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PUBLIC HEARING

before

ASSEMBLY ECONOMIC GROWTH, AGRICULTURE, TOURISM  
AND COASTAL PROTECTION COMMITTEE

ASSEMBLY BILL NO. 3798

("Shore Protection Bond Act of 1990"; authorizes bonds  
for \$75 million, and appropriates \$5000)

October 19, 1990  
Crest Pier  
Wildwood Crest, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Edward H. Salmon, Chairman  
Assemblyman Christopher J. Connors  
Assemblyman Frank A. LoBiondo

ALSO PRESENT:

Assemblyman John A. Villapiano  
District 11

Assemblyman Fred Scerni  
District 2

John Hutchison, III  
Office of Legislative Services  
Aide, Assembly Economic Growth, Agriculture,  
Tourism and Coastal Protection Committee

New Jersey State Library

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Hearing Recorded and Transcribed by  
Office of Legislative Services  
Public Information Office  
Hearing Unit  
State House Annex  
CN 068  
Trenton, New Jersey 08625



**New Jersey State Legislature**

**ASSEMBLY ECONOMIC GROWTH, AGRICULTURE, TOURISM  
AND COASTAL PROTECTION COMMITTEE**

STATE HOUSE ANNEX, CN-068  
TRENTON, NEW JERSEY 08625-0068  
(609) 984-7381

RD H. SALMON  
IRMAN  
J C. KRONICK  
CHAIRMAN  
ONY S. MARSELLA  
STOPHER J. CONNORS  
K A. LoBIONDO

October 9, 1990

**NOTICE OF A PUBLIC HEARING AND COMMITTEE MEETING**

The Assembly Economic Growth, Agriculture, Tourism and Coastal Protection Committee will hold a public hearing on the following legislation:

**A-3798** "Shore Protection Bond Act of 1990;" authorizes  
Salmon/ bonds for \$75 million, and appropriates \$5,000.  
Marsella

The hearing will be held on **Friday, October 19, 1990 at 10:00 a.m. at the Crest Pier, 5800 Ocean Avenue, Wildwood Crest.**

Upon completion of the public hearing, the committee will meet to consider the following bills:

**A-3798** "Shore Protection Bond Act of 1990;" authorizes  
Salmon/ bonds for \$75 million, and appropriates \$5,000.  
Marsella

**A-3955** Exempts on a permanent basis certain facilities  
Salmon/ from certain recreational bathing regulations.  
Doyle

*The public may address comments and questions to John Hutchison, III, Committee Aide and persons wishing to testify at the public hearing, or make bill status and scheduling inquiries should contact Sharon Golebiewski, Secretary, at (609) 984-7381. Those persons presenting written testimony at the public hearing should provide 10 copies to the committee on the day of the hearing.*

(OVER)

Directions to Crest Pier, Wildwood Crest: Garden State Parkway south to exit 4-B. Exit onto State Highway Route 47 across George Redding Bridge into Wildwood. Continue down that street (what is called Rio Grande Avenue) to the seventh traffic light (not all lights will be in operation). Turn right onto Ocean Avenue and proceed nine blocks to Heather Road. Turn right onto Heather Road and into the Crest Pier parking lot.

Issued 10/9/90

ASSEMBLY, No. 3798

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 13, 1990

By Assemblyman SALMON

1 AN ACT authorizing the creation of a debt of the State of New  
2 Jersey by the issuance of bonds of the State in the aggregate  
3 principal amount of \$75,000,000 for the purpose of State shore  
4 protection projects and the making of State grants and loans to  
5 counties and municipalities for the researching, planning,  
6 acquiring, developing, constructing, and maintaining of county  
7 and municipal shore protection projects; authorizing the  
8 issuance of refunding bonds; providing the ways and means to  
9 pay and discharge the principal of and interest on the bonds and  
10 refunding bonds; providing for the submission of this act to the  
11 people at a general election; and making an appropriation  
12 therefor.  
13

14 BE IT ENACTED by the Senate and General Assembly of the  
15 State of New Jersey:

16 1. This act shall be known and may be cited as the "Shore  
17 Protection Bond Act of 1990."

18 2. The Legislature finds and declares that:

19 a. The restoration, maintenance and protection of the beaches,  
20 dunes, riverfronts, bayfronts and inlets of New Jersey are  
21 essential to the welfare, commerce and prosperity of this State.

22 b. The State's growing population, expanding commercial  
23 development and tourist industry all require a shoreline which is  
24 adequately protected and accessible to the public.

25 c. It is altogether fitting and proper for the State to provide  
26 for the protection of the shoreline of this State through the  
27 issuance of general obligation bonds and thus ensure the  
28 continued use of this precious resource for future generations of  
29 New Jerseyans.

30 3. As used in this act:

31 "Bonds" mean the bonds authorized to be issued, or issued,  
32 under this act;

33 "Commission" means the New Jersey Commission on Capital  
34 Budgeting and Planning;

35 "Commissioner" means the Commissioner of Environmental  
36 Protection;

37 "Construction" means, in addition to the usual meaning  
38 thereof, acts of construction, reconstruction, improvement,  
39 rehabilitation, relocation, demolition, renewal, repair,  
40 replacement, extension, and betterment;

41 "Cost" means the expenses incurred in connection with: the  
42 acquisition by purchase, lease, or otherwise, and the construction  
43 of a project authorized by this act; the acquisition by purchase.

1 lease, or otherwise, and the development of any real or personal  
2 property for use in connection with a project authorized by this  
3 act, including any rights or interests therein; the execution of any  
4 agreements and franchises deemed by the department to be  
5 necessary or useful and convenient in connection with any project  
6 authorized by this act; the procurement of engineering,  
7 inspection, planning, legal, financial, or other professional  
8 services, including the services of a bond registrar or an  
9 authenticating agent; the issuance of bonds, or any interest or  
10 discount thereon; the administrative, organizational, operating,  
11 or other expenses incident to the financing, completing, and  
12 placing into service of any project authorized by this act; the  
13 establishment of a reserve fund or funds for working capital,  
14 operating, maintenance, or replacement expenses and for the  
15 payment or security of principal or interest on bonds, as the  
16 Director of the Division of Budget and Accounting in the  
17 Department of the Treasury may determine; and the  
18 reimbursement to any fund of the State of moneys which may  
19 have been transferred or advanced therefrom to any fund created  
20 by this act, or any moneys which may have been expended  
21 therefrom for, or in connection with, any project authorized by  
22 this act;

23 "Department" means the Department of Environmental  
24 Protection;

25 "Government securities" means any bonds or other obligations  
26 which as to principal and interest constitute direct obligations of,  
27 or are unconditionally guaranteed by, the United States of  
28 America, including obligations of any federal agency, to the  
29 extent those obligations are unconditionally guaranteed by the  
30 United States of America, and any certificates or any other  
31 evidences of an ownership interest in those obligations of, or  
32 unconditionally guaranteed by, the United States of America or in  
33 specified portions which may consist of the principal of, or the  
34 interest on, those obligations;

35 "Project" means any work related to shore protection whether  
36 undertaken singly or jointly by the State, a county, a municipality  
37 or agencies thereof;

38 4. The commissioner shall adopt, pursuant to the  
39 "Administrative Procedure Act," P.L.1968 c.410 (C.52:14B-1  
40 et seq.), rules and regulations necessary to implement the  
41 provisions of this act. The commissioner shall review and  
42 consider the findings and recommendations of the commission in  
43 the administration of the provisions of this act.

44 5. a. Bonds of the State of New Jersey are authorized to be  
45 issued in the aggregate principal amount of \$75,000,000 for the  
46 purpose of providing monies for the purpose of making State  
47 grants and loans to counties and municipalities for the cost of  
48 researching, planning, acquiring, developing, constructing and  
49 maintaining of county and municipal shore projects.

50 b. Of the total monies available pursuant to this act,

1 \$60,000,000 is allocated for State shore protection projects and  
2 for State grants to counties and municipalities, or agencies  
3 thereof, for county and municipal shore protection projects, and  
4 \$15,000,000 is allocated for State loans to counties and  
5 municipalities. These loans shall be made to provide the local  
6 share of a State grant until the portion allocated for State grants  
7 is exhausted for county and municipal shore protection projects.

8 c. State grants to counties and municipalities, or agencies  
9 thereof, made pursuant to this act shall provide no more than  
10 75% of the total cost of a county or municipal shore protection  
11 project, and the affected county or municipality, or agency  
12 thereof shall provide the remainder.

13 d. State loans to counties and municipalities, or agencies  
14 thereof, made pursuant to this act shall be used to provide the  
15 county or municipal share of State grants for county or municipal  
16 shore protection projects, as the case may be, made from the  
17 Shore Protection and Restoration Fund or other State funds  
18 appropriated or otherwise made available for similar purposes.

