintenance and repair to be a State function. We cannot send a message that antiquated systems and desperately needed interior renovations are the State standard for our veterans.

This \$36 million project will provide a 332-bed facility. Constructing a replacement facility will result in an estimated \$2 million per year in additional revenues. The payback of six years equals the \$12 million State share. Therefore, the project is cost effective.

In addition, the economic impact to the area could be significant. Using our Menlo Park Replacement Home Project 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.

The Federal Veterans Administration's budget for the State Home Construction Program is \$92 million for FY 1999. Should their future level of funding remain the same, this project would have an excellent chance of

being funded. And we've already started dialog with the Federal VA on the subject.

The next project, Priority No. 2, would provide the design cost for a training center at our National Guard Training Center in Sea Girt. This multiuse facility would increase current support offered to other State agencies and could be expanded to private corporations. Presently, we house training for the New Jersey State Police and Department of Corrections academies and Criminal Justice and municipal police classes. We already have other agencies inquiring about space, and this project could accommodate further expansion of activities. This venture would consolidate services, alleviate additional State-leased space, and reduce operating costs for the State. The conceptual drawing that's inclosed with this project reflects, in the all blue color, the existing facilities on the land. And then when you get into the center picture, it shows you the demolition with the red buildings being demolished and a proposed site with the inclusion of the existing blue buildings and the proposed new construction in the yellow facilities that are down there.

The next request, Priority No. 3, is a consolidation of previous requests, titled, cemetery improvements. This project would provide the design cost for the development of an 18.8 acre site for the installation of preplaced double-depth lawn crypts. With the increased aging of our state's veterans' population and the daily burial rate of 12 to 20 interments, it has become necessary to develop plans to prepare the cemetery so the current and future demands could be handled more effectively.

Legislation was recently passed and went into effect in to Fiscal Year 1999 which allows the Federal Veterans Administration State Cemetery

Grants Program to support State cemetery projects with 100 percent Federal funds. With this legislation, the State will be totally reimbursed for this investment. With this system, interment crews would have the flexibility to utilize multiple burial sites, thereby, eliminating overuse of any one area. Additionally, during winter months, interment crews would have the ability to utilize these preplanned grave sites, thereby, circumventing frozen ground conditions -- you remember which we had three or four years ago. This project will prevent the continued use of one burial site, allowing quicker reclamation of areas by the crews. This burial system has been adopted by other state veterans' cemeteries with excellent results.

Priority No. 4 addresses the replacement of our HVAC and electrical system at the Department of Military and Veterans' Affairs headquarters building. Although receiving appropriation of \$450,000 this fiscal year to replace our electrical transformer, that funding only touched upon one of our problems, and that just replaced the transformer project that we have. The present systems are 32 years old and are in a constant state of repair. We estimate that our annual operating cost will be reduced by \$195,000. This project will also qualify for Federal energy dollars. Therefore, with reduced operating costs and a Federal investment, our payback will be less than seven years.

Priority No. 5 deals with the multiagency projects as Sea Girt. As per this Commission's approval, I am including requests from the Departments of Law and Public Safety and Corrections into my submission. The projects in this request include an outdoor firing range, evasive driving pad, ammunition bunker, three-quarter-mile running track. These projects will improve overall



training and will be shared-use facilities for all agencies. This priority and Priority No. 2 were previously addressed by Law and Public Safety in their capital testimony and also will be addressed and have been addressed by the Department of Corrections.

I must emphasize that the needs are immediate, make good sense, and are not impacted by the construction of the new training center.

The final priority for discussion is Priority No. 6. This request is for the design services to construct a new mobilization and training equipment site, called MATES. Although a totally Federal-funded program, I am asking for the \$2.1 million in design fees to expedite the design process and prepare us to work for Federal funding. We are in the process of transferring the MATES from Fort Drum, New York. This will be completed by October of 1999. I must point out that the momentum to construct our new MATES is in motion. With Fort Dix becoming a large reserve training center, the requirements for armored vehicle storage and maintenance has increased. Our current unit training and equipment site is not conducive for training to required mobilization and training levels, unit mission readiness, and recruiting and retention.

We have selected Lakehurst as the location for our MATES based on availability of land. This will enhance their position in any future base realignment and closure actions. The construction of a new facility will contribute to the readiness of units and enhance the maintenance, repair, and security of Federal and State property. I emphasize that once we have the Federal-funding approval, the monies to reimburse the State for the design would be included in those Federal dollars.

In serving such a diverse constituency encompassing State, Federal, and veterans' communities, we cannot continue to support our customer base in acceptable facilities without continued funding. As I stated earlier, we need help today. We must pick up the gauntlet and accept the challenge of providing funding now for the next century.

We remain the fourth-largest department in total assets and the third largest in total buildings, with a veteran population ranked as the ninth largest in the nation and the second oldest, as well as having the largest and most active State veterans cemetery in the country. It is imperative that we have quality facilities available to them.

I have said it in the past and stress it today, ignoring our infrastructure only adds to the deterioration and is more costly to repair in the future. As leaders in our State, this is not a viable option nor a message we want to send to our veterans or soldiers. Preservation of these State-owned facilities is our moral obligation, thus, ensuring our clients' well-being. Our concern must always be the welfare of our National Guard and veterans facilities' residents and employees.

When funding is made available, we use it for positive results. Think about it. Our projects, Items 1 through 15 cost an estimated \$23 million. The State will receive \$10 million back in State support. This makes good sense. The State benefits by getting a return on their investment, we get the immediate application of that investment, and we will have the Federal dollars for construction. And the potential is there for approximately \$69 million in revenues to New Jersey's economy.

I think it makes good sense. If we continue on in our program, as presented today, I think that will take us into the 21st century for the veterans and for our soldiers in the State of New Jersey.

And I really thank you all for listening, and I'll entertain, Madam Chair, any questions that you might have.

MS. MOLNAR: Thank you, General.

Any questions or comments?

Senator.

SENATOR LITTELL: No questions for General Glazar. I just want to let you know that I'll be there to support you. I think you're doing a great job.

MAJOR GENERAL GLAZAR: Thank you, sir. I appreciate that comment.

MS. MOLNAR: Mr. Ferrara.

MR. FERRARA: Yes.

General, I would like to ask you a couple of questions about the Vineland soldiers home.

MAJOR GENERAL GLAZAR: Okay.

MR. FERRARA: Where it says it will help offset the potential closing of the Federal VA Hospital in East Orange, how do you make the linkage between a VA Hospital and reconstruction on the Vineland?

MAJOR GENERAL GLAZAR: The Veterans' Hospital in East Orange has a residential nursing home facility that they are, basically, closing, that we're attempting to push out into the future, a little bit, to give us some

relief, but their facility is approximately a 60-bed facility in the VA, and they are getting out of that business.

MR. FERRARA: Okay, it's just a portion of the VA hospital that we're talking about.

MAJOR GENERAL GLAZAR: Yes.

MR. FERRARA: It does the same type thing that we would do in Vineland.

With regard to the potential that the Feds will, in fact, approve this project, how does the Vineland home compare to Menlo Park in terms of its age, condition, where the Feds did agree to do Menlo Park? Would everything look toward them approving this?

MAJOR GENERAL GLAZAR: Yes, we have entered a dialog with them, and preliminarily, it looks like it's positive if their funding stays the same.

