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before

ASSEMBLY LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE

on

(DMV Computer System)

October 11, 1985
Room 400
State House Annex
Trenton, New Jersey

New Jersey State Library

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph L. Bocchini, Jr., Chairman
Assemblyman Frank M. Pelly
Assemblyman Robert J. Martin
Assemblyman William P. Schuber
Assemblyman Thomas P. Foy, temporary appointee
by Assembly Speaker Alan J. Karcher

ALSO PRESENT:

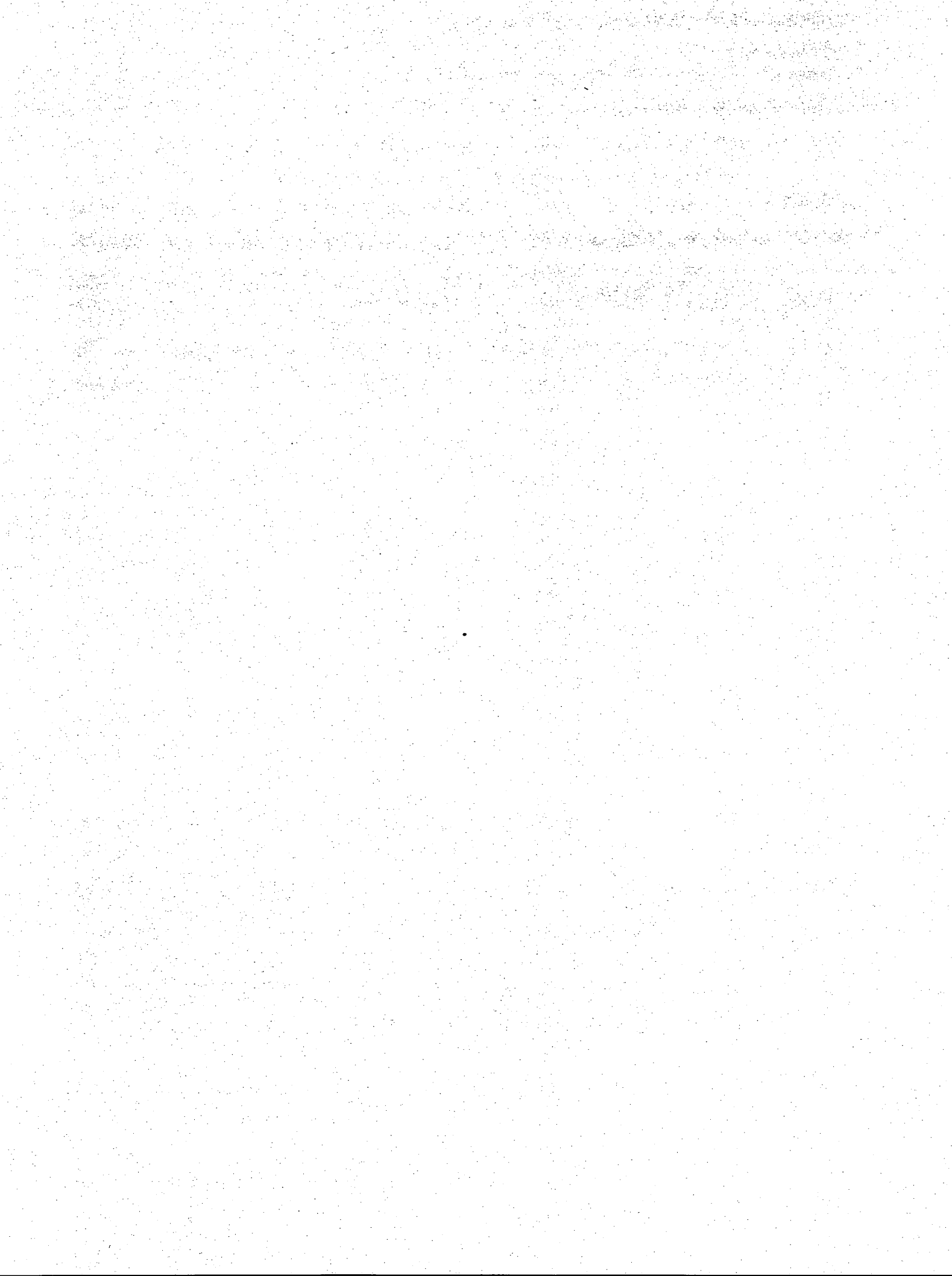
Aggie Szilagyi
Office of Legislative Services
Aide, Assembly Law, Public Safety
and Defense Committee

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ASSEMBLYMAN JOSEPH L. BOCCHINI, JR. (Chairman): Good morning, ladies and gentlemen. This is a continuation of the hearings concerning the computer problems of the Division of Motor Vehicles.

By way of some housekeeping, I would note that I have a letter dated today from Speaker Karcher appointing Assemblyman Foy temporarily to the Committee.

We are in receipt of correspondence from Mr. Holman, State Republican Chairman, who indicates his inavailability for today, and that he will arrange with the Committee to appear at another time. I ask that a copy of that be given to the clerk for the record.

I also have a letter from Mr. Kline, who indicates that he had a long-standing commitment for today and will not be able to be here. But, he is available any day next week, so we will try to arrange something for next week.

It is my understanding that Mr. Creamer called and indicated that he would not be here today, that something came up by way of business, that he going to be away for a period of time, and that he will also come in when we can get to him.

At the same time, we do have with us-- We have requested representatives of OTIS, Mr. Bianco and Mr. Meybohm. If they are in the audience, I would appreciate them coming up.

Mr. Bianco, you had previously been sworn in; I don't see the need to render the oath again to Mr. Bianco or Mr. Meybohm. Mr. Bianco, I received your letter dated October 9th. The Committee members are in possession of the documentation. I know it was brought to my attention that the correspondence or the memorandum you sent to us concerning this went to the Attorney General's office first for his review. My question to you is, everything you sent that was reviewed by the Attorney General had to be requested from you. Everything that we requested that you sent to the Attorney General's office, is that all now in our possession?

DONALD J. BIANCO: Yes, you've gotten my copies. He got a copy; his office got a copy of what I sent you, so you've got everything that I sent.

ASSEMBLYMAN BOCCHINI: So, we received simultaneously what you sent to him.

MR. BIANCO: That is correct.

ASSEMBLYMAN BOCCHINI: Then, let the record reflect that. I note, if I may, in the series of documents, from the standpoint of dates and times, we have documents that deal from June 15th, 1983 through February 19th, 1985 letter to Mr. Bochese. Is that correct?

MR. BIANCO: Yes. We didn't send you a copy of that letter from Mr. Bochese. You must have had that from somebody else.

ASSEMBLYMAN BOCCHINI: All right. The last document from you would be the October 9th, 1985 letter from Mr. Meybohm concerning the tests on Tuesday, November 27th of 1984.

MR. BIANCO: That is correct.

ASSEMBLYMAN BOCCHINI: Well, we'll take each one individually. I note there was a letter dated June 27th, 1983 from you to the Attorney General, which indicates:

"The author of the attached is a consultant from Science Management Corporation. I received his memo Friday afternoon.

"I've discussed the matter with Fasola since Stein directed the 'package' of Snedeker's letters to him for his involvement and I am comfortable with Fasola's assessment of the situation and his reaction to it.

"Please be assured Snedeker's letters are nonsense.

"I'll wait for your direction how to proceed." Signed Don, with your initials.

The letters you are referring to from Mr. Snedeker are which ones in the package that you sent to us?

MR. BIANCO: The letter of June 15th, 1983.

ASSEMBLYMAN FOY: It is a memo, isn't it?

ASSEMBLYMAN BOCCHINI: Is that the memo from Snedeker to Merin?

MR. BIANCO: That is correct, June 15th, 1983.

ASSEMBLYMAN FOY: It is not a letter; it is a memo. All right?

MR. BIANCO: Well, all right, a memo. It is on letterhead stationery.

ASSEMBLYMAN SCHUBER: Mr. Chairman, just for clarification, are we talking about the memo from Clifford Snedeker to Kenneth D. Merin, June 15th and the subject is, "Why the Division of Systems and Communications Cannot Implement the Division of Motor Vehicles' Master Plan by June 30, 1985"?

MR. BIANCO: That is the one I am referring to, Assemblyman.

ASSEMBLYMAN SCHUBER: Thank you.

ASSEMBLYMAN BOCCHINI: Was part of the package the June 7th, 1983 memo? There is also a June 7th, 1983 memo that Mr. Guzzo just showed me from Mr. Snedeker to Mr. Merin relating to the completion of the Division of Motor Vehicles' Long-Range Master Plan.

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: Is that part of that package?

MR. BIANCO: It is part of the package.

ASSEMBLYMAN BOCCHINI: So, the first one would be the 7th, and the second one would be the 15th. Before we get into those two, you make reference that you are comfortable with Mr. Fasola's assessment of the situation and his reaction to it, Mr. Fasola being--

MR. BIANCO: That was Mr. Alfred Fasola, who was the head of the GMIP at the time.

ASSEMBLYMAN BOCCHINI: Essentially, what was his assessment?

MR. BIANCO: I think that is summarized in the letter from Dennis Clark, who was the consultant for Science Management Corporation, and it was summarized through Fasola, Clark's review and his conclusions.

ASSEMBLYMAN FOY: Let me ask a question, if I may, Mr. Chairman. Mr. Clark was part of the Governor's Management and Improvement Program. Is that correct?

MR. BIANCO: He was part of it, yes.

ASSEMBLYMAN FOY: Okay, and he was originally from Science Management Corporation, which is a consulting corporation. Is that right?

MR. BIANCO: Yes, he was at that time too, Assemblyman.

ASSEMBLYMAN FOY: Was he working for the State on loan from Science Management as part of GMIP, or was he a paid consultant from Science Management by the State? Do you know?

MR. BIANCO: I believe he was a paid consultant.

ASSEMBLYMAN FOY: Okay. He was a paid consultant hired by whom? The Office of Management and Budget?

MR. BIANCO: No, the Office and Management and Budget didn't exist at that time. If he was hired at all, he would have been hired by GMIP.

ASSEMBLYMAN FOY: All right. Do you know what Mr. Fasola's title was at that time?

MR. BIANCO: I don't remember exactly.

ASSEMBLYMAN FOY: Do you know whether Mr. Fasola was paid by the State at that time, or was he paid—

MR. BIANCO: I think he was, yes.

ASSEMBLYMAN FOY: He was.

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: The memorandum says, "Executive Office Inter-Communication." Would that refer to the Governor's office?

MR. BIANCO: No, I believe that would be the Treasury office.

ASSEMBLYMAN FOY: The Treasurer's office.

MR. BIANCO: I believe he was in the Treasurer's office at that time, but I'm not sure, Assemblyman.

ASSEMBLYMAN FOY: Okay. Do you know Al Fasola personally?

MR. BIANCO: Yes, I do.

ASSEMBLYMAN FOY: Do you know Bill Driscoll personally?

MR. BIANCO: Yes, I do.

ASSEMBLYMAN FOY: Do you know whether Al Fasola knows Bill Driscoll?

MR. BIANCO: Certainly he knows of him, but I don't know if he knows him. I don't know if he ever met him.

ASSEMBLYMAN FOY: You don't know whether they ever had any meetings or luncheons or anything like that together?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: Do you know whether Mr. Fasola ever solicited Mr. Driscoll for funds for any organization?

MR. BIANCO: I wouldn't know that.

ASSEMBLYMAN FOY: Okay.

ASSEMBLYMAN BOCCHINI: Also, in that same memo, would you identify Mr. Stein more particularly?

MR. BIANCO: That was Gary Stein. He was Chief of Policy and Planning.

ASSEMBLYMAN BOCCHINI: For who?

MR. BIANCO: For the Governor's office. You'll see a cover letter in that package that I sent you, Assemblyman, as a cover memo from Stein to Fasola.

ASSEMBLYMAN BOCCHINI: Date, please?

MR. BIANCO: There is a memo from the desk of Gary Stein, Director, Office of Policy and Planning, to Alfred Fasola: "Call me after you read the attached." The date of that is June 17, 1983.

ASSEMBLYMAN BOCCHINI: I notice on the bottom of that, it marked, "6/22/83." Whose name is that? Whose writing is that? Do you know?

MR. BIANCO: I don't know. I could guess if you want me to, but I don't know.

ASSEMBLYMAN FOY: Guess.

MR. BIANCO: Guess?

ASSEMBLYMAN FOY: Yes.

MR. BIANCO: I believe that is Fasola writing to Mike, and Mike would be Mike O'Neil.

ASSEMBLYMAN BOCCHINI: Who is Mike O'Neil?

MR. BIANCO: Mike O'Neil was an employee of the State at the time. He worked for the GMIP, and he would have been the appropriate person to handle this.

ASSEMBLYMAN BOCCHINI: It says, "Please make recommendation — they want by Friday." Do you know who "they" is?

MR. BIANCO: No, but I can make an assumption.

ASSEMBLYMAN BOCCHINI: Excuse me?

MR. BIANCO: I don't know who "they" is, but I would assume, seeing it on this memo, it would be Gary Stein.

ASSEMBLYMAN BOCCHINI: The attached memo says, "Thank you for your memo of June 15 which contains the detailed memo by Cliff Snedeker as to the problems he is having in computerizing the Division of Motor Vehicles.

"I think that the responsibility for making a recommendation on this should be delegated to Al Fasola's office, since Al can draw upon the computer expertise of Science Management Corporation in evaluating the problem. This would give us the advantage of objective evaluation from people outside the Division of Motor Vehicles and unconnected with the Division of Systems and Communications.

"If there is no objection, I will send the package to Al and ask him to get back to us not later than next Friday with a recommendation."

This Science Management Corporation, could you enlighten me a little more about their status and who they are?

MR. BIANCO: They are a consulting firm. They have an expertise in the information processing, the data processing field, and they were very instrumental in analyzing the situation in the State concerning information processing and other things at that time with the Governor's Management Improvement Program.

ASSEMBLYMAN BOCCHINI: I'm sorry, could you repeat the last part, or repeat the whole thing? It wasn't that long.

MR. BIANCO: I'll have to say it the same way. The Science Management Corporation is a consulting firm that has expertise in the information processing business, the data processing business, and they were making evaluations as to the status of the information processing in the State for the Governor's Management Improvement Program.

ASSEMBLYMAN BOCCHINI: Who were they being paid by?

MR. BIANCO: I really don't know.

ASSEMBLYMAN BOCCHINI: Did you have--

MR. BIANCO: I think they were being paid by the Governor's Management Improvement Program Plan.

ASSEMBLYMAN BOCCHINI: Not by the State?

MR. BIANCO: I don't believe so, but I don't know.

ASSEMBLYMAN BOCCHINI: Before we go back to the June 7th memo, a lot of these memoranda that you are giving us this morning relate to memoranda from the Governor's office, etc. How did you come in possession of them?

MR. BIANCO: Well, the package that I referred to — that I know I referred to — in my memo to the Attorney General was indeed that. It was a package by the time I became aware of it and got it, and it contained all of the things I had just given to you. I became aware of this package, as I called it, about that time. So, that is how it came into my possession; it was given to me.

ASSEMBLYMAN BOCCHINI: In relation to — going back to the beginning of the documentation that we have — the June 7th, 1983 completion of the Division of Motor Vehicles' Long-Range Plan, are you familiar with this? With the memoranda?

MR. BIANCO: June 15th or June 7th?

ASSEMBLYMAN BOCCHINI: Excuse me, June 7th.

MR. BIANCO: I'm familiar with it.

ASSEMBLYMAN BOCCHINI: The "Completion of the Division Long-Range Master Plan."

MR. BIANCO: I have it in front of me.

ASSEMBLYMAN BOCCHINI: Are we still dealing in the area of the \$700,000 contract with Price Waterhouse?

MR. BIANCO: What we are dealing with here is the next step from the \$700,000. At the time—

ASSEMBLYMAN BOCCHINI: The comprehensive.

MR. BIANCO: What eventually turned out to be what is now called the Comprehensive Motor Vehicle Plan.

ASSEMBLYMAN FOY: That is the \$6.5 million—

MR. BIANCO: That is the \$6.5 million contract.

ASSEMBLYMAN FOY: All right. When was the first time you saw this memo, the memo from Snedeker to Merin dated June 7th, 1983?

MR. BIANCO: Mid-June.

ASSEMBLYMAN FOY: Of 1983?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: All right. Did you have a chance to analyze the presentation of the facts and the issues in the memo set forth by Director Snedeker at that time?

MR. BIANCO: After I received it, I read it, yes.

ASSEMBLYMAN FOY: You read it. All right. Now, in terms of your reading it, there are a number of facts set forth in the memo, or alleged facts, regarding the critical nature of the information storage and dispensation system at Motor Vehicles. When you read the memo, did you, by and large, concur with the Director's analysis about how disastrous the situation was at that time in Motor Vehicles?

MR. BIANCO: I would have to reread this.

ASSEMBLYMAN FOY: Let me give you an example. It says, "Price Waterhouse, the private executives from the Governor's Management Improvement Program and—

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy, which page are you reading from?

ASSEMBLYMAN FOY: I'm on Page 1 at the bottom, and I am reading the Director's words. The paragraph on Page 1 says, "Price Waterhouse, the private executives from the Governor's Management Improvement Program and insurance industry analysts" — that word keeps cropping up — "have predicted that the insurance surcharge operation could be the final straw that creates chaos in the DMV's paper mill. If DMV and the State do not move immediately to make the appropriate investments in systems and hardware changes, this chaos will begin to build and culminate in a total collapse in three to five years (1985).

Did you agree with the Director's analysis that the Department of Motor Vehicles paperwork processing systems would be in total collapse by this year if they didn't move forward quickly with an attempt to overhaul the computerization of this aspect of the Department?

MR. BIANCO: You've got a lot absolutes and a lot of adjectives there, you know. There was no question that the Division of Motor Vehicles needed to enhance and improve its system. There is no question about that at all. There is also no question that there was a crisis upon us to do the immediate surcharge program. Those two things are facts.

I think that if you had let everything alone, you would have had a collapse.

ASSEMBLYMAN FOY: So, something had to be done.

MR. BIANCO: Something had to be done; that is correct.

ASSEMBLYMAN FOY: All right. Did you feel the extreme sense of urgency that was expressed by the Director's words in the memo?

MR. BIANCO: I think, Assemblyman, we have got to clear something up here now. I don't make the policy, and at that time, I ran, and now I do run, a service agency in the State. I don't make policy. It is really not my position to evaluate the priorities that are set by the Administration directives. I react to them.

What I do is, when they present a problem to us, what I do is try and scope that problem, tell them how big it is, tell them what I think is best way to solve it is, tell them how much I think it is going to cost, and how long it will take.

ASSEMBLYMAN FOY: All right. And, did you scope this problem for them after you got the Director's memo?

MR. BIANCO: Yes, we did.

ASSEMBLYMAN FOY: All right.

MR. BIANCO: Not after this memo. I mean, we wouldn't scope this problem for a long time.

ASSEMBLYMAN FOY: All right. What was your analysis about how big the problem was?

MR. BIANCO: It was very big. Okay?

ASSEMBLYMAN FOY: Okay. It was a very—

MR. BIANCO: I'm not trying to be funny, Assemblyman. I am really not. It was a big problem.

ASSEMBLYMAN FOY: A very big problem.

MR. BIANCO: Running the Division of Motor Vehicles and supplying—

ASSEMBLYMAN FOY: In deference to my colleague, Pat Schuber, was it this big (holding up hands), or this big. If you were characterizing fish, how big would it be? (laughter) Would it be a whale?

MR. BIANCO: It would be a whale, a whale of a problem.

ASSEMBLYMAN FOY: It was a whale of a problem.

MR. BIANCO: It would be a whale of a problem.

ASSEMBLYMAN FOY: In the memo, the Director goes on and poses certain questions. "What must DMV do?" He sets forth some technical

things that he thinks are required. Again, in his sense of urgency, on Page 2, he poses a question, "How can DMV compress the lead time needed to implement the modernization and automation of the Division?" Okay? Now, he makes two specific recommendations:

"Increasing the staff at DMV and SAC to enable the Department of Law and Public Safety to complete the Master Plan primarily as an 'in-house' project."

Was that done?

MR. BIANCO: No, that was not.

ASSEMBLYMAN FOY: Option two:

"Contracting with an experienced firm which would complete the systems design, programing, testing, and conversion elements of the Master Plan."

Was that done?

MR. BIANCO: That was the path that was followed.

ASSEMBLYMAN FOY: That's what the choice was between either increasing staff and doing it internally, or having an outside consultant or contractor provide what needed to be done. Is that correct?

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: All right. And the decision was to obtain the services, again, of Price Waterhouse. Is that correct?

MR. BIANCO: Ultimately, that was the decision, yes.

ASSEMBLYMAN FOY: That was ultimately the decision. Now, on the next page, there are two headings how to expedite things, and there is a discussion regarding competitive bidding and setting forth the process. Isn't that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Isn't that the way most of the matters are handled, or are they handled by waivers, or is this the first time this has arisen?

MR. BIANCO: I don't know which question to answer.

ASSEMBLYMAN FOY: Start with the first question. Is competitive bidding the way that most contracts of State government for these types of services are handled?

MR. BIANCO: I don't whether it is most or not. Obviously--

ASSEMBLYMAN BOCCHINI: How about prior to this?

MR. BIANCO: Oh, no, no. Historically— Let me speak in general. The services for outside help come in a number of ways — sometime through competitive bidding, sometimes through a waiver with competition, which is a usual way to do business and a good way to do business, and sometimes on a sole source. It depends upon the circumstances that exist at the time. I have recommended all three of those variations which are allowed under the bidding laws.

ASSEMBLYMAN BOCCHINI: It sounds like your preference, if you are getting into a waiver — that type of a situation — is where there is some type of competitive discussion concerning any type of a waiver. Is that correct?

MR. BIANCO: You know, all things being equal, yes. It is always very good to have competition, but to have to analyze the situation. You have to analyze where you are in the process. It is easy to take a snapshot and say, "You should have bid there." I don't believe that is true. I think you have to analyze each situation as a process and see where you are in the process. Then that determines what option you should use, not open competitive bidding, limited competitive bidding, or a sole source procurement. All three of them are legitimate. I have recommended all three.

ASSEMBLYMAN BOCCHINI: Any questions? Mr. Martin?

ASSEMBLYMAN MARTIN: Yes. In terms of this specific problem then -- this is the one you described as a whale of a problem -- what did you think was the best way to go as far as this problem?

MR. BIANCO: Well, it was on record at the time, and I guess it is well-known, that my proposal was outlined in the \$700,000 contract, and that procedure, which stretched out over a number of years--

ASSEMBLYMAN MARTIN: I was referring specifically to the choice of bid waiver, sole source, as you described, and where the open competition--

MR. BIANCO: Once the decision was made, once we reached a point in the process where a decision was made to go on the turnkey operation -- give the business to an outside consultant -- then I agree

the best way to do it was a waiver and sole source it. In my opinion, once that decision was made, the way to go in the interest of time and the use of resources and everything else, there should be a waiver.

ASSEMBLYMAN MARTIN: Thank you.

ASSEMBLYMAN FOY: Okay, now—

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy. You have no problem with the bid waiver, but do you see an absolute sole contract in the Price situation? Had there been competition, do you think it could have resulted in some other type of performance?

MR. BIANCO: Do you mean, if we didn't do what we did, would be where we are now? That is a heck of a question. Why don't you say it again?

ASSEMBLYMAN BOCCHINI: Let's back up a little further. From what I have been able to ascertain in reviewing these documents, it appears that it was your opinion that under the \$700,000 contract, SAC was in a position where they could have implemented it with some additional outside consulting. Is that correct?

MR. BIANCO: We would have implemented something which would have taken longer, and it would not have been as comprehensive. When the decision was made— Let's accelerate. Let's compress this thing, and let's do more faster. Then we took a look at what we thought we could do, and we said we would need more funds, and we would have to get additional people, and that we would need outside help, as well. So, the ball game changed.

ASSEMBLYMAN FOY: Okay, let's back up a little bit so we can get this absolutely clear in terms of the decision-making process and your role or lack of role therein.

ASSEMBLYMAN BOCCHINI: Excuse me. At that point in time, you were the Director. Correct?

MR. BIANCO: Yes, the Director of SAC.

ASSEMBLYMAN BOCCHINI: Director of SAC. And, Mr. Meybohm, you were?

MR. MEYBOHM: Assistant Director.

ASSEMBLYMAN BOCCHINI: Assistant Director. I'm sorry; go on, Tom.

ASSEMBLYMAN FOY: Okay. The initial choices that emerged in terms of policy decisions were either to increase the staff at the appropriate State agencies that would be involved with this modernization process, and to do it in-house, or, to contract with an outside consultant. At that juncture, what was your recommendation to the policy maker, whom I assume is— Is the policy maker the Director of the Division of Motor Vehicles? Is that who was making the determination?

MR. BIANCO: He would certainly be a strong— Have a strong voice, yes.

ASSEMBLYMAN FOY: All right. What was your advice to him initially about which of those two routes to pursue?

MR. BIANCO: Essentially, Option #1, but recognize what that was going on there now was a change. There was going to be an acceleration, and I said we would follow #1 closely, but we would need outside help as well.

You see, the essential difference— To get right to the bottom line, the essential difference between—

ASSEMBLYMAN FOY: Okay. That is why you recommended the initial \$700,000 contract.

MR. BIANCO: Now we come to a point where there is a greater agency and need to happen at a faster rate and to do some more.

ASSEMBLYMAN FOY: And, Cliff Snedeker is telling you in this memo, or telling Ken Merin actually, that it is going to be chaos, and "We have got to move very rapidly."

MR. BIANCO: Right.

ASSEMBLYMAN FOY: And, "This job has got to be done by 1985 or there will be a total collapse of our internal systems." Is that right? That is what he said in the memo, isn't it?

MR. BIANCO: That is what he said, yes.

ASSEMBLYMAN FOY: All right. So, at that juncture, you knew the sense of urgency they had, right?

MR. BIANCO: Right.

ASSEMBLYMAN FOY: And, then Director Snedeker recommends that you go to a waiver of advertising. Now, did he recommend a waiver of

advertising with competitive bid, or a sole source contract, a no-bid contract?

MR. BIANCO: I think it is evident that he recommended, or we recommended at that point—

ASSEMBLYMAN FOY: Okay. Now, in a memo—

ASSEMBLYMAN BOCCHINI: You said "he" or "we"?

MR. BIANCO: When the decision was made, Mr. Chairman, that the route we would take would go totally outside for a turnkey operation. When that decision was made, then I certainly agreed that the way to get there would be to sole source it. Any discussion that I had, and different viewpoints, happened prior to that when there were options on how to proceed.

I had one opinion on how we should proceed. When that opinion was rejected, and the other opinion was taken, if you are going to follow that one, then the way to go would be to sole source. I recommended sole source after that point.

ASSEMBLYMAN FOY: All right.

ASSEMBLYMAN BOCCHINI: You recommended sole source after it was recommended to you that there be a sole source.

ASSEMBLYMAN SCHUBER: I don't think that is what he said.

MR. BIANCO: No, that is not exactly what I said. Once my—

ASSEMBLYMAN SCHUBER: That is not what he said. My understanding is that once the decision had been made by the policy makers that there was to be a turnkey operation with outside help, that you agreed or concurred with the fact that it should be a single-source bid waiver. Is that correct?

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: Now, directing your attention to Page 4—

MR. BIANCO: Excuse me one second.

ASSEMBLYMAN FOY: Go ahead. If you want to confer, fine.

ASSEMBLYMAN SCHUBER: Mr. Chairman, may I ask him some questions on the first proposal, please?

ASSEMBLYMAN BOCCHINI: Sure.

ASSEMBLYMAN SCHUBER: Mr. Bianco, please, if I might draw your attention to the memo of June 7th that we have been talking about

where the two alternatives were set forth on the second page -- one for decreasing the staff of DMV and SAC, and one for contracting with an outside firm -- the first one, obviously you indicated that you would have liked to have done the number one proposal -- is that correct? -- which would have been increase staff.

MR. BIANCO: No, that is not exactly true at all. What I was trying to get at-- It is very difficult. I was saying that that was closer to my recommendation. You see, Mr. Meybohm was--

ASSEMBLYMAN SCHUBER: Well, let me ask you--

MR. BIANCO: It is important though, Assemblyman. It is really important that you understand that it was not just an increase in staff. I proposed that we would need outside help as well.

ASSEMBLYMAN SCHUBER: That is what I am saying.

MR. BIANCO: Okay.

ASSEMBLYMAN SCHUBER: You would need more personnel, but you would need outside help at the same time. Is that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN SCHUBER: Did you ever submit a proposal to the policy makers in furtherance of this particular proposal?

MR. BIANCO: We made presentations.

ASSEMBLYMAN SCHUBER: Did you submit a proposal?

MR. BIANCO: I would call it a proposal.

ASSEMBLYMAN SCHUBER: Is it in writing?