19 e. When a federal agency pays a part of the cost of a project,  
20 the State and local share shall be computed after deducting the  
21 federal contribution.

22 f. Loan rates shall be established by the State Treasurer taking  
23 into consideration rates available in the capital markets for  
24 comparable maturities. Local governments will be able to secure  
25 either interim financing, to enable a project to be undertaken  
26 before permanent financing is secured, or permanent financing  
27 with a final maturity related to the expected useful life of the  
28 project.

29 g. In selecting and approving county or municipal shore  
30 protection projects for funding with monies made available  
31 pursuant to the provisions of this act, the commissioner shall give  
32 special consideration to the county's or municipality's ability to  
33 finance the shore protection project based upon the county's or  
34 municipality's per capita income, equalized property tax rate, to  
35 shore protection projects which would be located in shorefront  
36 areas heavily used by the public, and to applications for shore  
37 protection projects which include a financial plan for the  
38 maintenance of the project by the applicant.

39 6. The bonds authorized under this act shall be serial bonds,  
40 term bonds, or a combination thereof, and shall be known as  
41 "Shore Protection and Restoration Bonds." They shall be issued  
42 from time to time as the issuing officials herein named shall  
43 determine and may be issued in coupon form, fully-registered  
44 form or book-entry form. The bonds may be subject to  
45 redemption prior to maturity and shall mature and be paid not  
46 later than 35 years from the respective dates of their issuance.

47 7. The Governor, the State Treasurer and the Director of the  
48 Division of Budget and Accounting in the Department of the  
49 Treasury, or any two of these officials, herein referred to as "the  
50 issuing officials," are authorized to carry out the provisions of

1 this act relating to the issuance of bonds, and shall determine all  
2 matters in connection therewith, subject to the provisions of this  
3 act. If an issuing official is absent from the State or incapable of  
4 acting for any reason, the powers and duties of that issuing  
5 official shall be exercised and performed by the person  
6 authorized by law to act in an official capacity in the place of  
7 that issuing official.

8 8. Bonds issued in accordance with the provisions of this act  
9 shall be a direct obligation of the State of New Jersey, and the  
10 faith and credit of the State are pledged for the payment of the  
11 interest and redemption premium thereon, if any, when due, and  
12 for the payment of the principal thereof at maturity or earlier  
13 redemption date. The principal of and interest on the bonds shall  
14 be exempt from taxation by the State or by any county,  
15 municipality or other taxing district of the State.

16 9. The bonds shall be signed in the name of the State by means  
17 of the manual or facsimile signature of the Governor under the  
18 Great Seal of the State, which seal may be by facsimile or by way  
19 of any other form of reproduction on the bonds, and attested by  
20 the manual or facsimile signature of the Secretary of State, or an  
21 Assistant Secretary of State, and shall be countersigned by the  
22 facsimile signature of the Director of the Division of Budget and  
23 Accounting in the Department of the Treasury and may be  
24 manually authenticated by an authenticating agent or bond  
25 registrar, as the issuing official shall determine. Interest  
26 coupons, if any, attached to the bonds shall be signed by the  
27 facsimile signature of the Director of the Division of Budget and  
28 Accounting in the Department of the Treasury. The bonds may  
29 be issued notwithstanding that an official signing them or whose  
30 manual or facsimile signature appears on the bonds or coupons  
31 has ceased to hold office at the time of issuance, or at the time  
32 of the delivery of the bonds to the purchaser thereof.

33 10. a. The bonds shall recite that they are issued for the  
34 purposes set forth in section 5 of this act, that they are issued  
35 pursuant to this act, that this act was submitted to the people of  
36 the State at the general election held in the month of November,  
37 1990 and that this act was approved by a majority of the legally  
38 qualified voters of the State voting thereon at the election. This  
39 recital shall be conclusive evidence of the authority of the State  
40 to issue the bonds and their validity. Any bonds containing this  
41 recital shall, in any suit, action or proceeding involving their  
42 validity, be conclusively deemed to be fully authorized by this act  
43 and to have been issued, sold, executed and delivered in  
44 conformity herewith and with all other provisions of laws  
45 applicable hereto, and shall be incontestable for any cause.

46 b. The bonds shall be issued in those denominations and in the  
47 form or forms, whether coupon, fully-registered or book-entry,  
48 and with or without provisions for interchangeability thereof, as  
49 may be determined by the issuing officials.

50 11. When the bonds are issued from time to time, the bonds of

1 each issue shall constitute a separate series to be designated by  
2 the issuing officials. Each series of bonds shall bear such rate or  
3 rates of interest as may be determined by the issuing officials,  
4 which interest shall be payable semiannually; except that the  
5 first and last interest periods may be longer or shorter, in order  
6 that intervening semiannual payments may be at convenient dates.

7 12. The bonds shall be issued and sold at the price or prices  
8 and under the terms, conditions and regulations as the issuing  
9 officials may prescribe, after notice of the sale, published at  
10 least once in at least three newspapers published in this State,  
11 and at least once in a publication carrying municipal bond notices  
12 and devoted primarily to financial news, published in this State or  
13 in the city of New York, the first notice to appear at least five  
14 days prior to the day of bidding. The notice of sale may contain a  
15 provision to the effect that any bid in pursuance thereof may be  
16 rejected. In the event of rejection or failure to receive any  
17 acceptable bid, the issuing officials, at any time within 60 days  
18 from the date of the advertised sale, may sell the bonds at a  
19 private sale at such price or prices under the terms and  
20 conditions as the issuing officials may prescribe. The issuing  
21 officials may sell all or part of the bonds of any series as issued  
22 to any State fund or to the federal government or any agency  
23 thereof, at a private sale, without advertisement.

24 13. Until permanent bonds are prepared, the issuing officials  
25 may issue temporary bonds in the form and with those privileges  
26 as to their registration and exchange for permanent bonds as may  
27 be determined by the issuing officials.

28 14. The proceeds from the sale of the bonds shall be paid to  
29 the State Treasurer in a separate fund, which shall be known as  
30 the "Shore Protection and Restoration Fund." The proceeds of  
31 this fund shall be deposited in those depositories as may be  
32 selected by the State Treasurer to the credit of the fund.

33 15. a. The moneys in the "Shore Protection and Restoration  
34 Fund" are specifically dedicated and shall be applied to the cost  
35 of the purposes set forth in section 5 of this act. However, no  
36 moneys in the fund shall be expended from those purposes, except  
37 as otherwise authorized by this act, without the specific  
38 appropriation thereof by the Legislature, but bonds may be issued  
39 as herein provided, notwithstanding that the Legislature shall not  
40 have then adopted an act making a specific appropriation of any  
41 of the moneys. Any act appropriating moneys from the "Shore  
42 Protection and Restoration Fund" shall identify the project to be  
43 funded by the moneys.

44 b. At any time prior to the issuance and sale of bonds under  
45 this act, the State Treasurer is authorized to transfer from any  
46 available moneys in any fund of the treasury of the State to the  
47 credit of the "Shore Protection and Restoration Fund" those sums  
48 as the State Treasurer may deem necessary. The sums so  
49 transferred shall be returned to the same fund of the treasury of  
50 the State by the State Treasurer from the proceeds of the sale of

1 the first issue of bonds.

2 c. Pending their application to the purposes provided in this  
3 act, the moneys in the "Shore Protection and Restoration Fund"  
4 may be invested and reinvested as are other trust funds in the  
5 custody of the State Treasurer, in the manner provided by law.  
6 Net earnings received from the investment or deposit of moneys  
7 in the "Shore Protection and Restoration Fund" shall be paid into  
8 the General Fund.

9 16. If any coupon bond, coupon or registered bond is lost,  
10 mutilated or destroyed, a new bond or coupon shall be executed  
11 and delivered of like tenor, in substitution for the lost, mutilated  
12 or destroyed bond or coupon, upon the owner furnishing to the  
13 issuing officials evidence satisfactory to them of the loss,  
14 mutilation or destruction of the bond or coupon, the ownership  
15 thereof, and security, indemnity and reimbursement for expenses  
16 connected therewith, as the issuing officials may require.

17 17. The accrued interest, if any, received upon the sale of the  
18 bonds shall be applied to the discharge of a like amount of  
19 interest upon the bonds when due. Any expense incurred by the  
20 issuing officials for advertising, engraving, printing, clerical,  
21 authenticating, registering, legal or other services necessary to  
22 carry out the duties imposed upon them by the provisions of this  
23 act shall be paid from the proceeds of the sale of the bonds by  
24 the State Treasurer, upon the warrant of the Director of the  
25 Division of Budget and Accounting in the Department of the  
26 Treasury, in the same manner as other obligations of the State  
27 are paid.

