
Commission Meeting

of

CAPITAL BUDGET AND PLANNING COMMISSION

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

DATE: August 16, 1996
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

B. Carol Molnar, Chairwoman
Senator Bernard F. Kenny Jr.
Assemblyman Louis A. Romano
Anthony F. Annese
Robert A. Roth
E. Martin Davidoff, Esq.

ALSO PRESENT:

Edward Troy (representing
Linda M. Anselmini)

Thomas Neff (representing
Senator Robert E. Littell)

Beth Schermerhorn (representing
Assemblywoman Carol J. Murphy)

Charles P. Newcomb (representing
Brian W. Clymer)

Christina Higgins (representing
Michael R. Ferrara)



Meeting Recorded and Transcribed by
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TABLE OF CONTENTS

	<u>Page</u>
Lewis Nagy Assistant Commissioner Policy and Planning New Jersey Department of Environmental Protection	13
Frank M. McDonough Director Maritime Resources New Jersey Department of Commerce	13
Anthony J. Farro Director Division of Publicly Funded Site Remediation New Jersey Department of Environmental Protection	29
mf: 1-50 (Internet edition 1997)	

PAUL SHIDLOWSKI (Acting Executive Director): I'd like to call to order the August 16 meeting of the Capital Budget and Planning Commission. In accordance with Public Law Chapter 231, Open Public Meetings law, the Commission has provided adequate public notice of this meeting by giving written notice of the time, date, and location -- at least 48 hours in advance. This notice has been mailed to and/or faxed to *The Trentonian*, *The Star-Ledger*, and filed with the Office of the Secretary of State.

I'd like to call the role.

Mr. Martin Davidoff.

MR. DAVIDOFF: Here.

MR. SHIDLOWSKI: Mr. Anthony Annese.

MR. ANNESE: Here.

MR. SHIDLOWSKI: Mr. Robert Roth.

MR. ROTH: Here.

MR. SHIDLOWSKI: Tom Neff representing Senator Littell.

MR. NEFF: Here.

MR. SHIDLOWSKI: Senator Kenny.

SENATOR KENNY: Here.

MR. SHIDLOWSKI: Beth Schermerhorn representing Assemblywoman Murphy.

MS. SCHERMERHORN: Here.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Representing myself. Here.

MR. SHIDLOWSKI: Mr. Charles Newcomb representing Treasurer Clymer.

MR. NEWCOMB: Here.

MR. SHIDLOWSKI: Mr. Edward Troy representing
Commissioner Anselmini.

MR. TROY: Here.

MR. SHIDLOWSKI: Ms. Christina Higgins representing Michael
Ferrara.

MS. HIGGINS: Here.

MR. SHIDLOWSKI: Attorney General Verniero. (no response)
We have a quorum. Oh, excuse me.

Ms. Carol Molnar.

MS. MOLNAR: Here.

MR. SHIDLOWSKI: See, that's what happens when you ask me
to go out of order.

As our first order of business, the Commission had a change to its
enabling legislation, and we need to elect a chairperson from amongst the
public members. Could I take some nominations for a chairperson?

COMMISSION MEMBER: I nominate Carol Molnar.

MR. SHIDLOWSKI: Do we have a second?

MR. ROTH: I second it.

MR. SHIDLOWSKI: Are there any others?

Mr. Davidoff.

MR. DAVIDOFF: Yes.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth.

MR. ROTH: Yes.

MR. SHIDLOWSKI: Mr. Neff.

MR. NEFF: Yes.

MR. SHIDLOWSKI: Senator Kenny.

SENATOR KENNY: Yes.

MR. SHIDLOWSKI: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Newcomb.

MR. NEWCOMB: Yes.

MR. SHIDLOWSKI: Mr. Troy.

MR. TROY: Yes.

MR. SHIDLOWSKI: Ms. Higgins.

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: And Ms. Molnar.

MS. MOLNAR: Yes. (laughter)

MR. SHIDLOWSKI: Okay. Congratulations.

MS. MOLNAR: Thank you, thank you. Thank you for your support.

As my first act as Chairman this year, I'd like to ask you to join me in the Pledge of Allegiance. (Commission recites Pledge of Allegiance)

Thank you. Now, we have some new members with us today. We have Martin Davidoff, who's an attorney and a CPA from the New Brunswick area. We also have some other members. We have-- Charles Newcomb is

representing Brian Clymer today, and we have Ed Troy who will represent Linda Anselmini.

The first item on the agenda is approval of the January 19, 1996 minutes. Do I hear a motion?

MR. DAVIDOFF: I have a question on the minutes.

MS. MOLNAR: Sure.

MR. DAVIDOFF: On Page 4 of 7, it talks about public venture expressed concern regarding the projects at Rowan College totaling, it seems to say, 9442 million that would be 9 billion. May I assume that that should be 9.442 million?

MR. SHIDLOWSKI: Yes, that's correct. Noted.

MR. DAVIDOFF: All right. So could that be corrected? And on Page 6 of 7 in the summary at the bottom of the page, there's a number there, 1,468,000, and I don't understand the context of that number at the end of the sentence.

MR. SHIDLOWSKI: I believe it's just an error.

MR. DAVIDOFF: All right. So subject to those two changes.

MR. SHIDLOWSKI: Changes noted.

MS. MOLNAR: Thank you.

Do I hear a motion to approve the minutes as amended?

COMMISSION MEMBER: Motion to approve.

COMMISSION MEMBER: Second it.

MS. MOLNAR: Second.

Can you take a roll call?

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: I abstain.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth.

MR. ROTH: Yes.

MR. SHIDLOWSKI: Mr. Neff.

MR. NEFF: Yes.

MR. SHIDLOWSKI: Senator Kenny.

SENATOR KENNY: Yes.

MR. SHIDLOWSKI: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Newcomb.

MR. NEWCOMB: Yes.

MR. SHIDLOWSKI: Mr. Troy.

MR. TROY: Yes.

MR. SHIDLOWSKI: Ms. Higgins.

MS. HIGGINS: Yes.

MR. SHIDLOWSKI: Ms. Molnar.

MS. MOLNAR: Yes.

Now, before we go to the Director's Report, I meant to give you a little of my background. I was nominated by Governor Kean in 1987 to this Commission. I was reappointed by Governor Florio in 1993. So I've been

here a total of nine years. It's been an exciting nine years. I've met various people of all the branches, and I'm delighted to be back.

Next item on the agenda is the Executive Director's Report.

MR. SHIDLOWSKI: Okay. Thank you, Ms. Molnar.

First, I'd like to welcome Mr. Davidoff to the Commission. I believe his background and experience will make a welcome addition to the Commission and enhance the quality of the Commission's recommendations.

Second, I'd like to fill the Commission in on a little of what's happened since our meeting when the recommendations were voted in January. I included in Commission members folders a chart which summarizes the results of last year's capital planning cycle.

Departments had requested approximately \$1.5 billion worth of capital. Of that amount, the Commission recommended 618 million. If you exclude the recommendation for the Department of Transportation, that amounts to approximately 256 million that was recommended for State colleges and agency facilities. The Governor's budget, in turn, reduced that amount to 366 million. If you exclude the Transportation Trust Fund, that results in 61 million that was recommended for agency facilities and colleges, and, in turn, the Appropriations Act reduced that amount to 47 million for agency facilities. So there's still plenty of capital needs that are left to be met on behalf of the agencies and colleges.

Since we have last met, the staff has been diligently preparing for the '98 capital planning cycle. With the assistance of OMB's Office of Information Systems, we've developed a new computerized capital

improvement program. The goal of this system was to standardize the kinds of information as well as the format of agency requests.

