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# *Commission Meeting*

of

## NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

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**LOCATION:** Meeting via Teams

**DATE:** December 13, 2024  
10:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

James Rutala, Chair  
Senator Paul A. Sarlo  
Senator Douglas J. Steinhardt  
Assemblywoman Nancy F. Muñoz  
Lisa Almeida  
Aaron Binder  
David Drescher  
Samuel Kovach-Orr



**ALSO PRESENT:**

James Langsdorf  
*Executive Director*

Brian Onda  
*Assistant Executive Director*

Christine Trappe  
*Executive Assistant*

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

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**JAMES M. RUTALA (Chair):** Good morning, this is Jim Rutala.

I would like to call this meeting to order.

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

Roll call, please.

MR. LANGSDORF: Thank you, Chair.

Senator Sarlo.

SENATOR SARLO: Present.

MR. LANGSDORF: Senator Steinhardt. (no response)

Assemblyman Spearman. (no response)

Assemblywoman MOO-NOSE.

ASSEMBLYWOMAN MUÑOZ: MEW-NOSE -- yes; here.

MR. LANGSDORF: MEW-NOSE; I'm sorry.

ASSEMBLYWOMAN MUÑOZ: That's OK.

MR. LANGSDORF: Mr. Aaron Binder.

MR. BINDER: Here.

MR. LANGSDORF: Mr. David Drescher.

MR. DRESCHER: Here.

MS. LANGSDORF: Ms. Lisa Almeida.

MS. ALMEIDA: Here.

MR. LANGSDORF: Mr. Samuel Kovach-Orr.

MR. KOVACH-ORR: Here.

MR. LANGSDORF: Mr. Patrick Brennan. (no response)

Ms. Liz Mahn. (no response)

Mr. James Rutala.

MR. RUTALA: Here.

MR. LANGSDORF: Chairman, we have a quorum.

Thank you.

MR. RUTALA: Thank you.

Next, we'll take a motion for approval of the minutes from November 15, 2024. Revised (indiscernible) what was sent out this morning.

Do we have a motion?

MR. ONDA: Can I just speak to that real fast, Chairman?

MR. RUTALA: Sure.

MR. ONDA: So, the only change that happened to the minutes from what was previously sent out was that they were able to identify the speaker for DMAVA. It was the Adjutant General; they just weren't able to pick that up in an earlier version of the transcription.

MR. RUTALA: Thank you.

Do we have a motion?

MR. BINDER: Motion.

MR. RUTALA: Thank you.

Second?

MR. DRESCHER: Second.

MR. LANGSDORF: Thank you.

Senator Sarlo. (no response)

Senator Steinhardt. (no response)

Assemblyman Spearman.

UNIDENTIFIED SPEAKER: If I could -- I'm sorry to interrupt. Senator Steinhardt is informing me that he is waiting to be let in and can't get in.

SENATOR SARLO: Senator Sarlo is a yes.

MR. LANGSDORF: OK.

Assemblyman Spearman. (no response)

Assemblywoman Muñoz.

ASSEMBLYWOMAN MUÑOZ: Yes.

MR. LANGSDORF: Mr. Aaron Binder.

MR. BINDER: Yes.

MR. LANGSDORF: Mr. David Drescher.

MR. DRESCHER: Yes.

MR. LANGSDORF: Ms. Lisa Almeida.

MS. ALMEIDA: Yes.

MR. LANGSDORF: Mr. Samuel Kovach-Orr.

MR. KOVACH-ORR: Yes.

MR. LANGSDORF: Mr. Patrick Brennan. (no response)

Mr. James Rutala.

MR. RUTALA: Yes.

MR. LANGSDORF: Ms. Liz Mahn. (no response)

Chairman, the motion moves.

MR. RUTALA: OK, thank you.

OK, we'll continue to review the Fiscal 2026 capital requests with the Department of Corrections. They have 28 requests, totaling \$689,656,000.

Is there someone from the Department of Corrections?

**VICTORIA KUHN, Esq.:** Good morning, sir, this is Victoria Kuhn; I am the Commissioner with the New Jersey Department of Corrections.

How are you?

**MR. RUTALA:** Good.

**MS. KUHN:** So, I know I have a short period of time to present. I really just have three very brief things to say.

One is a very sincere thank you for having given us the opportunity the last three years to be able to do this. This Commission has made such a difference at Garden State Youth Correctional Facility.

Three years ago, I appeared speaking of the “bucket brigade” and the roofs caving in, and the flooring issues. And, thanks to the support of this Commission, that facility looks very different these days, and those projects are in various stages of implementation and completion. But, you have helped us preserve a very important facility in the State of New Jersey.

Through strategic planning, we at NJ DOC are now turning our attention to Northern State Prison. It is one of our largest facilities, which houses slightly over 2,600 incarcerated persons. It is located in Newark, New Jersey. It is also experiencing some significant infrastructure issues, much like we were seeing at Garden State.