MR. BIANCO: It is part of the package, at least the outline of a--

ASSEMBLYMAN SCHUBER: Could you show me what it is, please?

MR. BIANCO: (perusing through paperwork) I'm going to get very impatient here.

ASSEMBLYMAN FOY: That is the problem over at Motor Vehicles too.

MR. BIANCO: I think I should take this opportunity to say something that Mr. Meybohm reminded of as I was testifying. While I was not privy to these letters until after the fact, there were lots of discussions going on at this time. There were lots of meetings.

ASSEMBLYMAN FOY: Among whom?

MR. BIANCO: The Division of SAC, the Division of Motor Vehicles—

ASSEMBLYMAN FOY: Not institutions, people. Who was talking to whom? We need to know who the players in this drama are. Bob Kline, was he involved?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Cliff Snedeker, was he involved?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Irwin Kimmelman, was he involved?

MR. BIANCO: At a very high level.

ASSEMBLYMAN FOY: And, who from your office?

MR. BIANCO: Myself, Mr. Meybohm, Mr. Bochese, and many technicians.

ASSEMBLYMAN FOY: How about anybody from the Governor's office?

MR. BIANCO: Not— Mr. Merin. Merin was—

ASSEMBLYMAN FOY: Mr. Merin was involved.

MR. BIANCO: Yes, Mr. Merin was involved in a meeting that we had with Mr. Greelish. Mr. Greelish was acting as an arbitrator early in this matter.

ASSEMBLYMAN FOY: Who was involved from Price Waterhouse?

MR. BIANCO: I just assume, and I know now from the record, that Driscoll was involved. At the point, I really didn't know how heavily involved Price Waterhouse was. I wasn't privy to these documents, nor did I know to the extent at which they had gotten into the detail, which finally ended up in the proposal.

ASSEMBLYMAN FOY: But, you were having ongoing discussions with responsible personnel at the Division of Motor Vehicles. Is that correct?

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: And that included Kline; it included Snedeker; it included other personnel there.

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: Did it also include representatives of Price Waterhouse?

MR. BIANCO: Not when we— Not in our discussions.

ASSEMBLYMAN FOY: Not when you were having discussions with DMV.

MR. BIANCO: No.

ASSEMBLYMAN FOY: They weren't involved yet in discussions regarding the \$6.5 million package.

MR. BIANCO: Not with us.

ASSEMBLYMAN FOY: Not with you.

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: Didn't you think that a little peculiar?

MR. BIANCO: That is not entirely true. That is not entirely true. But, when you say discussions, I mean, you know, heavy discussions. I can remember saying to Price Waterhouse that I didn't think that was the right way.

ASSEMBLYMAN FOY: You didn't say to Price Waterhouse, "They are both dead, and that is a company." Do you remember saying that to one of their representatives?

MR. BIANCO: Yes, Driscoll.

ASSEMBLYMAN FOY: To Driscoll.

MR. BIANCO: Yes, I said, "I—

ASSEMBLYMAN FOY: So, Bill Driscoll did more than just write checks. He was actually involved in this thing, wasn't he?

MR. BIANCO: Very much so.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: Very much so, and very competently so.

ASSEMBLYMAN FOY: Do know whether Mr. Driscoll was involved with Mr. Fasola from the Governor's Office of Management Improvement?

MR. BIANCO: I don't know, but I really don't believe he was at all.

ASSEMBLYMAN FOY: Okay. But, Driscoll was involved in these discussions leading up to the—

MR. BIANCO: Driscoll had been involved, Assemblyman. He had been involved with Motor Vehicles for a number of years. Okay?

ASSEMBLYMAN FOY: He is a very involved person; I can see that. All right.

Again, proceeding with my line of questioning, which I started, but somehow we got off the track. On Page 4 of the memo, I direct your attention to the June 7th--

ASSEMBLYMAN SCHUBER: Tom, hold off. Tom, if I might, please, he was still at an outstanding--

ASSEMBLYMAN FOY: You didn't get the answer?

ASSEMBLYMAN SCHUBER: I'm sorry. He had an outstanding question from me.

ASSEMBLYMAN FOY: I'm sorry. I thought he had answered your question. I'm sorry; go ahead.

ASSEMBLYMAN SCHUBER: He was going to show me which was the proposal he had submitted.

MR. BIANCO: I think in your package you will see -- somewhere in your package you will see -- a group of papers--

ASSEMBLYMAN SCHUBER: Is that the one that is--

MR. BIANCO: It says "Insurance Reform, January 1984, Master Plan Acceleration" -- June of 1985 -- followed by a page which says, "Insurance Reform Assumptions. Insurance Reform, Page 2."

ASSEMBLYMAN BOCCHINI: What are the dates of those?

MR. BIANCO: There are no dates.

ASSEMBLYMAN SCHUBER: It is attached to that memo of June 15th. Is that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: It is attached to the June 15th memo.

ASSEMBLYMAN BOCCHINI: All right. We will be getting to that. I think, if we can, I would like to stay in--

ASSEMBLYMAN SCHUBER: No, I appreciate that. I just asked-- I wanted to ask some questions with regard to that, which Mr. Bianco has been kind enough to answer for me with regard to the submission of that. I just wanted to know if that was, in fact, the proposal that had been submitted.

MR. BIANCO: This was the outline of a presentation we made in Greelish's office with Ken Merin present, and I believe Snedeker was present -- Yes, he was present -- Meybohm and myself, and how we would approach this problem. How we would accelerate the Master Plan.

ASSEMBLYMAN SCHUBER: The proposal is about six half pages, is that right?

MR. BIANCO: That is about right.

ASSEMBLYMAN FOY: That is attached to the 15th memo?

MR. BIANCO: It is the package I sent over, Assemblyman.

ASSEMBLYMAN BOCCHINI: Yes, it appears to be.

ASSEMBLYMAN SCHUBER: One last question if I might.

ASSEMBLYMAN BOCCHINI: Sure.

ASSEMBLYMAN SCHUBER: Would it be fair to say, Mr. Bianco, regardless of whether it is true or not— Would it be fair to say that Mr. Snedeker had some concerns whether your office would be able to really undertake the proposal that was, or the work that had to be done, with regard to the (inaudible) phase. Regardless of whether you concur with that or not, that was his opinion, wasn't it?

MR. BIANCO: Obviously.

ASSEMBLYMAN SCHUBER: And he set that forth in that memo of June 15th. Isn't that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN SCHUBER: Thank you.

ASSEMBLYMAN FOY: All right. Now—

ASSEMBLYMAN BOCCHINI: If we can, Mr. Foy— Will you continue your line of questioning concerning June 7th.

ASSEMBLYMAN FOY: I would like to because I would like to handle it sequentially. I think it is easier for my understanding at least, if not for anybody else's, as to what actually transpired. I want to deal with the bid waiver process and go right on through the memos to where, you know, you all ended up out of it, so to speak.

On Page 4, the Director, in his memo, in the first full paragraph in making reference to the law regarding waivers says, "There is also a citation in the waiver justification law which allows a waiver of advertising if more favorable terms can be obtained from a primary source of supply."

Was it your understanding that the basis for the award of the no-bid contract to Price Waterhouse was because the Department of Motor Vehicles had obtained more favorable terms from them?

MR. BIANCO: No, that is not my understanding at all.

ASSEMBLYMAN FOY: Then why were they seeking the waiver justification, the advertising waiver?

MR. BIANCO: I know why we would-- Once we decided to go this way, why you want to get a waiver then is to accelerate the process. If there is, indeed, an emergency, and if you, indeed, have to get resources together, and you have to do it fast, that is the fastest way to do it. If there is an emergent situation, that is the way to do it.

ASSEMBLYMAN FOY: Excuse me, one second. Did you ever discuss with the Director why he offered, as a justification for seeking a waiver, the fact that you can do it if you get more favorable terms?

MR. BIANCO: I never did--

ASSEMBLYMAN FOY: Are they the only reasons you can get waivers?

MR. BIANCO: No, there are other reasons, but I didn't not discuss them. By the way, I did not discuss--

ASSEMBLYMAN FOY: Were you ever told what the basis for the waiver was in the Price Waterhouse no-bid award?

MR. BIANCO: I think it is in the documentation.

ASSEMBLYMAN FOY: Did anybody ever discuss it with you?

MR. BIANCO: I don't specifically remember, Assemblyman, but I know-- Once it got to that point, I recommended. I went along. I was one of the sign-offs. And, the reason--

ASSEMBLYMAN FOY: What was your reason for recommending it?

MR. BIANCO: It was an emergent situation. If there is, indeed, a--

ASSEMBLYMAN FOY: Speed.

MR. BIANCO: Speed.

ASSEMBLYMAN FOY: The need to do it before the system collapsed, right? And, it was the feeling of the Director and policy makers at DMV that they had to do it with Price Waterhouse because they could do it quicker than anybody else.

MR. BIANCO: They felt -- and, I read it, and I remember-- They felt that they could do it quicker than we could do it. That is correct.

ASSEMBLYMAN FOY: Quicker than you, meaning SAC at the time.

MR. BIANCO: That is right. That is correct.

ASSEMBLYMAN FOY: Quicker and cheaper than SAC?

MR. BIANCO: I don't know that.

ASSEMBLYMAN FOY: Well, what was your bid offer? What did you offer in terms of the costs of your proposal?

MR. BIANCO: Okay. You are very complicated now, and I'm afraid we are not going to—

ASSEMBLYMAN FOY: I can handle complicated issues.

MR. BIANCO: I'm worried about what I can handle. (laughter) You really have to compare apples and apples when you start comparing proposals. That is one of the toughest parts of our business. As I look at the documentation, we were making a proposal to do some things, and what we were proposing to do wasn't exactly what they were asking Price Waterhouse to propose to do. Ours would have taken longer; we would have gone a different route; and, we might not have done it quite as fast. We might not have done all of the things, so we—

ASSEMBLYMAN FOY: So, Price Waterhouse's proposal was bigger, more expensive. Is that correct?

MR. BIANCO: Obviously, yes. It is in the record.

ASSEMBLYMAN FOY: But, it was going to be done in a shorter amount of time.

MR. BIANCO: They were going to do more faster; that is correct.

ASSEMBLYMAN FOY: They were going to do more, for more, and in less time.

MR. BIANCO: I think that is evident from the record.

ASSEMBLYMAN FOY: Okay. If we proceed a little— And, it didn't have anything to do with the ability under the Waiver Justification Law to obtain more favorable terms from a primary source contract. Is that right? It had to do with the speed of the situation.

MR. BIANCO: That is my opinion, yes.

ASSEMBLYMAN FOY: Okay. Now, the Director continues in his memo, "This issue is how to do it, not what to do." And he says, "DMV

has few questions concerning 'what' must be done to improve its operations. The questions at this time concern the 'how to do it.'" Then he says, "The option which would provide the most continuity and the earliest completion date would be for DMV to seek a waiver of advertisement under the authority of 52:34-9a and 10d in order to give Price Waterhouse primary responsibility of..." Then he recites the various items.

Now, if you look back on that page, and if you look at the 10d citation, doesn't 10d speak to the issue of obtaining more favorable terms?

MR. BIANCO: I don't have 10d with me.

ASSEMBLYMAN FOY: Well, read the Director's own words. "There is also a citation in the Waiver Justification Law which allows a waiver of advertising if more favorable terms can be obtained from a primary source of supply." That is what he says 10d talks about.

Then he comes down and he cites 9a, which is speed, and he says, "And 10d," in order to give Price Waterhouse primary responsibility. It is going to be faster, but it was supposed to be at more favorable terms. Do you know what those favorable terms were?

MR. BIANCO: I have no idea.

ASSEMBLYMAN FOY: Okay. Go on to Page 5. The Director then sets forth and entire page of "Arguments in Favor of DMV seeking a waiver of advertisement to retain Price Waterhouse as a consultant to assume primary responsibility for the detailed design, program design, detailed programing, system testing, and conversion planning for implementation of the DMV Long-Range Master Plan."

Are you telling me that is not what you had proposed to do in your original proposal to the Director. You weren't going to do those duties, those jobs?

MR. BIANCO: Oh, yeah, we were going to do them.

ASSEMBLYMAN FOY: But, you were going to take longer.

MR. BIANCO: Perhaps. Some longer, yes.

ASSEMBLYMAN FOY: Do you know whether your terms were more favorable than Price Waterhouse's terms?

MR. BIANCO: Do I know? Yes, of course, they were.

ASSEMBLYMAN FOY: Okay. Go on to Page 6.

Item #7 of all the enumerated reasons as to why—

MR. BIANCO: Assemblyman, as fair, I guess I have to complete the sentence. Terms to do what? I mean, we were not competing apples and apples at this point in time.

ASSEMBLYMAN FOY: You were going to do less for less.

MR. BIANCO: We were going to do it differently over a different period of time and perhaps different things.

ASSEMBLYMAN FOY: The decision to go with—

ASSEMBLYMAN BOCCHINI: Excuse me. Would the end result, in the best of all worlds, be the same — that you have an on-line system?

MR. BIANCO: The end result would have been an on-line system. Everybody's intention was to have a more efficient data processing and information processing system. Whether it would have been exactly the way it built it or differently, the overall result would have been generally the same.

ASSEMBLYMAN BOCCHINI: But, the one point that remains the same is, in the final analysis, the final objective of you versus what the recommendation of the Director and the ultimate goal of Price Waterhouse were essentially — well, not essentially — the same.

MR. BIANCO: Our goals were the same.

ASSEMBLYMAN BOCCHINI: You're shaking your head in a yes fashion, Mr. Meybohm. Is that correct?

ROBERT J. MEYBOHM: We would have implemented the Master Plan, yes.

MR. BIANCO: Our goals were the same.

ASSEMBLYMAN FOY: SAC would have implemented the Master Plan.

MR. BIANCO: Yes. Take a look at the process. I mean, if we stop for a minute and take a look at the process, there was a master plan which we got back in the prior Administration. We then got another contract to implement the master plan. We were on our way to do this. Then, because of reasons of emergency and a different perspective on the problem and an urge to get it done faster and quicker, we then stopped and took another look at how we would do it faster and quicker.

Then we made a different proposal to do that; Price Waterhouse made a proposal; and, they chose Price Waterhouse.

ASSEMBLYMAN FOY: Did you make a proposal to do the things identical to what Price Waterhouse ultimately received the award to do? Were you in competition with Price Waterhouse?

MR. BIANCO: Very definitely.

ASSEMBLYMAN FOY: All right.

MR. BIANCO: The only hesitation I had there was when you used words like "identical," okay?

ASSEMBLYMAN FOY: Well, let me ask you a question.

MR. BIANCO: Essentially, substantially--

ASSEMBLYMAN FOY: Let's talk about specifications. There were specifications as to what needed to be done. Based upon those specifications, you submitted a proposal and Price Waterhouse submitted a proposal. Isn't that correct? And, it was to do the same thing, was it not?

MR. BIANCO: Essentially and substantially, we submitted a proposal and an approach, with some estimates and prices, and how we would do it and how we would get outside help, yet, to accomplish the same thing. That is correct.

ASSEMBLYMAN FOY: To accomplish the same goal. And, all of your proposals were at a substantially lower cost than Price Waterhouse's proposal. Were they not?

MR. BIANCO: You know, substantially. They were at a lower price, yes.

ASSEMBLYMAN FOY: Well--

MR. BIANCO: Yes, yes.

ASSEMBLYMAN FOY: Yes is a good word. Sometimes even no is a good word. Now, in Page 6, Item #7, in terms of the Director's specifications for seeking a waiver of advertisement, he says, "If a waiver of advertisement is granted, the design work can begin in July, 1983, and be finished by the end of June, 1985. The new system would be operational in July, 1985."

In fact, to your knowledge, is the new system fully operational?

MR. BIANCO: No. That is-- No, it is not fully operational.

ASSEMBLYMAN FOY: No?

MR. BIANCO: No, it is not.

ASSEMBLYMAN FOY: Would you, in your original proposal, have had the same July, 1985 target date for full operations?

MR. BIANCO: You know, I'm hesitating on the words "full operations." We would have had a target date for July, 1985 to put a system, which would drastically improve the Motor Vehicle operations, and we would have had a target to put it up in July, 1985. That is correct.

ASSEMBLYMAN FOY: All right. That was your proposal.

MR. BIANCO: That is right.

ASSEMBLYMAN FOY: That was Price Waterhouse's proposal, and they have failed, to this date. Is that your understanding of things?

MR. BIANCO: They are certainly in trouble.

ASSEMBLYMAN FOY: Okay. Now, the Director then goes on to, since he has a question in his mind, of the legality of waiver of advertisement, and he says, "Deputy Director Robert S. Kline has spoken with First Assistant Attorney General Thomas W. Greelish concerning the legality of a waiver of advertisement for Price Waterhouse to complete the DMV Master Plan. It is our impression based upon conversations with Donald Bianco, Division of Systems and Communications, who spoke with Michael Cole, Director, Division of Law, that there would be no legal problem with DMV seeking a waiver of advertisement in order to retain Price Waterhouse to complete the Master Plan."

Tell us about your conversations with Mr. Cole. About when did they occur, right around the time of this memo, or when?

MR. BIANCO: I don't remember specifically my conversations with Mr. Cole.

ASSEMBLYMAN FOY: Do you remember him every calling you about this, or do you remember calling him?

MR. BIANCO: I really don't remember specifically, but that can just be my memory.

ASSEMBLYMAN FOY: Did you have conversations with Mr. Snedeker?

MR. BIANCO: Concerning the waiver?

ASSEMBLYMAN FOY: Yes.

MR. BIANCO: I don't remember.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: I know I had conversations with Greelish about the waiver.

ASSEMBLYMAN FOY: All right. Now we'll go to the conclusions. There are always conclusions with things like this.

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy, for just one moment. Before you get into the conclusions, in relation to the completion of the Master Plan in the context we are using it here, the Master Plan Study had been completed. In the context of this memorandum and the next memorandum, you're speaking in terms of the implementation and completion of that Master Plan.

MR. BIANCO: That is correct.

ASSEMBLYMAN BOCCHINI: It is not that the study is ongoing. The study has been done. You know what your game plan is. And, when you are talking in terms of completion of the Master Plan, the word that is missing is "implementation." But, in effect, what you are, in fact, doing is talking about implementing that Master Plan. Is that correct?

MR. BIANCO: That is correct. That is correct.

ASSEMBLYMAN BOCCHINI: All right. Thank you. Continue, Mr. Foy.

ASSEMBLYMAN FOY: All right. Now, when he goes to his conclusions, in the first sentence of the second paragraph, he says, "I have serious reservations about SAC's ability to deliver on its promise." Then he recites a number of instances where he believes that problems have occurred in terms of the agency that you were involved in at the time being able to do what it was supposed to do.

At this time, when you read this memo, subsequent to the reading of this memo, did you have occasion to discuss with Director Snedeker what his reservations were about your agency's abilities?

MR. BIANCO: After I saw this letter?

ASSEMBLYMAN FOY: I assume that is the first time that you knew that Cliff Snedeker had serious reservations about you people being able to do your job.

MR. BIANCO: No, no. I knew that he had reservations prior to me seeing this letter.

ASSEMBLYMAN FOY: How did you find out about the reservations he had?

MR. BIANCO: We talked about them.

ASSEMBLYMAN FOY: What were these reservations?

MR. BIANCO: Whether or not we could do the job. Whether or not we had the ability and the manpower and the capability to do it as fast as he wanted it done.

ASSEMBLYMAN FOY: Okay. He told you that he didn't think you had sufficient personnel to complete this task. Is that right?

MR. BIANCO: You know, words to that effect, yes. That was his position.

ASSEMBLYMAN FOY: Did he tell you that he didn't think you had the appropriate equipment to complete this task?

MR. BIANCO: No.

ASSEMBLYMAN FOY: Just the personnel was the issue?

MR. BIANCO: Personnel, right.

ASSEMBLYMAN FOY: All right. Now, my question is, you made him an offer, didn't you? If he gave you \$2 million and some odd change you would get the additional personnel to do the work, wouldn't you?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: And he rejected that offer in favor of a \$6.5 million contract with Price Waterhouse, didn't he?

MR. BIANCO: First of all, our proposal was more than \$2 million, okay. And then there would have been other costs.

ASSEMBLYMAN FOY: How much was it?

MR. BIANCO: If I remember just-- It was closer to, I think, \$5 million.

ASSEMBLYMAN FOY: Is that right, Mr. Meybohm? \$5 million, you think it was?

MR. BIANCO: If we included equipment. We have it right in here.

ASSEMBLYMAN FOY: Well, no, no. We're not talking about equipment. No-- Personnel, we are talking about.

MR. BIANCO: Oh, personnel, excuse me.

ASSEMBLYMAN BOCCHINI: When you are talking equipment, are you including—

ASSEMBLYMAN FOY: Let's do apples and apples now, or oranges and oranges or peaches and cream, whatever you like.

MR. BIANCO: We were closer to about \$2 million or a little over \$2 million we thought at that time in our projections that we could do that.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: We could do our version of this. We could do our version. What we proposed to do over our time schedule, yes.

ASSEMBLYMAN BOCCHINI: Excuse me a moment, Mr. Foy. The facts are, that \$6.5 million eventual contract with Price Waterhouse has nothing to do with equipment. Am I correct?

MR. BIANCO: That is correct.

ASSEMBLYMAN BOCCHINI: That is another issue. Hardware and software are different billings and different contracts. Is that correct.

MR. BIANCO: That is correct.

ASSEMBLYMAN BOCCHINI: So, essentially, what Mr. Foy has pointed out is that while Price Waterhouse contracts for \$6.5 million, you are telling the State you could do it for the figures that Assemblyman Foy just quoted. Essentially, the same project, with the same objective. Is that correct?

MR. BIANCO: I know— There is danger in not comparing apples and apples— But if you wanted to stick to generalities that we were the ones—

ASSEMBLYMAN BOCCHINI: The implementation of the master plan.

MR. BIANCO: The implementation of the master plan, if you want to speak in generalities—

ASSEMBLYMAN BOCCHINI: Fine. Mr. Foy you can continue.

MR. BIANCO: Excuse me, one second--

ASSEMBLYMAN FOY: Now I'm not one to speak in generalities. I'm one to speak to specific facts. And you are going to be here a while, so we're going to get all the facts out, don't worry. We won't mire you in generalities, we'll get down to the basics.

ASSEMBLYMAN MARTIN: Mr. Bianco—

ASSEMBLYMAN BOCCHINI: Mr. Martin, let him respond to Assemblyman Foy. He wants to answer a question, and then we'll get to your question.

MR. BIANCO: One of the things that I thought was an advantage to us would be the fact that we had additional personnel at SAC and we had a familiarity with the environment and with the customer. These figures that we proposed were in addition to resources that we already had at SAC, so they would be add-on. Now when you go to a turnkey, you give everything outside so they were allowed to duplicate some of the things that we already had.

ASSEMBLYMAN BOCCHINI: Okay. You had a question, Mr. Martin?

ASSEMBLYMAN MARTIN: Yes. The question was very much in line with what you were just saying. These estimates, which I gather when you said \$2 million -- it's the second to last page in that particular package -- does that include any cost accounting for people like yourself who would have to be the supervisors in overseeing this program through SAC?

MR. BIANCO: I think it says outside assistance on that page-- It is the master plan acceleration and it says outside the assistance--

ASSEMBLYMAN MARTIN: Well, it speaks in terms of day-to-day expertise--

MR. BIANCO: It doesn't include my cost or Meybohm's cost or others.

ASSEMBLYMAN MARTIN: And it refers to staff additions.

MR. BIANCO: That is correct.

ASSEMBLYMAN MARTIN: So it is implying, I assume, that you would assign some people in-house who are already salaried, to go into this project.

MR. BIANCO: You know, there would have been a lot of maneuvering of people and assets to accomplish this, yes.

ASSEMBLYMAN MARTIN: So when you talk about the \$2 million, was it in reference-- This would be it-- That was not the amount that would not actually be the cost of working on this particular program. Is that correct?

MR. BIANCO: It was a cost of outside assistance in addition to what we would have spent inside.

ASSEMBLYMAN MARTIN: All right, and you would have to take some people away from other day-to-day functions and you would have assigned them onto this program-- Including supervisors?

MR. BIANCO: There would have been a reshuffling of personnel.

ASSEMBLYMAN MARTIN: Including management and supervisors, right?

MR. BIANCO: I can't go back and tell you exactly, but there would have been reshuffling of resources within the Division to meet this requirement. And there would have been back-filling and there would have been hiring.

ASSEMBLYMAN SCHUBER: And further into that, were there other major projects that you were doing at the same time?

MR. BIANCO: Yes.

ASSEMBLYMAN SCHUBER: What were they? How about photo-licensing?

MR. BIANCO: Oh, yeah, we were doing the photo-licensing.

ASSEMBLYMAN FOY: That turned out real well, didn't it?

ASSEMBLYMAN SCHUBER: How about the insurance surcharge?

MR. BIANCO: Our part did.

ASSEMBLYMAN SCHUBER: How about-- Your part didn't, did it? How about the insurance surcharge? How about the insurance surcharge?

ASSEMBLYMAN FOY: His part did, I think.

MR. BIANCO: Our part did turn out very well.

ASSEMBLYMAN SCHUBER: That is what I said. How about the insurance surcharge system?

MR. BIANCO: We never did that. That was contracted out. That was part of what the proposal was all about. So we would have had to do that as well.

ASSEMBLYMAN BOCCHINI: Part of the \$2 million that you are referring to is part of that surcharge?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: You mean the surcharge would be included in that?

MR. BIANCO: That is correct.

ASSEMBLYMAN PELLY: Along those same lines, Mr. Chairman. In the — as you describe it — reshuffling of personnel, would that have resulted in additional charges in addition to the \$2 million?

MR. BIANCO: To the project?

ASSEMBLYMAN PELLY: Yes.

MR. BIANCO: Yes.

ASSEMBLYMAN PELLY: Had you computed that amount?

MR. BIANCO: Not in here.

ASSEMBLYMAN PELLY: What— I guess what we are trying to find out is, what is the difference in price for you to have implemented the system as compared to Price Waterhouse's price? That's our basic, bottom line question. Can you respond to that?

MR. BIANCO: You know, I can't here.

ASSEMBLYMAN PELLY: You say it would have cost the State of New Jersey less, and you also said it would have been substantially less. We are trying to ascertain how much substantially less is. Is it half the price?

MR. BIANCO: No, I don't think I can answer that. I think— We knew that we had to go outside to get outside help; we knew that we would have to use resources internally to get where we were going—

ASSEMBLYMAN BOCCHINI: Mr. Pelly, if I may, I think if we stay within the scope of the June 7, memo and proceed to the June 15 memo, the answer to that is going to become apparent. We may have to take a little time to get to that point, but I think if you—

ASSEMBLYMAN PELLY: I'll be patient. Go ahead.

ASSEMBLYMAN FOY: Mr. Bianco, so you know earlier on that Mr. Snedeker has reservations about your Division's ability to do what it is supposed to do for what he wants. He has expressed them to you, and he then reiterates this in his memo to Kenneth Merin dated June 7. He says, you know, "I have serious reservations about SAC's ability to deliver on its promises." Okay? Then he goes on and he says all the benefits that are going to be achieved by the proposal and what is going to occur. Now we move on to the June 15 memo from Cliff to Ken Merin, and that memo goes on, and it starts: "Why the Division of

Systems and Communications can not implement the Division of Motor Vehicles' Master Plan by June 30, 1985."

Now, do you know who asked him why you couldn't do the job? Do you know who asked Clifford Snedeker why you couldn't do the job?

MR. BIANCO: No.

ASSEMBLYMAN FOY: Okay. But we do know that his justification is contained in this memo to Kenneth Merin, who is Deputy Chief Counsel to the Governor of the State of New Jersey. Is that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Is it fair to assume that someone from the Governor's Office asked Cliff, "Why can't an internal State Agency get the job done?" Is that a fair assumption?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: Okay. Now he goes on and repeats: "The issue is no longer what DMV must do, but rather, how to do it." Now, he then mentions you. "Donald Bianco, Director of Division of Systems and Communications -- SAC -- has assured the Administration that SAC could complete the master plan" -- that is what we're talking about -- "by June 1985 if the State appropriates \$2, 096,000 for consulting and staff additions for SAC." That is what the \$2 million was, right?

MR. BIANCO: Correct.

ASSEMBLYMAN FOY: And \$3,250,000 for equipment acquisition. Was any of the \$6.5 million that was programed for the Price Waterhouse contract for equipment acquisition?

MR. BIANCO: No.

ASSEMBLYMAN FOY: So we weren't going to own anything, physically, as a result of paying Price Waterhouse \$6.5 million, were we?

MR. BIANCO: Well, you are going to own the programs and the systems--

ASSEMBLYMAN FOY: We weren't going to have any machines, and we weren't going to have any computers.

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Foy, if I may. I think what Mr. Foy is driving at -- and correct me if I am wrong, Mr.

