
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Meeting via Conference Call

DATE: December 14, 2022
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

James M. Rutala, Chair
Senator Paul A. Sarlo
Senator Samuel D. Thompson
Assemblyman William W. Spearman
Assemblyman Harold "Hal" J. Wirths
Lisa Almeida
Aaron Binder
Patrick Brennan
Leila Collins
David Drescher
Liz Mahn



ALSO PRESENT:

James Langsdorf
Executive Director

David F. Patella
Assistant Executive Director

Brian Onda
Bartosz Zajac
Budget Specialists

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

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JAMES M. RUTALA (Chair): OK, good morning.

I would like to call the meeting of the New Jersey Commission on Capital Budgeting and Planning to order.

In accordance with the Open Public Meetings Act, the Commission has provided adequate notice of this meeting and given written notice of the time, date, and location. Notice of the meeting has been filed at least 48 hours in advance by email or by fax to the *Trenton Times*, the *Newark Star-Ledger*, and filed with the Secretary of State.

Roll call, please.

MR. LANGSDORF: Thank you.

Senator Sarlo.

SENATOR SARLO: Present.

MR. LANGSDORF: Senator Thompson.

SENATOR THOMPSON: Here.

MR. LANGSDORF: Assemblyman Spearman.

ASSEMBLYMAN SPEARMAN: Present.

MR. LANGSDORF: Assemblyman Wirths.

ASSEMBLYMAN WIRTHS: Here.

MR. LANGSDORF: Mr. Aaron Binder.

MR. BINDER: Present.

MR. LANGSDORF: Mr. David Drescher.

MR. DRESCHER: Here.

MR. LANGSDORF: Ms. Lisa Almeida.

MS. ALMEIDA: Here.

MR. LANGSDORF: Ms. Leila Collins.

MS. COLLINS: Here.

MR. LANGSDORF: Mr. Patrick Brennan.

MR. BRENNAN: Here.

MR. LANGSDORF: Mr. James Rutala.

MR. RUTALA: Here.

MR. LANGSDORF: Ms. Liz Mahn.

MS. MAHN: Here.

MR. LANGSDORF: Chairman, we have a quorum.

MR. RUTALA: OK, thank you.

I would ask for a motion to approve the minutes of November 18, 2022.

Motion please.

ASSEMBLYMAN WIRTHS: So moved.

MR. RUTALA: And second?

SENATOR THOMPSON: Second.

MR. RUTALA: Thank you.

Any questions or comments?

ASSEMBLYMAN SPEARMAN: I have to abstain, because I wasn't present for the meeting.

MR. RUTALA: OK, thank you.

MR. LANGSDORF: Good morning, everyone.

I would first like to recognize our new Commission member, Ms. Liz Mahn, who will be replacing Mr. Luke Wolff.

Welcome, Liz.

MS. MAHN: Thank you.

MR. LANGSDORF: On the motion to approve the minutes for November 18, 2022.

Senator Sarlo.

SENATOR SARLO: Yes.

MR. LANGSDORF: Senator Thompson.

SENATOR THOMPSON: Yes.

MR. LANGSDORF: Assemblyman Spearman.

ASSEMBLYMAN SPEARMAN: Abstain.

MR. LANGSDORF: Assemblyman Wirths.

ASSEMBLYMAN WIRTHS: Yes.

MR. LANGSDORF: Mr. Aaron Binder.

MR. BINDER: Yes.

MR. LANGSDORF: Mr. David Drescher.

MR. DRESCHER: Yes.

MR. LANGSDORF: Ms. Lisa Almeida.

MS. ALMEIDA: Yes.

MR. LANGSDORF: Ms. Leila Collins.

MS. COLLINS: Yes.

MR. LANGSDORF: Mr. Patrick Brennan.

MR. BRENNAN: Yes.

MR. LANGSDORF: Mr. James Rutala.

MR. RUTALA: Yes.

MR. LANGSDORF: Ms. Liz Mahn.

MS. MAHN: Abstain.

MR. LANGSDORF: The motion moves, Chairman.

For those of you who are representing your agencies or others,
please state your name before making your comments. This meeting is being

recorded and will be transcribed, and we would like your name to accompany any of your statements or questions.

Also, please mute your microphones as necessary to reduce background noise.

Agencies present to answer budget request questions raised by the Commission: If a Commission member raises a question, then the respective agency should respond.

Thank you, Chairman. You may begin.

