
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: September 11, 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:

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

Caroline Joyce
(representing Senator Robert E. Littell)

Beth Schermerhorn
(representing Assemblyman Francis J. Blee)

Christina Higgins
(representing Michael R. Ferrara)

Paul Shidlowksi, Acting Executive Director



Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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

Roll call.

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

MR. DAVIDOFF: Present.

MR. SHIDLOWSKI: Mr. Anthony Annese.

MR. ANNESE: Here.

MR. SHIDLOWSKI: Mr. Robert Roth.

MR. ROTH: Here.

MR. SHIDLOWSKI: Ms. Caroline Joyce, representing Senator Littell.

MS. JOYCE: Here.

MR. SHIDLOWSKI: Mr. David Rousseau, representing Senator Kenny.

MR. ROUSSEAU: Here.

MR. SHIDLOWSKI: Ms. Beth Schermerhorn, representing Assemblyman Francis Blee.

MS. SCHERMERHORN: Here.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Here.

MR. SHIDLOWSKI: Treasurer DiEleuterio. (no response)

Ms. Christina Higgins, representing Michael Ferrara.

MS. HIGGINS: Here.

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

Ms. Carol Molnar.

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

It looks like it's pretty much the same people returning. I'd like to welcome Caroline Joyce, our newest member, representing Senator Littell.

The next item is approval of the minutes.

Do you want to mention something about that?

MR. SHIDLOWSKI: Yes, Madam Chair. There was a problem in the duplication of the minutes. I believe some Commission members only received every other page. I'd like to defer the approval of the minutes until next meeting.

MS. MOLNAR: Thank you.

Is there an Executive Director's report today?

MR. SHIDLOWSKI: There is. I have just a short report.

I'd like to welcome all the Commission members back. We also have a new Commission member, Assemblyman Francis Blee. He will be joining us this year.

We still have not received all agencies' capital requests. We have been in contact with those agencies, and we expect them shortly. I hope we will. We've handed out this morning a recap of the Fiscal Year 1999 Capital Planning Process. The total appropriated was \$615.6 million. This is the largest amount of capital funding appropriated for the 16 years that I actually had records and was able to check. And I'm sure it is probably the highest

amount ever. It's become obvious from our review of some of the requests that we are finally making some progress in addressing some of the capital needs of the state.

I have a few housekeeping items. The Commission still has an executive branch vacancy. I've contacted the Governor's Office, and they assured me that we should have an appointment by our next meeting.

The agenda for today has been amended slightly. Ms. Christopherson from Public Broadcasting has requested that she be able to present first in order to attend an important meeting with the Governor's Office, and we have amended the agenda to accommodate Ms. Christopherson's schedule.

The meeting schedule for the remainder of the year has been distributed to the Commission members. You can see from that schedule that we have a planned presentation by State Planning to acquaint the Commission with the goals and objectives of the State Planning Commission. I know that by statute we are supposed to coordinate our recommendations with the State Plan, so I thought that this would be helpful both to the Commission members and the staff.

We anticipate a project report being presented to the Commission by the Building Authority at our next meeting. This is a tentative date. The Building Authority has yet to approve the project report. This would be for the construction of a treatment facility for civilly committed sexual offenders. So depending on when the Building Authority actually votes on that, approves that project report, it will subsequently be presented to this Commission.

We've also scheduled the presentation of the debt report for the November 20th meeting. This is a tentative date as well. We haven't

confirmed this date with the Treasurer's Office as yet. In addition, you can notice from looking at the schedule that at Ms. Molnar's request we have scheduled a working meeting of the Commission for either October 9th or the 23rd to discuss the adoption of bylaws, the Commission's mission, etc. I'm sure Ms. Molnar will want to speak about that at greater length.

Finally, we have scheduled the vote on the recommendations for December 11th. Also, this morning we have provided a copy of the midyear review and economic outlook for Fiscal Year 1999 by the Council of Economic Advisors who we also, by statute, need to consult with before we vote on recommendations.

That concludes my report, Madam Chair.

MS. MOLNAR: Thank you.

Any questions?

Marty.

MR. DAVIDOFF: Yes, two questions. First of all, is the October meeting, as you call the organizational meeting, is that in lieu of what we had talked about a meeting with some of the legislators about the intent?

MR. SHIDLOWSKI: That's correct.

MS. MOLNAR: Could we discuss that under other business in the schedule? Because we do have some things lined up.

MR. DAVIDOFF: Fine.

MS. MOLNAR: We'll defer that until other business, Item 7. We'll talk about our schedule, what we are going to talk about.

MR. DAVIDOFF: Okay, thank you.

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

If not let's move to our capital requests. I'd like to welcome Elizabeth Christopherson, Executive Director of Public Broadcasting.

Can you identify your guests for the record.

ELIZABETH G. CHRISTOPHERSON: Yes, indeed. This is Bill Schnorbus, an engineer with NJN, and I am also here with other staff members.

Good morning everyone, and good morning, Chairwoman Molnar and Commission members, and Executive Director Shidlowksi. I really want to thank you for your consideration and the opportunity to appear before the Commission today.

My name is Elizabeth Christopherson. I am the Executive Director of the New Jersey Public Broadcasting Authority, which does oversee NJN public television and radio. And as New Jersey's educational telecommunications network, NJN has served the citizens of New Jersey for more than 27 years, offering the very best in news and public affairs programs, the arts and culture, an instructional and children's programming that emphasizes the special needs of the State. NJN has told New Jersey stories in a way no one else does with a reach no one else has.

This past year NJN set new records for professional recognition of the quality of our programming and for growth and viewership. And more individuals, more businesses and corporations, more foundations demonstrated their support of NJN's programs and activities by initiating or increasing their investment. We also have made use of our excess capacity to generate revenues designated for the acquisition and upgrading of broadcast and telecommunications equipment and other support.

This past spring, with a grant from the Amelior Foundation, we hired a Vice President for Business Development, who is exploring new revenue streams and generating new funding sources. And I want to thank the Commission for your support in the past and for recommending \$446,000 of capital items in the Fiscal Year '99 request submitted to the State Treasurer, which were included in the Governor's budget, too, and appropriated by the Legislature.

These funds will help us enhance the value of the State's investment in NJN, build on our success, and increase our service to the people of New Jersey. We believe that the items requested for Fiscal Year 2000 will further add to and preserve the value of the State's assets.

NJN is the only television station available for virtually all of New Jersey's 2.85 million households, including the approximately 30 percent without cable. This past year we extended our reach to the international community. For the first time in NJN's history, we worked with the BBC and NVC Arts to coproduce *Speak Of Me As I Am*, a documentary of Paul Robeson, which catapulted NJN into the international arena. NJN will now make the tape and curriculum material available to teachers, schools, libraries, and museums throughout New Jersey and the nation with a special introduction by Cuba Gooding Jr.

We create and produce approximately 20 percent of our television broadcast weekly, which ranks NJN in the top tier of public television stations airing locally produced programming. And NJN's programs consistently earn recognition for their excellent quality. NJN recently was honored with 23 mid-Atlantic Emmy Award nominations, leading the field of 1998 nominees. Last year NJN won a record 10 regional Emmy Awards for a wide range of

programming. Our broadcast schedule includes a mix of public affairs, cultural, educational, and special programming. And more than 40 percent of our broadcast day is devoted to educational programming including *K* through 12 instructional courses, college courses for credit, and GED courses.

NJN's enabling legislation charged the network not only with establishing and operating public television and radio stations, but also with harnessing the full spectrum of video and audio technology for public service. We have the responsibility of coordinating telecommunications policies for the State under the New Jersey Public Broadcasting Act of 1968.

The Authority uses a broad range of technology, including satellite instructional television fixed service, videotape, fiber optics, and computer on-line services. And projects, in cooperation with the New Jersey Department of Education, the New Jersey Commission of Higher Education, employ technology for interactive distance learning for high school and college students throughout New Jersey. This effort includes service to the public elementary and high school districts in addition to cooperative programs with the New Jersey Institute of Technology, the Burlington County College, Brookdale Community College, the County College of Morris, Mercer Community College, and Thomas Edison State College. Our distance-learning programs also make language and advanced math teachers accessible to classrooms through New Jersey. Through the use of a range of these technologies, NJN serves as a resource of the New Jersey schools as they seek efficient and effective ways to deliver fair and equitable education to all students in the State.

We've also launched a multiyear planning process, NJN Destination Digital, to prepare for our conversion to a new digital television

broadcast system that will allow us to expand our public service mission. As we enter the digital age of television, NJN is uniquely prepared to use advances in technology to give our fellow citizens more instructional programming, more educational children's programming, more news, more of the arts, and more and better public service. And to ensure that NJN can maintain and increase its services to the citizens of New Jersey, we respectfully request the proposed \$745,000 in capital improvements. And these expenditures, if timely made, will reduce future costs and position NJN for future growth.

Please note that this year's request to the Capital Budgeting and Planning Commission does not include items targeted for replacement using nongovernmental revenue sources. As was the case last year, we are limiting our Fiscal Year 2000 Capital Budget request to two capital project types: infrastructure and preservation. We are requesting funding for only those projects that protect the value of the State's investment in NJN and ensure the safety of our employees and the general public.

Our Fiscal Year 2000 request consists of four major projects. These are classified in accordance with Section V of the procedures and instructions for Fiscal Year 2000 provided to NJN by the Commission.

1. With respect to the infrastructure, we are proposing the repair of Channel 23 and Channel 58 tower site access roads, which are located on the New Jersey State property in Waterford and Warren Townships respectively. These roads are almost a quarter of a century old and continue to deteriorate. The surfaces of both roads have numerous potholes that represent a risk to our employees and others who must use the road at all hours of the day. Some washouts have also damaged the Channel 58 access road.

2. With respect to preservation, but also relating to the Emergency Broadcasting Regulations, we are proposing to continue the upgrade of emergency generators begun in the current fiscal year. As you may recall, we proposed last year a two-year program to replace the undersized emergency generators at all four of NJN's main transmitter sites so that NJN could fulfill its legislative mandate that requires NJN to broadcast during times of civil emergency. NJN is proceeding to order and install the two generators just approved for Fiscal Year '99.

As we indicated to the Commission last year, NJN works in conjunction with Federal Emergency Management Agency, the Emergency Broadcast Committee of New Jersey Broadcasters Association, and the New Jersey Emergency Management Section of the State Police in West Trenton to disseminate public emergency information. And the acquisition and installation of the last two of the four new generators will enable NJN to fulfill this legislative mandate to provide emergency broadcast coverage.

3. NJN seeks funding for another preservation project that was begun in Fiscal Year '98. We need to complete the critical repairs of our main transmitting towers. With the Fiscal Year '98 appropriation of \$255,000, NJN was able to restore the alignment and paint the supporting cables of its towers. In addition, we completed the painting of one main and two smaller towers. However, detailed inspections made in December 1997 revealed considerably more deterioration than previously known. There is severe surface rust on structural members in bolts of three towers, and we propose scraping and painting those tall broadcast transmitting towers and repairing loose antenna transmission lines and mounting brackets.

Accordingly, we are asking the Commission to recommend an additional \$195,000 to fund the completion of this critically important preservation of NJN's tower facilities.

4. The final preservation project for which NJN seeks funding is the replacement of its telephone system. The existing system is actually four systems that serve different parts of the NJN's Trenton studio facility. There is no intercom capability between them, and this severely impacts efficient communications, especially related to ongoing broadcast and news operations, where the speed of communications is often critical.

With the four separate systems, instead of two-digit intercom access, it is necessary to dial the full five-digit extension. Thus, calls within the NJN studio building must often use the centrex switch, which means a simple call from one area to another must be routed over trunk lines out of the building to the State centrex switch and back to the building. Moreover, several features of the phones, desk sets, at NJN, due to the integration of the NJN phone system with the State centrex system, are disabled. These include transfer, conference, and drop, and the voice mail message indicator lights. To transfer a call, for example, a user has to press the recall button. Finally, when the pound button is used, it has to be pressed twice to function.

We are proposing a single system to serve the entire NJN facility and to provide the many features, including facility-wide intercom, that will enhance NJN's operations. Such a system will interface seamlessly with the State centrex system, yet all the local features will be fully functional.

Funding from the Commission to strengthen NJN's infrastructure and advance the proposed preservation projects will not only help maximize NJN's ability to best serve the State of New Jersey and people today, but also

position us to embrace the future and the extraordinary opportunities on the horizon.

As we as continue to diversify our revenue streams in order to come more self-reliant and competitive, we look to the State as one of many partners that will help us build on the successes that we have achieved so that we can remain a valuable resource for New Jersey. And we very much appreciate your consideration and help in protecting and safeguarding our technical equipment and facilities now and for the future, and we welcome your assistance as we move forward to provide an even more effective and efficient service to the citizens of New Jersey.

And on behalf of the New Jersey Public Broadcasting Authority, thank you for the opportunity to report on our current status.

MS. MOLNAR: Thank you.

Any questions of the Executive Director?

Marty.

MR. DAVIDOFF: I truly enjoy the broadcasting, and I also note that some of the projects you are mentioning to us that you did mention last year. And that's helpful to know in advance.

I did look through the write-up put together by the staff, and in there, when you are looking in the out-years, 2001 through 2006, other than the mention of the potential for high-density TV, I don't see any dollar figures for the out-years. And I would ask that you provide those to us prior to our final analysis so that we know what is going forward in the years and not just look at this at one year at a time. Last year I know you looked at two years and provided us some of that information. Could you do that-- Through the Chair, may I make that request?

MS. CHRISTOPHERSON: I'd be delighted to. Thank you very much.

MR. DAVIDOFF: Okay. The second thing is I always, with your particular agency, like to understand better each year how you're funded. And if you could take a minute or two to describe your sources of funds, that is, how much are you getting from the State of your total budget? What are you getting from other contributions? What are you getting from operating revenue? So that I can get some feel as to your total expenses verses where it is being funded.

