
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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

DATE: October 31, 1997
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Assemblyman Louis A. Romano
Assemblywoman Carol J. Murphy
Linda M. Anselmini
Anthony F. Annese
E. Martin Davidoff

ALSO PRESENT:

Thomas Neff
(representing Senator Robert E. Littell)

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

Louis Goetting
(representing James A. DiEleuterio Jr.)

Christina Higgins
(representing Michael R. Ferrara)

Paul Shidlowksi, Acting Executive Director



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

We'll now do the roll call.

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

MR. DAVIDOFF: Here

MR. SHIDLOWSKI: Mr. Anthony Annese?

MR. ANNESE: Here.

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

David Rousseau, representing Senator Kenny?

MR. ROUSSEAU: Here.

MR. SHIDLOWSKI: Assemblywoman Murphy? (no response)
Assemblyman Romano?

ASSEMBLYMAN ROMANO: Here.

MR. SHIDLOWSKI: Deputy Treasurer Goetting, representing Treasurer DiEleuterio?

DEPUTY TREASURER GOETTING: Here.

MR. SHIDLOWSKI: Commissioner Anselmini?

COMMISSIONER ANSELMINI: Here.

MR. SHIDLOWSKI: Christina Higgins, representing Mike Ferrara?

MS. HIGGINS: Here.

MR. SHIDLOWSKI: Ms. Margaret Villane? (no response)
Ms. Carol Molnar?

MS. MOLNAR: Here.

MR. SHIDLOWSKI: We have a quorum.

MS. MOLNAR: Thank you.

Our next order of business is the approval of the minutes from the October 17, 1997 meeting.

ASSEMBLYMAN ROMANO: Madam Chair, if I may. Whether you call it a personal privilege or what-- Usually, at some of these meetings there is correspondence that comes before the meeting, that comes before the approval of minutes. You have in your possession a letter written by Senator Kenny and myself regarding that situation about not being provided with the report from the State Treasurer.

Madam Chair, it's trick or treat time. As I've said on other occasions, there is the old colloquialism, Fool me once, shame on you. Fool me twice, shame on me.

Now, you have in your minutes right here, for the second time, where we have now learned of a postponement in the report that was forthcoming and which Senator Kenny and I were told that by today we would have in our hands the information required about hard and soft debt from the State. I hope you made copies of our letter available to all the members.

If anybody else wants copies, feel free to ask.

I'm not about to read the letters, but I think what has to be said here is: This is politics at its worst. The people of New Jersey, much less this Commission here, who's charged with capital budget, planning, etc., etc., has asked repeatedly for what is the outstanding debt. Now, I'm not going to get on arguing the semantics of how many angels on the head of a pin in terms of what's hard or what's soft. We were looking for the hard debt. And if the State Treasurer is not looking to give us that information, let me give you some of my numbers.

According to Moody's, when this administration took office, the debt was \$908 per capita. Now we are up to \$1481 per capita in bonded indebtedness, which is approximately a 62 percent increase, and in actuality we have almost gotten a 100 percent increase in debt. The bonding indebtedness exceeds \$13 billion, and in the past four years, it is \$4 billion.

Now, let me just tell you this. Today, I'm happy that Assemblywoman Carol Murphy is here. This is campaign time, and on an occasion like this, having been, let's say, fooled twice, the common order of business in many political or legislative establishments would be for me to get up and walk out of the meeting.

I sit here, and I think you know, all the members of this Commission, I hold attendance on this Commission as very important to me. I don't believe I've ever missed a meeting, and, in fact, they report in the newspapers I have 100 percent attendance in the Legislature.

I refuse to walk out of here today in complete contempt of the manner in which we are being treated here. I don't know how you feel about it, but I'm staying because we have testimony here from the Department of

Human Services with a 4000-client waiting list on DDD. We have situations in the State which are deplorable in reference to the Department of Environmental Protection.

I will stay here, but I cannot say loud enough that this is contemptuous. We were promised on two occasions to have the material. Bang (gestures) we don't have it again. I apologize for my anger, but I think it's a righteous indignation which I should be allowed that -- how should I say? -- peccadillo.

Thank you.

MS. MOLNAR: Thank you, Assemblyman.

Any motion to approve the minutes?

MR. DAVIDOFF: Madam Chair?

MS. MOLNAR: Yes.

MR. DAVIDOFF: I have some changes to the minutes.

MS. MOLNAR: Okay.

MR. DAVIDOFF: First of all, with respect to motions, I see that-- The motions should be word for word. I was very careful in reading a motion at our last meeting, and that motion was summarized "Staff should provide all authorities' debt that may not be included in the Treasurer's debt report presentation."

Mr. Shidlowksi, was my motion not on the tape -- the full motion?

MR. SHIDLOWSKI: We generally review the tape only if we have a shaky recollection of what was said. I apologize for not quoting you word for word on the motion.

MR. DAVIDOFF: Okay.

MR. SHIDLOWSKI: We will make that correction.

MR. DAVIDOFF: I think on motions it should be the exact wording since that is what we're voting on. But I would like to read it now and ask that somebody note for you exactly where on the tape it is so that it can be corrected.

MS. HIGGINS: What page are you on, Marty?

MR. DAVIDOFF: I am on Page 4 of the minutes, "Other Commission business: Mr. Davidoff" -- and there are two things -- two things in there.

The first thing I'd like to correct is the second sentence where I said, "He is reiterating his position that the Treasurer should provide all debt information on State authorities and agencies." That is not correct. What I reiterated was that this Commission should have, and its staff should provide to it, all debt information on State authorities and agencies. So that is the first correction I would like to make.

Do you want me to go on the second, or--

MR. SHIDLOWSKI: Yes, please.

MR. DAVIDOFF: The second correction is-- Consequently, I made a motion -- the wording of the motion is exactly as follows, because I had it written down because I can't remember those big -- that much of it -- that in order to fulfill our obligations under the statute as interpreted in the broadest possible manner, we hereby direct staff to accumulate, in a format similar to that provided by the Treasurer, a summary of all debt of State authorities and agencies and any other State debt not included in the Treasurer's report. That was the motion that was made, and I would just like

the record-- I'd like these pages reprinted for us next time with the correction. You can confirm that by listening to the tape if you need to, but I did read it off of the same piece of paper, and I'd like to correct it now in the minutes so that we have the exact wording of the motion, please.

MR. SHIDLOWSKI: I note your correction.

MS. MOLNAR: Thank you.

Are there any other corrections or changes, comments? (no response) If not, is there a motion to approve as amended?

MR. DAVIDOFF: I so move to approve -- as corrected -- the minutes.

MS. MOLNAR: Thank you.

Is there a second? Any second?

ASSEMBLYWOMAN MURPHY: I'll second it for purposes of moving it.

MS. MOLNAR: Thank you.

Okay. We'll take a roll.

MR. SHIDLOWSKI: Mr. Davidoff?

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese?

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Rousseau? (no response)

Assemblywoman Murphy?

ASSEMBLYWOMAN MURPHY: Since I did not attend the meeting itself, I will abstain from approval.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Deputy Treasurer Goetting?

DEPUTY TREASURER GOETTING: As I was not at the meeting, I'll abstain.

MR. SHIDLOWSKI: Commissioner Anselmini?

COMMISSIONER ANSELMINI: Yes.

MR. SHIDLOWSKI: Christina Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Ms. Molnar?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: The minutes are approved.

MS. MOLNAR: Thank you. The next items of business is our Executive Director's report.

DEPUTY TREASURER GOETTING: Madam Chair?

MS. MOLNAR: Yes.

DEPUTY TREASURER GOETTING: If I might, with all due respect to Assemblyman Romano's righteous indignation, I would like to just note for the record that on April 22, the Director of the Office of Management and Budget was advised by the Office of Legislative Services that the CAFRA -- the Comprehensive Annual Financial Report of the State of New Jersey -- would not be prepared or delivered before October 31, 1997.

Notwithstanding the fact that the State's annual financial report -- its audit of operations -- was not scheduled to be prepared before October 31, we have made every effort and, in fact, did make every effort to try to press the process to a more expeditious conclusion in order to be able to deliver to this

Commission information which is germane to your ongoing series of meetings, which have been held and will be held over the next six to eight weeks.

At this time, we have not received from the auditors and accountants who are preparing the schedules which are a necessary part of that report, and accordingly, regretfully, the CAFRA is not completed and is not, therefore, a public document which we can share. We acknowledge that the debt information is, in fact, information which has been broadly debated and discussed and that there is, in fact, a pretty clear understanding of what the State has done with its capital resources over the course of the past year; however, it is absolutely critical that you have audited financial statements in order to base your final decisions.

As quickly as those audited financial statements are prepared, they will be delivered along with a comprehensive analysis of the impact of the State's debt on those financial statements. We regret that they have not been completed, but we are working as expeditiously as possible to reach that objective.

Thank you.

MS. MOLNAR: Thank you for the clarification.

ASSEMBLYMAN ROMANO: Madam Chair, please allow me, through you.

Mr. Goetting, I appreciate your comments, I imagine in an attempt to assuage me. I'm rather old. You know, I have the skin of rhinoceros. I'm talking about for the people of the State of New Jersey.

Now, what you say may all very well be the case, and I don't doubt the veracity or your integrity, but if last spring they knew there was a problem,

as we came to the fall, they should have made it known -- or last spring -- that it would be difficult to make the report available. This was not the case. Whereas, the two prior meetings, when we had discussed this in the minutes and then minutes recorded, we were told, "Oh no. We're just postponing it once and it's going to be for the next one."

Come, come now. If they knew they didn't have the report, they should have said it up front. Now, I don't like to take that pessimistic view as was contained in an opinion of *The Record* that says the question is: If the reports -- and they're alluding to the reports that we're talking about plus earnings of the people in the State of New Jersey-- If the reports make the Governor look good, would Treasury officials be sitting on their hands? You know, so that places that in your mind.

And I could possibly ask: How about a draft? But, as you say, no, you want everything certified. All I know is that last year, the report was done by October 9, fully certified by the State Auditor. So what we're talking about here is-- We're mincing words here. Let's put it where it is. For some reason, by some stretch of the imagination, the report is not ready until after election. That's it, sum and total.

DEPUTY TREASURER GOETTING: In an effort to close this issue as quickly as possible, let me just reiterate that OLS, in April of this year, advised the OMB Director that they were moving the schedule 30 days. So rather than completing the document by September 30, so that in fact it could be delivered by October 8, that they would not complete the document before October 30 so that it could not be delivered before November.

In fact, in April, the Treasurer indicated a desire to maintain the very aggressive schedule that we had set for the prior year, and in fact, we were advised that due to the workload of OLS and their preference to see final numbers rather than preliminary numbers that they would not work on this project in August, that they would start in September, and that this document could not be completed before the end of October. That is a fact. That is the reality. That is what we have been up against. We are 30 days behind schedule from last year because in April of this year OLS asked to move the schedule 30 days.

Thank you.

ASSEMBLYMAN ROMANO: Madam Chair, through you, I'm just going to say, look, all this-- We can go on and go on. I'm not doubting your integrity or the Treasurer's integrity or whatever the case is, but there comes another dimension into integrity, and that's called hardball politics. You know, I'm from Hudson County. We may have the name, but I'll tell you something, you people know how to play the game. So on that note, I'll just say it's time for trick or treat. There's no treat for me.

ASSEMBLYWOMAN MURPHY: Madam Chairwoman, may I ask, since we have a long agenda, that we move the meeting along.

MS. MOLNAR: Thank you.

