Commission Meeting

of

NEW JERSEY COMMISSION ON
CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 16
State House Annex
Trenton, New Jersey
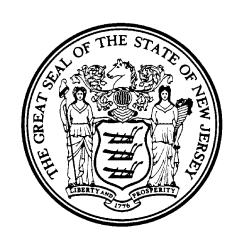
DATE: November 20, 1998
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Assemblyman Louis A. Romano
Anthony F. Annese
E. Martin Davidoff
Robert A. Roth

ALSO PRESENT:

Caroline Joyce
(representing Senator Robert E. Littell)
David Rousseau
(representing Senator Bernard F. Kenny Jr.)
Jerry Traino
(representing Assemblyman Francis J. Blee)
David M. Mortimer
(representing James A. DiEleuterio Jr.)
Edward Troy
(representing Janice Mitchell Mintz)
Christina P. Higgins
(representing Michael R. Ferrara)

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

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B. CAROL MOLNAR (Chair): In accordance with Chapter 231, Open Public Meeting law, the Commission has provided adequate public notice of this meeting by giving written notice of time, date, and location and the notice of the meeting having been filed within 48 hours in advance by mail and/or fax to the Trenton *Times* and the *Star-Ledger* and filed with the Office of the Secretary of State.

We will now take the roll call.

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

MR. DAVIDOFF: I'm present, and I just wanted to advise the Chair that I'll be leaving at 12:30, and it won't be because I'm bored of the topic at the time. I just have another commitment.

MS. MOLNAR: Thank you.

MR. SHIDLOWSKI: Mr. Anthony Annese.

MR. ANNESE: Here.

MR. SHIDLOWSKI: Mr. Robert Roth.

MR. ROTH: Here.

MR. SHIDLOWSKI: Caroline Joyce, representing Senator Littell.

(no response)

David Rousseau, representing Senator Kenny.

MR. ROUSSEAU: Here.

MR. SHIDLOWSKI: Jerry Traino, representing Assemblyman Blee.

MR. TRAINO: Here.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Here.

MR. SHIDLOWSKI: David Mortimer, representing Treasurer DiEleuterio.

MR. MORTIMER: Here.

MR. SHIDLOWSKI: Edward Troy, representing Commissioner Mintz.

MR. TROY: Here.

MR. SHIDLOWSKI: Ms. Margaret Villane. (no response)

Ms. Christina Higgins, representing Mr. Michael Ferrara.

MS. HIGGINS: Here.

MR. SHIDLOWSKI: Ms. Carol Molnar.

MS. MOLNAR: Here.

MR. SHIDLOWSKI: We have a quorum.

MS. MOLNAR: Thank you.

The next item is the approval of the October 9, 1998 minutes.

ASSEMBLYMAN ROMANO: I make a motion to accept.

MS. MOLNAR: Do I hear a second?

MR. ROTH: Second.

MS. MOLNAR: Any discussion?

MR. ROTH: Second.

MS. MOLNAR: Okay.

Any further discussion? If not, we'll take the roll.

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth.

MR. ROTH: Yes.

MR. SHIDLOWSKI: Ms. Joyce.

MS. JOYCE: Yes. Here.

MR. SHIDLOWSKI: Mr. Rousseau.

MR. ROUSSEAU: Yes.

MR. SHIDLOWSKI: Mr. Traino.

MR. TRAINO: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Mortimer.

MR. MORTIMER: Yes.

MR. SHIDLOWSKI: Mr. Troy.

MR. TROY: Yes.

MR. SHIDLOWSKI: Ms. Higgins.

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Ms. Molnar.

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: The minutes are accepted.

MS. MOLNAR: The next item is the Executive Director's report.

Do you have anything to report?

MR. SHIDLOWSKI: I have nothing to report this week, Madam

Chair, other than the fact that we will be issuing our recommendations to the

Commission shortly after this meeting, well in advance of our December 11th meeting, for the Commission's consideration.

MS. MOLNAR: Could you clarify -- the bylaws are in our packet, but it doesn't look like any changes were made.

MR. SHIDLOWSKI: I am not sure why they're in the packet. I have been waiting for an opinion from the Attorney General's Office on the question of executive branch designees, and as yet, I have received no answer.

MS. MOLNAR: Thank you.

Okay. We're going to take the agenda a little bit out of order. We will take the judiciary first, since one representative from the Treasurer's Office is not here yet.

From the judiciary, I'd like to welcome Jim Rebo, Assistant Director for Information Systems, Ted Fetter, and Bob Pitt.

J A M E S   R.   R E B O: Am I on here? I guess so. (referring to PA microphone) No? Got it.

Thank you, Madam Chair.

We were here last year, as you may recall, requesting this same funding. You also may recall that you approved and recommended it. It still did not get appropriated, so we're back again asking for your good consideration again for this project. Let me just describe it briefly for you. We have developed an electronic filing imaging system for special civil part cases. We have implemented it in Monmouth County as a pilot where we are now processing live cases with it. We are still picking a few bugs out of it in parallel processing, but we are about ready to aggressively roll the system out statewide, and we still wish to do so. This funding would enable us to purchase the

equipment necessary to implement it in all counties in special civil part -- the lower civil-type cases.

Just to remind the Commission of what the system does, it puts together two approaches that are becoming very timely in the application of technology, electronic filing and imaging. Electronic filing -- where a law firm signed on directly with us with their word processing, directly from their word processing devices, and whatever they may wish to scan, like fax scanning, can transmit to us, following our security protocol, without human signature according to amended rules by the Supreme Court -- transmit their filings paper list. In special civil part, particularly in the regular special civil part in retail debt collection, we have a relative handful of law firms in the state that mass file a high volume of cases representing credit card companies, etc., in retail debt collection. They are often highly automated themselves already, are very interested in this program, and are very interested themselves in not printing paper and transmitting to us loads of paper.

We basically are in the position to have these kinds of cases be totally paperless from their origination in the law firm through the court process. Even where paper comes in from the defendant, it would be scanned immediately, become part of the electronic file; there would be no paper case file. All of the actions that judges may apply to the court record would be done on-line, paperless. That is functioning now in Monmouth, and we're very excited about moving its benefits throughout the rest of the judiciary.

We're obviously interested in demonstrating this good work so that we can look forward to other areas of the judiciary such as high civil cases, family, criminal courts. The status in Monmouth right now is good, and as

I've already mentioned, we're looking to really be 100 percent of their live caseload sometime next February at this time; although, we are processing live cases now.

Other states have been developing systems in this area. Some have just done imaging. Some have just done electronic filing. We believe putting the two together will really complement each other and will quite possibly, because of our unique organization and advantages here in the New Jersey judiciary, may be the first state to implement statewide. There are some large counties like Los Angeles County, other places in the country that have implemented various applications similar to this.

That's all I have right now for my initial presentation, and I'd like to respond to any questions that you may have.

MS. MOLNAR: Thank you.

Are there are questions?

Mr. Roth.

MR. ROTH: Yes. Good morning.

Could you please tell us how you expect to be able to save -- what are we talking about? -- $3.1 million according to this analysis?

MR. REBO: Well, in terms of the actual efficiencies of the system itself, let me just give you the example of the retail debt collection cases that are in high volume. As many as two-thirds, or 60 percent--

Is that right, Bob?

--that may be going default, may go to default judgment.

R O B E R T   D.   P I T T: Seventy-five percent.

MR. REBO: Or as high as 75 percent can go to default judgment, which means once it's filed by the electronic filing law firm it goes right on through to default judgment. There is, right now, a fairly substantial clerical processing of that paper right on through to default judgment. This would be all but automatic. It would basically reduce the clerical effort to almost nil for 75 percent of the cases filed in this category.

We're seeing in the industry and insurance claims processing and insurance companies-- We're seeing benefits that go very high. We're trying to be cautious and conservative about our claims of efficiency right now, but they are in reasonable bounds.

T H E O D O R E J. F E T T E R: The savings, if I may, just to add one sentence or two-- The savings will accumulate because you'll need fewer people to stamp papers, receive them, docket them on the case management system, create a paper file, put the paper into a paper file, put it into the file cabinet, take it out when you need to look at it. You just don't need to do that anymore, and we estimate that by attrition savings over time, vacancies will not be filled and the clerical workforce in special civil will decline by at least 20 percent.

MR. ROTH: I appreciate your response. I wanted that read into the record. That's basically why I asked the question because we've been able in my own municipality of Middletown-- We've kind of taken a lead in Monmouth County with regard to imaging, and at the present time we've not only gotten virtually all of our building department documents up and running, but we're actually making money for the town by imaging documents from other towns under interlocal agreements. So it's really the way of the

future, and it does allow a municipality and, I hope, the State government to save some money in the long run through attrition.

MS. MOLNAR: I had a question. For purposes of due process, what does the defendant get during this whole process?

MR. PITT: The defendant is served with a summons and complaint. The summons and complaint will be on paper, and it will be served in three counties by special civil part officers, and in the other eighteen counties it's served by both certified and regular mail, return receipt requested. The process for actually serving process on defendants will not change as a result of this project. The project will, however, make it substantially easier to generate the paper product that has to be served on defendants in these cases. One aspect of the system will be the automatic generation of the summons in a format that complies with Supreme Court rules and will also include Spanish language warnings to the individuals who are served as to what their obligations are to answer the complaint.

MS. MOLNAR: Thank you.

Christina.

MS. HIGGINS: Being part of the executive's information technology planning effort, I am curious how this coordinates, or does not, with imaging projects in the executive branch.

MR. REBO: We have certainly maintained informational contact with initiatives in the executive branch. I have-- We are using the same State term contracts for acquiring hardware and software as executive branch agencies. Executive branch agencies are by and large using File Net Corporation product. That's what we are using. In other committees and

commissions involving information technology where we participated with the executive branch, we have shared our work in this area for the last couple of years and have tracked what's going on with other agencies. I have been in consultation with Wendy Rayner in the Governor's Office in regards to their budget initiative on document storage and retrieval. We're looking to continue our coordination with that.

MS. HIGGINS: So I am hearing that there is no redundancy and there is also no opportunity for savings through a partnership?

MR. REBO: Well, the application itself -- the functional design of the application is obviously unique for special civil part cases then, as opposed what the Secretary of State might do or those applications. They're different applications. We're very much aware and interested in adhering to technical standards where they work for the uniqueness of our application. We're not looking to strike out on our own in that regard.

Also, in sharing to the extent that the judiciary, as it does now extensively with traditional data processing systems where we have major interfaces with executive branch agencies, such as the State Police, DMV, Taxation, etc. -- we're obviously going to be having major exchange of information on imaging as well. Through the State Intranet, we will be transmitting and making available information as appropriate. So that has to work, and so we're very conscious of participating at that level.

MS. MOLNAR: Mr. Rousseau, you had a question?

MR. ROUSSEAU: Our memo that we've received from the Commission staff has a line that says, "To maintain the system, the court could

impose filing fees." Now, if this is going to reduce your cost that law firms are already paying filing fees for, why would you need to impose a new fee?