28 18. Bonds of each series issued hereunder shall mature,  
29 including any sinking fund redemptions, not later than the 35th  
30 year from the date of issue of that series, and in amounts as shall  
31 be determined by the issuing officials. The issuing officials may  
32 reserve to the State by appropriate provision in the bonds of any  
33 series the power to redeem any of the bonds prior to maturity at  
34 the price or prices and upon the terms and conditions as may be  
35 provided in the bonds.

36 19. The issuing officials may issue refunding bonds in an  
37 amount not to exceed the amount necessary to effectuate the  
38 refinancing of any bonds issued pursuant to this act, at any time  
39 and from time to time, for the purpose of refinancing any bond or  
40 bonds issued pursuant to this act, subject to the following  
41 provisions:

42 a. Refunding bonds may be issued at any time prior to the  
43 maturity or redemption of the bonds to be refinanced thereby as  
44 the issuing officials shall determine.

45 b. Each series of refunding bonds may be issued in a sufficient  
46 amount to pay or to provide for the payment of the principal of  
47 the bonds to be refinanced thereby, together with any redemption  
48 premium thereon, any interest accrued or to accrue on the bonds  
49 to be refinanced to the date of payment of the outstanding bonds,  
50 the expense of issuing the refunding bonds and the expenses, if

1 any. of paying the bonds to be refinanced.

2 c. No refunding bonds shall be issued unless the issuing  
3 officials shall first determine that the present value of the  
4 aggregate principal amount of interest on the refunding bonds is  
5 less than the present value of the aggregate principal amount of  
6 the interest on the bonds to be refinanced thereby; provided, for  
7 the purposes of this limitation, present value shall be computed  
8 using a discount rate equal to the yield of those refunding bonds.  
9 and yield shall be computed using an actuarial method based upon  
10 a 360-day year with semiannual compounding and upon the price  
11 or prices paid to the State by the initial purchasers of those  
12 refunding bonds.

13 d. Any refinancing authorized hereunder may be effected by  
14 the sale of the refunding bonds and the application of the  
15 proceeds thereof to the immediate payment of the principal of  
16 the bonds to be refinanced thereby, together with any redemption  
17 premium thereon, any interest accrued or to accrue on those  
18 bonds to be refinanced to the date of payment of those bonds, the  
19 expenses of issuing the refunding bonds and the expenses, if any,  
20 of paying those bonds to be refinanced, or, to the extent not  
21 required for that immediate payment, shall be deposited,  
22 together with any other moneys legally available therefor, in  
23 trust with one or more trustees or escrow agents, which trustees  
24 or escrow agents shall be trust companies or national or state  
25 banks having powers of a trust company, located either within or  
26 without the State, to be applied solely to the payment when due  
27 of the principal of, redemption premium, if any, and interest due  
28 and to become due on the bonds to be refinanced on or prior to  
29 the redemption date or maturity date thereof, as the case may  
30 be. The proceeds or moneys so held by the trustees or escrow  
31 agents may be invested in government securities, including  
32 government securities issued or held in book-entry form on the  
33 books of the Department of Treasury of the United States;  
34 provided those government securities shall not be subject to  
35 redemption prior to their maturity other than at the option of the  
36 holder thereof. Except as otherwise provided in this subsection,  
37 neither government securities nor moneys so deposited with the  
38 trustees or escrow agents shall be withdrawn or used for any  
39 purpose other than, and shall be held in trust for, the payment of  
40 the principal of, redemption premium, if any, and interest on the  
41 bonds to be refinanced thereby; provided that any cash received  
42 from the principal or interest payments on those government  
43 securities deposited with the trustees, or escrow agents, to the  
44 extent the cash will not be required at any time for that purpose,  
45 shall be paid over to the trustees or escrow agents, and to the  
46 extent the cash will be required for that purpose at a later date,  
47 shall, to the extent practicable and legally permissible, be  
48 reinvested in government securities maturing at times and in  
49 amounts sufficient to pay when due the principal of, redemption  
50 premium, if any, and interest to become due on the bonds to be

1 refinanced, on and prior to the redemption date or maturity date  
2 thereof, as the case may be, and interest earned from those  
3 reinvestments, to the extent not required for the payment of  
4 bonds, shall be paid over to the State, as received by the trustees  
5 or escrow agents. Notwithstanding anything to the contrary  
6 contained herein: (1) the trustees or escrow agents shall, if so  
7 directed by the issuing officials, apply moneys on deposit with the  
8 trustees or escrow agents pursuant to the provisions of this  
9 section, and redeem or sell government securities so deposited  
10 with the trustees or escrow agents, and apply the proceeds  
11 thereof to (a) the purchase of bonds which were refinanced by the  
12 deposit with the trustees or escrow agents of the moneys and  
13 government securities and immediately thereafter cancel all  
14 outstanding bonds so purchased or (b) the purchase of different  
15 government securities; provided however, that the moneys and  
16 government securities on deposit with the trustees or escrow  
17 agents after the purchase and cancellation of the outstanding  
18 bonds or the purchase of different government securities shall be  
19 sufficient to pay when due the principal of, redemption premium,  
20 if any, and interest on all other bonds in respect of which the  
21 moneys and government securities were deposited with the  
22 trustees or escrow agents on or prior to the redemption date or  
23 maturity date thereof, as the case may be; and (2) in the event  
24 that on any date, as a result of any purchases and cancellations of  
25 the outstanding bonds or any purchases of different government  
26 securities as provided in this subsection, the total amount of  
27 moneys and government securities remaining on deposit with the  
28 trustees or escrow agents is in excess of the total amount which  
29 would have been required to be deposited with the trustees or  
30 escrow agents on that date in respect of the remaining bonds for  
31 which such deposit was made in order to pay when due the  
32 principal of, redemption premium, if any, and interest on those  
33 remaining bonds, the trustees or escrow agents shall, if so  
34 directed by the issuing officials, pay the amount of that excess to  
35 the State. Any amounts held by the State Treasurer in a separate  
36 fund or funds for the payment of the principal of, redemption  
37 premium, if any, and interest on bonds to be refinanced, as  
38 provided herein, shall, if so directed by the issuing officials, be  
39 transferred by the State Treasurer for deposit with one or more  
40 trustees or escrow agents, as provided herein, to be applied to the  
41 payment when due of the principal of, redemption premium, if  
42 any, and interest to become due on those bonds to be refinanced,  
43 as provided in this section, or be applied by the State Treasurer  
44 to the payment when due of the principal of, redemption  
45 premium, if any, and interest on refunding bonds issued hereunder  
46 to refinance those bonds. The State Treasurer is authorized to  
47 enter into contracts with one or more trust companies or national  
48 or state banks, as provided herein, to act as trustees or escrow  
49 agents, as provided herein, subject to the approval of the issuing  
50 officials.

1 e. Notwithstanding the provisions of section 12 of this act, any  
2 series of refunding bonds issued pursuant to this section shall  
3 mature at any time or times not later than five years following  
4 the latest scheduled final maturity date, determined without  
5 regard to any redemptions prior thereto, of any of the bonds to be  
6 refunded thereby, and in no event later than 35 years following  
7 the date of issuance of that series of refunding bonds, and those  
8 refunding bonds may be sold at public or private sale at prices  
9 and under terms, conditions and regulations as the issuing  
10 officials may prescribe. Refunding bonds shall be entitled to all  
11 the benefits of this act and subject to all its limitations, except  
12 as to sale provisions and to the extent therein otherwise expressly  
13 provided.

14 f. Upon the decision by the issuing officials to issue refunding  
15 bonds pursuant to this section, and prior to the sale of those  
16 bonds, the issuing officials shall transmit to the Joint Budget  
17 Oversight Committee, or its successor, a report that a decision  
18 has been made, reciting the basis on which the decision was  
19 made, including an estimate of the debt service savings to be  
20 achieved and the calculations upon which the issuing officials  
21 relied when making the decision to issue refunding bonds. The  
22 report also shall disclose the intent of the issuing officials to  
23 issue and sell the refunding bonds at public or private sale and the  
24 reasons therefor.

25 g. The Joint Budget Oversight Committee, or its successor,  
26 shall have authority to approve or disapprove the sale of  
27 refunding bonds as included in each report submitted in  
28 accordance with subsection f. of this section. The committee  
29 shall notify the issuing officials in writing of the approval or  
30 disapproval as expeditiously as possible.