Foy — is the \$3,250,000 that is referred to in that paragraph, is speaking of what is commonly know as hardware?

MR. BIANCO: That is correct.

ASSEMBLYMAN BOCCHINI: Am I correct that the hardware that we obtained through— As a result of the Price Waterhouse contract was in the area of approximately \$7 million? Do you happen to know, Mr. Meybohm?

MR. BIANCO: We would have to check the figures on that.

ASSEMBLYMAN BOCCHINI: Mr. Galella, am I correct in that representation? I believe that was in the transcripts earlier.

MR. GALELLA: (from audience) I don't know, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: All right, never mind. Thank you.

ASSEMBLYMAN FOY: Mr. Bianco, wasn't the software, under the Price Waterhouse consulting situation, purchased from ADR?

MR. BIANCO: Only a part of— A package— A tool was purchased from ADR to help them do their programing, which would create an awful lot of software.

ASSEMBLYMAN PELLY: Price Waterhouse wasn't in the software market and part of— I mean, they weren't in the hardware market, and part of their \$6.5 million didn't go to any acquisition of hardware, did it?

MR. BIANCO: None of their \$6.5 went to the acquisition of hardware.

ASSEMBLYMAN FOY: Okay. Now, the question that the Director poses on the first page of his June 15 memo is pretty basic. It says: "Can the Administration rely on SAC's promises?" What do you think he meant by "Administration"? Do you have any idea, when you saw that?

MR. BIANCO: The common definition of the Administration would be the current Administration. I can't— It seems to be self-evident.

ASSEMBLYMAN FOY: Well isn't that-- Are they the State of New Jersey? I mean, is SAC not part of the Administration-- You are not part of the State Government?

MR. BIANCO: Well, I consider myself part of State Government.

ASSEMBLYMAN FOY: Well, evidently, they don't. Because it says, "Can the Administration rely on SAC's promise?" It is as if you are some entity outside the Government of the State of New Jersey. What impression did you get when you looked at that, and saw the way the Director posed the question?

MR. BIANCO: Well, I-- What feeling or impression did I get?

ASSEMBLYMAN FOY: Yes. Did it bother you any?

MR. BIANCO: Yes, it bothered me.

ASSEMBLYMAN FOY: Okay. "The following facts provide overwhelming evidence that the Administration cannot rely on SAC to complete the DMV Master Plan implementation by June 30, 1985." Let me back up for a second. Prior to that he said, "The outline presented by Director Bianco during his presentation to First Assistant Attorney General Thomas W. Greelish, and DMV, provides no explanation or justification for how SAC can produce on its promise." Tell me a little about what you told Greelish and the people at DMV about what you were going to do? Cliff said no justification and no explanation of how you were going to do it. Did you tell how you were going to do it?

MR. BIANCO: Yes, I did.

ASSEMBLYMAN FOY: What did you tell him?

MR. BIANCO: I told-- I remember that day and trying to make very clear some definitions so that we could all talk the same language, and I think the word "consultant" is thrown about too freely in our business, and I spent an awful lot of time that day, and I used the term "outside help" rather than consultant. And I thought that we did, in fact, need a lot of outside help to complete this project within the time frame that was established. And, I agreed with that. I tried to -- and I think we delineated it here in the documents -- the type of outside help that we needed. We would need management and consulting help, we really did need that. We needed help to further define and refine the customer requirements and their needs. We needed some help with the customer to have them capable--

ASSEMBLYMAN FOY: When was that meeting with Mr. Greelish, do you recall?

MR. BIANCO: It was--

ASSEMBLYMAN FOY: This was written on the 15th.

MR. BIANCO: It was about this time. This was all going on at the same time.

ASSEMBLYMAN FOY: All right. But I mean, before the 15th.

ASSEMBLYMAN SCHUBER: Can I ask who made the presentation? Who made the presentation?

MR. BIANCO: I did.

ASSEMBLYMAN SCHUBER: You made the presentation.

MR. BIANCO: Yes.

ASSEMBLYMAN SCHUBER: Thank you.

MR. BIANCO: Jointly. It was a joint presentation with myself and Meybohm.

ASSEMBLYMAN FOY: All right. And it says DMV. Who was present from DMV?

MR. BIANCO: Snedeker was there.

ASSEMBLYMAN FOY: Was Bob Kline there?

MR. BIANCO: I am not absolutely certain. I believe so, but we can check that out. I am not absolute certain. I remember Cliff was there and I was there and Meybohm was there and--

ASSEMBLYMAN FOY: How about our friend Bill Driscoll, was he there?

MR. BIANCO: No, he was not.

ASSEMBLYMAN FOY: No. And you are not sure whether Bob Kline was there?

MR. BIANCO: I am not sure. I believe he was, but I'm not sure. I believe he was.

ASSEMBLYMAN FOY: Okay. And then, the Director, at the bottom, goes on to say what he perceives to be a failure on a number of other activities that he believes you didn't do properly, and that is his justification -- a part of it -- as to why you shouldn't be involved in this. The top of page 2-- He said "The bottom line is that money has not been the reason for failure to redesign the DMV Data Base. Money has been available and could have been dedicated as early as 1969 and as late as 1976. The reason for the failure has been the lack of managerial initiative at SAC and DMV. The available money

could have brought technical expertise to the same SAC management that now claims it cannot deliver a redesigned system within 24 months." Now, tell me whether you agree with what he says in that paragraph, and if so, why, and if not, why?

MR. BIANCO: Well I certainly don't agree with it.

ASSEMBLYMAN FOY: Why?

MR. BIANCO: You know— The answer to that — the best answer that I have — is the one I gave Kimmelman in my letter to him — the Attorney General — and I said it was nonsense. You know, and when you start to explain nonsense, you begin to sound nonsensical. There is very little fact in the first couple paragraphs of that letter, and I don't really know how to deal with it.

ASSEMBLYMAN FOY: It is opinion, isn't it?

MR. BIANCO: Well, there are non-facts there. The things are— For instance, I just want to point one thing out, the SAC wasn't even in existence between 1979 and 1971—

ASSEMBLYMAN FOY: '69 and '71.

MR. BIANCO: Excuse me, 1969 and 1971. You start from there. Now I don't know how to deal with that, and I didn't know how to deal with it then. And, it is, as I quoted, it was nonsense.

ASSEMBLYMAN FOY: Well, did you view the Director's statement? I mean, this is the second barrel that has been discharged. Barrel one went off June 7, okay, and that seemed to call into question the capabilities of your office, and now, in very explicit terms, the Director is outlining why he doesn't want you to get this job. Isn't that what he is saying? The Director of the Division of Motor Vehicles didn't want an existing State Agency to have this contract. Isn't that correct?

MR. BIANCO: That is what it says.

ASSEMBLYMAN FOY: He wanted somebody else to have the contract, didn't he?

MR. BIANCO: That is what it says.

ASSEMBLYMAN FOY: All right. Now—

ASSEMBLYMAN BOCCHINI: Assemblyman Foy? Mr. Galella, would you be kind enough to make a call over to your office and ascertain

what the contract prices are, at least in general terms, or if you can get any of the bills over here I would appreciate it. The hardware package-- How much we paid for that. How much the State paid for that. If you could get that jotted down and bring that up to me, I would appreciate it. I'm sorry Assemblyman, continue.

ASSEMBLYMAN FOY: Now, let me ask you a question. How long have you been working for the State, Mr. Bianco?

MR. BIANCO: About 15 years.

ASSEMBLYMAN FOY: How about you, Mr. Meybohm?

MR. MEYBOHM: Since 1974.

ASSEMBLYMAN FOY: All right. And were you in this particular-- Were you in SAC -- and I am asking this of both of you -- from its inception?

MR. BIANCO: Yes I was.

ASSEMBLYMAN FOY: How about you, Mr. Meybohm?

MR. MEYBOHM: No sir.

ASSEMBLYMAN FOY: When did you come to SAC?

MR. MEYBOHM: April of 1974.

ASSEMBLYMAN FOY: '74. And, so you had been in SAC 11 years, when this memo was written, is that right?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: All right. Now, again, he says, "The reason for the failure has been the lack of managerial initiative at SAC and DMV." Well, I'm not going to ask you about DMV, but tell me what you think he meant by saying you people lack managerial initiative?

MR. BIANCO: You want me to tell you what he meant? What--

ASSEMBLYMAN FOY: Tell me what you think he meant.

MR. BIANCO: He says it right there. I'm not going to elaborate on what he meant.

ASSEMBLYMAN BOCCHINI: Are you satisfied with that?

MR. BIANCO: Of course not. I'm not satisfied with that.

ASSEMBLYMAN FOY: Number two, he goes on to say, "SAC personnel are either carry-over appointees, or civil service employees. The secure environment at SAC provides little motivation

for the employees to extend themselves in order to meet the proposed completion date of June 30, 1985." Now, how did you react to that, Mr. Meybohm?

MR. MEYBOHM: We didn't really have an opportunity to react to that, but, how do I feel, relative to that?

ASSEMBLYMAN FOY: Yes.

MR. MEYBOHM: It makes me very unhappy. I think it is as far from the truth as possible.

ASSEMBLYMAN FOY: Okay. Did the implication that civil service status— sorry, go ahead.

MR. BIANCO: It is an attempt— These memos were done— It would have been normal business to have done through the Division of Systems and Communications, and they were not. You can see that there were— Nobody copied, and people at Systems and Communications were not involved with these memos. That this is an obvious attempt at both organizational and character assassination, in order to accomplish a particular task or an objective— Or to gain an objective.

ASSEMBLYMAN FOY: Any idea what his objective was in blasting you and calling dedicated civil servants incompetent and unable to do the job? Any idea what might have been in the back of his mind?

MR. MEYBOHM: Well, I think, his motivations are most honorable. I think that the management of the Division of Motor Vehicles wanted, very much, to improve their systems and in their opinion they were better off and were in a better position to do that with an outside vendor, as opposed to the Division of Systems and Communication.

ASSEMBLYMAN FOY: That's right. Mr. Snedeker didn't want a sister State Agency to perform this task. He wanted an outside, private, no-bid consultant to do it, because he felt that Civil Service employees were too secure in their environment to be motivated to do a job that was assigned to them to do. Isn't that right?

ASSEMBLYMAN SCHUBER: Now, Tom, I think that is unfair. I think there are about ten different reasons that Mr. Snedeker cites in that memo and I think they should all be put on the table at once.

ASSEMBLYMAN FOY: I agree with you Pat. I apologize. Let's get to the next reason.

ASSEMBLYMAN SCHUBER: Tom, wait a minute. You said you agree with me. Why don't you read the whole letter, then.

ASSEMBLYMAN BOCCHINI: Gentlemen, before we have a colloquy here, I think—

ASSEMBLYMAN SCHUBER: Well, Joe, I'm just trying to—

ASSEMBLYMAN BOCCHINI: I think Tom has acknowledged you are correct and we are going to go through each one of them, Pat.

ASSEMBLYMAN SCHUBER: Well, I appreciate that, but I think he should read the whole thing, because it is in toto— It is easy to pick one piece at a time and say this is the reason. But there is a totality of circumstances here that, I think, are not being put out on the table. Mr. Snedeker had severe reservations that this Department could do that. Obviously, these gentlemen work for that Department, and they are going to disagree. I mean, that is common sense to me, as far as that goes. I could already predict the answers for you, Tom.

ASSEMBLYMAN FOY: All right. I don't have a crystal ball, and I don't try to read people's minds. I like to ask them questions and get their answers. I'll move along. In that same paragraph, and talking about initiative, he refers to Price Waterhouse. "Price Waterhouse, however, has much to lose and much to gain by completing the project on schedule. Severe penalty clauses can be included in the Price Waterhouse contract. In addition, "Big 8" consulting firms, such as Price Waterhouse, rely on a reputation for completing projects on schedule. Failure to meet target dates reduces profits." Is it fair to say that the Director felt that the profit incentive was greater than the incentive that your employees had at SAC? Is that a fair statement?

ASSEMBLYMAN MARTIN: You know, Tom, if you don't read people's minds, how can you ask somebody to interpret other people's positions? That is what we are doing here. You know what— In a legal setting the rules of evidence don't provide for it, and I don't think it is fair that we ask them a dozen times questions that they don't have an answer for.

ASSEMBLYMAN FOY: Let me ask-- Fine, fine. Let me ask you a question. Did you agree with his conclusion in his report to the

Deputy Chief Counsel of the Governor of the State of New Jersey, that the information he provided was correct -- in paragraph two? Did you agree with that?

MR. BIANCO: Well, you have two rather large sentences in paragraph two. The first sentence about a character--

ASSEMBLYMAN FOY: Take them apart, bit by bit.

MR. BIANCO: The first sentence I totally disagreed with and I labeled it nonsense -- absolute nonsense.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: The second sentence or two sentences about Price Waterhouse-- They, obviously, had much to lose and gain, and they rely on their reputation, so I would agree with the second part of that paragraph -- of that section of the two. But, certainly, not the first. Not at all, that is nonsense.

ASSEMBLYMAN FOY: Okay. Item three: "SAC's greatest weakness is project weakness and control. On the other hand, Price Waterhouse's greatest strength is project management and control. Much like a campaign, success, to a large extent, will depend upon the quality of project management. SAC has only one individual, that being Director Robert Meybohm, who could serve as a project manager for the DMV Master Plan implementation. SAC could not possibly afford to release Mr. Meybohm for this assignment. Price Waterhouse, on the other hand, would assign one partner full time, one senior manager full time, and a second partner on a quarter time basis to monitor control of the DMV Master Plan project." Do you agree with that analysis?

MR. BIANCO: Which part of it? I mean, first of all, aside from--

ASSEMBLYMAN FOY: Well, that you only had one person -- the gentleman seated immediately to your left -- capable of being project manager.

MR. BIANCO: That's not true.

ASSEMBLYMAN FOY: Okay. Do you know who was named project manager of this master plan implementation?

MR. BIANCO: Yes. Mr. Kline.

ASSEMBLYMAN FOY: What background does Mr. Kline have in systems and communications and computers, do you know?

MR. BIANCO: No, I don't know.

ASSEMBLYMAN FOY: Do you know, Mr. Meybohm, if he has any training in that?

MR. MEYBOHM: I wouldn't have any--

ASSEMBLYMAN FOY: What is your background, Mr. Meybohm?

MR. MEYBOHM: I am a computer professional.

ASSEMBLYMAN FOY: All right. Tell me a little bit about your education and your experience.

MR. MEYBOHM: I graduated from Colgate University in 1956. I was an officer in the U.S. Air Force--

ASSEMBLYMAN FOY: With a degree in what? What did you get your degree in?

MR. MEYBOHM: I had a degree in economics.

ASSEMBLYMAN FOY: Economics, all right. Then you went into the Air Force?

MR. MEYBOHM: I was an officer in the U.S. Air Force. Flew All-weather Interceptors for the Air Defense Command, and was honorably discharged in April, 1960. I went to work with the Radio Corporation of America in their Computer Systems Division in June of 1960, and was with them at the point in time when they chose to disband in the computer division in 1971. I had a variety of assignments, from programmer, analyst, technician, central regional systems manager to, at the point when RCA went out of business, I was running their computer operations in Cherry Hill, New Jersey.

ASSEMBLYMAN FOY: All right. When did you come-- Excuse me, go ahead.

MR. MEYBOHM: I went to work with General Telephone for a period of a couple of years, and came to work in April of 1974 with the Division of Systems and Communications as the Assistant Director.

ASSEMBLYMAN FOY: All right, you have had 11 years with the Division of Systems and Communications of the State of New Jersey, and you have a total of 25 years in the computer field as a background. Isn't that correct?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: You don't know what computer training Mr. Kline — the ultimately designated project manager — had or has, do you?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: Okay. He goes on in number four to say: "SAC has no capability to provide accurate user training—"

ASSEMBLYMAN BOCCHINI: Assemblyman Foy? In order to be the project manager for this type of program, is it a fair assumption to say that one should have a background in computers and the ability to comprehend each phase of the program?

ASSEMBLYMAN SCHUBER: What type of program, Mr. Chairman? Turnkey or what they were proposing? I think there is a difference.

ASSEMBLYMAN BOCCHINI: Either program.

ASSEMBLYMAN SCHUBER: Let's talk turnkey.

ASSEMBLYMAN BOCCHINI: Let him respond to my question, and I will certainly allow— Let him respond to my question and—

ASSEMBLYMAN SCHUBER: But, I'm saying, Joe, is you have to differentiate for him. I think there is a difference. We are talking about the project that was accepted was a turnkey.

ASSEMBLYMAN BOCCHINI: Fine. Mr. Schuber, just let Mr.— I think, Mr. Meybohm can answer the question, and then, I think, if he wants to expand in that answer in light of what you said, I have no problem. Please, Mr. Meybohm.

MR. MEYBOHM: I think the way in which the contract was let to Price Waterhouse was Price Waterhouse had the ultimate responsibility.

ASSEMBLYMAN SCHUBER: Do you know the qualifications or the resumes from the folks from Price Waterhouse?

MR. MEYBOHM: Offhand, no I wouldn't know that. But it certainly would be helpful to have had some— I think everybody understood Price Waterhouse accepted the turnkey responsibility and they really had the responsibility to see to it that the State of New Jersey delivered — had delivered— They had the responsibility that Price Waterhouse would create and deliver to the State of New Jersey what was in their proposal. Obviously, it would be helpful if you were

a-- The more that you knew about the computer business and communications, the more you could understand as to how well they were or were not doing. That is obvious.

ASSEMBLYMAN FOY: All right. Number four: "SAC has no user capability to provide adequate user training and user documentation. On the other hand, Price Waterhouse has an established methodology and a separate team of expert staff to provide comprehensive user training and user documentation. What about that? Do you have any user capabilities?

MR. BIANCO: Do we have any--

ASSEMBLYMAN FOY: SAC, yes.

MR. BIANCO: Oh, yes. I don't think that is a significant point in either direction. I think it is just put in there as filler.

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Pelly, will you take over the Chair for a moment?

ASSEMBLYMAN PELLY: Okay.

ASSEMBLYMAN FOY: But he said you had no capability, and in fact, you did have capability. Is that correct?

MR. BIANCO: We had it, or we could get it.

ASSEMBLYMAN FOY: Well, did you have it or not? Because he says--

MR. BIANCO: I don't know why-- You know there are various amounts of this and various types of it, I guess. We have trained users and we've done it. We've done it for them.

ASSEMBLYMAN FOY: So, you believe the Director was incorrect in making that statement?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Okay. Then he goes on to say: "Two major new projects will prevent SAC from concentrating on DMV's Master Plan until after January of '84. This will delay completion until January 1986." Do you agree with that? He said-- You said you were going to be done by June of 1985; he says "No, SAC won't be finished until January of '86."

MR. BIANCO: I don't know where he got that.

ASSEMBLYMAN FOY: Okay. Then he says you must design and implement--

MR. BIANCO: I have to say that when I made the proposal I remember very specifically saying that we would take the responsibility. So, if I said at that time that we were going to endeavor to meet a target date, that is what we intended to do. I don't know where he, or anybody else, got the idea that we wouldn't.

ASSEMBLYMAN FOY: And he says, "SAC design and implement a system to permit issuance of photo-licenses in agencies by October 1983. This project should use at least 10% of SAC's resources." Is that correct?

MR. BIANCO: I don't know where he got that figure, and I would have to go back—

ASSEMBLYMAN FOY: Did he ever consult with you or Mr. Meybohm about these figures?

MR. MEYBOHM: No.

MR. BIANCO: No.

ASSEMBLYMAN FOY: Did he consult with anybody in SAC?

MR. BIANCO: Not that we know of. We never saw this letter.

ASSEMBLYMAN FOY: Do you know how he concluded that 10% of your entire function would be devoted to the photo-license issue?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: It says: "SAC must design and implement the insurance surcharge system by January 1, 1984. This project should use between 80% and 85% of SAC's resources." Is that correct?

MR. BIANCO: I am deferring to Meybohm, and he tells me "No." It is not correct.

ASSEMBLYMAN FOY: Did he discuss this with you, Mr. Meybohm?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: Did he discuss this with anybody in your Division?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: Do you know where he got this information?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: "How can SAC work on photo-licenses, the insurance surcharge system, and DMV's Master Plan at the same time?" The answer: "All projects will be shortchanged. For example, SAC has

already indicated reluctance to add the summons number and docket number to the violations file to facilitate processing surcharge complaints. This failure to make a systems change by SAC will cause delays and increase costs at DMV. SAC will be able to handle the DMV's Master Plan only if DMV permits SAC to reduce the project's scope or greatly increase staff in midstream." Do you agree with the Director's conclusion there?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: All right. How about you, Mr. Meybohm.

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: SAC's position—

MR. BIANCO: The statement is a very complicated one, and there is much behind this. I mean, a service organization like we are can and must in fact— Is forced to refuse or to delay some projects based upon the nature of the request, the timing of the request, the relation of that request to a previous request. I mean, so, the question is not even a simple one.

ASSEMBLYMAN FOY: All right. See if we can simplify it. Let's break it down into its component parts. He wants to know how you will be able to work on all three of those things. In fact, you were in the process of working both on the photo-licenses and the insurance surcharge system at the time this memo was written. Isn't that correct?

MR. BIANCO: Yes, we were on the photo-license program, and we were just in the early stages of the surcharge.

ASSEMBLYMAN FOY: Insurance surcharge program.

MR. BIANCO: Right.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: But, that was included in our proposals in our project.

ASSEMBLYMAN FOY: And he asked how you could work on those two and the master plan. Well, didn't you tell him how you were going to work on the master plan?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Didn't you give him a proposal and say this is what we'll do to get the master plan completed, and this is how much it is going to cost?

MR. BIANCO: We gave a presentation which outlined how we would go about the task of accelerating that project. That is what we did.

ASSEMBLYMAN FOY: All right, and aren't these memos his justification and argument as to why you should not be allowed to do that?

MR. BIANCO: I think that is evident.

ASSEMBLYMAN FOY: Okay. Number six: "SAC's position is vassalated on who should implement the master plan. SAC needed Price Waterhouse to prepare the master plan and Director Bianco lauded the plan developed by Price Waterhouse." Is that true?

MR. BIANCO: It is true.

ASSEMBLYMAN FOY: Okay. "During the first year of this Administration, Director Bianco continually indicated that the master plan could be implemented only if SAC had the money." Is that correct?

MR. BIANCO: During the first year of the Administration, I urged the Administration — and Snedeker in particular, from day one — move with the DMV Master Plan. It had to be done. DMV had been needing this for a long time.

ASSEMBLYMAN FOY: Since 1981 you were telling the Director of the Division of Motor Vehicles that he had to get moving on this project. Isn't that correct?

MR. BIANCO: I urged him to continue with the impetus and the direction that we were taking and had been taking for some time. Yes, I urged him quite strongly to do that. And we did.

ASSEMBLYMAN FOY: All right. And you urged him to give you the expanded capability to accelerate this project. Isn't that correct?

MR. BIANCO: I urged him to help me and I would help him. We would link— To get the money to do this.

ASSEMBLYMAN FOY: And his reaction was an outright rejection of your proposal?

MR. BIANCO: No, no, that's not true.

ASSEMBLYMAN FOY: No? What were they? What was his reaction?

ASSEMBLYMAN SCHUBER: I don't think that's-- Mr. Chairman, wait a minute, wait a minute, wait a minute.

ASSEMBLYMAN BOCCHINI: Gentlemen, gentlemen--

ASSEMBLYMAN SCHUBER: Tom, please, there are a couple of facts that are being left out of here.

ASSEMBLYMAN BOCCHINI: Mr. Schuber, through me, okay?

ASSEMBLYMAN SCHUBER: No, I just want to clarify a point. I appreciate it. Number one, I don't think Mr. Snedeker was in office in 1981, quite frankly. I think Mrs. Wiskowski was still at that time. Number two, I think, there is in our memos, somewhere, and I have read it, that Mr. Snedeker came to the Appropriations Committee seeking the money to accelerate the master plan, and it was turned down. And, I think, that was either in 1982 or 1983 -- I think it was 1982, but it may have been '83. So, I mean those facts -- 1982 -- that are being left out in this--

ASSEMBLYMAN FOY: Well, they're not in the memo.

ASSEMBLYMAN SCHUBER: You want to check-- Well, it's in the memos that were given to us last week, I think, Tom, if you look at them.

ASSEMBLYMAN BOCCHINI: If that does exist, I think, it should be made part of the record, obviously.

ASSEMBLYMAN SCHUBER: Well, it is, it is in the papers there that were submitted. You asked for them, and they are in there.

ASSEMBLYMAN BOCCHINI: All right, all right. But I'm saying part of this record as far as today is concerned--

ASSEMBLYMAN FOY: I am only dealing with this memo that is in front of me right now, and I am asking questions about that.

ASSEMBLYMAN BOCCHINI: Excuse me a second, Tom. If you can, Pat, in the--

ASSEMBLYMAN SCHUBER: Tom, I appreciate what you want to do with it, but I think it should consist of all of the data that is relevant to the particular time in question.

ASSEMBLYMAN FOY: We are going to get to it. I am going to go into everything, believe me.

ASSEMBLYMAN BOCCHINI: Assemblyman Schuber, if you can get that memo concerning the Joint Appropriations—

ASSEMBLYMAN SCHUBER: I don't think we have all the papers here yet, today. But, they were here on Thursday, with the—

ASSEMBLYMAN BOCCHINI: Well, your staff probably has them available, and if she can locate them, I would like to see that. Assemblyman, continue—

ASSEMBLYMAN FOY: All right. "After DMV and the Governor's Office secured the money to implement the master plan, Director Bianco indicated that SAC really didn't need all the money that had been made available." Is that true?

MR. BIANCO: I can't imagine what—

ASSEMBLYMAN FOY: You have to answer. You can't shake your head. You can shake your head, but give us a sound with it.

MR. BIANCO: I don't know— That's part of this memo which I described as nonsense.

ASSEMBLYMAN FOY: Okay. "Director Bianco now claims that SAC could fully implement the master plan by June 30, 1985 at a cost of \$5,346,000." Is that true? You told him that?

MR. BIANCO: I am trying to be very precise here and I don't know if that amount of money— That probably does not include the amount that we estimated within SAC that we would use. This is additional money over and above.

ASSEMBLYMAN FOY: Doesn't this include hardware?

MR. BIANCO: This includes a hardware figure, that is correct.

ASSEMBLYMAN FOY: This includes the entire system?

MR. BIANCO: This includes the hardware that we estimated at the time would be necessary.

ASSEMBLYMAN FOY: All right. Your \$2 million for personnel, and \$3 million and some for hardware, right?

MR. BIANCO: Additional. Additional to what we hadn't already assigned to Motor Vehicles.

ASSEMBLYMAN FOY: Right. "The original master plan document called for the completion of the master plan by June 1987 at a cost of

\$6,066,900. Ironically, Director Bianco indicated that the \$3.2 million for hardware was not actually necessary, but that SAC decided to purchase the equipment while the money was available." Do you see anything ironical about that statement? I'm not privy to your discussions — what was ironic about it?

MR. BIANCO: I don't see anything ironical about it. I don't think it's-- It's not factual.

ASSEMBLYMAN FOY: Okay, seven: "SAC's proposed implementation costs are deflated." Did you discuss with him your costs?

MR. BIANCO: In the terms that we discussed them here this morning, yes.

ASSEMBLYMAN FOY: Did the Director specifically advise you as to where he thought you had underestimated what was necessary to perform certain functions, or tasks, or services?

MR. BIANCO: I don't think he specifically did it, but I remember him saying that he didn't think that our costs were right.

ASSEMBLYMAN FOY: Well, do you know whether anybody told him that yours were inflated? Was he getting advice from someone else, do you know?

ASSEMBLYMAN BOCCHINI: You mean deflated.

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: Deflated.

MR. BIANCO: Deflated.

ASSEMBLYMAN FOY: You don't know. "SAC's proposal to hire an additional nine analysts and seven programmers is misleading. It is highly unlikely that qualified personnel can be found to fill all these positions at a timely basis due to outside competitive pressures and Civil Service's hiring constraints. During 1982/'83 the Administrative Offices of the Court took almost an entire year to hire fourteen analysts and programmers, even though AOC personnel are in the unclassified service, and not subject to Civil Service constraints. SAC will not be able to hire and train 16 analysts and programmers much quicker than the AOC. This will delay the project. Ironically, the Administrative Offices of the Courts hired these additional analysts

and programers after terminating a service arrangement with SAC." Well, what can you tell us about that paragraph?

MR. BIANCO: It is nonsense.

ASSEMBLYMAN FOY: All right. Why?

MR. BIANCO: Well, first of all, we proposed and we explained that we wouldn't go out and hire people, necessarily, to put on this project. We had people within the Division of SAC that had been dealing with Motor Vehicles for a long time, and that we would use these people and devote them to this project and we would back-fill, so that we would be hiring a mix of people for State service and we would be hiring outside help. So, the implication is here that we would go out to look for people that we would put directly on the Motor Vehicle project, and that would not be entirely true.