MR. REBO: Well, that's a good point. We happen to have special legislation that enables us to -- before electronic access, for inquiry access. We right now charge law firms to access on-line civil court records. That same statute-- I'm sorry I don't have the citation with me right now, but that same statute allows us to charge for in this series, as well as using electronic filing area. To get to your question, we keep that option open because you're right. If we can reduce cost, then why do we need to charge? We need to charge to the extent that we need to raise revenue to actually pay for this particular technical system. And if that really is unnecessary, obviously, we shouldn't just do that. So it's really an option open to us. We have not at all decided to pursue it at this point in time.

MR. ROUSSEAU: Is there a fee in Monmouth County right now?

MR. REBO: No.

MR. PITT: No. The fees are the standard filing fees for all special civil part cases that are provided for by statute. Right now, those fees are being charged to the law firms that are participating in the project and paid for through their debit accounts.

MR. ROUSSEAU: On a continuation of the savings question, we talk about the State saving $3.1 million. I'm assuming that there would be substantial savings for the law firms out there, as well, from their reduction in work.

MR. PITT: That's right. That's an interesting point because, even though we're getting the law firms to do some of our work for us, they're

actually maybe willing to pay for that privilege to some extent because of the savings for them. But again the whole notion of an additional surcharge or some kind of electronic filing fee that is still a very open question.

MR. ROUSSEAU: One final question. Last year, I believe, the Commission recommended this and the Governor didn't-- Did the Treasury or anybody give you a reason on why it wasn't in last year's budget?

MR. FETTER: We had no formal explanation. There were brief conversations, nothing that I have any confidence in reporting. There was a sense that the project was still unproven. Our pilot was not up in Monmouth this time last year. It is up and operating now, and our hope is that we can show the success, or at least the pending success, of the Monmouth pilot.

MR. ROUSSEAU: Okay. Thank you.

ASSEMBLYMAN ROMANO: Madam Chair?

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: Did you have any requests for other capital expenditure last year, or was this it?

MR. PITT: This was it.

ASSEMBLYMAN ROMANO: I didn't recall anything so maybe we should look to Mrs. Higgins to try to look at this with -- how should I say? -- rose-colored glasses. Not having had it last year, perhaps you might have some luck this year. I'm impressed on the savings over the four-year period. Beyond the fact that we're in the 21st century, I think, this is the way to go.

Thank you, Madam Chair.

MS. MOLNAR: Christina.

MS. HIGGINS: What portion is Monmouth of the universe? So if 3.1 is the savings for the entire universe, what savings might we see from Monmouth beginning in February when it's full bore?

MR. REBO: Bob, what percent of the Monmouth -- is Monmouth to the State?

I just don't know offhand, and he knows, I think.

MR. PITT: It's in the area, I would say, of 10 percent of the State volume. Two of the law firms that are participating in the Monmouth project file statewide, and they are the two largest volume filers statewide. So when we are ready to go statewide, they will be with us hand in hand.

MS. HIGGINS: So do you have some estimates of the savings and when they would begin to accrue for the Monmouth pilot?

MR. FETTER: Don't want to oversell this. Right now there are--

Is it five law firms or four law firms--

MR. PITT: Five.

MR. FETTER: --cooperating?

And what we're doing is testing the system. I think it will be some time before we actually see the attrition savings, and we're trying to be conservative in saying it's fourth year of rollout before there's a net cost savings. This is not an immediate thing, but I appreciate what Mr. Roth said earlier about the opportunities for significant savings over time.

MR. PITT: The number of law firms in Monmouth will be increased over the coming weeks to the point where we think we will have a sufficient number on board who probably account for more than 50 percent of the regular special civil part filings in Monmouth County. When Jim

mentioned that we will be full blown sometime in February, at that point, all cases will either be received electronically or be received on paper and scanned and stored as an image. Then the job for us will be moving the bulk of those cases from the imaging process over to the electronic filing process. The key, I think, is having demonstrable success with the law firms who are participating, and that, I think, will be the -- important to the other law firms who practice in the Monmouth County special civil part.

MS. HIGGINS: Just one more follow-up, please. Knowing that this is going to go into a budget context, if you had a multiyear plan that would show some initial savings offset by investment costs, that would prevent us from having to construct it on your behalf.

MR. REBO: Well, actually, we have done that, and I think we shared it on a staff level last year. I'm not sure what exact documents went over this year, but we've updated that and have that available.

MS. HIGGINS: So if you would submit that to the Chair, please.

MR. ROTH: Madam Chair?

MS. MOLNAR: Mr. Roth.

MR. ROTH: What is the length of time you presently have to store the paper records? Has there been legislation put in place that would allow those paper records to be destroyed now once they're scanned?

MR. PITT: The retention schedule right now for special civil part is 20 years. For some of the kinds of -- there are other lengths of time that are less. For a landlord tenant, for example, the paper jackets can be destroyed after two years, but the dockets themselves have to be retained in perpetuity. Does that answer your question?

MR. FETTER: There is-- I'm not sure actually if it's legislation or administrative regulations that allow us to make those long-term storage in the appropriate medium. It doesn't have to be in paper. It could be electronic, or it could be microfilm.

MR. ROTH: Thank you.

ASSEMBLYMAN ROMANO: One final comment, if you'll allow me.

Obviously, I support the whole concept, but just a question. You're talking about large firms.   What is the cost or what change in equipment is there for the small one- or two-attorney law firm? What will they have to do to be able to comply with this system? Because I'm sure there will be a point in time where you will not accept hard copy.

MR. REBO: Well, I don't know what our policies may be in that regard in the future, but we really tried very hard to make the cost of entry very low.   And basically, you can probably-- Any sole practitioner could probably get in the game with us for about $2000 for a PC, a scanner, the necessary software, and that's going to go down. So just about anyone-- We're spending that kind of money for our teenagers at home for PCs. So I believe that's a pretty small number.

MR. ROTH: Assemblyman, I believe virtually every attorney's firm in the world has PCs already.

ASSEMBLYMAN ROMANO: No. No. I was about to make that point. The PC is a matter of fact, but the scanner and the software becomes a different story. Now, when we talk about the software, is this software going

to be made available by the State for a basic fee? Or does each one of these firms have to go out and reinvent the wheel?

MR. REBO: Well, the software they have to-- No. No. No. No. The software they really need to acquire to participate is WordPerfect or Microsoft Word or word processing, which they would have in any case if they're having a PC. They may need to buy if we go through the Internet, which I think in due course we will, they'll have Netscape or Microsoft Explorer, which they may well have for their own purposes in any case. Right now, we're having them dial in apart from the network on the Internet following a special security protocol, and they're using a product called Reach Out, which is a proprietary product they can buy off the shelf at a computer store. We just specify the requirements. That's a several hundred dollar item. Buying in right now is really not a significant thing.

MR. PITT: The current participants in the project include a sole practitioner, two law firms that have two attorneys each, and the other two law firms, while they're high-volume filers, they don't have a lot of attorneys working in the office. The reason they're able to file the high volume of cases that they do is because they are automated and they have automated links with their clients.

ASSEMBLYMAN ROMANO: Thank you, Madam Chair.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Just a comment because I also practice as an attorney. Most attorneys have either WordPerfect or Microsoft Word. A scanner they might not have is $300, CompUSA. These are all very small

things. The thing that I'm concerned about is the attorney that's not going to be a frequent flyer -- filer--

MR. REBO: Or flyer. (laughter) I've often made that mistake.

MR. DAVIDOFF: --and that you have two things, as you're developing this: one, really thorough yet simple and short documentation on how it works, and also, training sessions that either you contract out or you have training sessions for paralegals or the attorneys to come in, sit down for a two-hour class, go through it hands on. You can do that because frankly there are a lot of people who are not computer literate. They may even have word processing because you can't do documents without word processing of any significance.

But I would strongly suggest that you -- as part of this, that you focus on excellent training and that you really survey the people who are taking your initial training courses, not only after training, but six months later, to see if it can be better because that's the defect on all this computerization. You're given a book, you're given a disk, and you say, "Okay, now what?" and you end up going to your friends and they explain it to you. If you're going to require this eventually as a public institution, I would ask that you be sure that you provide adequate-- It doesn't even have to be no cost, but certainly low cost. For $35, you can come in and you can get training. That way it can pay for itself and you can make it good training.

MR. REBO: I hear you. There's no question that will be necessary for this thing to succeed. There's no question about that.

ASSEMBLYMAN ROMANO: And there's no question in our minds that some sort of entrepreneur will come up with a legal service to be able to provide this transmission to the State on behalf of people who will pay.

MR. REBO: The entrepreneurs are--

ASSEMBLYMAN ROMANO: There's a service for everything. I'm sure they'll be one for this.

MR. REBO: They are out there.

ASSEMBLYMAN ROMANO: Already. Okay.

MR. REBO: They're already surfacing.

MR. PITT: They are out there, and we're in conversation with them. They provide kind of a front door to the courts' information systems. Once we build the network here, the front door is going to be open and anybody -- in fact, several vendors will be out there offering communication services.

ASSEMBLYMAN ROMANO: Thank you.

Thank you, Madam Chair.

MS. MOLNAR: Christina.

MS. HIGGINS: Do we have detail on this request in terms of hardware, software? Where I am going is the opportunity, perhaps, to finance over a longer period of time for master lease. Do you have that? Could we get that, please, through the Chair?

MR. REBO: Sure. We certainly have that detail. In special civil part, the amount of money we need is 5.1 million, I believe. I have to look at my documents, and we're asking for something over 2.2 million in the first

year. We've used master lease before, whatever makes sense financially for the State.

MS. MOLNAR: Thank you.

Any other questions or comments?

Mr. Mortimer.

MR. MORTIMER: I was hoping that the Assemblyman would hear this. It's interesting to hear the exciting access that electronically we're going to apply -- allow people to have the data. Sort of an inside joke. (laughter)

MS. MOLNAR: Okay. Thank you.

Any other questions or comments?

MR. PITT: May I make one more comment?

MS. MOLNAR: Sure.

MR. PITT: In regard to the law firms or pro se litigates, because a lot the litigates in the special civil part are not attorneys and do not have computers-- They're in financial difficulty, and that's why they're being sued in the first place. Even though the suit might have been commenced by an attorney filing electronically, the opposing papers can be received and scanned into the system using the high-speed scanners. And the images of those answers, papers opposing motions, and so forth, can be stored electronically in the electronic case jacket, and we won't have to maintain the paper that those folks have filed. But it really will not impede their access to the judiciary at all, and in fact, those few attorneys who chose for whatever reason not to file electronically would still be able to file on paper, and we can handle that.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

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

MR. REBO: Thank you, Madam Chair.

MR. PITT: Thank you.

MS. MOLNAR: Our next department is Office of Information Technology. I'd like to welcome Wendy Rayner and Steve Long.

S T E V E   L O N G: Good morning.

MS. MOLNAR: Good morning.

W E N D Y   R A Y N E R: Good morning. Thank you for having us this morning. We're very pleased to be here. I'm Wendy Rayner, Chief Information Officer for the executive branch in the Governor's Office. I'd like to introduce Steve Long, Acting Chief Technology Officer in the Office of Information Technology. This is Hank Murray, and I'm not sure of Hank's title to be honest with you.

H A N K   M U R R A Y: Chief of Operations.

MS. RAYNER: Chief of Operations. He handles all of the backbone for information technology for the executive branch. We also brought Mark Carroll (phonetic spelling) who does our fiscal administration in the office.