ASSEMBLYWOMAN MURPHY: Politics aside.

MS. MOLNAR: Thank you.

I want to thank Mr. Goetting and Assemblyman Romano for their comments.

Is there an Executive Director's report?

MR. SHIDLOWSKI: I just have a few brief remarks, Madam Chair.

First of all, I would like to welcome Deputy Treasurer Goetting to the Commission. He was recently appointed by the Treasurer. Everyone on the Commission should have received a copy of that letter.

When we originally developed this schedule for the capital planning process for this year, the staff tried to take into account the statutory due date for the Commission's recommendations, which is December 1, and we tried to adhere to that schedule. We always recognized it was a very aggressive schedule.

As the Commission members know, in addition to our duties as staff to the Commission, we are also employees of the Office of Management and Budget, and due to competing demands on staff time, we would find it very, very difficult to make recommendations to the Commission on our originally scheduled date of November 21. Therefore, I would request the Commission's indulgence to reschedule that meeting for December 5.

A final point, we've included the criteria that the staff intends to utilize in their review of capital requests and in developing our recommendations to the Commission. I would like to discuss that under new business, if that's possible.

MS. MOLNAR: Okay.

MR. SHIDLOWSKI: That concludes my remarks.

MS. MOLNAR: Okay. Thank you.

Now, moving on to our capital requests, our first department is the Department of Environmental Protection, and I would like to welcome Ron Tuminski and Jim Hall and Mr. Tony Farro.

ASST. COMMISSIONER RONALD S. TUMINSKI:

Good morning, Madam Chair, and members of the Commission. First, let me thank you for the opportunity to present DEP's capital needs for Fiscal 1999.

As indicated, by you, Madam Chair, I have brought some staff with me to help in case there are any questions regarding our request. To my left is Jim Hall, who is the Assistant Commissioner for Natural and Historic Resources. To my right is Tony Farro, who is the Director over the Publicly Funded Site Remediation Division. We also have Gaspar Santiago, who is the Superintendent of the Palisades Park Commission -- New Jersey side -- and there are some requests in here for the Palisades Commission, so if there are any questions on that, we will defer to Mr. Santiago.

It has been about a year since I appeared before this Commission, and during that time there have been a number of measures that have affected the Department in terms of availability of funds for its capital budget. The voters approved the constitutional dedication of the 4 percent of the corporation business tax revenues to help fund the State's cleanup program, including our underground storage tank remediation efforts. In addition, out of the CBT dedication, \$5 million will be available per year for watershed planning.

The voters also approved a bond package which will be the catalyst for the economic revival of New Jersey ports. That package included

\$5 million for funding for lake restoration and also \$70 million for the cleanup of contaminated sites or for providing alternative water supplies.

In August, the Governor signed the Environmental Infrastructure Trust bill, which expands the purposes and authorities of the New Jersey Wastewater Treatment Trust. The Environmental Infrastructure Trust will now be able to finance water supply construction activities, as well as continue its successful wastewater treatment financing program.

Next Tuesday, the voters of this State will be asked to approve two ballot questions. The first will provide some \$50 million from the 1981 Water Supply Bond Fund to the new Infrastructure Trust and also authorizes 1989 Stormwater Management and Combined Sewer Overflow moneys in the amount of \$5 million to be available to the Trust. The reallocation of these dollars to the Trust will ensure that sufficient resources are available to capitalize the Trust's debt service reserve. This, in turn, will make the Environmental Infrastructure Trust financing for water supply and wastewater needs attractive to county and municipal authorities.

In an action that will benefit the expanded Environmental Infrastructure Trust, the Federal 1997 budget contained the first appropriation needed to establish New Jersey's Safe Drinking Water State Revolving Fund, or the SRF. The Drinking Water SRF, mirrored after our Wastewater SRF -- which New Jersey has been utilizing so effectively since 1988 -- carried first-year Federal funding of \$28 million. These funds, being leveraged by the Trust, will generate some \$54 million in construction activity aimed at providing safe drinking water to the citizens of this State.

Before the end of the year, the Governor's Council on New Jersey Outdoors, Chaired by former Assemblywoman Maureen Ogden, will release its recommendations for the future funding of recreational opportunities in New Jersey. Earlier, the Council established a goal of acquiring, through public ownership, an additional 1 million acres of land.

I felt it appropriate to begin our presentation this morning by outlining these initiatives because, as you will note, our 1999 capital budget is premised and builds upon funding established by these new initiatives.

Turning to the FY 1999 capital request, the overall request before you includes \$460 million in funding. The funding is distributed as follows: \$115.9 million is general State capital funding; we have \$76.6 million in bond funds; \$158.1 million in Federal funding. We are requesting \$21.3 million from the Shore Protection Dedicated Fund; \$41.7 million from the CBT fund source; \$34.5 from the Environmental Infrastructure Trust; and we anticipate \$12.2 million in local matches.

While we are seeking the Commission's concurrence on our 1999 capital request, in the case of financing for our site remediation and infrastructure needs, it should be noted that the Department will be presenting its priority listing in these two areas to the Legislature in the spring, in accordance with the established and enabling legislation.

With respect to specific components of our 1999 request, I would like to highlight the following:

In water supply, the 1999 request includes \$17 million and represents the second year of financing from the Federal Drinking Water SRF. As with the first \$28 million that became available through the Federal

funding, the funds available in the -- we plan to leverage those moneys through the Environmental Infrastructure Trust. The first year's financing, which will take place next October, already has the City of Trenton and Cape May receiving pre-award approvals. The FY 1999 funding will utilize Federal Fiscal Year 1998 moneys and 1981 Water Supply loan repayments to capitalize the project's financing.

The New Jersey Wastewater Treatment Financing Program is entering its second decade. This year's financing, which closes next week, will fund some 23 county and municipal projects worth \$72 million. The projects will address such problems as removing and replacing combined sewers, replacing cracked or collapsed sewer pipes, as well as the purchase of equipment necessary to increase sludge handling capacity at some of our facilities. The 1998 financing program, which corresponds to our Fiscal 1999 request, currently projects estimated at some \$300 million.

Turning to the recreational opportunities, this past July Governor Whitman signed four bills which allocated an additional \$78 million in Green Acres funds. Of these moneys, \$57 million was made available to local governments to preserve some 1735 acres. The balance, or \$21 million, was appropriated to the Department for development of a State park and wildlife areas.

The funding provided to our parks, fish and game areas, coupled with our local assistance programs, is clearly aimed at enhancing the quality of life for New Jersey citizens. Of the request before you, \$48.9 million in capital funding will be used to upgrade existing parks and fish and game facilities.

This is to bring them into environmental compliance, eliminate health and safety issues, and tackle the backlog of deferred maintenance.

In the shore protection and flood control areas: the Shore Protection Program itself was recently bolstered by the fact that the Federal appropriation continued funding to New Jersey. Those appropriations contain essential Federal funding for such projects as the Beach Replenishment Project in Monmouth County, where \$15.1 million was provided.

Our capital plan for 1999 will complete the beachfill projects that stretch from Sea Bright to Manasquan and begins beachfill projects on Absecon Island and from Townsends Inlet to Cape May Inlet. As in the past, our request for dedicated shore protection funds will be used in large part to leverage some \$50 million in Federal funds. This was the same case in the current Fiscal Year 1998.

The Flood Control Projects contained in our request include both deferred maintenance and culvert replacement and funding required as State match to HR-6 Federal projects. Specifically, \$5.6 million in State funds will leverage some \$23.5 million in Federal funds. Major projects to be undertaken in the new budget include Ramapo River at Oakland, Green Brook, and work along the Mill and Poplar Brooks.

We've included some \$4.8 million in 1996 dredging bond moneys, which are needed to maintain many of New Jersey's navigable channels. The funds will not only serve to eliminate the hazards of shoaling and the lack of regular routine maintenance, but it will also leverage an estimated \$9.8 million in Federal funds.

In the Site Remediation Program we have included some \$21 million in CBT funds in order to continue ongoing projects, waterline replacement, and to fund operational maintenance projects. Further, the 1999 request includes an additional \$20.7 million in CBT funding for underground storage tanks.

In addition to the DEP requests, there were also requests, included in our 1999 submission, by the Palisades Interstate Park Commission, which amounts to approximately \$1.7 million. The Commission is seeking these funds in order to address additional improvements to its sanitary facilities and to initiate paving and drainage projects along the Henry Hudson Drive.

The State Mosquito Control Commission request includes \$125,000 for open-marsh management and approximately \$860,000 for additions or replacement of equipment.

That concludes my remarks. Thank you for your time. If there are any questions, we'll be glad to answer them.

Thank you.

MS. MOLNAR: Thank you.

Are there any questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: Yes. I need to get a little bit of an education. On Page 2, which appears to be of the October 23 memo to us, which lists the projects, the General Fund total is \$178,870,000. In your statement, I believe on Page 5, you talked about the General Fund capital being \$115.9 million, so if you could explain to me the difference so I can understand.

ASSISTANT COMMISSIONER TUMINSKI: All right. Yes, I can.

The \$178.8, as categorized by the Commission's staff, is made up of the \$115 million line item that I mentioned in my statement, and it also includes, though, \$41.7 million from CBT funds, which is considered a General Fund appropriation in terms of State budget. It also includes the \$21.2 million that I referenced in my comments as being the shore protection out of the dedicated realty transfer tax.

MR. DAVIDOFF: Okay. The bonds funds -- the \$76.6 million -- the source of that, again, is?

ASSISTANT COMMISSIONER TUMINSKI: The majority of the bond funds would be-- I think there is around \$31.8 million from the hazardous waste -- the 1996 Hazardous Waste Bond Funds -- to authorize new projects. It's approximately \$19.3 million from the 1992 Wastewater Trust Bond, and there is, like, \$8.5 million from the 1989 Combined Sewer Overflow Fund. That makes up approximately, I think, \$60 million of the \$76.6 million.

MR. DAVIDOFF: Going back to your Page 2-- So we have General Funds of 178, and then we have all kinds of other funds that go from \$178 million to \$1,359,000,000, and I guess that's-- Federal funds is a large component of that?

ASSISTANT COMMISSIONER TUMINSKI: The total amount, I think, shown by the Commission-- Our request for Fiscal 1999 I believe is for 60. I think the larger amount you're including maybe the three-year capital budget total.

MR. DAVIDOFF: Oh, the out-year?

ASSISTANT COMMISSIONER TUMINSKI: Right. Right.

MR. DAVIDOFF: Okay. So the total project costs \$1.35 billion. That's not the part just from New Jersey. That's the total project costs, including all the Federal funds and the like. Is that correct?

MR. SHIDLOWSKI: Yes, for all seven years.

MR. DAVIDOFF: Okay.

MR. DAVIDOFF: So what I'd like to do, so that I can understand this, is I'd like, through the Chair, if she agrees, when we see the final summaries on this and we're making decisions, I'd like to see what's coming out of -- what is being requested for 1999, and what are the total expenditures for 1999. In other words, you have a total project cost of \$1.3 billion, maybe, as he said, \$461 billion -- and that doesn't include-- Yes, that includes the Federal. Then show project by project how they're being -- or the category in the large categories.

MR. SHIDLOWSKI: That information has all been provided to you in the reports that the staff sent out in the briefing material.

MR. DAVIDOFF: I'm looking at the briefing materials. Could you point me--

MS. HIGGINS: This stuff.

MR. DAVIDOFF: Oh, in the detail -- on a project by project. Can I get it in the summary form? To say, "Well out of the"--

MR. SHIDLOWSKI: That would be a very busy summary report, Mr. Davidoff. We could do it individually by fund, perhaps, but I don't think we could combine it all on one page.