ASSEMBLYMAN FOY: Did you explain that to Mr. Snedeker?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: And what was his reaction, do you recall?

MR. BIANCO: I don't really remember.

ASSEMBLYMAN FOY: How often—

MR. BIANCO: The other stuff— I don't know what pertinence the AOC situation has at all. It is not relevant. There is no relevance.

ASSEMBLYMAN FOY: Wait a minute— Didn't you think it was relevant to his justification as to why you shouldn't get the job?

ASSEMBLYMAN FOY: Well, it's obvious that he thought it was relevant, or he wouldn't put it in. I'm telling you that I don't think it is relevant to anything.

ASSEMBLYMAN FOY: How often did you and Mr. Snedeker meet during the months of May, June and July of 1983?

MR. BIANCO: Fairly often. Fairly often.

ASSEMBLYMAN FOY: Every other day — twice a week?

MR. BIANCO: I would say in the order of once or twice a week.

ASSEMBLYMAN FOY: And did you have general discussions about this whole issue?

MR. BIANCO: We had very spirited discussions.

ASSEMBLYMAN FOY: And, did you get the reaction that he really didn't want you to do this job?

MR. BIANCO: I got the reaction that he didn't believe we could do the job, yes.

ASSEMBLYMAN FOY: All right. Did he tell you that he had anybody in mind, in particular, to do it besides you?

MR. BIANCO: I think that it was obvious and common knowledge that Price Waterhouse was there.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: I don't think he had to tell me.

ASSEMBLYMAN FOY: "The bottom line" — that's the next page — "The bottom line. SAC will be unable to complete the master plan project within 24 months. What will be the consequences if SAC and DMV fail to completely overhaul DMV's operational, financial, and administrative support systems within 24 months? The Division operations will begin to fall apart just about the Summer of 1985." — and that is underlined — "This will give the motoring public the impression that this Administration has failed to improve the Division of Motor Vehicles. Price Waterhouse will be able to complete the master plan project by June 1985. This will include introducing a total annual savings at DMV of \$2,862,400 and would enable the DMV to eliminate 229 positions. The SAC proposal contains no cost savings or employee reductions." Is that true?

MR. BIANCO: No. I think that the cost savings and the reductions that were mentioned in the master plan that was in existence was our goal and our objective, and to the extent which we could achieve them is what is contained in our proposal.

ASSEMBLYMAN FOY: "Status of decision: At the DMV/SAC meeting of June 9" — that's when you met with Greelish — "in Tom Greelish's office, I did not argue these issues, since I believe, that this policy decision should be made at the highest level. After you have reviewed this memorandum, I think that Greg Stevens, Cary Edwards, Bob Kline, you, and I should meet to prepare a final briefing for the Governor. This meeting should be held this week." Then the memo continues with a summary of that, the cost savings proposals, and your

plan for the acceleration which sets forth a \$2,096,000 personnel cost involved in it.

MR. BIANCO: Additional cost.

ASSEMBLYMAN FOY: Additional cost. Now let's move on to the next memo.

ASSEMBLYMAN SCHUBER: Let me stay on that memo, if I might Mr. Chairman, please.

ASSEMBLYMAN FOY: Sure.

ASSEMBLYMAN BOCCHINI: Go on, Mr. Schuber.

ASSEMBLYMAN SCHUBER: Mr. Bianco, let me ask you this: I think it is your testimony that the written proposal that you submitted to the policy makers with regard to what you thought your agency could do is this attachment of approximately six to seven half pages, is that correct? Was this the written—

MR. BIANCO: No, I think I said before—

ASSEMBLYMAN SCHUBER: I know you prepared— I know you did an oral presentation, and I am going to ask you about that, but I want to know what written information did you give to the policy makers with regard to what your Department could do?

MR. BIANCO: We gave nothing to the policy makers.

ASSEMBLYMAN SCHUBER: You gave nothing to the policy makers, other than these six or seven half pages?

MR. BIANCO: Would you define policy makers now?

ASSEMBLYMAN SCHUBER: People who are going to make the decision on this. Who were you reporting to? Who did you make the presentation to?

MR. BIANCO: We gave Kline and Snedeker and Greelish lots of documentation and lots of reasons and—

ASSEMBLYMAN SCHUBER: Where is it?

MR. BIANCO: I don't know. We can get it for you. We can go back and get it, but it's not in that package. That package is the package that Snedeker forwarded, not that Bianco forwarded.

ASSEMBLYMAN SCHUBER: That's what I'm trying-- I asked you that before. I asked what proposal did you make, and you said that this was the attachment to this memo -- the seven pages.

MR. BIANCO: Okay—

ASSEMBLYMAN SCHUBER: Is that it? Or is there more?

MR. BIANCO: That is all that was in that package that I got. That is an outline of what we gave to Greelish and Kline and Snedeker at that meeting. Now if you are asking—

ASSEMBLYMAN BOCCHINI: Excuse me, Mr. Bianco and Mr. Schuber. If I could help you, Tom, I believe what Mr. Schuber is asking you is, very simply, is the sum and substance — correct me if I am wrong, Tom — of your proposal as far as the programing was concerned and as far as your proposition was concerned, is that contained — the entire proposal — in these six or seven pages?

MR. BIANCO: Those pages contain the conclusions and I would say that they are the sum and substance of our proposals and how we—

ASSEMBLYMAN BOCCHINI: They contain the conclusions—

MR. BIANCO: Right.

ASSEMBLYMAN BOCCHINI: But how about the backup data, the information, the reasoning, and so forth, is that all contained in here?

MR. BIANCO: I can't believe that it is all contained in there. I don't know where we can get a hand on it.

ASSEMBLYMAN SCHUBER: Do you remember, sir?

MR. BIANCO: I don't know if we have it— We could get a handle on it.

ASSEMBLYMAN BOCCHINI: Do you know, Mr. Meybohm?

MR. MEYBOHM: What you have there is a representation of a slide presentation that was give to this group.

ASSEMBLYMAN SCHUBER: Well, that's what I was going to ask you. Your oral presentation was a slide presentation?

MR. MEYBOHM: This is the oral presentation.

ASSEMBLYMAN SCHUBER: Okay. And this was sort of the summary of that. Is that correct?

MR. BIANCO: Right.

ASSEMBLYMAN SCHUBER: These seven pages.

MR. MEYBOHM: No. This is the oral presentation.

ASSEMBLYMAN SCHUBER: This is the presentation you made.

MR. MEYBOHM: Those are the visuals that were used to make that oral presentation.

MR. BIANCO: Right.

ASSEMBLYMAN SCHUBER: Okay. What I am trying to get at is were there other writings that you gave the Department -- to Mr. Greelish, at that time -- with this, that's all?-- Other than the slide show that you gave them?

MR. BIANCO: Okay, but you have to get back to the process, now. This didn't start three weeks before -- this whole process didn't start three weeks before, or a month before we decided to accelerate. Don't forget, we had been working on a master plan implementation for quite a number of months.

ASSEMBLYMAN SCHUBER: I appreciate that.

MR. BIANCO: So when we come with our conclusions, they are not the result of three weeks work or three months work.

ASSEMBLYMAN SCHUBER: I appreciate that too.

MR. BIANCO: They are the result of many years of work and knowledge of Motor Vehicles. So, I think that if you are looking for a proposal that weighs pound for pound the type that Price Waterhouse-- You are not going to get that.

ASSEMBLYMAN SCHUBER: Well, I am asking you is was there a written proposal, other than what I see here, submitted to Mr. Greelish?

MR. BIANCO: No.

ASSEMBLYMAN SCHUBER: There was not?

MR. BIANCO: That's it.

ASSEMBLYMAN SCHUBER: And then, there was an oral presentation with slides. Is that correct?

MR. BIANCO: That is correct. That is it.

ASSEMBLYMAN SCHUBER: And how long-- And who was that given for?

MR. BIANCO: The same people.

ASSEMBLYMAN SCHUBER: Mr. Greelish?

MR. BIANCO: Right.

ASSEMBLYMAN SCHUBER: Mr. Snedeker?

MR. BIANCO: Right.

ASSEMBLYMAN SCHUBER: Mr. Kline?

MR. BIANCO: I believe Mr. Kline was there.

ASSEMBLYMAN SCHUBER: You don't know, but you think so.

MR. BIANCO: And Mr. Merin.

ASSEMBLYMAN SCHUBER: How long did that last.

MR. BIANCO: That discussion had to last an hour and a half, maybe two hours.

ASSEMBLYMAN SCHUBER: An hour and a half, maybe two hours. Maybe two hours?

MR. BIANCO: I think that would be stretching it.

ASSEMBLYMAN SCHUBER: That's stretching it?

MR. BIANCO: Yes.

ASSEMBLYMAN SCHUBER: So, you gave a two hour slide presentation, and you have a seven page memorandum — or summary — of what the slide show was, as well as whatever background the Department had, with regard to this type of transaction. Is that correct?

MR. BIANCO: I don't even understand the last part of the question.

ASSEMBLYMAN BOCCHINI: Want to rephrase that?

ASSEMBLYMAN SCHUBER: Yes, I will rephrase it. You submitted to Mr. Greelish, and to Mr. Snedeker, in furtherance of your proposal that your Department undertake this project — you submitted a slide show of maybe two hours — is that correct?

MR. BIANCO: Slide show presentation?

ASSEMBLYMAN SCHUBER: A slide presentation, stretching it to two hours. Is that correct?

MR. BIANCO: Right.

ASSEMBLYMAN SCHUBER: You gave them the seven pages that we have here. Is that correct?

MR. BIANCO: Right. That is right.

ASSEMBLYMAN SCHUBER: And, anything else that you gave them?

MR. BIANCO: Yes.

ASSEMBLYMAN SCHUBER: Well, that is what I'm asking.

MR. BIANCO: Yes, all of the conversations and meetings that had taken place with Mr. Greelish prior to this. These things are the culmination. This is a presentation in Greelish's office as we were reaching the end of a decision making process—

ASSEMBLYMAN SCHUBER: I appreciate it.

MR. BIANCO: There had been lots of conversations, lots of things taking place. That is correct. So that is the sum and substance. Those are the conclusions that had been reached over a long period of time. That's it.

ASSEMBLYMAN SCHUBER: But this is the ultimate thing that was given to Mr. Greelish and Mr. Snedeker — and the slide presentation.

MR. BIANCO: You have it.

ASSEMBLYMAN SCHUBER: Thank you.

ASSEMBLYMAN FOY: Let me ask you a follow up question. What is your educational background and work experience, Mr. Bianco?

MR. BIANCO: I am a graduate of Fordham University with a Bachelor of Science Degree. I was in the military, and I worked for IBM for four years. I was with RCA for seven or eight years where I was a regional manager for RCA in the Data Processing Division. I worked for University Computing, and then I had a business of my own in the computer and microfilm business, and then I came with the State about 15 years ago in February.

ASSEMBLYMAN FOY: All right. Were you recently promoted in your position?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: And, what were you promoted from and to?

MR. BIANCO: I left SAC and I went to the Office of Management and Budget as the Director of Management Services, and I left management services when we created the Office of Telecommunications and Information Systems, and went there as Executive Director.

ASSEMBLYMAN FOY: Who appointed you?

MR. BIANCO: The Treasurer.

ASSEMBLYMAN FOY: The Treasurer of the State of New Jersey.

MR. BIANCO: --Appointed me to OTIS, yes.

ASSEMBLYMAN FOY: All right. Is he part of the Administration?

MR. BIANCO: Sure.

ASSEMBLYMAN FOY: Okay. Let me move on now to the next document--

ASSEMBLYMAN SCHUBER: Hold it, I'm not finished with that yet.

ASSEMBLYMAN FOY: Oh, I'm sorry, keep going.

ASSEMBLYMAN SCHUBER: Two things, Mr. Chairman, for informational purposes is something I raised before. There is a document I think we all got in the mail from October 7, from Michael Cole, which— He has a summary in it and it says in April of — it is a summary of activities — but, in April of '82 he states that, "During a Joint Appropriations hearing, Director Snedeker requested the funds necessary to at least begin the major master plan project. No additional money was forthcoming, although a specific appropriation was made to purchase"—

ASSEMBLYMAN BOCCHINI: Is your mike on?

ASSEMBLYMAN SCHUBER: I'm sorry it is not. I'm sorry. Mr. Cole, the First Assistant Attorney General, has provided us — through Aggie, I guess — this was sent down through the mail to us during the week, or since the last hearing — a summary of events in this matter. In April of '82, which is around the time we were talking about here, there is a notation from Cole that, "During a Joint Appropriations hearing Director Snedeker requested the funds necessary to at least begin the major master plan project." He says, "No additional money was forthcoming, although a specific appropriation was made to purchase the automatic call distributor, which is one of the recommended master plan projects." I think that— "However, the data base integration and overall computerization project received no additional funding." That is in keeping with the question I was asking, I think, Mr. Bianco, at that time, and I think it is in keeping with something Mr. Kline — I believe it was Mr. Kline — that testified at one of the first hearings. I think it was a couple of weeks ago, since that time. Let me ask you this — and that is for the record, and further to what you indicated, I think we can get the Joint Appropriations applications that Mr. Snedeker had asked for at that time. What I would ask, Mr. Bianco, or Mr. Meybohm, if I might, please, is was any documentation provided to Mr. Greelish or Mr. Snedeker with regard to your cost figures here? Documentation — I don't mean your oral presentation —

did you give them any documentation that would show these figures to be accurate?

MR. BIANCO: I don't remember; do you remember?

MR. MEYBOHM: No.

MR. BIANCO: I don't know why we would have to. Because— I mean, I don't understand why we would have to.

ASSEMBLYMAN SCHUBER: Well, obviously, Mr. Snedeker had some concerns that your prices were deflated. The question is, did you provide him any documentation that would have proved that these figures were accurate? Any cost work-ups? All they tell me right now is a list of personnel and prices. Did you provide him any written documentation to back those figures up?

MR. BIANCO: I don't remember if we did or not. Probably not.

ASSEMBLYMAN SCHUBER: Probably not. Thank you.

ASSEMBLYMAN BOCCHINI: Mr. Bianco, was it ever a request — if you gave them the figures — Was there ever a request for a breakdown of the figures from Mr. Snedeker or anyone else within the Administration?

MR. BIANCO: I don't remember any request. They asked us what we would do, what we proposed to do, what we thought it would cost, how we would go about it, what our estimates would be. We went back, made the essential and necessary professional judgments, and came with our conclusions. It is that simple.

ASSEMBLYMAN BOCCHINI: You were also working off -- correct me if I am wrong, please — the long-range master plan implementation that Price Waterhouse had contracted for \$700,000 with the State, am I correct? You took that report and analyzed that report in relation to coming to your conclusions?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: So, whatever figures that we have from Price Waterhouse -- I don't know, they may have been supplied to us in what we received the other day — Do you know, or did you receive copies of any documents, in view of the fact that you would be working with Price Waterhouse, in relation to this-- Did you receive any

documentation from Price Waterhouse as to how their \$6.5 million proposal was going to work, other than what we now have in our possession by way of a contract dated November 9, 1983?

MR. BIANCO: We did not receive any -- correct me if I am wrong -- We did not receive any of the work of Price Waterhouse in this proposal until after the decision was made. I believe that is true. We were not in that loop at all. As a matter of fact, I told Driscoll I did not think he was going to get this business at all. I mean, I just told him that. I did not think it was going to happen. So, we were not in the loop. I did not see--

ASSEMBLYMAN BOCCHINI: Why did you tell Driscoll that?

MR. BIANCO: Because I did not think we would do that. I did not think it was the proper way to go.

ASSEMBLYMAN BOCCHINI: And what was his response to you?

MR. BIANCO: "We'll see."

ASSEMBLYMAN BOCCHINI: In that manner?

MR. BIANCO: Well, I-- Whatever it was. I had some strong convictions, and obviously, he had some strong convictions.

ASSEMBLYMAN BOCCHINI: The-- It would be interesting to find out what, if any -- in relation to what you presented -- what was presented, and we may already have that in our possession, by Price Waterhouse for getting the contract. There was a contract with Price Waterhouse--

ASSEMBLYMAN SCHUBER: I think we have those documents.

ASSEMBLYMAN BOCCHINI: Of course we have the contract. What I am talking about is, in relation to what the \$700,000 implementation program-- everybody had.

ASSEMBLYMAN SCHUBER: But I think there was a pile of documentation we got at the beginning; I think we just saw their proposal, I thought. I mean, I thought it was, anyway, from what I saw.

ASSEMBLYMAN BOCCHINI: Well, I don't know if that incorporated the \$6.5 million dollar contract. (Speaks to witness in audience) Would you happen to know that, Mark? Can you come up a second, Mark?

Before we do that— Earlier on in the question, I questioned Mr. Gallela to ascertain the cost of the hardware. The note that I received from Mr. Gallela indicates hardware, CPU upgrades, backup computer, various upgrades and existing equipment, disk storage devices, total— \$5,994,000, correct?

MARK GALLELA: That's right.

ASSEMBLYMAN BOCCHINI: Mr. Schuber has been questioning in a line that I think deserves further examination in relation to Mr. Bianco's, or at least SAC's, proposal as far as their handling the implementation of the master plan. The study itself, which was prepared by Price Waterhouse — the \$700,000 contract, the document that came out of that — between that document and the time of the contract for the \$6.5 million— What, if any, documentation did they supply to you in relation to their being able to implement this?

MR. GALLELA: Mr. Chairman, I have no knowledge of that, as to what went on between Price Waterhouse and DMV at that time— I have no knowledge.

ASSEMBLYMAN BOCCHINI: Couldn't you have— Mrs. Cox, could you come forward, please?

Mrs. Cox, you just heard the question I asked of Mr. Gallela. Could you respond to that, if you can?

CHRIS COX: Sure, if I think I understood the question correctly.

The \$700,000 contract — the initial piece of that, between SAC and Price Waterhouse -- was the production of a systems requirement, a definition study. That was part of the \$700,000. That was completed— That was not the master plan; the master plan was much earlier. That was the first \$88,000 contract. The system definition study was completed in approximately April of 1983, and that became exactly what it is called: a system requirement study for what, then, the full, comprehensive system would be.

ASSEMBLYMAN BOCCHINI: Was that, in effect, a blueprint?

MS. COX: That is a good description, yes.

ASSEMBLYMAN BOCCHINI: So other than ascertaining the cost, it was just a matter of following the blueprint, is that correct?

MS. COX: Not exactly, in the sense that it— It was not a blueprint to the extent that you could take it and then write programs from it. It was a study of what the Division of Motor Vehicles said that we required for a new system. There were two or three more stages after that, before you got to the point where you would actually write programs. So, it was a blueprint in the sense that had described, as users, what we required from a changed computer system.

ASSEMBLYWOMAN BOCCHINI: I understand that, but I still don't know if we— In relation to what Mr. Schuber was in search of, and what I think I am in search of at the same time is, what did Price Waterhouse give you by way of proposal in outlining the cost factor to the Division? Does that sound accurate, Tom?

MS. COX: For what was to be produced for \$6.5— I'm sorry, for what was to be produced for the \$6.5 million dollars?

ASSEMBLYMAN BOCCHINI: Yes.

MS. COX: That is that blue document that is about so thick, that I think you got at the original hearing. It is dated July 12; the July 12, 1983 proposal.

ASSEMBLYMAN SCHUBER: That is what— That was my understanding.

ASSEMBLYMAN BOCCHINI: Excuse me. That was June— what?

MS. COX: I believe it is July 12.

ASSEMBLYMAN FOY: Let me ask you a question. Let me get this sequence straight. SAC had met with Greelish and the DMV people on June 9. You gave them a formal presentation, both oral, summarized in writing, and in a slide show, about what your proposal was, right?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Up to that point, Price Waterhouse had not submitted a formal proposal, isn't that correct?

MR. BIANCO: Not that I know of.

ASSEMBLYMAN FOY: Immediately after yours, but before ever hearing from Price Waterhouse, the Director sent the memo saying he does not want you, right? Isn't it a fact that Price Waterhouse never submitted a formal proposal until July 14, 1983, after the decision to reject SAC's proposal? Isn't that the sequence, and don't we have that

in the Attorney General's memo? They never even knew what Price Waterhouse was going to do, did they? They rejected you out of hand, didn't they?

MR. BIANCO: I can't answer that.

ASSEMBLYMAN FOY: Well, you were rejected on June 15 by the Director, weren't you?

MR. BIANCO: I'm sorry— I was rejected—

ASSEMBLYMAN FOY: By Mr. Snedeker.

MR. BIANCO: That letter sure as hell rejected me, yes.
(laughter)

ASSEMBLYMAN FOY: Do you think this was a rejection letter?

MR. BIANCO: I would— Yes, that's— darned if I ever saw one.

ASSEMBLYMAN FOY: And that was on June 15?

MR. BIANCO: That's right.

ASSEMBLYMAN FOY: And by the Attorney General's admission, Price Waterhouse did not submit anything until July 14. What were you being rejected in relationship to? Do you know?

Can I move on with the rest of these memos, because I think it is important that we get through this?

ASSEMBLYMAN SCHUBER: Wait a minute, wait a minute. You left that hanging, I think. I don't think there was a final decision made at that time.

ASSEMBLYMAN FOY: Well, now, we are going to get to that when we get to these final memos. I suggest you read your chronology.

ASSEMBLYMAN SCHUBER: I read the chronology.

ASSEMBLYMAN FOY: All right.

ASSEMBLYMAN SCHUBER: But Mr. Snedeker was not making that decision, was he?

MR. BIANCO: Which— I'm sorry.

ASSEMBLYMAN FOY: No, the decision was to be made at the highest levels, and the people involved were cited in a previous memo.

ASSEMBLYMAN SCHUBER: But Mr. Snedeker was not making the decision with regard to the waiver, was he? By himself?

MR. BIANCO: Oh, he could not do that. I didn't even know we were talking about a waiver.

ASSEMBLYMAN SCHUBER: Right.

MR. BIANCO: You know, I have to— I really have to inject something here. I never considered that SAC was in competition with Price Waterhouse. I mean, we just did— We were using them. We were satisfied with the work—

ASSEMBLYMAN FOY: But if they used your plan, they would never be able to hire Price Waterhouse, would they?

MR. BIANCO: Well, you know—

ASSEMBLYMAN FOY: You would have gotten the job done in-house, wouldn't you?

MR. BIANCO: We would have used Price Waterhouse. I was committed— I really—

ASSEMBLYMAN FOY: To the tune of \$6.5 million dollars?

MR. BIANCO: I don't think that we were— That is conjecture. Who knows where this would have come from?

ASSEMBLYMAN FOY: We know now.

ASSEMBLYMAN SCHUBER: But you would have used Price Waterhouse?

MR. BIANCO: I was already using them.

ASSEMBLYMAN SCHUBER: And you would have continued to use them?

MR. BIANCO: I think— I would have used Price Waterhouse had I been given the—

ASSEMBLYMAN SCHUBER: If the project had been given to you—

MR. BIANCO: If I had been given the responsibility to carry out the accelerated?—

ASSEMBLYMAN SCHUBER: Correct.

MR. BIANCO: I would have used Price Waterhouse in some capacity.

ASSEMBLYMAN SCHUBER: Thank you.

MR. BIANCO: I would have done that. Yes, I would have—

ASSEMBLYMAN FOY: And you were—

MR. BIANCO: --I would have labeled them as part of the outside help that I described to you.

ASSEMBLYMAN FOY: You were already using them, weren't you?

ASSEMBLYMAN SCHUBER: You were satisfied—

MR. BIANCO: We were already using them, and I was satisfied.

ASSEMBLYMAN SCHUBER: Thank you.

ASSEMBLYMAN BOCCHINI: Let's give Mr. Bianco a chance— His head is going left— It is like a tennis match.

Mr. Foy?

ASSEMBLYMAN FOY: Were you using them—

MR. BIANCO: But I would not have used them to implement.

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: I would not have used them to implement, and I had no intention of doing that. And that has been on the record.

ASSEMBLYMAN FOY: How much had you allocated out of your \$2 million proposal for implementation work? To Price Waterhouse? How much did you build in as consulting fees under your proposal for Price Waterhouse?

MR. BIANCO: Well, which— A large portion of that \$700,000 would have gone to them. And then, under the accelerated plan, that would have increased somewhat, I think, because they would have assumed—

ASSEMBLYMAN FOY: By how much? Let's try to get—

MR. BIANCO: —But I don't really know. Can we get that figure now?

ASSEMBLYMAN FOY: —precise, if we can. How about you, Mr. Meybohm? You have a better handle on these numbers?

MR. BIANCO: You want to guess?

MR. MEYBOHM: Let's not talk about— Let's talk principles. There already was in place a contract with Price Waterhouse to provide those kinds of services that Price Waterhouse are excellent at providing.

ASSEMBLYMAN FOY: Which are what?

MR. MEYBOHM: And that was master plans, requirements, definitions, the creation of blueprints, and so on.

ASSEMBLYMAN FOY: Okay.

MR. MEYBOHM: The proposal from SAC— That was for implementation. Implementation means the kinds of people who will actually physically sit down and write the programs—

ASSEMBLYMAN FOY: Right.

MR. MEYBOHM: —and do the final detail. We would not have— I do not think we would have used Price Waterhouse in that capacity—

ASSEMBLYMAN FOY: Why is that?

MR. MEYBOHM: We— More than likely, we would have gone out-- We said we had to go outside, I think we would have gone outside to those types of firms that are— that is more in line with their business.

ASSEMBLYMAN FOY: All right. Isn't it a fact that we were the first project of this type that Price Waterhouse had ever been involved in?

MR. MEYBOHM: I have no way of commenting on that.

ASSEMBLYMAN FOY: Isn't it a fact that we were their guinea pigs, so to speak?

ASSEMBLYMAN MARTIN: You know, if we are--

MR. MEYBOHM: I think that is unfair.

ASSEMBLYMAN MARTIN: —going to conduct this hearing properly, if Mr. Foy want to make comments--

ASSEMBLYMAN BOCCHINI: Mr. Martin--

ASSEMBLYMAN MARTIN: I don't think this is the proper forum.

ASSEMBLYMAN FOY: I am just quoting Mr. Kline's memo.

ASSEMBLYMAN MARTIN: We have a witness here who is supposed to be testifying, whom Mr. Foy knows darn well is—

ASSEMBLYMAN FOY: It is in our packet. The question was asked, and he answered it.

ASSEMBLYMAN MARTIN: —not in the position to answer the question. He is just editorializing in the midst of this hearing, and it is not right.

ASSEMBLYMAN BOCCHINI: Assemblyman Martin, Mr. Meybohm is responding--

ASSEMBLYMAN FOY: I am only using Mr. Kline's words about the project. You can read the file-- I did.

ASSEMBLYMAN BOCCHINI: If he can't respond to the answer—
Mr. Foy?

ASSEMBLYMAN FOY: Yes.

ASSEMBLYMAN BOCCHINI: Mr. Meybohm, if you feel that it is a question that you cannot respond to, would you simply indicate that you are not in a position to respond to it? I think that would probably save a lot of people—

ASSEMBLYMAN MARTIN: It would also save a lot of time if Mr. Foy wouldn't ask questions he knows this person can't answer, and they are just—merely editorializing not to do so.

ASSEMBLYMAN FOY: I can't read minds. You seem to be better at that than me, Mr. Martin. I can't read minds. I have got to ask questions to learn in this world.

ASSEMBLYMAN MARTIN: If you are asking other people about other people's opinions, you know darn well they can not possibly answer them.

ASSEMBLYMAN SCHUBER: You have been asking them about other people's minds all day.

ASSEMBLYMAN BOCCHINI: I feel like I am at the tennis match now. Wait a second, gentlemen.

ASSEMBLYMAN FOY: Let me move along and ask this question.

ASSEMBLYMAN BOCCHINI: If you can continue, Mr. Foy, I would suggest that all members of the Committee who happen to be brothers of the Bar, realizing that, while this is not necessarily a judicial proceeding where the rules of evidence are such that there are strict requirements regarding hearsay, obviously, in an administrative proceeding, there is the availability of leading the witness. I have no objection to that at this juncture. We are not in a courtroom, Mr. Martin and Mr. Schubert, but at the same time, Mr. Foy—

ASSEMBLYMAN FOY: All right.

ASSEMBLYMAN BOCCHINI: —within the bounds of propriety, if we can try and equitably balance those two thoughts, I think we can proceed with dispatch.

ASSEMBLYMAN FOY: All right. Mr. Meybohm, what portion of the money that you had anticipated this would cost had been allocated

to those kinds of consultants that you felt would be appropriate for the implementation?

MR. MEYBOHM: I think in the implementation it would have been our intention to spend 100% of the money with organizations other than Price Waterhouse.

ASSEMBLYMAN FOY: One hundred percent of what money?

MR. MEYBOHM: Of— The proposal called for—

ASSEMBLYMAN FOY: The \$2 million?