I wondered if-- First, I'd to again thank you for having us this morning. We're the new kid on the block, as an in but not of, based on Executive Order No. 87, which Governor Whitman signed on September 4th. I wonder if you would indulge us for me to do a little background on who we are, what we are, and what we're trying to accomplish, as opposed to just do dollars and cents.

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Madam Chairman, would you entertain that--

MS. MOLNAR: Sure. We'd welcome it.

MS. RAYNER: --if I took about five or ten minutes to just a high level overview of what we're trying to accomplish? It's often dollars that follow business goals, and I wanted to share with you some of our business goals so you'd understand what we think we're trying to accomplish and why we need this support of this Commission in order to deliver technology at the most basic level and serve the agencies of the State government.

I have some handouts that go over my brief presentation. I'll keep one for me.

Technology is wonderful when you can get it up in time. It's a little arduous when it takes a few minutes. (referring to problems with slide projector)

Madam Chair, rather than hold you up -- we appreciate your indulgence. We'll do it off this (referring to written statement), and I'm very sorry. That shows how badly we need your help.

The first slide just talks about my goal, which is to make New Jersey the on-line state. I really believe we have the pieces of the puzzle, the staff, and the resources to do it. It's a matter of pulling it together. There's a vision that we put together working with a leadership team made up of sub-cabinet members, and it's important because if you keep a vision in front of you, it shows a direction you need to go in. And I won't read it for you. You can read the vision yourself.

There are four critical areas that we're trying to look at. We're looking at governance, and that's what the Governor did when she created the

new organization, an in but not of, to give it autonomy to have more flexibility to meet the needs of the agencies and, ultimately, the citizens of the state. You need to focus very firmly on technology to create solutions to support business needs. In the past, we've done technology project by project, not with a view toward meeting the business needs of the agencies and, ultimately, our constituents, who are our customers.

The one that I really want you to focus on for a minute-- (pause for slide projector problems) The one on the governance is-- The Governor's vision is assigning a chief information officer, and I'll get to what I think my role is and how I should function. I've designed some strategic teams made of agency representatives to actually look at the most important areas that we need to focus on. We're going to be doing a strategic plan or we're in the process of developing a strategic plan. The State did not have a strategic plan looking at business needs prior to this initiative. Again we did project by project based on often technology needs, not business needs.

You can imagine sometimes we weren't successful in meeting the needs of the cabinet, the Governor, or the agencies, and ultimately, the citizens. And then an executive order created a governing board to help the Office of Information Technology look at meeting their needs through bringing in three private industries' representatives, as well as public representatives, and I chair the board. The reason for the board is to help us direct ourselves and manage to the future with good plans and implementable plans that can look at technology in a more holistic way for the first time in this state.

In the past, what had happened is there was a lot of isolation going on in the various agencies. We're trying to coordinate in a much more holistic

way. If you'll look at the governing structure where I talk about, on Page 8, the-- I think my role is to lead, coordinate, and integrate statewide information technology activities to ensure the information technology solutions, support business goals to enable New Jersey's government to provide the consumer, or our customers, with the highest level of government services. That's really what I see as my role, and one of the major parts is to be kind of a catalyst and an advocate for technology.

I really believe technology today is in its infancy. I don't think any of us can predict where it's going to go, but I can tell you it's going to change how we do our business. And if we don't support it fundamentally, as far as infrastructure -- and that's really why we're here. We need your help with providing the best support for infrastructure to help the agencies be successful. They're the ultimate deliverers of services, working with counties and municipalities. That's how our citizens get their information.

Today we can't keep the information from them. They want access. They deserve access. And I believe the citizens of tomorrow are not only going to expect this from us, they're going to be demanding it from us, as well as our corporate partners. The corporations, to stay in the State of New Jersey and to stay here and be healthy and grow, are going to expect technology to be an access to information from their state -- to be accessible, accurate, and flexible but timely. We need to put that backbone in place in order to do that, and that's again why we're here, to have you kind of get a better understanding of what our ultimate needs are to deliver that and drive it home.

The next slide I'll just kind of pass over. But the one that's of interest I think to you all is the information technology governing structure

where you see the matrix of some small square boxes in a triangle at the bottom (indicating slide) where the leadership team is at the bottom. That's the policy group. They're setting policy and providing resources to the agencies. The teams that-- You see me in the middle in this -- purposely that way. I see myself as a coordinator of all of this activity in the state and providing some guidance and leadership. The teams at the top, they're made up of cross-agency representatives, so we're sure we're meeting the agency needs. We're focusing on what we think in those teams are the most important issues facing business today and using technology to solve and help address the business needs.

My goal is to advance using technology to its maximum, to deliver the business needs that the Legislature and the Governor set for the agencies. So these teams are looking -- and you can read them yourself. We have a planning team, we have a infrastructure team, and a lot of our capital needs are to help us with the infrastructure. Fundamentally, you can't deliver technology without a solid infrastructure, and our infrastructure today needs help. We are not as well positioned as we'd like to be to drive home meeting these needs using technology. If you have any questions on that slide, we can get to it.

I also wanted to draw your attention to one state, one network. I don't mean we'll actually have one network. The counties and municipalities, the schools and the libraries need to build their own, and so do the higher ed. But I want the connectivity, and I want us to share the intellect. If we understand what each other is trying to do, the savings are there. We need to be sure we're connected and sharing information -- we have the same platform, we have the same plan, we're going in the same direction. That's what my

philosophy is. We need to identify what's currently out there. None of us know. Therefore, there's a lot of fragmentation, duplication, and redundancy. That's wasteful, and it's all the same taxpayers dollars.

I see a broad vision where we have several providers under contract where we're doing it together leveraging the plan and the cost. It will be cheaper, but it will be fundamentally better positioned for the State to actually deliver these services again with the infrastructure in place to bring this to fruition. So if we identify the current needs, we define the system needs for the future, and then we design a plan to implement that, and we work with the various entities to actually help them bring home and deliver this network.

Going back to the people, I believe we have not trained people adequately in the new technologies and in emerging technologies. We need to do that. My goal is to look for having the right people in the right jobs with the right skills. So we need to focus on people. People are our ultimate finest resource and asset, and we need to manage them better as far as training. Process, the goal is -- you don't just put the old system up on the computer. You reengineer it to get the process to be the best process and the most streamline and efficient process we can put up, and then, we build the technology around the new process. We reduce duplication. We make it more accurate and flexible and accessible to our citizens.

We need to look to electronic commerce. There's a lot of opportunity for the State to bring in new revenue through electronic commerce. We can't do it without the infrastructure in place and again a shared infrastructure.

There's opportunity for-- You know we're all going to one vehicle. I don't know if it's wireless or where the future is, but we'll all end up with one phone number, we'll have one access and one capability. The State needs to be abreast of that because it will be cheaper ultimately. Yes, there's money that needs to be invested up front. It's kind of pay now to get the savings later, and if we don't invest now, we, the stewards today -- we're going to put New Jersey in, I think, a very high-risk position for keeping our citizens here and our businesses here.

The last slide-- One of the slides is blank and on the-- If I could have pulled this off in very short notice, it shows the pieces of the puzzle coming together because I believe by working together we actually can do this to make New Jersey the on-line state.

And a final word on kind of the presentation is that information is an asset, but we haven't managed it as an asset like we do dollars and people. It's time we do. Again, being the stewards today and responsible for managing government today, I think we need to position New Jersey to maximize information which we're turning into a knowledge age since people understand they can't do their jobs without good information, timely information, and access to that. So I think what we're trying to do with this new organization is become customer service oriented, providing the skills and the service to the agencies that they are requesting and delivering those in a timely, efficient manner.

So I don't know if you have any questions on that before we get into kind of our basic dollar request that we have come before you today, but I appreciate your indulgence. I apologize that we couldn't deliver on-- I

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wanted to kind of wow you a little bit with some power-point presentation, but I'll hope to do that at another time.

MS. MOLNAR: Thank you.

Assemblyman.

ASSEMBLYMAN ROMANO: Ms. Rayner, you haven't been here before, have you?

MS. RAYNER: No, sir, I have not.

ASSEMBLYMAN ROMANO: I'm happy what you have said here today because I've been the person with a mantra over the past several years -- and I think the gentlemen will attest to that -- where I believe that the role of OTIS, now OIT, should have been expanded because you have an entire Department of Education and you have students and academia who deal with information, and I always maintain go right to the top. These gentlemen and their staffs know it best. Why not utilize them to the fullest extent? But I always was reminded that they work for the State -- the State -- rather than throughout the state.

I have one question though. The Commission on Science and Technology, how does that fit into your plan here? There is an existing Commission-- I hope I have the title correct.

MS. RAYNER: You do.

ASSEMBLYMAN ROMANO: The Commission on Science and Technology, which I've always been impressed with. In fact, I attended a presentation maybe some six months ago at Stevens in Hoboken along with the incubator -- manufacturing groups that are there. I don't see any in your boxes in your menu. I don't see anything about that. Where do they fit in?

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MS. RAYNER: Well, my view and understanding of them is they're looking at bringing business in and also growing technology for the future.

ASSEMBLYMAN ROMANO: Right.

MS. RAYNER: So we need to be in touch with them so that we're aware of what they're doing and they're aware of what we're doing and see how we can have synergy and alignment in our purpose. But they're kind of way out there ahead of us. I'm paying attention to getting New Jersey's executive branch's house in order to be able to deliver on the mandate I think we have of delivering our services over the Web to the citizens when they need it and how they need it. They're going to expect it in the next generation. I think we have an obligation to provide that today. So I think we have a lot of work to do to position just the executive branch to be ready to do that. But you're right, we need to be aware of what they're doing and work with them.

ASSEMBLYMAN ROMANO: And I hope you're going to think about education, the education within that framework. And what you're saying is the Commissioner, I think, does an excellent job. And with the few dollars that they obtain, they leverage that into millions and millions and millions. And what they've done with the money-- I forget the director's name. He does a fantastic job. And I hope that they will be a part of whatever process you're doing here when you're talking about industry, not talking about the State per se, but you're talking about bringing industry in.

MS. RAYNER: Yes, sir.

ASSEMBLYMAN ROMANO: Because they've been paramount in helping the technology area, and I've seen that in Stevens. Stevens

University (*sic*) is in the forefront along with the incubators that they have there. Thank you very much.

MS. RAYNER: Well, thank you. Thank you for your interest.

MS. MOLNAR: Any other questions on the presentation?

Mr. Troy.

MR. TROY: Yes. Wendy, good morning.

MS. RAYNER: Good morning, Ed.

MR. TROY: Congratulations on your position. You certainly have your challenges ahead of you.

Coming from a small agency and three agencies before this, I would tell you that we're certainly looking forward to your direction. We just had judiciary here, and they're off in an imaging effort much -- so much that other departments want to go in the same way. And there just has to be some economies in terms of people working in the same effort and buying, whether it be hardware or software, en masse in this type of effort. But I tell you, part of what we struggle with in the agencies and part of what we're here about is money and cost. As our budgets continue to lay flat, our IT budgets become a greater and greater percentage of the overall number. And that's not an issue and not a problem if we're getting something back from it, if we can produce the savings like judiciary puts forth so Chris Higgins is happy over in OMB. (laughter) Basically, though--

But we're looking at these investments, and maybe just a comment and without getting into projects, are any of the projects that we have listed today -- are they looked upon as statewide enterprise in terms of keeping costs

down to helping agencies derive some benefit? Is any of that incorporated in the capital presentation today?