In addition, we've tried to address some of the issues and concerns expressed by Commission members last year. Each Commission member is being supplied with a binder of briefing materials. This includes the enabling legislation, the economic outlook, supplied by the Council of Economic Advisors, and, as well as a general guidance document that the Commission staff developed and issued to agencies for the preparation of capital requests.

It's a large binder. We'll be supplying Commission members with reports periodically on agency requests for inclusion in their binders for the rest of the capital planning cycle.

In our last meeting in January, Senator Littell had proposed a motion that legislative members of the Commission be allowed to designate a member of their respective staffs to vote on their behalf. This motion was unanimously passed by the Commission, and the Chair requested I follow up on this issue to ensure that the motion was in line with the Commission's enabling statute.

I subsequently referred this question to the Attorney General's Office, and after a considerable delay, they got back to me, and I was informed that the question was not nearly as straightforward as it would appear at first blush, and that since it was a question of legislative rules, this being a joint Executive Legislative Commission, they would defer the question to Legislative Counsel. I have referred the question to Legislative Counsel. I have not received an answer as yet. I expect one shortly.

As Commission members know, there is legislation passed in January which modified the responsibilities and somewhat complicated the process of the Commission.

In addition to the Commission's responsibilities on recommending these capital projects to the Governor and the Legislature, the Commission is now charged with preparing a report on the overall level of State installment and general obligation debt as well as a report of the ability of the State to increase this overall debt.

I've been in contact with the Treasurer's Office, the Office of Public Finance, and the Commission should know that I expect shortly to find out exactly how we're going to be fulfilling this responsibility. The complication to the process results from a requirement for the Commission now to prepare its recommendations in consultation with the Council of Economic Advisors.

I've been in touch with the Council's staff, and they've been invited to our meetings, and I plan on submitting all of the requests as we receive them to the Council for their consideration. The exact mechanics of how we're going to have our consultation have yet to be worked out.

As a final point, the guidance document, which was prepared by staff, was a solicitation of requests for computer systems and equipment as capital items. I'll be requesting the Information Resource Management Commission to send a representative to one of our subsequent meetings and ask them to assist the Commission in the development of a definition of capital for the evaluation of these particular requests.

And finally, we've included a tentative meeting schedule for the presentation of the departmental capital requests. It has our final meeting, I believe, on December 13, which, although is somewhat later than the statutory deadline of December 1 for the Commission's recommendation, is well within the time frame in order for the Commission's recommendations to be included in the Governor's budget. That concludes my report.

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

MR. DAVIDOFF: I'm sorry, I may have a lot of questions because I'm new. I read in the minutes the debate regarding the three-year versus five-year rule on capital equipment and the computers. Do we not have jurisdiction over improvements of a life less than five years? Is that part of our definition?

MR. SHIDLOWSKI: Well that's, I guess, the point. It depends on what that definition is. We had gone, previously, by the amount of time that the financial community would finance such equipment. You know, in working through the Purchase Bureau, we have a line of credit program where we approach the commercial financial markets, and they would only finance computer type equipment for three years, and that was based on their useful life that--

MR. DAVIDOFF: Let me back up.

MR. SHIDLOWSKI: Sure.

MR. DAVIDOFF: I think I have a more basic question.

MR. SHIDLOWSKI: Okay.

MR. DAVIDOFF: If a capital asset does, in fact, have a life of less than five years, is it out of our jurisdiction?

MR. SHIDLOWSKI: No. I would have to say not. I mean, again, it depends. If it has a short enough useful life, I would have to question whether it is capital, quite frankly.

MR. DAVIDOFF: Okay, there's no bright line definition of five years, three years?

MR. SHIDLOWSKI: No.

MR. DAVIDOFF: Okay. So that being gray, then the fact that whether a computer is three years or five years may not matter, because we don't have a firm definition on what we can deal with. Is that correct?

MR. ROTH: If I could interject here. I'm speaking from the municipal level, because municipalities are only allowed to bond for items that have a five-year useful life and that the bonding process at the municipal level is a little different than the financing process at the State government. But municipalities can consider computers to be capital equipment. Most municipalities use computers for more than five years. The fact that new programs come out and faster chips come out, and what have you, does not necessarily render a computer useless. It can still be used for most governmental purposes. It may not be state of the art, but it can be used. I know.

In industry there's usually a lot more money floating around, and computers are replaced as soon as the next model comes out, but that's not the case in government, and the rules that apply for local government allow five-year useful life on computers. I don't see, unless there's some legislation

to the contrary, I don't see why we simply couldn't assume that that same rule applies at the State level.

MR. SHIDLOWSKI: Okay. The point that I was making is, we were accepting requests for this kind of equipment last year. You know, taking into account your points, the experts in this area are the Information Resource Management Commission, and I have been asked to appear before that Commission last year and explain why this Commission saw fit not to fund any of the requests for that type of equipment, and at that time, they offered our Commission assistance in developing a definition of capital for computer systems and equipment, as well as assistance in evaluation.

MS. MOLNAR: Yes, Marty.

MR. DAVIDOFF: Two other unrelated questions. If we have a December 1 deadline, and yet we can certainly do our work after December 1, shouldn't we request the Legislature, in its next opportunity, to legislatively say a different date if that's appropriate? I'm just wondering, if we plan an agenda that's outside the statute, shouldn't we, at the same time, be requesting the Legislature, at its convenience, to give us either a December 15 date or January 1 date, whatever call you think is appropriate for us to stay within the Governor's cycle.

MR. SHIDLOWSKI: You're probably right. As a practical matter, I'm not sure that it makes that much difference. I would defer the question to one of our legislative members.

MS. MOLNAR: Well, also, does-- The Governor has to give her state of the State message where she discusses the budget. So I don't think we

can move it much more than December 15, technically. I mean, last year I think it ran into January, but we knew the basic numbers before then.

You had another question, Marty?

MR. DAVIDOFF: Yes, one other.

With our new responsibilities for debt service, Paul, do you see that you're going to have sufficient staff to help us with that?

MR. SHIDLOWSKI: I had always planned that this would be a question that would be referred to the Office of Public Finance. So I have been in contact with both the Office of Public Finance and the Treasurer's Office, and, actually, the Treasurer's Office had requested that I contact the Attorney General's Office as well to find out exactly -- you know, try to define what that phrase means in the legislation and what we need to do in order to fulfill that requirement.

MS. MOLNAR: What are the resources available in public finance? Is there a staff of 10 people or--

MR. SHIDLOWSKI: I have to say that I don't know exactly what the staffing is at the Office of Public Finance, but this is definitely a question that falls within their purview.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

It's a very ambitious schedule. We're meeting twice in November -- September, October, and November. We will move forward.

The next item is the Department of Environmental Protection bond referendum relating to harbor dredging, and representing DEP is

Assistant Commissioner Lewis Nagy. I'd like to welcome Lewis Nagy, and, I believe, Tony Farro is also here.

ASSISTANT COMMISSIONER LEWIS NAGY:

(speaking from audience) If it would please the Chair-- (indiscernible) Frank McDonough, the Director of Maritime Resources.

MS. MOLNAR: I'm sorry, and there is Mr. Frank McDonough. Yes. Thank you.

ASSISTANT COMMISSIONER NAGY: Good morning. Thank you for the opportunity to be here and talk to you about the upcoming bond issue. As you mentioned, with me today from the Department of Commerce is Director of Maritime Resources, Frank McDonough, and Tony Farro, who is the Director of the Division of Publicly Funded Site Remediation for the Department of Environmental Protection. Mr. McDonough and I will do a little speaking from prepared remarks, and then, of course, we'll be available for questions from you, and Mr. McDonough is going to start off first.