MS. CHRISTOPHERSON: What I'd also be delighted to do is forward to you a very full and exact figure so that you can see it. But in broad strokes our foundation certainly has grown. We raised almost \$6 million this year. We set new records in everything from our Gala, which-- For example, four tables of 25,000 last year went to 10 tables this year. Just to give you an example, our membership grew enormously and I think will be up for a national award this year. Our individual support also grew and we've-- In other words, the foundation, private sector, and corporate support has been remarkable in its growth. We now also have received income from other sources. The State appropriations continues to decrease each year, but we continue to seek sources from other sources such as excess capacity grievance and our immediate productions facility, for example, reach day peak of a million dollars this year. And we added 50 new clients.

I'm sorry for my voice, it's a little gravelly today, but I would be delighted to forward the specific numbers to you so that you can see, in other words, that there is a strong growth in support from the community and private sector support.

MR. DAVIDOFF: Can you, in broad strokes -- can you or your assistant give me an overview of what the numbers are now?

MS. CHRISTOPHERSON: Let me see. I also have my Deputy Director of Finance and Administration, so while I'd be glad to do it from memory-- In terms of it is about 5.9 for the foundation. I think it was close to \$4 million for State appropriations. We have other sources -- I told you a million dollars for media production.

Bob, do you have the figures?

Here he does. I love it. That's good staff, right. As a matter of fact, why don't I just hand this to you, sir, and you can read them rather than my reading to you.

MR. DAVIDOFF: Okay.

Basically what this is showing -- and I guess I'll ask our Executive Director to distribute it -- it's showing annual budget of about \$12.8 million for '98, proposed for '99 of \$13 million, and it shows all the sources of that. This is very, very helpful. Thank you very much.

MS. CHRISTOPHERSON: Good, you're quite welcome.

MR. DAVIDOFF: I will give it to our Executive Director to distribute, and it does answer my question.

Thank you very much.

MR. ROTH: Madam Chair.

MS. MOLNAR: Yes, Mr. Roth.

MR. ROTH: Good morning.

MS. CHRISTOPHERSON: Good morning.

MR. ROTH: I also enjoy your programming.

Two points you raised interested me. First of all, you have a new Vice President of Business Development--

MS. CHRISTOPHERSON: Yes.

MR. ROTH: --which I am very glad. And secondly we are talking about maintaining the towers themselves. I was wondering if perhaps you may have already done it, but is there any program in effect that would generate revenues specifically for maintaining those towers?

For example, in my own town we have towers for police communications where we literally rent space to cell phone companies. To the point that each tower brings in about \$25,000 a year in revenue.

MS. CHRISTOPHERSON: We actually bring in tower rental, and you will see from the information that there should be a line on that for tower rental dues. So we aggressively have been trying to grow the tower rental money, too. So I appreciate that as a suggestion. But we are looking at every aspect of our facilities and capacities, including, as you know, that we did an addition to the tower with our ITFS Microwave System. We do have an excess capacity agreement, which brought in -- approximates \$3.6 million over a 10-year period. So we are looking at every corner, and we appreciate all good ideas.

MS. MOLNAR: Any other questions?

Christina.

MS. HIGGINS: Yes, I noted in your testimony and also in the document suggestions that future costs would be contained as a result of the capital improvement requests. Yet in the specific submission in the area which it prints out for us operating impact it says zero. We had specifically, I think, instructed that we wanted to see impact quantified. So I could I ask that that--

MS. CHRISTOPHERSON: We'll take another look. Some of them are a little bit soft and exactly. For example, if you repair something you know-- But we will be glad to give you a range of costs, yes.

MS. HIGGINS: Even if that's in the out-years--

MS. CHRISTOPHERSON: Okay.

MS. HIGGINS: --that would be of interest to us.

MS. MOLNAR: Excellent suggestions.

Mr. Davidoff.

MR. DAVIDOFF: Yes, having looked at -- briefly at the paper your Director of Finance provided, he may be better to answer this. You mentioned that you raised \$6 million through the foundation, and I don't see anything near that number here. Is that being out into--

MS. CHRISTOPHERSON: The foundation is a separate 501C3 organization. So that is why-- I did not hand you a complete --

MR. DAVIDOFF: And the foundation is building funds for future much like an annuity so that it fund out of income. Is that part of it?

MS. CHRISTOPHERSON: The foundation is much like, say in a hospital foundation and raises money to fill both needs for operating support as well as for capital requirements. So it raises money through our corporate support, say the underwriting messages that you see on air, or the individual support, or coming to a golf tournament, which, by the way, we are having September 28th and if any of you would like to join we'd be happy to forward that information, too. So traditional fund-raising activities come through the foundation.

MR. DAVIDOFF: But are they much like an endowment where they are trying to keep money like a college and work off the income?

MS. CHRISTOPHERSON: Well, that is a good question, too. I think nonprofits are moving forward very wisely, so when they build up a base of annual support to creating greater endowments through either plan giving or through capital campaigns. What's critical, however, is to build up the base of annual support. And because we are a State agency, like many other State networks, we don't have a very mature, in other words, system. So while we have seen growth that has been recognized for its national achievement, we don't have a long history of raising money for membership, and therefore our first job is to widen the circle of friends and then to look for more permanent sources.

We have received some planned giving gifts, and we have just started to intensify our efforts there, so hopefully we will be able to start a more permanent source of funding like an endowment in the future.

MR. DAVIDOFF: Because the thing I note is in your Fiscal '99 budget is about \$2.9 million of foundations support. So as a result of your great year -- and it's always a double-edged sword. You have a great year, and then other sources of funding say, "Well, you don't need our money as much."

MS. CHRISTOPHERSON: That's right.

MR. DAVIDOFF: I certainly would see, from my point of view, funding you approximately the same as last year. Maybe your phone system would be funded out of the foundation. I see the critical needs that are here. We also have to be realistic that you are doing a great job. As we do in our township for some of the sports organizations, we say you are doing a great job raising money, you're not going to need our help anymore. Congratulations.

I look forward to saying that to you, with all due respect, to save the taxpayers' money and show that your services are so valuable that the

public supports it on their own and we don't have to make the decision for them. But I don't think you are quite ready for that, but it would be a nice goal.

MS. CHRISTOPHERSON: Well, I appreciate that goal, and I think that one of the things that we also appreciate your sense of transition. Because for a period of time I think we had not been investing in the infrastructure. And you know the importance having a strong infrastructure to help you attract additional private sector support.

The foundation-- By the way, for every dollar of public support that we do not receive, they must raise \$2. It's a new team working extremely hard, and we appreciate every consideration while they are building their resources for your consideration.

So thank you.

MR. DAVIDOFF: Thank you.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Okay, good morning.

MS. CHRISTOPHERSON: Good morning.

MR. ANNESE: I'd like to ask you a few questions, first, about the towers. Actually, it is more of a comment than a question. I understand it's your first priority and understandably because if they fail you're out of business, so to speak.

But this Commission has long been concerned with the problem of maintenance verses capital construction. And things like rusted guide wires come very close to us saying, "Well, gee, what has happened over the past few years, and why are they so rusted?" And based upon what I have read here, it appears as if this has been an ongoing problem long before your stewardship.

So I'm not calling you to task about that, but I am saying that now that two have been restored I am suggesting that in your operations budget going forward that the continued inspection and maintenance of the two towers that have been brought up to shape -- they continue to be maintained and kept up so that these types of problems won't happen in the future.

MS. CHRISTOPHERSON: That is a very essential point, and I also underscore the importance of that. We were just talking about this, this morning about that. Even though it is costly to have inspections, it pays off in the end in terms of maintenance and prepares later on. And so I very much appreciate that.

MR. ANNESE: And my next question is about the phone system. Was that a new phone system when your new building was built?

MS. CHRISTOPHERSON: No, it's the phone system that came from the Parkside bowling alley. So it has been in existence. We have this beautiful new facility, and we have a phone system that perhaps to truly understand it-- It's very important when we are trying to be more customer service and more responsive, especially to donors, to the public, to viewers who are seeing us to have a phone system that doesn't cut them off, that we can operate, that we can operate efficiently.

What we are trying to transfer to is a phone system that I believe the Governor's Office has used for about eight years, that other state agencies -- I got a list of them -- that are moving to that. In other words, there are agencies that already are using, the Division of Investment, the Office of the Attorney General, Juvenile Justice Center, and then other agencies about to install or schedule to install are the Division of Taxation, Bureau of Purchase and Property, Division of Pensions, Property Management and Construction.

We would like to upgrade and have something similar to that. Especially because we are in the communications business and certainly in terms of trying to attract private sector supporters, it's a very difficult dealing with this phone system.

MR. ANNESE: Very roughly, how old is the current phone system?

MS. CHRISTOPHERSON: In mid '80s, I believe. The mid '80s.

MR. ANNESE: And with the new system will there be an expansion of service, more lines, more phones, things like that?

MS. CHRISTOPHERSON: And also it puts us really -- it sets us up for the infrastructure that we need for digital conversions. So it's very important, I think, to have that infrastructure in place, strong infrastructures as I said.

MR. ANNESE: Okay, but will you be having more phones and more lines than you currently have now?

WILLIAM R. SCHNORBUS: The intent was not to increase the number of actual instruments. We are not going to actually increase the number of phone lines or phone instruments, just improve the existing system.

MR. ANNESE: Very roughly how many do you have now?

MR. SCHNORBUS: Roughly 125 separate instruments, 125 separate lines.

MR. ANNESE: Okay, thank you.

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

If not, I'd like to thank you and your staff for coming today.

MS. CHRISTOPHERSON: Thank you very much. We very much appreciate your consideration for this.

MS. MOLNAR: I'd like to welcome Secretary of Agriculture, Arthur Brown.

ARTHUR R. BROWN JR.: Good morning.

MS. MOLNAR: Could you identify your staff for the stenographer.

MR. BROWN: I got a lot of them with me. On my right is Vance Young. Dr. Young is the Division Director of Markets and is here to answer any questions. And I have a cadre of others to answer any questions you may have.

I hope you excuse my nasalness. I have an allergy this morning, and I'm having difficulty breathing. Other than that everything is fine.

I just want to say good morning, Chairwoman Molnar and members of the Commission on Capital Budget and Planning. It is certainly my pleasure to meet with you this morning to present the New Jersey of Department of Agriculture Fiscal Year 2000 capital budget request. As you know, the Department of Agriculture worked very closely with all segments of the multibillion dollar food and agriculture industry here in the Garden State. This diverse industry is supported by a variety of programs and services provided by the Department. These programs and services have often been reinforced by funding recommended by the Capital Budget and Planning Commission.

For example, in FY '98 this Commission recommended funding for a grandstand at the Horse Park of New Jersey in Allentown, New Jersey, which is the central part of the state here, as well as funding for our laboratory glassware washer/dryer in the Department of Animal Health Laboratory. Both of these projects are nearly completed, and each, in its own way, provide

significant benefits to the livestock segment of the Garden State's agriculture industry.

For the current Fiscal Year the Commission approved funding for upgrading the heating and air-conditioning system at the Philip Alampi Beneficial Insect Laboratory in Ewing so that we can improve production and better protect the health and well-being of our employees that are working there. We are working with the Division of Building and Construction to complete this project.

Our request for capital improvements always stem from our constant effort to meet the ever changing needs of the agriculture industry and many other constituencies that depend upon the Department to improve the delivery of services and programs to them.

In that regard, the New Jersey Department of Agriculture's capital request for FY 2000 is no different. In your comments, I had four specific capital improvements; that should be three. So the three specific capital improvement projects we seek funding for in the coming year are all aimed at helping us provide a wide arrange of service more efficiently and more cost effectively.

The first request would fund an upgrade of our 10-year-old central computer system. Right now this system costs nearly \$100,000 a year to maintain. As you may know, hardware and software maintenance costs tend to increase as we invest in new systemwide software products needed to run programs offered by the Department.

Our current Digital Equipment operations, VMS Operating System, has performed well over the last decade, serving our local area network and providing a good foundation for the development of new database

applications. However, the system has begun to show its age. Network transactions have slowed significantly as users and new software have been added to the network. The slow down adversely affects every employee in our agency and all of our programs. And, of course, our agency, like so many others, is concerned of being prepared for the year 2000 conversion.

Our request for \$202,000 will let us change from current VMS to NT Technology. The change would accomplish a lot of different things. It would provide a new central computer system which is year 2000 compliant. It would reduce our annual maintenance cost by 60 percent. It would increase system capacity and speed, both of which are particularly important to the use of geographic imaging systems for our numerous conservation and land use programs. And it would improve the Department's local area network by enabling us to acquire and install 10 system printers throughout the Department. Also, it would provide additional capacity and speed. We ask for your support of this initiative.

Our second FY 2000 capital funding request is related to the Horse Park of New Jersey at Stone Tavern. It is a facility that you have all heard me speak of in most of my appearances before this Commission. And the picture over on my right is an aerial photo of the facility out at Stone Tavern, and we will talk about that a little bit more.

You know how strongly I feel about carrying out the master plan for developing the 147 acres of Horse Park into the finest equine facility of its time on the entire East Coast. This Park opened to the public in 1988 with an administration building, a 60-stall barn, two showrings constructed with State funds. Since then the industry has contributed to the parks development by funding free stall pavilions for 215 stalls, construction of a schooling ring, and

numerous improvements for three-day eventing and driving marathons. The industry has also funded renovations for the carriage, dressage, and grand prix arena and expansion of the camper and camper parking areas, and more than \$200,000 on landscaping.

In addition, this Commission has been extremely supportive of the development of the Horse Park in New Jersey. Your past support has enabled us to pave the main access road and camper area, improve two access roads within the Park, and construct a covered grandstand, which provides a comfortable, sheltered public viewing area that is extremely popular with both spectators and vendors.

Thanks to your improvements like these, the Park's popularity continues to grow. This year the Park is hosting 30 weekends of activities, including the state 4-H championships, regional dressage championships, the National Standardbred Pleasure Horse Show, horse shows for the handicap, the State FFA horse judging event, and numerous breed shows and cross-country events.