MS. RAYNER: I think most of them are from the standpoint, if you have an overarching plan that brings in all the elements and you're aware of what each other is doing and you reduce duplication and redundancy, you can eliminate a lot of costs or avoid costs. One good example is, and I don't know how it's reflected in here except in several of the line items, a server farm. If the central organization provides a server farm to the institution of various agencies, we will be able to leverage purchasing of hardware, staffing space. It's a 24-hour, seven-day-a-week shop that keeps it moving all the time. You don't have to have those staffs around the clock in every agency. So I think most of them include opportunities for that kind of leveraging.

Purchasing of anything -- my goal is to have a better understanding of what each agency needs and then get the best price for the State. It's kind of like an incentive plan, so even the judiciary will want to buy off it. Hopefully, municipalities and counties will want to purchase off some the contracts and agreements we can make because we get a really good price for the State. Most vendors want -- do volume. We have volume if we do it collaboratively. We do it independently, there's a lot of waste. So I think most of them include that kind of thinking where we're consolidating where it's appropriate, where we're allowing agencies to do what they need to do where it needs to be close to the business, but our whole premise is to look at the business and cost savings throughout everything we're trying to do.

MR. LONG: You know, Ed, that these are capital costs -- support all the agencies, and they're not charged back to the agencies.

ASSEMBLYMAN ROMANO: Madam Chair?

MS. MOLNAR: Yes, Assemblyman.

ASSEMBLYMAN ROMANO: You know the question that's coming. Before us here we had judiciary, which came up with a plan with over $5 million, which let's say over an extended period of time, returning to the State (indiscernible). Did OTIS or OIT have any input into what judiciary was doing with this new high-tech recording?

MR. LONG: Jim and I have spoken.

ASSEMBLYMAN ROMANO: Who's Jim?

MS. RAYNER: Jim Rebo, who is their chief information officer for the judiciary. But as far as input into their plan, the costs, and the implementation, no. I do think there is more opportunity for collaboration and cooperation. I don't know what that would do to the cost because I haven't seen them, Assemblyman, so I can't give you any hard facts. I don't know how much authority any of us have to ask them to join us, but I think they should. We should try to leverage. They need some hardware. Everyone will need a little hardware. I don't know if they're willing to -- if we have the capacity to take on their initiative, but we should certainly collaborate and cooperate and see if we-- Because we have an initiative, that I know Chris is aware of, for imaging in the State. Imaging does have potential for not only cost avoidance, but savings down the road. It's one of those initiatives where you pay for it to get it started, but you eliminate a lot of entry. You eliminate a lot of filing. It's just where we need to go to manage paper. If you ever want to get to a paperless society, imaging it, storage and retrieval is probably 50 percent of the issue.

You need to start managing it today, but we could do it better if we do it together. That's one of the initiatives we have that is not coming here. It's going to the General Fund in the Governor's Budget -- is to ask for some money to do an imaging for us at a State level coordinating with all 17 executive branch agencies and just begin that process over time. Because every agency is starting to put some money in for an imaging initiative. I thought we ought to do it as a State initiative.

ASSEMBLYMAN ROMANO: I hope you understand where I'm coming from on this. When you talk about the collaboration, I don't have the authority to, let's say, change departments or change the line of command or control, but I've always regarded -- and I come from local government and the school board -- and I always had regarded OTIS as the high-tech think tank, if you will. And they are the high-tech think tank, and I don't understand why this group has never been made a part of the-- When I say a part, they should have at least been consulted before the final plan ever becomes executed.

MS. RAYNER: I guess it's--

ASSEMBLYMAN ROMANO: You have the finest people working for OTIS there.

MS. RAYNER: It's the separation of powers in the Constitution that they come to us as they need. And if they don't need to, we don't have much leverage to require them to come to us; although, Jim and the Chief Justice are very willing to work with us, but it's kind of at their behest. Now, I've certainly put forward all of our resources to be supportive to them, and they do understand that there are savings and/or certainly collaborative advantages to working together. And Jim has talked about that. And, in fact,

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I think he'd like to have you all know that he's willing to do that in hopes that we can fund it and even -- I don't know if we can reduce the cost overall, but I can take the message back that this was a high issue for you and ask him if he would be willing to sit down with us and look at our initiative and his initiative and see what we could provide in the way of background because they'll be a nice message to come from this group frankly.

I'll be glad to take that, if you'd like, too, Madam Chairman.

MS. MOLNAR: Sure. Is that the consensus of the members?

MR. MORTIMER: So the executive and legislative branches of government are concurring and recommending that the judiciary branch speak with us? (laughter)

ASSEMBLYMAN ROMANO: We're not--

MS. MOLNAR: To talk.

ASSEMBLYMAN ROMANO: We're not looking for control. I think the word--

MS. RAYNER: Corroboration.

ASSEMBLYMAN ROMANO: --is interactivity.

MS. RAYNER: I agree.

ASSEMBLYMAN ROMANO: Thank you.

MS. RAYNER: Thank you.

MR. MORTIMER: Madam Chair?

MS. MOLNAR: Yes. Mr. Mortimer.

MR. MORTIMER: All humor aside, there's-- We recognize all three branches talk frequently, correct? Recognizing this is the first time we had to put one of these plans together -- and I, too, want to add my

congratulations, and I think Wendy and I share a sense of excitement about technology and its benefits to the citizenry of this state, both in terms of its potential for doing good as well as making it less costly for people to do business in the state at whatever level they want to.

I'm looking at a summary sheet that I hope you all, at least members of the Commission, have which is the Department Priority Summary Report General Funds.

And you may not have it. It's probably a document--

MS. RAYNER: We don't have that.

MR. MOTIMER: --that was prepared for us. These are just a couple of observations. The five-year plan shows about $67.6 million in requests. If I read the narratives correctly -- and pardon me if I poke fun of myself with coming from Treasury, I hope I added the numbers up correctly. It appears that there are two large numbers -- 32 million for a radio network study and $30 million worth of improvements to one data center at the State Police in West Trenton. I'm assuming that that correlates to these sheets that show the individual breakdown. But I guess my question is, recognizing that this is the first blush and we are in the process, is in fact the narrative correct that the $32 million is only for a study?

MS. RAYNER: No.

MR. LONG: No. That's incorrect. This was started actually prior to the OIT. It was started under the OTIS under Treasury. One of the problems that's facing the State of New Jersey in any kind of an emergency is you have various types of communications systems, many of them antiquated, all over the state. So when an emergency happens, most of the time people

have no ability to cross communicate in the radio area. And when they're out there -- this includes DEP, the State Police, Emergency Management, your Federal agencies like National Guard and the other ones. One of the things that many states have started to do is look at a study to see how we can bring the communications together into some of the new frequencies, especially since the Federal government is now allocating new frequencies to the State and see how we can get a coordinated effort.

In my efforts at the Department of Law and Public Safety, one of the things I was able to achieve recently in Emergency Management was bring DOT, which I know you're familiar with, Dave, and DEP and State Police Emergency into one room. So instead of trying to make phone calls out to where I can't get a sand truck on a road where I have two troopers locked up so they won't let cars down, I can now communicate just across the room, but I still can't communicate together. What we've--

MR. MORTIMER: Well, let me just interject. What might be helpful here is -- the narrative, if I've read it correctly, and I've read it twice, but I will admit that-- It appears to the Commission members it's a study. So what you might want to do is take a look at the wording--

MR. LONG: Okay.

MR. MORTIMER: --and lay it out for us as to what actual action steps will result in improvements in terms of equipment or connectivity.

MR. LONG: The consultant that's been hired -- the Commission, I don't know if you're aware of that -- and he is now preparing his analysis looking at all the existing radios and frequencies, and he's going to be making recommendations. Whenever you try to do something as big as this and as

complex as this, the dollars are going to be extremely high. So what we're trying to do is put a placemark, so to speak, but the consultant's cost himself is a couple hundred thousand dollars.

MR. MORTIMER: If you could, take a look at that one, give us a new narrative for it because I don't think anyone-- I didn't expect the answer was going to be, "Yes, it's $32 million per study, but that was what we--"

MS. RAYNER: No, the actual-- What we've done is a placeholder, and it's the implementation, Dave. That's really what that is. It was just 2 million for the study, and that's again kind of an estimate. But the goal was implementation, and we want to get on one system that is of new technology, will be much more efficient than we have now again where everybody is doing their own thing; and we will give you a new narrative and we'll look at these figures now that we have a consultant beginning its work.

Madam Chairman, we'd like to kind of go through a couple of highlights really quickly--

MS. MOLNAR: Sure.

MS. RAYNER: --and then certainly entertain any questions you have at all.

MR. MORTIMER: May I just ask one question that you might want to think about when you're doing your narrative? The material we do have does show $30.2 million worth of improvements to one hub, to one data center, State Police, West Trenton, if again you add the numbers up. I guess what would be helpful to understand is-- I recognize from reading the material you are in the process of trying to centralize activities as much as possible. To

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the extent that you can help us understand what you believe the data hub systems will look like and what kind of disaster recovery activities are going to be available as a result of that, it would be helpful. Because if one hub is going to cost us $30.2 million in six years, how many hubs are we buying?

MS. RAYNER: We'll let you know. I think it's one hub, and the goal is to have the capability. But our system is very old.

MR. LONG: Do you want me to go into a little detail on that? If the Commission would like, the State of New Jersey has two data centers. They are in -- close by to each other. One's at the State Police Headquarters, and the other one is at the hub. The hub was built back to house our mainframe, our enterprise servers, which support all of pension, your financial, your payroll, every license you print, in that center. As far as expansion goes, you have a tremendous invested amount of money in that hub. You have backup generators. You have fiber optics. You have all kinds of capabilities.

Technology today is moving towards what we call server farms. This is where we're being asked to take all these servers and locate them into one area. Now, the alternative to that is to take these servers and reduplicate these kinds of sites all over the state. That's not something that I would recommend, nor do I think most technological agencies are going towards that. Since I've been at OIT, Department of Corrections has asked us to take over 32 servers of theirs, which is replacing their system. Human Services is asking me to take some 15 of their servers and locate them at the hub. The hub has no room. The hub is full.

Now, the best thing to do would be to take that hub and add to its electrical and add to its space requirements for storage of paper and for

other servers so that you have a 24-hour, 7-day shift, which we now run, where you're not duplicating personnel, you're not duplicating power, you're not duplicating fiber optics, and you can locate them all there. The agencies can share from that consolidated effort. The agencies' real concern is, do they have backup? Do they-- Are they up 24 hours, 7 days a week? The programs inside they control, so we're acting as a physical housing for security.

One of the things that we're doing that we're not asking the Commission for money, but I'm doing it out of a separate set of money is -- I'm putting a hot -- what they call a hot backup site located somewhere else, probably in Philadelphia or New York, for that center, which we did not have now. That is something that we have to do almost immediately because almost every record you deal with in the State of New Jersey is located in those server farms, or in those computers, inside those two buildings. Those two buildings are located right underneath the runway. I don't need to advise you of that.

So those are the kinds of issues we're looking at, but the best way to do is to invest in your existing structures instead of duplicating server farms in different locations, in Trenton or throughout the state.