FRANK M. McDONOUGH: Madam Chair, members of the Commission, thank you for inviting me to appear here today. Let me start by commending you for your interest and offering me an opportunity to speak about what is a truly vital infrastructure issue in New Jersey.

With 400 miles of navigable waterways, 400 marinas, almost 80 ports and terminals in a lot of municipal facilities around the State, the State has an important interest in encouraging and sustaining the business of dredging. It isn't just a matter of maneuvering a 900-foot-long ship laden with 6000 containers in and out of the Ports of Newark and Elizabeth. But it's also

a matter of sailing down the intercoastal waterway or boarding a fishing boat in Cape May to whale watch or fish.

The Bond Act before this Commission recognizes all of these concerns. The Bond Act also deals with the toughest issue: the identification and development of disposal options. Many think that this issue is unique to our northern New Jersey ports, but they are quite wrong. The same issue confronts marinas, ports, and terminals all over the State, the country, and the world, and it doesn't matter whether the dredge material is contaminated or not. Ask the folks in Ocean City or along the Delaware what they're going to do with their clean dredge materials? What we learn from resolving this disposal issue in New York Harbor we can apply to all of the other areas of the State.

Now to the Act before us. As you know, the Governor's Office and my staff have been working with New York State, New York City, and the Port Authority of New York and New Jersey to develop a comprehensive approach to dredging in the port. It's a regional effort necessary to respond to a regional challenge. At the same time a similar effort, by my office and the Governor's Authorities Unit, has evolved with the States of Delaware and Pennsylvania. My office has also met with and is working with the Seafood Co-ops, the Marine Trades Associations, the marinas, and municipal officials around the State to access and address their requirements. So I can state with assurance that this Bond Act is essential to providing financial assistance for dredging and disposal projects around the State.

Dredging in the Port of New York and New Jersey alone could account for more than 1.5 billion in public and private expenditures during the next five years, and this is capital investment of a most important kind.

What we are doing, ladies and gentlemen, is building highways, bridges, and parking lots for the ships which carry 95 percent of our nation's commerce and the commercial and recreational fishing industry. In areas where the water is not deep enough to accommodate the larger ships, these ships transit, off-load, load, or merely wait for shipping orders in channels, berths, and anchorages, which must be dredged and deepened. These construction projects are often conducted on a shared-cost basis, and that's why this Bond Act is so very, very important.

For example, in the New York Harbor area, the Kill Van Kull Newark Bay Deepening Project is a \$750 million project, 500 million of which would be provided by the Federal government. But by Federal law, the remaining share, called the local share, would have to be provided by either the Port Authority of New York and New Jersey, the State of New Jersey, or both states and the Port Authority.

The Bond Act could provide some portion of these funds. The same is true of the Arthur Kill Project, the Port Jersey Channel Project -- a State-owned channel -- the development of containment islands in the proposed subaqueous pits. The actual amounts that would be applied to these particular projects would be subject to negotiations and availability of funds from other sources.

On the Delaware the approved deepening project from Philadelphia to the sea, a 100-mile-long dredging project, is a \$300 million

project, 100 million of which must be raised by the local sponsors. In this case, the sponsors would probably be the States of Delaware, Pennsylvania, and New Jersey.

Obviously, there are numerous other projects that lie within the two port districts defined by the Bond Act and a number of channels, both north and south of New Jersey, that need to be maintained. The same can also be said for the \$20 million in economic development package, which is included in the Bond Act. This too could provide funding for projects in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem Counties. All of these funds are necessary to continue the progress and development of our maritime industry here in New Jersey. Unless we forget, this is a State that's surrounded on three sides by water, and it's always been a maritime State since 1622 when our first ports started operating.

Thank you.

ASSISTANT COMMISSIONER NAGY: My comments today will compliment Mr. McDonough's information on projects that may be associated with the funding called for in the Bond Act question, scheduled to be on the November ballot. Mr. McDonough has provided, in his remarks, comments on the need to dredge and the need to secure safe disposal locations for dredge materials.

I'd like to spend a few minutes speaking to the sections of the Act, as I am to provide financing for remediation of hazardous discharge sites and to provide financing for lake restoration projects.

Over the last year, the Department has worked closely with the Governor's Office and Legislature to address the critical need for a source of funding to continue the Publicly Funded Remediation Program.

Historically, a mix of State and Federal funding has enabled the Department to address the worst sites in the State. However, the Department's ability to continue these cleanups is threatened without a reliable source of State funds. The Governor's Office and Legislature responded to this monetary need by approving this Bond Act for the November ballot to provide moneys for site remediation, including affected drinking water supplies. The funds included here will pay for investigating and cleaning up contaminated sites and providing alternative water supplies and treatment facilities to address polluted potable water supplies.

This initiative is needed to fulfill the need for cleanup funding dollars. The bond money will be used to leverage Federal dollars to give the program authority to authorize the next phase of remediation at sites already underway. This initiative is critical to the overall success of the program.

Now, regarding the lake restoration program. There are approximately 1200 lakes in New Jersey, of this number, approximately 400 are public lakes and 800 are private lakes. Between 1975 and 1992, 116 public lakes in New Jersey were evaluated, and 113 have been determined to be eutrophic, meaning they are rich in dissolved nutrients and seasonally deficient in oxygen.

There are also other indications that New Jersey lakes are experiencing problems. In 1991 the DEP pesticide control program issued 543 permits for application of aquatic herbicides or algicides to New Jersey lake's

to control excess plant growth. A review of these records indicate that approximately 500 of these permits were for privately owned lakes. Thus 500 of the 800 private lakes are experiencing some type of water quality problem.

The New Jersey Department of Environmental Protection administers a program where public lakes receive State and/or Federal grants for lake restoration problems. A public lake is defined in law, generally, as the lake must provide equal access to the shoreline through publicly owned property. The Clean Lakes Program does not currently administer any grant or loan program for private lakes. The bond issue will provide funds for private lakes. Projects are administered in two distinct phases, currently. Under the current program: a diagnostic and feasibility studies, phase one, and implementation, phase two.

Grants are awarded according to privatization methodology developed for the New Jersey lake classification study priority ranking system approved by the EPA in 1984. Grants are administered, as I said today, for public lakes only.

DEP has some administrative responsibilities in the Bond Act as called for in the legislation: The Department will, one, adopt rules and regulations necessary to implement the provisions of the Act, and, two, will review and consider any recommendations by the Commission for capital budget and planning, and, three, will administer a lakes grant and loan program.

In conclusion, DEP looks forward to administering the much needed aspects of this Bond Act and working with you to ensure that the programs fulfill the needs of the people of New Jersey.

Thank you, and we'd be happy, as a panel, to answer any questions that you might have.

MS. MOLNAR: Thank you very much for your presentation. I just have two questions before I open up to the floor.

You mentioned the Federal government will kick in about half a billion, correct -- \$500 million?

MR. McDONOUGH: For a particular project? Well, the Arthur Kill-- I'm sorry the Kill Van Kull Newark Bay Project, which I offered as an example, is a \$750 million deepening project, and the Federal government would kick in 500 of that -- 500 million, and as a matter of fact, that bill passed both Houses and is currently in conference, and we expect that it will come out with no amendments.

MS. MOLNAR: So the total Federal dollars would be the 500 million, or is there additional?

MR. McDONOUGH: That would be the total Federal dollars under the cost-sharing formula established by Congress back in 1986.

MS. MOLNAR: The other question I had, how much is the Port Authority contributing?