MR. RUTALA: Good, thank you.

We will review the Fiscal 2024 Capital requests.

Starting with the Department of Corrections. Their total request is \$513,443,000.

Are there any questions? (no response)

Moving on--

VICTORIA L. KUHN, ESQ.: Chairman? I'm so sorry.

This is Victoria Kuhn, I am the Commissioner with the New Jersey Department of Corrections. And, forgive me, if we were on Zoom, I would have raised my virtual hand.

So, thank you so much for having us this morning. This is my first time appearing, and I did not know, based on protocol, if I'm permitted to just request three minutes of your time to really give a background on the why -- you know, why the Department has asked for certain things this year. Is that permitted?

MR. RUTALA: That is; thank you.

MS. KUHN: Oh, well, thank you so much.

(indiscernible) that have, you know, sat through the Department of Corrections with regard to budget, and Senator Sarlo I know has gone through that process with us. We have promised that we would engage in a very detailed, strategic planning over the course of the last year. And, we have done that.

The Department, as many of you probably know, has closed four facilities in the last five years. There's been a couple of reasons for that. One was, at least at the time, there was a declining prison population, and we went through very significant infrastructure issues with certain facilities at the Department. So three of those four facilities were closed for those reasons. One, really, were because of the population -- less of a need for a population.

But, now, with our population remaining very static -- so, we've started the year at about 13,000 incarcerated persons, and we're ending the year at about 13,000 incarcerated persons, and we really don't have an ability to close any additional facilities at this time, because the population has not decreased any further.

So, what you're seeing from the Department is that really deep dive that we've taken into our facilities and the infrastructure and the population for us to be able to preserve the facilities that we have. We do have some very significant infrastructure issues in certain of our facilities. And, you'll see in our documents that were submitted that we are highlighting Garden State Youth Correctional Facility -- that's our youthful population. We have significant roofing issues in that facility, along with some asbestos and some other issues. But, that's appearing as Number 1 on our list because we know if we don't take care of the roofing issues, the rest of the infrastructure is going to continue to crumble, you know, in that facility.

And, you're going to see on our list as Number 2, the ADA compliant ramp at our ADPC. Quite frankly, it's crumbling, and we are trying to avoid litigation issues out of that facility.

And, then as we get further down the list, you're going to see Number 3, all of the infrastructure matters that we have at our Northern State Prison.

So, I appreciate you giving me the time this morning. I just wanted to be able to highlight that there's been a lot of time and thought put into how we have presented to the Commission and why we have pulled the items together in the way that we have so that, hopefully, it makes some sense.

But, I'm here today, I'm here throughout the process. I encourage anyone to reach out to me, you know, if there are any questions. And, I also-- I don't know if this is permitted as well, so forgive me. Like I said, this is my first time through the process. But, I would be more than happy to take anyone on the Commission through, you know, any of the facilities to take a look if you need a firsthand look -- and I'm air quoting when I say this -- the "bucket brigade" that happens at Garden State Youth Correctional Facility every time we have a rain.

So, tomorrow we're already preparing the hundreds of buckets that will be presented around the facility to collect all of the rainwater. Staff are already getting ready to pitch the tents, literally, inside of the facility, to keep the rainwater off the desks and off their computer systems.

So, I assure you that there's been a lot of thought put into what we presented this year, and I just appreciate you giving me the time to be able to present it.

So, thank you again.

MR. RUTALA: Definitely.

Thank you, Commissioner.

Are there any questions?

ASSEMBLYMAN WIRTHS: Chairman, I would just like to thank the Commissioner. I got the work order on the budget -- this is Hal Wirths, Minority Budget Officer -- but they're very thorough, Commissioner. And, one of the pet peeves of mine is always leaky roofs, like you said, it's like the oil filter on a car.

So, I really appreciate you taking the time and filling us in to help with the Committee members.

So, thank you.

MR. RUTALA: Thank you.

Any other questions?

SENATOR SARLO: I just wanted also, just to acknowledge what the Commissioner said.

I appreciate her willingness to be frank and blunt with the Capital needs. Even though the overall population is decreasing, there's still infrastructure there that needs to be invested in, so, I appreciate that. Sometimes we don't get that willingness and openness from commissioners to speak openly about their needs.

So, I appreciate the transparency.

MR. RUTALA: Thank you.

Moving on now to the Department of Environmental Protection. They have a total request of \$1,628,912,000.