MR. MORTIMER: So the disaster recovery plan would have the backup site out of state.

MR. LONG: Backup site would be either instate or out of state. We're dealing with the four primary vendors -- IBM, Comdesco (phonetic spelling), Sunguard are your three major primary backup site people, which we're looking at and working with right now, and hopefully, we'll have a contract executed within the next two weeks.

MR. MORTIMER: How many data centers do we have now?

MR. LONG: We have two data centers, River Road and the hub.

MS. RAYNER: But they're logical. In other words, they were one, except for physically.

MR. LONG: They're tied together through fiber optics, one line of fiber optics, but they're two physical buildings.

MR. MORTIMER: You only have two?

MR. LONG: Yes, sir. Only two for enterprise servers or mainframes. Now, there's a lot of what we call servers, which are the smaller servers located throughout. I'm making agreements with the Department, like I said, to try to consolidate those. Those servers should all be located at the hub. Of course, I need some expansion in order to do that. The cost avoidance is -- would be tremendous. Think of duplicating--

MR. MORTIMER: In terms of that factor, though, when you're considering again the presentation, none of these investments show a reduction or savings in operating costs. But in the brief narrative you've just given us, you've alluded to the fact that by having the improvements made in this one facility and, therefore, having one dedicated staff, one dedicated power, and so forth, and so on, it would imply that you would expect that there would be operating cost reductions in the out-years.

MS. RAYNER: I think it's tough for us to estimate that, Dave, for this reason. Let's just take the Corrections' project. They're redoing their total system into an integrated system. There was a Y2K, year 2000, problem where the date was affected. So then they, rather than fixing an old kind of poor system -- it wasn't really integrated, it wasn't doing the job that they needed -- they're developing a new system. Through that plan, they're going to give us

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their servers to support that system. They're going to give us a couple people from their staff to maintain it. But because it's a new system, I think in the first couple years, they probably won't have a great deal of savings. It's very labor intensive to bring up a new system, and I think it's out-years. To estimate that today, I would hesitate to do it for you.

If we bring in Human Services' servers, they would have to probably do more of an estimate savings than we could -- as to how that would affect their program and their planning than we could do. I would be at again high risk to try and do that. I could do it with them, based on what we think we're going to pay versus what they would, so that would be a collaborative effort. But to do it today, since they aren't in today, we didn't-- It was harder. Not to say we shouldn't do that or couldn't, it would just take us some time.

MR. LONG: I could give you an example. The Department of Labor is putting how many servers, Hank, in their building?

MR. MURRAY: Starting out, I think, with four.

MR. LONG: With four. They're not joining us at the hub. They're putting them in their own building. They're going to have to have backup power. They're going to have to have air-conditioning. They're going to have to have staff to run them. I mean, you can see what -- you can see the savings--

MS. RAYNER: So in that case, there's cost avoidance.

MR. MORTIMER: The reason I was going with the questioning is because of having had experience dealing with the merger of DOT and MVS.

MR. LONG: Motor vehicles.

MR. MORTIMER: It became very clear. At that time, I thought I was told we had five large data centers of which three main users existed in aggregate number and--

MR. LONG: OIT and OTIS consolidated around two centers. That was accomplished, a consolidation program, recently, and the two centers are now fully operational including all of your print services.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Yes. Just along those lines, even though it's hard to do, I think, as you come back here and maybe you could clarify, when we're making decisions as to-- Certainly we're not going to be able to make cost savings decisions and whether that's possible. So we would recommend that you get together, if you can't do it for this year, but certainly for next year's budget -- that you get together with whatever departments you have to get together, that you quantify the cost savings. We're looking out seven years here. If it's two that there are going to be none, you put that. But if we do not in effect put in cost savings as goals for you and the Departments that you're helping to achieve, then we're not accomplishing the goal of automation of making things not only better serviced, but also lowering the labor costs in doing a lot of these things. So I would ask that you do that.

MS. RAYNER: Could I speak to that?

MR. DAVIDOFF: Sure. Then I have another point.

MS. RAYNER: The issue is the savings are across the state, and I think Treasury has those records. I don't. I have a harder time-- I certainly will cooperate with Treasury and the agencies to do it, but it is a cooperative

venture. I don't have their budget records and their information. So we can try. I agree.

MR. DAVIDOFF: Well, I think Paul would guide you, as our staff Acting Executive Director -- could guide you in how to do that and how to coordinate. I'm sure that he could do that.

MS. RAYNER: I just wanted to be real clear.

MR. DAVIDOFF: Am I wrong on that, Mr. Shidlowski?

MR. SHIDLOWSKI: No. We would work with Mr. Carroll, who handles the financial administration for OIT, and we would discuss how to go about that.

MR. DAVIDOFF: The other point is regarding this -- what appeared to be a $32 million study. I would not just rewrite the narrative. I would separate the two pieces.   Here's the study and here's the implementation, and here's the cost. I mean, maybe part of the 5 million -- adding to the study-- I don't know. I can't tell. It's very common to see studies and then implementation, but sometimes they're all one project, but it's easier to see it if we separate it out. We all understand how it helps, but just to clarify have it on the record.

Thank you.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: Leave it to me to bring into play another aspect, which goes beyond cost savings. Now, I asked a similar question to the Department of Health when they asked for quite a few pieces of testing equipment. And I asked a question, was there anything about this new equipment that would assist us should there be a terroristic attack? Their

answer was "No" and that what we depended upon in the State of New Jersey was the Federal government with all its facilities to come into play. Now, I ask you the question now -- we're talking about backup systems -- are we talking in any sense here about a necessary -- or the necessity for backup systems with the understanding, as we have been told by all the media, to expect attacks? That when it comes sooner or later, is any of this meant to provide us with alternative or backup systems so that if a situation did occur we would not be in the position of no communication whatsoever? I'd be interested in that beyond the cost savings.

MR. MURRAY: Let me try and answer that. First of all, going back to the issue of consolidation and how many data centers we have, this time last year--

ASSEMBLYMAN ROMANO: Do you want to put your mike on? The little red button.

MR. MURRAY: Now?

MR. LONG: No.

MS. RAYNER: No.

ASSEMBLYMAN ROMANO: Is the red button on? It's good.

MR. MURRAY: Yes.

A year ago we had three physical plants. We had the two that remain in West Trenton, Building 15, on the State Police Headquarters and the hub, and we're also in the Taxation Building. Through funding that the Commission gave us, we were able to consolidate and close what was called the Barracks Street Data Center, the Taxation Building. We left that building in February of this year, replaced equipment, and moved existing equipment out

to West Trenton. Now, logically, we regard that as one building. Actually our central processing units, the brains of the computers systems, are in Building 15. The print facility is at the top of the hill at the hub. The manual operation of tape handling is at the hub. Disk drives are at the bottom of the hill on River Road. We use extensive silo systems, that's, you have robotic tape-handling equipment to eliminate the need for people mounting tapes. A sizeable tape library is at the hub for the manual operation. So from the consolidation viewpoint, we have gone from three to two. We have gone from four central processing units into two in the IBM platform that we process. So those kinds of savings can be documented. The other side of the coin is, if we take a hit from the system software vendors, as we increase the size of the processor that we run, they also increase the fee they charge us to use the software that they provide.

Now, on disaster recovery, we are in the latter stages of negotiating, with Purchase Bureau involvement, a contract with the three vendors that Steve had earlier mentioned, Sunguard, Comdesco, and IBM. They probably represent 99.9 percent of all the backup and disaster recovery that's around in the information processing field. We hope to have that contract in place very shortly.

ASSEMBLYMAN ROMANO: And where will that be located, if I may ask?

MR. MURRAY: If it's--

ASSEMBLYMAN ROMANO: I mean, if it's secret, don't tell me. I know you have to kill me right after. (laughter)

MR. MORTIMER: It's under a mountain in Sussex County, Assemblyman. (laughter)

MR. MURRAY: Depending on the vendor, it will be in Philadelphia, New York State, or northern New Jersey.

ASSEMBLYMAN ROMANO: Now, you mentioned Philadelphia before in another context about perhaps going there. What I'm saying here is in your description of the need for the work, unless we're afraid that somebody might pick it up and bring it to a newspaper, I would think that you should indicate why some of these systems -- why we're doing what we're doing here. It's not a matter of on one hand saving dollars, on the other hand it's supposed to be, let's say, saving the State of New Jersey. So I think you have to say it outright, nice words. There are some who might phrase it better than I, but you can explain what part of this is for, as backup systems, should a disaster occur -- we can use that word -- because that's what I looked at here. And no where in here--

And what we're talking about is the State Police with central data, collection agencies, master controls, etc., etc., and I just think about what happens if someone were to do a dirty trick. Does that mean that nobody else is going to be able to transmit anything? Are we going to have to depend upon 1010 on the dial?

MR. MURRAY: The approach with the disaster recovery is to give us a separate facility that we could actually in a very brief period of time replicate what we have in West Trenton and keep all of the networks and systems that service not only the citizens, but the different Departments in the State operational. It is no small task. It is a very complicated task and one

that involves almost a day-to-day communication with that vendor that gets the contract because we are always changing either an application, a system operating mode, network piece of equipment, and network. There isn't a day-- In fact, we have two meetings a week just to cover the changes that we plan to do in the next week, so we have to extend that, get it into a working arrangement with this vendor, and make sure that our networks are covered and make sure that our basic computer systems are covered.

ASSEMBLYMAN ROMANO: Well, I'm very happy to hear that, but I just saw *Armageddon*, so I'm ready for anything. (laughter) And then with *Godzilla*, who knows what's to come. (laughter) But as long as we're on the same page -- that there has to be backup systems here. You can't depend upon one location. I think that's obvious to everyone here, and I don't think that I'm talking out of turn on this. And I think in those areas where you're saying it's a backup system for a disaster or a major calamity, put it down, put it on paper.

MS. RAYNER: Assemblyman, I think you should be very pleased that we're taking this approach, and we're taking it very aggressively. Because when we took over this organization, there was no backup site, not to say they were planning it also, but we're picking it up and we're aggressively looking at this. This is critical in the State of New Jersey to have a hot site in this backup support, which we didn't currently have. And I think that's too high a risk to put the citizens and the information and the work that we're doing in the State. So hopefully, you all understand how critical this is and we're aggressively addressing this issue today.

ASSEMBLYMAN ROMANO: This is the first day we met. The least that people will say of me is that I'm aggressive. So you came to the right place today. (laughter)

MS. RAYNER: So if it would be all right with Madam Chairman and the Commission, we'll start kind of quickly -- go through a couple of issues that we think are really important to the Office of Information Technology to advance meeting the business goals of the executive branch.

And I'd like Steve to kind of walk us through this. And interrupt us anytime if you have questions for clarification or additional work you'd like us to provide to you.

MR. LONG: We've discussed a lot of this. I'll be very brief. We've broken our requests -- 19 capital budget requests -- for the year 2000 into four categories. The first category is our statewide data and telecommunication center. That's the continuation. This is the third-year payment on the IBM enterprise servers. There was four years -- that we started two years ago with capital funding. That services everyone in the State of New Jersey as far as all of State government. Like I said, those machines run all your pensions, payroll, financial, almost every system you have, except for Human Services, come off those two machines. In addition, we've asked for some disk storage increases, which because of the growth of government-- In addition to that, we have some fiber in there. What we'd to do is, we have a fiber link between the two buildings. We'd like to put a redundant path in so that if a backhoe takes that one link out, we're not out for several days, and I think that's really important. And that's part of my overall backup recovery and disaster planning process in--

MS. HIGGINS: Carol?

