
Public Hearing

before

SENATE STATE GOVERNMENT COMMITTEE

"A representative of the Office of the State Auditor will discuss the findings and recommendations in its December 2007 audit of the Department of the Treasury, Central Motor Pool, for the period between July 1, 2005 and August 31, 2007"

LOCATION: Committee Room 7
State House Annex
Trenton, New Jersey

DATE: October 20, 2008
1:00 p.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Nicholas P. Scutari, Chair
Senator Loretta Weinberg, Vice Chair
Senator Jim Whelan
Senator Jennifer Beck



ALSO PRESENT:

Frank J. Parisi
Office of Legislative Services
Committee Aide

Sonia Das
Senate Majority
Committee Aide

Victoria Brogan
Senate Republican
Committee Aide

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SENATOR NICHOLAS P. SCUTARI (Chair): Now, as part of the State Government Committee's oversight role, as I see it, today we will conduct the first of several oversight hearings on the use of State-owned vehicles.

SENATOR WEINBERG: Excuse me.

SENATOR SCUTARI: Yes, Senator.

SENATOR WEINBERG: I'm sorry. I was so busy signing documents, I did not see the Executive Director of the New Jersey-Israel Commission, Andrea Yonah, who was here until she got up to wave goodbye. So I just had to--

SENATOR SCUTARI: Director, welcome, and congratulations.

A N D R E A Y O N A H: (speaking from audience) Thank you very much.

SENATOR SCUTARI: Would you like to say anything to the panel before you leave, since you took your time out to be here?

MS. YONAH: Just to thank the Committee for allowing us to continue and to thank Senator Weinberg who has always been a great advocate of our activities.

Thank you very much.

SENATOR SCUTARI: Thank you for being here.

Anything else before we move on? (no response)

As I started to say earlier, today we're going to begin, and we're to conduct the first of several oversight hearings on the use of State-owned vehicles. As a starting point for these hearings, we'll begin with a presentation by Assistant State Auditor Stephen Eells regarding the audit of the Department of the Treasury's Central Motor Pool, issued by the Office

of the State Auditor in December of 2007. The audit findings will provide some background and understanding of some of the issues involved in the appropriate management of the State motor vehicle fleet.

Following Mr. Eells, the Committee will receive testimony from David Ridolfino, Deputy Director of the Division of Administration in the Department of the Treasury. The Division of Administration has responsibility for the Central Motor Pool. Mr. Ridolfino will discuss the Department's response to the audit and, in that regard, assist the Committee in understanding the Department's policy with respect to assignment and use of State-owned vehicles.

By way of background, the Department of the Treasury is responsible for establishing the policies that govern the use of State cars by employees in the executive departments. Each department is responsible for overseeing compliance with those policies and providing compliance information to the Department of the Treasury.

At the outset, I'd like to make it clear that today's hearing is intended to be of a fact-finding nature and is intended to answer questions of the Committee, such as: What policies are in place to make sure that State vehicles are not used improperly by State employees? Do the departments comply with the policies that are already in effect? What enforcement mechanisms are in place to address noncompliance? And based on what we learn today, I hope to schedule additional hearings to examine whether the executive departments are, in fact, in compliance with the Department of the Treasury's policies, particularly with respect to personal use of State-owned vehicles; and if additional policies need to be put in place by this Committee, and what additional oversights will need to

be made to ensure the public's integrity of the use of State vehicles. Given this time of high gas prices and always ever-escalating insurance rates, I think it's important to ensure the integrity of the State fleet that we have.

So with that, I'll invite the invited speakers to come up.

Introduce yourselves so we can start.

S T E P H E N M. E E L L S: Good afternoon.

I'm Stephen Eells. I'm the Assistant State Auditor with the Office of the State Auditor within the Office of Legislative Services.

Thank you for inviting me here to summarize our report on transportation services, Central Motor Pool operations.

The report was issued for a period of July 2005 through August 31, 2007. Primarily, a lot of our issues dealt with Fiscal Year 2007 data. Our audit objectives were to determine whether financial transactions were related to the agencies' programs, that they were reasonable, and that they were recorded properly in the accounting systems.

While we found those objectives to be true, we did find some internal control weaknesses and matters of noncompliance with regulations which we felt merited management's attention.

The audit primarily found -- had three audit findings: preventative maintenance of vehicles; calculation of surcharge amounts, which were at a negative impact on the agencies' ability to monitor the actual -- some questionable transactions from some reports that they maintained. And I'll get into that. And then the third item was a lack of timely mileage reporting records.

Before I address each of those items separately, I would like the Committee to understand that the agency transportation services are very

reliant on the departments and their staffs, who have been assigned these responsibilities, to require them to actually report this information to them. While they do have some recourse, ultimately the departments and their individuals-- They need this information from them.

The first issue is preventative maintenance. Central Motor Pool is responsible for managing approximately 7,600 vehicles. Our audit noted that 828 were overdue for service as of July 12, 2007. Sixty-nine of those vehicles were overdue for service by more than one year. Another 40 within that 69 were overdue 18 months.

While the agency has the authority to recall vehicles or suspend the driving privileges of the individuals who are assigned those vehicles, we found no evidence of this occurring.

Just as a summation, of the 828 vehicles, 365 were assigned to the Department of Children and Families, and another 201 were assigned to Human Services. The 40 that were 18 months were primarily Human Services vehicles.

In our recommendation-- While preventative maintenance reports are sent to the department vehicle coordinators on a monthly basis, we didn't really find the agency being more proactive in following up on the nonreceipt of those -- of that information. And we asked them to be proactive in doing that.

The second area we had was surcharge calculations and the monitoring of questionable transactions. The CMP has the authority to surcharge departments for nonemergency use of credit cards for fuel purchases. If they're close to a ward, they should use the different fueling stations that the State has rather than use the credit card. They're really for

emergency use only. They go through a manual and very tedious process to calculate this surcharge. They have two individuals who were assigned to this process. And it would take them two weeks out of every month -- this is a monthly process. It would take them approximately two weeks out of every month to do these surcharges -- to review the records and do these surcharges.

We felt that that time would be better spent if they came up with a general surcharge, based on averages, and a standard surcharge, and use that to better monitor some questionable transactions that we felt -- that we had identified in these reports. Because they're doing this transaction, this calculation, they don't have the time to look at more questionable, unreasonable transactions. We thought that time would be better served. So we made that recommendation.

Questionable transactions: an individual putting more fuel in a tank at a fueling stop than the tank holds for that particular vehicle. Certainly you might want to look at something like that. And, again, there are several explanations when you saw more fuel going in. They did have some explanations for us. Apparently employees share cards. So let's say you pull up to a fueling ward, and there's a car in front of you, and you can't find your card -- you misplaced it and you hadn't reported it yet -- you might go to that individual in front of you and say, "Hey, can I just pull in behind you, and we'll fuel up together here?" Apparently, that's some of the explanation, but at the end, what we wanted is to at least call, follow up, find out that that's the explanation. While these are possibilities, we weren't following up and making sure that it was this instance that was occurring rather than misuse. So that's what we wanted.

So we felt by moving to a flat penalty or surcharge rate they would free up more time for monitoring. And that's the suggestion that we made.

The final reporting area was mileage reporting. They also receive monthly mileage reports on these vehicles. They are due five days at the close of each reporting month. And audit disclosed that there were 6,396 vehicles that did not have the mileage reports filed for three or more months. So they're at least three months behind. Two hundred and seventeen of these vehicles were behind a complete fiscal year. We did not have any mileage information on these vehicles for a full fiscal year. Again, recall is something that Central Motor Pool can do. They can recall the vehicle. We found, again, no instance of this occurring.