This October the Horse Park will be the site of the nationally significant 1998 United States Dressage Federation Regional Finals, and they will return in September of '99. With all of this, however, the Park lacks year-round capability. Beginning in FY 2000, we are requesting additional funding for a two-part project leading up to a covered work area and indoor facility. When completed, the arena would enable a Park to host both equine and nonequine events year-round, subject to the approval of the Department of Environmental Protection which owns that land. That's all on Green Acres land which we have a 99-year lease on.

Because of its size, construction of a 250-foot-by-400-foot-by-22-foot-high covered facility with seating for 2500 spectators will have to be completed over a two-year period. In FY 2000, we would like to acquire a needed parcel of land for the construction of a second access road, begin design and site preparation, and complete half of the actual construction. Therefore, I am requesting \$3,513,000 in FY 2000 to begin work on this ambitious project. In FY 2001 we will return to seek funding for the balance of the project in the amount of \$2,602,000. Assuming approval of the FY 2000 and 2001 Horse Park expenditures, in FY 2003 through 2006 our capital needs at the Horse Park would be for additional stabling as the anticipated demand for the use of the indoor facility will cause a shortage of permanent covered horse stalls.

This request represents a large investment by the State of New Jersey. However, it is one that would generate a tremendous return. Using this year as an example and based upon improving formulas developed by the North Carolina Department of Agriculture, the economic impact of the local area of having 61 days of activity at the Horse Park will be \$15,250,000. Assuming a conservative usage of 150 days per year for both equine and nonequine events, this public investment could yield economic benefits to the area of more than \$37.5 million annually.

The third portion of our Fiscal Year 2000 capital request is for funding to add an extension to our existing accessory building at the Beneficial Insect Laboratory in Ewing. Currently 62 foot by 52 foot, this building is used to store agriculture field implements and greenhouse and laboratory supplies that are used in the production of beneficial insects. The production and release of these beneficial insects, as you know, save farmers and home owners

money by reducing their reliance on costly chemical pest control agents, thereby reducing the impact of these chemicals on the environment. The existing storage building is filled to capacity so that the materials and supplies have to be stored in laboratory space that could be otherwise used to raise beneficial insects.

Requested funding will enable us to build a 1550-square-foot edition to the storage building, increasing our capacity by 48 percent. I am therefore requesting \$153,000 for this project in FY 2000. This project is also part of a multiyear facility improvement. We would like to replace the cooling towers at the Beneficial Insect Laboratory in FY 2001 and its two boilers in FY 2002.

Another portion of our five-year plan includes a capital budget request for Fiscal Year 2001. This requires repair of the greenhouse attached to the health and agriculture laboratory building. Thirty-two years of use has taken its toll on this facility. The temperature controls are obsolete, and malfunctioning and ventilator controls need to be replaced. Existing lighting should be replaced with high-intensity sodium lights. Shading should be installed to protect plants and other materials. To accomplish these improvements and make the greenhouse a more productive component of the Department's regulatory and diagnostic efforts, I will be requesting \$70,000.

I appreciate the opportunity to bring these projects before you. And, again, it's been a pleasure, as it always has been, in working with you and letting you know a little bit more about the Department of Agriculture. So at this time I open it up to questions, and I thank you.

MS. MOLNAR: Thank you, Secretary.

Any questions or comments?

Assemblyman Romano.

ASSEMBLYMAN ROMANO: Just one, not a concern, it's just for information. I'm sure that Mrs. Higgins will go over with you the minute details of everything we are looking at. She is very good at that.

MS. HIGGINS: Thank you.

ASSEMBLYMAN ROMANO: But I am just talking about a basic philosophical area. Is this what you have always wanted in terms of -- and I'm speaking of, let's say, the Horse Park. Was this your original dream, or has it been downsized or downscaled in keeping with, let's say, over the years not being funding immediately? It's been a long haul to get some money for the Horse Park. Is this ideally what you have been looking for?

MR. BROWN: This gets to-- We put together a master plan initially, and this is following along with a master plan. It's not quite complete, but we have been taking it as steps as we went along and we grew with it and learned how to run it and maintain it, and we feel that we are at a point now that we need a 12-month facility. There is an awful a lot of action out there, a lot of requests, and we have a lot of activities within the State that could use a 12-month facility.

ASSEMBLYMAN ROMANO: Well, I'm very happy to hear that you are talking about a master plan.

MR. BROWN: We certainly do have one, sir.

ASSEMBLYMAN ROMANO: And I look forward to the time where you don't come to this Commission looking for more money for the same park.

MR. BROWN: No, no.

ASSEMBLYMAN ROMANO: That you don't come up with something new. We've always tried to acknowledge your needs because everybody loves to see little horses.

I was just curious if this was going to be the extent of your request regarding the indoor arena. You recall seven years ago it was I who wanted, let's say, the grandstand and all to be structurally sound to avoid someone falling off.

MR. BROWN: Right.

ASSEMBLYMAN ROMANO: But I am happy to hear that. So right now this would cover, actually over the five-year period-- You didn't have a projection for the five years did you, Secretary Brown?

MR. BROWN: No, we didn't. But the arena and that indoor facility where we are talking, the work area, would be in the vicinity of \$6 million. Eventually after that there is some more installed. But we may be able to do some of that with the industry support, which we have done up to this point to some already.

ASSEMBLYMAN ROMANO: You had been here for the prior speaker, and the idea of private partnership -- or they have a foundation, whatever the case might be-- I'm sure you are using whatever is within your means to attract, let's say, outside donations--

MR. BROWN: Absolutely.

ASSEMBLYMAN ROMANO: --for those people, especially who are very close to the concept of a Horse Park.

MR. BROWN: We have a private nonprofit corporation that runs the Horse Park, and they provide all maintenance funds so that we don't come back after we get the initial funding for any of these projects -- the

maintenance responsibility -- of that corporation that runs it. We sit in on that board and watch it very carefully.

ASSEMBLYMAN ROMANO: Thank you, Mr. Secretary. I have no more questions.

MS. MOLNAR: Mr. Roth.

MR. ROTH: Good morning, Mr. Secretary.

MR. BROWN: Good morning.

MR. ROTH: I don't necessarily think the question is directed to you exactly. It's more directed to staff.

I expect we'll be seeing a lot of requests for year 2000 compliant computer equipment coming from a number of departments.

MR. SHIDLOWSKI: I don't believe we will.

MR. ROTH: We won't? So virtually everybody is already 2000 compliant?

MR. SHIDLOWSKI: They are working on it.

MR. BROWN: I don't know if that's true. (laughter)

MR. ROTH: The one question I do have, does this money that you are asking for, the computer system, pertain only to hardware, or are we talking about software as well?

MR. BROWN: I'm going to let my expert in the field of computers answer that.

Gary.

MS. MOLNAR: Sir, can you give us name -- full name -- for the stenographer.

G A R Y W. Z A Y A S: (speaking from audience) Gary Zayas.

MR. DAVIDOFF: If you could come up to the microphone, I believe, so we can record it. (witness complies) Hit the button. (referring to PA microphone)

MR. ZAYAS: Gary Zayas.

The system that we have right now, Micro-Vax 4000-200-- The hardware itself right now is 2000 compliant. The software needs to be brought up to 2000 compliance. We have scheduled that into our maintenance cycle for this year. While we are doing that, we are also looking at how much it's costing us to maintain it. And right now we can upgrade the system -- actually we can purchase a new system that is fully 2000 compliant both in hardware and software and also eliminate this maintenance cost.

MR. ROTH: It's just a general question concerning year 2000 compliance. I am really wondering what guarantees we have that this hardware and software really is year 2000 compliant, particularly the software.

MR. ZAYAS: Right. We've been talking to the vendors that we're purchasing this NT server from. Microsoft has stated -- I think we can probably get it into certification for Microsoft -- that their operating system is year 2000 compliant, and I've gotten something from Dell, which is the vendor we're primarily interested in, that their hardware is also year 2000 compliant.

MR. ROTH: So you're only talking about operating system and hardware.

MR. ZAYAS: And software and the hardware.

MR. ROTH: But there is no specific task-oriented software that needs to be upgraded?

MR. ZAYAS: No, everything that will be running on this-- I guess, yes, you're right. All the applications will be running on this NT server

is last year 2000 compliant. It's going to primarily be Microsoft Exchange, which will be our E-mail system, which is year 2000 compliant. Or else we will be running something called VMS -- will help us do remote management of all of our computers from a central location; that is year 2000 compliant.

Microsoft has assured us that all the NT back office suite, which is all of these server products, are all 2000 compliant.

MR. ROTH: I don't particularly want to recommend a product, and I am glad you are dealing with a company as big as Microsoft because the potential liability in the event you're not 2000 compliant can literally bankrupt a small company if it ever happened.

MR. ZAYAS: We are really aware of that. That's why we are acting on this. In addition to the beneficial savings, we are going to save on maintenance on the computer hardware.

We have some issues that Compaq recently purchased Digital Equipment. There is an issue there. Originally Digital was following up on our year 2000 issues on our current box, but now that Compaq has purchased Digital there is a lot of grey area now.

There was an area before when we were all Digital. We have support, we payed for support. We can apply the patches that they would like to apply and make sure the box is 2000 compliant. There is a lot of question now of whether Compaq is truly going to support VMS, and that's a concern to us. And with the price difference being so much cheaper to get an NT box that will satisfy our needs and it's a lot easier to administrate compared to the VMS system, for a department of our size, it makes a lot more sense just to go ahead and get an NT server.

MR. ROTH: I agree, thank you.

MR. BROWN: And we're also working, of course, with the entire State system, so we have a commonality of product lines.

MR. ROTH: Thank you.

MS. MOLNAR: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Ms. Higgins, are you speaking?
(affirmative response) Go ahead.

MS. HIGGINS: I just wanted to follow up on that. The mix between software and hardware in the \$202,000 request, do you have a breakdown on that?

MR. ZAYAS: The actual hardware itself is going to be about \$65,000. Eighty thousand of that are the printer system. Currently our printers are what they call LPS printers. They depend on the back system to be able to boot up. So if we got rid of our backs, we basically have no printers, so we also have to replace printers. We are estimating our printers that we have been looking at that can handle duplex, postgrip levels two and three, stapling, speed increase to like 32 pages per second. They are roughly about \$8000 to \$10,000 per printer. So we got eight printers that we have to replace. So that's \$80,000 of the \$200,000. The server is about \$65,000, and the remainder is software. That price also includes warranty and maintenance for five years.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: Just a fast comment. I want to congratulate Mr. Roth because he has raised a topic that we'll be going through as we have these hearings asking every agency about the year 2000. What I always find interesting though, who has helped you in your design or upgrading of the computer equipment and the software that you intend to use?

When I say who has helped you, your own in Department staff, an outside consultant?

MR. ZAYAS: Well, we have both. What happened was we have another bureau that joined us recently, the Bureau of Child Nutrition. They have a Vax, also. They brought it over from the Department of Education, and they are using it very heavily with applications. There was a need to make those applications year 2000 compliant. Their hardware and software is much older than what we currently have. So we have to upgrade that. We were looking for solutions, and NT solution became the cheapest most cost effective.

So we sensed after training-- And so we want to leverage the training that we've already invested in our staff in NT. Additionally, also, we have talked to Garder Group people, we have talked to other agencies that are also doing NT -- moving toward NT from different systems. We didn't want to be the only ones on the bleeding edge, doing something on our own. We are doing stuff that other departments are also moving toward.

ASSEMBLYMAN ROMANO: Well, just let me say this, Madam Chair, and to the rest of my colleagues here. It's interesting -- and I've always said it at these meetings. We have the Office of Technical Services, actually OTIS, and I never cease to get amazed where we have right-- We're in the state as part of the state groups so sophisticated in high tech where an agency such as you coming before us with some sort of computer needs that whatever you need help in designing or not at least OTIS should sign off on the requests on anything doing with the computers and the upgrading.

I was interested, but as you said, you went because you handle child nutrition now, the Department of Education. Now I'm going to be

curious when the Department of Education comes when they have anything to do about computers-- Does anybody have the wherewithal to talk to OTIS?

MR. BROWN: We talked to OTIS a lot.

ASSEMBLYMAN ROMANO: Okay.

MR. BROWN: That's the organization that started us into computers.

ASSEMBLYMAN ROMANO: I listened very carefully, Mr. Secretary, about the groups that were involved. OTIS was not mentioned, and this is the point I want to make. I believe, I maintain that OTIS should be consulted and sign off on any request when it comes to computerization.

MR. SHIDLOWSKI: My understanding is that they need to approve all acquisitions of technology.

ASSEMBLYMAN ROMANO: But that has not been made clear here. You're saying that as if that's an assumption we always have to make. But I think it should be said out front. We can talk all you want about computers. I think it should be said that this has been reviewed by OTIS with their recommendation or approval. I mean, who else do we speak to about computers in the state? Each agency might have a crackerjack in computers, it's all well and good. But we assume that OTIS is the best that there is, or else I assume it from my relationship with the State.

Thank you, Madam Chair.

MS. MOLNAR: Christina, do you have a comment?

MS. HIGGINS: Yes, I also wanted to reassure the Commission that there is a comprehensive process in place for the executive branch, and it also includes judicial branch information, that would require each department

to come forward with their three-year plan of how to address Y2K, which is what we are calling it--

ASSEMBLYMAN ROMANO: Right.

MS. HIGGINS: --requirements, and the review process includes OTIS staff from a technical perspective on these, staff from a financial perspective, and then it is coordinated through the CIO's office. And the reason that you will not see many Y2K requests coming to the Commission is that we are channeling that through the operating budgets, and you would have seen an FY '98 and '99 appropriation for Y2K.

ASSEMBLYMAN ROMANO: But I am assured that all these requests OTIS has--

MS HIGGINS: Absolutely.

ASSEMBLYMAN ROMANO: --an approval and reviews the matter.

MS. HIGGINS: Absolutely.

ASSEMBLYMAN ROMANO: I told you before, you do an excellent job, Mrs. Higgins. (laughter)

Thank you, Madam Chair.