MS. MOLNAR: Sure.

MS. HIGGINS: So is part of this debt service? I'm not following. You said it was part of the four-year plan, and it represents equipment. So is part of it debt service on equipment?

MR. LONG: Yes. It's part of four-year debt service that was started -- five-year debt service was started two years ago, Christine, and this is the third year of it.

MS. HIGGINS: How much of it is debt service?

MS. RAYNER: Do you know?

UNIDENTIFIED SPEAKER FROM AUDIENCE: (indiscernible)

MS. HIGGINS: The 4.9 is all debt service?

MR. LONG: Yes.

MS. HIGGINS: Even though it talks about in that same item upgrading the mainframe and telecommunications, that was all part of the initial package?

MR. LONG: Yes.

MS. HIGGINS: Okay.

MR. LONG: That has to continue or we're out of business.

MS. HIGGINS: Okay.

MR. LONG: Facilities side of it, we want to replace some -- start looking at the River Road Data Center. It's in need of repair. It needs UPS systems. It needs air-conditioning. It's very old. It also has a very old halon system in there, and the Federal government has told us, I guess, every year and the State DEP that we need to get rid of that and replace it. Also, we've

asked for some money to upgrade some of the wiring from Category 3 to Category 5 in the Riverview Building that we're in. All of our engineers, our data process, and analysts out there working from terminals, as well as 125 consultants, and we need it for the bandwidth because of the remote areas that we're serving.

Third grouping includes five requests for statewide client server computer base. We discussed that a little bit with the Corrections and Human Services. It's a cost avoidance here, but in addition to that, we're asking for some servers for backup. So one of the issues that I have with putting all these servers in there, if they're critical to the business needs of the agency, then I need some development servers, and I also need some backup in case some of those go down. Instead of putting them in at a reduced capability, I'd like to be able to keep them at full capability, and we've asked for some Sun and some IBM equipment service to do that. There's also a request for some stack and store upgrades. Those are servers for the Department of Human Services. They need to be upgraded in order for Human Services to continue to operate.

MS. MOLNAR: Christina.

MS. HIGGINS: Even cost avoidance should be itemized--

MR. LONG: Okay.

MS. HIGGINS: --in terms of operating impact. And I heard you use cost avoidance.

MR. LONG: Yes. Absolutely.

MS. HIGGINS: That would help the case.

MR. LONG: The last request from OIT focuses on construction improvements, the floors. I think the OMB support team for the Commission

went through there and saw some of the conditions of some of the flooring and some of the conditions of that building. The building is 20 years old, and that's kind of what we're asking for in the construction phases of our request.

There are two other pieces of our request which are separated out. One of them is the radio communications network study which we discussed. The consultant is doing that, and I agree we will put that in and break it out -- what's consulted. And what I'd like to do-- Obviously, the best thing to do is, once the consultant is done, is to bring the Commission the plan. And then you can look at how you want to do it, how you want to implement it, if you do so, and we can do it over a period of time. The last request is for--

MR. MORTIMER: Excuse me, Steve.

Is this part of the process that Lou Jensen (phonetic spelling) is involved in?

MR. LONG: Yes. That's correct. Lou Jensen is the project manager for the radio communication study.

And the last request is for a telephone systems renovation at 50 West State Street to support the Department of Treasury, their Treasury Management Information Systems Unit, which was a part of OIT. This request was in there. This budget was put together prior, like I said, to the development of OIT under Executive Order No. 87. I left it in here because I think it's something that's needed. TMIS has been moved over to Treasury, but that still doesn't negate the need for its telephone system.

MS. RAYNER: In summary, most of the requests that are before you are because technology continues to grow in meeting the business needs of the State. I don't think these are too many new initiatives from the

standpoint, and it's maintaining and managing the growth and capability for the central organization to support technology in the executive branch by way of summary.

MR. LONG: One of the things that I also didn't mention when I talked about the construction -- I talked about the flooring, and everything-- Anybody that's been out there knows that all of our printing has been consolidated there. And if you look at how we print all your licenses and your checks, there are huge rolls of printing papers. The way they operate now would probably fill the entire center of this area here (indicating room). Those huge rolls we have to order in volume in order to get any kind of cost savings, and we have no place to store them. We are packed. If you've ever been in there, the whole room is full. We have to have a storage place for those. In addition, I just can't send them off-site. What I have to do is we have to bring them into the building, and they have to be acclimated to the environment before I can put them on the printers. If they're not, they're going to jam on us. So one of the things we've asked for in there is just to be able to take the loading dock and expand out to give us some room because technology's changed in the way the print mechanisms operate now.

MS. MOLNAR: Thank you.

Any questions?

Mr. Troy.

MR. TROY: Steve, just as a follow- up and something -- and not to get too technical here, but there's a huge discussion out on the street versus -- client server versus Internet technology, where you're just go out to a browser and not worry about client server, because client server is very

expensive to support. I think Human Services is starting to move in a direction where they're actually going to have dump terminals again and use a browser and just go out on the Internet, get what they want, and come back. The issue is raised because a lot of these upgrades or whatever are client server. It's an expensive technology to maintain, and it's expensive when you're going in all different directions in terms of support people that you're looking for to do this. Just maybe as a high overview, what's, like, the position or has it been considered in terms of client server versus just go and moving out towards Internet technology?

MR. LONG: Well, Internet-- Hank addressed a little of this. With Internet technology, it's more of a network or communication method to get to where you want to go. You still need what we refer to as databases, or pockets of information. Human Services has a tremendous amount of data. They have one of the largest enterprise mainframe systems that we have in the data center. You still have to have a repository for your data regardless of how you go about accessing it or how you go about getting it. One of the things that's coming into to the forefront -- I mean, I guess I kind of think of it as the more you're in this business, the more it comes around again -- is they're looking at what we call thin client technology now, which is what we're saying is we've gone out there and we've eliminated the mainframes and put in what they call enterprise servers. But the truth of the matter is they're the same thing. They're a piece of equipment that stores a tremendous amount of data for all the functionality of the State.

Thin client technology comes along -- and we've put all these PCs at our desktop and now probably everyone in this room has a PC at your

desktop. I can ask you the question. I don't know how many people know the cost of that PC being there, but it's a tremendous amount of money when you look at your help desk and your software licenses and all the support necessary for the printers in the network -- your local area network. And how many of you really use all that technology? I mean, on my desktop alone, I have WordPerfect. I have Word. I have Lotus. I have-- I mean half of it I've never even opened up. I don't have time for, but there's a cost there. Now, thin client technology says we can put all that technology on a server, and we'll go back to a terminal that is more functional just for our needs.

So we're coming-- We're kind of coming back again a little bit in technology, but you still have to have a repository. And regardless of what technology you use, you have to have a place to store all the pension data, all the welfare data, all the payroll data. You're not going to get away from that, not in the foreseeable future; although, the Internet will give us probably a much more cost-effective and easier method to access it.

MS. RAYNER: Madam Chair, may I also answer briefly.

Human Services is about 40 percent of what OIT does. It's fairly cheap because it is on the mainframe. We may not want to change that for a while. We may not want to go to client server immediately, or thin client. So I think we have to be very thoughtful about the progress or the way we move forward even though technology is evolving very quickly. We've put a lot of emphasis on the mainframe. Maybe we keep it there for a little longer. I think that's something we have to always analyze and evaluate. So thin client, yes, it has a place, and you think about strategically where that place is, but we just don't all rush to the newest technology. We can't afford it and they aren't

stable and there's risk associated with that. So we'll continue to look at these things.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Yes. I just wanted to say all these questions--Whereas I think I do and I suspect most everybody else does, we certainly understand the importance of your Department. I know, Ms. Rayner, I've seen you at private groups like the NFIB talking about Y2K and reaching out, and I think it's terrific that you're doing it. I think it's terrific that we now have a central place that's looking for Y2K problems, looking for backup, looking for technology. And thinking, as you just said, about when is it appropriate to change technology, I was on WordPerfect 5.1 for seven years until they said DOS is no longer a viable alternative for most of my other programs. So I will tell you that I think we realize that you have -- and we're here trying to help analyze that and the cost benefit analysis and help you to do better so that when we-- Even if we approve things that when they go down the line to the Legislature, the Governor, that they get support. And I just want to let you know that we certainly appreciate the effort. We certainly understand what you're going through.

MS. RAYNER: Thank you very much. And we will come back to you with some better figures, if we can, where there's cost avoidance and savings. But there's a risk associated with that, so we'll tread lightly a little bit. But we understand we owe you that.

MS. MOLNAR: Thank you.

Mr. Davidoff, you had a question.

MR. MORTIMER: Right first name, last--

ASSEMBLYMAN ROMANO: Mr. Mortimer. (laughter)

MR. MORTIMER: David's fine. (laughter)

MS. MOLNAR: Mr. Mortimer. It's getting late. Mr. Mortimer.

MR. MORTIMER: Through the Chair, one of-- Your No. 2 priority addresses the utilization rate of the enterprise-wide systems, especially as it relates to Motor Vehicles. The whole system is an old, ugly, slow, overcapacitied system that quite frankly has a throughput problem we all know. Could you, through the Chair, just let us know how these investments would improve that throughput issue?

And I'm thinking of the throughput, Steve, that you're most familiar with in the agencies, when the citizen actually has to stand at a counter and deal with the processes. And if there is no benefit from that, where in your plan does that fall?

MR. LONG: The way the system was developed, Dave, many years ago was that the mainframe housed your comprehensive system for motor vehicles, and that includes your enhanced driver history and all the records that go into making the Department of Motor Vehicles and all their systems. However, the agency transactions, when you go into an actual office, is done by a front-end system, and that system is tied to the main system. Those machines are all being replaced. Because of year 2000, everyone of those systems out in the agencies is not going to make it. So we have a major contract coming up to replace those systems and part of the network that addresses those systems.

I don't know that if we had to do it all over again that's the best way to do it. But at this point in time, we're locked into that type of a

transaction processing method, and we're going to have to at least get into it past the year 2000. We won't have any systems out there operating. And that's the second biggest issue, I think, that we didn't discuss today, but I'd like to get into it for a second, and maybe Hank can talk about the network a little bit more at Motor Vehicles on the response-time issue.

One of the things that OIT is facing right now is the year 2000 and the tremendous amount of-- It's a huge anchor over us. Like I said, we had over a 125 consultants alone, right now, just going in there and reprogramming systems. The financial system had over 10 million lines of code that we had to go in there and change. The payment system is one of the most complex systems -- your payroll system -- there is as far as dates. Consultants left. I have two analysts that are currently maintaining that system. Many of those systems need to be replaced. There's no question about it. I think Christine knows OMB, under Director Pugh, is really interested in putting in a comprehensive financial system with the assistance of Treasury into our systems. But that can't be done with the year 2000 hanging over us. That has to wait until we get passed the magic date.

Hank, can you address those Motor Vehicle networks a little bit?

