
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: 33 W. State Street, Room 707
Trenton, New Jersey

DATE: November 20, 2015
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Esq., Chair
Anthony Annese, Vice Chair
Senator Paul A. Sarlo
Senator Samuel D. Thompson
Assemblyman Declan J. O'Scanlon Jr.
Thomas Neff
Steven Petrecca
Beth Schermerhorn
Jerry Traino



ALSO PRESENT:

Brian E. Francz
Executive Director

David F. Patella
Assistant Executive Director

Brian Onda
Budget Specialist

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
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Chris Christie
Governor

B. Carol Molnar
Chair

Kim Guadagno
Lt Governor

Commission Meeting

In compliance with the Open Public Meeting Act, P.L. 1975, Chapter 231, please be advised that the next meeting of the New Jersey Commission on Capital Budgeting and Planning is scheduled for:

November 20, 2015
Friday at 10 a.m.
33 West State Street – 7th floor, Room 707
Trenton, New Jersey

For Commission Members Attending via Conference Call:

Phone Number: 1-888-273-3658

Access Code: 8590177

Agenda

1. Call to Order
2. Open Public Meeting Act Notice
3. Roll Call
4. Approval of the Minutes of October 30, 2015 (**Action**)
5. Fiscal 2016 Capital Requests
 - Department of Corrections
 - Department of Environmental Protection
 - Department of Human Services
 - Interdepartmental
 - Higher Education
6. Other Business ---- **Action may be taken**
7. Adjournment

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(The New Jersey Commission on Capital Budgeting and Planning held a meeting on November 20, 2015, at 10:00 a.m. Members of the Commission present via teleconference were B. Carol Molnar, Esq., Anthony Annese, Senator Paul A. Sarlo, Senator Samuel D. Thompson, Assemblyman Declan J. O'Scanlon Jr., Thomas Neff, Steven Petrecca, Beth Schermerhorn, and Jerry Traino.)

B. CAROL MOLNAR, Esq. (Chair): Good morning. Thank you, everyone, for attending.

I would like to call the meeting of the Capital Planning Commission to order.

In accordance with the Open Public Meetings Act, the Commission has provided adequate notice of this meeting by giving written notice of the 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 Secretary of State.

We will now take a roll call.

MR. FRAN CZ (Commission Executive Director): Senator Sarlo. (no response)

Senator Thompson.

SENATOR THOMPSON: Yes, here.

MR. FRAN CZ: Assemblywoman Sumter. (no response)

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Here.

MR. FRAN CZ: Mr. Neff.

MR. NEFF: Here.

MR. FRAN CZ: Mr. Petrecca.

MR. PETRECCA: Here.

MR. FRAN CZ: Ms. Schermerhorn.

MS. SCHERMERHORN: Here.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: Here.

MR. FRAN CZ: Ms. Cimiluca. (no response)

Mr. Rutala. (no response)

Mr. Annese.

ANTHONY ANNESE (Vice Chair): Here.

MR. FRAN CZ: And Ms. Molnar.

MS. MOLNAR: Here.

MR. FRAN CZ: Madam, we have a quorum.

MS. MOLNAR: Thank you very much.

The first item of business is the approval of the minutes of
October 30, 2015.

Do I hear a motion to approve?

MR. ANNESE: So moved.

MR. TRAINO: Second.

MS. MOLNAR: That was Mr. Annese; and who seconded it?

MR. TRAINO: Mr. Traino.

MS. MOLNAR: Thank you.

Take a roll call.

MR. FRAN CZ: Okay, roll call.

Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. FRAN CZ: Mr. Neff.

MR. NEFF: Yes.

MR. FRAN CZ: Mr. Petrecca.

MR. PETRECCA: Yes.

MR. FRAN CZ: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: Yes.

MR. FRAN CZ: Mr. Annese.

MR. ANNESE: I'm losing you; did you call my name, then?

MR. FRAN CZ: Yes; Mr. Annese.

MR. ANNESE: Yes.

MR. FRAN CZ: And Ms. Molnar.

MS. MOLNAR: Yes.

MR. FRAN CZ: Okay, the motion moves.

MS. MOLNAR: Thank you.