MS. MOLNAR: Thank you for your clarification.

ASSEMBLYMAN ROMANO: Thank you, Madam Chair.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Good morning.

MR. BROWN: Good morning.

MR. DAVIDOFF: Regarding the computers, the eight printers that you are getting serve how many people, and there are how many computers?

MR. ZAYAS: Each printer is roughly going to serve one division -- each division. We have approximately seven divisions in the Department. Each division consisting on an average, I would guess of about--

MR. BROWN: They vary.

MR. ZAYAS: It depends, yes.

MR. DAVIDOFF: Give me an idea. Is each printer serving three people, thirty people?

MR. ZAYAS: I would say about 30.

MR. DAVIDOFF: Each printer will serve 30 people.

MR. ZAYAS: Twenty-five, thirty, thirty-five people.

MR. BROWN: Yes.

MR. DAVIDOFF: And the comment-- That was my question. The comment that I have regarding the Horse Park. I really believe, especially in light of I got a letter today regarding having to raze a building that was not properly maintained-- I really believe that something like an indoor arena from a Horse Park is something that you should really seek a public -- a private group to come together. The people who are using the facility should probably be the ones who end up paying for it rather than putting it on the State. That's my comment.

I do have one other question regarding the Horse Park. You mention in your discussion that there was \$200,000 raised for landscaping by private industry. What is the total that has been raised-- What is the total that has been raised from private industry in the last three to five years, do you have any figures on that?

MR. BROWN: Lynn Mathews.

L Y N N B. M A T H E W S: My name is Lynn Mathews. I am the specialist for the Department. In the last 10 years, since our opening, \$1.3 million has been raised through private and private not-for-profit groups supporting the Park. And to clarify, the \$200,000 in landscaping that's a total of 114 memorial trees that were purchased by people. There was no trees there when we started. It was a potato farm. There was no type of shade at all. And 114 large trees have been purchased with memorial markers from people within the industry.

MR. DAVIDOFF: Thank you very much.

MS. MATHEWS: You're welcome.

MR. BROWN: And by the way, if any of you are interested in some night taking a trip to the Horse Park, I would gladly give you the dollar-and-a-half tour. It's a beautiful facility, and it's looking right in the middle of the state. So it's not a flatland, it's a nice rolling terrain, and it's very, very nice.

ASSEMBLYMAN ROMANO: Madam Chair, just let me say, does the pony ride guarantee still in effect? (laughter)

MR. BROWN: Mr. Assemblyman, if you come out, we'll have a pony there for you, how's that? (laughter) You could probably walk right over it.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: Two quick questions for you, Secretary.

On alternate funding sources for the, let's say, land acquisition and the construction of the road, have you talked to the Department of Transportation about either Transportation Trust Fund money for the new access road and then for the acquisition of the other parcel of land that you

look at? Are you considering, assuming voter approval of the Green Acres Open Space Preservation Dedication this November, using a portion of that money for the land acquisition?

MR. BROWN: We will be looking at-- I don't-- It's such a small parcel that we are talking about, just to give us a little more ingress into the property, and it wouldn't fall into the Farmland Preservation Program, I'm sure.

MR. ROUSSEAU: Not necessarily the Farm Preservation, but the Green Acres component of it.

MR. BROWN: There is a possibility. We can look at that. We haven't talked to DOT.

MR. ROUSSEAU: How much are we talking about for-- Let's break out acquisition and the construction of the road. How much is that of this \$3.5 million?

MR. BROWN: The land is in the vicinity of \$300,000 plus, and that's for nine or ten acres there that's got buildings on it, but it does provide good access to the Park. And the access road is about \$500,000, and the site works are another \$500,000. The problem is-- It's a beautiful site, but when it comes to site preparation, it's very costly because you have to move a lot of the dirt around to get it level.

We work with the Department of Environmental Protection because everything that is done there, based on our board-- Everything has to be approved through the Department because that's all Green Acres land that we are working on.

MS. MOLNAR: Christina.

MS. HIGGINS: And the land is currently owned privately?

MR. BROWN: No, it's owned by Green Acres.

The piece we are talking about purchasing? Yes, that's adjacent to the Green Acres portion.

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

If not I'd like to thank you Secretary Brown and your staff for coming.

MR. BROWN: Very good, thank you very much.

If anyone has any questions as you go through your deliberations, please give us a buzz.

MS. MOLNAR: Thank you.

MR. ROTH: I thought we were going to get some Jersey tomatoes today.

MR. BROWN: I wanted to see how things went first. (laughter)

They have been pretty good, I'll tell you that.

MS. MOLNAR: Our next department is Department of Education, and I'd like to Welcome Dr. John Sherry, Assistant Commissioner.

ASST. COMMISSIONER JOHN M. SHERRY: Good morning.

MS. MOLNAR: Good morning.

ASSISTANT COMMISSIONER SHERRY: Madam Chair and members of the Commission: Good morning and thank you for the opportunity to testify about the Department of Education's Fiscal Year 2000 capital budget request.

My name is John Sherry, and I am the Assistant Commissioner of the Division of Field Services. Our Department's funding request are in two areas: the Marie H. Katzenbach School for the Deaf and the Regional Day

Schools for children with disabilities. At the outset, I would like to publicly thank Mr. Paul Shidlowski and Mr. Ted Kukowski of the Commission staff for their assistance and advice in preparing this budget request. Their continued support has been greatly appreciated.

I would also like to introduce my colleagues from the Department of Education. To my left, Mr. David Corso, from the Office of Administration. And to my right, Mr. Ron Goodwin, Assistant Superintendent of the Katzenbach School for the Deaf. And to my far right, Mr. Al Long from my division who serves as a liaison to the Katzenbach School and to the Regional Day Schools.

The capital projects that you approved last year and which were appropriated in the State's 1999 budget are scheduled for completion this year. Your support of the priority projects we have identified for Fiscal Year 2000 is especially critical if we are to fulfill our responsibilities under State law to provide a healthy and safe environment for the students with disabilities who attend these State schools.

We have carefully reviewed the request submitted by the schools and have included in our package 12 priority projects which we consider critical to the maintenance of the buildings and to the health, safety, and well-being of the students who use them.

Our total request of \$2,570,000 is based on a thorough review of 44 projects totaling over \$5.7 million. We have carefully reviewed all requests and have included only the most essential projects for your consideration. Although I am aware of the constraints in funding for capital projects, I can say that each of the projects I am proposing is essential and merits your serious consideration and full support.

First, the Katzenbach School for the Deaf. The Katzenbach School for the Deaf provides facilities for educational, vocational, and residential programs for deaf and hard-of-hearing students. Many of the students have additional disabilities which further compound their needs. The campus is composed of 31 State-owned buildings. The Department is requesting funding for five projects at the school, totaling \$1,129,000. Priorities Nos. 1, 7, 8, 10, and 11 reflect the capital construction needs at Katzenbach.

Priority No. 1 addressed the need to replace roofs at five buildings on the Katzenbach campus. A total of \$99,000 is being requested for building 2D, which is a maintenance garage, and for building 22, which is the boiler house, and for the fire escapes on building 8, 10, and 11, which are used to provide special services for Katzenbach students. These roofs are all leaking badly, and there is a potential for significant damage to the buildings. These conditions could adversely affect the health of the students and staff.

Priority No. 7 requests \$540,000 to replace the air-conditioning units at the vocational high school. The current units are 24 years old and are frequently in need of costly repairs. The replacement of these antiquated units will achieve a significant reduction of maintenance and utility cost.

Priority No. 8 is a request for \$97,000 to install a fire escape at the health center. This construction will allow the upstairs portion of the center to be used for the expanding plus program, which services severely emotionally disturbed deaf children.

Priority No. 10 is a request for \$180,000 to upgrade the overall campus lighting. Lighting in various areas of the campus is limited and

presents a significant safety concern for the students and staff members who are involved in evening activities.

Finally, priority No. 11 requests that \$213,000 be recommended for the replacement of high school dormitory windows and doors. Buildings number 24, 27, and 28, the windows are leaking and cannot be easily opened. Currently the doors, which are over 20 years old, have to be forced open and closed. This needed replacement of windows and doors, in addition to creating a healthier environment, will provide the school with significant energy savings.

Now I would like to turn to the Regional Day Schools. The Department of Education is required by law to operate 11 Regional Day Schools located in 10 counties throughout the state. At this time, all of the schools are operated by local educational agencies under contract with the Department. Operating expenses are generated entirely through tuition charged to local districts which send students to the Regional Day Schools. Most of our buildings are 15 years old, and we are beginning to see a pattern of need of replacement of key structural building units. The Department is requesting funds for seven projects at the Regional Day Schools at a cost of \$1,441,000.

Priority No. 2 is for \$350,000 to replace the HVAC duct work at the Norman A. Bleshman Regional Day School. Currently, indoor air quality problems exist which may create significant health problems for the children of a severe disability located at this school.

Priority No. 3 is a request for 250,000 to replace the interior HVAC units at the Regional Day School at Jackson. Parts for this outdated system are no longer available and frequent breakdowns of the system could

result in health problems to the children with severe disabilities served by this facility.

Priority No. 4 is a request for \$450,000 for the installation of central air-conditioning at the Regional Day School at Millburn. Currently, not all rooms are air-conditioned, resulting in inconsistency in air temperature and humidity. These conditions could seriously impact the health of the children.

Priority No. 5 is a request for \$200,000 to replace the current air-handling units and energy management system. In 1997 the rooftop HVAC units were replaced through capital funding. At this time sufficient funds were not available to replace the air-handling units. The current air-handling units are incompatible with the HVAC system. Failure to replace these units could result in serious indoor air quality problems.

Priority No. 6 is for \$50,000 to replace the HVAC control system at the Regional Day School at Piscataway. The current control system is antiquated, and replacement parts are no longer available. This situation could result in operational problems which would impact the health and safety of the seriously disabled students served by the school.

Priority No. 9 is a request for \$51,000 for the installation of additional bathrooms at the Regional Day School at Hamilton. The children at this facility have serious physical disabilities. The existing building does not have adequate bathrooms and cleaning facilities to accommodate their needs. This construction is necessary to ensure the health and safety of students and staff.

Priority No. 12 is a request for \$110,000 to repair the leaking exterior walls at the Regional Day School at Piscataway. The leaks are

occurring in the electrical and mechanical rooms, a situation which present fire and safety hazard.

This completes my presentation. Thank you for your consideration of our request. Your continued support is very much appreciated, and I will be glad, with the staff, to respond to any questions which you may have.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman Romano.

ASSEMBLYMAN ROMANO: Madam Chair, thank you.

Dr. Sherry, this is the first time you've come here, and not to downgrade your own presentation, I think over the past several years, especially in the Department of Education, I've always gone out of my way to make sure their entire request has always been honored. Because Mr. Corso will attest that I think he has learned how we would like them to submit it, as priority items. They gleam, they've cut down to the bone on what actually is needed. So as far as I am concerned, until Mrs. Higgins gets a hold of some of this (laughter), you have my complete support.

Just a few comments, though. You know there is the other world in education. You know the public schools.

ASSISTANT COMMISSIONER SHERRY: Yes.

ASSEMBLYMAN ROMANO: And I have to assume -- and I will not go into about assuming. I have to assume that while the State is requiring full description for the avid projects in maintenance -- not maintenance -- but in projected renovations and additions according to the new regulations that have been provided, is the State itself coming up with some sort of master

plan-- Right here where we get in most of this -- and, Mr. Corso, you are going to have to agree -- are the results of deferred maintenance. Where, had the proper maintenance been followed in several of the items, you would not have the problems that you have, especially on roof leaks. That's the worst one that always bothers me. No one goes up on the roof to see if it's still there after a rainstorm.

I want you to know at the same time you may hear from us here as members of the Commission, Senator Littell, who happens to -- how should I say? -- agree with -- or rather I agree with him that we should keep in mind as a Commission the key maintenance needs and cost, a paramount concern. Because lately-- And he refers to one historic mansion, due to the fact that it has not been taken care of -- with maintenance, they have had to take it down, one of those sorts of situations.

But how is the State faring with the public schools the same way? I mean how does the State carry out their master plan?

ASSISTANT COMMISSIONER SHERRY: First of all, Assemblyman Romano, thank you for your support over the years. I know that you have supported our initiatives. Let me just say to you that we require each of our 600-plus school districts in the State of New Jersey to submit to us a five-year facilities master plan. We also require each of our school districts to have a five-year maintenance plan. And it is good to have a plan and you should have a plan. Part of the problem, of course, is having the plan when you get to that last day when the local board of education has to adopt their budget. Are they going to defer something that's in their plan in light of their fiscal situation? So we do currently require every district to have both plans.

I know that in light of the *Abbott vs. Burke* decision and in light of the *Abbott* regulations that the Commissioner has published for the 28 *Abbott* districts, we are working with them on the facility need as well as working with all of the school districts. Commissioner Klagholz, along with Assistant Commissioner Michael Azzara from the Finance and Facilities Department, are working on a plan to bring to the administration and to the Legislature so that we will ratchet up that area.

I think we all recognize that the maintenance of our some 2400 public school buildings across the State of New Jersey is very important.

ASSEMBLYMAN ROMANO: I'm all aware because that same problem about deferred maintenance and what it costs in the end run.

Just one further comment, though. I know there are many bills floating around as to the full description of what they will allow or not allow in the building process for the *Abbott* districts. I feel a little bit down as I hear what is coming back now is, after the Bureau of Facility Planning Services, in their wisdom and rightly so, insisted upon adequate space in classrooms and then the Legislature saw fit, because there were some situations that fell through the cracks -- so you could get a waiver from the Commissioner not having to follow that, especially in a renovation of an old area for classroom space.