The agency responded positively to all of our recommendations. We did note that they did reissue the circular letter. The circular letter was a little old on this. They did reissue the circular letter on the assignment of vehicles. And we will follow up on their corrective action. We have a process that's mandated by legislation. We annually follow up on our fiscal-year-prior audits. So this was a Fiscal Year 2008 issued audit for us. We will follow up on those in December and January. So we will go back into the agency and verify the corrective action I guess you'll hear today from the Department of the Treasury.

That's my comments.

SENATOR SCUTARI: Thank you.

Let me just ask a couple of questions before I open it up to the panel.

You said recall of vehicles is within the purview of the administration to do if you find noncompliance with the policies that you've already put in there.

MR. EELLS: Correct.

SENATOR SCUTARI: But it's interesting to know, has any car been recalled for any reason?

MR. EELLS: Not to our knowledge that we found in this whole--

SENATOR SCUTARI: Not even one instance.

MR. EELLS: Not for these purposes anyway.

SENATOR SCUTARI: Has the Division of Administration adequately addressed the concerns that were found in your audit?

MR. EELLS: Based on their response, yes. They had a very positive response. They were going to address each of these separately. It seemed like very good corrective action.

Again, I don't comment on that until we actually go back in and test that, you know, the corrective action is in place. And we do that on an annual basis. So we will do that again in December. And we'll issue a report to the Legislature. That usually comes out right before the budget hearings so that you have that available to you when you speak with the departments. So we will issue that probably some time in February or March. That'll be part of a follow-up report on all of our reports. We follow up on compliance -- the level of compliance with all of our reports.

SENATOR SCUTARI: Have you reviewed the level of compliance yet, then, with the individual departments?

MR. EELLS: No. That will-- The actual work happens in December and January, with the reporting in March.

SENATOR SCUTARI: Do you think, at this point in time, there's additional steps that are needed to curb inadequate reporting or prevent misuse of vehicle privileges?

MR. EELLS: Based on the response that they gave, I think that if they put in place -- at least threatening with a second letter -- recall, I think some of those things are going to help push the departments. As I mentioned, the departments involved -- Children and Families, Human Services -- a lot of emergency need in those vehicles. And whether that has anything to do with being able to get a vehicle in to service it, really -- that's the Department's answer. I'm not sure. But I know they have a lot of emergency, weekend care, where they need to have their vehicles. But certainly there must be a process where they can rotate these vehicles, get them in and get them serviced. That certainly would have nothing to do with reporting the monthly mileage so we know how many miles have been put on these cars and that they do need to be serviced.

So I believe that what was laid out in the response will be an adequate level of correction. I know there is a new system that was part of the response. Again, that's not something I will say will correct the problem. Apparently, there's a new fueling system that Treasury is considering with the State Police and Department of Transportation. Until we audit something like that, we would certainly never say that's the issue. I mean, we would want to look at cost. And hopefully they do that before they put something in place. We want to look at the cost efficiencies. I mean, we may have some misuse here. But what's the level of that cost

versus the level of cost of putting a new system in that has to constantly be updated? Maybe there are compensating controls that can better accomplish this than a new system. I'm not saying a new system isn't necessarily the way to go. But without actually auditing that, knowing the cost-- That was part of the response. I don't have the details. I have not performed any audit work on that yet.

SENATOR SCUTARI: And primarily your audit had to do with the procedures with respect to the maintenance and mileage reporting. That wouldn't really have anything to do with use or misuse of the vehicles. That's with respect to the individual departments to monitor at this time.

MR. EELLS: That's correct. We do administrative audits of the departments. And we include their cars at that point for their actual usage. We look at their usage reports. So we do that as kind of a crossover when we do departmental administrative audits.

SENATOR SCUTARI: Senators?

Senator Weinberg.

SENATOR WEINBERG: I'm curious about a couple of things that you talked about. What was the percentage, or how often did you find cars that were getting more fuel than the gas tank held?

MR. EELLS: Well, there are-- Again, they process a lot of transactions. I believe, in their response, they talked about approximately 600,000 transactions.

SENATOR WEINBERG: Six hundred what?

MR. EELLS: Fuel transactions in a year.

SENATOR WEINBERG: Right.

MR. EELLS: I think when we looked at -- did a scan of the monthly reporting of those fueling transactions, we came up with approximately 1,200 that were questionable. We took that down a little bit further where we were really sure, based on the timing of a transaction, that there was -- this was really a suspect transaction. We really didn't think there could be a sharing of a card. For example, a ward card-- Vehicles have a ward card to use the State pumps, and then they have a credit card in case there's an emergency and they're not near a State pump.

We would see, within maybe an hour timeframe, a car's ward card being used in North Jersey and the credit card being used in South Jersey -- within an hour's time. The timing just didn't work. So we brought those transactions down from the 1,200 to -- I believe there were 300 to 400 that we really felt "these needed to be answered." These cards are separate. They're not in the same car. And it could just be a matter of somebody got cards mixed up. Again, without any follow-up, there's no way to know whether it's misuse or we're dealing with just a mix-up in the cards.

SENATOR WEINBERG: When the--

If I may, Mr. Chair, when the administration answered this, did they address that specific issue or is there kind of a follow-up procedure?

MR. EELLS: Yes, they reiterated some of the -- again, the sharing of cards or that the cards had been separated. Maybe somebody's card -- their emergency card wasn't working, so they let somebody borrow their card who was going to South Jersey. I mean, they used the same-- I mean, they gave me the same explanations that we got from the agencies as well. But again, our issue is not that there may be some explanation for

these. Our issue is, nobody was following them up. I mean, I want to follow up individual transactions where there are issues, and talk to the drivers, and find out, "Yes, that's what happened. I'm sorry. I let this person borrow my card."

SENATOR WEINBERG: Well, that's my question. When the administration answered--

MR. EELLS: Our response? Yes, they are going to start-- They are going to move to a standard surcharge, which is freeing up these two individuals at least two weeks per month to review these transactions.

SENATOR WEINBERG: No, my question is, did they follow up specifically with people who might have been responsible for questionable transactions?

MR. EELLS: Yes. Again, I haven't audited that. But my indication from their response is that they were going to do that. And if they did find anybody with questionable transactions, they were going to refer them to Criminal Justice for investigation.

SENATOR WEINBERG: Okay. And who has the power to recall a car when there-- Is it the Treasurer's Office, or is it the individual department head?

MR. EELLS: Transportation Services, Department of the Treasury.

SENATOR WEINBERG: Okay. Do these cars also get assigned EZ-Pass?

MR. EELLS: I don't know that. I don't know whether they have EZ-Pass transactions.

SENATOR WEINBERG: So that wasn't part of your audit.

MR. EELLS: No, it was not.

SENATOR WEINBERG: No, it was not part of the audit, or no, they don't have EZ-Pass?

MR. EELLS: It was not part of the audit. I believe they do have EZ-Pass. But I don't know if that comes from Central Motor Pool -- if that's issued there, or if it's issued through the department itself. I believe Dave -- Treasury will be able to answer that for you. That may be a departmental assignment. I don't know if that would be the vehicle assignment.

SENATOR WEINBERG: Will we be hearing from anybody today who can answer it?

MR. EELLS: Treasury.