31 h. No refunding bonds shall be issued unless the report has  
32 been submitted to and approved by the Joint Budget Oversight  
33 Committee, or its successor, as set forth in subsection g. of this  
34 section.

35 i. Within 30 days after the sale of the refunding bonds, the  
36 issuing officials shall notify the Joint Budget Oversight  
37 Committee, or its successor, of the result of that sale, including  
38 the prices and terms, conditions and regulations concerning the  
39 refunding bonds, the actual amount of debt service savings to be  
40 realized as a result of the sale of refunding bonds, and the  
41 intended use of the proceeds from the sale of those bonds.

42 j. The Joint Budget Oversight Committee, or its successor,  
43 shall, however, review all information and reports submitted in  
44 accordance with this section and may, on its own initiative, make  
45 observations and recommendations to the issuing officials, or to  
46 the Legislature, or both, as it deems appropriate.

47 20. Any bond or bonds issued hereunder shall no longer be  
48 deemed to be outstanding, shall no longer constitute a direct  
49 obligation of the State of New Jersey, and the faith and credit of  
50 the State shall no longer be pledged to the payment of the

1 principal of, redemption premium, if any, and interest on the  
2 bonds, and the bonds shall be secured solely by and payable solely  
3 from moneys and government securities deposited in trust with  
4 one or more trustees or escrow agents, which trustees and escrow  
5 agents shall be trust companies or national or state banks having  
6 powers of a trust company, located either within or without the  
7 State, as provided herein, whenever there shall be deposited in  
8 trust with the trustees or escrow agents, as provided herein,  
9 either moneys or government securities, including government  
10 securities issued or held in book-entry form on the books of the  
11 Department of Treasury of the United States, the principal of and  
12 interest on which when due will provide money which, together  
13 with the moneys, if any, deposited with the trustees or escrow  
14 agents at the same time, shall be sufficient to pay when due the  
15 principal of, redemption premium, if any and interest due and to  
16 become due on the bonds on or prior to the redemption date or  
17 maturity date thereof, as the case may be; provided the  
18 government securities shall not be subject to redemption prior to  
19 their maturity other than at the option of the holder thereof.  
20 The State of New Jersey hereby covenants with the holders of  
21 any bonds for which government securities or moneys shall have  
22 been deposited in trust with the trustees or escrow agents as  
23 provided in this section that, except as otherwise provided in this  
24 section, neither the government securities nor moneys so  
25 deposited with the trustees or escrow agents shall be withdrawn  
26 or used by the State for any purpose other than, and shall be held  
27 in trust for, the payment of the principal of, redemption  
28 premium, if any, and interest to become due on the bonds;  
29 provided that any cash received from the principal or interest  
30 payments on the government securities deposited with the  
31 trustees or escrow agents, to the extent the cash will not be  
32 required at any time for that purpose, shall be paid over to the  
33 State, as received by the trustees or escrow agents, free and  
34 clear of any trust, lien, pledge or assignment securing the bonds;  
35 and to the extent the cash will be required for that purpose at a  
36 later date, shall, to the extent practicable and legally  
37 permissible, be reinvested in government securities maturing at  
38 times and in amounts sufficient to pay when due the principal of,  
39 redemption premium, if any, and interest to become due on the  
40 bonds on and prior to the redemption date or maturity date  
41 thereof, as the case may be, and interest earned from the  
42 reinvestments shall be paid over to the State, as received by the  
43 trustees or escrow agents, free and clear of any trust, lien or  
44 pledge securing the bonds. Notwithstanding anything to the  
45 contrary contained herein: a. the trustees or escrow agents  
46 shall, if so directed by the issuing officials, apply moneys on  
47 deposit with the trustees or escrow agents pursuant to the  
48 provisions of this section, and redeem or sell government  
49 securities so deposited with the trustees or escrow agents, and  
50 apply the proceeds thereof to (1) the purchase of the bonds which

1 were refinanced by the deposit with the trustees or escrow agents  
2 of the moneys and government securities and immediately  
3 thereafter cancel all bonds so purchased, or (2) the purchase of  
4 different government securities; provided however, that the  
5 moneys and government securities on deposit with the trustees or  
6 escrow agents after the purchase and cancellation of the bonds or  
7 the purchase of different government securities shall be  
8 sufficient to pay when due the principal of, redemption premium,  
9 if any, and interest on all other bonds in respect of which the  
10 moneys and government securities were deposited with the  
11 trustees or escrow agents on or prior to the redemption date or  
12 maturity date thereof, as the case may be; and b. in the event  
13 that on any date, as a result of any purchases and cancellations of  
14 bonds or any purchases of different government securities, as  
15 provided in this sentence, the total amount of moneys and  
16 government securities remaining on deposit with the trustees or  
17 escrow agents is in excess of the total amount which would have  
18 been required to be deposited with the trustees or escrow agents  
19 on that date in respect of the remaining bonds for which the  
20 deposit was made in order to pay when due the principal of,  
21 redemption premium, if any, and interest on the remaining bonds,  
22 the trustees or escrow agents shall, if so directed by the issuing  
23 officials, pay the amount of the excess to the State, free and  
24 clear of any trust, lien, pledge or assignment securing the  
25 refunding bonds.

26 21. Refunding bonds issued pursuant to section 19 of this act  
27 may be consolidated with bonds issued pursuant to section 6 of  
28 this act or with bonds issued pursuant to any other act for  
29 purposes of sale.

30 22. To provide funds to meet the interest and principal  
31 payment requirements for the bonds and refunding bonds issued  
32 under this act and outstanding, there is appropriated in the order  
33 following:

34 a. Revenue derived from the collection of taxes under the  
35 "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or  
36 so much thereof as may be required; and

37 b. If, at any time, funds necessary to meet the interest,  
38 redemption premium, if any, and principal payments on  
39 outstanding bonds issued under this act are insufficient or not  
40 available, there shall be assessed, levied and collected annually in  
41 each of the municipalities of the counties of this State, a tax on  
42 the real and personal property upon which municipal taxes are or  
43 shall be assessed, levied and collected, sufficient to meet the  
44 interest on all outstanding bonds issued hereunder and on the  
45 bonds proposed to be issued under this act in the calendar year in  
46 which the tax is to be raised and for the payment of bonds falling  
47 due in the year following the year for which the tax is levied.  
48 The tax shall be assessed, levied and collected in the same  
49 manner and at the same time as are other taxes upon real and  
50 personal property. The governing body of each municipality shall

1 cause to be paid to the county treasurer of the county in which  
2 the municipality is located, on or before December 15 in each  
3 year, the amount of tax herein directed to be assessed and levied,  
4 and the county treasurer shall pay the amount of the tax to the  
5 State Treasurer on or before December 20 in each year.

6 If on or before December 31 in any year, the issuing officials,  
7 by resolution, determine that there are moneys in the General  
8 Fund beyond the needs of the State, sufficient to meet the  
9 principal of bonds falling due and all interest and redemption  
10 premium, if any, payable in the ensuing calendar year, the issuing  
11 officials shall file the resolution in the office of the State  
12 Treasurer, whereupon the State Treasurer shall transfer the  
13 moneys to a separate fund to be designated by the State  
14 Treasurer, and shall pay the principal, redemption premium, if  
15 any, and interest out of that fund as the same shall become due  
16 and payable, and the other sources of payment of the principal,  
17 redemption premium, if any, and interest provided for in this  
18 section shall not then be available, and the receipts for the year  
19 from the tax specified in subsection a. of this section shall be  
20 considered and treated as part of the General Fund, available for  
21 general purposes.

22 23. Should the State Treasurer, by December 31 of any year,  
23 deem it necessary, because of the insufficiency of funds collected  
24 from the sources of revenues as provided in this act, to meet the  
25 interest and principal payments for the year after the ensuing  
26 year, then the State Treasurer shall certify to the Director of the  
27 Division of Budget and Accounting in the Department of the  
28 Treasury the amount necessary to be raised by taxation for those  
29 purposes, the same to be assessed, levied and collected for and in  
30 the ensuing calendar year. The director shall, on or before  
31 March 1 following, calculate the amount in dollars to be assessed,  
32 levied and collected in each county as herein set forth. This  
33 calculation shall be based upon the corrected assessed valuation  
34 of each county for the year preceding the year in which the tax is  
35 to be assessed, but the tax shall be assessed, levied and collected  
36 upon the assessed valuation of the year in which the tax is  
37 assessed and levied. The director shall certify the amount to the  
38 county board of taxation and the treasurer of each county. The  
39 county board of taxation shall include the proper amount in the  
40 current tax levy of the several taxing districts of the county in  
41 proportion to the ratables as ascertained for the current year.