MR. DAVIDOFF: All right. So you're saying in the detail here on the-- I'm looking, for example, at Page 9 of the report. Somewhere here it says what's being funded out of the various sources? I'm looking at Parks and Forestry Recreational Development, Project ID 42021. I see year by year, but it doesn't seem -- I'm missing something. Where is the breakdown?

MR. SHIDLOWSKI: In this particular case, it's a request for General Fund capital.

MR. DAVIDOFF: That's only here-- Can you give me an example?

MS. HIGGINS: Go to Page 29.

MR. DAVIDOFF: Page 29. Thank you.

MS. HIGGINS: That's where the summary is, and if there is data for each project, you would see it in the categories represented in the summary.

MR. DAVIDOFF: Okay, here at the bottom. Okay. So General, bond, Federal, other. Okay. And that's how it's going through each-- All right. I understand that now. I appreciate the education.

Now, are there certain funds that you would get-- If we don't give you the \$178 million -- not we, if the Legislature and the Governor doesn't give you this \$178 million -- do you then lose matching funds for the Federal on some of these projects, and is it clear when we lose matching funds?

ASSISTANT COMMISSIONER TUMINSKI: As part of the \$178 million, for example, I guess the best example would be the shore protection -- the \$21.2 million. As I indicated before, the bulk of that money is coming out of a dedicated fund. It's also there to leverage more than two to one in terms of Federal money for projects.

MR. DAVIDOFF: Talking in the \$116 million of General Funds, is some of that leveraging Federal, and is that clear here to us when we're evaluating which projects to award and which not?

ASSISTANT COMMISSIONER TUMINSKI: There may be some of that money-- I think for the most part the leveraging is coming in, in terms of the CBT and the shore protection, under the categories of Federal funds and bond funds. Flood control is probably the only area where there is a General Fund request that would leverage Federal money.

MR. DAVIDOFF: Okay. Flood control being which project or which category? It's not one of the general categories, so it must be a detailed-- It goes within water supply?

ASSISTANT COMMISSIONER TUMINSKI: Let me see how you have it on your list.

MR. DAVIDOFF: I just want to make sure that when we're making a recommendation that -- and I'm sure the staff does know this -- we at least have some idea which one is going to affect matching funds.

ASSISTANT COMMISSIONER TUMINSKI: Right. Right.

MR. SHIDLOWSKI: We do work with the Department to establish where the State funds would leverage additional dollars. So that's consistent in our recommendation.

MR. DAVIDOFF: All right, so we'll get that in your final recommendations.

ASSISTANT COMMISSIONER TUMINSKI: Flood control would be one area where it's part -- it's under engineering and construction --

of the General Fund request, that would leverage HR-6 moneys for flood control projects.

MR. DAVIDOFF: Okay, and then everything else you've made sure through the CBT allocation and the shore protection, and we're getting all the matching and leveraging--

ASSISTANT COMMISSIONER TUMINSKI: Right. We work very closely with the staff in terms of clarifying those issues.

MR. DAVIDOFF: Terrific.

Thank you for the education.

MS. MOLNAR: Christina.

MS. HIGGINS: If I could just help. If you go to Page 4 of the five-page analysis, there is a section on Federal funds at the top, and it shows you the State moneys that we're looking at with regard to Federal programs.

MR. DAVIDOFF: Federal funds. Thank you.

MS. HIGGINS: And there you'll see the flood control.

MR. DAVIDOFF: Thank you very much.

MS. MOLNAR: Are there any other questions or comments?
Assemblyman.

ASSEMBLYMAN ROMANO: Obviously, I'm elated to see attention being paid to Palisades Interstate Park. Assemblywoman Murphy and I have long been on that side about Palisades Interstate Park; although, some of our colleagues chose that when certain grants were given they said that they were responsible for them. We just do the work in the vineyards. (laughter) No one has looked for credit, let's just get the work done.

However, I am concerned about the shore protection at Palisades Interstate Park. We're talking about the shoreline restoration at Englewood, and you also have it at Alpine.

Now, Ross Camp, what designation is that? That's not Alpine. Is that Englewood?

G A S P A R S A N T I A G O: (speaking from audience) That would be under Fort Lee.

ASSEMBLYMAN ROMANO: Under Fort Lee. I hope that Fort Lee is not going to become a stepchild here.

MR. SANTIAGO: (indiscernible)

ASSEMBLYMAN ROMANO: I mean, Ross Camp is the one that when it rains the water goes up over a foot over the parking lots.

MR. SANTIAGO: And we do have an allocation to do the work this year.

ASSEMBLYMAN ROMANO: This year.

MR. SANTIAGO: Yes.

ASSEMBLYMAN ROMANO: I mean, we're talking about the seawall, are we not?

MR. SANTIAGO: The seawall and the picnic grounds themselves.

ASSEMBLYMAN ROMANO: All right. I'm very happy that we're finally getting around to the sanitary facilities, because I understand that they use an underground water system over there. I'm very well satisfied.

By the way, I met Commissioner Shinn yesterday, and I thanked him, and I want to thank you for your help -- whatever Departments you had -- with the mercury situation and those mercury condos in Hoboken. I'm

very happy about it -- those people are elated -- and the speed with which the Superfund -- the Federal Superfund -- was implemented--

I have no other questions, Madam Chair.

MS. MOLNAR: Thank you.

Mr. Rousseau.

MR. ROUSSEAU: Just two quick questions. Have we exhausted all of our Green Acres money? Is that why we're now asking for General Fund money for Green Acres?

ASSISTANT COMMISSIONER TUMINSKI: Jim, you want to cover that?

ASSISTANT COMMISSIONER JAMES F. HALL:
Yes.

All of the Green Acres appropriations from previous bonds have been authorized. There is approximately in the neighborhood of -- with interest and repayments on the loan portion -- maybe \$20 million or so available for requests we have pending now. So this request is in here for future years out for which there aren't existing appropriations available.

MR. ROUSSEAU: What's the Department's intention for a long-term plan, or are you waiting for the Ogden commission?

ASSISTANT COMMISSIONER HALL: Yes. We're clearly-- We're waiting to see the report that comes out of Maureen Ogden's Open Space Council and the series of recommendations that they would make, and then we'll respond accordingly to those recommendations.

MR. ROUSSEAU: One more question. A number of years ago, the Legislature made a General Fund appropriation for \$22 million for local

grants for combined sewer, storm management at the local level. Whatever happened to that money?

ASSISTANT COMMISSIONER TUMINSKI: I believe you're referring to the sewerage infrastructure money?

MR. ROUSSEAU: Yes.

ASSISTANT COMMISSIONER TUMINSKI: It was \$33 million.

MR. ROUSSEAU: It was \$33 million, right.

ASSISTANT COMMISSIONER TUMINSKI: A number of that-- A great deal of that money was given out in terms of planning, design, and mapping grants to locals that were allowable. There were certain municipalities and counties that were allowable under the Act in terms of the use of this money. A number of dollars went out there for, like I said, initial and final mapping. It also went out for some initial planning and design money, and then some additional moneys remained as a balance in that account.

MR. ROUSSEAU: And what happened to that balance? I think it was around \$22 million.

ASSISTANT COMMISSIONER TUMINSKI: A portion of that balance, I believe lapsed to the General Fund.

MR. ROUSSEAU: Okay. Thank you.

ASSISTANT COMMISSIONER TUMINSKI: Around \$16 million perhaps.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: A quick follow up. The Green Acres funds: if I understand the program, you're lending funds to the municipalities. What's

your repayment rate to get new funds to, again, reissue? On an annual basis how much are getting back?

ASSISTANT COMMISSIONER HALL: On the Bond Act, there are grant provisions, as well as loan provisions. Under the loan provisions they are mandated at 2 percent for 20 years. The current repayments on those are somewhere around \$10 million a year.

MR. DAVIDOFF: You're getting \$10 million a year which you then either loan out again--

ASSISTANT COMMISSIONER HALL: Yes, which goes back out.

MR. DAVIDOFF: Okay. Thank you.

MS. MOLNAR: Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Thank you.

I had some questions on the lake management programs that are separated into privately owned, publicly owned, etc. I'm wondering whether or not there was an overall philosophy related to lake management that somehow reflects in responsibility of people living or using the lake -- the people who may be particularly in the area. I guess of private lakes, persons who live along the lakes and a carrot-and-stick kind of program that speaks to their management or their-- I'm not being very clear.

The funds requested you have indicated in terms of the lakes management, privately owned, would be provided as loans. I'm wondering if there was any kind of program that is being developed with the Coalition of Lakes or any other group to look toward community action as part of the basis on which loans or funds are provided to people with provisos as to their own care and management of the lake in the ongoing sense to cut down what the

State would have to put into it every year? Imlaystown is dredging because of sediments in the lake. These are common in the lakes in the northern part of the State, whether they are publicly or privately owned.

ASSISTANT COMMISSIONER TUMINSKI: I may want to-- I want to clarify the request that's in here on what is the basis for the request. First of all, the money requested in the 1999 request would be the first appropriations from the new bond fund, which included \$5 million for lake restoration.

The Department has proposed rules and regulations governing the disbursement of that money and the application process. It's envisioned now that the regulations would be adopted by December of this year. The original bond fund only provided \$5 million out of here for lakes. That money, as pointed out in the earlier document, divided up the money where approximately \$2.5 million of that would be grants for public lakes, \$1.5 million would be loans to private entities, but in the case of private entities, the municipality would have to sponsor that private entity to provide insurance that somebody wouldn't walk away from the lake once moneys were given to it. Then there is about a million dollars of that \$5 million which has been set aside for State projects.

So that applications will be coming in based on the factors and the weighing for different factors in terms of the application process once the adoption is done in December. So it does take into account various factors in terms of points and averages, and that will be used as the awards when that application process is completed.

Do you have anything else, Jim?

ASSISTANT COMMISSIONER HALL: I think only-- The Program doesn't fall under me, but I'm somewhat aware of the point system that they're using. They are looking to issues of -- to the extent there is local public support, what kind of active community groups there are in support of the lake restoration, do they have long-term plans for sediment/erosion control measures. So those are-- A number of the factors I think you're speaking to are things that would be looked at in an evaluation process.

ASSEMBLYWOMAN MURPHY: I would hope so, because not all municipalities have authority or control over privately owned lakes. While they may be in the municipality, it may be an association of home owners wherein--

ASSISTANT COMMISSIONER HALL: Correct.

ASSEMBLYWOMAN MURPHY: --the responsibility lays, and it would seem to me you might create an adverse situation by expecting the municipality to do something that the home owners themselves have not agreed to.

ASSISTANT COMMISSIONER HALL: Well, I think to the extent that the Bond Act required that a given municipality has to support the project -- in other words, in terms of backing it as a coapplicant -- I think you can expect that both the township and the private lake association are going to have to figure out how to reach mutual terms on that if they're going to be able to get an application that's supportable.

ASSEMBLYWOMAN MURPHY: Well, I will look at the regulations.

Thank you very much.

ASSISTANT COMMISSIONER HALL: Sure.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: A very quick question. Project 42049, Green Trust, Local Loans, and Grants, provides \$30 million for loans and grants. The question is: How much is loans, and how much is grants? The reason I ask the question is I'm assuming that loans eventually come back into the system and provide future funding, and in my mind, that's a thing I like to emphasize.