MR. MEYBOHM: —\$2 million—some dollars, \$2,096,000—

ASSEMBLYMAN FOY: And what happened was, \$6.5 million was spent on Price Waterhouse; isn't that correct?

MR. MEYBOHM: I don't know how much has been spent.

ASSEMBLYMAN FOY: Okay. Well, \$6.5 was the bid waiver amount, wasn't it?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: Okay. Let's look at the next memo. This is from Ken Merin, to Craig Stevens, Chief of Staff; Gary Stein, Director of the Office of Policy and Planning; and W. Cary Edwards, Chief Counsel, all of these people being in the Office of the Governor. "Re: Computerization of Division of Motor Vehicles. Attached please find a comprehensive package prepared by Cliff Snedeker regarding the method of computerizing the Division of Motor Vehicles.

"DMV is facing a number of very serious issues, the most pressing of which is gearing up to be able to implement the Joint Underwriting Association by January 1, 1984. Over the past six months, Cliff Snedeker and Bob Kline have been attempting to bring the DMV into the 20th century. Both Cliff and Bob feel that the Division of Systems and Communications possesses neither the number of personnel nor sufficiently capable personnel to update the DMV software. The alternative to Systems and Communications is an outside consultant that would most likely be hired through a bid waiver process. Questions have been raised regarding the propriety of a bid waiver in the amount that will be necessary to implement the necessary software modifications.

"Please read the attached material. It is my recommendation that a meeting be held with Tom Greelish, Cliff Snedeker, and Bob Kline in the very near future to ascertain a course of action. I will discuss this with you verbally over the next few days."

Do you know who raised questions about the propriety of a bid waiver?

MR. BIANCO: No.

ASSEMBLYMAN FOY: Did anyone from your Division raise any questions about the propriety of a bid waiver?

MR. BIANCO: Not that I know of.

ASSEMBLYMAN FOY: How about you, Mr. Meybohm?

MR. MEYBOHM: Not that I am aware of.

ASSEMBLYMAN FOY: Okay. Now, this is Ken Merin advising Greg Stevens, Gary Stein, and Cary Edwards that Mr. Klein and Mr. Snedeker concluded that you don't have the number of personnel, and you don't have sufficiently capable personnel to update the DMV software. Do you agree with that analysis?

MR. BIANCO: I agree that we have the ability to do this-- No, I don't agree with that analysis.

ASSEMBLYMAN FOY: Okay. Next memo is from-- Looks like Gary Stein; a part of it has been knocked off, but it says "Director of Policy and Planning," so that was Gary Stein. It is to Greg Steven, to Cary Edwards and Ken Merin, and it is dated June 16, 1983.

"Thank you for your memo of June 15, which contains the detailed memo by Cliff Snedeker as to the problems he is having in computerizing the Division of Motor Vehicles.

"I think that the responsibility for making a recommendation on this should be delegated to Al Fasola's office, since Al can draw upon the computer expertise of Science Management Corporation in evaluating the problem. This would give us the advantage of objective evaluation from people outside the Division of Motor Vehicles and unconnected with the Division of Systems and Communications.

"If there is no objection I will send the package to Al and ask him to get back to us not later than next Friday with a recommendation."

In fact, did Mr. Fasola— Did that material go over? And did Mr. Fasola offer a recommendation?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: All right. Next item in the packet. State of New Jersey, Office of the Governor. From the desk of Gary S. Stein, Office of Policy and Planning, dated June 17, 1983, to Al Fasola. "Please call me after you have read the attached. G.S.S." Notation at bottom: "Mike— Please make recommendation— They want by Friday."

All right. Next item: From Dennis Clark, dated June 24, to Al Fasola. Ref. Memo of Gary Stein to Alfred Fasola, June 17, 1983. Subject: Computerization of Division of Motor Vehicles.

"I have reviewed the information that was forwarded to you from Gary Stein and the following is a very brief evaluation of the problem.

First: "Any project, particularly one of this magnitude, requires a great deal of cooperation for successful completion." Did you feel that you were getting cooperation from the Division of Motor Vehicles about your desire to do the job yourself?

MR. BIANCO: There were certainly listening to me.

ASSEMBLYMAN FOY: But were they paying attention to you?

MR. BIANCO: I can only assume that they paid attention.

ASSEMBLYMAN FOY: Well, you read the 15th memo.

MR. BIANCO: It obviously means they were paying attention, yes.

ASSEMBLYMAN FOY: Next item: "To complete the DMV master plan by June 30, 1985, many levels of technical and administrative support will be required." Do you agree with that analysis by Science and Management's guy?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Okay. "The scope of the project is estimated to be between \$5 million and \$7 million, whether completed internally by the State, by an outside firm, or some combination of the two." You agree with that?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: "The documents presented are requesting a waiver for Price Waterhouse to implement the master plan, including post implementation review of their own work." That's what was submitted to them, right?

"There are six phases identified in the implementation: 1) detailed system design; 2) program design; 3) detailed programming; 4) unit and system testing; 5) conversion planning; 6) implementation and post-implementation review." Is that what the six things were in scope of the work? Okay.

"Conclusions. Verified by my inquiries, the SAC data center could not complete the entire implementation in the specified time frame." Do you agree with that?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: "Some level of outside assistance would be required, as has already been identified by SAC." That is what Mr. Meybohm was talking about before?

MR. BIANCO: That is what we both have been talking about; that is what we presented.

ASSEMBLYMAN FOY: Okay. Next, "Because DMV and SAC will have to live with the completed system, heavy involvement by those two divisions will be required in any implementation." Do you agree with that?

MR. BIANCO: Absolutely, yes.

ASSEMBLYMAN FOY: "Due to the Price Waterhouse involvement in development of the master plan, that firm would be the logical first choice to provide outside assistance." Do you agree with that?

MR. BIANCO: As in previous testimony, yes.

ASSEMBLYMAN FOY: "With the stated deadlines, the implementation must be started as soon as possible." Is that right?

MR. BIANCO: I agree.

ASSEMBLYMAN FOY: "Because of the size, duration and cost of the project, a blanket waiver for the entire implementation may not be in the best interest of the State." You agree with that?

MR. BIANCO: You mean, do I agree with it now or do I agree with it then?

ASSEMBLYMAN FOY: Did you agree with it then?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Let me ask you a question. Has your opinion changed? Do you agree with it now?

You don't care to answer that one; all right.

"Within the Department of Law and Public Safety, the appropriate divisions must assume the management responsibilities in the project consistent with their charter.

"Recommendation: A waiver be granted to Price Waterhouse to participate (underlined) in the first phase of the acceleration of the master plan, with consideration to additional waivers as the future phases become due." Is that what happened under this set of circumstances?

MR. BIANCO: No, that did not happen.

ASSEMBLYMAN FOY: What did happen?

MR. BIANCO: What you all have been hearing testimony about.

ASSEMBLYMAN FOY: The independent, objective advice of the gentleman from Science Management was in fact not heeded, was it?

MR. BIANCO: I don't know who got it. I mean— This was sent to Fasola, and Fasola got this there— If in fact, anybody got this, it was not heeded, obviously.

ASSEMBLYMAN FOY: All right. Gary Stein said, "Al can draw upon the computer expertise of Science Management Corporation in evaluating the problem. This would give us the advantage of objective evaluation from people outside the Division of Motor Vehicles, and unconnected with the Division of Systems and Communications." So, they wanted an objective analysis. Clark provided that analysis to Fasola, is that correct?

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: His recommendation was that a waiver be granted for them to participate in a phase of the acceleration of the master plan, is that right?

MR. BIANCO: That is correct.

ASSEMBLYMAN FOY: And what happened was, Price Waterhouse was given a waiver for the entire project, isn't that correct?

MR. BIANCO: That is what happened. The missing link from there— and I can not shed light on it because I don't know who got Clark's recommendation.

ASSEMBLYMAN FOY: Al Fasola got it.

MR. BIANCO: He got it, that is for sure.

ASSEMBLYMAN FOY: Okay. We don't know what Al Fasola did with that, do we?

ASSEMBLYMAN BOCCHINI: Do we know who Mr. Clark is?

ASSEMBLYMAN FOY: He works for Science Management Corporation.

MR. BIANCO: He works for Science Management Corporation, yes.

ASSEMBLYMAN BOCCHINI: Did you know him personally?

MR. BIANCO: Yes, I did. We answered that before, in earlier—

ASSEMBLYMAN FOY: We may be expanding our witness list daily, as we go along here.

Let's move on to the next one. It is to the Attorney General, it is dated June 27; it is from you.

ASSEMBLYMAN MARTIN: Can I just ask one question in relation to that old memo— the previous memo? I just want to be clear on your answer on the first— I think the third area that Mr. Foy asked you. You said the scope of the project is estimated to be between \$5 million and \$7 million dollars, whether completed internally by the State, by an outside firm or by a combination of the two? You agreed that it was basically a correct statement?

MR. BIANCO: That was a correct statement, period. Yes. That was a projection at that period of time, at that point in time, of what this whole thing would come about. And I have to agree with you.

ASSEMBLYMAN MARTIN: So regardless of the fact that Price Waterhouse contract was at \$6.5 million dollars, that was within the scope and that would have been the same scope—

ASSEMBLYMAN BOCCHINI: No, that was—

ASSEMBLYMAN MARTIN: —as far the correct statement as far as the— an in-house completion of the project, is that correct?

MR. BIANCO: What was your question, now? I am sorry, sir.

ASSEMBLYMAN MARTIN: Well, we know Price Waterhouse was for \$6.5 million dollars. My question to you was, then the fact that both the in-house and combination of the two would both be within this range of \$5-7 million dollars as an estimate, is that correct?

MR. BIANCO: This— I agree with this to be inclusive of the personnel outside help, the equipment— Did we include equipment on this? No, equipment was not included in this.

MR. MEYBOHM: No, equipment is not here. We don't know what he is saying here.

ASSEMBLYMAN FOY: Perhaps we can have Mr. eybohm answer the

ASSEMBLYMAN BOCCHINI: Mr. Meybohm?

ASSEMBLYMAN FOY: —if he knows what the answer is. What did you understand this \$5-7 million dollar estimate to include?

MR. MEYBOHM: Number one, I never saw this memo. But—

ASSEMBLYMAN MARTIN: But that is not my question.

MR. MEYBOHM: In answer to the question, I think— From the Division of Systems and Communications standpoint, hardware plus professional services to do the job fell in— The combination of both—

ASSEMBLYMAN FOY: Five million dollars.

MR. MEYBOHM: —fell in the \$5-7 million— And so we can agree with that statement as— But this statement does not specifically say, hardware and equipment, or just professional services.

ASSEMBLYMAN FOY: Right. With Price Waterhouse, the \$6.5 million for services and then whatever the cost of the hardware is, was on top of that.

MR. MEYBOHM: In addition to.

ASSEMBLYMAN FOY: Pardon?

MR. MEYBOHM: In addition to.

ASSEMBLYMAN FOY: In addition to. Yes. But your \$5-7 million was both hardware and services, right?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: Okay. That clear it up?

Now, your memo of June 27— See, Mr. Bianco, I was a little confused when you said you were not sure who read this memo, because you sent the memo to the Attorney General of the great State of New Jersey on June 27, 1983, and you said, "The author of the attached is a consultant from Science Management Corporation. I received his memo Friday afternoon.

"I discussed the matter with Fasola since Stein directed the 'package' of Snedeker's letters to him for his involvement and I am comfortable with Fasola's assessment of the situation and his reaction to it.

"Be assured Snedeker's letters are nonsense.

"I'll wait for your direction how to proceed."

Now, what did you mean when you said you were comfortable with what Dennis Clark, a private consultant from Science Management Corporation — the objective opinion that Gary Stein was seeking — when he read through that memo, and you sought and you transmitted it to our Attorney General of this great State, and you said you were comfortable with what Fasola's assessment was, of the situation and his reaction— What did you mean by that?

MR. BIANCO: Exactly what I said, that that seemed to be a reasonable approach to the problem.

ASSEMBLYMAN FOY: A partial bid waiver with performance on a certain portion of the contract, and thereafter subsequent bid waivers as needed. Isn't that correct?

MR. BIANCO: Exactly what it said, and that is what I said.

ASSEMBLYMAN FOY: Now, you said, "I'll wait for your direction on how to proceed." Did you subsequently receive some direction from Attorney General Kimmelman?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: And what was that direction?

MR. BIANCO: That the decision had been made, and the—

ASSEMBLYMAN FOY: Who made the decision?

MR. BIANCO: He did not tell me. I just— He said the decision had been made and that was how we were going to proceed; and that he was sure he could count on our support, and—

ASSEMBLYMAN FOY: Now, let me ask you a question. On June 27, you transmitted the objective— June 24 memo to the Attorney General, is that right?

MR. BIANCO: On June 27, I submitted--

ASSEMBLYMAN FOY: That was Monday; you submitted Friday's memo, right?

MR. BIANCO: I guess so. Sounds reasonable.

ASSEMBLYMAN FOY: Okay. Now, were you aware of any activities on the part of Price Waterhouse that were ongoing at that time, regarding any of this particular project? Did you know whether they had submitted a proposal at that time?

MR. BIANCO: I did not know any specifics. I knew that there was activity, and I knew that there was a counter-proposal-- especially at this time, I did.

ASSEMBLYMAN FOY: A formal proposal?

MR. BIANCO: I didn't know whether it was formal-- I don't remember whether I knew it was formal or not.

ASSEMBLYMAN FOY: Or whether informal discussions were going on between officials of Price Waterhouse?

MR. BIANCO: I knew that there were informal discussions going on at various levels with Price Waterhouse.

ASSEMBLYMAN FOY: The recommendation from Al Fasola's staff was not to give a complete bid waiver for the entire \$6.5 million. Isn't that correct?

MR. BIANCO: That is what it says.

ASSEMBLYMAN FOY: All right. I want to direct your attention to the July 1 memo from Robert S. Kline, then Deputy Director and now Acting Director of the Division of Motor Vehicles, dated July 1, to Thomas W. Greelish, First Assistant Attorney General of the State of New Jersey. "Reference: Implementation of Surcharge System and Automation of DMV.

"Kindly be advised that on June 30, 1983, I met with Deputy Director Robert Meybohm of the Division of Systems and Communications (SAC). At the same time, Director Cliff Snedeker was meeting with Director Don Bianco." So you two had separate meetings that day?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Okay. "Director Snedeker informed me that his discussion of the above-referenced subject with Director Bianco was essentially the same as my conversation with Deputy Director Meybohm as set forth below.

"I informed Mr. Meybohm that the Administration had no option but to use a consultant for the implementation of the collection of surcharges for the JUA and the acceleration of the automation of the Division of Motor Vehicles. Under the proposed contract, Price Waterhouse would have primary responsibility for the implementation of the aforementioned automated systems.

"I further informed Deputy Director Meybohm that I would manage the project, and oversee Price Waterhouse's involvement. SAC would have other— would have secondary responsibility throughout the project. In other words, DMV and Price Waterhouse would have full responsibility for the development, testing, and implementation of the system while in cooperation with SAC who would contribute its expertise to both DMV and Price Waterhouse.

"Deputy Director Meybohm stated that both he and Director Bianco would give full cooperation to this project to insure its success. The meeting ended with my assurance to Deputy Director Meybohm that I would be contacting him in the very near future concerning what SAC's responsibilities would be concerning the implementation of this project and the schedule concerning same. I also told him that Price Waterhouse would be contacting him as they were starting work immediately on this project."

Now, that memo is dated July 1, and it said that Price Waterhouse was going to start work immediately. To your knowledge, did they in fact begin work after July 1?

MR. BIANCO: Very quickly, very quickly.

ASSEMBLYMAN FOY: Do you know whether they had a contract at that time?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: Do you know whether they had made a formal bid proposal at that time?

MR. BIANCO: I don't know for sure, I mean--

ASSEMBLYMAN FOY: Do you know who appointed Mr. Kline director of the project?

MR. BIANCO: I don't believe I— I don't— Doesn't he say?

ASSEMBLYMAN FOY: He says, "I will manage the project and oversee Price Waterhouse's involvement."

MR. BIANCO: You know, on this specific area, I was told very clearly that the direction was to be taken, and that the decision had been made, and that was the way we were going to go. From that point on, that was the way we went.

ASSEMBLYMAN FOY: You understood that within one week of the recommendation by Science Management Corporation to give only a partial contract to Price Waterhouse, that the entire contract was going to be given to that firm? Is that what you understood by that memo?

MR. BIANCO: Well, I understood it clearly, yes.

ASSEMBLYMAN FOY: So that this memo was evidence to you that the recommendations of the objective, outside consultant were rejected, isn't that correct?

MR. BIANCO: Well, certainly, yes.

MR. MEYBOHM: Mr. Meybohm, do you recollect your conversation that has been recited in this letter with Mr. Kline?

MR. BIANCO: Yes, sir.

ASSEMBLYMAN FOY: Tell us what you recall about it.

MR. MEYBOHM: I think this is a good representation of that conversation.

ASSEMBLYMAN FOY: He told you he was going to be in charge, right?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: And he was going to do business with Price Waterhouse, is that correct?

MR. MEYBOHM: He said that he would be the project manager, and he would have ultimate responsibility for the project.

ASSEMBLYMAN FOY: And direct involvement with Price Waterhouse?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: All right, did he tell you who appointed him project manager?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: Okay. Now, I'll move to a July 1st letter to Edward Hofgesang, who was then Director of the Division of Budgeting and Accounting. Dated July 1: "Dear Director Hofgesang: Public Law 1983, Chapter 65, requires the Division of Motor Vehicles to implement a Violation Surcharge program for the New Jersey Merit Rating Plan by January 1, 1984.

"The implementation of the surcharge program by January 1, 1984 will require the Division of Motor Vehicles and the Division of Systems and Communications (SAC) to a) complete a sophisticated data base; b) or 2), establish a manual and mechanical procedures for billing, collecting and accounting for surcharge funds; 3) establish a due process system to handle complaints and appeals for motorists.

"These systems design and implementation actions for the surcharge program must be linked to the improvements required under the DMV master plan, because the surcharges depend completely on DMV's violation file and accounting systems. The management, security and customer service inadequacies of DMV's systems have been documented numerous times by the Legislature, the media and the Public Advocate. To install the surcharge system without simultaneously implementing the improvements contained in the master plan would cause: delays in billing motorists and collecting surcharges; errors in billing the wrong person, or an inaccurate surcharge; delays in responding to motorists' questions concerning surcharge assessments.

"I request permission to contract with a consulting firm for this project. The consultant's responsibilities will include: detailed system design; program design; detailed programming and coding; unit and system testing; conversion planning; development of conversion procedures and files; development of user manuals; training of all user personnel; monitoring hardware and software installation; implementation and post-implementation review."

Are any of those things outlined there things that you did not originally propose to do under your proposal? The things that I just read that the consultant's responsibilities would include — wouldn't they have been your responsibilities if your proposal had been accepted, Mr. Meybohm?

MR. MEYBOHM: Yes, sir.

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: Okay. "Neither the Division of Motor Vehicles nor the Division of Systems and Communications have the personnel resources while continuing to maintain day-to-day operations. In addition, the technical detailed systems and data base design require additional expertise which neither DMV nor SAC possess. The technical complexity, scope and urgency of this project also preclude the possibility of developing an ad hoc committee from other State agencies to complete the project. The Department of Law and Public Safety will be able to implement the needed systems improvements and the Legislative surcharge program only if the Division of Motor Vehicles contracts with an expert outside consulting firm.

"A consultant with expertise in data base design and accounting systems would be able to complete an interim surcharge program by January 1, 1984. The Division of Motor Vehicles anticipates that the overall project will be completed by July 1, 1985. The approximate cost for this project is \$6 million. Funds for this project have been authorized by Public Law 1983, Chapter 125.

"Robert S. Kline, Deputy Director, Division of Motor Vehicles, will serve as the Department of Law and Public Safety's project manager for both the implementation of the surcharge system and the master plan improvements. Deputy Director Kline will coordinate the activities between the Office of Attorney General, SAC, DMV and all other State agencies and the consultant.

"If you have any questions concerning this request for use of a consultant, please contact Deputy Director Kline at (609) 984-2526. Sincerely, Irwin I. Kimmelman, Attorney General." Copies to Greg Stevens, Chief of Staff; W. Cary Edwards, Counsel to the Governor; Kenneth R. Biederman, Treasurer, Thomas W. Greelish, First Assistant Attorney General; Clifford W. Snedeker, Director, Division of Motor Vehicles; Robert S. Kline, Deputy Director, Division of Motor Vehicles; Donald J. Bianco, Director, Division of Systems and Communications; LeRoy Weber, Director, Division of Data Processing and Telecommunications; and Richard C. Kaemfer, Director Designate, Division of Purchase and Property.

When you received this memo, was it your understanding that the determination had been made to give the entire contract to an outside consultant?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: All right. Next memo: "To Greg Stevens, Chief of Staff. From: Robert S. Kline, Deputy Director, Division of Motor Vehicles. Date: July 15, 1983. Subject: Status Report on Implementation of a Surcharge System for New Jersey Merit Rating Plan and a Comprehensive On-Line Driver/Owner Information and Management System.

"The following is a status report on our efforts to implement the surcharge system and a comprehensive on-line driver/owner information and management system.

"Date accomplished and Activity: July 1, 1983. Attorney General Irwin I. Kimmelman requested approval from Edward G. Hofgesang, Director, Division of Budget and Accounting, for the Division of Motor Vehicles (DMV) to retain a consultant for the project. On July 14, 1983, Richard B. Standiford, Deputy Director, Division of Budget and Accounting, gave approval for DMV to retain a consultant for the project." The approval was for July 14, 1983.

"July 5, 1983: The Division of Motor Vehicles discussed the project with a number of individuals in the Treasurer's Office.

"July 6: Clifford W. Snedeker, Director, Division of Motor Vehicles, certified to Treasurer Kenneth R. Biederman that the Division of Motor Vehicles would need \$8,190,985 in order to cover the costs of: a \$5.9 million contract with a consultant; equipment; additional personnel at DMV." Now, there is no mention of any additional personnel for SAC, is there?

MR. BIANCO: No.

ASSEMBLYMAN FOY: "July 6: DMV forwarded a formal request to the Bureau of Accounting to establish accounts to enable DMV to: receive funds from the UCJ; expend funds; repay the UCJ loan.

"July 8: The Department of Treasury entered three accounts on the system.

"July 11: The Department of the Treasury entered onto the system the final three accounts for the project.

"July 12: The Department of Treasury transferred the funds from the Unsatisfied Claim and Judgment Fund to the General Treasury Fund.

"July 13: DMV prepared a request for transfer of the funds from the Control Account to the Spending Account. The transfer is awaiting Legislative approval.

"July 14: DMV received a formal proposal from Price Waterhouse. DMV forwarded copies of the Price Waterhouse proposal and the Request for Waiver of Advertising (Form PB-129) to: Irwin I. Kimmelman, Attorney General; Ed McGlynn, Deputy Chief of Staff; Thomas W. Greelish, First Assistant Attorney General; Dennis L. Bliss, Director of Administration; Donald J. Bianco, Director, Division of Systems and Communications; LeRoy Weber, Director, Division of Data Processing and Telecommunications; Richard C. Kaemfer, Director, Division of Purchase and Property; Edward G. Hofgesang, Director, Division of Budget and Accounting; Richard B. Standiford, Deputy Director, Division of Budget and Accounting.

"Former Attorney General" --sorry, that is wishful thinking--

"After Attorney General Kimmelman signs the Request for Waiver of Advertising, (Form PB-129), the proposal will be formally reviewed by the proposal will be formally reviewed by Director Weber and subsequently Director Kaemfer. This process could be completed as early as next week."

When you received your copy of this memo, was that your first indication that Price Waterhouse had submitted a formal proposal to the Department of Motor Vehicles?

MR. BIANCO: I don't remember whether it was the first indication they had submitted a formal proposal; I don't remember that. I just--

ASSEMBLYMAN FOY: Were you ever--

MR. BIANCO: --It seems-- Let me get back to the point Assemblyman Schuber was making before. We were both-- There was a lot of discussion, and there were a lot of presentations made. Had we been chosen as the route to follow, we probably would have made a further, more formal proposal. So, I knew that these things were going on, and

I don't remember whether this was the first time I knew that a formal proposal had been made.

ASSEMBLYMAN FOY: Did anyone give you a reason as to why the advice of the Science Management consultant was rejected, and the decision was made to choose Price Waterhouse for the entire project?

MR. BIANCO: Nobody gave me any reason.

ASSEMBLYMAN FOY: Did you ever think to ask anybody?

MR. BIANCO: No.

ASSEMBLYMAN FOY: Did you find it peculiar that their advice would be rejected?

MR. BIANCO: I don't know if their— Where their advice got— I know I sent it to Kimmelman, and—

ASSEMBLYMAN FOY: He never responded to your submission of that information?

MR. BIANCO: No, he never responded to that.

ASSEMBLYMAN FOY: He never— Did you ever talk to Greelish about it?

MR. BIANCO: Yes.

ASSEMBLYMAN FOY: What did he say?

MR. BIANCO: "That's the way the ball bounces." We had a long talk with--

ASSEMBLYMAN FOY: Is that the Governor's Ball?

Go ahead. You had a long talk with him; what did he say?

MR. BIANCO: There were obviously lots of discussions about this. I had stated my opinion a number of times, and my opinion was rejected. That's— So I had lots of talks about it, and at that point, frankly, I had to convince people that I would fully support this thing.

ASSEMBLYMAN FOY: When you spoke with Bill Driscoll and told him that you thought he was going to have a problem getting the full contract and he said, "We'll see"—

MR. BIANCO: Or words to that effect.

ASSEMBLYMAN FOY: —Or words to that effect, what did you think he meant? Did you have any idea?

MR. BIANCO: He meant that he was going to— You know, his view was—

ASSEMBLYMAN SCHUBER: Mr. Chairman, please. Mr. Chairman, please. This again is a case of reading minds. How was he supposed to know—

ASSEMBLYMAN FOY: I asked him what he thought.

What did you think?

MR. BIANCO: What did I think about what?

ASSEMBLYMAN FOY: He said, "We'll see." What did you think? How did you react to that statement?

MR. BIANCO: How I reacted to that statement— I really believe that the way— Sometimes I just react to the way I felt it should go, and I felt that the way I proposed with our staff, it should go that way, and I just believed that was the way it would go.

ASSEMBLYMAN FOY: Was Mr. Driscoll aware of the recommendation of Science Management, do you know?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: You don't know whether he had any conversations with Mr. Fasola about the matter, do you?

MR. BIANCO: I don't know.

ASSEMBLYMAN FOY: You don't know whether he had any conversations with the Attorney General about the matter, do you?

MR. BIANCO: About— Driscoll and the Attorney General? I don't know. You mean, up to that point in time? (affirmed) I don't know. I don't think so—

ASSEMBLYMAN FOY: Okay.

MR. BIANCO: —but I don't know.

ASSEMBLYMAN FOY: I don't have any further questions.

ASSEMBLYMAN BOCCHINI: Mr. Bianco, were there any reactions from either the Attorney General or Mr. Greelish concerning your memo, where you indicated that everything — the portions of what you had reviewed from Director Snedeker were nonsense?

MR. BIANCO: The Attorney General? His reaction to my categorizing Snedeker's letter as nonsense. Yes, he told me not to worry about it; life is too short.

ASSEMBLYMAN BOCCHINI: Did he discuss it in any other detail with you?

MR. BIANCO: No. I did not— It was not appropriate.

ASSEMBLYMAN BOCCHINI: What do you mean, "it was not appropriate"?

MR. BIANCO: At the time when we had the discussion and the decision had been made, I had already switched into gear— "let's get on with it."

ASSEMBLYMAN BOCCHINI: So, you were just a member of the team and you say you would go on and do whatever you have to do, correct?

MR. BIANCO: At that point in time, once— I was loud and vocal until a point in time, and the point in time, a decision was made, and that was when he said, "Life's too short to worry, let's get on with it;" and I said, "That's it. Let's get on with it."

ASSEMBLYMAN BOCCHINI: Did Mr. Greelish discuss your cover letter to the Attorney General at all?

MR. BIANCO: I think— Greelish and I had a lot of conversations after this. He— We had a lot of discussions after this, and I know we discussed the letter.

ASSEMBLYMAN BOCCHINI: What did you tell him in relation to the letter?

MR. BIANCO: Which letter now, Mr. Chairman?

ASSEMBLYMAN BOCCHINI: In relation to your June 27 letter, I believe.

MR. BIANCO: The one that I said it was nonsense?

ASSEMBLYMAN BOCCHINI: Correct.

MR. BIANCO: Well, I remember— you know, feeling somewhat— wanting to defend myself on it, as I obviously do even now, two and a half years later. And at the point in time, I just considered it to be a waste of time. It would be to no avail— and, you know, "let's get on it."

ASSEMBLYMAN MARTIN: If I can relay a question— Aside from the fact that you felt that your office could do the job, and I respect that opinion; I would think that it would be one that anybody in a professional position like yours would hold— Did you have any thought at the time that Price Waterhouse, for whatever terms of a contract that they might receive dollar-wise, that they would be unable to do the job?