MR. McDONOUGH: It depends. It varies from project to project. In this particular project it could very well be the entire \$250 million local share. On the other hand, if you look at the Arthur Kill, which is an \$83 million project, that's an orphan that has no local sponsor unless New Jersey has the funds to provide for it, because that's not a Port Authority channel. That's not one they utilize.

Each of these are subject to some development of a cost-sharing formula among the users. For example, let's take the Delaware deepening project. That project, which is already fully authorized and already has the funding sitting there, right now, is part of our discussions with the States of Delaware and Pennsylvania. We're trying to determine what formula should be utilized for the local share, and that formula could be, and I offer this not as any fact, but it could be one piece is Delaware's, and that would be \$10 million, and New Jersey's could be 20, you know, as an example of how we would negotiate it out.

MS. MOLNAR: So right now you don't know the total dollars from Port Authority. You can figure out a range, maybe, but you don't know the exact dollars.

MR. McDONOUGH: Yes, that's exactly right.

MS. MOLNAR: Now, would New Jersey recover some of our costs from the shipping fees? Do we charge a port fee?

MR. McDONOUGH: Well, as a matter of fact, the Harbor Maintenance Trust Fund, which was established by Congress through the Water Resources Development Act more than 10 years ago, that Trust Fund imposes a tax on all cargo, both imports and exports, although it's been stopped on exports by order of a Federal court decision. That Trust Fund provides funding for dredging projects around the country, and that's what gives us the money for the 750 million -- or the 500 million piece of the \$750 million project.

MS. MOLNAR: Thank you. I'd like to open up to our members. Assemblyman Romano, did you want to--

ASSEMBLYMAN ROMANO: I just have some remarks before we vote.

MS. MOLNAR: Right.

ASSEMBLYMAN ROMANO: There might be some technical questions that people have.

MS. MOLNAR: Okay.

ASSEMBLYMAN ROMANO: So I'll pass.

MS. MOLNAR: All right. Any questions?

Mr. Annese.

MR. ANNESE: From time to time this Commission has wrestled with the problem of maintenance versus capital construction. Looking forward, in the assumption this would be passed in the fall, do you have any plans, you know, for the future, for many years going forward, to maintain these channels being open -- ongoing dredging plans?

MR. McDONOUGH: Yes, absolutely. As a matter of fact, one of the biggest tasks we've been confronted with over the last year or so, actually two years, I guess, since Governor Whitman took the lead on this, was to determine exactly what our future dredging requirements are not only in the Port of New York and New Jersey, but for the entire State of New Jersey, both maintenance and deepening projects. We now have, for example, a complete inventory of those projects through the year 2000 for the Port of New York and New Jersey, and my office, working, again, with the Philadelphia Corps of Engineers, is developing a similar list for Manasquan River South.

MR. ANNESE: Okay. My next question has to do with land side improvements. You discussed briefly about some work being done in the

Delaware. Do you anticipate any infrastructure work being necessary in the New York region or the upper New Jersey region?

MR. McDONOUGH: Well, there will be infrastructure work that will be required, and it's not provided for in this bill. The Port of New York and New Jersey, of course, is the number three port in the United States, it's the number one containerized port on the east coast of the United States, and it is the premiere destination for the world shipping lines. We are now in the process of developing new ships which require deeper channels, deeper berths. They are called post-Panamax ships, and one of the reasons that they're called post-Panamax is because they won't be able to go through the Panama Canal. That works to our advantage, because now the most direct shipping link from the production and manufacturing countries on the Pacific rim is through the Suez to the Port of New York and New Jersey. So there will be infrastructure improvements that are required there. However, for the port facilities, those would be provided by the Port of New York and New Jersey.

MR. ANNESE: Okay, thank you.

MS. MOLNAR: Mr. Davidoff, did you have a question?

MR. DAVIDOFF: I'll defer.

MS. MOLNAR: Okay, Robert.

MR. ROTH: With respect to the need for remediation for the contaminated dredge spoils finding a place, basically, to put them, because nobody really wants them, it's a tremendous cost involved in finding the sites for this and building the sites for this. Is there any hope, or is there any mechanism in place right now? Can we recover some of those costs from the people who cause the contamination in the first place?

MR. McDONOUGH: Yes. The States of New York and New Jersey, and we're talking again about the harbor -- New York Harbor-- The States of New York and New Jersey, the EPA, the U.S. Army Corps of Engineers, and a baker's dozen of all sorts of private groups have been working now for the last several years to develop a comprehensive plan for New York Harbor, and that plan, which is currently under review here in the Governor's Office, will address the remediation, the tracking of all of the contaminants, perhaps identification of the sources of those contaminants, and, presumably, if we can identify the source, then, perhaps, at some time we'll be able to go after those particular individuals such as they are doing on the Passaic River right now with that super fine cleanup they have there. All of that is-- The plan is in place. Some of the funding is in place. We have to come up with the rest of the funding, but from everybody's perspective, DEP's, mine, the shippers', the folks who own and operate the terminals and are paying the extra costs because of the pollutants that are coming down the river into the harbor-- We're all anxious to get that process started.

MR. ROTH: Thank you.

MS. MOLNAR: Marty.

MR. DAVIDOFF: Yes, I do have some questions. How do these mikes work?

ASSEMBLYMAN ROMANO: Look for the red button to light up.

MR. DAVIDOFF: Red button. I'm on. Okay.

Thank you very much.

I'm going to take-- We had a breakdown of the amounts in here, so I'm going to take them separately and ask you a couple questions. The lake

restoration project sounds very ambitious for only \$5 million. Is that basically only a loan and grant program? Is that how it works, and people will be applying for local grants?

ASSISTANT COMMISSIONER NAGY: That's what's called for in the legislation. The enabling legislation is a loan and a grant program.

MR. DAVIDOFF: Okay. Will private lakes be able to at least get loans?

ASSISTANT COMMISSIONER NAGY: Yes.

MR. DAVIDOFF: They will be able to get loans?

ASSISTANT COMMISSIONER NAGY: Yes.

MR. DAVIDOFF: All right. So, basically, for \$5 million we can help improve 600 of our contaminated lakes. I guess you said there are 113 public and about 500 private contaminated lakes?

ASSISTANT COMMISSIONER NAGY: About those figures, yes. But we will be establishing rules and regulations for that program as soon as the Bond Act, if approved, and we will be examining the types of restoration projects that need to be done. We'll probably do some sort of a survey to find a cost estimate -- an average cost estimate -- and then design our program around that so that we can help as many private lake owners as possible.

MR. DAVIDOFF: Well, it sounds like a terrific program, and I hope we continue to fund that kind of thing. Going up to the highest amount, the \$185 million, which you have for a variety of projects, for one of those projects you said the Federal government was about to commit \$500 million. How many different projects are in that \$185 million? Is it 10 projects? Is it 20 projects? And over what period of time is this work going to be completed?

MR. McDONOUGH: We estimate that, to be completed, it will take, probably, beyond the next four years, as much as five, maybe six, depending upon the start date for some of these projects. For example, the Newark Bay Kill Van Kull Deepening Project, they've done a reconnaissance. They've done the study. They're already pretty much ready to go forward. That would probably be in '98-'99, in that time frame.

Some of the projects will be completed much more quickly than that. For example, if some of these funds were utilized for the Port Jersey Channel dredging, that project we could complete within the next year or so. So it depends. It varies from project to project.

MR. DAVIDOFF: And all of these projects in that \$185 million are joined either Federal or with the port--

MR. McDONOUGH: No, not necessarily.

MR. DAVIDOFF: That's not so?

MR. McDONOUGH: Some of those projects, and, again, I'll go back to the Port Jersey Channel-- If we utilize the funding -- this funding package for the Port Jersey Channel -- we would pick up the full cost of that one, because it's a State-owned channel.