ASSISTANT COMMISSIONER HALL: To be consistent with the previous Bond Acts, the ratios tend to be 25 percent grant, 75 percent loan; however, in distressed urban aid municipalities, they would be 50 percent grants and 50 percent loans. I would expect to follow a similar sort of format. If it's purely active recreation -- in other words, a development of active recreation facilities -- we only do 100 percent loans for those. We don't give grants. So when it's acquisition of property, we would offer the grant scenarios, but otherwise it would be all-- If it's just purely development of, say, baseball fields, soccer fields, that's 100 percent loan.

MR. DAVIDOFF: It's 100 percent. Okay. Thank you.

MS. MOLNAR: Are there any other questions or comments? (no response)

If not, I'd like to thank our Assistant Commissioners for their presentations.

ASSISTANT COMMISSIONER TUMINSKI: Thank you.

ASSISTANT COMMISSIONER HALL: Thank you.

MS. MOLNAR: Our next department is the Department of Human Services.

I'd like to welcome Commissioner Waldman.

COMMISSIONER WILLIAM WALDMAN: Good morning.

MS. MOLNAR: Good morning.

COMMISSIONER WALDMAN: Good morning, Madam Chair, and members of the Commission. I'm very pleased to appear before you today and present the FY '99 capital budget request of the Department of Human Services.

Let me just first make an introduction. The gentleman sitting to my right is Mr. Vince Giampeitro. He is Director of Operation Support for our Department. He has helped assemble this budget request and coordinated our vast Department requirements.

Also, in the audience are senior members of our various Divisions who can help you answer any detailed project-related question that may be necessary.

First, let me start off by thanking the Commission for your past support of various budget requests. As you know, your recognition of our capital needs was very critical to the 1998 budget process, which ultimately yielded \$11 million in capital appropriations for our Department.

I know that the members of this Commission realize that the capital requests and spending plans are not just simply about bricks and mortar. Our spending plan for the current year -- the \$11 million appropriation -- is really governed by some of your values, such as client and employee safety and maintenance and preservation of State assets and critical programs and services. Of the \$11 million, we applied over 4 in fire safety

projects, 3.5 in critical roofing repairs, and a \$3.5 million balance for nondiscretionary capital improvement items.

On a larger front, throughout the Department, having a vast and extensive capital plan, I believe we've made a lot of progress. We're protecting clients and staff. We're maintaining our physical plants. We're installing better life safety and fire protection systems, and we're abating exposure to asbestos, leads, PCBs, and other toxins. We are also (indiscernible) minimizing environmental damage and exposure to fines and litigation in projects involving -- major projects -- wastewater treatment and underground storage tank removal.

We continue to strengthen our capacity to swiftly mobilize an in-house team to coordinate emergency responses for oil spills and other hazardous substance exposures, and by the nature of our business, we have those from time to time, so we need to be prepared to respond to them quickly and effectively. I believe we are wisely applying taxpayer funds to capital prevention and repairs before disregard results in the need for more costly machinery and replacements.

That's an issue that you've raised with me for several years.

We are also maintaining our existing standards in our buildings and facilities to make sure that our major revenue streams through the Federal government, because we maintain standards and capital continue to flow, and we appreciate your help with that.

We've more recently pursued proven, but technologically cutting-edge, approaches to energy saving systems such as the methane

reclamation project at Woodbine Developmental Center and an oil-to-natural gas conversion project at the Woodbridge Developmental Center as well.

Let me overview for you what we have in 1999. Given the number of projects in our requests and knowing that you have already received some detail on this, I will focus my remarks broadly on major trends and major items. I will then be happy to discuss with you any aspect of any particular project or thrust that you're interested in.

To summarize, we have a seven-year request that totals \$197 million, and we're requesting \$102 million of that amount in the first year. There are approximately 200 projects here, with over 40 percent identified as Priority 1 projects for year-one completion. Most of the projects shown in the year-one request were included in prior year capital budget requests.

Despite the relative size of this -- we know it's not a small one -- a number of factors have served to moderate the request this year. First off, of course, is the \$11 million that we got through this process for this current year, and that results in a net reduction in our request. However, the countervailing effect is that since the 1998 appropriation represents less than 10 percent of last year's capital request, the current request reflects a 90 percent unmet need of last year, plus new needs that have been emerging over the course of time.

With respect to the 1994 bond issue, we did-- As you recall, \$30 million of that was reserved for institutional projects. That amount, the Legislature kindly appropriated to us. That's been obligated and in the process of being spent on major life safety issues and fire protection issues. Another

note to know is we have no capital requests for either Marlboro Psychiatric Hospital or North Princeton Developmental Center, as those are, in fact, scheduled to close at the end of FY '98.

We also have moderated our request by other available funds in the State. There is a central, as you know, Americans with Disabilities Act Fund that helps us comply. There is a Toxic-Hazardous statewide account, and there are efforts statewide to help us with our underground storage tanks that need to be mitigated.

I'd also like to express my sincere thanks to the staff of our Commission who have helped us throughout the year in a lot of support in these -- Paul Shidlowksi and Ted Kechowski (phonetic spelling). They've consistently supported some of our critical efforts, and I wanted to say thank you publicly this morning.

I mentioned the underground tanks as well. Another major issue that I've had personal discussions on with the Commissioner of Transportation is our roadways. We have an extensive series of roadways within our institutional grounds, and we've had help and progress before from the Commissioner. I've spoken to Commissioner Haley. He's looking at the feasibility of including some of our repairs within his regional projects if it can be accommodated. I'm hopeful something will come of that.

Let me go through some of the major categories for year one that we've identified as critical and nondiscretionary. These are items, of course, that affect client and staff health and safety and basic physical plant operations. We have preservation projects that include electrical, HVAC work, roof repairs, security enhancements worth about \$29 million; \$12 million of

this is overdue upgrades and replacements of aged heating, ventilation, air-conditioning systems at our 15 institutional facilities and 20 regional day schools. Roof replacements and electrical improvements are included in the balance.

We have compliance, of course -- a category, of course, of compliance, which includes ADA, fire safety, which total \$13 million in year one. Most of this is fire safety projects that is needed to enhance what we're able to get from the 1994 bond issue and the capital appropriation that you gave us. We have a couple million dollars in ADA projects to improve public accessibility and related matters, and the upgrades we've done to date have been well received by our constituency and public.

One of the things that's unusual and not something we've dealt with historically in our requests is we have \$23 million under the category of acquisitions. That's new for us. What that principally and the bulk of that represents is our desire to stimulate the supply of child care throughout the State of New Jersey, both for families on welfare and the working poor. These would be capital funds for expansion, for new construction, and for renovation of existing programs. Some of you are familiar with the centers. Some of them operate in not the best of capital environments and need upgrades and improvements. That's a very big part of our capital request. It's over \$20 million in year-one expenditures. We hope, over time, that-- Although, it's hard to estimate because we would expect that people who participate and use these funds will leverage them and draw on other funds from private and public sources, we think we can create the capital that (indiscernible) about 8000 new slots in the State of New Jersey to meet a very emerging need.

Projects in the category of environmental -- which include asbestos removal, wastewater treatment, underground tanks, and environmental needs - - total about \$5 million in year one. The wastewater treatment needs are a \$2 million item, and asbestos removal is \$3 million.

In the area of construction -- which includes demolition, renovation, rehabilitation -- we total about \$23.5 million in year one. One of the things we want to do that's of interest and of note is we want to build another pod and expand capacity of Forensic Psychiatric Hospital. That's a reflection of the times. That's a reflection of new laws, such as Megan's law, which does produce some additional people for a psychiatric hospital. If you remember, the original construction permitted us to add on from the central core so we could accommodate that kind of expansion should it be required.

In our Division of Youth and Family Service facilities we'd like to create a couple of gymnasiums in this category. And, very importantly, those of you who are familiar with Greystone Psychiatric Hospital, we have the old morgue, the old Chest Building, the old fire tower, and a bunch of cottages that are really hazardous that we'd like to demolish because they're unsafe. We don't want kids from the community playing in them or staff to be there because they are dangerous, and we'd like to get rid of them. I want to say that with your help we've made some real progress over time in demolishing the old veterans' cottages and other buildings that were unsafe and structurally unsound on the Greystone property.

In the area of infrastructure, we have energy improvement, roads, water supply needs -- about \$9 million in the first year. This is for basic paving and milling of existing roadways, and the road things-- We'll reduce that

request in the event we're able to quantify any help we might get from the Department of Transportation that has worked closely with us.

In summary, I hope this brief overview has given you the flavor of some of the driving forces that affect our capital needs. Just fundamentally, we have a vast infrastructure of 15 institutions, new emerging community needs in the area of child care. Many of our community service needs have been met in the bond issue that the Legislature appropriated, so I didn't speak to that today. I think we're doing well in proceeding in those areas.

I thank you for inviting me. Trying to close and interject a little humor, my staff had suggested, since it was Halloween, I should wear a costume and, perhaps, look like a broken roof or a leaky oil tank, but-- (laughter) I couldn't accommodate that today.

MS. MOLNAR: Thank you, Commissioner.

Are there any questions or comments?

Assemblyman.

ASSEMBLYMAN ROMANO: Commissioner, it's always a pleasure to have you here. I can attest you've been underfunded. Now we're past an election-year budget, maybe we're going to get down to some business.

But you mentioned a number before, \$4000. We're talking about, I guess, preschool youngsters.

COMMISSIONER WALDMAN: Yes.

ASSEMBLYMAN ROMANO: You're talking about a preschool program.

COMMISSIONER WALDMAN: Yes, for child care.

ASSEMBLYMAN ROMANO: I don't want to ask that other question.

COMMISSIONER WALDMAN: Right.

ASSEMBLYMAN ROMANO: How about the waiting list?

COMMISSIONER WALDMAN: For developmental disabilities?

ASSEMBLYMAN ROMANO: That's right. It's no longer 4000. Isn't it up now? Isn't it to 6000?

COMMISSIONER WALDMAN: It's above 4000. Yes, it's grown pretty considerably, but I would just-- As I always point out, sometimes when we use the waiting list, it's not a completely accurate characterization of the folks. There are many folks on there who have young children, who have come to us and said, "Look, we don't want a residential placement now. We still want to take care of the child at home, but down the road we will need one." So part of that 4000, 5000, 6000 includes that. We have a couple thousand people who we have to take action on very soon. We've made some real progress on that, both from a capital standpoint, through the Bond Act, and through the operating budget that the Legislature and Governor provided to us.

ASSEMBLYMAN ROMANO: Well, my question to you is: Is there anything in your budget here which directly impacts upon reducing that number?

COMMISSIONER WALDMAN: Okay. We have a significant amount. If you remember, of the \$160 million bond issue that was passed for this Department, \$80 million of that was committed to the issue that we're speaking about. We have, in the two appropriations of the bond issue we got

from the Legislature -- we got a significant amount of money that's consistent with what we have in the operating budget to make a dent in that. So we have plenty yet to go in our bond fund to solve this issue, so we didn't need to request anything here today beyond that.

ASSEMBLYMAN ROMANO: Well, you had made the comment that due to the failure of last year to provide you with 10 percent, it's up 90 percent. I hope that OMB and the Department of the Treasury will remember that as they come across items for our review that they will recommend.

Actually, looking to you, is there anything here that will help us in that problem? For many of my colleagues here, they do not receive the phone calls that I receive. We now happen to be in that time where many of the people -- parents of these children and such, who are now getting older -- before they, and I'll use the expression, "close their eyes" are looking to have their children placed in residential or whatever -- whatever the category properly fits. This is a real problem.