As you know, our Vineland home is now, currently, our oldest facility, and it was designed-- If you take a look at the picture, there is a large -- the Resident Unit No. 3 is a large, three-story hospital. That's what it was designed as. Totally inefficient. And when you look at the sprawled out units, one and units two, that are there, it's very difficult for us to meet the State standards on spending for nursing care. We are well above the spending limits, and what we try to do is get within those limits and provide quality care. Because of my facilities, I have to overstaff, and the age of the facility -- now spend more towards that facility in the upkeep of it. We're constantly putting into, the Resident Unit No. 3, a lot of repair dollars. We just put some money in for the elevator system in there.

We've gone through this process in the past with Paramus and Menlo Park. The time is now to build new, like it was two years ago, for Menlo Park. That investment will take us out for the next 20 years. And plus, in nursing home care -- with the right facilities, affordable for this State, properly designed for the future and designed for what they're being used for.

MR. FERRARA: Okay.

One other question on the cemetery. I thought you indicated that this would be paid for 100 percent by the Federal government.

MAJOR GENERAL GLAZAR: Yes.

MR. FERRARA: Because the material, I think, that falls on Page 2 would kind of indicate that there's a matching -- it's a \$14 million project of which the State provides \$7.3 million and the Feds provide \$7.3 million. I just wanted to clarify--

MAJOR GENERAL GLAZAR: Well, they changed their structure on this. Unfortunately, we didn't update that part of it. The law changed the words 100 percent reimbursement for the cemetery. What we currently do now in our cemetery system is we put in individual vaults. So every time we do a spouse or a resident that is under the care of the veteran we, as the State, pay for the cost of that particular piece of it. Now, when we do -- with this new system that we want to put in-- Basically, it's a double-high concrete vault system that the Federal government will pick up the total cost of, so we no longer will assume the cost for the spouse or the legal dependent of the veteran in that process. So actually, it's a cost-saving move for us. It's a 100 percent reimbursement process, but it's a precrypting. In other words, it would go in

and dig out an area and pour in place the vault system and then cover it over with the required amount of earth.

And then we get into their equipment -- is much less. You're not really redigging a hole twice for a second interment. We're doing a lot of second interments now. It's digging the hole for the proper depth for the proper occupancy level, if you want to call it that, the first time, and not having to go back and do it again. It doesn't make sense. So we've gotten into a more efficient operation.

MR. FERRARA: Now, is there a need-- This would also show a need for \$991,000 the first year from the General Fund. Do you need that, or does that come from the Federal government, or do we need it, and you'll get reimbursed later on? It's like planning money.

MAJOR GENERAL GLAZAR: Yes.

MR. FERRARA: Okay.

MAJOR GENERAL GLAZAR: I have to go forth with a design that we would include in the reimbursement in that 100 percent Federal funding for that project. That's the intent. So it's an investment up front, from the State, to recoup most of that back but to bring us up to speed with projects into the 21st century. I think it's a wise investment, myself.

MR. FERRARA: Sounds very wise.

MAJOR GENERAL GLAZAR: So I present it to you all.

MS. MOLNAR: Any other questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: Yes, the training center--

MAJOR GENERAL GLAZAR: Yes, sir.

MR. DAVIDOFF: --that we're looking at in two years -- \$75 million including this year's request. First of all, is any of that going to be federally funded?

MAJOR GENERAL GLAZAR: Yes, pieces of that will be federally funded. Everything that is used for the National Guard comes out of the Federal funds. And then there are other Law and Public Safety grants that are available out there for the State Police -- pieces of that and anything that would come out of Corrections.

MR. DAVIDOFF: What portion do you think will be funded?

MAJOR GENERAL GLAZAR: I'm looking at almost the potential of coming up to about one-third.

MR. DAVIDOFF: Okay.

Comment to me on alternatives. What happens if we don't fill the facility, and what are the costs incurred for-- I mean, we're talking a \$75 million facility. Talk to me a little more about why--

MAJOR GENERAL GLAZAR: Well, one of the options that we have on this is to incrementally build the facility. As you can see, there are quite a number of buildings there. The intent would be to get the engineering architectural design plan done so that we could incrementally build the facility and bring it on line according to the State budget and Federal budget contributions to that program. But without coming on line, initially, with the playing piece, the architectural engineering piece, it's a nonstart. Now, if we don't get anything here-- I think that's what your question was-- How do we survive into the future?

MR. DAVIDOFF: Yes.

MAJOR GENERAL GLAZAR: I'd like to invite you down to see the facilities that we're talking about. I guess we're talking about aluminum-sided, one-story, wooden barracks facilities that continually have been tried to be added to.

MR. DAVIDOFF: How many people train in these facilities? These are training facilities. How many people, in your Department--

MAJOR GENERAL GLAZAR: Well, every State -- right now, every State Police class that is being taken care of, every municipal class that the State Police does, every correction officer in the future, starting with the class that's in there now -- all of my National Guard professional training goes through there. So when I give you a number on it, that number-- I guess our last-- do you remember, Mark?

Our last utilization report for the year -- we haven't really wrapped it up just yet. But it's in the -- right now, it's in the thousands of soldiers, police officers, Corrections officers, Criminal Justice officers that go through there right now.

MR. DAVIDOFF: How many--

**LIEUTENANT COLONEL MARK E. CLEMMENSEN:**  
We do 10,000 training days a month right now.

MR. DAVIDOFF: Ten thousand training days.

LT. COL. CLEMMENSEN: A month.

MR. DAVIDOFF: And how many square feet are there now, and how many square feet of space will be built under this?

MAJOR GENERAL GLAZAR: The existing facility is 168 acres. We're planning on demolishing 58,000 square feet. I don't have the existing



square foot listed, but we're looking to rebuild, with the old and the new, 525,000 square feet.

MR. DAVIDOFF: You're going to demolish 58,000 square feet and rebuild 525,000 square feet.

MAJOR GENERAL GLAZAR: Well, the part of that 525,000 square feet encompasses the buildings we are not going to demolish.

MR. DAVIDOFF: So rebuild or renovate.

MAJOR GENERAL GLAZAR: Which is about -- looks like about 20 percent of the facilities. So you could say, probably, about 25,000 square feet would not be demolished.

MR. DAVIDOFF: So out of the 525,000 square feet, 500,000 square feet is going to be new. And right now we have 58,000 -- we have 83,000 square feet.

Now you've got my head thinking here.

MAJOR GENERAL GLAZAR: I got your attention on that one.

MR. DAVIDOFF: You've got my attention on that one.

If we're muddling by on 83,000 -- 10,000 service days a month, as you indicated, why do we need 500,000? Can't, for \$37 million, we get 200,000?

MAJOR GENERAL GLAZAR: Well, because, one of the main reasons-- You used the right word muddling by. That's exactly what we're doing. We're not working to our potential. The Guard--

MR. DAVIDOFF: But you're still efficient here.

MAJOR GENERAL GLAZAR: We're not really efficient.

MR. DAVIDOFF: Okay.

MAJOR GENERAL GLAZAR: We could be much more efficient by investing. We're muddling by, but we're helping everybody in that process. There's a tremendous amount more the Guard can do, as well as the State Police, as well as Criminal Justice. And you're paying for that other space somewhere in lease space that's being used currently. And it's facilities that we might have to go to a high school and rearrange a schedule and use a pool facility. There's a lot of large open buildings here.