MR. MURRAY: The networks supported by OIT really range from 9.6 -- 9600 bytes per second -- which is almost as slow as you can go, up to 6 megabytes. We're trying to get as much capacity in bandwidth for as less cost as possible to do a number of development things, as well as changing the ways that agencies, like Motor Vehicle, actually shift data. Over the past year, we have made a number of changes from the technical side to the Motor Vehicle piece of the network bringing them from a rather old form of

technology into a frame-relay technology. We're now bridging the gap moving to our desired direction, which is a thing called asynchronous transfer mode, ATM. It's a bigger bandwidth capability that will replace the frame-relay system.

Now, part of what Steve described with the agency level, there is a redundant network that allows those agencies to contact our processing centers in West Trenton in the event that the main network goes down. Again we're trying to keep that redundancy in place at the same time that we upgrade both of them at the same time that we're implementing year 2K changes and also implementing the expansions in the enhanced driver history system.

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

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

MS. RAYNER: Could I make one last comment?

MS. MOLNAR: Sure.

MS. RAYNER: Thank you, Madam Chairman.

Last year we requested 13.9 from this Commission. We received 7.5, so the 18 looks like a lot of money, and I understand that, but I would hope that you would give it serious consideration for us to be able to further the mandate we feel very onerous on us to fulfill. We will look for your support. We will answer any questions you have, and we will try to give you the information. We will give you the information you've asked for today, but we do feel a large mandate to advance New Jersey so it can continue to be a player in bringing and drawing businesses in the industry here because people need jobs, and technology is going to change how we do business at the State and how businesses do.

So a plea for support, and I appreciate your time this morning. I know we've gone into a lot of detail and we might not have been quite as coordinated as we prefer to be, and I'm sorry about the technology. But thank you for your time, and if you have additional questions in the future, through Paul, your Executive Director, we can work to get any information you need. So thank you very much for your time and having us here today.

MS. MOLNAR: Thank you for coming.

Since Mr. Davidoff has to leave at 12:30--

The debt report presentation-- I do not believe Mr. Poole is here.

MR. SHIDLOWSKI: No, he is not, Madam Chair.

MS. MOLNAR: Now, do you still want to discuss it today, or would you rather table the debt report presentation until the December meeting?

ASSEMBLYMAN ROMANO: Unless Mr. Mortimer is prepared to address several questions that were raised--

I think you're aware of the questions that were raised.

MR. MORTIMER: I may be aware of some of them, but I don't think I'm aware of all of them. The only thing that I would offer is that as the letter to the Commission Chairman mentioned from the Treasurer and as the Treasurer personally expressed to the Chair and some of the members, the report this year is in many cases pretty banal. It only contains a traditional general obligation bond issuance that took place and a regular Transportation Trust Fund bonding issue and a few other normal type of bonding issues that we do on a regular annual basis. There are no extraneous bonding issues. And to be very candid, I would not feel comfortable other than to record your

questions so that perhaps we could advance the discussion at a next meeting with answers to those direct questions. So either we can do them orally here or if you'd like to put them in writing to Paul so that we can get them addressed for you at the next meeting rather than having to start from scratch.

MS. MOLNAR: Any feeling on that?

MR. DAVIDOFF: When will Mr. Poole be here?

MS. MOLNAR: He's not coming today it looks like. My discussion with the Treasurer, he was coming today.

MR. MORTIMER: We believed-- I was in the room with Treasurer last night when he spoke to the Chairman. We had, like, understandings that Mr. Poole would be here this morning, so I don't know what has transpired that prevented him from being here.

MR. ROTH: Could someone make a call, perhaps, and find out if he's coming?

MR. MORTIMER: We have. We've reached out and have not been able to.

MR. SHIDLOWSKI: He was not available, so obviously there was a miscommunication somewhere.

MR. DAVIDOFF: I certainly have some questions, and I could certainly put them out here--

MS. MOLNAR: In the interest of time, will you send your questions in writing, perhaps, so they'll have answers for the December 11 meeting.

MR. MORTIMER: And then what we'll do is we'll collect the questions, we will prepare a compilation of the questions and answers and get

them to the members before the next meeting, so you'll have the benefit of everyone's questions.

MS. MOLNAR: Yes. That would be a helpful.

ASSEMBLYMAN ROMANO: I wish that you would include -- I'm sorry, Madam Chair -- the issues I raised with the Treasurer and myself. And he might address them because he had indicated that Mr. Poole would be prepared to discuss them at length or in short depending upon the case.

MR. MORTIMER: I will be sure, Assemblyman, that your questions are included in the package, and we will make sure that the answers are so included.

MR. DAVIDOFF: One specific item, that is, a schedule that is missing out of this, was in last year's. This one has a D-1, last year's had a D-1 and a D-2. The D-2 compared the fiscal years from one to the other on a debt-by-debt basis, and this year we don't have that. So if you look at last year's, it was a Page D-2, and this year's doesn't have it, and that's kind of helpful. It was a helpful schedule.

MS. MOLNAR: Okay.

MR. DAVIDOFF: There's one question I guess I could ask if -- maybe Mr. Mortimer knows about-- One of the specific items, if I could ask here, I suspect he would know it, if he doesn't mind.

I'm looking at now the Open Space Program, letter *I* -- Anticipated Debt Issuances through 2000 to 2003 -- and then I'm looking at the next page, I-2, which shows debt service starting at 3.8 million to 2000, 13 million, 23 million, 32 million, and then going up to 38 million. I assume that this has to do with the recent public question, and I thought--

MR. MORTIMER: Yes.

MR. DAVIDOFF: And when I read it going into the booth, and that's all I recall, I thought I remembered it was a dedication of the sales tax at $98 million a year.

MR. MORTIMER: The source of the revenue or the source of the funding that would pay the debt service is not what's exposed here. What we're just basically saying is that if we issue a $100 million worth of debt a year, this is the repayment schedule. It doesn't identify the revenue source.

MR. DAVIDOFF: Okay, but--

MR. MORTIMER: Your understanding of the ballot questions is valid.

MR. DAVIDOFF: Is what?

MR. MORTIMER: Is valid.

MR. DAVIDOFF: Is valid. I just would somehow want to connect this to my understanding of the ballot. I'm thinking $98 million a year being spent-- And so here we're going to raise $400 million and-- I guess we're going to fund part of -- potentially fund -- part of the acquisition through $400 million up front. And then whatever the difference between our $38 million debt service and our 98 dedication, we'd be paying 60 million for direct acquisitions. Could that be one interpretation?

MR. ROUSSEAU: I think I can clarify. The question as it was drafted and the plan that was presented to the Legislature when the question was approved by the Legislature was that they would borrow $100 million a year for 10 years. And in the initial few years, you would also have, because debt service is only whatever it is, $30 million in one of those years, you'd also

have $60 million for pay-as-you-go acquisitions, which would give you a total program over 10 years of $1.4 billion to $1.5 billion.

The dedication, if you looked at it -- the dedication that was on the question -- was technically a 30-year dedication. It was a dedication of $98 million for the first 10 years, and after 10 years, no more land could be acquired, but the debt service that you've built up over those 10 years would have to be paid off so the $98 million would go down. After year 11, all the dedication was, was for debt service. In the first 10 years, it's for debt service and acquisition. Now, in reality, probably after year 6 or 7, there may not be that much money for pay-as-you-go acquisition. But that's what that is. So really this chart here shows three years. Under the plan that was submitted at the time the Legislature approved the question was $100 million a year for 10 years.

Now, the other issue is, though, that there still needs to be enabling legislation to do this. And the ballot question said you could borrow up to $1 billion. I mean, when we do the enabling legislation, the Legislature may decide that, no, we don't want it, that maybe a billion dollar program is just as good as a billion-five program. That's something the Legislature and the administration is going to have to work out in the next three or four months to get the enabling legislation going. But I hope that clarifies--

MR. DAVIDOFF: Yes, it does. So that's one less question that I have to-- I would have not been able to even pose the question properly I don't think.

Thank you.

MS. MOLNAR: Thank you, Mr. Rousseau.

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So if you have any other questions, we'll get it to Paul, who will pass it along to the Treasurer's Office. Okay. Then we will discuss it first, I guess, on our agenda on December 11.

Okay, our next Department is Interdepartmental. I'd like to welcome Bob Rusciano and George Gross.

R O B E R T   A.   R U C S I A N O: Is this on? (referring to PA microphone)

MS. MOLNAR: No.

MR. RUCSIANO: There it is.

MS. MOLNAR: There it is.

MR. RUCSIANO: Thank you.

I guess I can still say good morning. We have one minute before on my watch.

MS. MOLNAR: Good morning.

MR. RUCSIANO: Good morning, Madam Chairman and Commission members, and thank you for the opportunity to present the Department of Treasury's Fiscal Year 2000 Interdepartmental capital budget request. With me today is George Gross, Director of the Division of Property and Management and Construction.

In accordance with the Governor's recent reorganization plan, the Division of Property Management and Construction now serves as the single source organization within the Department of the Treasury for facilities issues. This charge includes State-owned, leased, and lease/purchase facilities.

The Division's capital needs, therefore, are driven by this responsibility to safeguard the condition of these facilities, to protect the

State's investment in these assets, and to ensure compliance with current standards and codes. In addition, the Division administers, in connection with OMB, programs which are funded through statewide accounts on behalf of all State agencies. Examples of such programs include compliance with the requirements of the Americans with Disabilities Act, remediation of State-owned underground storage tanks, and mitigation of unhealthy conditions caused by the presence of hazardous materials.

The Fiscal Year 2000 Interdepartmental capital budget request totals $171 million over seven years and encompasses 19 projects. These projects address life safety, maintenance and renovation, preservation of capital investments, and energy conservation initiatives. Of this amount, $104 million is requested in Fiscal Year 2000. As detailed information has been provided on each of the projects, I would like to focus my comments on the major issues highlighting this year's request.

The Office of Energy and Utility Management is requesting $36 million in Fiscal 2000 to continue the underground storage tank compliance project. As you are aware, in accordance with State and Federal regulations, 1189 underground storage tanks were required to be upgraded, replaced, and/or closed statewide. A total of $47.6 million has been made available for this initiative. To date, $33.5 million has been expended on the removal of 491 tanks including all critical sites. The remaining balance of 14.1 million is committed for the removal of additional tanks in accordance with EPA requirements for gas and diesel fuel.

This project is scheduled to be completed by August 1999. In recognition of this effort, the Office of Energy and Utility Management is

working with the DEP regarding an extension of time which will avoid the imposition of fines. Funding of the additional 36 million requested in Fiscal Year 2000 will allow the Office to complete the removal of heating oil USTs, which are State regulated. The deadline for removal of this type of tank has been conditionally extended to December 2003.

In addition to the UST initiative, the OEU is requesting 5.7 million in Fiscal Year 2000 for energy efficiency upgrades. The replacement of inefficient, energy-using equipment such as boilers, air-conditioners, chillers, and pumps can result in significant, annual fuel savings. These upgrades have a 10-year minimum life service and less than a 5-year payback. Candidate sites for energy equipment replacement include facilities in the Department of Corrections, Human Services, and Military and Veterans' Affairs.