COMMISSIONER WALDMAN: Yes, it is.

ASSEMBLYMAN ROMANO: So if there is something in your budget that impacts on this here now, you know, now is the time.

COMMISSIONER WALDMAN: Well, one thing I would point out that I think is very significant -- in fact, is very exciting -- and this is legislation that was passed--

I believe you supported it, Assemblyman, and Assemblywoman Murphy did as well, too.

The idea is we need a master plan for this. This is a very growing issue, and the Governor signed legislation that's requiring us-- We're working with parents, families, independent people, professionals to come up with a plan back to you, the Legislature, that makes a long-run resolution to this.

One of the things why the list is growing-- It's never grown at this rate, and one of the things that affects this process is our Division that does this now is giving families and the individual disabled person much greater choice and option in designing this service. Years ago, when people had a disabled loved one, we only had one solution, and that was an institution, and that wasn't acceptable to a lot of people. Now that we have an individual, tailored community product, people are lining up. They're coming forward. We have a product that they like. So many, many people than ever came forward before are coming forward.

I think the plan will speak-- My hope is -- and I've charged that Committee to come back and give the Legislature and the Governor a broad plan as to how this will be financed over time, how business will be conducted on it, and matters like that. I hope to have the opportunity to discuss that with you in the near future.

ASSEMBLYMAN ROMANO: Be assured, I know Assemblywoman Murphy is of the same mind. Now, we're open to helping in the reduction of that waiting list and providing the services.

COMMISSIONER WALDMAN: I appreciate that very much.

ASSEMBLYMAN ROMANO: I personally-- You know my own involvement.

Thank you very much.

COMMISSIONER WALDMAN: Thank you.

MS. MOLNAR: Are there any other questions or comments?
Assemblywoman.

ASSEMBLYWOMAN MURPHY: Thank you very much, Madam
Chairwoman.

I am, as the Assemblyman has said, certainly very aware of the changing population demands and the types of things people are seeking in that. It has certainly increased the number of persons seeking that kind of housing.

I'm equally very pleased and must comment on the fact that Greystone Park is receiving such great attention at this point in time. Clearly, as a former Freeholder, we have long sought exactly what is happening now, and that is the kind of long-term plan for the facility -- the repairs -- the residential cottage repairs -- and the taking down of some of those very old buildings.

Your assessment is quite right, Commissioner, and I'm delighted to see the dedication with which this is moving forward.

COMMISSIONER WALDMAN: Thank you.

ASSEMBLYWOMAN MURPHY: It's clearly been a necessity for the communities that surround it but more for the persons who are institutionalized there and for the persons who work in that facility. We have needed this kind of thing, and I must compliment you on the workings of this as it moves forward.

COMMISSIONER WALDMAN: Thank you.

ASSEMBLYWOMAN MURPHY: Thank you, Madam Chair.

MS. MOLNAR: Thank you.

Commissioner Anselmini.

COMMISSIONER ANSELMINI: Hi.

COMMISSIONER WALDMAN: Good morning.

COMMISSIONER ANSELMINI: I just have a couple of questions on the child care program.

COMMISSIONER WALDMAN: Sure.

COMMISSIONER ANSELMINI: Is it that this capital money is going to be made available to private and not-for-profit organizations?

COMMISSIONER WALDMAN: Yes.

COMMISSIONER ANSELMINI: Not for State operated?

COMMISSIONER WALDMAN: Not for State-operated facilities per se. We want to design some flexibility in it, and our thought was predominately not-for-profit providers. But, you know, actually I hadn't thought of that. I know the State, various facilities, including some of our own, do operate day care centers. In some cases, they're operated by private, nonprofit entities which would be eligible to apply for this. We don't operate any more, you may recall -- any State day care centers. So I think we might be able to cover most of what I think you're concerned about with this.

COMMISSIONER ANSELMINI: But it's not contemplated that we would go back into the business of operating day care centers.

COMMISSIONER WALDMAN: Absolutely not. Absolutely not.

MS. MOLNAR: Are there any other questions or comments? (no response)

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

COMMISSIONER WALDMAN: Thank you. Thank you, it's always a pleasure.

MS. MOLNAR: Our next department is the Department of Agriculture. I'd like to welcome Secretary Brown.

SECRETARY ARTHUR R. BROWN JR.: Good morning, Chairwoman Molnar and Commission members.

MS. MOLNAR: Good morning.

SECRETARY BROWN: I want to thank you for the opportunity to appear before you today to present the Department of Agriculture's capital budget request for FY '99.

As you know, my Department works very closely with all segments of the multibillion dollar food and agriculture industry in the Garden State. The projects which make up our Fiscal Year 1999 capital request help provide the program support necessary for the Department's continued service to various segments of this tremendous industry.

However, before I begin my discussion on needs for 1999, I want to give you a brief update on our FY '98 capital program which you supported last year. The glassware sterilizing equipment you recommended for our Animal Health Laboratory has been advertised for bids and will be installed in the Laboratory soon. The new equipment will help us to maintain our record of reliable, accurate test results for a growing range of animal diseases. Moreover, the new sterilizer will help protect our lab workers from those diseases which can be transmitted to humans.

The Horse Park grandstand project you endorsed is also underway with design work completed and the construction expected to begin in early

December. The permanent grandstand will offer a larger, safer seating arena for the Park spectators and participants, better so than the tent that we relied on in the past years. It's much, much safer. It will also provide a safe and convenient area for the vendors who attend the equine events.

Turning at once to the 1999 budget, I am requesting funding for four projects in the coming year. The first project relates to the continuing development of the State's only multifaceted equine facility, the 147-acre New Jersey Horse Park at Stone Tavern, in Monmouth County. By continuing with our expansion of this facility, I believe that the Park will provide increasing economic benefits not just to the immediate area, but for the entire State.

This year, we are requested \$500,000 for the construction of a covered work area at the Horse Park. This 150-foot-by-250-foot-by-16-foot-high structure would have open sides and indoor lighting to permit night use. The construction of this covered work area is consistent with the Park's Master Plan.

With a structure like this, we can offer clinics, seminars, workshops, training, and instructional sessions almost year-round, since the covered area would be used regardless of the weather. In addition, the structure will add what amounts to another lighted ring, expanding the number and diversity of the shows that the Park can host. Although the covered work area will be useful in and of itself, it is important to note that it would be designed so that it could, one day, connect with the indoor arena that is also part of the Park's Master Plan.

Our second request for 1999 relates to another of the Department's unique and productive capital assets, the Beneficial Insect

Laboratory. New Jersey is a national leader in development of biological controls for weed and insect pests. Under the Department's Biological Control Program at the Beneficial Insect Laboratory, USDA-approved exotic and native beneficial insects are raised for release into the field to control certain pests of forests, vegetables, fruits, ornamentals, field, and forage crops. These beneficial insects also protect the natural and renewable resources in other open lands by reducing the need for pesticides, lowering the amount of pesticide residue in the environment, and minimizing the development of pest resistance to costly pesticides. The reduction of pesticide applications in the field also allows the native population of beneficial insects to increase, putting more pressure on the pest population.

We are seeking \$156,000 to upgrade the heating and cooling, humidity and air circulation controls at the Laboratory. These environmental functions are critical to the safe and successful operation of the insect-rearing Laboratory. A single heating/cooling switch controls the atmosphere in several of the rooms at the lab where the insects are raised. This presents problems in controlling temperature, humidity, and air circulation and does not provide for the best environment for mass production of insects for major crop protection programs.

This is a little unique, I imagine, to some of you, where we're trying to raise insects, where most people are using a flyswatter to get rid of them. (laughter)

But in addition, poor air circulation can present health risks to technicians working in the insect lab due to the airborne microparticulates that result from raising these insects.

The third capital request for 1999 also affects the Beneficial Insect Laboratory. It involves the expansion of a separate storage building at the Laboratory. The building is used to store field implements, farm equipment, and laboratory supplies and is filled to capacity. Overflow storage space has been carved out of the Laboratory building, resulting in the loss of valuable insect-rearing space. For \$143,000 we can expand the storage building by more than 40 percent from its current 3800 square feet to 5350 square feet. The expansion would allow us to relocate the supplies now stored in the Laboratory, thereby, freeing lab space for raising additional beneficial insects.

The last portion of our 1999 capital request involves the greenhouse attached to the Health Agricultural Laboratory building located here in Trenton. This greenhouse was built more than 30 years ago with controls and systems acceptable for that era but which are now outmoded and in critical need of repair. In order for the Department to undertake several new plant tests and disease-control initiatives to help protect food crops and forests and other plant resources from injurious plant pests and diseases, it is imperative that the Department have a properly functioning greenhouse.

Therefore, I am requesting \$50,000 for this greenhouse upgrade. The funding would enable us to replace the existent temperature controls which are obsolete and malfunctioning, and we would be able to upgrade the lighting by installing high-intensity sodium lights. We could also install either interior or exterior shading materials so that the plant material under observation would not be subject to sun scald. We could replace the ventilation controls to permit adequate air movement.

So these four projects comprise our FY '99 capital budget requests. Again, I want to thank you for the opportunity to appear before you today, and I certainly want to thank you for all of your support in the past.

At this time I'd be very happy to answer any questions you might have. I also have with me Jack Gallagher, who is my Region Director of Administration, and we have other folks who can help to answer any questions you may have.

Thank you.

MS. MOLNAR: Thank you, Secretary.

Are there any questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: Hi.

SECRETARY BROWN: Hello.

MR. DAVIDOFF: The insect-rearing lab, how long has that been around?

SECRETARY BROWN: Oh, let's see, I can tell you exactly. Bob Balaam.

ROBERT J. BALAAM: (speaking from audience) Since 1985.

MR. DAVIDOFF: 1985. Was this air-conditioning a problem last year, or did this all of a sudden pop up?

SECRETARY BROWN: I'll let Bob -- he's had some (indiscernible) of responsibility.

You can talk about it.

MR. BALAAM: The Laboratory was constructed in 1985. At that point in time there was just one section of the Laboratory that was originally

designed to be a quarantine area where we could receive insects from overseas. Due to the cost of making that a quarantine facility at that time, we weren't able to make it a quarantine facility, so the heating and air-conditioning controls that were in that section were downgraded. Now, we're at the point where we want to expand the rearing operations for many of the insects, and we need those rooms to be controlled individually instead as one unit.

MR. DAVIDOFF: Okay. Because he had mentioned health risks. Are those health risks present now, or you're going to change the usage and then there might be health risks?

MR. BALAAM: We're changing the usage.

MR. DAVIDOFF: Okay. A year ago you didn't know you might want to change to usage?

MR. BALAAM: We've always wanted to, but we've never had the ability.

MR. DAVIDOFF: That's a problem that I have with the overall presentation here. You give us last year these four things that you're giving us this year. You're supposed to give us -- what? -- seven years or five years?

MR. SHIDLOWSKI: Seven.

MR. DAVIDOFF: Seven years. All of a sudden, we have four things that were not on the radar screen last year, but, obviously, you knew about them. I don't see what you have planned for 2000, 2001, 2002, 2005.

Madam Chair, I would like to ask that they supplement these materials and go back and say, "Hey, this is what we have in mind for the next five or six years."

SECRETARY BROWN: We've got it.

MR. DAVIDOFF: And that's supposed to be the process -- your budgeting process -- to do multiyear planning. So we don't see just what you have for this year, we see what your long term is.

SECRETARY BROWN: Right.

MR. DAVIDOFF: The second thing is-- And that's my primary concern all around here. The second thing, the storage facility, is that a specialized storage facility, or is that kind of a--

I guess this is to you, again. Is the storage facility specialized, or is it generic in nature?