But I understand that under someone's philosophy, to get to the quick of the situation, any new construction in the *Abbott* districts the State will not give the proper proportion for the cost of building. They frown on -- if that's a good word to say -- they will not pay for, let's say, the type of services that would have art rooms or a physical science lab serving as a physical science lab, as well as a chemistry lab, so that there would be no

emphasis on building these special type of rooms, and even libraries unless one comes up and says, "No, we have a new thing today called a media center, but let's see how it pans out." But as I said, I don't know what input -- and I'm pretty sure that comes under your jurisdiction, you know, in the State Department as it comes.

And I think they should take a hard look at-- Now it's like everything is up for grab on space. There was a good reason for the space requirements before, no less now. If you can't have it in a renovation, fine. That's why you come up with a waiver. But those areas that were prescribed, especially in kindergarten and in preschool, had a reason, motor skills, plenty of space. You can't take these children and put them in a closet to learn.

Thank you very much for your time. I have no further questions.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: Good morning.

ASSISTANT COMMISSIONER SHERRY: Good morning.

MR. DAVIDOFF: I'd like to know more about the Regional Day Schools. Are these all for disabled children? If that's the purpose could you give me a two-minute overview.

ASSISTANT COMMISSIONER SHERRY: Yes, the Regional Day Schools are owned by the State of New Jersey. They are for severely disabled students that currently we enter into a contract -- the Department enters into a contract with a local educational agency for the operation of the school. Children are sent to the Regional Day Schools by neighboring or surrounding school districts. There is a charge of tuition back to the Regional Day Schools. The Regional Day Schools are permitted to do certain capital improvements that are less than \$50,000. They may budget that in their operating budget.

Any capital improvements that are in excess of \$50,000 are precluded by the operation of these schools and therefore come back to the State.

MR. DAVIDOFF: Does the tuition at the school districts provide for the Regional Day Schools to cover the operating portion of the budget?

ASSISTANT COMMISSIONER SHERRY: Yes, it does.

MR. DAVIDOFF: So the only subsidy that these schools get from the State is what we're talking about here today?

ASSISTANT COMMISSIONER SHERRY: That is correct, with one clarification. The home district would be eligible for some State aid for special education but certainly not 100 percent of the cost.

MR. DAVIDOFF: Are there certain school districts-- Do all of the school districts use one of the eleven Regional Schools, or do some of them have their own -- some of the larger school districts take care of their own severely disabled?

ASSISTANT COMMISSIONER SHERRY: Some of our larger school districts do accommodate their students. But in smaller communities and smaller school districts, they may find that this would be the best way to serve the needs of the child.

MR. DAVIDOFF: So since this is in only 10 counties, the other counties have to transport their children sometimes quite a distance.

ASSISTANT COMMISSIONER SHERRY: Correct.

MR. DAVIDOFF: Is there any thought to adding additional regional schools in other counties?

ASSISTANT COMMISSIONER SHERRY: Not at this time. There was a specific bond referendum a number of years ago to produce the capital funds to build these buildings, and that bond referendum -- the

proceeds from that referendum had been exhausted. And I don't see on the horizon an initiative to cause additional construction of schools.

Also, I think we need to realize that the thinking emanating out of Washington and in the State of New Jersey is to encourage all school districts to attempt to accommodate as many special education children as they can in their local district providing mainstreaming and in-class support. But I do want to add, for these particular students, some of these students are very, very severely handicapped.

MR. DAVIDOFF: I understand.

What is the total population of those 11 regional school districts?

RAY AL LONG: I'll have to guesstimate. In most of them I would say around 100 students, somewhere in that range.

MR. DAVIDOFF: About 1000 students.

MR. LONG: I would say. That's very roughly.

ASSISTANT COMMISSIONER SHERRY: One thousand one hundred would be our 11 schools.

MR. DAVIDOFF: Just a couple of things. It's interesting you mention the word horizon. I look at the horizon that you have here in your budget for the years 2001 through 2006, and I know they have nothing budgeted, and I know we very specifically requested last year that you provide that to us.

ASSISTANT COMMISSIONER SHERRY: We are currently working on a five-to-seven year capital projects plan. We will get those figures to you as soon as possible.

MR. DAVIDOFF: Okay, thank you very much.

Now, some specific questions. On Priority No. 5, you talked about an energy management system. I always think of an energy management system will then save operating dollars, but I don't see any operating dollar savings. Where is my thinking incorrect?

ASSISTANT COMMISSIONER SHERRY: Because the savings and energy are paid for by the district, not paid for by the State.

MR. DAVIDOFF: Okay, but there will be a savings to the district?

ASSISTANT COMMISSIONER SHERRY: Yes.

MR. DAVIDOFF: Okay, could we get at least an asteric on that even though it's not a saving to the State?

ASSISTANT COMMISSIONER SHERRY: Sure, we could certainly do that.

MR. DAVIDOFF: So we understand that and say, oh good, we are saving cost of education by doing this.

ASSISTANT COMMISSIONER SHERRY: I see where you're coming from.

MR. DAVIDOFF: Similarly -- and now I am really confused. Number seven you talk about investing \$540,000 to reduce the cost of maintenance on air conditioners. That savings is only \$15,000 a year.

ASSISTANT COMMISSIONER SHERRY: Right, because Katzenbach is operated by the State, and so we are responsible for the maintenance when it is Katzenbach.

MR. DAVIDOFF: Why is it such a small amount of savings for such a large expenditure?

ASSISTANT COMMISSIONER SHERRY: It's an estimate, guesstimate, estimate.

MR. DAVIDOFF: Okay, because I guess in my mind I'd say, "Well, it's only going to save me \$15,000 a year, maybe it's not worth investing \$540,000," and you might want to tone in on that estimate.

ASSISTANT COMMISSIONER SHERRY: We will retake a look at that issue -- relook at that issue.

MR. DAVIDOFF: Item No. 12, repair exterior wall leaks. That's the word that I hear, repair. Why is that not being covered under operations? And if it has gotten that bad, why wasn't it covered before it got that bad?

ASSISTANT COMMISSIONER SHERRY: Well, the one part of your question is it is an expense of \$110,000, so it has reached the point where they cannot pay for it out of their operating budget because it exceeds \$50,000.

MR. DAVIDOFF: But why didn't they maintain it along the way so that we didn't reach this point?

ASSISTANT COMMISSIONER SHERRY: That's a very valid question.

MR. DAVIDOFF: Because my answer to that particular one is this is neglect by the school systems, by the schools operating this, and I would say this is something that we shouldn't be funding. That it should be funded out of operations, and if it's leaks, make them all three leaks under \$50,000 and then you can fund it under operational.

I am very concerned this is-- Mr. Romano is making the same point that let's make sure that we're maintaining these properly, and when I see these kinds of expenditures I am very, very concerned. I'm also concerned, really concerned, of the fact that we've had a year since last year-- We only added one year to this FY budget. So 2001, 2002, 2003, 2004, and 2005

should have been known last year. And I am very concerned that we are not saying, hey, we already know that two years from now we are going to need a new HVAC system over in this building and three years from now, if we have a plan, that we are going to go through a regular set of operations and maintenance.

I know I was walking around in my office showing some people around my office the other day and I said, "Well, this chair is 17 years old." They said, "How does it look like it's only brand new?" I said, "That's because we maintain it." And I think you've got to begin to take that philosophy like it's your own property, the people who are managing this. I think just like in your own home or your own offices you take a little more care. You've got to get that down the line to people who are managing this.

ASSISTANT COMMISSIONER SHERRY: We understand your point.

MR. DAVIDOFF: That's all my questions. Thank you very much, Madam Chair.

MS. MOLNAR: Christina.

MS. HIGGINS: Reinforcing the points that you made, Marty. I am curious about the nature of the review of the contracts with the local school districts that maintain and operate the Regional Day Schools. Is there a review, and is it as detailed as to specify the amount of effort that goes into maintenance?

ASSISTANT COMMISSIONER SHERRY: The contract for the operation of the Regional Day Schools is a multiyear contract; however, we review annually with them their budget. So that we are looking at their audit, we are looking at their free balance, and we are looking at the tuition rate that

they are charging, as well as what their proposed budget is. So we do have a vehicle on an annual basis to question them relative to their maintenance projects.

MS. HIGGINS: And does that budget break out a distinction between maintenance projects and salaries and other?

ASSISTANT COMMISSIONER SHERRY: Oh, absolutely. It's the GAAP accounting budget for local school districts, and it is very definitive.

MS. HIGGINS: And do you have standards for what percentage of the budget should be allocated toward maintenance?

ASSISTANT COMMISSIONER SHERRY: No, we do not.

MS. HIGGINS: I wonder if that's an area that over the long haul we should take a look at.

MS. MOLNAR: Mr. Rousseau.

MR. ROUSSEAU: In this budget review, is there also another review of the actual facilities that somebody goes out and looks at the facilities every year or so--

ASSISTANT COMMISSIONER SHERRY: Yes.

MR. ROUSSEAU: --every six months or so?

ASSISTANT COMMISSIONER SHERRY: Staff from my office and from the Office of Administration visits each facility.

MR. ROUSSEAU: I guess you are not just taking their budget at face value then.

Thank you.

ASSISTANT COMMISSIONER SHERRY: Absolutely.

MS. MOLNAR: Thank you. Any other questions or comments?

(no response)

Well, as an elected member of the Westville Board of Education, I want to thank you for your assistance over the years. We do have a five-year plan and your Department has been very helpful to us. And on behalf of this Commission, I would like to thank you and your staff for coming.

ASSISTANT COMMISSIONER SHERRY: Thank you very much for your kindness and also for your support.

Good luck.

MS. MOLNAR: Our next Department is the Department of Health and Senior Services. I would like to welcome James Houston, Assistant Commissioner.

Thank you. Could you identify your staff?

ASST. COMMISSIONER JAMES H. HOUSTON:

Yes, my name is Jim Houston. I am Assistant Commissioner for Management and Administration for the Department of Health and Senior Services. To my right is Mr. Jim Blumenstock, who is our acting Senior Assistant Commissioner for Public Health Protection Programs. And we will be joined in just a minute by Dr. Thomas Domenico, who is our Assistant Commissioner for laboratories, whose beeper just went off at a rather inappropriate time.

Good morning and thank you for the opportunity to present the Department of Health and Senior Services's capital needs for Fiscal Year 2000. Recently a health department from northern New Jersey notified the Department about a potential outbreak of illness at a nursing home last July. Two patients had died within a month with similar symptoms common to salmonella infection. Our laboratory worked with the local hospital and Department of Epidemiologist to identify and speciate the organism responsible for the outbreak of salmonella.

Patient specimens and food stuff from the kitchen were sampled and tested to identify the source of this salmonella outbreak, a species of this organism commonly found in raw eggs. A total of 17 patients were found to be positive, and all were treated. The investigation traced the problem to early June in the most likely source of preparation of lasagna. The eggs used in the preparation were probably undercooked.

In 1996 the Environmental Radiation Laboratory found high levels of radioactivity in a number of wells which were supplied from the Toms River water supply. This finding led to a study of the Kirkwood-Cohansey Aquifer, which supplies drinking water to over 1 million people in the southern part of New Jersey. The recent release of the United States geological survey of the laboratory findings documented this potential for naturally occurring radioactivity in drinking water from private wells. Recent press articles on this report heighten the awareness of the 200,000 private well owners. The Department Laboratory geared up to accommodate all citizen requests to have their private well water tested.

These are but two examples of the challenges faced each day by the Department's Public Health and Environmental Laboratory. The consolidated Health Laboratory performs a diversity of analysis for all segments of State government that focus on the health of the citizens.

The incorporation of the Department of Environmental Protection Laboratory services requires our laboratory to be EPA certified as the DEP's enforcement laboratory under the Federal Safe Water Drinking Act. The lab's Environmental Program test for all the recognized contaminants found in aquifers and groundwaters. The Environmental Laboratory Program works with the Department of Transportation in the area of payment run-off and

potentials for ecological contamination. This laboratory also performs milk and milk products certifications required by the Food and Drug Administration for the distribution of milk and milk products locally and for interstate commerce.

The laboratory works closely with the Department of Agriculture on animal diseases with potential infectivity for the human populations. In addition, the Public Health Laboratory analyzes mosquitos, ticks, rabid animals, and deals with a variety of emerging and ever changing infectious diseases.

Public Health Laboratory works closely with surveillance and treatment programs in the state to assist in the delivery of a quality health care product to the citizens. Laboratory works with many subpopulations throughout our state in the areas of infectious disease, drug addiction, tuberculosis and its drug-resistant strain, sexually transmitted diseases, and specialized programs for underserved populations.

The laboratory is instrumental in the health of all babies in the state by performing genetic and metabolic testing on all newborns to detect potentially life-threatening conditions and support the intervention of treatable diseases.

The key role of any public health laboratory facility is to deal with major threats to the general public such as the AIDS epidemic, drug abuse, and the changing patterns of growth with tuberculosis in this state. The State's Public Health Laboratory must remain current regarding possible threats of new and emerging infective agents. The latest Federal initiatives, such as food safety and bioterrorism preparedness, have a State laboratory component and

must be revised and expanded at the State level in order to stand ready to respond to adequately protect the public health.

Laboratory staff are on alert 24 hours a day, 7 days a week to respond to any health emergency which may arise. These include food and product tampering, animal bites, and threats of public water supply contamination. In previous years, the Commission has played a vital role in allowing the Department of Health and Senior Services to remain in the technological forefront of laboratory analysis. The Commission is helped by supporting the replacement of obsolescent instrumentation, the purchase of more accurate and efficient automation, and the retrofit of the laboratory infrastructure, and we appreciate the Commission's support.

This year the laboratory is requesting \$2.996 million to improve the infrastructure of the laboratory facility and to continue to purchase new technology. As in past years, three main service areas are in need of your support: Environmental and Chemical Laboratory Services, Public Health Laboratory Services, and Laboratory Support Services. Failure to maintain scheduled instrumentation replacement programs seriously compromises the lab's ability to maintain its high standard of performance and its capacity to meet the heavy ongoing demand for services to respond as needed to public health crises.