SENATOR WEINBERG: Okay. Thank you.

SENATOR SCUTARI: Senator Beck.

SENATOR BECK: Thanks.

I have to admit, last night as I was reading this report I was absolutely outraged. I mean, to think that we spend \$20 million a year exclusive of administrative costs on the State Motor Vehicle Pool, and that you could have 1,200 instances which are questionable, and yet these folks are still driving around in State cars -- is unconscionable.

I applaud you for your work. It was a thorough report. I read it from beginning to end. And I think one of the things, as a Legislature, we need to look at is cutting in half the number of vehicles we have. To me, when you have this kind of abuse and a flagrant disrespect for a State asset-- To me, it means that it's being misused, and misused often. I think

these are just cases that you guys caught in a very short period of time during your analysis.

A couple of the questions I had-- Looking at the report, there was a conflict in the number of vehicles total the State has. You reported 7,600, and then later on there's a vehicle assignment by department that reports 10,000. So I'm just wondering if you could clarify. Do we have 7,600 or 10,000?

MR. EELLS: I'll have the Audit Manager Ray (indiscernible) and the Auditor in charge--

SENATOR SCUTARI: Is it clarified by all the vehicles or versus private passenger vehicles? Is that the discrepancy?

MR. EELLS: Where would the 10,000 be?

SENATOR BECK: I have to say, I think I took my report out of order. But it was an appendix to the cover letter from the State Auditor, and it broke it down by department. It has the 10,000.

Certainly, you can get back to me later.

MR. EELLS: Sure. I will.

SENATOR BECK: I'm just-- It's really more out of curiosity than anything else.

Do you have any sense, if we're spending \$20 million on State vehicles annually-- Do you have any sense of what the administrative costs that goes along with that might be? Because really we're talking in excess of \$20 million. It said in your report that was not inclusive of administrative costs.

MR. EELLS: Correct. Again, it wasn't the--

SENATOR BECK: It wasn't the focus of your audit.

MR. EELLS: The focus was more on the operations of it and not the administrative.

When we-- I mentioned that we do administrative audits of the Department of the Treasury, and we would look at the administrative costs at that point, the different salaries of the individuals working in the Central Motor Pool operation. We do that as part of a separate audit -- the actual administrative, the payroll charges, the support charges. This was actually an audit on the operation, and the compliance, and regulations that go with the operation itself.

SENATOR BECK: On Page 6 of your report, you note that you developed a second report after you looked at the 1,200 same-day transactions, of which 344 were clearly unreasonable based on the timing -- and I'm using the example you gave. And then you went back and did yet a second cut at that data and found that you actually had 2,000 same-day credit card transaction during the two-year period, of which 255 were questionable.

And I guess I echo Senator Weinberg's questioning, which is, have any of these people been punished? Have any of these cars been withdrawn from the people who were using them for this type of abuse? In your own report you're stating that these were unreasonable and questionable transactions. I certainly would like to know that these folks are still not driving around in cars after they've been misusing a State asset.

MR. EELLS: Again, based on the response-- And where we left this with the agency was to make sure that they were going to follow up on these. Again, we haven't gone back in to reaudit, to make sure that they have followed up and referred. But their response basically said they were

going to follow up on these questionable transactions. And if there were any that remained unexplained to their satisfaction, they would refer them for criminal investigation.

SENATOR BECK: I noted in the other portion of the report, where you talk about gas purchases that exceeded the vehicle tank capacity -- and that you estimate that costs the taxpayers about \$350,000, to the best of your estimation.

When you looked at some of the other issues, such as not reporting mileage and not keeping up with maintenance, were you able to estimate a cost of that fraud?

MR. EELLS: No, we did not. Again, without knowing the reports and not having the information in to know how many miles were on some of these vehicles-- Again, it's a combination of both reports not being there: the vehicle maintenance not being accomplished, and not having the mileage reports. I mean, if a car did not have a lot of mileage put on it, maybe maintenance isn't so drastic in a six-, seven-month period. If it's a high-mileage vehicle, you would certainly want to keep up with the service on a much shorter timeframe. So it was difficult. Without the information, it was difficult to estimate a cost.

SENATOR BECK: No, I understand completely.

On Page 7, you note that during Fiscal Year 2000 there were approximately 7,600 vehicles, of which 250 specialty vehicles were not required to report their mileage. Do you have any sense of why some vehicles are exempted from reporting mileage?

MR. EELLS: I'm going to defer this. I believe it's because of the type of vehicle. It may be like more of a tractor vehicle, things like that. But I will--

SENATOR BECK: And they don't have an odometer?

MR. EELLS: Not really. They're more of a heavy duty use. It's not really a mileage with that particular type of vehicle.

SENATOR SCUTARI: They have an odometer.

MR. EELLS: They have an odometer.

SENATOR SCUTARI: But they're just not required to--

MR. EELLS: It's more of a heavy duty type of usage, so they don't require those.

SENATOR BECK: Well, I certainly applaud you for the work you've done. I think it's obviously a call to action for the Legislature, at a time when we're struggling fiscally in this state, to see this kind of abuse. It is a privilege to have a State vehicle. And this abuse, really, is a slap in the face to every taxpayer in this state.

Thank you so much for your hard work.

MR. EELLS: Thank you.

SENATOR SCUTARI: Senator Weinberg.

SENATOR WEINBERG: Just one more question, if I may, because we're taking the administration to task here.

What about the Office of Legislative Services? Were they included in this audit? Do they come under the Treasurer's Office?

MR. EELLS: They are under Treasury's purview there.

SENATOR WEINBERG: So we don't have an audit of any vehicle assignments to OLS?

MR. EELLS: For OLS, no, I do not. This would be more of the Executive Branch.

SENATOR SCUTARI: Any other questions? (no response)

Thank you very much.

If you could just hang around for a bit.

So we have David Ridolfino here, Acting Director of Administration, Department of the Treasury.

Thank you very much for coming.

DAVID RIDOLFINO: Good afternoon.

Chairman Scutari, members of the Senate State Government Committee, thank you for the opportunity to come before you today and provide you with some information on the assignment and use of vehicles in State government.

I believe our vehicle administration and Central Motor Pool operations are programs which are beginning to run effectively and efficiently, and hope that you will be pleased with some of the progress we've made in reducing the size of the fleet where appropriate, as well as our efforts to transition to a more fuel-efficient fleet, which supports a cleaner and greener New Jersey; as well as addressing some of the concerns that the State Auditor found in the State audit.

Again, my name is Dave Ridolfino. I'm the Acting Director of the Division of Administration, in the Department of the Treasury. In the Division of Administration, we set general rules for vehicle assignment by use of the circular letters. We also title all vehicles for Executive Branch departments and agencies. And through our Central Motor Pool, we service much of the passenger State fleet.

State agencies are required, by the applicable circular letters, to promulgate internal policies and procedures to ensure compliance with vehicle assignment and regulations. The State of New Jersey currently has a passenger fleet of just over 10,000 vehicles. And the discrepancy between what was in the State audit and the 10,000 vehicles is that the 10,000 also includes the State Police fleet. We're responsible for maintaining the 7,600 to 7,800 non-State Police and some DOT vehicles. DOT is responsible for some of theirs, and the State Police fixes all of their own.

Through vehicle recall, the Corzine Administration has reduced the fleet allocations for most agencies by approximately 1,000 vehicles. This does not include the Department of Children and Families, which has been allowed to grow their fleet to support their unique needs.