When you talk about square footage of buildings, there's a gymnasium that's built into this because of the physical fitness requirements of everybody involved in this process. There's additional ranges for firing that's involved in this. As you know, National Guardsmen qualify once a year to fire. We use some of the ranges at Sea Girt. Corrections officers, State Police, municipal police -- you're talking qualifying twice a year in firing their weapons. It gets more difficult, as we go on day by day, to find qualified places to do that.

So it's just a continuing requirement. We've not come across a diminished level of requirements, it's always been an increased level of requirements. We're just trying to build the future and get it done the right way. Everything we present to you is -- solve the problem once.

MR. DAVIDOFF: I understand that, but solving the problem with six times as much space, to me, is almost incomprehensible to understand. And maybe that's the challenge I put out to you, which is to help us understand that.

MAJOR GENERAL GLAZAR: And again that's the intent. We continually look at the agencies that we report to, in my case, the Army -- Law

and Public Safety -- to the requirements that are out there on a national level. All of my buildings are open-bay buildings. Open-bay buildings aren't used anymore for housing of soldiers. They are not even used for housing of police anymore. You're looking for individual rooms, two-man rooms, two-person rooms, and all of those requirements. I don't meet the standards for certification for our National Guard school system that we run down there. I don't meet those national standards because of some of those problems.

So when you look at that, we're just trying to bring a facility that was built -- and Sea Girt goes back to the 1870s through the 1930s for their construction. We did a phase of construction in the 1960s, and we did a little bit in the 1970s, and virtually, nothing has been done beyond that to bring the facilities in compliance with the changing requirements. This not only brings them in compliance with the changing requirements, but this will set the standard for the future, and it's something that, doing it incrementally -- it's probably a 10-year program. But doing it incrementally, over that period of time, will give us the ability of continually adjusting to those new requirements as we bring these buildings on line. This is the start -- the planning process-- The architectural engineering is the planning process for-- It's the long-term planning process.

So if we don't start it now, when do we start it? And if you don't have a vision, you can't adjust from a start point. What we have now are totally antiquated.

MR. DAVIDOFF: I understand what you're saying, but I'm also thinking of \$75 million. Well, what if we did that for \$25 million and we had an extra \$50 million for our colleges?

MAJOR GENERAL GLAZAR: Oh, I understand.

MR. DAVIDOFF: And it's all a matter of balancing and where it is going to be and how to put it all together. So hopefully, when the staff looks at this, they'll focus on what's-- You know, is there a way to come up with something where we're providing some of the first-class facilities that you need, and yet -- for where we are investing the money, doing it wisely, and finding out what-- Maybe we're not going to get a platinum facility, maybe we'll just get a gold facility. And figure out a way of doing this reasonably at a cost that does, at least to me, appear a little bit more comprehensible.

MAJOR GENERAL GLAZAR: Without doing that initial--

MR. DAVIDOFF: I understand you have to do something.

MAJOR GENERAL GLAZAR: And that's what we're asking for now. This whole plan--

MR. DAVIDOFF: I'm looking two years hence to your 2002 request of \$71.4 million.

MAJOR GENERAL GLAZAR: I don't think we would ever come in and ask for that in one total lump sum. I think we would come in and ask for the ability of blessing the plan and saying, "Okay, now phase one of a ten-phase plan."

MR. DAVIDOFF: I understand that.

MAJOR GENERAL GLAZAR: And I think that, without presenting to you a professional plan, we would be remissed in bringing this any further. And that's the intent here, to get the ability of putting that professional plan together.

MR. DAVIDOFF: Thank you very much.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: General, regarding your Priority No. 1, could you tell us about how long the life expectancy of the new facility would be?

MAJOR GENERAL GLAZAR: All right, sir, I will do that.

The Vineland home reconstruction-- If I look back at our last-- I guess, if I look at Menlo Park as a benchmark of a facility-- Our facility in Menlo Park was built in 1932, and we just tore it down two years ago. We've added lower buildings to that. The Menlo Park home that is currently under construction -- \$43 million project that's currently under construction, should take us -- the way it's built, facility wise, will last for a good 50 years with maintenance beyond that. But the way it's configured with the flexibility built into it -- take us -- health-care servers -- unless the requirements change, it's a 20-year design project. It takes us out into the future, unless the health-care system radically changes the way we take care of our geriatric patients.

So I think our Vineland project will take us out into that same future from when it starts. In the health-care field, 20 years, but in the building arena, with proper care and maintenance, they're lifetime buildings. The only thing that changed is that the use changed of the old facility. It's not being used for what it was built as. And then the capacity has significantly increased from where it was started to what it is, pending all of those things being constant. It's a quality facility.

We need to invite you down when we do our official opening of our Menlo Park facility. It's absolutely the national standard for nursing homes, and we want to claim it that way. It will knock your socks off to see this place. It's absolutely gorgeous.

MR. ANNESE: Because the part that does draw my attention is a facility that was built in the 1970s we now find completely obsolete and must be destroyed. And that's what draws my attention a little bit.

MAJOR GENERAL GLAZAR: Completely different change of use. It was built as a hospital and not designed as a nursing home. The capacity of the facility, plus the infrastructure when we were still -- we've already done the asbestos abatement to it, the electrical service is antiquated, we're doing a patchwork on the elevator systems, we've put in some fire suppression because it didn't have that. So we've put in a lot of patches to this facility. I think in the construction practices now, in that 30-year time span, there's been some significant changes in construction practices. Some for the good, some for the bad, but most of them for the good.

MR. ANNESE: Okay, my next question regards the overall general Federal funding you refer to. I get the impression, by your testimony, that you're going to work closely with the Federal government so that the Federal funding, more or less, becomes almost an entitlement to us as opposed to a grant process. Am I correct in that assumption?

MAJOR GENERAL GLAZAR: The assumption that you need to understand when you walk away from here today would be that I can't get any Federal dollars to support any of our projects without having a commitment on the State side, and not having the preliminary plan put in place-- Once I get that on the nursing home side of it-- Our experience has been, and experienced most recently with Menlo, a 66 percent Federal reimbursement. We maxed out the absolute max the Federal government can give us because we went in and did a professional job in what we presented to them and the

way we did it. Up until the point that we came in and did that, there was no support from the Federal government. We got that support, and we took that forward, and we were very, very successful.

We think that we will get that same support because of the work that we've been doing on the Federal side and the way we've been dealing with them and talking with them. We're down there all the time doing this, trying to bring those dollars to New Jersey, same on the National Guard side. The feeling is that working with our congressional delegation to ensure that the funding is put in place, and we've been very successful in doing, that we will continue along those rides.

Our piece of this is that I can't guarantee it's going to happen, but, professionally, we're working towards that goal. And I think that our past credentials reflect that we've been 100 percent successful in everything we've tried that way. We pledge that continued diligence to make that happen.

MR. ANNESE: Would that reflect each one of the projects that you're proposing here regarding Federal funding? The cemetery as well?

MAJOR GENERAL GLAZAR: The cemetery is 100 percent-- Again, we've been talking with them already.

We wouldn't bring it to you if we didn't think that we had the possibility of the Federal funding piece of it. If we knew that the Federal budget was nonexistent to support it, I wouldn't even propose it. We're proposing it because we know the dollars are going to be there to support it. We just need to continue that process. This is step one of that process.

MR. ANNESE: Okay, thank you.