MR. DAVIDOFF: Okay. Well, there's a separate line on them here -- 20 million dredging navigation not in the Port New York/New Jersey region.

MR. McDONOUGH: Right.

MR. DAVIDOFF: Is that what you're talking-- I'm dealing with the first in our summary. We had 185 million.

MR. McDONOUGH: That's right.

MR. DAVIDOFF: The 20 million covers the stuff that's not--

MR. McDONOUGH: Everything outside the port district, which is defined as the Port of New York and New Jersey.

MR. DAVIDOFF: That's the 20 million?

MR. McDONOUGH: That's the 20 million.

MR. DAVIDOFF: Okay. The 185 million covers how many different projects?

MR. McDONOUGH: It could cover as many as 12 different projects that New Jersey has an interest in.

MR. DAVIDOFF: Of which we don't know what our commitment will be on each project?

MR. McDONOUGH: That remains to be negotiated with many other players.

MR. DAVIDOFF: And by us appropriating \$185 million, all those other players will know how much we have and--

MR. McDONOUGH: Not only that, but we bring them to the table.

MR. DAVIDOFF: We bring them to the table?

MR. McDONOUGH: Absolutely. We have our contribution.

MR. DAVIDOFF: Whereas, if we said, "Give you 100 now and 85 later if you need it," 100 would bring them to the table too, I suspect.

MR. McDONOUGH: The actual 185 million is a limited amount, but it's enough for me to work out the negotiations with all of the other players that we have to deal with.

MR. DAVIDOFF: Have you had public hearings on this question?

Have we been provided transcripts of those hearings?

MR. McDONOUGH: There have been at least six Committee hearings. I'm trying to think back now, because the bill was first introduced and was first heard by the Transportation Committee last year -- this time last year. That was the first hearing. It went to Natural Resources. It was heard there. Then, in the new session, it went through a whole series of public hearings there, and it was tremendous, and significant testimony that was provided by the shipping groups, the environmental groups, and all of that testimony, I believe, is maintained by the Legislature.

MR. DAVIDOFF: I would ask if you appear before this Commission again that you give us the benefit of being able to allow us to read the transcripts of those hearings beforehand, so we can make the same informed decision that you've had the opportunity to make.

MR. McDONOUGH: If that's what the Commission wants, I'll bring anything you need.

MR. DAVIDOFF: Was there any opposition in those public hearings, and, if so, for what reasons?

MR. McDONOUGH: There was no opposition. There was a question raised during the course of the public hearings about who contributes to the overall cost of the dredging project. But other than that, I don't recall a single person who voiced opposition to the bill.

MR. DAVIDOFF: There's a line item here for \$20 million, which, I believe, one of you described as economic development package.

MR. McDONOUGH: Yes.

MR. DAVIDOFF: All right. Please-- That is not essential to the environmental work that's necessary for the dredging, is it? This is just kind of a little bonus?

MR. McDONOUGH: That's a port development -- economic district development issue. For example, we have a number of port areas, and it's not restricted to port areas, it's restricted to the region that's defined by the Delaware River and Bay Authority. But I can give you a couple of examples. We have one port in South Jersey that is looking to expand its current facilities to increase its ability to bring containers in. This would be a good source of funds for that particular project. We have another one a little bit further up -- the Delaware -- that's interested in establishing an additional food distribution center, and, as you know, in South Jersey that's one of our biggest markets of imports and things like that that might be an eligible project. But DEP will have to define and they have to develop the rules for those projects, in fact for all of these trust funds.

MR. DAVIDOFF: Okay. Two more questions.

The life of these 12 projects that are costing \$185 million -- the ones in the port -- what is the useful life of those projects? When will this work have to be done again?

MR. McDONOUGH: Actually, it depends on whether you're doing a maintenance project or a construction project. The useful life of a maintenance project may be as little as three years or five years, depending upon where you're physically located in the harbor. But if you're talking about a construction project like the Newark Bay Kill Van Kull Project that I kept going back to here as an example, that's forever.

MR. DAVIDOFF: Now, of this \$185 million, how much is for maintenance?

MR. McDONOUGH: It's not defined. It's just called dredging in the Bond Act. So it could conceivably be applied to either maintenance or deepening projects, although our biggest priority in the harbor right now is deepening projects.

MR. DAVIDOFF: And then the \$70 million for remediation of hazardous discharge sites, could you explain-- Is that related to the dredging and the deepening, or is that a totally separate set of items?

ANTHONY J. FARRO: The money set aside for the cleanup and hazardous waste sites is totally separate from the dredging issue. The ability for the State to authorize new projects will end come March or April of next year. The funding sources, the '81 bond, which was passed, and the '86 bond -- the ability to authorize against those bonds will be gone sometime in the middle of next year. That's the purpose of the \$70 million.

MR. DAVIDOFF: In other words, that will not be in the new bond fund? That would be on the old authority of the '81 and '86 bond?

MR. FARRO: The ability to authorize against the old bonds will be exhausted. We would have authorized a total amount of money in both of those bonds. In March or April of next year, there are, currently, 100-plus projects that are underway either in a study phase, design phase, or construction phase. Come March of next year, when a project, for example, goes from the study phase to the design phase, we will not be able to start the new phase on that project without this bond.

MR. DAVIDOFF: Okay, thank you.

MS. MOLNAR: I'd like to turn to my right here. Senator Kenny.

SENATOR KENNY: Thank you, Madam Chair.

Mr. McDonough, you may have addressed all these questions already, but I just want to understand it in my own mind. The 185 million, what is the total cost of all those projects?

MR. McDONOUGH: Well, I didn't give you a list of all of the projects, but let me just run down some that I have here in front of me, and maybe that will give you some sense of it.

The Arthur Kill Project is an \$83 million project. That's a deepening project that would service more than 14 liquid terminal operators along the Arthur Kill. If you are aware of their operations there, you're talking about \$2.5 billion in annual revenues through those petroleum and liquid product facilities along the Arthur Kill.

The Kill Van Kull Newark Bay Project is, as I mentioned earlier, \$750 million project. The deepening project, a second deepening project for other portions of the Arthur Kill, is a \$200 million project. We talk about, in this bill, providing funds, local share, or, perhaps, total share depending upon the facilities that are constructed.

We provide for disposal facilities, and estimates on the construction of disposal facilities range anywhere from \$60 million to \$450 million. We have some 10 priority maintenance channels in New York Harbor area, the Hackensack, the Passaic, Wards Point Bend, the Raritan Reach, and a number of others, and I don't have the costs of those in front of me, but there's almost, as I say, 10 channels that we have a direct and immediate interest in dredging.

SENATOR KENNY: So the total is well in excess of a billion dollars?

MR. McDONOUGH: Oh, absolutely. Just for the projects that are on the books that are authorized from the Federal government in recognizing that they pay 65 percent of all costs for all of those projects, that's about \$1.5 billion over the next five years.

SENATOR KENNY: Okay, and beyond the 185 million, you expect to get those additional moneys from private parties as well as the Federal government?

MR. McDONOUGH: Not private parties. We would expect to get those moneys from the State of New York, because, of course, this is a regional facility -- New York Harbor. We would, also, expect to get those funds from the Port Authority of New York and New Jersey, which it depends upon the channel. Again, if I'm talking about Newark Bay, and I'm talking about the Kill Van Kull, they have a direct interest in those projects, and they may provide the entire local share for those projects.

SENATOR KENNY: And the Federal government?

MR. McDONOUGH: The Federal government would provide the rest of it. If it's a Federal navigation channel, they're required. If it's authorized and appropriated, they're required to do that construction work at 65 percent of the cost.