Our Motor Pool staff works diligently to keep the fleet well maintained -- a difficult task as our fleet begins to show its age. Currently, the average vehicle is about six years old, and the average mileage per vehicle is just over 71,000 miles.

The recent audit by the Office of Legislative Services noted that of the 7,600 vehicles that we're responsible for maintaining, 828, or 11 percent, were overdue for service. As a corrective action, Motor Pool implemented the Treasurer's policy to recall vehicles that are noncompliant with maintenance intervals. At present, the number of overdue vehicles has been cut to 400, or 5 percent of the fleet. And the majority of these are less than three months overdue for service. So we've reduced the numbers cited in the State audit by about 50 percent so far.

The same OLS audit found that nine departments are not complying with the monthly mileage reporting requirement. For the

particular months reviewed, OLS found that only 407 correct vehicle reports were received and able to be processed. Again, the Treasurer's policy of recalling vehicles of nonsubmittal of mileage is being enforced. A recent review of submittals indicates that we are presently at 66 percent compliance.

We are currently pursuing a new fueling system which will eliminate the issue of mileage reporting and collection of fuel transactions. Miles will be collected at the pump automatically, and data will allow us to better monitor and manage the fleet.

To the best of my knowledge, to date we've recalled two vehicles. After sending out warning letters, second letters, there were two vehicles that were recalled.

SENATOR SCUTARI: Where were they? What departments were they in?

MR. RIDOLFINO: I believe one was in Corrections and one was in Human Services. And we do send-- We have about 60 in Children and Families right now that we're considering overdue for service. The warning letter just went out. And just like the last letter, I'm sure they will comply, and the vehicles will come in. So the first letter goes out telling them, "Look, you're overdue."

SENATOR SCUTARI: It's just amazing to me that you have so many noncompliant vehicles to begin with, knowing what you know -- that we have this many vehicles that people are driving, and they are not complying with your own internal procedures to keep them well-maintained. I mean, I just find it shocking that you have so many vehicles-- And I understand you've done well to cut that number in half. But to still

have that many that are overdue, knowing full well that those vehicles can be recalled pretty much at your discretion, that people just kind of continue to-- I don't want to be too obnoxious when I say -- but I mean, just in your face, not complying with the procedure that you have. It's just--

MR. RIDOLFINO: I think part of the fear of the employees is that-- They know we're calling a vehicle in for an overdue oil change. We're going to check the brakes, we're going to do things of that nature. However, when they bring it in, and you start looking over the vehicle, we're not just changing the oil. We're looking at the transmission, we're looking at all the other components of the vehicle. And there's a chance we're taking that vehicle out of service because it shouldn't go back on the road. And that's one of their fears, and that's one of the reasons why they hate to bring these things in. Because once you go overdue for service, considering the age of the fleet, they kind of get the feeling that, "Well, if we bring it in, we may not get it back." But eventually now, with the regulations we've put in place, they're going to lose it anyway if they don't. So we're seeing a dramatic improvement in their compliance. But again, some of the departments -- when you have 2,000, 2,500 vehicles, there's always going to be some that just don't comply, particularly in the outlying areas of the state.

SENATOR SCUTARI: But, I mean, they're not only exposing themselves to -- and the other motoring public to potential harm, but they're also exposing the State to liability for driving in faulty vehicles when we know that they've been overdue for service.

MR. RIDOLFINO: That's true.

SENATOR SCUTARI: I mean, it is more-- And that doesn't even get to the even more egregious behaviors in terms of where I want to go -- whether or not these vehicles are being utilized in an appropriate manner. This is just to the bare-bones basics, get your vehicle serviced in a timely fashion.

MR. RIDOLFINO: Absolutely.

SENATOR SCUTARI: I'm sorry to cut you off.

MR. RIDOLFINO: That's okay.

Mileage and maintenance are not the only stories when it comes to the State fleet. I believe we have done a fine job replacing older vehicles with vehicles that will run as economically as possible, and provide us with clean and green options that reduce both consumption and emissions.

Working with John Rhodes, the Director of the Office of Energy Savings, we have adopted a new high-efficiency fleet strategy. The State petitioned the U.S. Department of Energy and received a special exemption from the Alternate Fuel Vehicle Purchase Requirement for model year 2008. This allowed the strategy shift to purchase high-efficiency vehicles instead of alternate-fuel vehicles. We issued a memorandum to cabinet members and agency vehicle coordinators from the Office of Energy Savings outlining the cost and energy benefits associated with purchasing fuel-efficient vehicles when replacing retired fleet vehicles.

We developed a vehicle comparison guide for State agencies, which considers all vehicles available to the State contract and ranks them in terms of lifecycle cost. This ranking accounts for acquisition cost, fuel

efficiency, and fuel costs in order to promote the vehicles that are the most cost-effective over the long run.

We also established a Fleet Oversight Committee to review and validate all vehicle purchase requests from State agencies. This Committee focused on increasing fuel efficiency and right-sizing when replacing retired fleet vehicles. This included a comprehensive review of each purchase request to validate the need and determine the optimal vehicle type for the intended use.

The four actions I outlined resulted in State agencies purchasing 137 hybrid electric vehicles and 25 compact vehicles this year. The overall plan is expected to reduce lifecycle vehicle costs by about \$600,000, reduce gasoline consumption by 390,000 gallons, and reduce carbon dioxide emissions by 3,460 metric tons.

Most recently, as part of the Governor's '09-2010 budget strategy, cross-agency workgroups were created to review various operating areas that affect multiple departments. One of these groups is focusing on many of the issues I believe this Committee is concerned about related to vehicles. Staffed by representatives of the major departments, the vehicle administration cross-agency team will look to recommend changes to include standardizing vehicle assignment policy, standardizing vehicle usage requirements, recommending penalties for misuse of vehicles, and finding savings by suggesting reallocation and recall of underutilized, older, more costly vehicles.

As a sponsor to this team, I have asked the members to put aside any individual agency preferences and work toward a compromised

strategy to increase the efficiency and cost-effectiveness of the entire fleet, consistent with the overall best interest of State government.

Finally, I want to stress that the role of the Department of the Treasury is to promulgate vehicle policy, rules, and requirements. In my opinion, our staff does a fine job of ensuring compliance through a variety of efforts, including operating a vehicle abuse hotline and investigating all questionable use of vehicles and fueling transactions. However, it is up to individual agencies to implement internal policies and controls to ensure compliance. As can be expected, larger departments with motor vehicles have more potential for abuse. But overall, they're starting to do an adequate job of ensuring that the vast majority of drivers adhere to the established policies.

We realize there's always room for improvement and welcome suggestions in that regard.

SENATOR SCUTARI: Thank you.

Just a couple of questions.

We had started the dialogue prior to this. One of the things I believe you indicated that your Department does is, it puts a bumper sticker on each of these State vehicles--

MR. RIDOLFINO: Yes, we do.

SENATOR SCUTARI: --to try to identify them as State vehicles. And also, there's a telephone number if there's suspected abuse of the vehicle.

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: And I had suggested, or at least I talked about, putting a more recognizable sign on the side of the vehicle. Have you given any more thought to that?

MR. RIDOLFINO: Yes, we have. We're starting to gather some pricing in that regard. We realize that-- The bumper sticker, which is very easy to peel off, is around \$0.24, \$0.25 a piece. Going to a placard or something of that nature is quite a bit more expensive. But we're looking into a more permanent decal that would at least be a lot more difficult to peel off. Right now, the SG plate is the marker on most of the fleet. When you see a car with an SG, it is a State government vehicle. There's supposed to be a bumper sticker with a 1-800 number affixed to the back of the vehicle that's put on by a Motor Pool mechanic any time the vehicle comes in for service, as well as when a new vehicle is purchased and is delivered. If they're not on the vehicle, it's because somebody has peeled them off.