Are there any questions? (no response)

(indiscernible) this funding includes (indiscernible) funding from the Federal Infrastructure Bill. Is that the case?

STEPHEN MATIS: Steve Matis, Budget Director for DEP.

Yes, it does, sir.

MR. RUTALA: Do you know how much that is that's been passed through from this budget?

MR. MATIS: We will have to take a look and get back to you on that.

MR. RUTALA: OK.

Are there any other questions? (no response)

Hearing none, we'll move on.

Next, is Palisades Interstate Park Commission. The request is \$10,600,000.

Are there any questions or comments?

JOSHUA LAIRD: This is Joshua Laird, I am the Executive Director of the Palisades Interstate Park Commission.

Is it acceptable for me to make just a very brief statement?

MR. RUTALA: Yes, please.

MR. LAIRD: This is actually the first time I've testified in a hearing like this, and it is, in fact, the first time that Palisades Interstate Park Commission has made an independent budget request. We have typically made our requests through DEP, but we sort of encouraged the State to allow us to make a separate request this year, and going forward, as a means of sort of increasing our visibility and our capital needs.

For those who don't know, the Commission was established in 1900 under Governor Foster Vorhees of New Jersey, and Governor Theodore

Roosevelt of New York. Palisades Interstate Park is the oldest state park in New Jersey, and is maintained directly by the Commission, along with the Palisades Interstate Parkway. This section of New Jersey is maintained directly by the Commission, but we rely on State support to run our operations and maintain our capital facilities.

The requests in front of you today are all about addressing sort of deferred capital maintenance; being the oldest state park in New Jersey also comes along with having the oldest infrastructure in any state park in New Jersey. Much of the park was constructed in the 1920s and early 1930s, and, so, everything from our buildings and retaining walls as the park descends down the cliffs of the Palisades; our roads; are all experiencing the ravages of time. Hurricane Ida last year did quite a bit of damage to the park.

So, we are looking to make improvements. The individual requests in front of you are all about public safety and upgrades to our systems that allow us to keep the lights on, so, we are certainly hopeful -- although we are new to this process -- that consideration will be given to our request.

Thank you.

MR. LANGSDORF: Chairman, I have a question.

We don't typically see bridge -- projects focusing on bridge or roadwork through the Capital Commission budget requests.

Has Palisades reached out to DOT regarding any potential funding from the Transportation Trust Fund?

MR. LAIRD: Yes, we have, and, unfortunately, we are not eligible to receive funding through the Transportation Trust Fund. That was a determination of counsel from the State.

So, it's unfortunate, because our gas stations on the Parkway contribute a lot to the Transportation Trust Fund -- and, in fact, we've seen reduced revenue coming into the Commission from those gas stations because of the increases in the State's gas tax. But, we don't, unfortunately, realize any of the benefit.

MR. LANGSDORF: Thank you very much.

MR. RUTALA: Thank you.

Any other questions?

MR. BRENNAN: Can you speak to why the determination-- I understood that, historically, the Department *did* provide some capital funding to maintain the roadway, and that over time that determination had changed. Can you speak to why that is?

MR. LAIRD: I can't speak to why that has changed. I have been with the Commission for three years, and my understanding is that the Commission has not received any capital funding, *per se*, from the State since at least 2013.

We have received an allocation of funding through the Corporate Business Act -- through Green Acres -- each year, and in recent years, but that has typically been under \$500,000 and has increased recently to closer to a million, but that isn't nearly as efficient for us to keep up with our capital needs.

MR. BRENNAN: Well, I guess, particularly-- What was the reasoning behind why you're not eligible for TTF funds?

MR. LAIRD: It has something-- I'm not sure that I can answer that question. It was a legal determination based on the statutes that established the Commission and the authorities of the Commission.

We would gladly take funding from that source if we could.

MR. BRENNAN: OK. If it's possible, I would like to see the legal decision, if that's OK. Just to better understand the issue.

MR. LAIRD: Certainly. We can go back and -- the determination we received, it was some time ago, which is why I'm not recalling it.

But, we'll gladly share that, and would welcome more discussion.

MR. BRENNAN: Thank you.

MR. RUTALA: Thank you.

Continuing to the Department of Health. Their request is \$126,225,000. Are there any questions? (no response)

Moving on to the Department of Human Services. The request is \$131,944,000. Are there any comments or questions? (no response)

Next is the Department of Transportation. Their total request is \$1,554,989,000. Any questions or comments? (no response)

Next is Interdepartmental. Total request is \$248,389,000. Are there any comments? (no response)

OK. That's all the department requests. Moving on to higher education.