SENATOR KENNY: Now, this whole plan that you have just described, now, does this take care of the problem?

MR. McDONOUGH: This takes care of the problem for the next five years. Am I going to be back to see you again in the future? Not me personally, but somebody will. Yes, sir.

SENATOR KENNY: What happens at the end of five years that you have to come back?

MR. McDONOUGH: Well, at the end of the five years the capital investment will be excellent at that point, because we will have done all of the deepening. The key to this, and one of the major points that, perhaps, I should have hit on a little bit better, is that, as I indicated earlier, we're changing -- the shipping transit changing in the world right now, and the size of the ships is changing, and we're going from 35-foot, 40-foot, and 45-foot vessels now. We're going up to requirements for 50 feet, and what they're doing is they're reducing the number of ships that are out there on the water by creating larger ships. When we get to that point, where our channels and our berthing spaces and our anchorages are deep enough to handle those, we're fine until there is another evolution in shipping, if there ever is, and nobody is predicting that at this point.

SENATOR KENNY: But when you say this is a five-year plan, why doesn't it resolve the problem for longer than that?

MR. McDONOUGH: Because we will have the channels deepened that we need to have deepened by then or shortly thereafter.

SENATOR KENNY: Right.

MR. McDONOUGH: That was kind of like the question I was asked a little bit earlier, when is the construction done. I can't give you an exact day, but it will be sometime within the next five or six years.

SENATOR KENNY: And then why will you be coming back to us? For what purpose?

MR. McDONOUGH: Maintenance funding. Maintenance dredging, because you've got a million metric tons of material that comes down from the rivers into the harbor every year--

SENATOR KENNY: Okay.

MR. McDONOUGH: --and at some point, we have to be able to deal with those materials.

SENATOR KENNY: Okay, and that obligation would not be anything like this one though?

MR. McDONOUGH: No.

SENATOR KENNY: The maintenance obligation.

MR. McDONOUGH: No, it shouldn't be, and by that time, by the way, we'll have a lot cheaper alternatives for disposal.

SENATOR KENNY: Right. Okay. Now, how does this relate to the issues that we read about regarding the ocean dumping off Sandy Hook, and so on?

MR. McDONOUGH: Well, it relates two ways really. First of all, if you're dredging, you have to have a place to dispose of it, and the traditional place has been the Mud Dump Site off of the Jersey Shore. So, directly, it relates that way, but, also, in a different way, provides us with alternatives -- disposal alternatives. The Mud Dump Site is officially closing on September 1, 1997. There will only be, between now and then, a very limited amount of material that can go out there, if any does at all. So we have to have disposal alternatives. The State of New Jersey has been working assiduously on that.

Over the last two years, we've developed some 10 or 14 different alternative options, which are at various stages of development with one of them actually up and running right now and accepting 5000 cubic yards of material each day. So this is directly related to the Mud Dump Site, because we're finding alternatives to the Mud Dump Site.

SENATOR KENNY: Okay, so the alternatives are provided for in this plan?

MR. McDONOUGH: Yes, they are. Yes, two of them.

SENATOR KENNY: So two alternatives. So as we go passed '97, then we will be dumping in alternative sites?

MR. McDONOUGH: We will be dumping in alternative sites, which may either be in water sites, such as the subaqueous pits or the containment island that is specifically mentioned in this Bond Act, or we may be utilizing, which is what we've been working on even harder, I think, than those two issues -- is developing beneficial reuse for these materials for construction projects, for landfill cover. We've been really successful, thus far, and one of the points that a lot of people miss on this whole dredging issue is there is no one solution to this, none whatsoever. You've got to have a mix of solutions, and that means upland alternatives, inshore alternatives. We've got two projects right now, that are almost at the permitting phase now, where we would be using this material to create new habitat on near shore facilities, as well as industrial sites.

SENATOR KENNY: So the project doesn't come to a stop in September '97, because you can't dump in the ocean then.

MR. McDONOUGH: No.

SENATOR KENNY: Okay.

MR. McDONOUGH: We have other alternatives in place right now, and we will have even more by then.

SENATOR KENNY: Okay, so what is being discussed here, then, is a total and -- beyond the maintenance issues down the line. We're talking about a total resolution of the whole dredging issue.

MR. McDONOUGH: It's a piece of the total resolution. For example, there are two pieces in here that we haven't discussed today: one is the sediment studies that need to be done, and that's partially in response to the earlier question about what are we doing about cleaning it up so we don't have to deal with this problem in the future, and another piece in here that doesn't have a specific number attached to it -- but, again, DEP will develop the necessary rules -- is the decontamination technology studies. This Bond Act provides for that, which in conjunction with some \$14 million that the Federal government has been putting into decon studies and another 1.5 a couple of weeks ago and, also, individual private efforts.

There's a lot of corporations that we've gotten involved in looking for techniques and technologies to deal with this material. We will ultimately be able to decontaminate the material when necessary and appropriate.

SENATOR KENNY: My last question. Is this plan -- does it satisfy the shipping industry? Are they satisfied with this, and, as a result of this plan, are they committed to continuing the port?

MR. McDONOUGH: They testified on behalf of this Bond Act. This Bond Act by itself would not make them commit to staying in the port. We've had to do a number of other things and continue to do those things,

such as developing the intrameasures, which will convince them to stay in the port and--

SENATOR KENNY: You mean the intrameasures as to dumping?

MR. McDONOUGH: Yes, as to disposal. Yes. The issue is disposal, not dredging.

SENATOR KENNY: The issue is disposal.

MR. McDONOUGH: Yes.

SENATOR KENNY: So that issue is -- those are the alternatives that you're developing?

MR. McDONOUGH: Yes.

SENATOR KENNY: And so they're not quite there yet on those?

MR. McDONOUGH: No, they're watching us very closely, Senator.

SENATOR KENNY: Okay, okay, thank you.

MR. McDONOUGH: Absolutely.

SENATOR KENNY: Thanks very much.

MS. MOLNAR: Any other questions on this side?

Tom.

MR. NEFF: For the lake restorations.

ASSISTANT COMMISSIONER NAGY: Yes.

MR. NEFF: Part of the Bond Act-- I'm just wondering, there was moneys put in the 1992 Green Acres Bond Act for lake restoration. I think it was primarily loans, but I'm just wondering, what's the status of that money? Has it all been used?

And just one other comment, also, it took three years to get the regulations out in order to get the money on the street after that Bond Act was passed, and I'm just wondering if it's going to be the same process this time, or if the regs will be in place a little bit faster so the money can get on the street?

ASSISTANT COMMISSIONER NAGY: Unfortunately, I don't have information on the status of the funding, that was available through Green Acres, with me today, but I will be glad to provide that for you, and, as I said earlier in my remarks, the department is committed to a timely resolve of the new regulations that will be necessary for various parts of this bond issue.

MR. NEFF: Okay.

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

I had one question. I see 20 years and 35 years in the presentation, have you decided yet what the term would be on this bond issue?

MR. McDONOUGH: That's out of my hands. That's out of my bailiwick. I don't think I can answer that one.

MR. SHIDLOWSKI: If I can interject at this point, Madam Chair. The typical term of bonds issued by the State of New Jersey is 20 years. The Bond Act does allow the term of those bonds to go up, as far as 35 years.

MS. MOLNAR: Who will make that final decision, Treasury?

MR. SHIDLOWSKI: The Treasurer.

MS. MOLNAR: Okay.

Any other questions?

Mr. Romano, did you want to make a statement?