MAJOR GENERAL GLAZAR: Okay.

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

One question I had-- Since the Sea Girt facility is so large, would it be possible to arrange a visit by the Commission?

MAJOR GENERAL GLAZAR: Absolutely.

MS. MOLNAR: After tax season, of course.

MAJOR GENERAL GLAZAR: We would be most delighted to show that.

MR. DAVIDOFF: Maybe during tax season. That might be a good relief.

MS. MOLNAR: Pretax season or posttax season.

MAJOR GENERAL GLAZAR: We invite you to come down in the summer when the beach is open.

MS. MOLNAR: Too much traffic, though.

MR. DAVIDOFF: We'll go on a Wednesday.

MS. MOLNAR: Any other questions or comments? (no response)  
I would like to thank you for your testimony.

MAJOR GENERAL GLAZAR: Thank you very much for listening.

MS. MOLNAR: Our next Department is the Department of Human Services. I would like to welcome Commissioner Michele Guhl.

**COMMISSIONER MICHELE K. GUHL:** Good morning.  
Everyone is getting hungry.

MR. DAVIDOFF: We have some bagels in the back for us.

COMMISSIONER GUHL: Am I on here? Oh, yes.

Well, it's a good morning. I will say good afternoon, Madam Chair and members of the New Jersey Commission on Capital Budgeting and



Planning. I am honored to appear before you for the first time to present the Department of Human Services' Fiscal Year 2000 capital budget request. With me is our Director of Operations, Vince Giampeitro; the head of the Division of Family Development, Dave Heins; Mental Health Director, Alan Kaufman; and other support in the back.

Let me start by saying that over the last now four months, I have become very aware of the accomplishments we have achieved in this Department in recent years with your assistance and that of the staff at OMB. Based on your recommended appropriations and prior funding in the last year, we've completed several major capital initiatives. We have opened a new 100-bed, state-of-the-art psychiatric facility at Hagedorn. We've also opened a new Medium Security Unit for DDD clients at New Lisbon Developmental Center; we are in the process of completing fire suppression projects in patient living units at New Lisbon, Hunterdon, and North Jersey Developmental Centers, and have begun two similar projects at Vineland and Woodbine Developmental Centers to be completed next year; we have finally brought our wastewater treatment systems into full compliance with regulations; and we successfully accessed centralized accounts that provide funds for hazardous material cleanup and underground storage tank remediation. We have found this access to be of invaluable assistance.

Just so you know what we've done with the money that you were gracious enough to give us last year, we've received, after all was said and done, \$11 million. That funded three basic things: the suppression systems at Woodbine and Vineland, roof repair and replacements at seven facilities, and fire alarm upgrades at several of our regional schools.

While our requests, indeed, have exceeded appropriations each year, do know that the money we have received has helped us to make significant upgrades and to maintain our facilities. The requests we present follow from one year to the next, and while they are still extensive, you can see that the changes each year actually demonstrate the progress made.

Given the number of projects in our request and knowing that you have already received some detail on each, I'd like to focus my remarks on the broad themes that drive this request, as well as some review of the critical, top-20 projects I am requesting.

Following that, I will be happy to discuss aspects of any individual project, and as I have noted, I have with me, today, representatives from each of our Divisions to provide additional details for you as needed.

Underlying our overall request are some basic principles. For one thing, we must make sure that we comply with all of the applicable regulatory standards including building codes, Federal requirements, and accreditation standards. Like any prudent home owner, we have to make wise investments in the maintenance of our buildings and properties to avoid costly repairs down the line. We have to be good stewards of the New Jersey environment. We want to fix any environmental problems we have at our sites, and we want to make sure not to create any new ones. We also want to make our operations as energy efficient as possible.

Please allow me to highlight some of the major projects covered by our request.

We are requesting \$6.6 million for essential fire protection and electrical improvements at the Hunterdon and Woodbridge Developmental

Centers and at Trenton Psychiatric Hospital. The projects will make the buildings safer for residents and staff. They also correct problems that endanger Federal certification and needed accreditation.

We are requesting \$4.5 million for our children's psychiatric facility, Arthur Brisbane. These funds will be used to expand the cottages there and to build a new residential building. The facility is old and not properly set up to accommodate the needs of the children. This project would address these problems.

In order to comply with recent statutory changes which require a reduction in the number of criminally involved patients in our regional psychiatric hospitals, we are requesting \$7.5 million to increase the number of beds at the Forensic Hospital, the Department's only maximum security hospital.

We are requesting \$11 million for essential improvements at Greystone Psychiatric Hospital. The needs at Greystone are well documented. They include fire alarms, fire escape and emergency exit improvements, plumbing repairs, electrical feeder and lighting repairs, and door and window replacements.

I would also like to address two areas of our request which affect community programs.

In terms of community placements for people with developmental disabilities, our focus is two pronged. We have requested an additional appropriation from the 1994 Bond Fund in order to continue to increase opportunities for the developmentally disabled in the community, but we must also keep our existing residences safe and secure for those individuals already

in the community. For that purpose, we have included \$3 million in this request.

Another community priority is our request for \$10 million to expand child care availability. In the past, the Division of Youth and Family Services has made similar requests. Recently, we consolidated the administration of child care within our Division of Family Development, the division that oversees welfare. Importantly, with the creation of Work First New Jersey, we anticipate a need for significant additional child care slots by the year 2000.

Many assumed that the marketplace would expand to fill this need. It has not. We will need to stimulate the market, especially in the urban areas where demand for child care is strongest. But market incentives for new providers are less apparent. It is also important to note that in general, Federal funds for child care cannot be used for capital expenditures, and our voucher rate also does not support such costs.

Finally, for the first time this year, we have requested funding for technology. In the private sector, it is generally accepted that hardware and software need to be replaced or updated on a three-year cycle. Modeling after that, we are requesting \$5.6 million to begin a five-year cycle to replace our existing computer hardware. The repair or upgrading of the equipment is simply no longer cost effective, and the increasing reliance of our staff on technology makes this upgrade essential.

I hope this brief overview has been helpful. I thank you, Madam Chair and members of the Commission, for your warm reception and for the

funding recommendations that you have supported for the Department in the past.

In closing, I would like to thank Paul Shidlowski, Acting Executive Director of this Commission, and Ted Kukowski, of his staff, for their assistance in helping the Department develop this request. I'd also be remissant not noting the significant assistance of Dave Milstein, head of ADA funding. That has been a great help. And for everyone for all they do, certainly from OMB staff to help us throughout the year.

That concludes my formal comments. I would be happy to entertain any questions you might have.

MS. MOLNAR: Thank you.

COMMISSIONER GUHL: You're welcome.

MS. MOLNAR: Any questions or comments?

ASSEMBLYMAN ROMANO: Just one.

MS. MOLNAR: Yes, Assemblyman.

ASSEMBLYMAN ROMANO: The reduction of the DD list--

COMMISSIONER GUHL: Yes.

ASSEMBLYMAN ROMANO: How close are you, really, to get to it? Because each year, as we wait, the number gets larger. We keep talking about-- How much were we talking about a year ago? Four thousand? What is the number up to now?

COMMISSIONER GUHL: Closer to 5000.

ASSEMBLYMAN ROMANO: Close to 5000.

MR. DAVIDOFF: What is the DD list?

ASSEMBLYMAN ROMANO: The developmentally disabled.