MR. BALAAM: It's very generic in nature. It's a large building where we keep farm equipment.

MR. DAVIDOFF: Okay, because I know in some of the sporting teams in our town, they have plenty of things that they store that are not critical and for about \$10,000 they put up these 500- or 600-square-foot structures. When I look at \$143,000 for storage, adding another 1500 square feet, I'm just wondering if there is a better way to do it since this is not-- We're storing farm equipment and stuff that just needs something overhead and it's not critical.

SECRETARY BROWN: Well, it will be insulated. There will be electrical. There will be concrete floors, things like that, so that adds to the cost of a regular storage shed.

MR. DAVIDOFF: Okay.

SECRETARY BROWN: And this will be added onto the building that we have.

MR. DAVIDOFF: Now, the Horse Park and this covered work area, tell me about how we functioned all these years without it and what is this really going to bring to the average citizen of the State who says, "How is this important to me?"

SECRETARY BROWN: (speaking from audience) (indiscernible) I'm familiar with a lot of options. (using visual aid) This is a picture of it. This is 127 acres. This is land that we have a 99-year lease with the DEP out of the Green Acres. And this is a color photo, but this is the entrance to it here. (indicating) This is the parking. This is the grandstand area that we are working on right now, and this was-- We've been using a tent here for years, but it's very unsafe. It's blown down on us several times, and we've been lucky enough not to hit anybody (indiscernible) get hurt real bad. These are different show rings that we have. These are barns that we have. (indicating) This is the Grand Prix course. This is parking for overnight vehicles, campers-- (indiscernible)

This is where we want to put the public work area. Back of this is an indoor arena that we have on a radar screen for-- It's a major part of the whole complex. This work area would be right in this area here. (indicating) We conduct shows, and Lynn can tell you the number of shows that we conduct in the course of a year.

Lynn Mathews--

MR. DAVIDOFF: But aren't the people who are participating in these shows paying moneys, and shouldn't that be funding itself? I mean, is this a proper function for the State government to be subsidizing?

SECRETARY BROWN: We do charge. We have a private-nonprofit that runs it. This goes into all of the maintenance of this facility. We don't-- It doesn't cost the State any maintenance cost for any of this. They take care of all the maintenance of the buildings. They do a lot of upgrades themselves. The major issue, of course-- (indiscernible) The administration (indiscernible) on-- Some of these things here were all done with State money. But this is a State facility-- (indiscernible)

But the number of people that we bring in and the economic value of this for the State is pretty high, and last year, how many shows did we have?

L Y N N B. M A T H E W S: (speaking from audience) In 1997, the current year, we just closed two weeks ago. We had 71 days of activity, and depending on the size show, if it's a multiday show, the average multiday show that uses all of our stalls will bring an economic impact of over \$2 million to the local area. We filled motels from Long Beach Island to Princeton depending on the size of the show.

MR. DAVIDOFF: Couldn't private enterprise do this just as well if we sold this land to a private vendor to operate it? If it brings in that much activity, couldn't they be just as successful? Then we wouldn't have to subsidize it.

MS. MATHEWS: I don't think I would be the one to know the proper answer to that.

MR. DAVIDOFF: Okay. I'm just asking-- I have real problems with this.

SECRETARY BROWN: It's not a profit-making-- (indiscernible)

MR. DAVIDOFF: No, but we're subsidizing it with \$350,000 last year; \$0.5 million this year is being requested. And the question is: Is this a proper function of State government? I asked the question, and I'm going to ask the staff to-- I just don't-- You know, it's great economic impact and private industry, that's why it's there--

SECRETARY BROWN: But it's open to all the public of the State of New Jersey-- (indiscernible)

MR. DAVIDOFF: I understand. So is Giant Stadium.

SECRETARY BROWN: We don't charge-- We don't charge-- If people come out with their families and they can spend a Sunday afternoon there with their families-- A lot of times--

MR. DAVIDOFF: Well, maybe we should charge them a nominal amount and have that fund the site.

SECRETARY BROWN: Well, we've talked about that, but we felt that was very (indiscernible) to get them there.

MS. MATHEWS: Have you ever had the opportunity to come and see us?

MR. DAVIDOFF: I have not personally come, but I will make it my business to do so.

MS. MATHEWS: We would love to have you.

MS. MOLNAR: Lynn, could you give your name for the tape?

MS. MATHEWS: Lynn Mathews.

MS. MOLNAR: Thank you.

MR. DAVIDOFF: Thank you.

MS. MOLNAR: Are there any other questions or comments? (no response)

If not, I'd like to thank Secretary Brown, and your staff, for your presentation.

SECRETARY BROWN: And how many have been out to the Horse Park, by the way? (show of hands) One, two, three, four. We need to get more of you out there. We need to get Assemblyman Romano out there, too.

MS. MOLNAR: Put him on a horse. (laughter)

SECRETARY BROWN: Get him out of Hudson County.

ASSEMBLYMAN ROMANO: He wants to guarantee that he won't get a "nay" from me. (laughter)

MS. MOLNAR: Very good. Very good.

SECRETARY BROWN: Thank you.

MS. MOLNAR: Thank you so much.

Our next department is the Department of State.

I'd like to welcome Leah Slosberg.

LEAH PHYFER SLOSHBERG: I had just commented how many -- if you'll pardon the gender reference -- suits there were in the area. (laughter) We have three ladies here today.

I have with me Jane Burgio, who is the -- the Honorable Jane Burgio, who is Chairman of the Museum Advisory Council, and Emily Kroll, representing Historic Morven, the fund-raising organization established for Morven. We also have with us David Parris, the Curator of Natural History,

and, of course, Ed Durham, the head of the Administrative Division in the Department of State.

Thank you for the opportunity to appear before you today and to update you on the two capital projects that are underway and to request future funding necessary for the continuation of one in FY '99 and the other in FY 2000. These projects, as you may know, are the replacement of the Natural History Hall exhibits at the State Museum and the restoration and preservation of Morven, the historic property at 55 Stockton Street, Princeton, which is managed by the State Museum.

I'm pleased to report that the \$200,000 design-feasibility phase for the replacement of the exhibits of the Museum's Natural History Hall is underway. The design-firm selection will be completed by November 13. The three firms which have been selected for the final level of bidding have a very detailed program document written by the Museum staff for the content of the Hall, and DBC has been most helpful in writing very tight specifications. We expect to have conceptual drawings and firm estimates for the construction of the exhibits in time to present them to you at your next annual meeting in FY '99, which would be the capital budget for FY 2000. I have with me the program document and the bid specs if you would like to examine them at the conclusion of the meeting. (indicating)

As for the Morven Project, I am pleased to report that 80 percent of the construction drawings for the project have been completed and firm cost estimates for a phased construction process have been prepared. The construction cost estimate for Phase I is \$1,935,000 and will provide for the

complete restoration of the old quarters, the restorations of the gardens, and it will restore the complete exterior of the main house.

We have applied to the New Jersey Historic Trust for \$1,107,000 and have in hand the required matching funds from private sources, \$780,000 from an anonymous foundation, and the remainder from Historic Morven, the Garden Club of America, Zone 4. We will hear in late December from the Trust about our application, but we have high hopes that it will be funded. We continue to work with Historic Morven on fund-raising, and in order to assure that the construction of Phase II can proceed with no interruption, we are here to request \$2,050,000 for Phase II.

Phase II will primarily consist of the interior restoration of the main building. It will allow for the use of the interior of the building to function as historic rooms and exhibits. The flexible exhibit space will be for New Jersey cultural history, including the decorative arts. It is also envisioned that the restoration will provide for temporary changing exhibit space, conference and meeting facilities, and an archive and research center for the cultural history of New Jersey.

The restoration-construction work will include the upgrade and the replacement of all existing mechanical, electrical, and plumbing systems, the installation of a geothermal system, and parking lot renovations, barrier-free access to the second floor, and a new second-floor bathroom. The building will be upgraded to meet all fire and safety code requirements, including a new egress stair from the second floor.

The cost breakdowns are: the construction cost for Phase II, \$1,600,000; the geothermal heating and cooling system, \$65,000; landscaping

for the parking area and the new parking layout, \$50,000; professional fees, \$55,000; miscellaneous consulting fees, \$22,000; and an exhibit design allowance of \$250,000.

I have with me our Trust application, which if you want to know what it takes to get State money, that's the application to the Historic Trust. (indicating) It has the answer to every possible question in it.

Thank you.

MS. MOLNAR: Thank you so much.

Are there any questions or comments? (no response)

If none, I'd like to thank you for your presentation.

MS. SLOSHBERG: Oh, well, thank you.

MR. DAVIDOFF: Can we just telepathically put that into her head? (laughter) It's a great project.

MS. MOLNAR: All right. Our last department is the Judiciary.

I'd like to welcome Mr. Rebo.

J A M E S R. R E B O: Hi. I'm Jim Rebo, Assistant Director for Information Systems with the Administrative Office of the Courts. To lead our presentation today, I brought Jack McCarthy, Director of Trial Court Services.

J O H N P. M c C A R T H Y J R., E S Q.: I'd like to say good morning to-- Is this on? (referring to microphone) (affirmative response) I'd like to say good morning to the Chair and the Commissioner. I'd also say happy Halloween, but I'm not sure we can use that term. I live up in Hillsboro, so we're kind of sensitive to it these days. (laughter)

My name is Jack McCarthy. I am the Director of Trial Court Services with AOC. Jim Rebo is our Assistant Director in charge of statewide--

MS. MOLNAR: Is your speaker on? (referring to microphone)

MR. McCARTHY: Is it on? (affirmative response) Jim Rebo is our Assistant Director in charge of statewide information systems.

Why don't you come on up, Bob? (speaking to colleague)

Bob Pitt is a Manager of our special Civil Part Division.

We sent -- about a week ago -- a statement and some background materials. I'm not going to repeat what's in that statement or read it to you, but I would offer just a few general comments in advance, if I may.

I was reading a grant application a couple of nights ago in preparation for today from the State of New Mexico, and it was to the State Justice Institute. It was a small planning grant to plan the kind of project we've put together already in New Jersey. There was a line from that that struck me, and the line was "There is no court management topic more widely discussed than electronic filing and imaging." If that statement is not true for court managers, it ought to be, because we've got a major problem and it's beginning to snowball on us.

People commonly think of the judiciary as judges, courtrooms, and decisions. But from a practical point of view, even more than the decisions themselves, the importance of the record of those decisions and the record of the process by which those decisions are made and the clarity, the accessibility, and the accuracy of that record is of critical importance to the public, to commercial interests, to civil rights. It's an importance that lasts for years, decades, and in some divisions of court, permanently.

In our Special Civil Part alone, with nearly half a million cases filed annually and over 10 million bits of paper -- legal documents -- the

problem arises to profound proportions. Now, we've computerized our courts, and with the strong support of the executive and legislative branch, we're in very good shape there. But these are case processing systems. These are systems by which we track our cases and count them, manage our calendars. These systems don't deal with the paper. They don't deal with the legal documents themselves. The technology has not been there, and now it is.

If we don't move quickly to create the infrastructure that's needed to handle this paper, especially given the downsizing that's going on in the private and public sector and I assume will continue, our ability to maintain this public record will be severely compromised. However, if we do and if we move forward now and make what we're asking for, which is a \$5.1 million investment, we're not only going to take care of the long-term stability of this public record -- not to mention the short-term utility of dealing with this paper and actually eliminating the paper and dealing with a paperless court -- but we'll also be able to return that investment after a period of time back to the public every two years and every two years thereafter.