ASSEMBLYMAN ROMANO: Well, since all the technical questions -- I've been down this road many times on the dredging. I just want to say this, Madam Chair, if you give me this opportunity, I didn't speak much today, did I, at all?

MS. MOLNAR: No, you're very quiet. (laughter)

ASSEMBLYMAN ROMANO: I have some, under old business, when we finish this.

I would like to take the opportunity to express my support for the Harbor Dredging Bond Issue, and let it be known, I cover Hoboken, so that you all appreciate. I have already cast my vote in favor of this measure in the Assembly Appropriations Committee and on the Assembly floor, so there isn't really much suspense here today.

The Port Authority has estimated that over 20 million cubic yards of material must be dredged by the end of 1999, approximately 4 million cubic yards per year. This is essential if the Port is to remain a viable and thriving economic center for our State and for the region. At the same time, we must be ever mindful of the impact which these materials can have. But, at the same time, we must ensure that the proper decontamination and disposal of the dredging material is in place.

The issue of port dredging is a perfect example of the classic battle between economic interests and environmental concerns. There are ways in which these seemingly contradictory elements can be addressed so that both are winners.

The proposed bond issue is one step toward achieving a healthy balance. It should be stressed that this is a bond not on the ending point on

dredging. We are not waving a magic wand and ensuring that we will all live happily ever after. We will have to find ways to deal with dredging materials well into the future and develop better methods of attacking the contaminants at their source so that they never reach the soil.

Today, we must support this action and pledge to remain vigilant to guarantee New Jersey's economic and environmental future, and I parenthetically add, there's been a lot of talk this past week of, let's say, global issues and economic issues. We're talking about jobs, J-O-B-S. We are talking about the giants in the shipping industry; Maher, Maersk, who has said if this work is not done, they will move out of the Port of New York and Port Newark.

Thank you.

MS. MOLNAR: Thank you, Assemblyman, for your thoughtful comments.

Any other questions or comments? (no response)

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

ASSISTANT COMMISSIONER NAGY: Thank you.

MR. McDONOUGH: Thank you.

MS. MOLNAR: You're welcome.

At this time, procedurally, we will need a motion to support this referendum and to have it placed on the ballot in November.

Marty.

MR. DAVIDOFF: I would like to move that we consider the five portions of this matter separately. There appears to be five separate items

here, one being the joint programs with Port of New York/New Jersey, the second being the--

MR. SHIDLOWSKI: If I could interject here, Madam Chair.

This is a single proposal, which has been brought before this Commission. It's been passed by the Legislature. It will be on the ballot in November. What we're doing here is asking the Commission either to endorse or oppose the entire proposal as it stands. There is a provision in here for the Commissioner of the Department of Environmental Protection to take advice from this Commission after the passage of this proposal by the public. But I don't believe that we can segment the individual items.

MR. DAVIDOFF: May I?

MS. MOLNAR: Yes, Marty.

MR. DAVIDOFF: You may be correct that ultimately we have to make the decision on the whole, but I think it's important for us to understand and for the public to understand that this is really five separate projects, and I certainly have different views on different portions of it, and I think that we should, as a Commission, let those views be known and, then afterwards, provide an overall recommendation.

It would also be my recommendation, and I know it may be too late, but certainly if we were consulted earlier -- that if this does go on the bond issue that it goes on as five different issues, because I think it's five. So I ask the Chair to follow the following procedure; that is, for us to give our recommendations on the five separate issues and then an overall, which we've been asked to do, our endorsement or lack there of.

MS. MOLNAR: Let me get this straight. You would have the public vote -- have five yes and no votes? They vote yes or no to 185, yes or no on the 70?

MR. DAVIDOFF: Because I've been told, very clearly from the testimony, that these are-- For example the 5 million lake restoration has nothing to do with the other four components. The \$70 million remediation of hazardous discharge sites has nothing to do with the other four items. It has to do with '81, '86 legislation, and they have ongoing continuing projects. The 20 million for dredging, not in the New York/New Jersey region, also -- these are all separate items, and, I think, in my mind they have different answers.

MS. MOLNAR: Perhaps we can vote on the entire proposal and then issue comments from individual members that we will pass along to the appropriate folks.

Yes, Senator Kenny.

SENATOR KENNY: The legislative intent was that this is to be voted on as an entire package, because it addresses the needs of various regions of the State, and when the Legislature voted for this, they voted that it would be all or nothing. So I would oppose any move to segment the package.

MS. MOLNAR: All right. We can vote on it as an entire proposal. If individual members have concerns, I think we should note those and pass them along.

Assemblyman.

ASSEMBLYMAN ROMANO: Madam Chair, I'd like to make a motion to pass on the resolution providing the support of this Commission, as will be publicly noted in the record.

MS. MOLNAR: Okay, do I have a second?

SENATOR KENNY: Second.

MS. MOLNAR: Okay, we'll take a roll call.

MR. SHIDLOWSKI: Mr. Davidoff.

MR. DAVIDOFF: No.

MR. SHIDLOWSKI: Mr. Annese.

MR. ANNESE: Yes.

MR. SHIDLOWSKI: Mr. Roth.

MR. ROTH: Yes.

MR. SHIDLOWSKI: Mr. Neff.

MR. NEFF: Yes.

MR. SHIDLOWSKI: Senator Kenny.

SENATOR KENNY: Yes.

MR. SHIDLOWSKI: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. SHIDLOWSKI: Assemblyman Romano.

ASSEMBLYMAN ROMANO: Yes.

MR. SHIDLOWSKI: Mr. Newcomb.

MR. NEWCOMB: Yes.

MR. SHIDLOWSKI: Mr. Troy.

MR. TROY: Yes.

MR. SHIDLOWSKI: Ms. Higgins.

MS. HIGGINS: Abstain.

MR. SHIDLOWSKI: Ms. Molnar.

MS. MOLNAR: Yes.

MR. SHIDLOWSKI: Motion carries.

MS. MOLNAR: Now, as a follow-up, if Mr. Davidoff would like to articulate in writing, perhaps. You want to send a note to the Commission, or you just want to articulate it now, your concerns?

MR. DAVIDOFF: I'll articulate it now on the record.

There are two projects there that I certainly am in favor of, and I think are terrific projects, that's the lake restoration and the dredging of our navigational channels that are not in the Port New York/New Jersey area. However, the-- And as well the \$70 million for the remediation of the hazardous discharge sites, sounds like both are necessary.

However, the 185 million for the dredging sounds like they're asking for a pot of money to go and negotiate, and I would have preferred to see further along in those negotiations and then come back to this Commission and the Legislature.

In addition, the \$20 million for economic development package for a particular area that was identified, I believe, is something that is not necessary and should go through a more refined scrutiny before we would pass on that, and that was the reason for my no vote.

Thank you very much.

MS. MOLNAR: Thank you.

Any other comments on this?

ASSEMBLYMAN ROMANO: If you'll allow me, I told you I knew we had some important business, and, believe me, that was important business. Going back to, which I find very interesting and appropriate, the results of the 1997 capital budgeting cycle, it was a nice job. However, I

wonder if, as we go through this, as we've encountered, there are times when many of the projects are not funded, because then it said they will be paid through interdepartmental accounts or etc., etc. Don't you think that would be appropriate if we could possibly note, for example-- You know, one is thrown off when you look at, let's say, the department of requests for education, which was 3,245,000 as against the Governor's recommendation, the Appropriations Act only allocated 1,351,000 which is not entirely true, because some of that money was also in other areas. So on one hand, I'm not looking to make the numbers look better, but just more understandable, because you know my problems with this entire process in terms of not supplying them with what items that they claim is a priority and, especially, if we had an education, they were really of utmost importance.