SENATOR SCUTARI: And one of my suggestions was that one of the simplest ways to curb abuse of these vehicles is to have it conspicuously denoted somewhere on the vehicle that this is for State business only. We talked about some of the Department of Transportation vehicles with the door panel markings.

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: And I think that's one of the ways we should consider going. Because if there's a big thing on the door, and it says *official business* or the *State of New Jersey*, maybe they won't be running into the supermarket with it or taking it on vacation.

MR. RIDOLFINO: And we are looking into the pricing of doing something along that line.

SENATOR SCUTARI: How is the level of cooperation between your Division and the other departments going?

MR. RIDOLFINO: It's a lot better. I think since the Treasurer released a letter threatening recall of any vehicle that doesn't come in for preventative maintenance, that doesn't report its mileage in a timely fashion-- Like I said, our numbers have doubled with regard to preventative maintenance and have gotten better dramatically with regard to reporting mileage.

Reporting mileage is always an honesty-type thing. The commutation of business miles -- you're supposed to report individually. We're hoping that with the new fueling system that we're looking to put in -- which we're in the RFP stages now -- it will eliminate any human intervention on reporting mileage, because it will all be collected at the pump. However, commutation as compared to business miles is still up to the individual department to report accurately. So you're relying on the vehicle coordinators in the various departments, which in the bigger departments is a full-time position. But in the smaller departments, it is a part-time job.

SENATOR SCUTARI: Will this new system -- is that going to combat the inadequate mileage reporting and the abuse of the State credit cards?

MR. RIDOLFINO: It will combat the inaccurate mileage reporting, because before the pump will start to dispense fuel, it will collect the mileage right off the odometer automatically. What it can't do is, say if

you put a thousand miles -- put 300 miles on since the last fill up, how many of those are commutation, how many of those are business. That's impossible to tell. That's got to be reported in any fleet by the driver.

As far as questionable fueling transactions, the pump is only going to dispense what fits in the tank. There's going to be-- The RFP that's going out will require a radio transmitter to be affixed to the neck of the fuel tank. The pump is going to read that. So it's not going to fill up that car again, because it's a one-for-one relationship.

SENATOR SCUTARI: This is probably something that's for individual departments, but one of the reasons I start to think about this-- I was in the Judiciary Committee hearing, myself and Senator Cardinale -- we were talking to a judicial candidate. I won't say who it is, but it's within the last five years. And he happened to work for the State in a different capacity. And he had a portal to portal assigned vehicle for whatever emergency use it was supposed to be used for so he could go out on a 24-hour call. And he had been employed with the State for six years. And I asked him how many times he had to go out and was called in the middle of the night for investigations where he had to take the State vehicle. And his answer was, never.

So basically he had a State-assigned vehicle to go from his house to the office everyday for six years. And how is it determined who gets a vehicle, and for what use, and why it is that people can't use their own personal automobile and be reimbursed for mileage?

And I will say this with the caveat that we do need to consider the change in reimbursement rate for our mileage for State workers who don't use State vehicles. But I had been resistant to that until we got to the

bottom of this, which is how people -- how certain individuals get to take vehicles home and how certain individuals do not.

MR. RIDOLFINO: There's a circular letter -- I can't quote the number off the top of my head -- but there's a circular letter that all Executive Branch departments have to follow for assignment of vehicles. It requires a minimum number of miles be driven each month for an individually assigned vehicle, and a minimum number be driven for a pool vehicle where more than one employee is sharing.

For an individual assignment, I believe it's 1,250 miles, for a pool it's 750.

SENATOR WEINBERG: Per month?

MR. RIDOLFINO: Per month, yes. So the watermark there is if you're driving less, you should be reimbursed. If you're driving more, you should have a State vehicle. That break-even point was calculated a long time ago.

Often what happens in the departments -- for instance, Children and Families -- you can't expect a person, regardless of how many miles you're driving, to put children in the back of their personal vehicle for a lot of reasons. Also, they're not going to hit the miles, perhaps, because they're doing seven hours a day in a four-block radius in an inner city. There's also employees that are driving on construction sites that you can't really require them to drive their own personal vehicle. There's all those things that fall outside of the box. But typically that break-even point is 1,250 and 750 -- or 700, I'm sorry. For executive assignments, it's listed as well in the circular letter. Typically it's a cabinet employee, and it's at the

discretion of that particular department if somebody below that should get a vehicle. That's the basic criteria.

As I mentioned in my opening remarks, we're taking a look at those criteria to get -- to try and come to a uniform interpretation of it, come up with a better standardization of who gets vehicles, try to get as many people as we possibly can inside the boundaries of the box as far as what the standard criteria are. Understand, there are always going to be a few like Children and Families' caseworkers, and what not, that are going to fall outside the general criteria.

SENATOR SCUTARI: There are obviously individuals in State government, cabinet-level people and certain high-level individuals, that are entitled to have a vehicle just by nature of their title, and that is something that we allow them as part of their compensation package. I don't think the panel takes issue with that if there are certain individuals that have that as a benefit of their employment.

But we have 10,000 vehicles. Which department has the most vehicles?

MR. RIDOLFINO: I believe right now it would be Children and Families and the State Police.

SENATOR BECK: Actually, that's what I would have thought too. But Law and Public Safety--

MR. RIDOLFINO: State Police.

SENATOR BECK: No, excluding the State Police vehicles.

MR. RIDOLFINO: They have a--

SENATOR BECK: That was one of the questions I was going to ask.

MR. RIDOLFINO: They have approximately, excluding State Police, 940 vehicles.

SENATOR SCUTARI: And every one of those State Police vehicles is not assigned to any individual.

MR. RIDOLFINO: They have a standard operating procedure. It's basically at the discretion of the Superintendent. But typically the vehicles are assigned to the unit, not the individual.

SENATOR WEINBERG: Is that exclusive of police vehicles, those 900?

SENATOR BECK: Exclusive.

MR. RIDOLFINO: The 900 vehicles is Law and Public Safety, excluding all State Police.

SENATOR BECK: Excluding, and they have the highest. Isn't that strange?

MR. RIDOLFINO: The State Police is another 2,100.

SENATOR SCUTARI: Well, the State Police have 2,100, right?

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: And Law and Public Safety has 900 others.

MR. RIDOLFINO: That would include Criminal Justice, all the other investigative bodies, the Attorney General's Office.

SENATOR SCUTARI: They have 900 vehicles -- Law and Public Safety.

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: What do they do with those vehicles?

SENATOR BECK: Thank you.

SENATOR SCUTARI: These are mostly lawyers and some investigators.

MR. RIDOLFINO: I assume the Attorney General's Office is the attorneys, and then you have the investigators.

SENATOR SCUTARI: Well, I've been a lawyer for a long time. I don't have a car. I mean, I have my own. (laughter) What are they using these cars for?

MR. RIDOLFINO: That's a question, I believe, for Law and Public Safety.

SENATOR SCUTARI: That's why we're going to probably have some more hearings. But I always want to know what you think. What could they be using these cars for?

MR. RIDOLFINO: I'm sure the investigators are out on the road a lot.