We will now talk about and move to the capital requests for --
(indiscernible) tackle the requests for 2017; my sheet says 2016.

MR. FRAN CZ: Oh, yes. (laughter)

MS. MOLNAR: Okay, the first department is the Department of Corrections. They are asking for \$210 million. The first three projects total \$100 million, almost 50 percent of that. You all have detail on those items.

Are there any questions or comments?

I just have one question. Was there a bond a few years ago for any of this?

MR. FRAN CZ: No, I don't believe there was.

MS. MOLNAR: Okay.

G A R Y T. A L P E R T: Excuse me; was the question, was there a bond?

MS. MOLNAR: Any bonding, a couple of years ago, for any of this Corrections work.

MR. ALPERT: No.

MS. MOLNAR: Okay, thank you.

Any questions or comments? (no response)

It looks like the first two items are trying to remediate some violations.

Okay, if there are no questions, I will move on to the Department of Environmental Protection. They're requesting \$986 million. You have the details; there's matching on the first item -- Federal -- matching 2-for-1. Quite a few -- there are 122 projects.

Is Green Acres listed here? It's been a while since I looked at this. Is Green Acres part of DEP?

SENATOR THOMPSON: Yes.

MS. MOLNAR: There is no bond money left for Green Acres, right?

MR. FRAN CZ: Is there someone on from DEP who can answer that?

K R I S T I R. T A L L O N E: Yes, we're here.

There's no bond money left. There's the capital appropriation money for Green Acres.

MS. MOLNAR: How is Green Acres -- the program funded?

MS. TALLONE: Currently, it's being funded with corporate tax -- dedicated money.

MS. MOLNAR: Okay, thank you. Corporate Business Tax.

SENATOR THOMPSON: And of course we-- There was this (indiscernible) that was passed that changed the dedication of Corporate Business Tax and how it would be allocated. In fact, we still have measures in the Legislature, at the moment, that define how that money will be allocated for the various programs -- Green Acres, as well as remediation of sites, and etc. That's still not resolved exactly how that money is going to be split up.

MS. MOLNAR: Can any of those funds be earmarked for capital, or is it strictly programs?

SENATOR THOMPSON: Capital would just have-- I assume it would have to come out of however this money is going to be allocated in each given area; but I don't know for sure.

MS. TALLONE: So part of the Corporate Business Tax dedication is for capital funding. And then there's a part that's for the Green Acres program.

MS. MOLNAR: Oh, good. Thank you.

Okay, thank you.

SENATOR SARLO: Senator Sarlo joined the call.

MS. MOLNAR: Thank you, Senator.

Okay. Senator, we just finished with DEP.

MR. ANNESE: Madam Chair, I have a question about DEP.

MS. MOLNAR: Yes.

MR. ANNESE: On Department Priority 7, the Shore Protection. Could the Department give us a brief summary of the status on that work today -- where we stand? I'm assuming we're talking about the Superstorm Sandy year, is that correct? (no response) Hello?

MR. FRAN CZ: Someone from DEP--

MS. TALLONE: Yes, we're here.

Are you asking about the Army Corps projects -- are they 100 percent federally funded? Or are you asking about the State Shore Protection project?

MR. ANNESE: The State Shore Protection project.

MS. MOLNAR: It's Item No. 7 -- Department Priority Item 7.

MS. TALLONE: Well, the Department's focus has been supportive of the Army Corps project right now -- the 100 percent federally funded. There are a couple of projects that are part State- funded as well, and that has been the focus of the Department.

MS. MOLNAR: Is any of this related to the damage from Superstorm Sandy?

MS. TALLONE: No, that has already been appropriated. This is State funding.

MS. MOLNAR: I'm sorry -- it is what funding?

MS. TALLONE: State projects; I'm sorry.

MS. MOLNAR: Oh, strictly State; okay. No Sandy remediation.

Okay. Mr. Annese, do you have any further questions?

MR. ANNESE: No.

SENATOR SARLO: Just so we're clear: I think -- and DEP can confirm this -- the Army Corps engineering project, the dune reconstruction along the northern barrier island and the southern barrier island in Ocean County, is all federally funded through the Army Corps of Engineers. This other beach protection and erosion is for projects in areas that are damaged from a high tide situation -- not just Sandy, but other tidal storms, whether it's a nor'easter-- But this is--- No money is being appropriated here or recommended for the Army Corps. And as we all know, that's being delayed and held up due to easement acquisition problems. Is that correct, DEP?