COMMISSIONER GUHL: These are people who have, for the Commission's general knowledge, signed up for consideration to be placed. They're currently with families. The thinking is always at some point when the family members age they become concerned about what will happen to them when they're no longer available to care for their adult daughters or sons. And the waiting list represents people who have signed up to be placed -- to have their loved ones placed in the community. It's approximating 5000 now. We are currently-- We've had five initiatives under the current administration. The most recent one is to take 500 individuals from our waiting list.

You probably know, Assemblyman, there was a plan developed per legislation to deal with the entire waiting list and to end it by the year 2008. We've received that plan, it's under very serious review, and we're working with the Governor's Office in terms of our next strategy to start, potentially, implementing it.

ASSEMBLYMAN ROMANO: Madam Chair, you'll notice the year that we're talking about -- she said by 2008.

COMMISSIONER GUHL: May I be so-- If I just might-- Just because I do believe it-- I think this is an important point that, often, doesn't get covered in press coverage of this issue. We've found, recently, because we have had the benefit of a lot of initiatives -- funding for placement off the list, that now, as people -- as we reach individuals, and this is a chronological listing of people which is based upon date of sign-up, as it were -- sort of a deli line--

In fact, in the last initiative, we were close to a 25 percent turndown, meaning that because -- sometimes people just want to get on the list thinking it's going to take tremendously long before their number comes

up. Because we've had more funding and initiatives on this, their numbers are coming up and they are not yet ready.

So I think that does, somewhat, temper the overall concern about the list.

ASSEMBLYMAN ROMANO: Well, you have to agree, Commissioner, we're still talking about an awful lot of people.

COMMISSIONER GUHL: We are, indeed.

ASSEMBLYMAN ROMANO: Okay. I know, from my own part, in Hudson County there are people who, let's say, are on the list and are waiting to be placed appropriately in group residence or whatever the case might be.

Thank you. I would be wrong if I didn't mention the DD list. And I think Senator Littell would also be talking about the DD list.

Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments?

MR. FERRARA: Yes, I have one question.

MS. MOLNAR: Mr. Ferrara.

COMMISSIONER GUHL: Hi, how are you?

MR. FERRARA: Michele, the welfare reform child care -- the \$10 million--

COMMISSIONER GUHL: Yes.

MR. FERRARA: Right now, all the child care is provided by the private sector. We don't have any State-operated--

COMMISSIONER GUHL: That's correct.

MR. FERRARA: --child care centers.

COMMISSIONER GUHL: That's correct.

MR. FERRARA: We would go in and do the renovation of the facility to make it meet code. They would operate it. Would we then get a discount on our placement of kids?

COMMISSIONER GUHL: What we anticipate doing is-- Work First-- The success of welfare reform in this state, and I'm sure in many other states, but my concern is New Jersey, is if we are to succeed in moving individuals from welfare to work, we have, in New Jersey, a very, I believe, moderate program that provides child care and medical benefits to families. Critically, our client bases are women with children who will need child care if they are to transition to the world of work.

As we address that population, we find an inordinate need for an expansion of child care. The money that you see this year is year one. We would anticipate an equal amount for a request the next year and then see the demographics leveling off. It looks, to us, like we would need -- this would purchase -- I guess for your -- about 3800 additional child care slots. We would couple it with service contracts for day care centers. Requiring those centers to their expansion would be for our Work First clients.

I don't know if I missed your--

MR. FERRARA: Okay, well, I think you're saying that it is used to expand existing centers, and I believe it's--

COMMISSIONER GUHL: It is.

MR. FERRARA: --15 percent to build some new ones.

COMMISSIONER GUHL: Correct.



MR. FERRARA: But they would-- Would we own the facility?

COMMISSIONER GUHL: We don't-- They're private, nonprofit organizations.

MR. FERRARA: Okay, so we would pay for either the renovation or the expansion, whatever the right term is.

COMMISSIONER GUHL: With a 25-year commitment, Dave reminds me, of the service provider -- the nonprofit to--

MR. FERRARA: Okay, so they would-- After 25 years, they wouldn't have any liability back to us for the cost of doing that renovation. So in a way, it's maybe prepaying the part of the fee. Doing it-- In other words, they don't have the money to invest to do it, so we're going to -- we'll do the expansion for them, but they, then, have a 25-year commitment. If they do go out of business and try to sell the facility, we would have a lien against them for a portion of that money.

Okay, that's what I wanted to know.

MS. MOLNAR: Any other questions?

Mr. Davidoff.

MR. DAVIDOFF: Along that line-- Is that a lien that is actually filed when they give them the money?

**DAVID HEINS:** It's in the contract.

MR. DAVIDOFF: It's in the contract. So basically, if three years from now they go into business and they sell the facility and somebody is not really sharp sitting in your chair, they're going to sell it, and there's no public lien on there-- It's just in the contract.

MR. HEINS: It's renewed annually.

MR. DAVIDOFF: I understand that, but I'm telling you the reality of -- somebody's going to be forgetting about these.

MR. HEINS: There is a file claim.

MR. DAVIDOFF: There is a file claim? Okay, that's an important aspect.

Now, last year we had a whole conversation about these child care facilities.

COMMISSIONER GUHL: Yes.

MR. DAVIDOFF: Five million dollars, ten million dollars, twenty million dollars, and it ended up that you got no appropriation.

COMMISSIONER GUHL: Correct.

MR. DAVIDOFF: I was in favor of a partial appropriation at the time. One of the conversations that we had is-- Do you have the infrastructure in your--

COMMISSIONER GUHL: Operating.

MR. DAVIDOFF: --in your operating infrastructure to oversee, in two years, \$20 million worth of improvements? Wouldn't the more practical solution say that we can build these over five or six or seven years, and let's start with smaller numbers? Let's be realistic, you've gotten zero so far. Wouldn't one of the more realistic things say, "Give us \$3 million, \$4 million, \$5 million, and let us get some expertise in building some of these or picking out which ones or making the contracts"? I mean-- Can you talk to me about this a little bit or have one of your experts--

COMMISSIONER GUHL: I'm looking in terms of our expertise here -- what the expert wants to say.

MR. HEINS: Well, one of the issues you have is that the need is already--

MR. DAVIDOFF: Is there a button on-- (referring to PA microphone)

COMMISSIONER GUHL: Clearly the need -- the demand is there, but I don't think that's the question.

MR. HEINS: We have had some experience in oversight that's a joint effort because these are licensed facilities. So it involves several divisions within the Department, DYFS which does the licensing portion of this, as well as our division reviewing the operating principals, and also the fact that the slot fills, which is maintained by our division-- This would take, even if we put out the money or got the money, a number of months just to select who would be the successful sites, and then the construction may take an additional year. So even if we give the go-ahead now, we're talking almost 18 months for all the slots to become available.

Our growth is dramatic. And the growth in the private sector is about 5 percent of slots a year. We're growing well over that. In the last two years, in welfare reform, we've grown 127 percent in slots to the tune of 14,000 slots per month. So we're looking at 3500 to 3800 slots here. We've grown 14,000 in the last two years. We'll grow an additional--

MR. DAVIDOFF: And where have you been placing those 14,000?