First is Rutgers University. Total request is \$3,437,850,000. Are there any comments or questions? (no response)

Next, is the New Jersey Institute of Technology. Total request is \$62,993,000.

Next is Rowan University, \$68 million. Any comments? (no response)

Next is New Jersey City University, \$729,850,000. Are there any questions? (no response)

Next is Kean University. Total request is \$61,140,000. Any questions? (no response)

Next is William Paterson University. Total request is \$79,488,000. Anyone have any questions or comments? (no response)

Next is Montclair State University. Total request is \$36,650,000. Are there any comments? (no response)

Next is the College of New Jersey, \$109,527,000. Anyone have any questions? (no response)

Next is Ramapo College of New Jersey, \$31,990,000. Any questions? (no response)

Next is Stockton University, \$70,600,000.

And, last, is University Hospital, \$34,200,000.

Does any members of the Commission have questions on any of these requests? (no response)

If not, I will come back to the Director regarding the bond fund update.

MR. LANGSDORF: Thank you, Chairman.

The next order of business is to review the Building Our Future Bond Act information that is included within the materials provided. We ask that the office of the Secretary of Higher Education give us a brief synopsis of the report.

A N G E L A B E T H E A: Good morning.

I am Angela Bethea, Assistant Secretary and CFO here at OSHE.

I want to thank you for the opportunity to provide an update on the Building Our Future Bond Program.

OSHE, in partnership with the Educational Facilities Authority, believe (indiscernible) obligation bonds and (indiscernible) is two rounds.

The first round of funding was for \$715 million in 2014 and the second round of funding was for the remaining balance of the \$34.3 million, which was in 2017.

In the document attached, you will see that there has been some reallocations. Any time that there are reallocations, they always come through as a request to the Secretary with the Educational Facilities Authority, as well as the AD's office and bond counsel in order to provide approval.

So, the 2014 project, \$682 million has been expended to date into the pot, which is 98% of the funding. And, for 2017, \$38.6 million has been expended, which is approximately 97% of the funding. And, each May, all of the branches provide compliance reporting, so that we can monitor the progress and completion of the project.

I'm happy to take any questions.

MR. RUTALA: Any questions regarding the Building Our Future Bond fund?

MR. LANGSDORF: Chair -- I'm sorry, Chairman.

Since there are no questions, materials also include information on the Library Construction Bond Act.

At this time, we would like a representative of the State Library to provide, also, a brief synopsis of that report.

SHERI SHAFER: Good morning, this is Sheri Shafer, I am the Chief Operating Officer at the State Library. Our State Librarian, Janelle Bitter, sends her apologies that she cannot be here. She is in flight out of state to go to her son's wedding today.

The New Jersey Library Construction Bond Act -- we are also working with the New Jersey Education Facilities Authority to administer this program. We have provided-- There were two rounds of grant funding, about \$86 million in 2020 and \$37 million in 2021. There are currently 74 grants outstanding within the two grant programs that are awarded.

The full-term of funding, we have spent about, through the end of November, \$10.3 million. We've since spent another \$900,000 since this report was completed, bringing the total spent to about \$11.2 million through yesterday in round one. Round two, we have not (indiscernible) funding yet, because those grant agreements are just being signed throughout the course of this year. It took the library some time to put together their documentation, which EFA goes through with the Attorney General's office as bond counsel.

So, we still have approximately nine grant agreements that have not been signed, but they are all in process. The library did experience the round one and round two, and have experienced delays in getting off the ground due to COVID restrictions; COVID delays; supply-chain issues. But, they are all -- most of them are all in process at the moment.

And, I'm happy to take any questions.

MR. RUTALA: Will any additional applications be accepted, or have all the funds been allocated?

MS. SHAFER: All of the funds have been allocated at this point.

MR. RUTALA: Thank you.

Are there any other questions? (no response)

OK, thank you. Is there any other business? (no response)

Then do we have a motion to adjourn?

SENATOR THOMPSON: So moved.

MR. RUTALA: Thank you.

MR. LANGSDORF: Our next meeting will be (indiscernible) shortly, and we will be reaching out on our next meeting date and time.

I would like to thank you all and wish you a happy and wonderful holiday.

MR. RUTALA: Thank you.

(MEETING CONCLUDED)