42 24. For the purpose of complying with the provisions of the  
43 State Constitution, this act shall be submitted to the people at  
44 the general election to be held in the month of November, 1990.  
45 To inform the people of the contents of this act, it shall be the  
46 duty of the Secretary of State, after this section takes effect,  
47 and at least 15 days prior to the election, to cause this act to be  
48 published in at least 10 newspapers published in the State and to  
49 notify the clerk of each county of this State of the passage of  
50 this act; and the clerks respectively, in accordance with the

1 instructions of the Secretary of State, shall have printed on each  
 2 of the ballots the following:

3 If you approve of the act entitled below, make a cross (x), plus  
 4 (+), or check (✓) mark in the square opposite the word "Yes."

5 If you disapprove of the act entitled below, make a cross (x),  
 6 plus (+), or check (✓) mark in the square opposite the word "No."

7 If voting machines are used, a vote of "Yes" or "No" shall be  
 8 equivalent to these markings respectively.

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YES	<p>"SHORE PROTECTION BOND ACT OF 1990"</p> <p>Shall the "Shore Protection Bond Act of 1990," which authorizes the State to issue bonds in the amount of \$75,000,000 for the purpose of financing State grants and loans to counties and municipalities for the researching, planning, acquiring, developing, constructing and maintaining of shore protection projects; and in a principal amount sufficient to refinance any of the bonds if the same will result in a present value savings; and providing the ways and means to pay the interest on the debt and also to pay and discharge the principal thereof, be approved?</p>
NO	<p>INTERPRETIVE STATEMENT</p> <p>Approval of this act would authorize the sale of \$75,000,000 in State general obligation bonds to be used for the purpose of providing State grants and loans to counties and municipalities for shore protection projects. The act also authorizes the issuance of bonds in a sufficient amount to refinance all or any of these bonds if the same will result in a present value savings.</p>

42 The fact and date of the approval or passage of this act, as the  
 43 case may be, may be inserted in the appropriate place after the  
 44 title in the ballot. No other requirements of law of any kind or  
 45 character as to notice or procedure, except as herein provided,  
 46 need be adhered to.

47 The votes so cast for and against the approval of this act, by  
 48 ballot or voting machines, shall be counted and the result thereof  
 49 returned by the election officer, and a canvass of the election  
 50 had in the same manner as is provided for by law in the case of  
 51 the election of a Governor, and the approval or disapproval of  
 52 this act so determined shall be declared in the same manner as  
 53 the result of an election for a Governor, and if there is a majority  
 54 of all the votes cast for and against it at the election in favor of  
 55 the approval of this act, then all the provisions of this act not  
 56 made effective theretofore shall take effect forthwith.

1 25. There is appropriated the sum of \$5,000 to the Department  
2 of State for expenses in connection with the publication of notice  
3 pursuant to section 24 of this act.

4 26. The commissioner shall submit to the State Treasurer and  
5 the commission with the department's annual budget request a  
6 plan for the expenditure of funds from the "Shore Protection and  
7 Restoration Fund" for the upcoming fiscal year. This plan shall  
8 include the following information: a performance evaluation of  
9 the expenditures made from the fund to date; a description of  
10 programs planned during the upcoming fiscal year; a copy of the  
11 regulations in force governing the operation of programs that are  
12 financed, in part or in whole, by funds from the "Shore Protection  
13 and Restoration Fund;" and an estimate of expenditures for the  
14 upcoming fiscal year.

15 27. Immediately following the submission to the Legislature of  
16 the Governor's annual budget message, the commissioner shall  
17 submit to the Senate Environmental Quality Committee and the  
18 Assembly Energy and Environment Committee, or their  
19 successors, and to the Joint Budget Oversight Committee, or its  
20 successor, a copy of the plan called for under section 26 of this  
21 act, together with such changes therein as may have been  
22 required by the Governor's budget message.

23 28. Not less than 30 days prior to entering into any contract,  
24 lease, obligation, or agreement to effectuate the purposes of this  
25 act, the commissioner shall report to and consult with the Joint  
26 Budget Oversight Committee, or its successor.

27 29. All appropriations from the bond fund shall be by specific  
28 allocation for each major project, and any transfer of any funds  
29 so appropriated shall require the approval of the Joint Budget  
30 Oversight Committee, or its successor.

31 30. This section and sections 24 and 25 of this act shall take  
32 effect immediately and the remainder of this act shall take  
33 effect as and when provided in section 24.

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35  
36 STATEMENT

37  
38 The shores, bays, harbors, sounds, inlets and other coastal  
39 waters of New Jersey constitute an exceptional and diverse  
40 natural environmental resource that is also an important  
41 component of the overall State economy, as well as a major  
42 feature of the tourism industry. In order that the coastal region  
43 retains its vital role in this State sufficient resources must be  
44 allocated to its protection, and thus ensure the continued use of  
45 this precious resource for future generations of New Jerseyans.

46 This measure authorizes the sale of State bonds, in the  
47 aggregate principal amount of \$75,000,000 to provide for State  
48 grants and loans to counties and municipalities for shore  
49 protection projects throughout the coastal region of the State.

50 The program to effectuate these shore protection projects

1 would be undertaken by the Department of Environmental  
2 Protection and the affected counties and municipalities.

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BEACHES AND SHORES

6

7 "Shore Protection Bond Act of 1990;" authorizes bonds for \$75  
8 million, and appropriates \$5.000.

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ASSEMBLYMAN EDWARD H. SALMON (Chairman): We would like to get started this morning, if we may. First of all, I would like to say thank you to Mayor Joyce Gould for opening up the Community Center here so we could hold a Committee hearing on some very important legislation that affects all of us here in the State of New Jersey. I didn't know that we could expect such a big crowd. It almost seems like we could have had a bigger room, but we'll work on that next time.

At this time I'd like to introduce Mayor Gould. I'll tell you, she's the only mayor I know who makes coffee, and serves coffee and tea to all of her guests, and I think she deserves a nice round of applause. (applause) I would just like to introduce the Mayor for a few words of welcome.

M A Y O R J O Y C E P. G O U L D: We just want to welcome you to a sunny, dry Wildwood Crest today, after last night's storm. We didn't sustain any damage, so we were really lucky. At least no one called me last night to tell me something terrible had blown over. I guess I'll hear about that in a little while.

There will be more coffee coming. Just enjoy the day. The sun is coming in, so I hope it will be warm enough for everybody, and we're glad that you could all make it. Thank you.

ASSEMBLYMAN SALMON: Okay, thank you very much, Mayor.

The procedure is going to be as follows today: We have three key issues that we're discussing as a Committee. We're discussing the Shore Protection Bond Act of 1990 that will authorize \$75 million to help for shore protection up and down the coast of New Jersey. That has to have a public hearing by law, so it will be recorded and it will be a public hearing on that bond issue. Once that public hearing is completed, those individuals recording will be dismissed and they will break down their equipment. Then we will come back and vote on that issue -- to release that bond issue.

Second then, we will have testimony relating to two other bills; one a shore aid bill, and the other, a lifeguard bill that would make permanent, lifeguard legislation relating to hotels and motels throughout the State of New Jersey.

With that in mind, I just want to also, as the Mayor said, welcome everybody to Wildwood Crest, and the Community Center. I remember the dedication last year at this community hall. Most people who know me know that I enjoy playing an hour of basketball every morning from 6:30 to 7:30 to get my workout each day. The Mayor's husband challenged me to a game, so I have to get down here one time and find out just how nice the gymnasium is here in the Community Center.

But to start off, I'd like to introduce the members of the Committee who are here. They are shore legislators who work very hard for the shore. First of all, Chris Connors is here. He represents a district that takes in Monmouth County, and he has had the right start in life. His Dad is Mayor of Surf City, and a State Senator, and Chris is doing a great job in the Assembly working on behalf of shore districts.

My colleague Frank LoBiondo is here from the First Legislative District. Frank certainly puts a lot of time and effort into representing us in regards to issues that affect us and that we need to make sure we are productive on.

I have some aides who are here. From the Minority staff, we have Deb Smarth, all the way to the right, who you would be facing. This young man is from the Office of Legislative Services. His name is John Hutchison. This young man to my left is from the Majority staff. His name is Joe Devaney. Joe and Deb are what you call staff members who work totally with this Committee looking at all the issues dealing with economic growth, agriculture, tourism, and coastal protection.

We also have with us Jim Rollins and Bill Maer, from Majority staff.

We will be joined sometime this morning by two other Assemblymen on this Committee. We will have with us John Villapiano, who also represents a shore district, and we will have with us Fred Scerni, who is from Atlantic County who represents a shore district.