MR. HEINS: A lot of the-- What you wind up doing is taking away the opportunity of choice for people in urban areas. They wind up requiring family and friends. We're doing registered providers. One of the

issues we have in urban areas is that it's less difficult to approve family day care because you need to have life safety inspections as well (*sic*). The urban infrastructure is not one that readily approves some of these because you have lead abatement issues and other things in where people may be living. To care for a child that is not appropriate.

COMMISSIONER GUHL: I do want to--

Excuse me, Dave.

I am not sure that your question -- when you talked about the capacity of this much activity. These are grants to the nonprofits. They use the building. We're not-- There's little staff intensity on our side. I don't know if that was clear.

MR. DAVIDOFF: I understand, but I assume that when you give a grant, you're trying to understand the cost, and you're trying to make sure that all of those monies going are going, truly, for building facilities and not a management fee to the owner of the facility saying, "Well, I'm going to manage this and get 6 percent for overseeing the construction"--

COMMISSIONER GUHL: Right.

MR. DAVIDOFF: --or those kinds of things.

COMMISSIONER GUHL: Vince, can you speak to the integrity of that process?

**VINCENT GIAMPEITRO:** This may be a new process within the Division of Family Development, but I think we have mechanisms for dealing with those issues that we've used really successfully within our divisions -- community development, group homes, supervised apartments, town houses, residential facilities. So I think it's a combined effort between the staff and the

Department and staff at DFD to do that kind of oversight. For the most part, we're looking at expansion of the existing facilities. Part of that review process is at the front end where you're careful about what you accept in terms of proposals and what you agree to fund.

MR. DAVIDOFF: And these facilities are basically for children who are not in school, under age six, is that correct?

COMMISSIONER GUHL: That's correct.

MR. GIAMPEITRO: Yes, preschool.

MR. DAVIDOFF: Okay, a couple of other comments on other issues.

You mentioned, in your talk, that you're going to go to the private sector standard for hardware and software -- every three years.

COMMISSIONER GUHL: I think we're modifying it to five.

MR. DAVIDOFF: Thank you.

I run an accounting firm. If I can replace my hardware every three years and afford that, that would be quite a luxury.

COMMISSIONER GUHL: No, we're just using that to show the Commission that we're not being that aggressive.

MR. DAVIDOFF: In reality, we find that we buy, at the cutting edge, every five years. What we do is, between five and eight years, we take them to a lower type of facility. In other words, what you might need for databases and everything, five years from now, some other facility could use for word processing. So we find a way of recycling the equipment and keeping it around.

COMMISSIONER GUHL: We just thought we needed a comprehensive approach. There is so much technology in the Department.

MR. DAVIDOFF: The other thing is, and I've raised this before with the Commissioner of Corrections, and he said you would answer it, was -- is -- for those desiring drug rehabilitation. If somebody came in today and said, "I need drug rehabilitation," could they get served, and if not, how long are they going to wait?

COMMISSIONER GUHL: Well, can I punt to the Commissioner of Health. Actually the surface system for substance abuse treatment is in the Department of Health and Senior Services. Clearly, the issue often comes up that there is expansion needed in that system. For example, we have a substance abuse initiative, under Work First New Jersey, wherein our clients who are deemed necessary for treatment -- but have to go in fact-- All the actual operationalizing of the system is with the Department of Health and Senior Services.

I think I can say that we can always use a lot more substance abuse services very safely.

MR. DAVIDOFF: Okay, I guess my concern is that we might be able to spend money opening slots there and preventing -- having some impact on 80 percent of the criminals that are currently incarcerated and avoiding that future population.

Through the Chair, at some point I would just like to know that information. I don't know if we've heard the Department of Health already or if we're going to hear--

MR. SHIDLOWSKI: We have heard from the Department of Health.

MR. DAVIDOFF: We have heard from the Department of Health. If we could just get the information of how many slots there are for drug rehabilitation and what kind of wait there is because, in a way, when we're looking at our capital projects for Corrections--

COMMISSIONER GUHL: We put \$18 million this year to the substance abuse initiative through Health to fund this. So there was some expansion--

MR. DAVIDOFF: You put money into Health--

COMMISSIONER GUHL: Correct.

MR. DAVIDOFF: --from your budget into--

COMMISSIONER GUHL: Correct.

MR. DAVIDOFF: --substance abuse for treatment or prevention or--

COMMISSIONER GUHL: Yes, yes, it's really treatment based.

MR. DAVIDOFF: For treatment -- treatment based.

MR. FERRARA: But it's dedicated to the welfare population--

COMMISSIONER GUHL: Exactly.

MR. FERRARA: --which might not be exactly the same people that--

MR. DAVIDOFF: And does the welfare population have a wait? If you have somebody on welfare who needs drug treatment--

COMMISSIONER GUHL: Currently, that's been the problem.

MR. DAVIDOFF: What kind of wait do they have right now?

COMMISSIONER GUHL: Well, you hear all kinds of extremes, but it can be into the years, unfortunately. I don't think that's the case now with this initiative. They will move through with the new initiative -- through the system. It's a managed concept of care and care coordination. In fact, slots will be available for those dedicated resources for our population.

MR. DAVIDOFF: So for your population, because you put up the money, there are slots?

COMMISSIONER GUHL: Correct.

MR. DAVIDOFF: So within a matter of months, people who get into the system get their treatment and get out.

COMMISSIONER GUHL: Hopefully.

MR. DAVIDOFF: It's just a matter of money -- \$18 million. How much are we splitting up? This seems to be a pretty good--

COMMISSIONER GUHL: Return.

MR. GIAMPEITRO: A portion of this money addresses the general assistance population which are former prisoners. Some individuals (indiscernible) for about \$4 million a treatment is targeted to the general assistance population, so they would be able to access service--

MR. DAVIDOFF: Okay, well anyway, this issue has caught my attention.

Thank you very much for your presentation.

COMMISSIONER GUHL: You're quite welcome.

MS. MOLNAR: Could you clarify one thing about child care? You mentioned it was preschool--

COMMISSIONER GUHL: Yes.



MS. MOLNAR: --but a lot of these welfare mothers work all day and most kindergartens, in the public school system, are still only half a day. Their children are not eligible for this--

MR. GIAMPEITRO: If they work all day and the children are young and there is only a half-day program, we also have activities-- Most of the centers operate a full-day program to support someone working full-time -- a 10-hour day -- the facility. Some of them will accept children for part of the day, transport them to the school, pick them up from the school, and bring them for the other half of the day. We also have before- and after-school programs as well. We fund that as well. What we're developing here are full-time slots, some of which may be utilized in a split fashion. We do also support part-time care after school or before school.

COMMISSIONER GUHL: It gets further confusing, Madam Chair, because, with the *Abbott* decision and funding for those districts, there's a tremendous overlap with the population given where those districts are. So we are working -- coordinating with the Department of Education to make sure that we don't have the ludicrous situation where there is one half-day one place and a half-day somewhere else and a welfare mother, whom we're telling that they need to get to work, somehow trying to figure out how to move her child.

MS. MOLNAR: One of the issues is bussing. Is there money, not in this \$10 million but elsewhere in your budget, to give grants to these community centers to purchase buses or even to help us to lend them the money to pay down?

MR. FERRARA: Well, a welfare recipient gets some transportation assistance, do they not?

COMMISSIONER GUHL: They do, but I was--

MR. FERRARA: But that's just for them to get to the job.