Moreover, our experience with this project in our Special Civil Division will allow us to take a look at the feasibility and expand the project into the other divisions of the court. So we're ready to go, and we need your help, and we'll be happy to respond to any questions.

MS. MOLNAR: Thank you.

Are there any questions or comments?

Assemblywoman Murphy.

ASSEMBLYWOMAN MURPHY: Just a couple. The storage of paper documentation in the counties -- in the county court system -- is

absolutely incredible. I'm wondering whether or not there is any attempt, while this is going on, to have those files examined for duplication, for the redundancy of material that is stored in there, to begin to reduce the paper load already being stored so that when you are prepared to go into this process, you don't have that work to do. Can these two things not be going on simultaneously?

MR. McCARTHY: It's not only a possibility, it's an absolute imperative. In fact, we recently had some meetings with the Superior Court Clerk's office, who received boxes of these files from the county for microfilming, and it's a project that he simply can't keep up with.

We had meetings with a number of assignment judges, and we're putting together a plan which will have those documents reviewed and purged of papers that don't need to be microfilmed. We believe we could reduce some of the microfilming needs by about 40 percent if we do that well. It takes people, and they've got to go through it, but it's a much wiser use of time than to try to microfilm all of those records.

ASSEMBLYWOMAN MURPHY: It would certainly seem to me to make things a lot easier as you move forward to do it ahead of the curve, so to speak, rather than behind it.

Thank you very much.

ASSEMBLYMAN ROMANO: Madam Chair, if I may.

MS. MOLNAR: Assemblyman.

ASSEMBLYMAN ROMANO: I'm sorry that the Department of State-- They did not have with them the person who's in charge of the State Archives.

Now what you're filming, is this in concert with the Department of Archives as to the retention dates? Like this imaging that you're talking about, what is the life, or what are the years that the disk will remain viable? Is it 50?

MR. REBO: Well, a lot of those issues are still swirling around in the industry, but basically, I believe that we're really dealing with a permanent, indefinite record here, and it needs to be recognized as so in various forms, but we're-- The whole industry and the public sector is moving ahead with optical disk imaging as the only real viable, permanent media in this area, that really stores the information in digital, electronically readable form, and it really appears to be the way to go.

ASSEMBLYMAN ROMANO: I'm with you. I mean, I don't want you to get the wrong impression. I'm just saying this for my colleagues, because this is part of the problem with municipalities, boards of education, public bodies, where they have a retention schedule on documents. The basic idea being that microfilm was the only thing that could remain for 50 years other than the hard copy, and that's where the problem comes in.

MR. REBO: Well, we're kind of turning some of that orientation on its head, because what we're proposing here is that originally the data, the information, is never paper. It never gets to paper in the first place. It's created in word processing in a law office, it's transmitted to us electronically, and we handle it that way, and it may never get to paper. It never started with paper. It will never be paper. Paper will be a convenience item that somebody needs as a convenience to print out, read, and throw away, as opposed to paper being the official media to then be filmed.

Paper is not a permanent media either, and we haven't gotten around to filming most of it, so we're really starting the record in electronic readable format from the outset, capturing it at the creation of the information in the law office and shifting a lot of work, by the way, to the law office, and frankly, I think in this case, they're glad to have it.

ASSEMBLYMAN ROMANO: Well, that's good news.

I have no other comments, Madam Chair.

MS. MOLNAR: Thank you.

Commissioner Anselmini.

COMMISSIONER ANSELMINI: One of the questions I have has to do with these imaging systems and whether or not there are industry standards associated with the procurement of something like that, and if not, how does that speak to eventually tying this into-- I know, like, the Attorney General's Office already has some imaging capability, and we've been trying to look at data for an enterprise, the whole State, regardless of which branch of government.

MR. REBO: Well, this procurement has been really a key issue on this, and what we set out to do was to build a system according to the functional needs of the judiciary, the public, and the legal community and, at the same time, use the technology that the State has already procured. We basically -- and I challenged the project team on this to use nothing but what was already in State contracts. Everything we've bought is what is being used by other State agencies, and we really looked very carefully at that.

We're also looking to prove the concept and build a system that would work functionally for the operation of special civil part cases, and we

really endeavored to use the tools that had been used by the State of New Jersey. So we did not procure this with a whole, fresh, new bid spec. We went through term contracts in the Purchase Bureau for the various components.

COMMISSIONER ANSELMINI: Are you saying this is already purchased?

MR. REBO: We have developed this system over the last two years and are presently implementing it in a pilot county. So it is developed, and we have purchased the equipment for the development of it, but as far as implementing it statewide, that requires a major capital investment, which is why we're here.

MS. MOLNAR: Are there any other questions or comments?

Mr. Davidoff.

MR. DAVIDOFF: I think this is terrific. Peoples' involvement with the courts is very frustrating. In landlord-tenant activities it could take weeks and weeks and weeks just to get a piece of paper served on someone, and anything that would expedite that process, I think, that's the long-run impact. So I wholeheartedly support this, especially being that the savings are so significant.

Let me ask you about those savings. What is that in terms of? In terms of personnel, or microfiche, or what are the savings -- storage costs, rentals?

MR. McCARTHY: We estimate about 80 percent of the savings are in case processing, clerical-records-type staff. The remainder is in storage, postage, paper costs, etc.

MR. DAVIDOFF: I would say if you only got 20 percent of those savings and kept the 80 percent in staff on to expedite the processing, that would be fine with me, and hopefully, what we'll get is not just saved cost, but what we'll get is more effective systems.

What is the-- Will this then eliminate and replace microfilming?

MR. McCARTHY: Yes.

MR. REBO: Yes.

MR. DAVIDOFF: Okay. And on these optical disks, are they generally -- is the idea to do them in duplicate, triplicate? I mean, what are the backup systems on these?

MR. REBO: There is a whole backup system that we designed part and parcel with the system, and yes, there are duplicate copies of the optical disks. Please understand that if the data is systems integrated with the docketing case management system that we already have in place, and so information about a case is in several places in terms of various media -- optical disks, traditional, computers -- so it's--

MR. DAVIDOFF: So, basically, there will be some sort of backup where things are kept--

MR. REBO: Yes.

MR. DAVIDOFF: --in separate premises and the like.

MR. REBO: Right.

MR. McCARTHY: Absolutely.

MR. DAVIDOFF: All that will be--

MR. REBO: All of our data is in off-site storage for backup.

MR. DAVIDOFF: Thank you very much for what I think is terrific, terrific foresight, and I encourage it strongly.

MS. MOLNAR: Thank you.

Christina.

MS. HIGGINS: When will you expect Monmouth to be fully implemented?

MR. REBO: In the next few months.

MS. HIGGINS: So would one expect to see savings accruing from Monmouth?

MR. REBO: I would expect-- In my experience in developing and implementing court systems for the last 20 years, it takes probably a year of real successful operation to really start to see the returns on the investment. So I would expect that Monmouth is going to go through a learning curve and a threshold of pain process and then settle down, so I would expect to see returns on the investment about a year after that.

MS. HIGGINS: So in the year 2000, one could expect to see savings.

MR. REBO: Certainly by then, yes.

MR. McCARTHY: Clearly by then the paper will be gone, and the people currently pushing that -- people won't need to do that.

MS. HIGGINS: Right. And then is it a phase-in that you're expecting by vicinage, or how will the project go forward?

MR. REBO: Well, we do have to work out the details of implementing it statewide. Having done that in several other systems already, working with thousands of personnel in all the counties has always been a

challenge in implementing systems. So right now we're looking at about a three- to four-year process to implement it statewide. I would certainly like to accelerate that. We always want to. Right now, we're facing other distractions like the year 2000 work, and so we don't want -- I don't propose to be as ambitious as we'd like to be in rolling this out.

MS. HIGGINS: And if I understood your comments, the software has been purchased so the cost that we're looking at is more the hardware at the individual sites.

MR. REBO: Right. We have developed the system. It works in tests. It looks real good. So the development costs are already behind us. We're looking for the computer hardware to install it, and we're also going to need to provide the staff -- to provide training and support and cover other costs in terms of maintenance contracts, etc.

MS. HIGGINS: Do you have a sense of what that development cost was?

MR. REBO: Development costs, including all the hardware we bought for -- about \$0.5 million was hardware for Monmouth County and for our development team. The other \$0.5 million, totaling a million, was for the staff and contractor developer costs.

MS. HIGGINS: And I would think that as you start to bring in vicinages that, for instance, by the year 2000, you would have the knowledge that you've developed from Monmouth and also savings from whoever else has come on board.

MR. REBO: Absolutely.

MS. HIGGINS: Thank you.

MS. MOLNAR: Are there any other questions or comments? (no response)

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

MR. McCARTHY: Thank you.

MR. REBO: Thank you.

MS. MOLNAR: Our last capital request is the Delaware River Basin Commission. I believe Paul is going to give us an update on that.

MR. SHIDLOWSKI: We receive this request every year. It's part of a bistate agreement between the State of Pennsylvania and New Jersey. This agreement specifies that based on the respective benefits that each state receives that they contribute toward the amortization of a dam which actually exists in Pennsylvania. The request is a minimal amount. It's \$2000. They are not proposing to change anything. They have no additional request. I had advised Mr. Gore (phonetic spelling), who is the Director of Finance for the Delaware River Basin Commission, that I didn't think that for a \$2000 request he needed to appear in front of this Commission. (laughter)

If you have any questions, I'll do my best to answer them.

MR. DAVIDOFF: Can we just move to approve the request now?

MS. MOLNAR: Okay. Under other business we have our criteria that we use -- that was circulated. Are there any comments on that?

MR. ANNESE: Madam Chair.

MS. MOLNAR: Mr. Annese.

MR. ANNESE: Paul, could you just go over -- are there any changes from the previous recommendation criteria we had?

MR. SHIDLOWSKI: No, not really. One of the things, though, that I was hearing today that we have not addressed previously in the criteria -- and I would just throw this out for the Commission's consideration -- is that we see requests sometimes for projects that have economic development impacts. They're either cultural or historic resources of the State that investment is being requested in, and I don't know, what does the Commission think about adding that to our list? Do they have a general placement for that when we go through our evaluation hierarchy?

ASSEMBLYMAN ROMANO: Good point.

DEPUTY TREASURER GOETTING: I would think that you could certainly argue that, in line with assessing whether a project impacts on the operating costs of the State, that following Number 6, you would insert beneficial impact on the economic activity of the State. So certainly the economic development criteria should somehow be linked to having weight commensurate with the operating costs, the operating efficiencies derived from the capital investment.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: I'm trying to understand. So you're suggesting that we consider the overall economic development impact on the State in assessing projects?

MR. SHIDLOWSKI: Our previous cut on this has always been, going down the list, protection of lives, preservation of actual bed spaces within institutions, etc. We kind of-- We've never really considered projects where their primary impact would be an economic benefit to the State. I'm asking the Commission their opinion of including--

MR. DAVIDOFF: In that line -- and I don't know if one of these categories provides it, but, for example, with the legal people who were here just a moment ago about the optical scanning, improving services to our citizenry. I don't know if that falls within-- I mean it's not protection of lives, health, or safety. Bed spaces is-- Rather than saying preservation of bed space or institutional programs, maybe we should be broader and say "improving services to our citizens." Bed space is specific to particular kinds of services.

MR. SHIDLOWSKI: I guess how I would differentiate between those two is that we always see that our highest responsibility is the care -- the protection of folks who are under the care of the State, who are the responsibility of the State.