With that in mind, I'd like to declare that the public hearing is now open on A-3798. That bill would be the Shore Protection Bond Act of 1990, authorizing bonds of \$75 million.

To testify first, I'd like to call on Bernie Moore, who is the Assistant Director of the Division of Coastal Resources from the Department of Environmental Protection, and with Bernie is also Ed Neafsey, Special Assistant to Commissioner Judith Yaskin.

**EDWARD M. NEAFSEY:** Good morning, Mr. Chairman, members of the Committee. It's nice to see all of you down here again, rather than up in Trenton where we usually meet.

You know Bernie Moore. He is an Assistant Director in the Division of Coastal Resources, and he's in charge of the construction side of what Coastal Resources does. I'd like to just make a few brief comments and then turn it over to Bernie.

**UNIDENTIFIED MEMBER OF AUDIENCE:** We can't hear him.

**ASSEMBLYMAN SALMON:** Speak a little louder, if you will, please.

**MR. NEAFSEY:** Okay. Yes, Mr. Chairman.

The Department would like to commend you, Mr. Chairman, for sponsoring this legislation and bringing this issue to the fore in authoring the bill, because we recognize the need to develop programs which protect New Jersey's greatest natural resource treasure, and that is its coastline.

The kinds of projects, the projects that can be done in this regard, are a down payment on the State's economy. As all of you are aware from your work on this Committee, tourism is the second largest industry in the State. It accounts for approximately \$12 billion a year, and the bulk of that is

generated here at the Jersey shore. Additionally, these projects, along with beach and dune systems, provide protection to municipal infrastructure and to public and private facilities. And, Mr. Chairman, I'm aware of your work on behalf of the City of Ocean City, and I know the other Assemblymen here have projects that are ongoing in their districts.

I would just like to share with you that I come from about 100 miles due north of here, in Assemblyman Villapiano's district, and the Department just completed a project there in Bradley Beach, New Jersey. Not only did that project replenish a beach that had been totally destroyed by a storm, but in replenishing the beach we were able to provide protection to Ocean Avenue. It's similar to the setup right here in Wildwood Crest where there is a beach, then a boardwalk, and then Ocean Avenue. And in Bradley Beach on Ocean Avenue there are water mains. There are also sanitary sewer lines, so it was almost double your fun with regard to the project in that regard because the beach, which had been completely wiped out by a storm, was restored, but also in restoring the beach so that it could be used by the citizens, we added additional protection to the infrastructure that was set up there along the ocean on Ocean Avenue in Bradley Beach.

Finally, and not least importantly, but finally, none of us should forget the scene six weeks ago. Six weeks ago up and down our coastline there were millions of smiling faces enjoying the shoreline, and we must ensure through projects like the ones that will be discussed today that our beaches continue to provide enjoyment and pleasure for all of the State's citizens, be they young or old.

With that, Mr. Chairman, I again would like to thank you and the Committee for focusing on this issue that is vital to the State's economy and to the environment, and I would hand it over to Bernie Moore.

ASSEMBLYMAN SALMON: Director?

B E R N A R D J. M O O R E: Good morning, Mr. Chairman, members of the Committee.

Prior to you assembling here this morning I provided to each of you in your packet a list of proposed projects that could be funded under the \$75 million bond issue. The list that was provided is a list which reflects the needs as of today. This bond issue would be placed on the ballot for next November, and at that time the needs may change because of oceanfront conditions.

The list -- if I may just go over a couple of things -- includes a major project for Sea Bright/Monmouth Beach, which is part of a federally authorized project. If funds come from another source during the course of events, then that project would be dropped out. Otherwise we look at beachfills in cities like Atlantic City, Avalon, Cape May City, Keansburg, Ocean City, which would be covered-- The major beachfill in Ocean City would be covered under Assembly Bill No. 3802. This money here in this project is for the replenishment cycle, for both Ocean City and for the Cape May City project that is just getting underway.

There are approximately 13 major beachfill projects included on this list, five structural repair projects, moneys for continuation of the maintenance of sand dunes along our coastline, and moneys for two studies which we feel are extremely important. One is the FEMA monitoring, which is the result of the '84 storm, and we have been monitoring our coastline since then to show erosion and accretion of the sand, so that in the event we have another storm, we will be in a position to obtain more Federal funds for our protection.

The other one is the coastline study, also being generated by the Army Corps of Engineers, in which we are updating our data on beach erosion, but also on the currents that move up and down along our coast so that we can try to improve water quality at the same time.

If you have any questions, I will be more than happy to answer them.

ASSEMBLYMAN SALMON: I think one of the questions that is on a lot of people's minds is: In your opinion, what's our current situation, and what's the situation left from the 1983 bond issue?

MR. MOORE: All right. In the '83 bond issue there is \$2.88 million that has not been appropriated which is available and should go to the Barnegat Inlet project. It was originally scheduled to go there, but got hung up in committee. The balance of funds left in the '83 bond issue is \$5 million. Later on this month, we will be submitting some language to go to the legislators for a bill which would appropriate that \$5 million; 2.5 would go to grants, and 2.5 would go to loans. This money would be used, again, towards the Barnegat Inlet project, which has now come into the final phase, giving us roughly about a half a million dollars left to cover some change orders that may be anticipated in either the Cape May City project, Barnegat, or the Ocean City project. Other than that, we have expended all of the '83 funds to date.

ASSEMBLYMAN SALMON: What was the total amount of the '83 bond issue?

MR. MOORE: That was a \$50 million bond issue, with \$40 million going to grants for construction, and \$10 million going to loans.

ASSEMBLYMAN SALMON: I'd like to introduce to everybody Assemblyman John Villapiano. John had a long drive down. We appreciate very much John being with us. Would Assemblyman Connors, Assemblyman LoBiondo, or Assemblyman Villapiano have any questions they would like to ask of the Department?

ASSEMBLYMAN VILLAPIANO: Yes, Assemblyman.

Thank you very much, Mr. Moore, for coming down here. We appreciate your input. This is a wonderful turnout for such

a very, very important job that's at task. The bill before us appropriating, or asking for \$75 million from the voters, is certainly a most important step for us at the shore, but we all have to keep in mind that the entire State of New Jersey has to vote on something like this.

Bernie, in the proposed list of projects I see three sand bypass projects. Is it the intention of the Department to get more involved with sand bypass, because I-- You see, we're from the northern part of the State, on the coastline. We're starting to be sand starved because it seems like the bight moves sand south to north, in most of the State, if I'm correct?

MR. MOORE: Right.

ASSEMBLYMAN VILLAPIANO: It's starting to be a sand-starved situation up there. I would like your comment on the appropriateness in the future of sand bypass type projects.

MR. MOORE: Well, you'll see that we have the three sites: The Shark River, Manasquan, and Barnegat. Let me just touch on Barnegat first.

Barnegat is unique in the sense that built into the existing project that is ongoing, sand will be placed on a State Park facility, in between the new south jetty and the old south jetty. Conditions were such that we can slip a dredge in between these two jetties, have protection, and then bypass the sand down onto Long Beach Island.

In Manasquan, under the '83 bond issue, we undertook a study of the feasibility of bypassing sand at Manasquan. It was desirable. We have included in the price that you see here the acquisition of some private property alongside the south jetty of Manasquan, and then that would be bypassed on over into the Manasquan itself, into the Borough of Manasquan. Once that's done, then we can bypass sand at Shark River.

We are looking at these very seriously, because as you have said, the beaches to the north are starved for sand. To get sand in the northern part of the State, you have to go far

offshore; two-and-a-half miles or three miles offshore, and pump the material onshore. Here in the southern part of the State, we can sit in the inlets -- the natural inlets -- and have a ready source of supply of sand coming to us on a fairly regular basis, so it's a lot easier. But to the north, we have to look to the bypassing of sand.

ASSEMBLYMAN VILLAPIANO: One more question, Assemblyman Salmon, if you would bear with me for one more moment.

Bond issues are great. We've done a bond issue in '83, and we're hoping to get a bond issue in '91. Other bond issues have been appropriated for various things throughout the State of New Jersey. How do you consider the function of funding projects of the magnitude of this with bond issues, as opposed to a stable source of funding? I think that most everyone here should hear about the importance of a stable source of funding for these sorts of things.

MR. MOORE: Well, I would agree that if we had a stable source of funding, it would make for a very much smoother life, in the sense of planning projects. You know that you are going to get a fixed amount of funds each year. You can then begin to plan and organize a shore protection program. When you're working on bond issues, you're sort of at the mercy of the voters and the legislators to come up with a bond issue. If bond issues-- If you get into a situation where money could be tight, the interest rates on bonds could be high, and maybe the voters would say, "No." It's a very uneven flow of funds and there is unpredictability as to how your program is going to go. So, a stable source of funding would be the proper way.