MR. BIANCO: Yes.

ASSEMBLYMAN MARTIN: And why is that?

MR. BIANCO: In my opinion, Price Waterhouse has excellence and it has expertise, proven expertise in a lot of areas. And when it gets down to the nitty-gritty — to the "grunt" work — of producing systems, I did not think that they could perform as well as we could, or as well as it would be required.

ASSEMBLYMAN MARTIN: But up to that time, as to what they had been asked to do at the initial stages, you were satisfied with the work that they had performed on those stages.

MR. BIANCO: Yes.

ASSEMBLYMAN MARTIN: Okay. Thank you.

ASSEMBLYMAN FOY: A follow-up question on that. You indicated that you did not think that they were the appropriate ones to do the implementation portion of the work because there was a lot of "grunt" work involved, and what have you. Did Price Waterhouse, to your knowledge, submit any list of references for other projects of this nature, in which they had performed similar work elsewhere in the country, or here in New Jersey?

MR. BIANCO: I believe they did, and I knew of one case where— I knew— at least one place where they were performing a similar task.

ASSEMBLYMAN FOY: The same task?

MR. BIANCO: No, no, not the same task. Similar, in that it was a data processing task, and it was an implementation task.

ASSEMBLYMAN FOY: Mr. Meybohm, were you aware of anything they were doing elsewhere?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: Did they present any information to you of what their previous successful projects had been in this field?

MR. MEYBOHM: No, sir.

ASSEMBLYMAN FOY: You expressed earlier that you had reservations about their capabilities in the implementation phase of this project, didn't you?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: What was the basis for your reservations?

MR. MEYBOHM: My reservations were not with Price Waterhouse per se.

ASSEMBLYMAN FOY: Okay. What were they with?

MR. MEYBOHM: They were basically, with Big 8 accounting firms, per se.

ASSEMBLYMAN FOY: Okay— of which we know Price Waterhouse is one.

MR. MEYBOHM: That is correct. And historically, in the business — in the computer business — Big 8 accounting firms have always been in the audit and accounting business.

ASSEMBLYMAN FOY: Right.

MR. MEYBOHM: In recent years, as data processing or information processing has flourished and has become a bigger and bigger portion in, whether it be private industry or government, it has been appropriate for Big 8 accounting firms to move into the consulting and information processing consulting business. Historically, they have done excellent jobs from the standpoint of master plans, requirements definitions, overall planning strategies. However, historically, across — it has nothing to do with the State of New Jersey, it has nothing to do with the Division of Motor Vehicles — historically, they do not have the best reputation for implementation or writing of programs.

ASSEMBLYMAN FOY: All right. That is left—

MR. MEYBOHM: And based— In other words, when I said I had reservations, it had nothing to do with Price Waterhouse, per se.

ASSEMBLYMAN FOY: It is just that genre of firms, so to speak—

MR. MEYBOHM: That is correct.

ASSEMBLYMAN FOY: —that they really are not the ones to do the kind of work you were talking about. Can you give us some examples of what types of companies have had successful reputations, in terms of these kinds of implementation activities?

MR. MEYBOHM: Well, there are any number of "software houses" around—

ASSEMBLYMAN FOY: In New Jersey, are there some of those?

MR. MEYBOHM: Yes.

ASSEMBLYMAN FOY: So we could have found them within our State's border, if we had been so inclined.

MR. MEYBOHM: There are a number of firms of that nature with national— Specifically, Boeing Data Services; EDS, which is Ross Terog's that was recently bought out by General Motors; Computer Science Corporation, McDonnell-Douglas, Pinkerton, Science Management Corporation—

ASSEMBLYMAN FOY: So there was no— Oh, our own consultant, Science Management, did this kind of work?

MR. MEYBOHM: They do that kind of work.

ASSEMBLYMAN FOY: So there was no dearth of other available contractors for that portion of the job, was there?

MR. MEYBOHM: There are other people who could do that kind of work.

ASSEMBLYMAN FOY: But they were never consulted, were they, to your knowledge?

MR. MEYBOHM: I am not aware of that.

ASSEMBLYMAN FOY: Okay.

ASSEMBLYMAN BOCCHINI: Mr. Meybohm, in SAC's proposal, hardware evidently was in the amount of \$3,250,000. In the current project, hardware -- at least at this juncture -- has been ascertained or indicated to us to be approximately \$6 million -- \$5.994 million. To your knowledge, is there a difference between the hardware that you needed in the program that you— or the project that you anticipated versus the project that we now have?

MR. MEYBOHM: The project, basically, was the same. But I think there was a difference in the hardware based on the way in which the project goes about being implemented. And I could just give you a couple of "for instances."

ASSEMBLYMAN BOCCHINI: Please do.

MR. MEYBOHM: Depending upon how you design the data base, will depend on how much disk storage you must have to store that data base. That is a for instance. Depending upon how you interface with the Motor Vehicle agencies depends on what, if any, additional equipment must be acquired for the Motor Vehicle agencies. So,

depending upon the way in which you go about implementing, you can come up with different hardware costs.

ASSEMBLYMAN BOCCHINI: The final objective, though, is the same between you and Price Waterhouse, correct?

MR. MEYBOHM: That's correct.

ASSEMBLYMAN BOCCHINI: Who recommended the purchases of the existing hardware we now have in relation to the Price Waterhouse project?

MR. MEYBOHM: Who recommended?

ASSEMBLYMAN BOCCHINI: Did Price Waterhouse say, "We need this type of hardware," or did the Division of Motor Vehicles say it, or did SAC say it?

MR. MEYBOHM: SAC did not say it. In other words, it is a combination. Price Waterhouse had the turnkey, and Bob Kline was the Project Director. When it came to how much disk storage was necessary, Price Waterhouse recommended how much disk storage, and SAC went out and acquired that much disk storage. When it came to recommendations for Motor Vehicle agencies' computers to be updated, they had to be updated. Price Waterhouse came back to the Division of Systems and Communications and said, "This is the size processor at Law and Public Safety Data Center that would be required in order to support this. At that point in time, we went out and acquired— You understand, we had, at this particular point in time, a "secondary role."

ASSEMBLYMAN BOCCHINI: Yes.

MR. MEYBOHM: So basically— In other words, the people who called the shots were the consultants.

ASSEMBLYMAN BOCCHINI: In relation to that, when they came back and made a suggestion, you indicated — or at least Mr. Kline indicated in his memo at the end of June — that you and Mr. Bianco and SAC were going to work hand in hand, even though you would be in a secondary capacity. Did you have any input? Were you allowed to suggest?

MR. MEYBOHM: Yes.

ASSEMBLYMAN BOCCHINI: Did you have any thoughts then in relation to the equipment we were buying?

MR. MEYBOHM: All along we had all kinds of thoughts.

ASSEMBLYMAN BOCCHINI: Did you express them in relation to the hardware package?

MR. MEYBOHM: I'm not sure if I understand the question. In other words, if you went and decided to go in this direction, then there really was no alternative. If you are going to--

ASSEMBLYMAN BOCCHINI: Oh, okay.

MR. MEYBOHM: Do you see what I'm saying?

ASSEMBLYMAN BOCCHINI: All right; I see.

MR. MEYBOHM: If you say you are going to go in this direction, then that is what you need.

ASSEMBLYMAN BOCCHINI: So, once you made the determination that you were going to go in the direction that we have now gone--

MR. MEYBOHM: And we were going to have a data base that looked like this--

ASSEMBLYMAN BOCCHINI: --you had no choice but to end up with the \$6 million hardware package.

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: Who was that bought from, do you know?

MR. MEYBOHM: Well, hardware was acquired from a number of different vendors. Disk storage equipment was acquired from IBM Corporation, plus the Hitachi Corporation. There were two different types of disk storage equipment. There were some additions to the mini computers located at the agencies. They were acquired from the Honeywell Corporation. There were mainframe processor upgrades that were acquired from National Advanced Systems.

ASSEMBLYMAN BOCCHINI: Were these all bid?

MR. MEYBOHM: Some were on State contract. In other words, the data processing community in the State periodically goes out on a competitive bid for types of data processing equipment that are used across the data centers. So, for instance, there was a competitive bid for disk storage, and it was from that contract that we ordered both the Hitachi disks and some IBM disks. Honeywell had a contract that they had acquired via a competitive bid for the Motor Vehicle agencies, and that was an upgrade, or an addition to.

The answer to your question is, this is via bid or via existing State contracts.

ASSEMBLYMAN BOCCHINI: Improvement then on an existing State contract.

MR. MEYBOHM: An addition to, or— Yes.

ASSEMBLYMAN BOCCHINI: Everything that came in, was it all new equipment?

MR. MEYBOHM: Generally.

ASSEMBLYMAN BOCCHINI: Generally.

MR. MEYBOHM: Yes. I would have to say this is new equipment, yes. We did not go through the— The only time you might get involved with other than new equipment, is if you are going through a third-party leasing firm. I don't believe any of the equipment acquired for this project was acquired through any third-party leasing.

ASSEMBLYMAN PELLY: Excuse me, Mr. Chairman. Since perhaps there is some doubt as to whether or not the equipment is, in fact, all new, would you be kind enough to double check that for us and get back to us on that issue or are you absolutely certain?

MR. BIANCO: I'm very sure.

MR. MEYBOHM: I'm quite certain, but a lot of equipment has been acquired.

ASSEMBLYMAN PELLY: Okay.

ASSEMBLYMAN BOCCHINI: Where is all of that equipment located?

MR. BIANCO: West Trenton, the old SAC location. It is in the State Police Complex.

ASSEMBLYMAN BOCCHINI: Now, this is the equipment— We built a bridge into this equipment? Is that where they have the bridge that Mr. Driscoll was talking about?

MR. BIANCO: Parts of this equipment will be used to build a bridge, yes.

ASSEMBLYMAN BOCCHINI: Is that bridge completed?

MR. BIANCO: I haven't checked today. It was supposed to be—

MR. MEYBOHM: I am not involved in that project at all at the moment.

MR. BIANCO: Probably Chris Cox would know better than I would.

ASSEMBLYMAN BOCCHINI: Mrs. Cox, do you happen to know? Will you come forward, please?

MS. COX: The bridge over troubled waters, as we call it, was implemented last Monday. It had one bug in it in the morning; that was fixed by noon, and it has been in operation since then. That was what, the seventh, this past Monday.

ASSEMBLYMAN BOCCHINI: Does that mean the 1,400,000 problems are gone?

MS. COX: The million of the backlog through the first of September were loaded onto the old data base. Now the agencies, downtown, and the police departments are all seeing updated computer tubes, with all registrations and licensing updated through the first of September.

This weekend, we are going to bring that from September up to date, and then every weekend we will be able to load that on. So, in fact, those are being reflected if you go to an agency or if you are stopped by a police department.

ASSEMBLYMAN BOCCHINI: Okay, thank you.

ASSEMBLYMAN MARTIN: Just one question while you are here. The Division had supplied some information earlier about the hardware packaging. The question I had was whether that took into account revisions. In other words, your hardware figure is for the present cost, which takes into account certain modifications because of additional legislative mandates over the last two years, does it not?

MS. COX: Actually, it is a little tough for me to answer that one. The figures I gave were figures I got from the fiscal people at SAC. Those figures represent upgrades. So there was a computer there that had a certain capacity. It was a model— Let's call it Model A. That was upgraded to a Model B. The Model A was turned it, or it may have been diverted to some other use. So, there is cost for the differential.

ASSEMBLYMAN MARTIN: Earlier we were trying to compare the actual cost of the hardware which was necessary to implement the program versus the original estimate that SAC had given. They are not the same, are they? The figure you gave us is what the actual cost has

been with modifications, as opposed to an original proposal based upon a different set of hardware.

MS. COX: In my opinion, they are not the same.

ASSEMBLYMAN MARTIN: Thank you.

ASSEMBLYMAN BOCCHINI: You know, we have been talking about so much of this stuff, I'd love to see it. Is it possible to take us out there to see this and to see how it operates? Maybe we can get some type of understanding about it.

MR. BIANCO: Be our guest, anytime. This afternoon?

ASSEMBLYMAN BOCCHINI: How about if we meet you out there at 3:30 this afternoon?

MR. BIANCO: Sure.

ASSEMBLYMAN BOCCHINI: Okay, those of us on the Committee who can do it. I know some—

ASSEMBLYMAN MARTIN: I don't know if Mr. Schuber—

ASSEMBLYMAN BOCCHINI: For those on the Committee, we will keep working, and at 3:30 we will go out to see the Bridge Over the River Kwai, or whatever — over troubled waters rather. We won't see much?

MR. BIANCO: Well, you'll see a lot of equipment.

ASSEMBLYMAN BOCCHINI: It would be nice to find out what it is and what it does, and so forth. Maybe it will tie into something we are doing a little later. Thank you, Mrs. Cox.

Between the first of July and then to the 28th of July when it was announced, were there any other workings? When I say, "it was announced," the bid waiver was announced at that point in time. What type of relationship developed between you, Price Waterhouse, and the Division, or how did it change, if at all? That is not in a memo; that is just a general question.

MR. BIANCO: No, I'm just trying to get my dates straight. Between the 27th, which— Or, about the first of July, when I was made aware that the decision was made to go with the turnkey operation from then on— Well, it was a question of how do we get together and do the job? What do they need in the way of support? What the relationships would be. How we would support them, and how to get on with it. Mr. Snedeker and I met afterwards, and decided to move ahead forthwith.

ASSEMBLYMAN BOCCHINI: So, everybody just kept working, is that correct?

MR. BIANCO: Yes.

ASSEMBLYMAN BOCCHINI: If you look at the next thing we got from you, it is a letter dated January 3, 1984. At this point in time, the contract of November 9 had been signed. Everything else— The relationship between DMV and Price Waterhouse was in place. You were there as the secondary support system, and the program should have been moving along. Correct?

MR. BIANCO: Yes. Well, I don't know what letter you are referring to now, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: You, I believe— Do you have in your possession a copy of a letter dated January 3, 1984? Maybe it was just to Mr. Kline.

MR. BIANCO: Not with me. From whom to whom?

ASSEMBLYMAN BOCCHINI: It was from Mr. Driscoll to Mr. Kline.

MR. BIANCO: I don't have that.

ASSEMBLYMAN BOCCHINI: There is an indication in this letter-- Since you don't have it, let me read it to you. It says: "Dear Bob: This letter is intended to be a quick response to your initial reaction to the discussion which followed during the January 2 meeting. In that meeting it was Price Waterhouse's intention to present three alternative approaches for copying technical problems, real and potential, posed by the IDEAL software, and for proceeding to work toward a successful DMV system implementation by July 1, 1985." We are getting into the type of language they were involved in, I guess, at that point in time with ADR.

"Apparently from the discussion, I believe you may have exaggerated the implications of a previous statement which I made several weeks ago, when I stated that the solutions to the IDEAL problems might translate to the system being a functional success, but a technical compromise."

I see you smiling. Is there something in there that draws your attention.

MR. BIANCO: Yes; I remember the letter and I remember the phrase.

ASSEMBLYMAN BOCCHINI: Oh, okay. So you did get a copy of this letter?

MR. BIANCO: I don't know whether I got a copy. I remember the phrase: "A functional success, and a technical compromise." I remember that well.

ASSEMBLYMAN BOCCHINI: How does that strike you? What does he mean by that?

MR. BIANCO: I think it has been testified here a number of times that functionally, the system is glorious. You know, it just doesn't get there on time.

ASSEMBLYMAN BOCCHINI: Okay. It's sort of like the train system. It runs, but it runs late.

MR. BIANCO: We're ahead of schedule, but we're lost.

ASSEMBLYMAN BOCCHINI: Excuse me?

MR. BIANCO: We're ahead of schedule, but we're lost.

ASSEMBLYMAN BOCCHINI: "Furthermore, if there is any issue of integrity or any sense of less than full disclosure of the facts on the part of Price Waterhouse, or anyone else, in discussing our ability to define user expectations, it is a misunderstanding and certainly far remote from my intentions. In the meeting, I conceded to you three points which you stated were the bottom line of any three alternatives:

"(1) The results will be less than original expected; (2) the delivery will be later than originally expected; and (3), the cost will be higher than originally expected.

You also suggested that the compromises inherent in the alternatives were not de minimis. Price Waterhouse, as requested by you, will be delivering a document to you early next week describing in detail implications of Alternative Number 1. It is our intention to prepare such a document after reviewing concurrence from you that Alternative Number 1 was the acceptable approach.

"However, in the interim before delivery, I felt it was incumbent upon me to expand upon the three points enumerated above."

Since you don't have this letter -- it just goes on and on -- I would like you-- I want the Committee to make a copy of this letter available to Mr. Bianco. It appears that at that point in time, the

beginning of January — and we may be getting back a little to where we were previously in your testimony the last time — it was becoming apparent that there was a problem with the implementation of the system. Is that correct? Were you aware of it at that point in time?

MR. BIANCO: What date was that?

ASSEMBLYMAN BOCCHINI: The beginning of January — January 3, 1984.

MR. BIANCO: I am not so sure I was aware of problems that early.

ASSEMBLYMAN BOCCHINI: Mr. Meybohm, were you aware in January, 1984 that we were running into problems?

MR. MEYBOHM: Yes, there were problems, but let me say this. Having run projects of this size in the past, it is not at all unusual. That is what you get paid for. If it was that easy, then anyone could do these things. So, yes, there were some problems as you dug deeper into the design. Price Waterhouse was coming up with some problems, different kinds of problems. Could we do it that fast? It might take some more people. Is this the appropriate software? But, I don't think the types of problems — I don't have that memo — were anything out of the ordinary if you have done projects like this in the past. This is part of the project development life cycle.

ASSEMBLYMAN FOY: Well, had Price Waterhouse done projects like this in the past?

MR. MEYBOHM: I don't know.

ASSEMBLYMAN FOY: Do you know if anyone in the State of New Jersey knew?

MR. MEYBOHM: I don't know.

ASSEMBLYMAN PELLY: I think, Mr. Chairman, that if we check the testimony of, I believe it was September 24, Mr. William Driscoll and Mr. Robert Kline indicated that to their knowledge, Price Waterhouse had never done a Division of Motor Vehicles in any state prior to doing ours. That was entered onto the record earlier.

May I ask a question?

ASSEMBLYMAN BOCCHINI: Please.

ASSEMBLYMAN PELLY: Mr. Meybohm or Mr. Bianco, in the letter of June 15, 1983, you indicated some figures, a proposal you had for doing the entire system, an appropriation of \$2,096,000 for consulting and staff additions for SAC, and \$3,250,000 for equipment acquisition, a total appropriation of \$5,346,000. In retrospect, would you continue to say that those figures would be accurate, or would you have had to amend those figures throughout the course of events?

MR. MEYBOHM: You have to understand that basically the Division of Systems and Communications did not feel we were in competition with Price Waterhouse.

ASSEMBLYMAN PELLY: I understand that.

MR. MEYBOHM: Just a fact. The second fact is, I think you can see by some of these memos, and so on and so forth, that there were many things going on behind the scenes that the Division of Systems and Communications was not involved in, were not in the loop. On a very hurry-up basis, all of a sudden we put together a proposal, or a—"Okay, fellows, what are you going to do, and I have to know within the next two days?" So, that is part of— There is not a formal proposal where there was a big long study. Price Waterhouse was there; we participated with Price Waterhouse. There was a \$700,000 contract in place. As far as the Division of Systems and Communications was concerned, Price Waterhouse was there. They were doing a good job. They were going to do portions of it. We had always thought, and we always envisioned, that we would do the implementation, or the actual creation of the programs.

So, we did not feel that we were in competition with Price Waterhouse. At the eleventh hour plus 55 minutes, we were asked to put together, very quickly— "What would you do if you had to do the whole thing?"

ASSEMBLYMAN PELLY: Put in a number. That is basically it.

MR. MEYBOHM: Yes, sir. So I think that we would have— There is rationale to that number, and it was based— If you go through that presentation, there are basic assumptions. If you read through that, there are assumptions. We said, "Based on these assumptions, and based on this approach." Now, that doesn't say that

that approach would have been acceptable to the Division of Motor Vehicles. That doesn't even say that that approach was the right or the best approach. But, based on these assumptions and that approach, that is what we said. Basically, I think that I would stand on that, and that is that historically we have had to make proposals and presentations, and then have our feet held to the fire. We would have delivered. That doesn't say that— Motor Vehicle may not have bought that approach. The Administration may not have bought that approach. But, to answer your question, I would stand on those numbers.

ASSEMBLYMAN PELLY: You would stand on those numbers. Additionally, based on those assumptions, and based on that approach, you would have been able to produce a system that would have met the requirements that were set forth at that time, as presented in previous testimony. Mr. Foy were over several — eight or nine—

MR. MEYBOHM: That proposal touched base with, I think, virtually all of the original— The Price Waterhouse master plan called for some 14 different projects. Of the 14, 11 or 12 of those were information processing-oriented projects. That proposal touched base, to the best of my knowledge, in virtually every one of those areas.

ASSEMBLYMAN PELLY: The reason I ask is, I am trying to firm up numerical comparisons, and I want to be sure that your number of \$5,346,000, or thereabouts, was a ball park figure for doing the entire project. I look at the September 24 testimony of Mr. Kline, wherein Mr. Bocchini says, "I believe the entire contract of the hard product that is involved may take up to \$15,000,000. Am I correct?" And Mr. Kline responds, "Correct." So, I wanted to be sure that that comparison still remained. If Mr. Kline comes before us, I will ask him that question again to update his figures, if he cares to.

ASSEMBLYMAN FOY: Mr. Meybohm, a number of times you pointed out the differences between your proposal and Price Waterhouse's proposal, and there certainly are a lot of differences between Price Waterhouse and its people, and your office and your people. How many tables to the Governor's Ball did you buy?

ASSEMBLYMAN BOCCHINI: I think that is a question that-- You might want to ask him if he bought any tables at all?

ASSEMBLYMAN FOY: Did you buy any tables? Did you buy any tickets?

ASSEMBLYMAN BOCCHINI: And then leave it at that.

MR. MEYBOHM: No, sir.

ASSEMBLYMAN BOCCHINI: Mr. Meybohm, you made reference to the eleventh hour and 55 minutes— You were told to put together a proposal and let us know about it. Correct?

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: How much leeway would you usually anticipate them giving you in good government business if they were going to ask for that?

MR. MEYBOHM: Months for a proposal for a project of this stature, of this magnitude. I mean, when you are responsible for running a data processing organization, there are all kinds of projects. There are some which don't require two days' worth of effort; some that require a month of effort; and, some which are obviously multiple year type projects. For a project of this nature, stature, involvement, size, scope, visibility, and all of the things associated with it, yes, this would be a number of months, and you would probably be hard-pressed.

ASSEMBLYMAN BOCCHINI: Were you working on the assumption the entire time that you would be implementing it.

MR. MEYBOHM: That is correct.

ASSEMBLYMAN BOCCHINI: Do you know if there were any questions or requests from the Director or the Administration to prepare a memorandum for full implementation for a turnkey operation?

MR. MEYBOHM: Not that I am aware of.

ASSEMBLYMAN BOCCHINI: Prior to the announcement of it in July?

MR. MEYBOHM: No, I am not aware of that.

ASSEMBLYMAN BOCCHINI: In other words, the ball was just dropped on you, Mr. Bianco, in June, that, "Hey, you're out; Price Waterhouse is in."

MR. BIANCO: No, no, no, no, no, not at all. I knew, and had argued loudly against the merits of a turnkey operation,

philosophically and pragmatically, for quite some time, so it was not a surprise to me. I didn't know exactly what was going on. I knew that this was being considered, and I argued very strongly and very loudly against a turnkey operation.

ASSEMBLYMAN MARTIN: Mr. Bianco, isn't it fair to say that your expectation was that Price Waterhouse would be playing some role, regardless of the alternatives that would be selected?

MR. BIANCO: Yes, I think I have said that a number of times.

ASSEMBLYMAN MARTIN: It was really then a question of how big a role they would play.

MR. BIANCO: It was a question of who would manage the project, how we would go forth, how and what types of outside help we would get, who would coordinate it, and who would choose them. That was the issue. The real issue is project—

ASSEMBLYMAN MARTIN: But in virtually every proposal that was seriously entertained, to your knowledge, Price Waterhouse would be expected to play a part?

MR. BIANCO: I certainly wanted them to play a part in everything. I had wanted them to, and up to and including the point, they had done very, very well.

ASSEMBLYMAN BOCCHINI: Mr. Meybohm, you had your hand up there.

MR. MEYBOHM: Maybe I didn't— Let me go back to your question, had I ever heard of a turnkey? Yes, I had heard of a turnkey and, as a matter of fact, I had lengthy conversations with Bob Kline relative to the pros and cons of a turnkey application.

ASSEMBLYMAN BOCCHINI: What did those conversations consist of?

MR. MEYBOHM: Well, in essence, I attempted to convince Bob Kline as to why a turnkey is— There are more problems than meet the eye with a turnkey operation.

ASSEMBLYMAN BOCCHINI: Did you explain them to him?

MR. MEYBOHM: Yes, I did. Now, you must understand that I have a built-in bias and a built-in prejudice.

ASSEMBLYMAN BOCCHINI: Okay.

ASSEMBLYMAN BOCCHINI: So, if they had worked hand in hand with you, as opposed to delivering us a turnkey operation, the long-range benefit to the State, maintenance-wise, would be easier for you. But, on the other hand, if we have a problem in the future, since they have the key, so to speak, we are going to be needing their help possibly more than we would have needed it if we had gone in the fashion you had hoped we would.

MR. MEYBOHM: Possibly, yes.

ASSEMBLYMAN FOY: Mr. Chairman, the hour is getting late. I know you want to take a tour of the building. I am going to have to excuse myself from the tour, and ask you to hold open a standing invitation to me. I will give you a call one day and come up and take a look at it myself. I am not sure I will even know what I am looking at, but that would be consistent with many things I do anymore.

I would like to move that we recess the hearing.

ASSEMBLYMAN BOCCHINI: Are there any other questions of either Mr. Bianco or Mr. Meybohm?

ASSEMBLYMAN SCHUBER: No. I am going to have to get back down to Hackensack to my office. I will have to take a raincheck, and do a review of the system myself during next week, I hope.

ASSEMBLYMAN FOY: Do you want to set another date for a hearing? When are we going to have Mr. Kline come in?

ASSEMBLYMAN BOCCHINI: I think Mr. Kline indicated he would be available any day next week. In relation to some of the things discussed today, I would like to schedule another hearing for next Wednesday.

ASSEMBLYMAN FOY: It would be useful to invite Mr. Snedeker too, since there is a bridge necessary between the time various directors were in, as well as the fact that Mr. Snedeker had some critical input, it appears, regarding the decision to move toward a private consultant, as opposed to an in-house thing.

I don't know whether we can handle both of them in the same day. You may want to check with Mr. Snedeker's schedule, and take one day next week and one day the following week.

ASSEMBLYMAN BOCCHINI: Let's see if we can have Mr. Kline and Mr. Snedeker here. How is next Wednesday at 1:30. That is the best I have on my schedule.

ASSEMBLYMAN SCHUBER: One-thirty? How about the morning?

ASSEMBLYMAN BOCCHINI: I have a conflict in the morning.

ASSEMBLYMAN SCHUBER: How long do you anticipate we will need on Wednesday afternoon?

ASSEMBLYMAN BOCCHINI: One-thirty to four-thirty?