SENATOR SCUTARI: I'm sure there are some investigators who need vehicles, no doubt. There's always-- But they have 900. How many people even work there?

MR. RIDOLFINO: That I couldn't tell you. Off the top of my head, I'm not sure.

SENATOR WEINBERG: The same people who were filling the gas tanks over what the tank can hold.

SENATOR SCUTARI: This is the Department of Law and Public Safety we're talking about, Senator. (laughter)

SENATOR WEINBERG: I've got that straight.

SENATOR SCUTARI: Senator, do you have a question?

SENATOR WEINBERG: Yes, a couple of questions.

First of all, EZ-Pass. Do they have the EZ-Pass?

MR. RIDOLFINO: EZ-Pass is up to the discretion of the Department. The Department of the Treasury, Motor Pool, doesn't say, "This car gets EZ-Pass." It's up to the department.

SENATOR WEINBERG: So do we know how many EZ-Passes are out there?

MR. RIDOLFINO: Off the top of my head, no. I couldn't tell you how many. It's information we can get for you if you wanted it.

SENATOR WEINBERG: Does the Motor Pool commission keep track of them?

MR. RIDOLFINO: We wouldn't go through the Motor Pool to get that information. It would have to be run through a special report to find-- Because there's a special object of -- to pay for the EZ-Pass tolls. We just have to run a report.

SENATOR WEINBERG: There's a special what? Say that again.

MR. RIDOLFINO: Basically on the State's accounting system, we track expenses by category. So there's a way of getting at what the EZ-Pass costs. But it's up to each department individually to determine which car should get an EZ-Pass.

SENATOR WEINBERG: So you don't keep track of that centrally.

MR. RIDOLFINO: Each individual department keeps track of it themselves.

SENATOR WEINBERG: Well, that would be an interesting statistic to get.

And then, following up on what I brought up and what Senator Beck added to -- those people who had the questionable fill-ups of their gas tanks. Were those people individually contacted? I don't know how often (indiscernible) pull into a gas station, and lo and behold another employee pulls in right behind you, and you forgot your credit card and use their credit card. I'm willing to accept that might have happened once or twice during the course of the year. But did you follow up with these people individually?

MR. RIDOLFINO: Again, the Motor Pool, with its limited resource of a couple of people, did contact every department that had the questionable transactions and continues to do so as questionable transactions come up.

One of Steve's staff's -- their great recommendation was getting away from the manual calculation of the surcharge to do a flat rate and free up these couple of people to take a look at the transactions every couple of weeks, and go back to the departments for an explanation. If they find a pattern of abuse, where there's multiple fill-ups the department cannot explain with the sharing of a gas card, etc., etc., then it's turned over to Criminal Justice. And that's kind of where Motor Pool's responsibility would end at that point.

SENATOR WEINBERG: But if, in fact, the auditor pointed out to you that there were documented cases of somebody getting more fuel than their fuel tank holds, would those specific somebody's -- followed up? Because those could be really questionable. They could be filling their

personal car, as well as the State car. I'm sure there aren't many people who do that, but I would venture a guess, if nobody's watching, that might happen a little bit more often.

So I wanted to know if we knew who those people were, were they called in and questioned about these specific incidences?

MR. RIDOLFINO: Central Motor Pool staff went back to the individual departments. They did question-- The individual departments were to question those people who had these questionable transactions and determine whether or not they thought there was misuse. I mean, I believe there was some stuff in the paper not that long ago about the stealing of fuel. I mean, that initiated what the Motor Pool -- I think prior to this audit.

SENATOR WEINBERG: Well then, did those individual department heads report back to you the outcome of those cases?

MR. RIDOLFINO: Yes. And if it was deemed that it was questionable with no explanation, it was turned over to Criminal Justice.

SENATOR WEINBERG: And how many cases do you have?

MR. RIDOLFINO: That I'm not sure of off the top of my head.

SENATOR WEINBERG: You have no idea?

MR. RIDOLFINO: Off the top of my head, I don't know.

SENATOR WEINBERG: Well, I'd like, if we can, Mr. Chairman, if we can get that.

SENATOR SCUTARI: Sure.

SENATOR WEINBERG: Fine.

SENATOR SCUTARI: I will say that there was an Attorney General press conference in June about-- And some of that may have emanated from this audit report.

SENATOR WEINBERG: Oh, about people stealing.

SENATOR SCUTARI: Misuse, yes. That may have been started in part as a result of this auditing process.

Let me just break this down a little bit more for our members. You keep mentioning the time expanded for the manual calculation of the surcharge.

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: What is that?

MR. RIDOLFINO: Basically, the State has several State-operated fueling stations. They're either operated by -- very few by Treasury. They're operated by the State Police, DOT, DMVA; they may be on institution sites at Human Services or Corrections. Any State vehicle can go into one of these stations and fill up their State vehicle using the gas card.

Some people don't like to use the gas card and pump their own fuel. So what would happen is, they have the credit card for emergency use only. If they chose to use that card, what would happen is, the Motor Pool would calculate whether or not there was a State fueling station within, I believe, 10 miles of where that card was used. And if it was determined that there was a station within 10 miles of where that card was used, we would charge the difference between what the State pays for bulk fuel and what they got charged at that Shell station. That was a manual calculation.

SENATOR SCUTARI: Charge it to who?

MR. RIDOLFINO: To the department. In other words, if Children and Families wasn't policing their employees -- and I'm just using them as an example -- to use the State sites--

SENATOR SCUTARI: How often does that happen? Do you have to do that on every transaction and determine whether it's within 10 miles of a fueling station?

MR. RIDOLFINO: That's what the--

SENATOR SCUTARI: And then when you determine that, you have to calculate how much it cost you by using the private fueler and charge the department?

MR. RIDOLFINO: Yes, that's what we were doing. But now we're just charging a flat surcharge.

SENATOR WEINBERG: So in other words, it's the taxpayers who get charged, not the individual.

SENATOR SCUTARI: Right, the individual is not being charged. You're charging the department. I mean, the State pays it all. You have to calculate what the cost was to the State by using the private gas station rather than using the State gas station that has a bulk rate on gas.

MR. RIDOLFINO: Correct. And the assumption is that the agency -- everybody is short on funds -- is going to tell their employees, "Stop using that card unless it's an emergency."

SENATOR SCUTARI: So are they using it in emergencies only, or are they using these cards all the time?

MR. RIDOLFINO: They're supposed to be used for emergencies only.

SENATOR SCUTARI: Well, how often is there an emergency?

MR. RIDOLFINO: Often a Children and Families worker gets called out in the middle of the night. They may fuel it up if you're in a portion of the state where there isn't a fueling site within so many miles. I think there are limited sites down in the Cape May area, for instance. Then you're going to use the corporate card more often than you would the State card.

SENATOR SCUTARI: So it's not really an emergency card. It's kind of like an inconvenience card. If you're inconvenienced, use the card. It's not really for emergencies. If you don't feel like driving to the fueling station, or you didn't think about it and you have to get to work tomorrow and you didn't fill up on the way out -- "I'll fill up at the Exxon down the street."

MR. RIDOLFINO: Again, it goes back to the individual department. There's a need for these cards at times. It's up to the individual department to police their use. The Motor Pool, as a deterrent for doing this, is charging a surcharge.

SENATOR SCUTARI: Well, how are the individual departments doing in policing themselves?