MR. NEAFSEY: Assemblyman, if I could just add-- A stable source of funding would allow us to do the long-range planning that we need to do, rather than to come before you with hat in hand when we're nearing a critical situation.

ASSEMBLYMAN SALMON: Assemblyman LoBiondo?

ASSEMBLYMAN LOBIONDO: Barring an unforeseen storm emergency, which we all fear, I agree with Assemblyman Villapiano that probably the way we should go -- and I'm glad that he brought it up-- Would you be able to venture a guess on a permanent source of natural resources trust fund, of the amount of money per year, again, barring the emergency storm situation? I know numbers have been thrown around that \$50 million or \$60 million a year could easily be used on shore protection projects that are deemed necessary.

MR. MOORE: I think we have looked at a fund of somewhere between \$10 million to \$15 million per year. This would allow us to take on at least, maybe two major projects and then some smaller projects which we could handle. Once you get into \$50 million per year, now you are going to have to get into bigger staffs, which we don't really want, and it becomes more cumbersome. But \$10 million to \$15 million per year would be adequate.

ASSEMBLYMAN LOBIONDO: Thank you.

ASSEMBLYMAN SALMON: Would anyone else like to ask a question? (no response) Okay, very good. Thank you very much. We appreciated it, Director.

MR. MOORE: Thank you.

MR. NEAFSEY: Thank you.

ASSEMBLYMAN SALMON: I would like at this time to call Fritz Hirst, who represents the New Jersey Chapter of the National Dredging Association.

It's a little hard to hear in the back, so I would like to ask the speakers if they would try to project their voice as much as they can so those in the back can hear, we'd appreciate it.

F R I T Z H I R S T: Good morning, Mr. Chairman, members of the Committee. My name is Fritz Hirst. I represent the New Jersey Chapter of the National Dredging Association.

It's my pleasure to appear before you today to discuss the importance of stable funding for shore protection projects, in support of Assembly Bill No. 3798.

The New Jersey Chapter of the National Dredging Association is a long-standing supporter of the creation of a stable funding source for shore protection. Because of our long involvement with the infrastructure of our beaches and inland waterways, our members are in an excellent position to know what those needs are.

For far too long, shore maintenance has not received the attention it deserves. Our beaches and waterways are mainstays of New Jersey's \$10 billion a year tourism industry. A-3798 will serve to secure the longevity of a vital component of the New Jersey economy.

For nearly 15 years, the New Jersey Legislature has been wrestling with a source of stable funding to protect and develop the State's natural resources. An effective shore protection maintenance program requires a funding level of at least \$20 million per year, regardless of the funding mechanism. To budget less would be to ignore the years of neglect that our coastline has endured.

With the passage of The Natural Resources Development Act of 1986, H.R. 6, the Federal government has recognized the need to commit funding, over \$1 billion worth for New Jersey, for the protection and maintenance of our shores and waterways. In order for New Jersey to take full advantage of the Federal plan, the State must make the same commitment by creating an adequate funding mechanism.

New Jersey has an ambitious outlook for future civil works development. Not only are civil works appropriations crucial for shore protection, they are also badly needed for maintenance activities, commercial fishing, dredging of waterways, removal of drift materials in our bays, water supply, and flood control planning.

Assembly Bill No. 3798 will go a long way toward ensuring that vital elements of our economy and environment are secured for New Jersey's future.

Thank you for the opportunity to discuss this issue.

ASSEMBLYMAN SALMON: Any questions that the members of the Committee would like to have for Fritz? (no response) Okay, thank you very much.

MR. HIRST: Thank you, Mr. Chairman.

ASSEMBLYMAN SALMON: I have no one else who is signed up to speak on this \$75 million bond issue. Is there anybody who would like to speak on the bond issue? Mayor, please.

This is Mayor Dick Light from the City of Avalon. Good morning, Mayor, it's nice to see you.

M A Y O R R I C H A R D B. L I G H T: Good morning, Mr. Chairman, it's nice to be here. It's nice to have this opportunity, too, to meet your Committee.

I would like first-- I've got two subjects, very brief ones. I'd like first of all to recognize Bernie Moore, who for the Borough of Avalon, over the years, has been very professionally consistent in offering us advice, and counsel, and engineering advice, in addition. Of late, however, he has come to us only with an empty wallet, which has been a real problem. I subscribe to what he has said about stable funding, and I'd like to add to that just a bit.

Incidentally, we heard in Atlantic City yesterday -- many of us were up there on this very same subject-- They talked about \$90 million a year, not 10 to 15. They had everybody that you've all heard of -- experts from Monmouth County and Duke University and so on and so forth -- who subscribe to and support the \$90 million figure. I have no premise with that. I can't dispute or agree with it either.

Stable funding is an ideal and important situation to everyone, I think, not just barrier island people like ourselves, but everyone in the State of New Jersey who wants to

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subscribe to better property tax revenues, tourism, and all the benefits that we in New Jersey enjoy. I do feel, however, that there are some things which we cannot forget and should be reminded of consistently.

One is, when we talk about funding, I've got to say this to you, that we in Avalon have had it. We can't take anymore, we can't spend anymore. We're not broke, but we have spent a lot of money in the course of the last five years, and I would like to remind you of that, because we're going to apply for collection pretty soon, very positively.

In the 1987 landfill, after having poured close to a million dollars worth of sand into the ocean to protect our oceanfront property, and I might say the ratables range anywhere today from \$1 million to \$300 million-- The tax revenue is important; there is no question about it. We contributed, out of our own pockets in '87, some \$600,000 for the beachfill. We knew, at that time, that three to five years would require a repeat. We haven't been able to do that. We have had, as I say, a lot of help and advice from the Corps of Engineers and from Bernie Moore, and everyone has come to the conclusion that it's a great idea. Sympathy goes a long way, but that all starts next week, and we have not received any money.

In 1987, in addition to the \$600,000, we built an extra dune for \$187,000 for which we have not received one nickel. We found out this spring, that very seriously, Townsends Inlet was beginning to shoal over, and if it was allowed to continue at that rate, no one could get in or out.

We appropriated, on our own, in the Borough of Avalon, \$850,000, and we dredged Townsends Inlet. We went to our neighbors, north and south, to ask for assistance, and we got none. We debated whether to put a toll booth in the middle of the Inlet, but that didn't go very far. But when we talked about stabilized funding, we found out in the Borough of Avalon

that we wanted to do that, but we didn't have permission from the State and the amount of money that we might collect in Avalon from a transfer tax, as an example, would be only a drop in the bucket for what we might need.

We've gone through, in Cape May County, over the years, taxes on motel rooms, hotel rooms, and so on and so forth, all of which were turned down, and I think properly so. So today I suppose that the best effort that could be made, is to attempt to arrange a transfer tax of some description, which this bond issue would heartily, I suspect, subscribe to.

It's absolutely necessary that we have that, but I would say that out of the 1983 bond issue, of which there is 2.8 million left not having been appropriated, and about 5 million in addition, that it's time, I think, that the State of New Jersey start paying their debts, and this is a debt. This is an obligation that we in the Borough of Avalon are owed, and I don't think there is any argument or debate to the contrary. I would like to know when, and if, we're going to receive some of this money? I think that everyone would appreciate the fact that this is a substantial obligation and a real one.

Thank you very much.

ASSEMBLYMAN SALMON: Mayor, if you want, just-- Maybe somebody might have a question that they would like to ask you. Would any members of the Committee like to ask Mayor Light a question?

ASSEMBLYMAN VILLAPIANO: Mayor, if you don't want to answer this question, please don't feel obligated to, but I'm from the northern part of the State, or Central Jersey. We charge a lot of beach fees up there. Now, I'm not saying beach fees are the answer, but I've got a few thoughts in my mind that in the future we maybe should tap into that for a permanent source of funding.

What's the position down here in most of the towns? Are they charging beach fees at this point in time -- daily beach fees?

MAYOR LIGHT: Well, we charge seasonal and weekly. We have considered increasing them, but as a result of the Belmar decision we've had our tongue in cheek and a little reluctance to do that.

ASSEMBLYMAN VILLAPIANO: Don't be afraid, Mayor; don't be afraid.

MAYOR LIGHT: Well, we're not afraid. We know that-- As an example, I can tell you this: We have 80 lifeguards, and we have 30--some beach tag collectors, okay? We lose \$350,000 a year on operating our beach, so we've got to do something. If you go up and down the coast you'll find that most of the coast communities lose money, unless they are way high on beach fees, and we don't figure that we can do much more. Possibly, maybe, another 25% or 40% increase, but no more than that, is our considered opinion.