In keeping with the provisions set forth by the Americans With Disabilities Act, 3.8 million in Fiscal 2000 is requested to fund renovations for State building compliance. Approval of this funding will ensure that the State continues to meet the goals of the ADA Transition and Self-Evaluation Plan, which was completed in 1994. This Plan initially identified a need for ADA retrofits in excess of $30 million statewide. Since that time, 10.5 million has been appropriated and has funded numerous projects. In concert with these improvements, agencies have made programmatic adjustments and relocations in order to comply with ADA and, thereby, reduce the total amount of capital improvements required. Approval of the Fiscal Year 2000 request will allow this initiative to continue.

Finally, the Division's request includes numerous projects for complexwide capital improvements. Projects in this category include roof

restoration, HVAC upgrades, road repair and resurfacing, and other corrective maintenance initiatives required to ameliorate decaying conditions in State-owned facilities.

In particular, $500,000 is being requested in Fiscal Year 2000 for risk management remediation. This is a new request for funds to correct deficiencies in State-owned facilities that have caused or have the potential to cause injury to both clients and employees. The State's total budget for worker's compensation and SLI claims exceeds $40 million annually. If approved, these funds will be used to reduce or eliminate hazardous conditions identified by the Bureau of Risk Management as being the cause of these claims.

In closing, approval of these funding requests will allow the corrective action to comply with existing laws and regulations. More importantly, these renovations and upgrades will address life safety implications for both staff and visitors to our State facilities.

Again, I thank you Madam Chairman and members of the Commission for the opportunity to present this information to you. As always, your consideration of these requests and past support is most appreciated.

I would also like to thank Paul Shidlowski and the Commission staff for their ongoing support and assistance.

We now welcome your comments and questions.

MS. MOLNAR: Thank you.

Any questions or comments?

Caroline Joyce.

MS. JOYCE: The energy efficiency upgrades--

MR. RUCSIANO: Yes.

MS. JOYCE: I know JJC, Human Services, and DMAVA, at least, have requested similar items. DMAVA requested replacing their boiler at their headquarters. Does this duplicate any of those requests?

MR. RUCSIANO: We have a listing of around 13 sites that include numerous sites for Corrections and DOT and Human Services. I'm not sure that there is an actual duplication, but what we did was target the larger institutions where the biggest economies of scale would occur. So what we would do is look to see that we're not, in fact, duplicating.

MR. SHIDLOWSKI: We would coordinate the review of those requests with the Office of Energy and Utility Management to ensure that there is no duplication.

MR. MORTIMER: One point, there is a duplication in the listing in another area, and it's there on purpose. There's $10.7 million listed under the fiscal year related to the Justice Complex. I believe, if I'm correctly stating it, we're pursuing a dual path. The Building Authority is in the process of -- I believe they have approved the refinancing of the debt on the Justice Complex because there is financial savings in that aspect. If possible, this 10.7 may also be a part of that refinancing, but we're not certain. So we're advancing that along two paths so that in either circumstance it will be addressed. We just don't know which net effect will take place. So there is -- and that's purposeful.

MS. MOLNAR: Thank you. That's helpful.

Mr. Davidoff.

MR. DAVIDOFF: One of the questions raised by staff, I think a good one, is-- The Energy Conservation Bonds of 1980 authorized $50 million for energy projects. The remaining balance is just now being depleted after 18 years. If it took so long to spend the $50 million, can you reasonably expend $50 million in 5 years, in addition to $10.7 million, for other energy equipment upgrades? Would that even be prudent?

MR. RUCSIANO: Well, one of the things that we first wanted to note was that what we were talking about in terms of this request was $12 million annually. What I understand to be the case is that the initial expenditures were focused on many of the State buildings, which were much smaller in terms of their impact. The newer initiatives would be focused on the bigger institutions, thereby, causing a much larger amount of expenditure in a shorter period of time. At this point in time, we are aware of the fact that the initial program took much longer to expend than normal. We believe we have some momentum going here and would like to be able to expand it to the institutional areas, which of course are larger, as I had said, in general.

MR. DAVIDOFF: But is that-- Is it reasonable to expect you to be -- even manage so many projects in a much shorter time than that?

MR. MORTIMER: Madam Chairman, if I might?

MS. MOLNAR: Sure.

MR. MORTIMER: One of the significant differences, Mr. Davidoff, is the Office of Energy and Utility Management was not in place 10 years ago and wasn't staffed the way it is now and doesn't have the level of documentation it does now. The feeling is, is that with the planning processes that have already been put behind us, this is the implementation stage. So

there is an expectation of the expenditures both because of the size of the facilities dealt with and the homework already being done can, in fact, result in a faster drawdown on funds.

MR. DAVIDOFF: Okay. Thank you.

MS. MOLNAR: Any other questions or comments?

Mr. Troy.

MR. TROY: Bob, good afternoon. Hello.

How are you?

MR. RUCSIANO: Good afternoon, Ed.

I'm fine thank you.

MR. TROY: Just a question on one of your requests for the SLI reduction. There's been a lot of discussion on the whole SLI Program in the State where an employee who gets hurt does not charge sick time, gets full pay, whatever, etc. And it says here that the $500,000 would go to reduce or eliminate unsafe conditions that contribute to SLI, specifically, like what?

MR. RUCSIANO: From one of the things that I understand from talking to the Office of Risk Management is that we're talking in many cases around things like tripping hazards, obstacles that people can either run into or slip or injure themselves in some way. And the way that we would approach this is to issue a survey out to all of the agencies asking them to identify-- In many cases, they know where some of these things are. To identify back to the Office of Risk Management those things that they feel are a potential or that have, in fact, already caused an injury that have not yet been addressed. With the pot of money that we're allocating or requesting here, that would allow us to make some immediate improvements to those kinds of areas. I mean, if you

have curbs that are tilted, if you do have thresholds, if you have problems with wires running across in different buildings that people who are in the buildings every day know about, those are the kinds of things that we want to make sure that -- if, in fact, there's a capital improvement that's required to replace those that we have some funding source to begin to do that. And this is a brand-new initiative. This is a first-time request.

MR. MORTIMER: Thank you.

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

MR. RUCSIANO: Thank you.

MS. MOLNAR: Our staff will be reviewing your requests.

MR. RUCSIANO: Thank you very much.

MS. MOLNAR: Our next two Departments I do not believe there will be any staff present. The first Department is the Delaware River Basin Commission--

ASSEMBLYMAN ROMANO: That's a pro forma thing, isn't it?

MR. SHIDLOWSKI: Yes it is, Assemblyman.

MS. MOLNAR: --and DOT. So, I guess, we'll take Delaware River Basin Commission first.

MR. SHIDLOWSKI: We just bring this before the Commission. It is a component of the Governor's Capital Budget. As the Assemblyman indicated, it is rather pro forma. The State's obligated to make this payment to the Delaware River Basin Commission as a result of a bistate compact that we're a party to. It's only $2000 a year. I didn't see -- think it was necessary

for the Executive Director of the Delaware River Basin Commission to appear here in order to put forth this request.

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

If not, we'll move along to the DOT. We have their request for 525 million.

MR. SHIDLOWSKI: And, again, this is another request we bring in front of the Commission as a formality. The Department of Transportation with the Transportation Trust Fund has separate legislation which dictates their process. They don't come to this Commission for any approval of their projects. They go directly to the Legislature. What we're bringing here is the amount of money which may be included in the Governor's Budget. Some of this is subject to change based on the estimates of revenue for the fuel tax. As things stand right now, the current model that's being used for Transportation Trust Fund, our obligation would be 525.3 million in the Fiscal Year 2000.

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

Okay, is there any other business that anyone wants to discuss?

Mr. Roth.

MR. ROTH: Madam Chair, I wasn't at the last meeting, so I don't know whether the question was ever resolved about the reappointment of the civilian members of this board as to which one will be done by the Assembly, which one will be done by the Governor.

MS. MOLNAR: We're trying to get the terms from the Appointment Office.

MR. SHIDLOWSKI: Actually, I have the terms for the public.

MS. MOLNAR: Could you fax it to the public members?

MR. SHIDLOWSKI: I could.

MS. MOLNAR: Mr. Davidoff already was appointed by the Senate, so the next one will be Assembly and two by the Governor's Office.

Okay, Mr. Annese.

MR. ANNESE: I just have a question here to the Chair or to Paul. For many years, we had a presentation by DOT and now it seems to have fallen by the wayside. Is there any particular reason why or why not we're doing that?

MR. SHIDLOWSKI: DOT came before this Commission and presented some highlights of their program sometime in April, generally, after they had made a presentation to the Legislature for whatever reason. Sometimes they extended or requested an extension from the Legislature on the presentation of their program where we had them scheduled. They received a month extension, so we didn't have another meeting. Things like that.

MR. MORTIMER: Madam Chair?

MS. MOLNAR: Yes, Mr. Mortimer.

MR. MORTIMER: I think the Assemblyman will help me with this one. I have a pretty good understanding of DOT's planning process. It's a timing sequence. They right now are in the process of presenting a very, very preliminary proposal to the three MPOs in the State that have a critical role in approving that preliminary plan. They, then, by statute are required to submit a preliminary document to the Legislature by the first of March so that the Legislature can start the process. So, unfortunately, from a timing point

of view, what we would get would be such a preliminary document that had not even had the blessing, if you will, of the three MPOs, but what they do provide us when they give us their reports later in the year is a five-year, rolling forecast. And that is the basis from which they build their discussions in each of the September-to-November periods when they go back to the individual--

What drives that schedule into that time frame is the Federal budget because, as you know, the Federal budget starts October 1. Until we know what the Federal funding component will be, the capital program which is dovetailed between Federal and State dollars is a very dynamic and fluid document. So cyclicly it just works that way.

MS. MOLNAR: Could they still present in April -- after April 15, of course?

MR. MORTIMER: My expectation would be that without speaking for another Department, but it would make sense that after they've made this submission to the Legislature in March. And last year they did ask for an extent because there were extenuating circumstances. You may recall that they did present the plan last year that increased the amount by 200 million because of the beneficial interest rate savings that they have accumulated over the previous years. So they had a one-time only adjustment of an additional 200 million, and that was why they asked for the extension. But I would think as a matter of course, after they've submitted to the Legislature, they would be able to appear before the Commission.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Yes. We might even-- Just for information, I would like to hear, and I don't quite care when in the year it is -- other than April 14--

MS. MOLNAR: Yes. That's right.

MR. DAVIDOFF: --and even-- I know, we have been talking tentatively that July and August is a good time for us to have a workshop. If you wanted to piggyback it together with a presentation from Transportation, that would not be a bad idea so that you get it all in one trip down here. So I'd be certainly amenable to that just as another idea.

MS. MOLNAR: Okay.

MR. ROUSSEAU: I think one of the things you may want to do, David, is ask the Department when they make their March 1 submission to the Legislature to send copies of their reports so at least the public members who wouldn't have access to them--

MR. MORTIMER: If the Chairman doesn't mind, we can address a letter from the Commission through Paul to the Commissioner of DOT that if you would include--

MS. MOLNAR: Okay. Good.

MR. MORTIMER: --because they do provide a number of copies, so a few extra won't be a problem.

MS. MOLNAR: All right. Good idea. Terrific.

Thank you for raising that issue.

Any other questions or comments? (no response)

If not, this meeting is adjourned. See you on December. Have a nice Thanksgiving and turkey day.

(MEETING CONCLUDED)