MR. RIDOLFINO: Some are better than others. I mean, the bigger ones-- Again, there's more room for abuse. I guess it's a gray line between abuse or just mismanagement. In the bigger ones, there's more potential for it. I mentioned that in some of the smaller departments, vehicle coordinators -- it's a part-time gig. They've got-- This person is doing several other duties as well. In the larger departments, it is more of a full-time function.

SENATOR SCUTARI: And I think really what we get down to is, why do we have to have 10,000 cars? I mean, it seems like a lot of cars. And why do so many employees get to take them home? And that's not really, necessarily, your call. But I mean--

MR. RIDOLFINO: It's not. I think there's a lot of factors: 24/7 emergency calls, you're going to take the car home. In some cases up in -- for instance in the Newark area, where parking is at a premium and it costs the State \$1,200 a month to park a car, it's sometimes better if the department does it right by making sure who is taking the car home is somebody who lives five miles away, not 40 miles away. It makes sense to take the car home.

SENATOR SCUTARI: So you don't have to pay to park it.

MR. RIDOLFINO: So you don't have to pay to park the car.

It's kind of a balancing act which the departments, and the Treasury Motor Pool, and the Division of Property Management try to determine -- because we're responsible for paying for parking -- what makes the most sense.

A lot of it can be productivity as well. If you take-- Rather than coming into a central dispatch, if your area is 20 miles from where you live, it may make more sense to take the car home.

SENATOR SCUTARI: So the individual departments essentially have the say-so on who gets these cars and who gets to take them home for the most part.

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: So we have to ask those questions of them.

MR. RIDOLFINO: Yes.

SENATOR SCUTARI: Why there's so many cars. For instance, like Senator Beck said, Law and Public Safety, 900 cars. We don't even know how many employees are there.

MR. RIDOLFINO: Correct.

SENATOR SCUTARI: Senator Whelan.

SENATOR WHELAN: Thank you, Mr. Chairman.
How many cars are we buying a year?

MR. RIDOLFINO: I'd probably say about 700. Just about all of them are replacements. They're not-- We're not adding to the fleet.

SENATOR WHELAN: Right. So the 700 cars-- We're talking on the civilian side. Forget the State Police.

MR. RIDOLFINO: Well, that's including everybody for the most part. There are some years where it spikes up more if the State Police are going to replace.

SENATOR WHELAN: I guess what I'm trying to get to-- I assume we have different life expectancies for police cars and civilian.

MR. RIDOLFINO: Absolutely.

SENATOR WHELAN: Typically, the life expectancy for police cars is three years.

MR. RIDOLFINO: Right. They're going to replace them more often than we're going to replace the civilian fleet.

SENATOR WHELAN: Okay. That's why I say take them out of the equation. If we have a fleet of 7,000 cars, and we have 700 -- and the life expectancy is about 10 years. And if you're doing-- Is that right? The life expectancy is about 10 years on these cars?

MR. RIDOLFINO: Approximately, yes. The current age is about six to seven years right now.

SENATOR WHELAN: Six to seven?

MR. RIDOLFINO: The current age of the fleet right now.

SENATOR WHELAN: Oh, okay. The average age.

MR. RIDOLFINO: That takes into consideration -- we did it -- that Children and Families has grown a little bit. So it kind of skews the numbers.

SENATOR WHELAN: Now, I gather from your comments, in some cases we have motor pools that people in, say the division of children, they would use-- Do they use whatever car is available, or are there cars that are assigned and shared? Is that up to the individual department?

MR. RIDOLFINO: It's up to Children and Families. My understanding is that not every investigator has a car. They do manage the fleet. And whether it's three employees for every two cars-- They have an internal coordinator who handles all that. And I'm sure it's by district office as well.

SENATOR WHELAN: On the gas thing-- I appreciate the Chairman's comments. Really, what we're talking about is convenience and inconvenience. What if the approach were -- you want to go gas up at the gas station down the corner. You don't have to turn in the voucher. You don't use the State's credit card. You spend your money, your credit card, and then you have to turn in a voucher. So now the inconvenience falls on the individual. And that's sort of a pain in the neck to do that paperwork. Is that something that can and should be looked at in terms of trying to get people to drive those extra miles?

MR. RIDOLFINO: That actually was one of the things we were considering. I mentioned that we put together this cross-agency group to try and standardize a lot of this stuff, realizing that there's definitely room for improvement. And that was one of the things that we were definitely going to look at -- trying to reduce the amount of non-State fuel consumption.

SENATOR WHELAN: You talked about -- there's an RFP being prepared to change the fueling systems?

MR. RIDOLFINO: The fueling system, which is basically shared by the Motor Pool fleet, the DOT fleet, and the State Police fleet is antiquated, to say the least. So it has to be replaced.

SENATOR WHELAN: But you go to them-- You're going to, I think, the chip system. There's actually a chip in the gas tank and a chip in the thing. And if they don't match, you don't get gas?

MR. RIDOLFINO: I don't understand the technology completely. My understanding is that there is a radio frequency collar on the tank.

SENATOR WHELAN: Right. I mean we happened to do it when I was the Mayor of Atlantic City. And it really cut down on theft, frankly, because we had the same problem.

MR. RIDOLFINO: Right. I don't think you can steal the gas with the--

SENATOR WHELAN: Right.

MR. RIDOLFINO: I told them to think of any possible angle when they're considering the scope of the RFP.

SENATOR WHELAN: I don't know about the situation now in Atlantic City. It's been years since I've been there. But we saw a reduction in our gas usage when we went to that system. And once you shut it off, it won't go back on. So if you take it out-- If I take it out of my car -- unless I'm willing to spill gas as I go to the next car -- it shuts off. And then you have to hook it up with another. So hopefully that's a system that could be looked at.

I suppose we would get different answers on this. But do we have a target of where we want to go with the size of the fleet?

MR. RIDOLFINO: One of the things we are definitely looking at-- Like I mentioned, since January of 2006 -- again not counting Children and Families -- we're down about 900 passenger vehicles.

We are taking a look at all the cars that are over 125,000 miles now, all those cars that are underutilized. And as part of this cross-agency group, we're going to try and determine, again, the standard for when it makes sense to take that car off the road, with a mix of the age and how it's being used. Part of fleet management is -- perhaps that older car is being used correctly; it's being overused perhaps. Yet, there may be one that's underutilized -- again, that has a lot less miles. It's just a matter of managing the fleet and rotating the vehicles correctly to a more appropriate use.

Is there a target number? I think it's more or less right-size it based on how it's being used and making sure the fleet is safe, that we're not operating vehicles that are 12, 15 years old, that kind of thing.

SENATOR SCUTARI: Thank you.

Senator Beck.

SENATOR BECK: Thank you.

I appreciate that to some degree you're the messenger.
(laughter) But I have a couple further questions.

One, first, I'd like to ask of the audit team, which was to the line of questioning previously about using State pumps versus private. Do you have a percentage as far as the amount utilized from State pumps versus private? Is it 60 percent of the time people use State fuel versus commercial? Do we have any sense of that, or was that not part of your analysis?

A L B E R T B A O: (speaking from audience) No. We're getting ready to do an analysis. But I would say--

SENATOR SCUTARI: If you're going to talk, come on up so we know who you are.

Can you state your full name and your title?

MR. BAO: My name is Albert Bao. I'm the with the State Auditor's Office.

We're getting ready to do an analysis from, like, a basic overview. I would say most of the transactions were work transactions, which is a State pump.

SENATOR BECK: Okay. I just want to note this report was issued August 31, 2007, correct -- completed?