ASSEMBLYMAN VILLAPIANO: It's all weekly or seasonal, it's not daily?

MAYOR LIGHT: No, you can't buy daily. The administration costs eat you up; weekly or seasonal.

ASSEMBLYMAN VILLAPIANO: Thank you.

ASSEMBLYMAN SALMON: Any other questions for the Mayor? (no response) Mayor, thank you very much, and I must tell you this: I must have in my office at least 20 letters from you on one subject -- the stabilized source of funding for beaches -- and you are consistent.

MAYOR LIGHT: Thank you, and we're all for you, too.

ASSEMBLYMAN SALMON: Would anyone else like to testify on this bond issue? Commissioner Iannone? Commissioner Jim Iannone from Sea Isle City.

Before you start Commissioner, I would like to introduce to everybody Assemblyman Fred Scerni, from Atlantic County. Fred, we're very happy to have you with us this morning.

ASSEMBLYMAN SCERNI: Mr. Chairman, it's always a pleasure to be with you and to be visiting here in Cape May County. I'm sorry I'm a little late. I had some business in Atlantic County we had to resolve before heading down, but it's nice to be with you.

ASSEMBLYMAN SALMON: Thank you.

Commissioner?

C O M M I S S I O N E R J A M E S R. I A N N O N E:  
Thank you. Good morning, gentlemen. I hope I'm here to speak on the right issue, which is the new shore and shore State aid plan.

ASSEMBLYMAN SALMON: We're not on that yet, Commissioner.

COMMISSIONER IANNONE: We're not on that? Okay.

ASSEMBLYMAN SALMON: What we're on right now-- This is testimony on the \$75 million bond issue for beach protection; in other words, to replenish the beaches along the shore. This would be a bond issue that would go on the November ballot in 1991 for beach protection projects.

COMMISSIONER IANNONE: Well, Assemblyman, while I'm here, may I ask your permission to speak on both of those issues, if I could.

ASSEMBLYMAN SALMON: Well, if you can speak on one--

COMMISSIONER IANNONE: One right now.

ASSEMBLYMAN SALMON: --I can't take testimony on the other until later, okay?

COMMISSIONER IANNONE: Fine, I'll wait.

As you introduced me, I'm a Commissioner of Sea Isle City, which is, I believe, one of New Jersey's finest shore resorts. We have been on the edge of making our shorefront -- as you well know, Assemblyman, because you've visited several times -- one of the safest and most stable around. We've spent countless dollars over the years in improving our dune line, our grass plantings, our dune fence, and we've also spent millions of dollars in ocean replenishment.

We are about three quarters of the way through a project that was approved by the DEP. It's a low profile groin project, the last of which ended around 62nd or 63rd Street. I'm sorry, about 70th Street. Since that project has not been completed, it has created quite a problem toward the southern end of the island in terms of major erosion. Every northeastern storm we get, we lose thousands of cubic yards of beach sand. In fact, a few years ago, we were lucky enough to piggyback on a DEP project that was putting some sand on the beach in the Borough of Avalon at a cost, a direct cost with no State aid or State participation -- the City of Sea Isle City somewhere around \$400,000. Since then all of that sand has washed away. It is my understanding that the DEP does not have the funds, nor in its plan does it perceive the continuance of a low profile groin system as the way to go.

My question and my dilemma in that regard is: While the project which was approved by the State, the DEP, was only allowed to be three quarters of the way complete, it has created quite a burden on our community in trying to stabilize the southern end of the island. That, coupled with a lack of stable funding for the oceanfront, has increased our burden.

As you know, some of the homes along the oceanfront in any shore community are the most valuable. Those people pay the highest in taxes and certainly deserve the kind of attention that they need. Our communities today, with the growing cost of government and services, just simply cannot spend a couple of million dollars to complete that project.

You know, I am happy that something is being done in terms of putting forth a bond that would ultimately and hopefully come to Sea Isle City, so we can use some of that money. I'm also more interested in what happens after that in a stable source of funding -- funds that we can count on from time to time to help keep our shorefront stable.

With that, I would just like to thank you for the opportunity to talk on that, and I do have-- I'm a little more prepared to talk on the other issue. I'll fill out a card, and be happy to do that later. Thank you.

ASSEMBLYMAN SALMON: We appreciate that Commissioner. Any questions? Assemblyman LoBiondo?

ASSEMBLYMAN LOBIONDO: Good morning.

COMMISSIONER IANNONE: Good morning.

ASSEMBLYMAN LOBIONDO: Do you have any idea how your test project is going?

COMMISSIONER IANNONE: I'm glad you brought that question up. The test project is going very well. There was some difficulty in placement of those barricades--

ASSEMBLYMAN LOBIONDO: I remember.

COMMISSIONER IANNONE: --because of the bottom of the ocean. We hit some bogs and rough weather. They are attempting to correct that.

But, even with that misplacement we have seen an increase of the shoreline. The company, Breakwater International, which put that project together, has been talking to me with regard to -- talking to the Board -- with regard to possibly doing something at the southern end of the island. We would certainly be interested in cooperating with them on the test program, again, and possibly with the help of your Committee and the State, we could probably get that funded to some great extent. However, the decision still has to be made as to whether or not we want to continue the low profile groins versus the barricade system.

The studies show-- From what I understand, the studies show that the continuance of the low profile groin area without a final jetty going out toward the southern end of the island as a breakwater may further erode the deep southern end of the island.

Mr. Creter, from Breakwater International, suggests that with his system that may eliminate any further erosion on this far southern end, so I am in possession, at my office, of some aerial photographs and some literature from his office and from the University -- I think Rutgers University -- that may be of some help to your Committee in viewing what may be done in terms of funding and approval in the future.

ASSEMBLYMAN LoBIONDO: What's it been, about a year since placement?

COMMISSIONER IANNONE: Approximately a year, yes.

ASSEMBLYMAN LoBIONDO: And what's the balance of the test period time on that, another six months or so?

COMMISSIONER IANNONE: I don't think there is an end to it, Assemblyman. Once that's in and seems to be working, that stays. It will stay there.

ASSEMBLYMAN LoBIONDO: It stays, okay. And you do feel you are gaining some beach there?

COMMISSIONER IANNONE: We are, and I think if they were placed properly in the first place, we would have gained a lot more.

ASSEMBLYMAN LoBIONDO: Okay.

COMMISSIONER IANNONE: The contract we have with Breakwater International says that if it doesn't work, they'll pull them out.

ASSEMBLYMAN LoBIONDO: Right.

COMMISSIONER IANNONE: But it seems to be working and stabilizing that short section of beach down at 8th or 9th Street.

ASSEMBLYMAN LoBIONDO: Thank you.

COMMISSIONER IANNONE: Okay.

ASSEMBLYMAN SALMON: Any other questions for Commissioner Iannone? (no response) Thank you, Commissioner.

Anyone who would like to testify on this \$75 million bond issue? (no response) Seeing none, I will declare the public hearing on the \$75 million bond issue closed.

(HEARING CONCLUDED)

**APPENDIX**



State of New Jersey

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DIVISION OF COASTAL RESOURCES

CN 401

MONTON, NJ 08625-0401

Please address reply to:
1510 Hooper Avenue
Toms River, N.J. 08753
(201) 255-0770

PROPOSED LIST OF PROJECTS

FOR SHORE PROTECTION BOND ACT OF 1990

Table with 3 columns: Project Name, TOTAL COST, STATE SHARE. Rows include FEMA Shoreline Monitoring, USE Coastline Study, Sea Bright/Monmouth Beach-Beachfill Phase II, Atlantic City-Bulkhead, Atlantic City-Beachfill, Avalon-Beachfill, Sea Isle City-Beachfill, Cape May City-Beachfill, Old Bridge Township-Beachfill, Keansburg-Beachfill, Sand Dune Repairs (Statewide), Sand By-pass at Manasquan, Sand By-pass at Barnegat, Sand By-pass at Shark River, Ocean City-Groin Modification, Ocean City-Beachfill.

Proposed List of Projects  
Page 2

Brigantine-Beachfill	8,300,000	6,150,000
Stone Harbor-Beachfill	8,000,000	6,000,000
Wreck Pond-Bulkhead	1,500,000	1,125,000
Margate-Bulkhead	1,000,000	750,000
Middle Township-Jetty Repairs	1,000,000	750,000
Shark River-Jetty Repairs	750,000	750,000
Passaic River-Slope Protection	4,820,000	3,615,000
Aberdeen Township-Beachfill	1,000,000	750,000
Administration \$1,000,000/year	5,000,000	<u>5,000,000</u>
	TOTAL	\$75,930,000

2X