On that one note, I would ask for that, Madam Chair, so that we bear that in mind, if we could have another column of, let's say, what's being funded elsewhere, i.e., interdepartmental, life safety, whatever the case may be.

Now, going back to when we had our minutes, and we were talking about the peripherals and the computer ancillary items, for myself, I was the one who raised this issue the last time. I'm well aware of the fact. However, I hope that OTIS is always being asked to provide the recommendation on no matter what that is that is being bought. I mean that's the whole purpose of OTIS, and that every recommendation, along with computers and their peripherals, are reviewed by OTIS before it reaches our desks here.

Now, also, when one is buying a brand-new computer system from stem to stern, it's all under capital funds. Whatever you might even count as expendable type of materials in the big package to set it into motion, it all

becomes capital. Once in place, however, when you're talking about something that doesn't have a life, and unguided by yourself, of at least five years, if it has a life of three years and two years, these moneys should not come out of capital, but should come out of current operating expenses, general appropriations. Now, that's something we'll have to come to grips with as we go through this here, because this was my question the last time, which is dually noted into the minutes here.

MR. ROTH: Assemblyman Romano, may I comment?

ASSEMBLYMAN ROMANO: Go right ahead, now. Jump in.

MR. ROTH: With respect to what you've just said, I agree. The initial setup for computer equipment is a capital item, and that also includes the initial software that you need to get the system rolling.

ASSEMBLYMAN ROMANO: Right.

MR. ROTH: However, annual or biannual upgrades to that software have to be absorbed within the operating budget. That's the way it's done at the municipal level. I would expect the State would want it done the same way.

ASSEMBLYMAN ROMANO: Well, in an answer to that, and what is the reason for my talking about this, because I would not like to see the attempts to put into capital funding which may come under bonding or various long payouts for something that you have an obligation to pay for on a year-to-year basis. We run into that with our maintenance, with our so-called deferred maintenance account or items that are deferred maintenance. What they're talking about is something that was supposed to have been done last year, and now we might do it this year to make up for all the years we didn't

take care of it. You know, it doesn't make sense, and these are the comments I just wanted to make. I don't want you to think that there was something wrong with me and that I was not speaking today.

MS. MOLNAR: Thank you, Assemblyman.

Paul, did you have a comment regarding this separate column for interdepartmental, etc?

MR. SHIDLOWSKI: We have the ability to certainly do that, Assemblyman. You know, as an alternative, I mean, we can adjust the individual departmental requests to show that request as part of the statewide account as opposed to your method of showing in it an extra column. You know, I'm open to suggestions.

ASSEMBLYMAN ROMANO: I just mean to make it simple and understood so that we all know what's going on then.

MR. SHIDLOWSKI: Okay.

ASSEMBLYMAN ROMANO: And sometimes, you know, the facts lie, because the numbers lie, because they don't show everything, and I want to give them credit where they have -- really doing this, but taking yet of another source of funds, just so long as we can see it. Because if you go to that chart, it would appear here (indicates), where there was a great deal not funded, but that's not the case. There was a great deal not funded, but not to the extent of what's indicated here.

MS. MOLNAR: Thank you, Assemblyman.

Is there any other questions or comments or old business?

MR. TROY: Madam Chair.

MS. MOLNAR: Yes.

MR. TROY: If I could, to follow-up on Senator Romano's (*sic*) remarks, there's a lot of discussion going on about the year 2000 problem, and they're talking about hundreds of millions of dollars to correct this, and I'm wondering just as a question, has there been any preliminary discussions? There's some rumor that, you know, bonding might be the way to go, because this has a one thousand-year life. Is there anything, any discussions at all that's been had about this problem at all?

MR. SHIDLOWSKI: There have been some discussions, and I believe we have a preliminary estimate of what the equipment cost for the year 2000 project would be. However, the numbers are so tentative. I would really rather not share them with the Commission at this time. I'm sure we'll be hearing what those numbers are later in the year.

MS. MOLNAR: Thank you.

Any other-- Marty.

MR. DAVIDOFF: Again, I apologize. I mean, I have so many questions.

First of all, what is OTIS?

ASSEMBLYMAN ROMANO: Office of Technical-- (Commission members speaking at once)

MS. MOLNAR: Telecommunications Information System.

ASSEMBLYMAN ROMANO: It's the high-tech brain trust.
(laughter)

MR. DAVIDOFF: The next thing is, I guess there is a State planning commission that has adopted a State department and redevelopment

plan that we're supposed to make our recommendations consistent with. If so, can we get a copy of that plan?

MR. SHIDLOWSKI: Yes, I'll be glad to provide that to the Commission members. Mr. Newcomb is the Assistant Director for that State planning commission.

MR. DAVIDOFF: So we'll have that in advance of our next meeting?

MR. SHIDLOWSKI: Yes, you will.

MR. DAVIDOFF: Okay, and the agency recommendations were due yesterday to this Commission, and I'd like to know when we will be receiving our copies.

MR. SHIDLOWSKI: As we receive those plans, we will be supplying them to the Commission.

MR. DAVIDOFF: They have not--

MR. SHIDLOWSKI: Our response, so far, has not been all that we could have hoped for on this.

MR. DAVIDOFF: May I ask that a letter be sent to them reminding them that the statute indicates an August 15 deadline, and as soon as they ran that, they be forwarded to us.

MR. SHIDLOWSKI: We're in contact with the various agencies and colleges periodically. They're aware of the deadline to the extent that they weren't going to be able to make the deadline. Practically everyone has phoned us and informed us when they would be sent.

MR. DAVIDOFF: Did anybody make the deadline?

MR. SHIDLOWSKI: Yes.

MR. DAVIDOFF: Okay. Well, if you could forward what you have to us, I would appreciate that.

The other thing is, today the gentlemen here came with prepared remarks. In the future I would appreciate if a week before our meeting we could ask the agencies if they are going to have prepared remarks to provide them to us in advance, so that we're in a better position to ask questions when we come here.

MR. SHIDLOWSKI: That's part of our standard procedure, Mr. Davidoff, to the extent that we're supplied these remarks in advance. We make them available to the Commission members.

MR. DAVIDOFF: I would ask that a note go out to them if they're coming--

MR. SHIDLOWSKI: We do request prepared remarks in advance for the briefing materials which go out to Commission members prior to a scheduled meeting.

MR. DAVIDOFF: Okay, thank you very much.

ASSEMBLYMAN ROMANO: Mr. Davidoff -- if I may, through you Madam Chair, to Mr. Davidoff -- you know, I want you to understand, we've been here several years and many of the comments you make are right on target. These are the same comments we've made over the past several years, and we do our best, and those persons who do the work have attempted and, in many ways, have ameliorated the situation by providing us with materials as soon as received. Now, you know this is not a classroom. If some Department, some Commissioner doesn't have the material ready in time,

we're not allowed to, lets say, go home and write a thousand times that I -- whatever the case is here. (laughter)

So we try to work together as professionals, and I have to say this that as soon as the materials are available, they're placed in our hands, and the job done by the Commission staff has been an excellent one due to the constraints that we have, because they're dealing with so many different agencies, which you can possibly appreciate.

MR. DAVIDOFF: And without a budget.

ASSEMBLYMAN ROMANO: And without a budget. (laughter)

MS. MOLNAR: That's right.

ASSEMBLYMAN ROMANO: That's right.

MS. MOLNAR: Thank you, Assemblyman.

Any other questions or comments? (no response)

If not, I'd like to adjourn the meeting until September 20. We'll have four departments.

Meeting adjourned.

MR. ROMANO: Thank you, congratulations.

(MEETING CONCLUDED)