So, just, in turning-- I’m hoping to be able to turn the Commission’s attention to some priorities for us at Northern State Prison. We understand that it’s going to probably be a multi-year process, doing this, but those pieces at Northern that are so critical for us right now are the roof replacements -- because we know leaking roofs damage so much more of the facility; replacement of flooring in various areas; we have some requests for (indiscernible) drain line; sewer line replacements that are certainly

important. And, then, down the line, some requests for some security features -- replacement of some security features like security sensing and security gates and windows.

So, that's really the infrastructure piece that we would highlight this morning. There is one other piece -- a fiscal responsibility piece -- and, I am actually looking at Assemblywoman Muñoz when I say this, and Senator Steinhardt, because during my budget hearing this past year, chillers and air conditioning and whether or not we are putting good money behind bad money really makes sense in some of those areas.

Assemblywoman, this is one of the facilities that has air conditioning for the population. But, that air conditioning starts to age and it starts to fail, and that's where we are now. So, we are in a position at Northern State Prison where our chillers have failed; there's rental equipment that is running the chillers now. At this time, the rental fee is not reaching the amount of money that it would cost to replace the chillers, but I do want to bring to the attention of the Commission that within two or three years, if we continue to rent the chillers, it would have been more fiscally responsible to replace the chillers. So, the rental fee on an annual basis is about \$1.7 million; the replacement fee for the chillers is about \$4.6 million.

So, I just raise that as food for thought for the Commission from a fiscal responsibility standpoint.

So, otherwise, we're always here to answer questions. I am hoping that the materials that we provided give enough explanation. I am happy to answer any questions, and you're always invited into the facility if you want to see exactly what we're talking about, in terms of the roofing and the flooring.

But, thank you for the opportunity to present this morning.

MR. RUTALA: Thank you, Commissioner.

Are there any questions? (no response)

OK, moving on; we'll continue.

Next, is the Department of Environmental Protection. They had 111 requests for \$2,352,961,000.

Is there someone available for the Department of Environmental Protection?

STEPHEN MATIS: Yes, Steve Matis; Budget Director.

Before I start, Brian, I'm sorry, your hand was up. Did you want to interject?

MR. ONDA: Yes, thank you; thank you.

I believe that Senator Steinhardt has arrived. He is on the -- I don't know if he wants to jump in; I don't know if he *can* unmute himself.

He's unable to unmute himself, and we're trying to figure out how to get it to work.

Senator Steinhardt, are you there?

UNIDENTIFIED SPEAKER: It's (indiscernible). I'm unable to unmute himself--

MR. ONDA: To unmute himself?

UNIDENTIFIED SPEAKER: Yes, he's a little frustrated he's got to raise his hand; he can't unmute himself. He's got a few things to say today.

MR. ONDA: OK. Yes, I -- I can't unmute him for some reason, it's a technical difficulty.

So, I know it's a nuisance, but can you try to call back again?

I'm sorry.

UNIDENTIFIED SPEAKER: I'll ask him.

MR. ONDA: OK.

UNIDENTIFIED SPEAKER: I would ask, though, when you get to DOT he has a few comments on that, I know. And, may on other things as well.

But, I'll give him the same dial-in number that I used, and ask him to use that, OK?

MR. ONDA: Thank you.

MR. MATIS: Should I continue, Brian, or do we want to wait?

MR. ONDA: (indiscernible), do you think he has something to say about either DOC or DEP?

UNIDENTIFIED SPEAKER: Not that I'm aware of--

MR. ONDA: As soon as he joins, we'll give him the option to discuss whatever he would like to discuss.

UNIDENTIFIED SPEAKER: Yes.

MR. ONDA: If that works.

UNIDENTIFIED SPEAKER: OK.

MR. ONDA: OK.

All right, thank you.

Sorry.

MR. MATIS: OK, great; no problem; thank you.

So, good morning, Commission members.

My name is Steve Matis; I am the Director of Budget and Financial Operations for the Department of Environmental Protection.

On behalf of the Commissioner and the rest of the Department, we would like to thank you for your time today and for the opportunity to provide an overview of our capital requests for Fiscal Year '26.

DEP has submitted a total of 114 (indiscernible) projects, totaling over \$2.3 billion for FY26, and \$13 billion for the seven-year capital plan.

DEP's top two priorities are to provide financing for drinking water and wastewater infrastructure projects in communities statewide. These two priorities make up half of the Fiscal '26 total -- nearly \$1.2 billion -- and rely on State Capital funds to meet our match requirement on the Federal funding we received for these projects. We will continue to receive increased Federal funding from the bipartisan infrastructure law in Fiscal Year '26 for clean water and drinking water state revolving funds or SRF projects.

State capital funds will provide our required match, and also provide critical gap funding for disadvantaged communities to plan, design, and construct wastewater and drinking water projects.

Another high priority for DEP is funding for flood control projects. We require State capital funds to provide a non-Federal match for U.S. Army Corps projects, as well as for the operation and maintenance of past completed flood-control projects. DEP is involved with 17 projects in various stages of planning, design, and construction. (indiscernible) impacted river project, a (indiscernible) project scheduled to begin construction in Fiscal Year '26, anticipated across just over \$50 million. Continued funding for flood control is necessary to reduce the risk of property loss and impacts of public safety in the event of a significant rain or flood event.