The networking resources and experience of a public health and environmental laboratory has been key to the prevention of health crises from spreading beyond containment. The Health Laboratory must continue to advance its technology and must provide a safe working environment for the employees who deal with even more virulent strains of microorganisms.

The proliferation of drug-resistant strains of tuberculosis and other aerosol agents capable of carrying disease make it obligatory to have a facility that minimizes the potential for risk when working with these microorganisms. As you are aware, the Commission's support has resulted in the funding of an architecture and engineering review which will soon yield a completed feasibility study for a Biolevel III component within the laboratory. Monies are requested in this budget to fund the beginning year of construction of this essential containment facility and its safety improvements.

The laboratory building was constructed in 1964 and has served the public health well over the years. However, replacement of key components of the building's infrastructure, such as chemical fume hoods and deteriorating laboratory cabinets, drawers, shelving, sinks, etc., are essential to maximizing the laboratory's ability to function efficiently. Any monies used by the laboratory in recent years have been devoted to urgent repairs. Renovation is necessary to help us utilize the lab space economically and restore deteriorating space that had become unfit for utilization.

The advances in technology over this past decade have been to automate instrumentation. The data flow has increased dramatically, and data communication interfacing and data storage and retrieval are common demands and expectations of the clients we serve. The purchasing of new instrumentation offers greater accuracy, precision, and sensitivity. Instrumentation upgrades have an added benefit of expanding the level of detection and the newer instrumentation interfaces well with the laboratory's computer system.

Thank you, and we will be happy to answer any of your questions.

MS. MOLNAR: Thank you.

Any questions or comments?

Assemblyman Romano.

ASSEMBLYMAN ROMANO: As always, I will leave to Mrs. Higgins the riggers of deciding if you're putting something eligible under the funds administered under the Capital Commission. I want to get right to the question I have. Toms River, with the studies that are going on--

Dr. Domenico is it? I guess I should address that to you. Are we anywhere closer in determining -- is this just a quirk in numbers, or what is causing this high incidence of cancer in Toms River?

ACTING ASST. COMM. THOMAS J. DOMENICO: I think I'll have to defer to Mr. Blumenstock since this is his particular area.

ASST. COMM. JAMES A. BLUMENSTOCK: Good morning. Again my name is Jim Blumenstock, and I serve as Acting Senior Assistant Commissioner for the Department, and I am also the Assistant Commissioner for the Division of Environmental and Occupational Health. I serve as one of the principal administrators and coinvestigators of the Toms River childhood cancer investigation.

As you may recall, we are two and a half years into the investigation. We are in the process of conducting a comprehensive case control epidemiologic study. We have thoroughly examined the municipality's water supply, and we are continuing to do that. By many people's accounts, our laboratory analytical work in Toms River probably exceeds any other level of effort that was put forth in New Jersey, probably the nation, to evaluate possible environmental risks that may be of an explanation for the increase incidence of childhood cancer.

That was a long-winded preface to the answer that I am going to share with you. Right now we have no answers for you or for the community because our work is still in progress. One of the key activities is the case control epidemiologic study. We are in the process of interviewing over 200 cases and controls of children that are living in Toms River or have lived in Toms River at one point in time in their life.

The interviewing is approaching completion. To date we have interviewed about 175 of the 200 cases and controls, and that's really when the hard work begins: Hard work meaning analyzing the data that we are collecting through the administration of a 60-page interview instrument. We are working very closely with our Federal colleagues in Atlanta, the Agency for Toxic Substances and Disease Registry. And we've also had it paneled, and we will continue to use national experts to guide us through the various phases.

Answers to that question will not be available to us until at least another year, year and a half. But specific to the Capital Commission and our laboratory needs, the success and progress to date could not have been achieved without the premier laboratory that we have in our Department. Certainly, time permitting, we can give you a few illustrations of some of the outstanding analytical work that gave us some information regarding contaminants that prior to our investigation was not known of, not only man-made contaminants associated with one of the Superfund sites, but also a natural-occurring radioactivity, which has been identified in Dover Township, Ocean County. And as Mr. Houston mentioned in his opening remarks, it's also a phenomena that's common to the nine southern counties of the State.

ASSEMBLYMAN ROMANO: Well, what you're saying now, though, is what you have in here for funds, does that have anything to do with the Toms River situation?

ASSISTANT COMMISSIONER BLUMENSTOCK: Dr. Domenico will, I think, give you a quick overview of some of the instrumentation that we are pursuing. But certainly-- As a client of the laboratory, it is absolutely imperative that they have instrumentation that is as sensitive and reliable as a state of the art can provide. And certainly what is in the capital request will advance our efforts in Dover Township looking for possible environmental causes, as well as any other community in the state that may be present with the same level of public health concern. So with your permission I will defer to Dr. Domenico.

ACTING ASSISTANT COMMISSIONER DOMENICO: In this particular round--

MS. MOLNAR: Christina.

MS. HIGGINS: Before that actually happens, since I have a question, maybe you can kind of orient to both of us. I am looking at three of the requests that are called laboratory equipment. And being a layperson, I am hoping you would be able to translate this into lay terms. But my reading of this suggests that some or all of it is really for computer systems in order to help.

ACTING ASSISTANT COMMISSIONER DOMENICO: In this particular request that is absolutely true. We have to deal with the year 2000 issues and our computer systems. Again, the laboratory is not a single lab, it's a consolidation of components of a lab. It has an environmental health component. It has a public health component. It has an indolent error of

metabolism component. Each one of them has very sophisticated and stylized software for it. So we are actually running on three small server computer systems where you have a lot of the process being done at the terminal stages or the workstations.

In this request you will see a lot of that. If you want, I can go through each one of the three. I would like to answer Senator Romano's question--

ASSEMBLYMAN ROMANO: Nice try, it's only Assemblyman.
(laughter)

ACTING ASSISTANT COMMISSIONER DOMENICO:
Assemblyman Romano. I think I did that last year, also.

ASSEMBLYMAN ROMANO: I look like one.

ACTING ASSISTANT COMMISSIONER DOMENICO: You certainly do. (pauses)

I'm sorry.

ASSEMBLYMAN ROMANO: Basically, I don't want to prolong this but--

ACTING ASSISTANT COMMISSIONER DOMENICO: The Toms River issue--

ASSEMBLYMAN ROMANO: Who do you have to satisfy as far as the equipment because I don't have that technical background. You satisfy Mrs. Higgins with, let's say, the members of her staff-- Even last year-- When it comes to equipment and such for the Department of Health, I never have a problem with that at all, unless somebody is duplicating, whatever the case might be.

ACTING ASSISTANT COMMISSIONER DOMENICO: Right.

ASSEMBLYMAN ROMANO: Or a wish list of, gee, I'd like to have one of those and one of those -- that sort of business.

ACTING ASSISTANT COMMISSIONER DOMENICO: The--

ASSEMBLYMAN ROMANO: I'm really concerned about the Toms River situation--

ACTING ASSISTANT COMMISSIONER DOMENICO: Right, the equipment that--

ASSEMBLYMAN ROMANO: --because my colleague, Assemblyman Wolfe-- I sat with him, and I know what he is going through in terms of constituents. This is an issue that doesn't seem to go away. And I don't know it ever passed. But we had a bill up to put extra money in for the Toms River investigation. Did that ever come to pass? Does anybody realize that?

ASSISTANT COMMISSIONER HOUSTON: We received \$400,000 in our appropriation for Fiscal Year '97, which has been continued each year since then, which funded several investigators and provided some information for cancer studies. We've improved our cancer registry with that money, and it has given us the ability to hire several sophisticated epidemiologists to work in that area. And that was a result of the Toms River incident, yes.

ASSEMBLYMAN ROMANO: Well, that's a passionate topic, as I say, and that's why I asked. I'm not second-guessing anyone.

Dr. Domenico.

ACTING ASSISTANT COMMISSIONER DOMENICO: Okay. In the study, I think the greatest priority in the equipment was in the 1996-1997 era when a lot of the testing was being done in the laboratory, and we

were able to pick up this increase in radiologicals. We were able to pick up what was considered noise prior to this particular point. We were able to find man-made contaminants that were found in some of the wells and water supplies.

The ability to still work with that technology that was state-of-the-art technology then and it continues to be -- we have our methods worked out. We sent them back to the Federal government, and they have actually taken the radiological individual and brought them out to teach -- to have him teach other laboratories how to be able to perform that type of testing to measure the components properly.

So I think when you are looking at this particular fiscal year, there is nothing the laboratory could add to what it already is capable of doing for Toms River.

ASSEMBLYMAN ROMANO: Thank you very much. I have no further questions.

MS. MOLNAR: Thank you. Any other comments?

Marty Davidoff.

MR. DAVIDOFF: Good morning, and it's still morning. First of all, I would like to compliment you on giving us a full five-year plan so that we can see the scope of what you hope to spend. The only comment that I have is I assume that these laboratory renovations will provide some efficiencies and economies, and I don't see any operating savings from this. Am I wrong in that conclusion?

ACTING ASSISTANT COMMISSIONER DOMENICO: I would say what you see in the renovation component of what we are asking for is a need-- We recently have consolidated the DEP laboratory into the health

laboratory. And by doing that you brought over additional technologies and expanded services, and the State has effectively been able to get rid of a facility. And what you have done is you packed that back into an existing facility. The facility is of such an age that some of the laboratory space you can't use for anything but storage because of its deteriorated condition.

When you are dealing with analytical chemistry type of situations, the ability of you to be able to use a HVAC system in here-- There is an increased demand for what you need to do with it, and there is a limitation in this type of a building on what you can do. So we come back to the Commission to say what we need to do is we need to fix the laboratory as it exists to give us the capacity to handle the fume conditions, as well as to handle the biosafety conditions at the same time. Because both of those components are heavily involved in having a good HVAC system that works.

We have had studies on the need for fume input, but we can't do that until we determine how much HVAC system we are going to need for Biolevel III at the same time. It's a complicated system, and it is mainly an airflow type of problem throughout the building really working with you.

MR. DAVIDOFF: So I take it that this is more of a safety and efficiency, but are you going to prevail and provide more services and not save any operating costs?

ACTING ASSISTANT COMMISSIONER DOMENICO: Yes, the lab has constantly been expanding its diversity of services and many areas the quantity of the services that it's performing.

MR. DAVIDOFF: Basically we are looking at spending nearly \$6 million over the next several years. How many square feet is this lab that we are renovating?

ACTING ASSISTANT COMMISSIONER DOMENICO: Sixty-four thousand square feet.

MR. DAVIDOFF: Sixty-four thousand square feet, \$6 million. Okay, thank you.

MS. MOLNAR: Christina.

MS. HIGGINS: I'll take you up on the walk through and then trying to explain to me in my thought process-- To me equipment sounds like goods and microscopes and stuff as opposed to computers. So if you would just differentiate and explain to the Commission what it is that is being purchased.

ACTING ASSISTANT COMMISSIONER DOMENICO: Okay. Do you have any one of the project numbers that you wanted me to start with?

MS. HIGGINS: 46-001, which is, I think, our first one sequentially.

MR. DAVIDOFF: Priority one.

MS. HIGGINS: Yes, they are all Priority 1.

MR. DAVIDOFF: Project 1.

ACTING ASSISTANT COMMISSIONER DOMENICO: Okay. If I look through the-- You want me to go through the noncomputer section?

MS. HIGGINS: I need to understand, of the \$250,000 request, How much is for computer equipment and how much is not?

ACTING ASSISTANT COMMISSIONER DOMENICO: The \$250,000 request was from the environmental and chemical laboratory. Out of that we were looking at a continuous flow analyzer system that does some of the water testing. It's been there for a number of years, and it's due for an upgrade, and we're locked into the procedures that we use because the EPA will

not allow us to use any more modern techniques. We have to continue to use the same operating system. It's about 10 years old now -- yes, it's over 10 years old. And we are at the point where we need to address the issue with that particular piece of equipment.

Another item is the environmental laboratory operates with a computer system that is again of the same vintage. You've got the year 2000 issue that has to be addressed. You've got a very low-capacity system because it is so old, and it's hardware. And although it's a very specialized software system and we've built upon it as much as we can, it gets to a point where it's probably better at this particular point just to replace the system. Again with the same type of design, with software systems, but more modern to what we are doing today. And those are the only two items that we're--

MS. HIGGINS: Let me reassure you, I'm not trying to trick you. I'm just trying to understand--

ASSISTANT COMMISSIONER HOUSTON: Within that \$250,000 request, \$100,000 of it is for the surface word testing equipment. The other \$150,000 is for laboratory specimen validation system upgrade, which is the latter item that Dr. Domenico referred to.

MS. HIGGINS: Which is basically the hardware and the software of--

ASSISTANT COMMISSIONER HOUSTON: That's correct. For laboratory specimens and processing laboratory specimens in that particular part of the laboratory.

ACTING ASSISTANT COMMISSIONER DOMENICO: Over a 10-year period you constantly build things into a computer system, and you

can actually get off the shelf software that, again, is specialized to this area that can do it much more efficiently than the way that we are doing it now.

MS. HIGGINS: Not dissimilar to how we look at financial softwares, an example. You can build your own and after a while patch, and then you basically come to learn that you could get a more efficient system if you just replaced it. I'm just trying translate into terms that I understand so I understand what it is you're asking.

ACTING ASSISTANT COMMISSIONER DOMENICO: Okay.

MS. HIGGINS: And the next one, which is number 2.

ACTING ASSISTANT COMMISSIONER DOMENICO: Okay, and that's-- Number 2 came from public health laboratories. That's IEM.

MS. HIGGINS: It talks about the IEM computer system, and I'm trying to understand there if we are talking about primarily computer hardware and software or other kinds of--

ACTING ASSISTANT COMMISSIONER DOMENICO: Exactly. The exact same problem that you had -- the IEM program has been in effect for 24 years. The IEM computer system, again, has been built in its components for -- it's been around at least 10 years that I am aware of. I don't have the number of years, it preceded me though. And we keep adding to the system, adding to the system. We have an automatic dialing system, voice-answering systems in it. It's linked to some of the instrumentation now, and now it poses again in the year 2000 problem. Now we have to go through major repairs on the system and costs for that again. And the question in this particular -- in here is exactly the same question that we put forth in the environmental laboratory side, which is a time to go to a modern system again or continue to rebuild on the old system.