MR. EELLS: The timeframe of the audit was through August. It was actually -- the report itself -- issued in December of '07.

SENATOR BECK: December of '07.

MR. EELLS: That's the correct timeframe.

SENATOR BECK: Okay. So we're 10 months into '08. And one of the things that I think jumps out more than any other is that there were 602 vehicles that exceeded the tank capacity for 2,072 transactions, and we've only had two vehicles pulled. It's appalling. It is.

And when you start reading Ann Milgram's press release, she notes that the defendants allegedly kept and shared cards, using them to fill their personal cars. On many occasions, these people were with friends, neighbors, family, showing them how to use the coding system and the security systems to access this State fuel. And she goes on for three pages delineating how this has been abused.

To me, the fact that we've only had two cars recalled is the crux of this discussion. I mean, this is flagrant fraud. And we have 602 vehicles, on 2,072 occasions, who exceeded tank capacity. Maybe there's a reason for that. I don't know. I can hardly wait to hear what the reason is. But that, to me, is really, really troubling. And at 66 percent compliance, while an improvement, It's still not a passing grade. It's still a failing grade. Sixty-six percent is simply not good enough.

We had 217 people not submit mileage for an entire year. Why do they still have cars? For a whole year they drove around, and they couldn't be bothered. And then we had 6,396 people who didn't do any monthly reporting at all. That's the majority of the people. It's a huge, huge issue. And it's at your feet, because you get to administer it. But as the Legislature, we're here to act and make sure that this does not continue. To me, we could easily cut this fleet in half, and we would be just fine.

I would like to suggest to our Auditor and the audit team that one of the things I think we need to look at next -- and it's been raised by

Senator Weinberg and the Chairman -- is EZ-Pass. Because if you have this type of abuse going on with gas, and we have our Attorney General already going after folks, you have to believe that the EZ-Pass is being abused too. And especially with the toll increase that's coming down the road -- sort of a turn on words. But I do think you're going to see greater abuse. And in this economic climate, people may be looking to skirt the system more and more.

MR. EELLS: Excuse me, Senator. As part of our -- and I mentioned the administrative audits that we perform on a regular basis with the departments -- actually on a cycle basis -- those would be administrative costs within those departments. So we have looked at EZ-Pass in departments where we have done the administrative work. I don't know that we've had any exceptions or issues with the assignment of EZ-Pass or the usage. But we do look at that, because they are assigned that at the departmental level. So we do have that in our purview when we do those administrative audits.

SENATOR BECK: Sure.

Through the Chair, I don't know if you're interested in seeing those reports, but I certainly am.

SENATOR SCUTARI: My question is -- just to follow up, is how-- Those EZ-Passes, can they pull them down right out of the car, bring them in their own car? I mean, how are those things affixed in the State vehicles? Are they on the plate or are they in the inside?

MR. EELLS: I believe most of them are on the inside there. To answer your question -- again, I'm not a technician of EZ-Pass -- whether that would necessarily -- but I believe they probably could move it. But

again, we've looked-- When we do that work, we look for usage on off-State time. We look at the timing of the transactions. So we would look for holidays, weekend use.

And again, sometimes it's -- sometimes some of your Children and Families are out there on the weekends.

SENATOR SCUTARI: Sure.

MR. EELLS: It doesn't mean it's wrong, but we question it at that level. So we do look at those transactions.

But could it be moved to another vehicle? I believe it can.

SENATOR SCUTARI: Probably pretty easily.

SENATOR BECK: I have two questions for our Treasury representative.

Dave, I'm wondering, are employees reimbursed for driving to work every day?

MR. RIDOLFINO: Reimbursed for driving to work?

SENATOR BECK: Do they get a reimbursement for going to work and back?

MR. RIDOLFINO: In a State vehicle?

SENATOR BECK: No, in their own personal vehicle.

MR. RIDOLFINO: No.

SENATOR BECK: Okay. Excellent. I'm glad to hear that.

SENATOR SCUTARI: But some people get to take the car home and bring it back and forth to work. So they're basically-- They don't have to-- One person might not have to pay any commuting cost whatsoever and another person does.

MR. RIDOLFINO: There is a -- under the IRS regulation -- what they call a *commutation rule*, where there is a value that's included in the W-2 for any trip they had to and from home into work. But that's the extent of it.

SENATOR BECK: My second question is, if you could provide to us, through the Chair, the number of employees per department. I'm very curious. I mean, you look through the vehicle count here -- and a department that has, hands down, the most vehicles, by 200, is Law and Public Safety, excluding the State Police. So that strikes me as odd. I'm sure there may be a reasonable explanation for it, so I look forward to hearing it, but that's seems really unusual.

DYFS -- you'd assume that they need cars. But frankly, according to the Attorney General, Matt Boxer is examining it. Because the 2,500 vehicles -- they're using tens of thousands of gallons of gas each week. So they're taking a look at that. And that was of June of this year. So I assume you'll get a copy of that report, and we will as well.

MR. RIDOLFINO: It is (indiscernible).

SENATOR BECK: I certainly-- If you could prepare that for us -- the number of employees per department. And then we can sort of take a look at it next to the number of cars they have. And I look forward to further discussion on this. I think it's quite disturbing for each of us.

As we struggle with this State budget, I mean, it seems unconscionable that some of these things that were revealed in December of '07-- These folks are still driving around in cars even though they were basically stealing fuel. Not basically, they were stealing fuel.

SENATOR SCUTARI: Just one other question: The State Police has 2,200 cars assigned to it. Do you know how many of those are actual State Police cars, marked units or even unmarked units?

MR. RIDOLFINO: I could definitely find out. I don't have the number with me though.

SENATOR SCUTARI: I'd like to have that.

Senator Weinberg.

SENATOR WEINBERG: Are there any standards developed, centrally, in terms of who should have a car, or is it strictly that mileage standard that you've given us -- if you drive over 700-and-some-odd miles a month, or whatever?

MR. RIDOLFINO: For rank and file that need to be out on the road it's the mileage standard, the 1,200 and 750. But like I mentioned, they're not always adhered to, because it was a break-even point that was calculated several years ago. And there are these different functions that fall outside of the box. And it really depends on how you're using the vehicle.

Again, I keep bringing up Children and Families, because you're not going to be allowed to carry a child in your personal vehicle for insurance reasons, liability purposes, those kinds of things. Construction sites: you're not really expected to drive your own vehicle in a construction site. And some people may be in the car seven hours a day just not putting the miles on it because they're in a three or four block radius of a particular town -- such as maybe a lottery field representative who has a district within, let's say, Atlantic City. And he's just going to 15 or 20 different places every day, and he's putting maybe 40 or 50 miles on the car.

So there are things that fall outside of the box. And that's what this cross-agency group wants to take a look at. How do we get-- How do we standardize what falls inside the box, understanding there are always going to be some things that are outside and always realizing that it's up to the department to police the vehicles -- how their vehicles are being used. I think the fueling system is a great first step, quite honestly.

SENATOR SCUTARI: That's why I think there's going to be a continuation on this. We may have to have some of these departments come in -- department head or department representatives to talk to us about the needs for their vehicles.

Any other questions? (no response)

Gentlemen, thank you both very much for being here. You gave us a lot of insightful information. Your staff did a great job in doing that. I think you made great progress.

Thanks very much for being here.

MR. RIDOLFINO: Thank you.

SENATOR SCUTARI: We appreciate it.

There being nothing further, we'll adjourn the meeting.

Thank you.

(HEARING CONCLUDED)