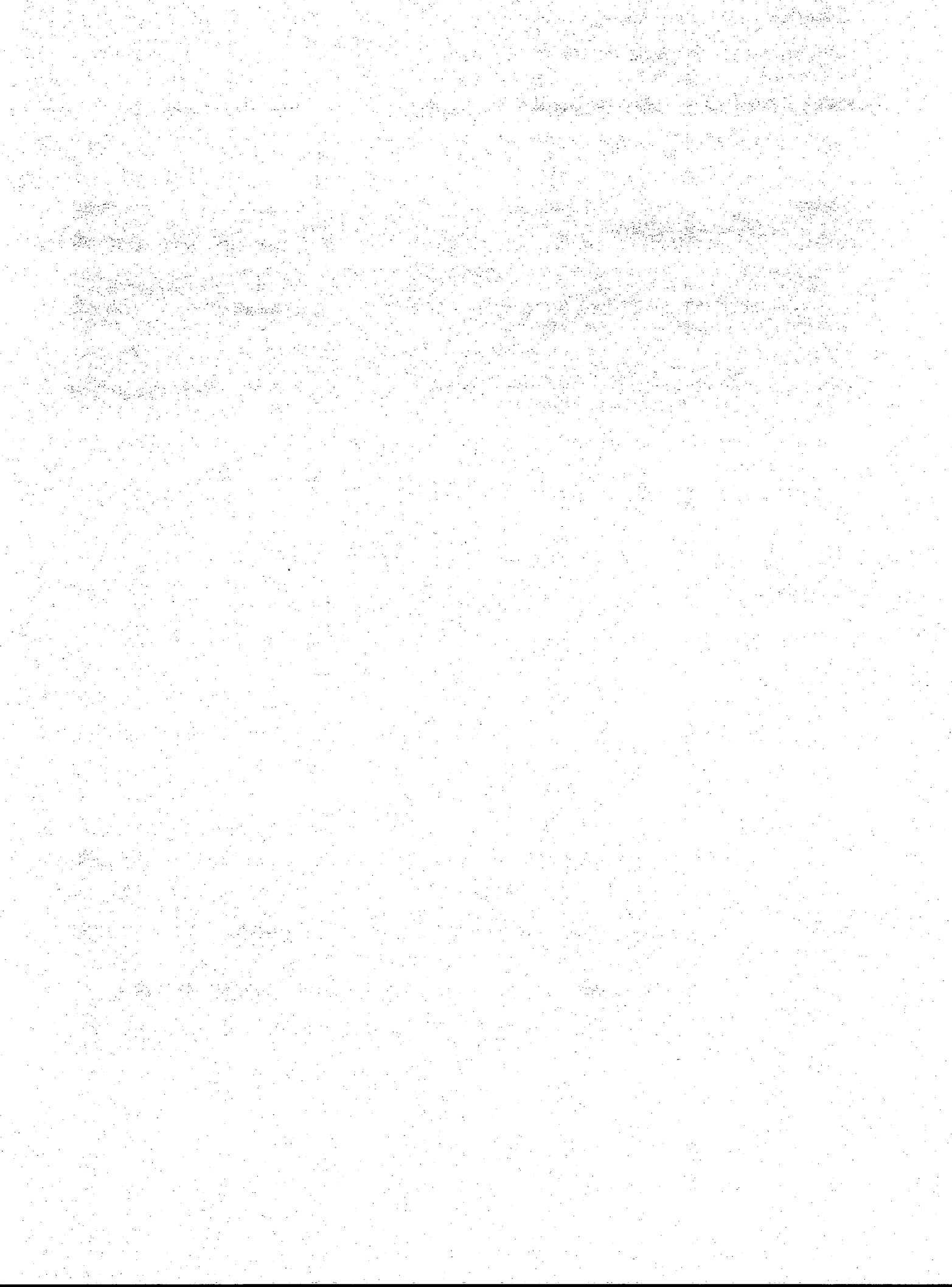
ASSEMBLYMAN SCHUBER: Okay.

ASSEMBLYMAN FOY: Wednesday? That's okay for me — 1:30 to 4:30. I'll be here anyway.

ASSEMBLYMAN BOCCHINI: Thank you. The hearing is adjourned.

(HEARING CONCLUDED)

APPENDIX





STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
STATE HOUSE
CN 002
TRENTON, NEW JERSEY 08625

MICHAEL M. HORN
STATE TREASURER

August 15, 1985

MEMORANDUM TO: ALL DIVISION DIRECTORS

FROM: Michael M. Horn
State Treasurer

SUBJECT: Governor's Ball

Pursuant to the provisions of the Department of Treasury Code of Ethics, I have determined that it would not be appropriate to accept tickets to the upcoming Governor's Ball from any person or entity which does business with the Department of Treasury. If you have any questions regarding the interpretation of the foregoing, please contact me. Your cooperation is appreciated.

MMH
M. M. H.

MMH:jb

cc William L. Stringer
Susan M. Connell
John Fuchs
Felicia L. Garland
Jeri Warrick-Crisman
Stuart A. Weiss

RECEIVED

AUG 19 1985

DIRECTOR OF
ADMINISTRATION



State of New Jersey

**DEPARTMENT OF THE TREASURY
OFFICE OF TELECOMMUNICATIONS AND INFORMATION SYSTEMS
840 BEAR TAVERN ROAD
CN 215
WEST TRENTON, NEW JERSEY 08625**

**WILLIAM C. RIDGWAY, III, Ph.D.
ADMINISTRATOR
DONALD J. BIANCO
EXECUTIVE DIRECTOR**

**MICHAEL M. HORN
STATE TREASURER**

October 9, 1985

Honorable Joseph L. Bocchini, Jr.
Chairman of Assembly Law and Public Safety
and Defense Committee
Room 347
State House Annex
Trenton, New Jersey 08625

Dear Assemblyman Bocchini:

Attached please find the result of five separate system tests of the DMV On-Line Comprehensive System, conducted in November and December 1984.

The tests document the response times for four different types of DMV transactions:

- DI - A simple inquiry against the file
(a driver's license look-up)
- IE - A more complex inquiry
(inquiry against multiple files)
- DM - A file update transaction
(change of address)
- NS - A name search of the file

The documentation shows that in four of the five tests less than 50% of the transactions were completed within five seconds. Based on the above test results, I concluded that the system had performance problems. There are additional considerations; e.g. - the test environment which influenced my conclusions.

I am available for any amplification or explanation.

Sincerely,

Robert J. Meybohm
Deputy Administrator
Network Services

Attachments

c: Donald J. Bianco

New Jersey Is An Equal Opportunity Employer

2x

PRICE WATERHOUSE SYSTEM TEST PHASE 1
TUESDAY NOV 27 1984

CONDS	TX=DI		TX=IE		TX=DM		TX=NS		TOTAL	CUM %
	NUMBER	CUM %	NUMBER	CUM %	NUMBER	CUM %	NUMBER	CUM %		
	137	51.70	18	23.08	32	34.04	20	30.30	207	41.15
	53	71.70	27	57.69	21	56.38	10	45.45	111	63.22
	41	87.17	14	75.64	18	75.53	10	60.61	83	79.72
	8	90.19	5	82.05	10	86.17	6	69.70	29	85.49
	10	93.96	9	93.59	7	93.62	5	77.27	31	91.65
	3	95.09	1	94.87	2	95.74	3	81.82	9	93.44
	3	96.23		94.87		95.74	1	83.33	4	94.23
	1	96.60	1	96.15	1	96.81	1	84.85	4	95.03
		96.60		96.15		96.81	1	86.36	1	95.23
0	2	97.36	2	98.72	2	98.94	1	87.88	7	96.62
1		97.36		98.72		98.94		87.88	0	96.62
2		97.36		98.72	1	100.00		87.88	1	96.82
3		97.36		98.72		100.00	1	89.39	1	97.02
4	3	98.49		98.72		100.00		89.39	3	97.61
5	2	99.25	1	100.00		100.00	2	92.42	5	98.61
6		99.25		100.00		100.00	1	93.94	1	98.81
7		99.25		100.00		100.00		93.94	0	98.81
8		99.25		100.00		100.00		93.94	0	98.81
9		99.25		100.00		100.00		93.94	0	98.81
0	1	99.62		100.00		100.00	1	95.45	2	99.20
-25		99.62		100.00		100.00	3	100.00	3	99.80
-30		99.62		100.00		100.00		100.00	0	99.80
-40	1	100.00		100.00		100.00		100.00	1	100.00
-60		100.00		100.00		100.00		100.00	0	100.00
ER 60		100.00		100.00		100.00		100.00	0	100.00
TALS	265		78		94		66		503	
RCENT	52.68		15.51		18.69		13.12		100.00	

PRICE WATERHOUSE SYSTEM TEST PHASE 2
TUESDAY NOV 27 1984

SECONDS	TX=DI		TX=IE		TX=DM		TX=NS		TOTAL	CUM Z
	NUMBER	CUM Z	NUMBER	CUM Z	NUMBER	CUM Z	NUMBER	CUM Z		
1	32	27.12	6	28.57	8	34.78	6	28.57	52	28.42
2	21	44.92	8	66.67	6	60.87		28.57	35	47.54
3	19	61.02	5	90.48	4	78.26	2	38.10	30	63.93
4	14	72.88	2	100.00	1	82.61	3	52.38	20	74.86
5	4	76.27		100.00		82.61		52.38	4	77.05
6	4	79.66		100.00	2	91.30	1	57.14	7	80.87
7	3	82.20		100.00		91.30	1	61.90	4	83.06
8	2	83.90		100.00	1	95.65	1	66.67	4	85.25
9	1	84.75		100.00		95.65	2	76.19	3	86.89
10	6	89.83		100.00	1	100.00		76.19	7	90.71
11	1	90.68		100.00		100.00		76.19	1	91.26
12	2	92.37		100.00		100.00		76.19	2	92.35
13	1	93.22		100.00		100.00		76.19	1	92.90
14	3	95.76		100.00		100.00	1	80.95	4	95.08
15	1	96.61		100.00		100.00		80.95	1	95.63
16	1	97.46		100.00		100.00	2	90.48	3	97.27
17		97.46		100.00		100.00		90.48	0	97.27
18	1	98.31		100.00		100.00		90.48	1	97.81
19		98.31		100.00		100.00		90.48	0	97.81
20		98.31		100.00		100.00		90.48	0	97.81
21-25	1	99.15		100.00		100.00		90.48	1	98.36
26-30		99.15		100.00		100.00	1	95.24	1	98.91
31-40	1	100.00		100.00		100.00	1	100.00	2	100.00
41-60		100.00		100.00		100.00		100.00	0	100.00
OVER 60		100.00		100.00		100.00		100.00	0	100.00
TOTALS	118		21		23		21		183	
PERCENT	64.48		11.48		12.57		11.48		100.00	

PRICE WATERHOUSE SYSTEM TEST PHASE 3
TUESDAY NOV 27 1984

CONDS	TX=DI		TX=IE		TX=DM		TX=NS		TOTAL	CUM %
	NUMBER	CUM %	NUMBER	CUM %	NUMBER	CUM %	NUMBER	CUM %		
	85	10.61	6	22.22	2	28.57	2	7.41	95	11.02
	91	21.97	5	40.74		28.57	1	11.11	97	22.27
	88	32.96	3	51.85	1	42.86		11.11	92	32.95
	50	39.20	1	55.56	1	57.14	1	14.81	53	39.10
	78	48.94	4	70.37	1	71.43	3	25.93	86	49.07
	41	54.06	2	77.78		71.43		25.93	43	54.06
	59	61.42	1	81.48	1	85.71	2	33.33	63	61.37
	52	67.92	2	88.89		85.71	2	40.74	56	67.87
	34	72.16		88.89		85.71	1	44.44	35	71.93
0	49	78.28	1	92.59	1	100.00	7	70.37	58	78.65
1	23	81.15		92.59		100.00		70.37	23	81.32
2	35	85.52	1	96.30		100.00	1	74.07	37	85.61
3	12	87.02		96.30		100.00		74.07	12	87.01
4	18	89.26		96.30		100.00	1	77.78	19	89.21
5	23	92.13		96.30		100.00		77.78	23	91.88
6	8	93.13		96.30		100.00		77.78	8	92.81
7	4	93.63		96.30		100.00	1	81.48	5	93.39
8	8	94.63		96.30		100.00		81.48	8	94.32
9	2	94.88		96.30		100.00		81.48	2	94.55
10	14	96.63		96.30		100.00	3	92.59	17	96.52
-25	12	98.13		96.30		100.00	1	96.30	13	98.03
-30	8	99.13	1	100.00		100.00		96.30	9	99.07
-40	2	99.38		100.00		100.00	1	100.00	3	99.42
-60	5	100.00		100.00		100.00		100.00	5	100.00
PER 60		100.00		100.00		100.00		100.00	0	100.00
TOTALS	801		27		7		27		862	
PERCENT	92.92		3.13		.81		3.13		100.00	

PRICE WATERHOUSE SYSTEM TEST PHASE 1
TUESDAY DEC 11 1984

SECONDS	TX-DI		TX-IE		TX=DM		TX=NS		TOTAL	CUM Z
	NUMBER	CUM Z	NUMBER	CUM Z	NUMBER	CUM Z	NUMBER	CUM Z		
1	248	20.74	9	8.91	29	7.14	23	8.36	309	15.62
2	157	33.86	13	21.78	31	14.78	19	15.27	220	26.74
3	110	43.06	3	24.75	26	21.18	19	22.18	158	34.73
4	81	49.83	5	29.70	21	26.35	20	29.45	127	41.15
5	56	54.52	5	34.65	21	31.53	14	34.55	96	46.01
6	33	57.27	2	36.63	10	33.99	12	38.91	57	48.89
7	29	59.70	0	36.63	12	36.95	10	42.55	51	51.47
8	28	62.04	3	39.60	10	39.41	7	45.09	48	53.89
9	18	63.55	1	40.59	11	42.12	7	47.64	37	55.76
10	40	66.89	4	44.55	23	47.78	15	53.09	82	59.91
11	18	68.39	1	45.54	5	49.01	6	55.27	30	61.43
12	13	69.48	1	46.53	10	51.48	4	56.73	28	62.84
13	11	70.40	3	49.50	6	52.96	7	59.27	27	64.21
14	12	71.40	2	51.49	6	54.43	4	60.73	24	65.42
15	39	74.67	2	53.47	16	58.37	16	66.55	73	69.11
16	15	75.92	0	53.47	8	60.34	4	68.00	27	70.48
17	14	77.09	1	54.46	4	61.33	7	70.55	26	71.79
18	21	78.85	11	65.35	6	62.81	4	72.00	42	73.91
19	10	79.68	0	65.35	3	63.55	4	73.45	17	74.77
20	30	82.19	11	76.24	12	66.50	16	79.27	69	78.26
21-25	45	85.95	9	85.15	32	74.38	16	85.09	102	83.42
26-30	59	90.89	8	93.07	34	82.76	13	89.82	114	89.18
31-40	51	95.15	2	95.05	33	90.89	14	94.91	100	94.24
41-60	34	97.99	0	95.05	25	97.04	10	98.55	69	97.72
OVER 60	24	100.00	5	100.00	12	100.00	4	100.00	45	100.00
TOTALS	1196		101		406		275		1978	
PERCENT	60.47		5.11		20.53		13.90		100.00	

6x

PRICE WATERHOUSE SYSTEM TEST PHASE 2
TUESDAY DEC 11 1984

CONDS	TX=DI		TX=IE		TX=DM		TX=NS		TOTAL	CUM %
	NUMBER	CUM %	NUMBER	CUM %	NUMBER	CUM %	NUMBER	CUM %		
	162	12.88	5	5.49	28	7.07	19	6.51	214	10.51
	166	26.07	8	14.29	27	13.89	21	13.70	222	21.40
	107	34.58	9	24.18	37	23.23	22	21.23	175	30.00
	74	40.46	6	30.77	24	29.29	13	25.68	117	35.74
	88	47.46	6	37.36	34	37.88	21	32.88	149	43.05
	34	50.16	1	38.46	15	41.67	11	36.64	61	46.05
	38	52.94	1	39.56	14	45.20	6	38.70	56	48.80
	45	56.52	5	45.05	16	49.24	20	45.55	86	53.02
	25	58.51	2	47.25	15	53.03	5	47.26	47	55.33
0	80	64.86	6	53.85	26	59.60	16	52.74	128	61.61
1	13	65.90	1	54.95	14	63.13	5	54.45	33	63.23
2	37	68.84	0	54.95	12	66.16	11	58.22	60	66.18
3	22	70.59	4	59.34	2	66.67	5	59.93	33	67.80
4	26	72.66	2	61.54	9	68.94	4	61.30	41	69.81
5	50	76.63	10	72.53	21	74.24	11	65.07	92	74.32
6	17	77.98	2	74.73	10	76.77	6	67.12	35	76.04
7	16	79.25	2	76.92	10	79.29	5	68.84	33	77.66
8	33	81.88	0	76.92	7	81.06	8	71.58	48	80.02
9	19	83.39	2	79.12	5	82.32	8	74.32	34	81.69
0	35	86.17	4	83.52	14	85.86	18	80.48	71	85.17
-25	65	91.34	3	86.81	23	91.67	23	88.36	114	90.77
-30	46	94.99	5	92.31	18	96.21	15	93.49	84	94.89
-40	44	98.49	1	93.41	10	98.74	15	98.63	70	98.33
-60	12	99.44	1	94.51	4	99.75	3	99.66	20	99.31
ER 60	7	100.00	5	100.00	1	100.00	1	100.00	14	100.00
TALS	1258		91		396		292		2037	
RCENT	61.76		4.47		19.44		14.33		100.00	

7X



State of New Jersey

**DEPARTMENT OF THE TREASURY
OFFICE OF TELECOMMUNICATIONS AND INFORMATION SYSTEMS
840 BEAR TAVERN ROAD
CN 215
WEST TRENTON, NEW JERSEY 08625**

**WILLIAM C. RIDGWAY, III, Ph.D.
ADMINISTRATOR
DONALD J. BIANCO
EXECUTIVE DIRECTOR**


**MICHAEL M. HORN
STATE TREASURER**

October 9, 1985

**Honorable Joseph L. Bocchini, Jr.
Chairman of Assembly Law and Public Safety
and Defense Committee
Room 347
State House Annex
Trenton, New Jersey 08625**

Dear Assemblyman Bocchini:

**Enclosed please find the material requested. If there is
anything else I can do please call on me.**


D.J.B.

Enclosure(s)

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF SYSTEMS AND COMMUNICATIONS
P.O. BOX 7068
WEST TRENTON, NEW JERSEY 08625

MEMORANDUM

TO: Irwin I. Kimmelman, Attorney General

FROM: Donald J. Bianco, Director
Division of Systems & Communications

SUBJECT:

DATE: June 27, 1983

The author of the attached is a consultant from Science Management Corporation. I received his memo Friday afternoon.

I've discussed the matter with Fasola since Stein directed the "package" of Snedeker's letters to him for his involvement and I am comfortable with Fasola's assessment of the situation and his reaction to it.

Please be assured Snedeker's letters are nonsense.

I'll wait for your direction how to proceed.



D.J.B.

DJB/6
Attachment



From: Dennis Clark

To: Alfred F. Fasola

Date: June 24, 1983

(Institution or Department)

Ref. Memo G. Stein to A. Fasola
June 17, 1983

Subject: Computerization of Division of Motor Vehicles

I have reviewed the information that was forwarded to you from Gary Stein and the following is a very brief evaluation of the problem.

- Any project, particularly one of this magnitude, requires a great deal of cooperation for successful completion.
- To complete the DMV Master Plan by June 30, 1985, many levels of technical and administrative support will be required.
- The scope of the project is estimated to be between 5 million and 7 million dollars, whether completed internally by the state, by an outside firm, or some combination of the two.
- The documents presented are requesting a waiver for Price Waterhouse to implement the Master Plan, including post implementation review of their own work.
- There are six phases identified in the implementation -
 - 1 - Detailed system design
 - 2 - Program design
 - 3 - Detailed programming
 - 4 - Unit and system testing
 - 5 - Conversion planning
 - 6 - Implementation and post implementation review

Conclusions

- Verified by my inquires, the SAC data center could not complete the entire implementation in the specified time frame. Some level of outside assistance would be required, as has already been identified by SAC.
- Because DMV and SAC will have to live with the completed system, heavy involvement by those two divisions will be required in any implementation.
- Due to the Price Waterhouse involvement in development of the Master Plan, that firm would be the logical first choice to provide outside assistance.

- With the stated deadlines, the implementation must be started as soon as possible.
- Because of the size, duration and cost of the project, a blanket waiver for the entire implementation may not be in the best interest of the state.
- Within the department of Law and Public Safety, the appropriate divisions must assume the management responsibilities in the project consistent with their charter.

Recommendation

- A waiver be granted to Price Waterhouse to participate in the first phase of the acceleration of the Master Plan, with consideration to additional waivers as the future phases become due.

cc: Mike O'Neal



STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR

6-42

From the desk of

GARY S. STEIN, DIRECTOR
Office of Policy & Planning

Date. June 17, 1983 . . . To . . . Al Fasola

Please call me after you have read the attached.

G.S.S.

Attachment

lc

6/21/83
Mike -
pls. make
recommendation -
they want by
Friday

Mike
Dina



Greg Stevens, Chief of Staff
W. Cary Edwards, Chief Counsel
To: K.D. Marin, Deputy Chief Counsel
(Institution or Department)

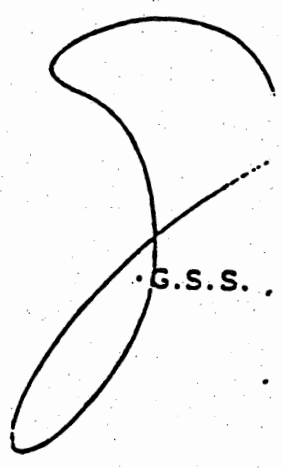
MIN. DIRECTOR
Planning

Date: June 16, 1993

Thank you for your memo of June 15 which contains the detailed memo by Cliff Snedeker as to the problems he is having in computerizing the Division of Motor Vehicles.

I think that the responsibility for making a recommendation on this should be delegated to Al Fasola's office, since Al can draw upon the computer expertise of Science Management Corporation in evaluating the problem. This would give us the advantage of objective evaluation from people outside the Division of Motor Vehicles and unconnected with the Division of Systems and Communications.

If there is no objection I will send the package to Al and ask him to get back to us not later than next Friday with a recommendation.


G.S.S.

lc



From: Kenneth D. Merin
Deputy Chief Counsel

Date: June 15, 1983

To: Greg Stevens,
Chief of Staff
Gary Stein
Director, OP&P (Institution or Department)
W. Cary Edwards
Chief Counsel

Re: Computerization of Division of Motor Vehicles

Attached please find a comprehensive package prepared by Cliff Snedeker regarding the method of computerizing the Division of Motor Vehicles.

DMV is facing a number of very serious issues, the most pressing of which is gearing up to be able to implement the Joint Underwriting Association by January 1, 1984. Over the past six months, Cliff Snedeker and Bob Kline have been attempting to bring the DMV into the twentieth century. Both Cliff and Bob feel that the Division of Systems and Communications possesses neither the number of personnel nor sufficiently capable personnel to update the DMV software. The alternative to Systems and Communications is an outside consultant that would be most likely be hired through a bid waiver process. Questions have been raised regarding the propriety of a bid waiver in the amount that will be necessary to implement the necessary software modifications.

Please read the attached material. It is my recommendation that a meeting be held with Tom Greelish, Cliff Snedeker, and Bob Kline in the very near future to ascertain a course of action. I will discuss this with you verbally over the next few days.

K.D.M.

KDM/cl
Attachments



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET
TRENTON, NEW JERSEY 08666

CLIFFORD W. SNEDEKER
DIRECTOR

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

MEMORANDUM

TO: Kenneth D. Merin
Deputy Chief Counsel

FROM: Clifford W. Snedeker, Director
Division of Motor Vehicles

DATE: June 15, 1983.

SUBJECT: Why the Division of Systems and Communications Cannot Implement
the Division of Motor Vehicles' Master Plan by June 30, 1985.

Numerous memoranda have described the serious customer service, equipment, funding and managerial problems which have beset the Division of Motor Vehicles (DMV) for over ten years. The Long Range Master Plan promulgated by Attorney General Irwin I. Kimmelman on March 22, 1982, provides a detailed plan for eliminating these problems.

The issue is no longer "what" DMV must do, but rather "how to do it".

Donald Bianco, Director, Division of Systems and Communications (SAC), has assured the Administration that SAC could complete the Master Plan by June, 1985, if the State appropriates \$2,096,000 for consulting and staff additions for SAC and \$3,250,000 for equipment acquisition (a total appropriation of \$5,346,000). The outline presented by Director Bianco during his presentation to First Assistant Attorney General Thomas W. Greelish and DMV provides no explanation or justification for how SAC can produce on its promise.

CAN THE ADMINISTRATION RELY ON SAC'S PROMISE?

The following facts provide overwhelming evidence that the Administration cannot rely upon SAC to complete the DMV Master Plan implementation by June 30, 1985.

- 1. *Not in Existence*
- 2.

The 1982 DMV Master Plan is not the first effort to redesign DMV's data base. Between 1969 and 1971, the Office of Highway Safety (OHS) provided \$1,349,690 for the upgrade and integration of the Motor Vehicle registration and driver license data bases. SAC failed to take advantage of this opportunity. The only accomplishment was the purchase of an IEM 360-40 computer.

Subsequently, in 1974, 1975 and 1976, OHS once again offered SAC funds to enhance and redesign DMV's data base as part of a traffic records project. SAC never accepted the OHS funds. In contrast, the Department of Transportation did accept OHS funds and produced an accident records system.

The bottom line is that money has not been the reason for failure to redesign the DMV data base. Money has been available and could have been dedicated as early as 1969 and as late as 1976. The reason for the failure has been the lack of managerial initiative at SAC and DMV. The available money could have bought technical expertise. This same SAC management now claims that it can deliver a redesigned system within 24 months.

2. SAC personnel are either carry-over appointees or civil service employees. The secure environment at SAC provides little motivation for the employees to extend themselves in order to meet the proposed completion date of June 30, 1985. Price Waterhouse, however, has much to lose and much to gain by completing the project on schedule. Severe penalty clauses can be included in the Price Waterhouse contract. In addition, Big Eight consulting firms such as Price Waterhouse rely on a reputation for completing projects on schedule. Failure to meet target dates reduces profits.
3. SAC's greatest weakness is project management and control. On the other hand, Price Waterhouse's greatest strength is project management and control. Much like a campaign, success to a large extent will depend upon the quality of project management. SAC has only one individual (Deputy Director Robert Meybohm) who could serve as project manager for the DMV Master Plan implementation. SAC could not possibly afford to release Mr. Meybohm for this assignment. Price Waterhouse on the other hand would assign one partner full time, one senior manager full time and a second partner on a quarter time basis to monitor and control the DMV Master Plan project.
4. SAC has no capability to provide adequate "user training" and "user documentation". On the other hand, Price Waterhouse has an established methodology and a separate team of expert staff to provide comprehensive user training and user documentation.
5. Two major new projects will prevent SAC from concentrating on DMV's Master Plan until after January, 1984. This will delay completion until January, 1986.

SAC must design and implement a system to permit issuance of photo licenses in agencies by October, 1983. This project should use at least ten percent of SAC's resources.

SAC must design and implement the Insurance Surcharge System by January 1, 1984. This project should use between 80 and 85 percent of SAC's resources.

How can SAC work on photo licenses, the Insurance Surcharge System and DMV's Master Plan at the same time? The answer: all of the projects will be shortchanged. For example, SAC has already indicated reluctance to add the summons number and docket number to the violations file to facilitate processing surcharge complaints. This failure to make a system change by SAC will cause delays and increased costs at DMV. SAC will be able to handle the DMV Master Plan only if DMV permits SAC to reduce the project scope or greatly increase staff in mid-stream.

6. SAC's position has vacillated on who should implement the Master Plan. SAC needed Price Waterhouse to prepare the Master Plan and Director Bianco lauded the plan developed by Price Waterhouse. During the first year of this Administration, Director Bianco continually indicated that the Master Plan could be implemented if only SAC had the money. After DMV and the Governor's Office secured the money to implement the Master Plan, Director Bianco indicated that SAC really didn't need all of the money that had been made available. Director Bianco now claims that SAC could fully implement the Master Plan by June 30, 1985 at a cost of \$5,346,000. The original Master Plan document called for completion of the Master Plan by June, 1987 at a cost of \$6,066,900. Ironically, Director Bianco indicated that the \$3,200,000 for hardware was not actually necessary but that SAC decided to purchase this equipment while the money was available.
7. SAC's proposed implementation costs are deflated.
8. SAC's proposal to hire an additional nine analysts and seven programmers is misleading. It is highly unlikely that qualified personnel can be found to fill all of these positions in a timely basis due to outside competitive pressures and Civil Service hiring constraints. During 1982-1983, the Administrative Office of the Courts (AOC) took almost an entire year to hire 14 analysts and programmers, even though AOC personnel are in the unclassified service and not subject to Civil Service constraints.

SAC will not be able to hire, orient and train 16 analysts and programmers much quicker than the AOC. This will delay the project.

Ironically, the Administrative Office of the Courts hired these additional analysts and programmers after terminating a service arrangement with SAC.

THE BOTTOM LINE:

SAC will be unable to complete the Master Plan project within 24 months. What will be the consequences if SAC and DMV fail to completely overhaul DMV's operational, financial and administrative support systems within 24 months? The Division's operations will begin to fall apart just about the summer of 1985. This will give the motoring public the impression that this Administration has failed to improve the Division of Motor Vehicles.

Price Waterhouse will be able to complete the Master Plan project by June, 1985. This will include producing a total annual savings at DMV of \$2,862,400 and would enable DMV to eliminate 229 positions. The SAC proposal contains no costs savings or employee reductions.

STATUS OF DECISION:

At the DMV/SAC meeting on June 9, 1983, in Tom Greelish's office, I did not argue these issues since I believe that this policy decision should be made at the highest level.

After you have reviewed this memorandum, I think that Greg Stevens, Cary Edwards, Bob Kline, you and I should meet to prepare a final briefing for the Governor. This meeting should be held this week.