ASSISTANT COMMISSIONER HOUSTON: Excuse me. The portion of the request that is \$596,000 of that priority, \$360,000 is for the system upgrade and replacement and the other money is for various pieces of testing equipment.

ACTING ASSISTANT COMMISSIONER DOMENICO: And the testing equipment, again, are-- There is an instrument that is capable of taking the subjectivity of an individual's eyes from looking at banding patterns. We constantly have three people have to look at that to make sure no mistakes go out verses a system that can computerize that component, or read it, and then bring it across into a system so there can be no mistakes. Mistakes are very costly in the area of metabolisms.

Another one is the (indiscernible), which are unique genetic diseases, and we have to monitor children not only at birth, but when we identify them, we are monitoring them every month for the rest of their life. And this piece of equipment is an upgrade to that equipment that monitors them every month. Just a tremendous amount of breakdown, and we haven't been able to get back to the parents in a responsive time at times because the machine was not operational. We couldn't bring it into calibration. We spent a considerable amount of money in the old instrument this year trying to keep it running. So we recognize it might be at the end of its life cycle.

ASSISTANT COMMISSIONER HOUSTON: We test 135 children, newborns every -- 135,000 newborns every year. We run 135,000 tests on about 120,000 newborns each year. We test them for four inborn errors of metabolism, all within a window of the first few days of their life. And if there are positive hits in that, the intervention of other staff in the

department prevents both mental retardation and death. So it's one of the more critical processes that we do here.

MS. HIGGINS: And is that on behalf of all children born in New Jersey, or is that a subset?

ACTING ASSISTANT COMMISSIONER DOMENICO: All children born in New Jersey.

ASSISTANT COMMISSIONER HOUSTON: And there's about 117,000 to 120,000 children born each year, and the difference between that and 135,000 tests we run is occasionally there might be a repeat because of timing when the specimen was taken.

MS. HIGGINS: And the last one that-- Our number 4 clinical lab automation.

ACTING ASSISTANT COMMISSIONER DOMENICO: Let me just get that list here and see what it was. Here, again, the Public Health Laboratory has -- of the three sections that we work in, the Public Health Laboratory has the newest computer system. Again, when we purchased it, we purchased a strip-down version and-- The clinical area is something that when you are working with populations of individuals they are looking more towards intervention relationships now so in the past what we've done is just define the sexually transmitted disease or the tuberculosis or the virus that was involved in the process. These clinics are asking us at this particular point, well, we want to see the health of the patient. And to be able to do that you need to have the right kind of equipment to be able to assay and screen through this. There is screening devices that you can use.

And so part of our request is for the ability to screen through it. We've been having communication with the WIC project over the last several

months. One of the things that they want to do is they want to provide more screening capacity for their group. They right now perform minimal amounts of tests on individual sites. They have the capability and the funding to be able to do more for the children, but they don't have the outlet to be able to organize the system to do that.

Again, it's not only the WIC, it's county agencies that use us, AIDS uses us, drug addiction services, and they are expanding beyond the traditional lines of I'm just looking for AIDS. I'm looking for the health and the well-being of the patient now, so I need you to do more for me. And in being able to do that we have to match the requirements of the outside vendors that deal with the HMOs.

Some of the requests on here are just software modifications and interfaces to the equipment, which we didn't have designed in the system when we originally bought it, plus we didn't anticipate this need.

MS. HIGGINS: Is that primarily what the 650 is, computer upgrades?

ACTING ASSISTANT COMMISSIONER DOMENICO: There is three computer components in here. A \$100,000 in software modifications, there is an interfacing of \$80,000, and there was another \$120,000 for expanded access. In other words, we only have enough computerization to do the areas that are on-line with our computer system. If we are going to expand into these areas, we are going to need to put in a few more workstations and more softwares that go on to those workstations.

ASSISTANT COMMISSIONER HOUSTON: Of the 650, about 470,000 is for hardware and 180,000 is for software. And if the Commission

would like, we can give you a little more detailed breakdown of any of these requests as to specifically what the items are and how much the cost is of each.

MS. HIGGINS: I would request that, through the Chair, please.

MS. MOLNAR: Yes, please.

Thank you.

Mr. Davidoff.

MR. DAVIDOFF: First of all, I think it's a great idea that Ms. Higgins and I will take a tour. I think that will make us all feel more comfortable that we know what is happening here.

When we are talking about Priority No. 2, the \$596,000 of equipment, you mentioned, Doctor, that it was costly to operate the machines. I hear a bell ring in my head that says that means we should see some operating savings here. I would appreciate if you could, through the Chair, I would request that you take a look at that and get back to us on that. And then that would modify your operating budget.

ACTING ASSISTANT COMMISSIONER DOMENICO: The majority of the request of the 596 had to do with upgrading the computer system.

MR. DAVIDOFF: Well, you said that the way they are it's costly to operate them. That was your words when you were answering the question about it. So we should see some savings, if they were costly operated, after we upgrade them.

ACTING ASSISTANT COMMISSIONER DOMENICO: And, through the Chair, we will provide that information.

MS. MOLNAR: Christina.

MS. HIGGINS: And on that vein, Item No.4, specifically in the last sentence of what we have, indicates this new system will improve the ease of operation and decrease maintenance costs, will result in less downtime, lower fixed costs, and increase productivity. So we would like to, if possible, see that quantified. Perhaps not in the first year, but perhaps in out-years.

MS. MOLNAR: Caroline Joyce.

MS. JOYCE: To what extent do you provide laboratory services to hospitals or other private or not-for-profit entities? And are these renovations expected to increase demand from other entities for your laboratory services?

ACTING ASSISTANT COMMISSIONER DOMENICO: Well, I'll give you an example of the food safety initiatives. The hospitals will look for organisms in diseased patients up to a certain point. At that point they stop, and then what they do is they send the samples into the laboratory to finish the job of subspeciations that we have to do. To be able to identify source, for example, we may have to know what the subspecies was and see that it appeared in several of the individuals who came down with the similar disease from the similar location or the similar hospital, and then they can backtrack and be able to identify a source.

Like the first example that Mr. Houston gave you, it was quite obvious that it would come from the chicken once the subspeciation was done because you will find that organism exists in the egg. It's now, over the last several years, has been converted to becoming part of the genome that is actually inside of eggs and probably 80 percent or 85 percent of the cases that we can identify. So right away you are led to a source to start the investigation, and then from there you can quickly determine what happened.

ASSISTANT COMMISSIONER BLUMENSTOCK: If I may add, too. We spoke briefly earlier about the inborn errors of metabolism testing of the newborn babies, and clearly that is done at the birthing hospitals across the state. They draw the blood within the first few hours of life and submit those specimens to us on a daily basis.

Dr. Domenico, in his answer to some questions, also gave illustrations of how we support other State agencies. Clearly from Had Eye Wear (*sic*) being responsible for occupational environmental health, we worked very closely with DEP, and so it is our laboratory and provides a great deal of support for a lot of the ongoing activities including the safety of drinking water to some of the hazardous site and mediation environmental work.

In dealing with drug screening, we do support the Administrative Office of the Courts and their initiatives to evaluate substance abuse.

ACTING ASSISTANT COMMISSIONER DOMENICO: In the probation population.

ASSISTANT COMMISSIONER BLUMENSTOCK: And of course Department of Transportation as well.

ACTING ASSISTANT COMMISSIONER DOMENICO: I am also in discussion with the Corrections Department as well. We help and supplement them with guidance and some additional testing as they need in their area of drug screening and other things.

So a laboratory really has many little components to a lot of the areas of the state, as well as the hospital environment, the nursing home environment. Wherever there is outbreaks or problems, the laboratory has to go back and do the type of investigations we do. What we had done in Toms

River where on first analysis nothing looks abnormal, but then there is still something abnormal, so you have to keep looking until you find it.

ASSISTANT COMMISSIONER BLUMENSTOCK: If I may add one more illustration. We've spoken briefly about the Biolevel Safety III facility. And in the prepared text, Mr. Houston talks about the State's readiness and preparedness for biological terrorism. This is another classic example of how you have many states preparing a response mechanism. We are part of a task force that the State Police Office of Emergency Management has assembled to basically get New Jersey ready in the event of some type of incident of that nature. So while there will be a great reliance on Federal response and assistance, clearly New Jersey's agencies must also be prepared. And there is a laboratory component not only for ongoing routine surveillance for Biolevel Safety III micro-organisms, but heaven forbid, in the event of some type of terroristic activity that facility may in fact be very valuable to us to evaluate an incident basically to put in mitigation steps.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: Are we prepared-- Is New Jersey prepared for what we have already? Two existing strains of vaccines, whatever the case you want to call it. That's something that they didn't make yet. But are we prepared if we had a terroristic activity where gas was used?

ASSISTANT COMMISSIONER BLUMENSTOCK: If it's a biological agent?

ASSEMBLYMAN ROMANO: Yes, biological agent.

ASSISTANT COMMISSIONER BLUMENSTOCK: I think the general assessment is that we are ill prepared.

ASSEMBLYMAN ROMANO: Ill prepared?

ASSISTANT COMMISSIONER BLUMENSTOCK: Ill prepared.

But New Jersey does not stand alone. I think every state in the union will give you that honest assessment, and I even think in a Federal level, in reviewing all of the legislation in the bills that are being reviewed. Right now as we speak, clearly the ability to make the Federal government and the different states better prepared to respond to biological terrorism is a priority issue that Congress is evaluating as we speak and certainly the executive branches from the EPA, Department of Defense, U.S. Public Health Service, that's the Federal agency we work closest with. And this will certainly go a long way to make us better prepared.

ASSEMBLYMAN ROMANO: I have to just ask this. What are we talking about in cost to the State, let's say in the laboratory, to come up with this sophisticated equipment that is needed in those particular-- Plus that equipment that is taken which is portable to the site. What are we talking about in dollars for New Jersey?

ASSISTANT COMMISSIONER BLUMENSTOCK: I could not give you an answer on what it would cost to prepare New Jersey for our entire response mechanism or system. But I think in Dr. Domenico's statements earlier he talked about what is needed to basically upgrade or carry forward the facility improvement to build a Biolevel Safety III facility. I think the numbers that you have before you reflect the answer to that is what we need to get us closer to that point.

ASSEMBLYMAN ROMANO: Well, what I'm saying is-- What I hear from you is some of this equipment and upgrade of technology goes into the matrix for this diagnosis, if you will, combating. I'm talking on top of that.

Is there some particular piece of equipment or testing device that New Jersey should at least have one of them?

ACTING ASSISTANT COMMISSIONER DOMENICO: The CDC defines approximately 11 organisms that it considers the ones terrorists might use. It does not consider many of the ones that can be worse, but many of them are Biolevel III compatible types. And what you are really doing is you're growing an organism and you are being able to separate it from other things. The anticipation might be that there will be multiple organisms and bioterrorism attacks. And the aerosol nature makes it being able to spread very easily. So the most likely suspects are constantly the ones that will fall into Biolevel III. And the most devastating of those will actually fall into Biolevel IV. And you cannot have a Biolevel IV unless you've had a Biolevel III in operation. You have to build a IV inside of a III.

So our first plan is to be able to at least have enough capacity to handle most of the organisms that will become available. I think there is one or two that would require a IV. And certainly any kind of bioterrorism attack has a Federal implication that they would be up here very quickly to try to isolate the condition. But the amount of man power-- They want all of the states to gear up for this because it will be a multistate task if it does arrive. No one state will have the capacity at that moment in time to sample everything that may need to be sampled.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: I'm not trying to belabor this, but I just don't seem to be getting the answer here. Has the Federal government then made a recommendation of what the State of New Jersey should have in

order to be prepared for the -- how should I say? -- advisement or technical assistance that the Federal government is going to provide. I'm assuming yes, all these possible organisms, but is there some basic piece of equipment beyond everything you already have in the laboratory? Yes, obviously everything goes toward the problems that one would encounter, but is there anything specifically that you are aware of so far that we should buy?

ACTING ASSISTANT COMMISSIONER DOMENICO: Most of the organisms that we are talking about that in one time or another individuals in the laboratory have had the experience of working with. Some of them no one has ever had the experience, but the techniques used are very similar to what is possessed. And it really requires -- with these particular organisms -- it really requires good micro-biologists and good techniques. It does not require sophisticated equipment to be able to isolate these problems.

ASSEMBLYMAN ROMANO: See how easy it was when you use simple language. (laughter)

I'm just going to finish with this, and then Mr. Davidoff. I'm assuming as we go through the computers you will make sure that not all of their demands are the type that would go through OTIS. There is only certain areas of computers that they will be looking at. But I'm sure you are going to have them review some of the computer work.

Thank you very much. I'm all satisfied.

MS. MOLNAR: Thank you.

Mr. Davidoff.

MR. DAVIDOFF: As you're assuming, let's for the moment say you get this budget request for the laboratory renovations. Are they going to

be renovated so that in the future you can have level IV. Is that how you are designing the renovation?

ACTING ASSISTANT COMMISSIONER DOMENICO: The renovation space would be approximately 6000 square foot and a portion of that can be isolated. There wouldn't be enough space within the containment to be able to do that just by moving certain things out and prioritizing what you have in there. And again--

MR. DAVIDOFF: May I take that as a yes? (laughter)

ACTING ASSISTANT COMMISSIONER DOMENICO: You can take that as a yes. There will be available space in there to do it.

MR. DAVIDOFF: Thank you.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

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

We have some other business under item seven. Number one, it is my understanding that Senator Littell would like his letter to become part of the record.

ASSEMBLYMAN ROMANO: I make a motion, Madam Chair, to make it part of the record.

MR. ROTH: I'll second it.

MS. MOLNAR: I'm not sure, do we have to read it into the record, or can we just make it a part of the record?