MS. TALLONE: Yes, that's correct.

SENATOR SARLO: Okay, thank you.

MS. MOLNAR: Okay. All right, good.

Any other questions on DEP?

SENATOR THOMPSON: Priority 77, which is Washington Crossing Interpretive Center -- asking almost \$10 million there to upgrade and expand an interpretive display at Washington Crossing State Park. It sounds like an awful lot of money for expanding -- upgrading and expanding a display at an Interpretive Center.

MS. MOLNAR: Yes.

SENATOR THOMPSON: DEP have any comment on that?

MS. TALLONE: We can get more information and details on the project, and follow up on that with you.

MS. MOLNAR: Okay, thank you.

Any other questions or comments on DEP? (no response)

If not, I will move to Department of Human Services. The Department is requesting \$45 million for 25 projects.

Any questions or comments? (no response)

If not, I will move, next, to Interdepartmental -- requesting \$169 million for 48 projects.

SENATOR THOMPSON: Priorities 35 and 42 appear to be duplicates.

MS. MOLNAR: Seventy-five (*sic*) and 42 -- is that what you said?

SENATOR THOMPSON: They are identical.

MS. MOLNAR: Forty-two; what was the other one -- 25 and 42?

SENATOR THOMPSON: Thirty-five and 42.

MS. MOLNAR: Oh, 35; thank you.

SENATOR THOMPSON: They're both for elevator replacements in the Health and Ag Building in the same amount. It seems to be the same project.

MS. MOLNAR: All right. Yes; good catch, Senator.

Okay, any other questions or comments on Interdepartmental?
(no response)

Now, the next item is the Higher Ed. Now, we have-- In your packet, we have monies that have been appropriated from the bonding. My question is, these requests that are attached -- are they amounts that need to be allocated from the bond, or are they separate -- these bond allocations?

MR. FRAN CZ: They're separate.

MS. MOLNAR: Oh, it's over and above. Okay, thank you.

MS. SCHERMERHORN: Chairwoman, I don't know if you saw the announcement this past Monday. The Governor just announced that a second round of grants was going to be issued from the Bond Act and from the Capital Improvement Fund -- about \$180 million. And between now and January, the schools can all apply for project funding.

MS. MOLNAR: So some of these projects that we have on here could be funded.

MS. SCHERMERHORN: Yes.

MS. MOLNAR: Okay -- from the \$180 million; all right.

What criteria will be used to determine how the pie is cut up?

MS. SCHERMERHORN: There was a whole solicitation that was put out; it's on the -- either on the Higher Ed Commission's website or the EFA's website.

MS. MOLNAR: Okay.

ELIZABETH S. GARLATTI: It's actually on both websites.

MS. SCHERMERHORN: Sorry?

MS. GARLATTI: It's on both websites.

MS. SCHERMERHORN: Yes.

MS. MOLNAR: Okay -- \$180 million. I suspect all the requests, here, add up probably to over \$1 billion. That's good, to start.

Any questions on the individual-- We have someone from Rutgers, if anyone has any questions on Rutgers University.

Any questions from Commission members? (no response)

Now, in general, do the universities have to earmark a percentage of their annual revenue for capital?

MS. GARLATTI: No, Madam Chair. Each of the institutions determines their own budget and they vary how they identify funds for capital.

MS. MOLNAR: So there's no mandate that you must set aside 2 percent or 3 percent of your budget for capital.

MS. GARLATTI: Not at this point, no.

MS. MOLNAR: Okay, good.

Any questions or comments from Commission members?

SENATOR THOMPSON: I have one comment.

William Paterson is (indiscernible) Wayne to build a couple of new dormitories to replace one they're going to demolish. There will be 300 beds in it. I notice that one of them -- it's going to cost about \$120,000 per bed, and the other \$113,000. That's a heck of a lot of money to be spending, per bed, for a dormitory.

MS. MOLNAR: Wow. That's on William Paterson? Let me find that.