CWS/mad

WHY THE DIVISION OF SYSTEMS AND COMMUNICATIONS CANNOT IMPLEMENT
THE DIVISION OF MOTOR VEHICLES MASTER PLAN BY JUNE 30, 1985

1. Assigning SAC primary responsibility for implementing the Master Plan will create a conflict of priorities. SAC services the entire Department of Law and Public Safety (including State Police, Casino Control Commission, Criminal Justice and Gaming Enforcement). In addition, by January 1, 1984, SAC must implement a number of programs mandated by the Legislature such as photo licensing and the Insurance Surcharge System. Will the DMV Master Plan force SAC to shortchange important law enforcement projects?
2. SAC rarely meets milestone target dates.
3. SAC personnel are either carry over appointees or Civil Service employees with little motivation for completing the DMV project by June 30, 1985.
4. SAC lacks "Project Management" capabilities. Price Waterhouse's greatest strength is project management and control.
5. SAC has no capability to provide adequate user training and user documentation. The lack of adequate documentation and training are glaring shortcomings of current SAC operations e.g., the recently installed word processing and alpha registration search.
6. In the past, the Office of Highway Safety (OHS) twice offered SAC funds to enhance and redesign DMV's data base. SAC never accepted the OHS funds.
7. SAC has vacillated on what resources are needed to implement the Master Plan.
8. SAC's proposed implementation costs are deflated and the justification outline provides no indication on how SAC estimated costs.
9. SAC will need time to hire 16 new employees. This will delay the dates on which the project will begin and end.

**I. SAVINGS TO BE ACHIEVED AFTER FULL IMPLEMENTATION OF THE DIVISION OF MOTOR VEHICLES
LONG RANGE MASTER PLAN AND THE GOVERNOR'S MANAGEMENT IMPROVEMENT PLAN**

	<u>Number of Positions Eliminated</u>	<u>Personnel Savings</u>	<u>Equipment, Postage, Space and other Savings</u>	<u>Total Savings</u>
cy Automation	23	\$263,500	-0-	\$263,500
ment Inventory	29	\$352,000	\$100,400	\$452,400
	-	-	\$90,000	\$90,000
Registration Files	35	\$436,300	\$57,000	\$493,300
Driver License, and Registration File	-	-	\$20,000	\$20,000
File Enhancement	16	\$166,800	-0-	\$166,800
nce Company	10	\$123,000	\$53,400	\$176,400
Interface	20	\$156,000	\$96,000	\$252,000
raphic System	<u>96</u>	<u>\$888,000</u>	<u>\$60,000</u>	<u>\$948,000</u>
5:	229	\$2,385,600	\$476,800	\$2,862,400

INSURANCE REFORM - JAN. 1984

MASTER PLAN ACCELERATION - JUNE 1985

INSURANCE REFORM ASSUMPTIONS

1. Necessary policy decisions must be made by July 1, 1983.

Annual billing (individual receives only one bill per year).

2. Initial implementation is driven by the existing violation system.
3. Initial implementation provides for centralized payment.
4. The accounts receivable system must be on-line and available to DMV for both on-line update and inquiry.
5. DMV will provide:

New forms
Payment processor to process payments
Interface with State auditors
Necessary logistics

INSURANCE REFORM

PHASE I

1. Analyze violation file and create surcharge billing file.
2. Build a billing system with appropriate controls, audit trails, and associated statistical reports.
3. Build an on-line accounts receivable system.
4. Build a bridge from the A/R system to the violations system.

INSURANCE REFORM

PHASE II

1. Build a communications network to interface with the municipal courts and service bureaus. Provide for on-line entry, processing, and correction of MF-1 data.
2. Build a system to provide on-line interface of DMV files to the insurance industry.
3. Build a system to provide on-line interface from automated Motor Vehicle Agencies to the accounts receivable system. (Provides for remote payment of surcharges.)

MASTER PLAN ACCELERATION

LICENSING	REGISTRATIONS	VIOLATIONS	EXTERNAL INTERFACE *
Driver Testing	Title Processing	Alcohol Countermeasures	Court Reports & Fines
Renewal	Renewal	Probationary Drivers	Compulsory Insurance &
Photo License	Registration History	Suspension & Restoration	Accidents
Driver History	Vehicle Inspection *	Driver Improvement	Forms Control

25X

MASTER PLAN ACCELERATION

OUTSIDE ASSISTANCE

1. Data Base Expertise \$ 300,000

2. Design Assistance

Account Receivable	18 Man Months
Vehicle Inspection	24 Man Months
Court Interface	60 Man Months
Insurance Interface	18 Man Months
Forms Control	12 Man Months

\$1,386,000

STAFF ADDITIONS

9 Analysts
7 Programmers

Cost

\$ 410,000 *see / 10/11*

Total

\$2,096,000

Handwritten calculation:
16. $\frac{23}{348}$
 $\frac{10,000}{90}$

Equipment (rental)
IBM Line Set
Data Set
Circuit Cost

\$ 3,696
32
18
960

\$ 5,606

27X



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET
TRENTON, NEW JERSEY 08666

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER
DIRECTOR

M E M O R A N D U M

TO: Kenneth D. Merin, Deputy Chief Counsel
Office of the Governor

FROM: Clifford W. Snedeker, Director
Division of Motor Vehicles

DATE: June 7, 1983

SUBJECT: Completion of the Division of Motor Vehicles Long Range
Master Plan

In previous memoranda and discussions, I have described the serious customer service, equipment, funding and managerial problems which have beset the Division of Motor Vehicles (DMV) for over ten years. These problems have prevented DMV from satisfactorily fulfilling its mission. The result has been thousands upon thousands of complaints from motorists and Legislators about DMV delays, errors and discourtesy. The documentation of DMV's past inadequacies is long. I have summarized these problems and a plan to solve the problems in my April 1, 1983, report to Governor Thomas H. Kean.

DMV's infrastructure problems are compounded by the need to implement the Automobile Insurance Reform Act (P. L. 1983, C. 65) by January 1, 1984. Collection of insurance surcharges would be a very sensitive operation and could generate customer service problems and citizen dissatisfaction even if DMV had modern automated billing and collection systems. Under DMV's cumbersome data base and inadequate manual processes the surcharge system will cause serious customer inconvenience and confusion including:

- . . . delays in billing motorists;
- . . . delays in collecting surcharges;
- . . . errors in billing the wrong person or an inaccurate surcharge;
- . . . delays in responding to motorists' questions concerning surcharge assessments.

Price Waterhouse, the private executives from the Governor's Management Improvement Program and Insurance Industry analysts have predicted that the insurance surcharge operation could be the final straw that creates chaos in DMV's papermill. If DMV and the State do not move immediately to make the appropriate investments in systems and hardware changes, this chaos will

FROM: Clifford W. Snedeker, Director
Division of Motor Vehicles

DATE: June 7, 1983

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24X

begin to build and culminate in a total collapse in three to five years (1985).

WHAT MUST DMV DO?

I am convinced that nothing short of a major overhaul of existing DMV operational, financial and administrative support systems is required to enable DMV to meet its day-to-day responsibilities effectively, courteously and promptly.

In February, 1982, DMV took a major step towards modernizing its operations by adopting a 14-Point Master Plan structuring a series of computer related projects to be completed over a period of 40 months. A significant assumption underlying this 40 month timetable was the limited use of contractors as a resource. The Master Plan proposed primary reliance on existing DMV and Division of Systems and Communications (SAC) personnel.

Implementation of the 40 Month Master Plan is currently underway. On May 23, 1983, Price Waterhouse delivered a draft Requirements Definition Study for the redesign of the DMV driver license, registration and violation data base. The Division of Systems and Communications will shortly complete its review of the Definition Study. I should emphasize that this study does not include a definition of the requirements for the Insurance Surcharge Program or an Automated Accounting System.

The bottom line is that DMV must expedite the completion of the Master Plan automation projects. Attached is a list of the benefits to be achieved by compressing the Master Plan time schedule for a completion date in July, 1985.

HOW CAN DMV COMPRESS THE LEAD TIME NEEDED TO IMPLEMENT THE MODERNIZATION AND AUTOMATION OF THE DIVISION?

There are two ways in which the State could compress the lead time needed to modernize and automate the Division of Motor Vehicles. They are:

1. Increasing the staff at DMV and SAC to enable the Department of Law and Public Safety to complete the Master Plan primarily as an "in house" project;
2. Contracting with an experienced firm which would complete the systems design, programming, testing and conversion elements of the Master Plan.

I have serious reservations concerning the capabilities of the Division of Motor Vehicles and the Division of Systems and Communications to complete the sophisticated systems and program design, the user testing, the conversion and the overall implementation while at the same time continuing day-to-day operations.

The current personnel in both DMV and SAC would be totally unable to cope with the complexity and magnitude of the effort which would be required to implement the DMV Long Range Master Plan within a two year period. In addition, the State Civil Service System is not designed to enable DMV and SAC to hire large numbers of uniquely talented and qualified technical

personnel for the relatively short period of time needed to design and implement the new system.

The Division of Systems and Communications, however, is convinced that they could complete the project within the two year schedule if sufficient funds are provided to enable them to hire additional staff. Although this option certainly would be the cheapest alternative for the State, it also carries the most risk concerning quality and timeliness.

The second option of contracting with an experienced firm provides DMV with the specialized talent which could accomplish the project with high quality and in a timely manner. The scope of the contracted project would also include the training of DMV and SAC personnel and the documentation of programs and systems. This would enable State personnel to operate and modify the system in the future after the contractor leaves the site.

The process for selecting vendors is contained in the Bureau of the Budget Circular Letter 80-14. This Circular governs the procurement of professional services including information systems, procedures analysis and electronic data processing. These services may be obtained by either full advertised bidding or by a waiver of advertising. The difference between the two processes and the steps for each option are outlined below:

A. Competitive Bidding:

1. The Division of Motor Vehicles prepares detailed specifications which become the basis for a request for proposals to be bid upon by any interested company.
2. The Purchase Bureau, Department of Treasury, advertises that a contract is to be bid upon and awarded for certain services. Request for proposals (RFP) are mailed to a predetermined list of vendors and to any vendors who respond to the advertising. A vendor's conference is held to answer questions about the RFP.
3. Formal bids are submitted in writing in a prescribed format on a specified date.
4. Bids are reviewed by the Division of Motor Vehicles, by the Division of Systems and Communications, and by the Department of Treasury, Division of Data Processing and Telecommunications to determine the responsible bidder. This is all done in conjunction with the Purchase Bureau. A selection is made and the bid is awarded. This full process has averaged six to nine months for simple Division purchases. The complexity of the Master Plan project would increase this time frame to as much as twelve months or more.

B. Waiver of Advertising:

Waivers of formal advertising are an exception to the process of formal advertised bidding. Waivers are expressly limited by statutory design. Informal competitive bidding among suppliers is encouraged even if a waiver of formal advertising is granted. Exceptions within the bidding law

include waivers which can be granted for services to be performed which are of a technical and professional nature (52:34-9A). As a matter of policy, waivers are not routinely granted for technical and professional services unless the following condition prevails and is documented by the using agency:

Competitive specifications, placing all potential bidders on an equal footing, cannot be developed because the scope of work is highly complex, technical, unique or specialized and/or sufficient lead time to develop the bid specifications is not available.

There is also a citation in the waiver justification law (52:34-10D) which allows a waiver of advertising if more favorable terms can be obtained from a primary source of supply. This citation supports contracting with a consultant who has already provided preliminary work and who therefore has knowledge which another vendor would have to spend extra time (and cost) to obtain. The process for obtaining a waiver involves:

1. Approval from the Director of the Division of Budget and Accounting to use a consultant;
2. Approval from the Attorney General as Department head;
3. Approval from the Department of Treasury, Division of Data Processing and Telecommunications;
4. Approvals from the Purchase Bureau, the Division of Purchase and Property, a Deputy Attorney General and the Treasurer.

This process does not have to be lengthy if all the involved parties work together to expedite the paperwork.

THE ISSUE IS "HOW TO DO IT", NOT "WHAT TO DO":

DMV has few questions concerning "what" must be done to improve its operations. The questions at this time concern the "how to do it". The option which would provide the most continuity and the earliest completion date would be for DMV to seek a waiver of advertisement under the authority of 52:34-9a and 10d in order to give Price Waterhouse primary responsibility for

- . Detailed system design;
- . Program design;
- . Detailed programming;
- . Unit and system testing;
- . Conversion planning;
- . Implementation and post-implementation review. 32X

The following is a listing of the arguments which can be made in support of a waiver of advertisement for Price Waterhouse.

ARGUMENTS IN FAVOR OF DMV SEEKING A WAIVER OF ADVERTISEMENT TO RETAIN PRICE WATERHOUSE AS A CONSULTANT TO ASSUME PRIMARY RESPONSIBILITY FOR THE DETAILED DESIGN, PROGRAM DESIGN, DETAILED PROGRAMMING, SYSTEM TESTING AND CONVERSION PLANNING FOR IMPLEMENTATION OF THE DMV LONG RANGE MASTER PLAN:

1. Price Waterhouse was hired by the Department of Law and Public Safety during the administration of Governor Brendan T. Byrne. Price Waterhouse has demonstrated success by developing a comprehensive Long Range Master Plan which has been widely acclaimed by the Legislature, the Governor's Management Improvement Program and the media.

It is our understanding that the principals in the Price Waterhouse firm were not active in Governor Thomas H. Kean's campaign for governor. In addition, neither Deputy Director Robert S. Kline nor myself had any business dealings with Price Waterhouse prior to our taking office at the Division of Motor Vehicles.
2. Price Waterhouse has developed a professional relationship with the career management staff at both the Division of Motor Vehicles and the Division of Systems and Communications.
3. On May 23, 1983, Price Waterhouse delivered a draft Driver and Vehicle Data Base Requirements Definition Study which is the first step in redesigning DMV's data base. The existing contract with Price Waterhouse provides for \$500,000 for Price Waterhouse to serve in a coordinating, advisory and review role during the detailed design work. This contract places primary responsibility for design, programming, testing and conversion with the Division of Systems and Communications. This contract, however, could be modified to enable Price Waterhouse to begin working on the detailed design immediately.
4. The extreme technical nature of the Master Plan project would require an extended learning curve if another consultant were to be retained instead of Price Waterhouse.
5. The most optimistic time estimate for completion of the bidding procurement process is nine months. A more likely time schedule would be twelve months for development of the RFP, the review of bids and the award of a contract. During this time delay, DMV would delay anticipated savings of approximately \$3 million per year.
6. If DMV must utilize the bidding process, work on the detailed redesign would not start before March, 1984, and would not be completed before the end of February, 1986.

7. If a waiver of advertisement is granted, the design work can begin in July, 1983, and be finished by the end of June, 1985. The new system would be operational in July, 1985.

LEGALITY OF WAIVER OF ADVERTISEMENT:

Deputy Director Robert S. Kline has spoken with First Assistant Attorney General Thomas W. Greelish concerning the legality of a waiver of advertisement for Price Waterhouse to complete the DMV Master Plan.

It is our impression based upon conversations with Donald Bianco, Division of Systems and Communications who spoke with Michael Cole, Director, Division of Law, that there would be no legal problem with DMV seeking a waiver of advertisement in order to retain Price Waterhouse to complete the Master Plan.

First Assistant Attorney General Greelish will convene a meeting of all parties to discuss the legal ramifications of a waiver of advertisement. This meeting will be held on Thursday, June 9, 1983. If you are unable to attend this meeting, I will provide you with a briefing on the discussion.

CONCLUSION:

In conclusion, DMV and the State face an important decision during the next week to ten days. The Division of Systems and Communications has assured DMV that the normal bureaucratic processes will be able to complete the Master Plan project by July, 1985.

I have serious reservations about SAC's ability to deliver on its promise. A number of times in the past, DMV has attempted to implement priority projects. Each time bureaucratic procedures have caused extended delays. I think that the floundering project to automate the Motor Vehicle agencies should serve as an example of the potential for problems and delays. On February 15, 1980, the Attorney General, the Director of the Division of Motor Vehicles and the Treasurer reached agreement on a plan to expedite agency automation. Three and one-half years later only 23 of the 50 agencies are automated. I do not want the DMV Master Plan implementation to develop into a rerun of the agency automation program.

If the Division of Systems and Communications is assigned primary responsibility for the design, programming, testing, conversion and implementation of the DMV Master Plan, then a detailed schedule and evaluation system must be established. The Governor's Office must take a direct role in reviewing the progress being made by the Division of Systems and Communications.

In addition, a "fast track" task force must be established to expedite all matters relating to DMV's Master Plan. This task force is needed to expedite all Master Plan activities and issues through the involved departments, especially Civil Service and Treasury.

CWS/mad
attachments

**Benefits To Be Derived By Implementing the Division of Motor Vehicles
Master Plan By July 31, 1985**

Implementation of the Master Plan by July, 1985 will transform the Division into a modern office utilizing state-of-the-art technology and business systems to process work in a timely, accurate and courteous manner. DMV will work better and be a better place to work.

Early implementation of the Master Plan will:

- Improve accuracy of the information on the data base to avoid inaccurate billing to the public under the insurance surcharge system and provide for a more timely collection of surcharges.
- Accelerate the realization of over 3 million dollars of savings each year.
- Increase the accuracy and timeliness of the issuance of motor vehicles documents to the public.
- Improve vehicle ownership investigations of theft and fraud by computerizing the manual title file.
- Provide needed access to the vehicle registration data through on-line terminals by owner, vehicle identification and plate number. The current system is primarily manual.
- Remove unsafe drivers from the roads more rapidly through the elimination of existing delays in processing both restoration and suspension actions.
- Increase usage and reliance on the central information files by both the law enforcement community and the court system due to more timely updating of violation data.
- Provide immediate access to suspension and restoration information for central office conferences, visitors, remote conferencing and telephone calls enabling DMV to complete business at the point of first interaction. This will reduce the need for motorists to visit Trenton or for DMV to call back or write to citizens.
- Improve the timeliness of court requested certified records relating to driver violation.
- Increase the integrity of DMV violation files and reduce the potential for abuse or corruption (fixing) by personnel in DMV by direct entry of violation information at the courts.
- Eliminate paper files to reduce floor space requirements.

- Automate cash control system to ensure the same day deposits of funds, provide increased accountability of financial transactions and facilitate audits.
- Computerize the inventory system to decrease the likelihood of fraudulent or improper use of valuable and negotiatcable forms, documents and license plates.
- Provide Division management with better information to manage day-to-day operations and enable the Division to make long range management decisions
- Improve the quality and timeliness of personnel information and detailed personnel reports for training, planning and other management purposes.
- Enable management to reduce the work force and improve the quality and quantity of the work of the individual employees.

MASTER PLAN ACCELERATION

EQUIPMENT ACQUISITION

1. DATA CENTER

New Processors (60% x 4,000,000)	\$2,400,000
Communications Controller	150,000
Disk Storage . . .	600,000
Power & Air Conditioning	100,000
	<u>\$3,250,000</u>

2. REMOTE TERMINAL - UNIT COST (ANNUAL)

Equipment (rental)	\$ 3,696
IBM Line Set	32
Data Set	918
Circuit Cost	960
	<u>\$ 5,606</u>



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET
TRENTON, NEW JERSEY 08666

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER
DIRECTOR

To: Thomas W. Greelish
First Assistant Attorney General

Date: July 1, 1983

From: Robert S. Kline, Deputy Director
Division of Motor Vehicles

Re: Implementation of Surcharge System and Automation of DMV

Kindly be advised that on June 30, 1983 I met with Deputy Director Robert Meybohm of the Division of Systems and Communications (SAC). At the same time Director Cliff Snedeker was meeting with Director Don Bianco. Director Snedeker informed me that his discussion of the above referenced subject with Director Bianco was essentially the same as my conversation with Deputy Director Meybohm as set forth below.

I informed Mr. Meybohm that the Administration had no option but to use a consultant for the implementation of the collection of surcharges for the JUA and the acceleration of the automation of the Division of Motor Vehicles. Under the proposed contract, Price Waterhouse (PW) would have primary responsibility for the implementation of the aforementioned automated systems...

I further informed Deputy Director Meybohm that I would manage the project and oversee Price Waterhouse's involvement. SAC would have secondary responsibility throughout the entire project. In other words, DMV and PW would have full responsibility for the development, testing and implementation of the system while working in cooperation with SAC who would contribute its expertise to both DMV and PW.

Deputy Director Meybohm stated that both he and Director Bianco would give full cooperation to this project to insure its success. The meeting ended with my assurance to Deputy Director Meybohm that I would be contacting him in the very near future concerning what SAC's responsibilities will be concerning the implementation of this project and the schedule concerning same. I also told him that PW would be contacting him as they were starting work immediately on this project.

RSK
R.S.K.

cc: Director C. Snedeker
Director D. Bianco
Deputy Director R. Meybohm



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
OFFICE OF THE ATTORNEY GENERAL

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

CNCS
RICHARD J. HUGHES JUSTICE COMPLEX
TRENTON 08625

July 1, 1983

Mr. Edward G. Hofgesang
Director
Division of Budget and Accounting
State House
Trenton, New Jersey 08625

Dear Director Hofgesang:

Public Law 1983, Chapter 65 requires the Division of Motor Vehicles (DMV) to implement a Violation Surcharge program for the New Jersey Merit Rating Plan by January 1, 1984.

The implementation of the surcharge program by January 1, 1984 will require the Division of Motor Vehicles and the Division of Systems and Communications (SAC) to:

- Complete a sophisticated data base design;
- Establish manual and mechanical procedures for billing, collecting and accounting for surcharge funds;
- Establish a due process system to handle complaints and appeals from motorists.

These systems design and implementation actions for the surcharge program must be linked to the improvements required under the DMV Master Plan because the surcharges depend completely on DMV's violation file and accounting systems. The management, security and customer service inadequacies of DMV's systems have been documented numerous times by the Legislature, the media and the Public Advocate. To install the surcharge system without simultaneously implementing the improvements contained in the Master Plan would cause:

- Delays in billing motorists and collecting surcharges;
- Errors in billing the wrong person or an inaccurate surcharge;
- Delays in responding to motorists' questions concerning surcharge assessments.

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39x

I request permission to contract with a consulting firm for this project. The consultants' responsibilities will include:

- . Detailed system design;
- . Program design;
- . Detailed programming and coding;
- . Unit and system testing;
- . Conversion planning;
- . Development of conversion procedures and files;
- . Development of user manuals;
- . Training of all user personnel;
- . Monitoring hardware and software installation;
- . Implementation and post-implementation review.

Neither the Division of Motor Vehicles nor the Division of Systems and Communications have the personnel resources to complete this project while continuing to maintain day-to-day operations. In addition, the technical detailed systems and data base design require additional expertise which neither DMV nor SAC possess.* The technical complexity, scope and urgency of this project also preclude the possibility of developing an ad hoc committee from other State agencies to complete the project.* The Department of Law and Public Safety will be able to implement the needed systems improvements and the Legislative surcharge program only if the Division of Motor Vehicles contracts with an expert outside consulting firm.

~~A consultant with expertise in data base design and accounting systems would be able to complete an interim surcharge program by January 1, 1984. The Division of Motor Vehicles anticipates that the overall project will be completed by July 1, 1985. The approximate cost for this project is \$6 million. Funds for this project have been authorized by Public Law 1983, Chapter 125.~~

Robert S. Kline, Deputy Director, Division of Motor Vehicles, will serve as the Department of Law and Public Safety's project manager for both the implementation of the Surcharge System and the DMV Master Plan improvements. Deputy Director Kline will coordinate the activities between the Office of the Attorney General, SAC, DMV, all other State agencies and the consultant.

If you have any questions concerning this request for use of a consultant, please contact Deputy Director Kline at 609-984-2526.

Sincerely,

Irwin I. Kimmelman
Attorney General

cc: Greg Stevens, Chief of Staff
W. Cary Edwards, Counsel to the Governor
Kenneth R. Biederman, Treasurer
Thomas W. Greelish, First Assistant Attorney General
Clifford W. Snedeker, Director, Division of Motor Vehicles
Robert S. Kline, Deputy Director, Division of Motor Vehicles
✓ Donald J. Bianco, Director, Division of Systems and Communications
LeRoy Weber, Director, Division of Data Processing and Telecommunications
Richard C. Kaempher, Director Designate, Division of Purchase and Property



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF MOTOR VEHICLES

25 SOUTH MONTGOMERY STREET
TRENTON, NEW JERSEY 08606

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

CLIFFORD W. SNEDEKER
DIRECTOR

M E M O R A N D U M

TO: Greg Stevens
Chief of Staff

FROM: Robert S. Kline, Deputy Director
Division of Motor Vehicles

DATE: July 15, 1983

SUBJECT: Status Report on Implementation of a Surcharge System for
New Jersey Merit Rating Plan and a Comprehensive On-Line
Driver/Owner Information and Management System.

The following is a status report on our efforts to implement the surcharge system and a comprehensive on-line driver/owner information and management system.

DATE ACCOMPLISHED

ACTIVITY

July 1, 1983

Attorney General Irwin I. Kimmelman requested approval from Edward G. Hofgesang, Director, Division of Budget and Accounting, for the Division of Motor Vehicles (DMV) to retain a consultant for the project. On July 14, 1983, Richard B. Standiford, Deputy Director, Division of Budget and Accounting, gave approval for DMV to retain a consultant for the project.

July 5, 1983

The Division of Motor Vehicles discussed the project with a number of individuals in the Treasurer's Office.

July 6, 1983

Clifford W. Snedeker, Director, Division of Motor Vehicles, certified to Treasurer Kenneth R. Biederman that the Division of Motor Vehicles would need \$8,190,985 in order to cover the costs of:

- . A \$5.9 million contract with a consultant;
- . equipment;
- . additional personnel at DMV.

DATE ACCOMPLISHED

ACTIVITY

July 6, 1983 DMV forwarded a formal request to the Bureau of Accounting to establish accounts to enable DMV to:

- . receive funds from the UCJ;
- . expend funds;
- . repay the UCJ loan.

July 8, 1983 The Department of Treasury entered three accounts on the system.

July 11, 1983 The Department of Treasury entered onto the system the final three accounts for the project.

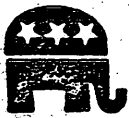
July 12, 1983 The Department of Treasury transferred the funds from the Unsatisfied Claim and Judgment Fund (UCJ) to the General Treasury Fund.

July 13, 1983 DMV prepared a request for transfer of the funds from the Control Account to the Spending Account. The transfer is awaiting Legislative approval.

July 14, 1983 DMV received a formal proposal from Price Waterhouse. DMV forwarded copies of the Price Waterhouse proposal and the Request for Waiver of Advertising (Form PB-129) to:

Irwin I. Kimmelman, Attorney General;
Ed McGlynn, Deputy Chief of Staff
Thomas W. Greelish, 1st Assistant Attorney General;
Dennis L. Bliss, Director of Administration;
Donald J. Bianco, Director, Division of Systems and Communications;
Leroy Weber, Director, Division of Data Processing and Telecommunications;
Richard C. Kaempfer, Director, Division of Purchase and Property;
Edward G. Hofgesang, Director, Division of Budget and Accounting;
Richard B. Standiford, Deputy Director, Division of Budget and Accounting.

After Attorney General Kimmelman signs the Request for Waiver of Advertising, (Form PB-129), the proposal will be formally reviewed by Director Weber and subsequently Director Kamepfer. The process could be completed as early as next week.



New Jersey
Republican
State
Committee

OFFICE OF
LEGISLATIVE
SERVICES

OCT 10 5 10 PM '85

FRANK B. HOLMAN
Chairman

October 10, 1985

Joseph L. Bocchini, Jr., Chairman
Assembly Law, Public Safety
and Defense Committee
State of New Jersey
CN-042
State House Annex
Trenton, New Jersey 08625

Dear Assemblyman Bocchini:

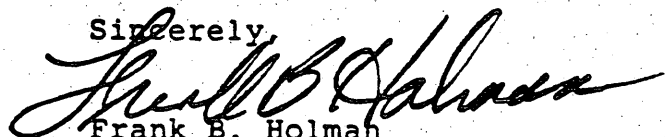
On two separate occasions I have made myself available to testify before your committee at your request. For some reason you have not seen fit to call me as a witness.

You have now requested I appear on Friday, October 11, 1985, and according to press accounts, if I fail, you will seek to have me subpoenaed. I have indicated publicly that my schedule does not permit me to attend on this date. I am available anytime during the week of October 13, except for Friday, October 18, 1985.

Be assured my not appearing on Friday, October 11 has nothing to do with my willingness to appear before the Committee. I stand ready to appear, but not on that date.

Knowing how political this hearing is, I wanted to set the record straight so that I do not read in the newspaper some headline which might say "Republican Chairman Fails to Appear -- Subpoena Issued", although I have no doubt you will use whatever tactic necessary to try to embarrass the Republican State Committee because of your tenuous political career.

Sincerely,


Frank B. Holman
Chairman

FBH/g

Please reply to:

310 W. State Street, Trenton, New Jersey 08618

609-989-7300

44X