ASSEMBLYMAN ROMANO: It's an attachment actually.

MR. SHIDLOWSKI: I'm not sure.

ASSEMBLYMAN ROMANO: All right.

MS. MOLNAR: Should we vote on it then to accept it into the record?

MR. SHIDLOWSKI: Sure.

MS. MOLNAR: Do I have a motion to read Senator Littell's letter as part of the record?

ASSEMBLYMAN ROMANO: I make a motion.

MR. ROTH: Second.

MS. MOLNAR: Okay, we'll take a vote.

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth.

MR. ROTH: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Ms. Higgins.

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: And Ms. Molnar.

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: Approved.

MS. MOLNAR: Second item I just remembered. I thought perhaps this Commission would like to send a letter of thank you to Carol Murphy for her stellar service on this Commission. She served--

MS. HIGGINS: She's no longer--

MS. MOLNAR: I don't think she serves on appropriations in the Assembly.

ASSEMBLYMAN ROMANO: No, she has the position of conference chair.

MS. MOLNAR: Oh, okay.

ASSEMBLYMAN ROMANO: And one is the conference chair you're relieved of other sort of appointment duties.

MS. MOLNAR: With your permission, I would to send her a letter to thank her for past services.

MS. HIGGINS: And that's how we got Assemblyman Blee?

ASSEMBLYMAN ROMANO: Blee.

MS. MOLNAR: Yes.

Next item. If you will notice on the October 2nd agenda, it says the State Planning Commission Goals and Objectives. I had suggested to Paul that perhaps you might want to conclude them when we do our planning session on October 9th or 23rd. I just want to get your feel whether you would like to move that. October 2 is a full agenda. I thought perhaps we would move the State Planning.

MR. SHIDLOWSKI: That obviously is going to be subject to Executive Director Simmons' schedule, but I will request if you could reschedule that presentation.

MS. MOLNAR: It's up to the members. I don't have a preface one way or the other.

MS. HIGGINS: And move them where?

MS. MOLNAR: To the 9th or the 23rd when we meet, since it does dovetail with us their goals and objectives.

Any thoughts, any strong feelings?

MS. HIGGINS: It seems logical.

MS. MOLNAR: It seems logical.

Yes, I just felt the agenda was long for the 2nd. If we can get them to change it.

Now the next item is our October 9th or 23rd work session. Now, I contacted Assemblyman Bagger who chairs Appropriations, and I talked to him about our duties constantly being increased but no funding or staff, some of Marty's concerns. Rich Bagger is available either day, and I would like to have Senator Littell at the meeting, also, since he chairs the Senate side of the Appropriations. I'm not sure yet whether we have an answer whether Senator Littell can make either the 9th or the 23rd.

MS. JOYCE: He can make the 9th.

MS. MOLNAR: He can make the 9th?

MS. JOYCE: Yes.

MS. MOLNAR: So it almost sets our date for the next meeting on the 9th.

Yes.

MR. DAVIDOFF: We had talked about also having Senator Inverso around because he had drafted -- introduced much of the legislation.

MS. MOLNAR: Yes, also Mr. Bagger suggested that we make sure that Treasury is represented there since some of the funding would have to be recommended by them perhaps. So at this meeting on the 9th, which seems to be measuring up, that the State Treasurer be represented in addition to Bagger and Littell. I guess we could invite Inverso.

MR. SHIDLOWSKI: We'll send an invitation.

MR. DAVIDOFF: Thank you.

MS. MOLNAR: And maybe we can word it, you know, it's important that he come and we are going to have the two Appropriation Chairs here and Treasury that we really would like his input.

ASSEMBLYMAN ROMANO: Madam Chair, have we settled whether it's October 9th or the 23rd?

MS. MOLNAR: Yes, I think it's been ruled out that Senator Littell can only come on the 9th.

ASSEMBLYMAN ROMANO: So the 23rd then is out.

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: And I won't have to worry about that on the schedule.

MS. MOLNAR: Yes. I didn't check with any members here. Is that a problem for any? (no response)

ASSEMBLYMAN ROMANO: What will be what will be.

MS. MOLNAR: We will be meeting prior to that so a week before that we will have our regular meeting.

Now we should have an agenda for the 9th. I think Mr. Annese suggested that-- Mr. Annese has a few items he wants to put on the agenda. Perhaps you could call Paul with some items that you do want to put on that agenda, if you have any some special issues you want discussed. And he can bounce them off of me and we'll--

ASSEMBLYMAN ROMANO: Maybe I'm losing something. Then we have a meeting on the 9th and the 23rd?

MS. MOLNAR: No, October 2nd and then the 9th.

ASSEMBLYMAN ROMANO: Okay, and the 9th.

MS. MOLNAR: Yes, eliminate the 23rd.

I had suggested that we have our two Appropriation Chairs at the beginning of the meeting so that they don't have to sit through the whole entire meeting. So those issues that Marty raised we can bring up early in the beginning part of the meeting when they are there.

MS. HIGGINS: Can we review them quickly so that they are closer to the front of my mind.

MS. MOLNAR: Meaning what?

MS. HIGGINS: Those issues. The issues primarily that of funding.

MS. MOLNAR: I think it's Marty's concern.

MR. DAVIDOFF: Well, I think there are a couple of issues. One was having a paid staff to help us with her role because we not only have-- In effect, the Treasurer is doing one job for us, the debt review, and we are relying upon him. The second issue was something about the legislative intent as to whether we needed to cover the agency. That's one of the reasons we wanted to get Senator Inverso here. It's an issue I've raised--

MS. HIGGINS: The authorities you mean?

MR. DAVIDOFF: The authorities. It's an issue that I've raised in the past and I'd like to just-- Since we would have some of the people from legislation -- if I'm wrong, as I have been out-voted in the past, I just would like to hear it directly from the legislators involved here that that is indeed their intent that we are doing that. And those were the predominate issues, I think, I have been raising.

MS. MOLNAR: Apparently there was a bill in the Assembly or one of them which sort of added more duties to the Commission. I don't know if it will move at all this year. I don't have the details.

MR. DAVIDOFF: Then we should talk about that, too.

MS. MOLNAR: I'm constantly tinkering with that.

MR. ANNESE: Madam Chair.

MS. MOLNAR: Yes.

Mr. ANNESE: I want to raise a point of order here, and I want to bring to a point that this issue of Senator Inverso's bill was raised and voted upon already. And this Commission voted to continue the course of what we are currently doing. And to bring him in here and to redo essentially what we already voted on I think this violates a concept of (indiscernible). I think it's been raised and voted on, and I don't think we should open it up again. That's my point of order.

MS. MOLNAR: How does the rest of the Commission feel on that?

MR. ROUSSEAU: I think all we are doing here is just giving a courtesy to Senator Inverso, the sponsor, of the changes, and see what his intent was, and it's up to the Commission to decide. Because I think the other thing we also talked about as far as the debt part of our duty-- I think at our last meeting everybody realized that it's hard to get the capital project and the debt report done at the same time. I think one of the things we discussed was moving the debt report to another part of the year.

Now, what will happen then is that if we have this discussion with Senator Inverso -- not to Senator Inverso, the other legislative members and the members that we represent, that if we are going to make the change in the

date of the report that is going to have to be done statutorily, too, and if there is a sense from those legislators and from other members of the Commission to clarify the legislation to say that the authorities are also included in it. But I think one of the points that was brought up in the December meeting was getting that debt report out of December when we are trying to do the capital request is first to give it more of an importance, which is I think what people thought when we enacted that new statute and never realized it was really no way this Commission to do both those things in that time period.

ASSEMBLYMAN ROMANO: Madam Chair.

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: I wonder if it's possible-- You are inviting Assemblyman Bagger and we are also talking about Senator Inverso. Could it be possible to ask them a cordial invitation to attend to discuss issues regarding what we are talking about here, additional duties, etc., to apprise them ahead of time and to discuss them so that they can proceed with staff for certain background information for when they come here and they speak with us. You notice I didn't say before us. To speak with us in the discussion, and if you let them know what the topics are, they might be able to prepare some material or look into background material so that they are ready to discuss it with us.

MS. MOLNAR: I also think on the 9th when we meet, rather than meeting here -- it's too hard to have a roundtable discussion in this type of facility. I hope we can get some kind of large conference table where we are all sitting around the table. Something like that must exist in the State House complex.

MR. ROUSSEAU: Paul, there is-- We could try wither Room 103, which is downstairs in the--

ASSEMBLYMAN ROMANO: The smaller one.

MR. ROUSSEAU: It's downstairs in the State House. Or the other possibility would be the Senate Majority caucus room. There is a nice large table.

MS. MOLNAR: Also on the fourth floor we met once at the end. Near the Governor's Office there is a big room that was renovated.

MR. ROUSSEAU: Yes, that's Room 319.

MS. MOLNAR: Yes, that is huge.

MR. ROUSSEAU: In Room 319 in the State House, also, would be another possibility.

MS. MOLNAR: That was a nice size.

Marty.

MR. DAVIDOFF: Just--

MR. SHIDLOWSKI: The only thing that I would remind Commission members is this is an open public meeting so we need to have some space available for--

MS. MOLNAR: Yes, it's just hard to discuss in a *U* shape.

Mr. Davidoff.

MR. DAVIDOFF: Just to my colleague. It is not my intent that we go through changing what we've decided here. It's more to get the legislators to focus. This is what we have decided, and we have needs regarding responsibilities, time lines. We never hit the December 1st time line, and we should get some legislative solutions. And one of the legislative things is, if there is a true desire -- if there was a true desire by the Legislature to have

these authorities covered, they did not say that, and if they wanted us to do it, they are going to have to come up with some legislative changes.

At this point I'm not going to reintroduce any motions with respect to how the existing legislation reads, and I think it would good to have some healthy discussion between the framers and Assemblyman Bagger and to just really have some open discussion and understand the role.

MS. MOLNAR: Okay. As I said, Rich did encourage us to ensure that Treasury is represented at this meeting. It is very important.

Any other questions or comments? All of you want to add anything?

MR. SHIDLOWSKI: I have nothing to add, Madam Chair.

MS. MOLNAR: Okay.

MR. DAVIDOFF: I have two items.

MS. MOLNAR: Okay.

MR. DAVIDOFF: Two quick items of other business.

MS. MOLNAR: Okay.

MR. DAVIDOFF: One is we do have December 1 deadline, and I just noticed that our decision is scheduled for December 11. I don't know about our wanted to meet twice in November, but we might want to discuss it.

MR. SHIDLOWSKI: It's-- The problem is the workload of the staff. It's just not possible for us to hit December 1 and fulfill the other duties that we have to the Office of Management and Budget.

MR. DAVIDOFF: Then we need to get that time line changed legislatively.

MR. SHIDLOWSKI: And again, and I've made this statement in the past that what I feel is most important is that this Commission's recommendations are incorporated into the Governor's capital budget. So in that regard I think we are meeting our mandate. We're not hitting December 1st, but the recommendations of this Commission are being factored into the Governor's budget.

MR. DAVIDOFF: And that was the second point. I just wanted to-- I've seen we have been very rigorous about and the staff has been rigorous about trimming the fat when people come in with fat, and I think it's being reflected that we are getting as a Commission more respect for asking the hard questions or making the difficult decisions. And I think as we go through our deliberations this year, again we should do that so that more and more we are going to get a higher percentage of our recommendations enacted into legislation so that they will rely upon more of what we are doing and more of what the staff is assisting us here. I think it's really a tremendous compliment to the staff and to us as a Commission that we are getting more and more enacted. It just shows that now we are serious, we are not just passing everything along.

MS. MOLNAR: Thank you.

Mr. Roth.

MR. ROTH: I just have one comment administratively. The names and address that you passed around today perhaps we should all take--

MR. SHIDLOWSKI: I did want to mention that. If Commission members could look over that list with the contact numbers, etc., and if there are any errors or omissions, please notify us. We will update the list.

I notice that Mr. Roth and Mr. Davidoff have E-mail addresses. If any other Commission members have E-mail addresses, we will add them as well.

MR. DAVIDOFF: My area code had changed. It's now 732.

MR. ROTH: Mine is as well at home, by the way.

MS. MOLNAR: Oh my goodness.

MR. DAVIDOFF: Both of my numbers are 732.

MR. ROTH: And I just gave you my business card with the other numbers on it.

MR. SHIDLOWSKI: Right.

MS. MOLNAR: Thank you.

ASSEMBLYMAN ROMANO: I'm fine.

MS. MOLNAR: Good.

Mr. Annese.

MR. ANNESE: Where you listed me as office, that's my home.

MS. HIGGINS: So reverse it.

MR. ANNESE: My office is not listed there.

MS. HIGGINS: At all.

MR. ANNESE: No.

Not at the (indiscernible) but on top, the title.

MS. MOLNAR: Any other business? (no response)

If not meeting is adjourned.

ASSEMBLYMAN ROMANO: Hold it.

MS. MOLNAR: Meeting is unadjourned.

ASSEMBLYMAN ROMANO: I don't want to extend the meeting, but next month we are going to be voting on the minutes of--

MS. MOLNAR: Yes.

ASSEMBLYMAN ROMANO: --that meeting at which time I had to leave before the close, and I read with interest the dialogue that transpired after I left. That's a discussion that I think should be determined. A Commission like this meeting-- If we were another public body, more often than not you list the items to be discussed and the catchall statement at the bottom as action may be taken on the above items or action may be taken on the following. So maybe that would provide the answer.

Personally, I as a person had no problem with the idea that you were taking the time now to vote on something while it was not on because I expect that to be normally the case. That we cannot impromptu, but become aware of a situation where we think needs action and vote on it without it having to be listed as a topic.

And I appreciate your remark that you had said, we'll attach whatever comments Assemblyman Romano had. I forget what I had said when I left that day so it's unnecessary, but I do appreciate the consideration which you left me. I read it right there in the minutes.

MS. MOLNAR: Thank you.

Any other comments? (no response)

If not, meeting is adjourned. See you all on October 2.

(MEETING CONCLUDED)