COMMISSIONER GUHL: --trying to understand specific transportation for--

MS. MOLNAR: For the child, once they get out of kindergarten, how do they get from the kindergarten classroom to the community center? I'm on a board--

MR. GIAMPEITRO: Some centers operate their own transportation system. We can fund \$10 dollars a week. That is our cost per child that we'll cover towards transportation as long as all children are afforded transportation.

MS. MOLNAR: See, that's the problem. A bus is very expensive. The community center that I serve on just cannot afford the bus, so they're losing some opportunity there. There is no grant money available?

COMMISSIONER GUHL: That's something that we should look into. It's the first this has been broached with me.

MR. FERRARA: One of the things that they're doing, also, is a lot of the schools now are having their own after-school day care programs so the kid never has to leave the school. He basically goes to an after-school program.

COMMISSIONER GUHL: True.

MS. MOLNAR: Our town has made the decision to use outside -- nonprofits, and there's no way for the child to get here.

COMMISSIONER GUHL: It's being looked at with the *Abbott* decision, clearly because the Commissioner of Education is encouraging districts -- affected districts to use the local community system that already

exists, rather than expand schools. So they are, certainly, looking at transportation as a very real issue there.

MR. DAVIDOFF: In East Brunswick, there has been a partnership between the Department of Recreation and the school system to have after-school care from the 3:00 p.m. to 6:00 p.m. time frame for students. Obviously, I assume, that's some of what you're talking about. It should be pursued.

But the other thing is that you may or may not be aware of-- There are some Federal grants for buses. I know we got a bus for our senior citizens in East Brunswick to go transport senior citizens. I don't know if there is some of that transportation-- Also, obviously, looking to the schools to see if they can partnership with some of your providers instead of taking money and building a facility. You've got an empty school there from 3:00 p.m. to 6:00 p.m. for some of your after -- age child care--

COMMISSIONER GUHL: We have--

MR. DAVIDOFF: You may want to look into that, too.

COMMISSIONER GUHL: Thank you, we will. We have gotten transportation plans from all the counties. I need to see how much of those plans focus on the children as opposed to the adult transportation issue.

There is new transportation money that-- I just saw a little synopses coming from Washington, and we need to get a handle on what that might be available for. But we'll look at it.

MS. MOLNAR: Also, on the child care availability, it can be a bureaucracy as far as the paperwork. Our Executive Director has to get a signed affidavit or proof that the spouse or the husband is not living at home

and the welfare mother is the sole support. It is a major record-keeping difficulty. So if there is any relief on the horizon, it would be good to know.

MR. GIAMPEITRO: I don't know if they need a sworn affidavit on that.

MS. MOLNAR: They--

COMMISSIONER GUHL: It seems a little aggressive.

MS. MOLNAR: They have to show definite proof of their spouses not being there.

MR. GIAMPEITRO: The only time that I'm aware in a regulation that's required is when we see pay stubs and there are family deductions there that indicate-- That's when you need an affidavit.

MS. MOLNAR: I see.

MR. GIAMPEITRO: Not normally. It's only when there's something that indicates there is a spouse.

MS. MOLNAR: All right, so if the welfare mother shows up, and she shows a stub of one or two -- and it makes sense--

Okay, thank you.

MR. FERRARA: Just one other point to one of the points that you made, and that is the half-day kindergarten. I believe, under the agreement under *Abbott v. Burke*--

MS. MOLNAR: Right.

MR. FERRARA: --the State agreed that all school districts would have full-day kindergarten. It would phase out the half-day kindergarten.

COMMISSIONER GUHL: Yes, but beyond that, it gets into three- and four-year-olds.

MR. FERRARA: Right.

COMMISSIONER GUHL: So that the coordinative piece--

MR. FERRARA: And also, some three- and four-year-olds have to be provided services, also.

MS. MOLNAR: And that's only the *Abbott* districts. There are--

MR. FERRARA: That's correct.

MS. MOLNAR: --towns that have some poor that aren't part of the *Abbott* districts.

MR. FERRARA: You're right, that's only the 28 *Abbott* districts.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Commissioner, I'd like to talk a little bit about the Greystone facility.

COMMISSIONER GUHL: Okay.

MR. ANNESE: A few years ago, I remember, I believe it was your Department, coming to us and talking about the possibility of vacating that facility. And now we have a Priority 1 request for \$11 million. Could you update this Commission about your long-term plans for Greystone?

COMMISSIONER GUHL: Well, I certainly will attempt to. Unfortunately, there's not a final resolution on this. You may know that a comprehensive engineering study has been underway. It's near completion.

The request you see before you, today, is really on the most emergent issues for client safety and just maintaining the current infrastructure. Once we get the final work product from the ANE folks, then we will be looking at the long-term strategy because we do think it might need

some radical changing there. It's a very -- I'm sure you know it's a very, very old infrastructure.

But this is just the short-term fix, frankly.

MR. ANNESE: My next question is, actually, addressed to you, Madam Chair -- perhaps, through you to Paul. Could you update us a little bit about the status of computer request to this Commission? I was under the assumption that computers were considered more of an operational expense than a capital one.

MR. SHIDLOWSKI: In our instructions to the Departments this year, we agreed, based on, basically, the discussions that we've had with the Commission last year, to accept requests for computer systems, basically. So we were looking for more of an integrated request where the Department would present a plan to either automate an operation or come up with some new approach -- new business approach that required automation. We weren't looking to replace computers, per se. We weren't looking to replace existing computers. Perhaps the instructions weren't as clear as they could have been.

MR. FERRARA: So really, if this doesn't meet our criteria, we would instruct them to put that into the regular budget request and not into the capital request.

MR. ANNESE: Okay, those are my questions. Thank you.

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

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

COMMISSIONER GUHL: Thank you.

MS. MOLNAR: Now, under other business--

I believe all of you received copies of Senator Littell's memo.

MR. DAVIDOFF: (indiscernible)

If we're going to delay the bylaws based upon some legislation, we should, probably, include that legislation -- that December 15 date. Originally, at our last meeting, they said they weren't going to do that because they didn't want to introduce legislation just for that. But since they're going to be introducing some legislation anyway, you might just want to have them throw that into it. You might just want to ask the Senator if he would like to do that.

MS. MOLNAR: As he left, he suggested that, perhaps, we wait to hear from the Attorney General before we take any further action.

MR. FERRARA: I'm sorry, I'm missing-- What legislation were you referring to?

MR. SHIDLOWSKI: In his letter to the Commission, one of the things that Senator Littell mentioned was that perhaps--

MR. FERRARA: Oh, changing the statute.

MR. SHIDLOWSKI: The Commission might want to seek legislation to allow the designees--

MS. MOLNAR: Are we awaiting a written opinion from the Attorney General?

MR. SHIDLOWSKI: I asked for a written opinion. I believe I'm going to receive one. In the meantime, the advice from the Attorney General was that he felt that Legislative Counsel was on a solid basis--

MR. FERRARA: It was a solid decision.

MR. SHIDLOWSKI: --and that his suggestion to me was that we not ignore the letter and keep on acting as we had been.

MS. MOLNAR: So adopt the current bylaws, and when the legislation is changed, we'll just change the bylaws.

MR. SHIDLOWSKI: I would-- As of right now, I would suggest changing the bylaws to the same--

MR. FERRARA: To be consistent with the Attorney General.

MR. SHIDLOWSKI: Exactly. We would, basically, have the same voting requirements for legislative members of the Commission that we currently have -- for executive branch members as we do for legislative branch members.