MR. DAVIDOFF: Okay.

MR. SHIDLOWSKI: Expansion of programs -- programs that have additional operating costs -- falls somewhat lower on our scale of things to do. This particular project that we saw, I think, fits very well into a project that reduces operating costs significantly.

MR. DAVIDOFF: Absolutely, but what it also does, or may end up doing rather than reducing costs-- As I said, it may end up just improving the efficiency of the system and making clients happier. In other words, if we could, with a capital improvement, reduce lines on waiting for automobile emission tests or automobile inspections and reduce everybody's wait by half with a \$5 million expenditure, people might say, "Well, that's the way to go."

So in addition to, and it's a separate question from what you're asking, I'm saying one of the things we should be looking at is improving services to -- appropriate services that government should be providing to the

State, whether it's reducing the wait to get into court, whether it's reducing lines on -- whatever it is.

With respect to your particular request -- should we consider the economic impact? -- my answer to the economic development and impact, I think it's certainly a side consideration but not a primary one. If it's within the purview of government to protect property or, as I say, provide services that's one thing. But, for example, to just say, "Well, this is going to impact upon the economic viability of something," well, the question becomes -- there are plenty of things that they can do on economic viability, but maybe the private sector is the better to do that. So if you said, "Should we become the owner of the New Jersey Yankees and buy the team from Steinbrenner?" -- because that's going to bring a great economic impact and you could probably prove, if you bought it from Steinbrenner and brought it to New Jersey, that it would have an enormous economic impact -- and we might say, "Well, that's a great idea," is it within the purview of this Commission to be making those decisions? I don't think so.

The Governor might want to make that decision or the Legislature, but I think we should narrow our focus to basically these kinds of issues and maybe talking about services to our citizenry, because we could then become just another private sector. We could do lots of things.

MR. SHIDLOWSKI: I'm not sure that a request to purchase the Yankees from Steinbrenner would come before this Commission. (laughter)

MR. DAVIDOFF: Build a stadium then.

MR. SHIDLOWSKI: But with regard to the projects that do come before this Commission, amongst the roles of this Commission is to advise the

Governor and the Legislature on the investment of scarce capital resources. The only question I'm asking is: Should economic development impact be amongst the things that we consider when we advise the Legislature and the Governor?

MR. DAVIDOFF: And my thing is: Yes, but not as part of the hierarchy. Amongst the other things to be considered, maybe it should be, but I don't think it's-- You could be it a hierarchy, but it's got to be a case-by-case basis, in my opinion.

MS. MOLNAR: I agree with Marty. I think we have to think globally, but I wouldn't make it primary. It would be nice if it was.

MS. HIGGINS: So then perhaps it would go in the list on Page 2.

MR. SHIDLOWSKI: Things to be considered?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: Okay.

MR. DAVIDOFF: And then the other thing I'd like to see in the hierarchy is "improves government services to our citizens."

MS. MOLNAR: In a cost-effective manner, though.

MR. DAVIDOFF: Right. In other words--

MS. MOLNAR: I think that's always key.

MR. DAVIDOFF: Well, we're always looking at that, but the thing is, in considering a hierarchy, if we say, "protection of citizens' property" -- which is Number 4 -- I assume we do that in a cost-effective manner. We could probably hire-- We could probably invest a billion dollars and have 100 percent protection and also Big Brother. So we're not looking to do that. All of these things, I think, are saying "in a cost-effective manner."

But I think one of the things -- “protection of citizens’ property” I think another thing is “improving government services to citizens,” whatever government services are appropriate to be provided. I think that certainly should be a focus of our evaluation.

Here’s a primary example. Even if that didn’t cut cost, but they said, “We can cut the time for cases by 50 percent and be able to get things through the court system twice as fast,” and didn’t cut the cost one dime or just recovered the cost, I’d say it’s still a good project to do.

MS. MOLNAR: Well, there are soft dollars, too, though. It wouldn’t-- Maybe you didn’t recover any hard dollars, but it would, by improving the service, would help the soft dollars.

MR. DAVIDOFF: Right. But I think if I were going to change this, that’s what I would do.

ASSEMBLYWOMAN MURPHY: Where do you look at the impact of not doing something that is an infrastructure program -- not necessarily bed space, but where do you review the impact of letting the HVAC system in a facility continue not to be repaired when that facility could be more damaged by the nonattention to it?

MR. SHIDLOWSKI: That’s a good point. As of right now, I would say we don’t. We do consult with the Departments about whether it’s possible to delay certain projects. It’s kind of a judgement call.

ASSEMBLYWOMAN MURPHY: Well, it’s always possible. It doesn’t-- It could cost you four times more in two years, but it’s possible to delay it because the building won’t fall down. I just wondered if somewhere in there--

DEPUTY TREASURER GOETTING: But if this is generating ranking, then it is-- Inherent in that ranking is that the project with the highest rank is the one where the greatest, most critical risk to the facility--

ASSEMBLYWOMAN MURPHY: And yet one of the criticisms of one of the Departments today was that they had not ranked. They had prioritized everything priority one.

MR. SHIDLOWSKI: We do go back to those Departments and ask them to state in absolute priority order how they would like to see some of those projects funded. Then we inject our judgement into that mix, and we don't necessarily always agree completely with the way Departments rank their projects. We do exercise some independent, I guess, critical assessment of their needs, and we make those recommendations to you all for your judgement as well.

ASSEMBLYWOMAN MURPHY: If that question, however, could be included in your second page.

MR. SHIDLOWSKI: We do. It's Number 2, I believe.

ASSEMBLYWOMAN MURPHY: Oh, I'm sorry, I didn't mean the high priority. I meant the--

MS. HIGGINS: Adverse consequences.

ASSEMBLYWOMAN MURPHY: The adverse consequences.

MR. SHIDLOWSKI: Adverse consequences.

ASSEMBLYWOMAN MURPHY: It may well cause the Departments to begin to look at that.

MR. SHIDLOWSKI: We do share this with the Departments, by the way.

ASSEMBLYWOMAN MURPHY: Yes, just as a piece of a-- Of course, it becomes a very happy tune.

ASSEMBLYMAN ROMANO: Madam Chair, I just would like to see the software package that's going to do all this work for you. Who's going to be at that--

ASSEMBLYWOMAN MURPHY: Would you like to present that part of the budget?

ASSEMBLYMAN ROMANO: Who's going to be at that computer -- the mathematical genius who is going to be doing all of this for what we're looking for here? My God, we can publish this study.

MR. SHIDLOWSKI: The gentleman you see in the audience.
(laughter)

ASSEMBLYWOMAN MURPHY: I don't think I'm looking for that to be a mathematical--

ASSEMBLYMAN ROMANO: No, I didn't mean that against you.

ASSEMBLYWOMAN MURPHY: No, no, I know that. But I'm just saying that I recognize the difficulty of trying to play with every single one of these factors, and it shifts things, but I would hope that the Departments are looking at that as one of the pieces that they bring to this table. I think my putting it on that list is simply to remind them, once again, that it--

MR. SHIDLOWSKI: It's a very good point.

ASSEMBLYWOMAN MURPHY: --that the adverse conditions often play as big a number game as the others.

MR. SHIDLOWSKI: We ask the Departments in the instructions that we give them yearly to consider certain things in developing their request. We always ask for operating impacts. We don't always get them.

ASSEMBLYMAN ROMANO: Don't you recall our previous comments of other years about "What is this thing called deferred maintenance"?

ASSEMBLYWOMAN MURPHY: Yes, but I just think it has to be spelled out again and again and again.

MR. SHIDLOWSKI: And we will include it in our instructions to Departments.

ASSEMBLYWOMAN MURPHY: Thank you very much.

MS. MOLNAR: Mr. Davidoff.

MR. DAVIDOFF: A couple of specific things. First of all, just noting in Number 9 on the second page, it says, "Is the project consistent with the State Development-Redevelopment Plan?" Does that consider the economic development factors that you're talking about?

MR. SHIDLOWSKI: No. Actually, that's part of the Commission's statutory mandate -- is that our recommendations comply with the State Development-Redevelopment Plan.

MR. DAVIDOFF: But doesn't their report look at economic development?

MR. SHIDLOWSKI: It's amongst the things they look at, yes. We're also supposed to coordinate our recommendations with the Council of Economic Advisers, and that is their mandate so--

MR. DAVIDOFF: Well, I'd like to propose a couple of amendments specifically. The first one, I'd like to add to Number 7, which currently reads, "Projects that expand program space--" I'd like to add the wording that would read as follows: Or improve the delivery of government services to the citizens of New Jersey. And I'd like to make that a motion.

MS. MOLNAR: Do I have a second?

MS. HIGGINS: I'll second it.

MS. MOLNAR: Okay. Thank you.

MR. SHIDLOWSKI: Mr. Davidoff?

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese?

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Assemblywoman Murphy?

ASSEMBLYWOMAN MURPHY: Yes.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Deputy Treasurer Goetting?

DEPUTY TREASURER GOETTING: Yes.

MR. SHIDLOWSKI: Christina Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Commissioner Anselmini?

COMMISSIONER ANSELMINI: Yes.

MR. SHIDLOWSKI: Chairwoman Molnar?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: Okay.

MR. DAVIDOFF: The second change I'd like to see on Number 4 of Objectives. It says, "provide needed services through the expansion of facilities." I'd like to amend that to read, "Provide needed services through the expansion and/or improvement of facilities," and that has been some of the requests that we have gone into. There has been a lot of -- where they've improved the facility. The labs sometimes get retrofitted and redone, so I just wanted-- Since we are doing that, let's make our objectives consistent. So that's the second motion.

MR. SHIDLOWSKI: Could you read the words again? I'm sorry.

MR. DAVIDOFF: Yes. I'm adding the words -- after the word "expansion" -- to say "and/or improvement." So the whole Number 4 would be, "Provide--"

ASSEMBLYMAN ROMANO: Would you consider saying "and/or improvement or enhancement?"

MR. DAVIDOFF: Well, no-- Oh, improvement-- I can say, "Provide needed services through the expansion and/or improvement/enhancement of facilities." Yes, I will accept that as a friendly amendment.

MR. SHIDLOWSKI: Is that a motion?

MR. DAVIDOFF: That's a motion.

MS. MOLNAR: Can I have a second?

ASSEMBLYWOMAN MURPHY: Second.

MS. MOLNAR: Okay.

MR. SHIDLOWSKI: Mr. Davidoff?

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese?

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Assemblywoman Murphy?

ASSEMBLYWOMAN MURPHY: Yes.

MR. SHIDLOWSKI: Assemblyman Romano?

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Deputy Treasurer Goetting?

DEPUTY TREASURER GOETTING: Yes.

MR. SHIDLOWSKI: Commissioner Anselmini?

COMMISSIONER ANSELMINI: Yes.

MR. SHIDLOWSKI: Christina Higgins?

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Chairwoman Molnar?

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: Okay.

MS. MOLNAR: Are there any other changes? (no response) If not, that will be our guidelines for the recommendations coming up.

Our next meeting is November-- I'm sorry December 5.

MR. SHIDLOWSKI: December 5.

MS. MOLNAR: We don't meet in November, oh my goodness. Is that a sigh of relief? (laughter)

DEPUTY TREASURER GOETTING: We'll miss you all. (laughter)

MS. MOLNAR: Thank you.

MR. DAVIDOFF: Thank you.

ASSEMBLYMAN ROMANO: Happy Halloween.

(MEETING CONCLUDED)