MR. PATELLA (Commission Assistant Executive Director): Which priority number was that, Senator?

SENATOR THOMPSON: Again, that's William Paterson; they have two-- Priority 3 is one of them -- to build a residence hall there, and that will be at a price of \$113,000 per bed. And they have a second residence hall, which is a different priority, which is about \$120,000 per bed. I'm flipping through this to find it real quick, like. Again, it came out to \$120,000 per bed for the second one.

And again, we're talking dormitories. I mean, you know, wow.

MS. MOLNAR: Interesting.

SENATOR THOMPSON: Oh, the second one is Priority No. 16.

MS. MOLNAR: Sixteen?

SENATOR THOMPSON: Yes.

MS. MOLNAR: Okay. Should we request information from -- ask for more information on that?

MR. FRAN CZ: We can coordinate with them to get some information on those two residence halls.

MS. MOLNAR: Good; thank you.

Any questions or comments on Higher Ed? (no response)

If not, I want to bring your attention to -- in your packets, there is a nice summary of all the requests for roof projects. It's \$33 million for non-Higher Ed; and Higher Ed is, like, \$100 million, just for the one-year requests. Overall, it's about \$500 million, going forward a good six years.

MR. FRAN CZ: Just to point out: In the Higher Education section, you'll notice that a lot of the roof projects were part of a larger renovation, which we couldn't break out very specifically, at all, how much the roof was going to cost. So especially in the Higher Education section, that total cost is not specifically for roofs.

MS. MOLNAR: Right.

Now, every year the Legislature appropriates some money for roof repairs. Could you refresh our memories how much last year was appropriated for the roof fund?

MR. FRAN CZ: There actually has not been -- there has not been a separate appropriation since 2008. I think, at the time of the

financial crisis, that was removed from the budget and it has not been put back in.

MS. MOLNAR: All right.

SENATOR THOMPSON: Actually, Madam Chair, there were a number of questions raised, as it related to roofing, at the last session. I think they said they were supposed to supply us with some more information on them, which we haven't seen. (Indiscernible) to the last meeting; we're still waiting for that information.

MR. FRAN CZ: In your packet, you should have received a summary of just the roofing projects that have been requested for Fiscal Year 2017. It was almost \$33 million.

MS. MOLNAR: That was at the end -- at the very end of the packet.

MR. FRAN CZ: Right. We did do some research, and it appears, in the past, when a roof appropriation has been added to the budget, it was at the request of the Commission. So on OMB's side, it sounded like the Commission may want to recommend dollars for roofs, specifically. We can handle that on this end -- to make that recommendation. Obviously, it will have to be considered by both the Governor and the Legislature as part of the overall budget need in the upcoming year. But certainly we can handle putting the request into the list of items to be evaluated for the upcoming budget.

MS. MOLNAR: And you're saying the last appropriation was in 2008?

MR. FRAN CZ: Right.

MS. MOLNAR: Wow.

MR. FRAN CZ: We have been funding roof projects since then through, essentially, our assessments on the various agencies. So roofs have been getting done; but, yes, there has not been a stand-alone roof appropriation since that time.

MS. MOLNAR: I see. How much has that funding been on some of these other roof projects for here?

MR. FRAN CZ: We can pull that information and distribute it to you.

MS. MOLNAR: Okay, thank you.

Okay. Any additional requests or comments?

SENATOR THOMPSON: I note that the sum of the requests here is \$3.057 billion, in summary, for these units.

MS. MOLNAR: For which -- the roofs?

SENATOR THOMPSON: That's the total amount requested by the various programs we're looking at today -- a little over \$3 billion.

MS. MOLNAR: Oh, okay -- all the requests. Okay; yes, absolutely. There's a lot of--

SENATOR THOMPSON: For this year, for this year.

MS. MOLNAR: Yes, yes -- a large number.

Any other questions or comments on the roofing? We'll get additional information.

Our next meeting is not until, I believe, February 2016, when we'll hear the Debt Report and we'll make recommendations.

Any questions or comments? (no response)

Well, I want to wish everybody a great holiday season, since we're not meeting until February.

At this time, I'll adjourn the meeting.

Meeting adjourned. Thank you all for coming.

ALL: Thank you.

(MEETING CONCLUDED)