MS. MOLNAR: Should we vote on the bylaws at the November 20 meeting or the December meeting? After that, we don't meet, so I don't what your time constraints are.

MR. ANNESE: Madam Chair, at the risk of belaboring the obvious -- you know, we've lost our quorum. I think this may happen quite a bit. We may have to take the suggestion of Martin, and that is to group the things that we're going to have significant votes on, this way to eliminate the possibilities of quorum calls and things like that.

MS. MOLNAR: When you say group-- Have them done together?

MR. ANNESE: Yeah, batch them. When our significant votes would occur at one meeting-- This way encourages the most participation by the most voting members.

MR. DAVIDOFF: Or get the legislation through real quick.

MS. MOLNAR: I don't think they meet often between now and then. So the odds of getting that--



MR. DAVIDOFF: There's not going to be any lame-duck legislation.

MS. MOLNAR: It would probably happen after January.

MR. FERRARA: I mean, really, the idea would be that the people who vote are the ones coming to the meeting because when you hear this and we go and decide what we're going to recommend and not recommend, if the person wasn't here, it's hard for them. I know they'll get feedback from whoever represented them, but it is, certainly, better to be here and hear the firsthand because what means something to me, if I were representing somebody, might be taken differently by the individual who actually cast the vote.

MS. MOLNAR: So you're saying we should leave it alone and not get legislative relief.

MR. DAVIDOFF: No, we need legislative relief to let the people who are sitting here--

MR. FERRARA: I know--

MR. DAVIDOFF: --vote for their--

MR. FERRARA: I guess what I'm saying is that I think the ideal is to have the people -- the appointed representatives come to the meetings. I recognize that schedules don't always allow that, but that's just my personal opinion.

MR. ANNESE: In any event, Paul, I think you have your work cut out for you in the next few meetings about getting things passed and in getting--

MR. DAVIDOFF: Well, it's only one meeting that we really have a vote.

MS. MOLNAR: Yeah, and in December we have to vote on--

MR. DAVIDOFF: We just have to get people for that, but we--

MR. SHIDLOWSKI: We don't-- I don't think we have too many action items for the next meeting.

MR. FERRARA: See, at that meeting you'll have a lot of people here because it is the voting meeting. The question is -- that's also, probably, going to be a long day, and to then put the bylaws on that same day might be over--

MS. MOLNAR: That's my I thought. November would be better.

MR. FERRARA: --overexposure.

MS. MOLNAR: Could you be done by the November 20, meeting -- to vote on the bylaws?

MR. SHIDLOWSKI: We-- I put-- I submitted a draft with the changes that we had discussed on the ninth. Now I'll make additional changes to reflect the Legislative Counsel's opinion.

MR. FERRARA: So you'd be definitely ready by the 20th.

Would we have enough voting members here?

MR. DAVIDOFF: Actually, you may not have the voting members on November 20, so you maybe just want to do it in December. It will only take a minute or two. There's not going to be any--

MS. MOLNAR: Famous last words.

MR. FERRARA: Are you not coming?

MR. DAVIDOFF: No, no, no. Not the meeting, but the bylaws will only take a very short time.

MS. MOLNAR: That could generate discussion, you never know.

MR. FERRARA: I'm not sure.

MR. DAVIDOFF: Because we've already had the discussion on the bylaws, and I think-- We had a full discussion on the bylaws before. If we're just making changes to reflect the Legislative Counsel's opinion--

MS. MOLNAR: I guess Senator Littell could live with the legislative opinion until this other legislation--

MR. FERRARA: Well, I'm not sure he's against the legislative opinion. He might prefer it be this way, he just wanted to treat both branches of the government the same way.

MS. MOLNAR: Right, right, right.

MR. SHIDLOWSKI: I mean, that's exactly what Caroline has--

MR. FERRARA: If his representative can't vote, then why should our representatives vote?

MS. MOLNAR: Right.

MS. JOYCE: And if there was any legislation--

MR. DAVIDOFF: But in either event, the Treasurer's representative can vote.

MS. JOYCE: --specify either way.

MR. DAVIDOFF: The Treasurer's representative can vote.

MR. FERRARA: Yeah, because the Treasurer has a specific statute that says his representatives can vote.

MR. DAVIDOFF: Would I be able to send my representative if we change the legislation?

MS. MOLNAR: No, sorry, Marty.

MR. ANNESE: Just out of curiosity, how do other boards and commissions and authorities work regarding this issue?

MR. SHIDLOWSKI: Regarding--

MR. ANNESE: Do you know how other boards and commissions and authorities work regarding this issue of designees?

MR. FERRARA: I can speak for one other that I attend, that's the State Capital Joint Management Commission. I'm not allowed to vote. I'm the budget director's representative, and I have no vote.

MR. SHIDLOWSKI: I represent Ms. Molnar on the Building Authority. I'm her designee. She's an ex-officio member, and I'm allowed to vote. But I have to say that I never explored the statute to see if that was something that was allowed.

MR. FERRARA: I vote there, also, and I'm a representative--

MS. JOYCE: I think most statutes are a little more specific. This statute is very vague, and a lot of enabling statutes say "or their designees," so--

MR. FERRARA: I'm not sure-- You asked the question, "How would I want the legislation to go?" I'm really not sure at this point.

MS. MOLNAR: Should we have the bylaws for the 20th of November?

MR. ANNESE: We can always have them. If you don't have a quorum, you just delay it.

MR. SHIDLOWSKI: We could defer-- We could defer the vote.

MR. FERRARA: That's a good point.

MS. MOLNAR: Do we have enough votes? We'll vote.

MR. ANNESE: I could, also, see us changing the agenda to vote while people are here on those action items because, often--

MR. DAVIDOFF: Generally, we have the four public members, the Treasurer's designee counts as five -- usually one or two or two of the actual people who were appointed--

MS. MOLNAR: Mr. Romano -- Assemblyman Romano always comes.

MR. DAVIDOFF: Right.

MR. ANNESE: How about you, Mike? Are you going to show up?

MR. FERRARA: If there is something to vote on.

MS. MOLNAR: Well, the 20th--

MR. FERRARA: The reason I wasn't necessarily--

MR. ANNESE: It wasn't a criticism.

MR. FERRARA: No, they wanted Chris to be more involved in the process because that comes under her--

MS. MOLNAR: Now, I know, on November 20th, Robert Roth won't be here because it is the League of Municipalities down in Atlantic City, so he won't be here.

I don't know if any of our Assembly people or Senators go to those things.

MR. DAVIDOFF: Well, if we don't have, we don't have.

MS. MOLNAR: All right, we'll shoot for the 20th of November.

MR. FERRARA: If you don't have the quorum, then you postpone it to the next one.

MS. MOLNAR: And it's nice to see Mr. Ferrara's face again after a couple of years.

I've served with you--

MR. FERRARA: Oh, I've heard from several people Chris is a lot tougher than I am.

MR. SHIDLOWSKI: I think Assemblyman Romano misses Chris already.

MS. MOLNAR: Yeah, he keeps asking for her.

MR. FERRARA: Did he always sit next to her?

MS. MOLNAR: No, he always sits by the Chair.

He keeps asking me-- If she doesn't show, he'll ask, "Where's Chris?"

Okay, if there's no other business we'll see you on November 20.

**(MEETING CONCLUDED)**