DEP also requires State capital funding for shore protection projects, undertaken in partnership with the U.S. Army Corps, to restore coastline and protect New Jersey's coastal communities, tourism, and associated local economies. The required State match for shore protection projects could exceed \$100 million in Fiscal Year '26, led by significant investments in the Highlands -- over \$22 million -- and North Wildwood -- \$14 million.

Moving on, (indiscernible) 89 of our 114 priority projects are located in our State parks, forests, historic sites, and wildlife-management areas that DEP is charged with maintaining to ensure residents have access to a variety of outdoor recreational opportunities, which include hiking; biking; camping; swimming; boating; etc. To ensure these areas are properly maintained and safe for public use, significant financial investment is required, and this need well in excess of the allocation DEP receives through the 6% CBT dedication.

The total amount in Fiscal Year '26 is over \$500 million, with a seven-year capital need of over \$2 billion. Our highest priority is the \$9 million replacement of the (indiscernible) bulkhead. Other (indiscernible) requests are for routine funding in the Liberty State Park revitalization project, and development of the 9-mile linear park known as the Green Way.

I would also like to highlight the remaining funding areas funded by the 6% CBT dedication. Our site remediation programs include the public (indiscernible) cooling program, which investigates and remediates hazardous discharges where no responsible party has been identified, and two financial assistance programs we run jointly with the Economic Development

Authority, (indiscernible) Development Program and Private Underground Storage Tank Program.

And, finally, our open-space preservation programs are included, as their estimated CBT allocation level and the Preserve New Jersey Act (indiscernible), DEP will submit detailed requests for this funding to the Garden State Preservation Trust.

So, thank you again for your time today. We welcome any questions that the Committee may have.

MR. RUTALA: Thank you, Mr. Matis.

Are there any questions?

SENATOR STEINHARDT: This is Doug Steinhardt; can you hear me?

MR. ONDA: Yes, Senator Steinhardt, we can hear you.

Sorry; I apologize for the technical difficulties and how you were on mute and--

SENATOR STEINHARDT: (indiscernible)

UNIDENTIFIED SPEAKER: What was that?

SENATOR STEINHARDT: Is this meeting being conducted by the Zoom, too -- like, there's an actual video?

MR. ONDA: It's via Teams, yes. So, there's a Teams video.

SENATOR STEINHARDT: OK, so, I've signed in, and it says I'm waiting for someone to admit me for the last 20 minutes. Is there any reason why you guys can't do that?

MR. ONDA: We usually see a lobby, but I'm not seeing a lobby up there now, so. Everyone-- A lot of other people have come through that lobby and I'm able to accept them, but I don't see that option for--

SENATOR STEINHARDT: Well, I'm following the link that you sent me, the Teams meeting, that's got me to here.

MR. ONDA: I believe you; I just can't see it on this side in order to allow that through.

Yes, usually it pops up in this top corner for me -- for anyone -- to allow it.

SENATOR STEINHARDT: OK.

MR. ONDA: I'm just not seeing that.

Maybe close Teams, and try to reopen Teams? That's the only thing I can -- I can suggest.

SENATOR STEINHARDT: I'm on my phone.

MR. ONDA: OK, I apologize, Senator.

Did you have any comments on-- We've gone through the Department of Corrections, and DEP just went through their presentation as well. Do you have any comments or questions for either of those two?

SENATOR STEINHARDT: Not right now.

MR. ONDA: OK.

SENATOR STEINHARDT: Apologies to the both of you; I couldn't give you my full attention, but I wasn't able to participate in the first half of the meeting, so apologies to both of you for the disrespect.

MR. RUTALA: Are there any other comments or questions regarding DEP? (no response)

OK, if not, we'll move on to Palisades Interstate Park Commission. They have seven requests totaling \$8,575,000.

Is there someone from the Commission?

JOSHUA LAIRD: Yes, good morning, everyone.

This is Joshua Laird; I am the Executive Director of the Palisades Commission.

So, thank you for the opportunity to offer a few remarks.

Just as a reminder, PIPC is funded through annual appropriations from the Treasury Department, so even though we are a Commission, we function much like an operational agency. Our capital needs have been met in recent years through CBT funding, some capital funding, and grants, with modest levels of earned revenue that we're able to add in.

And, just to set the table here, in FY25 we received a total of \$2.495 million for project work that included \$600,000 in CBT; \$890 -- I'm sorry, \$600,000 in capital support; \$895,000 in CBT; and a \$1 million SFRF grant. In '24, it was \$1.6 million -- a total of \$1.6 million, including \$600,000 in capital support and \$1 million from CBT.

So, these appropriations alone are not sufficient to meet our operational and capital needs, which is why we're hoping to do better this year. It's simply a function of the age of our 2,500-acre park's infrastructure; the complexity and cost of managing the Palisades Interstate Parkway, which is ours; and the pressures of more frequent extreme weather events that have overwhelmed our century-old systems; underlying cliffside roads and structures; and eroded the park's Hudson River shoreline.

So, for the coming year, for FY26, just focusing on next year, we've requested \$8.57 million. And, I want to point out that of the top five projects, we're prioritized four that are necessary investments in life safety work in the park. That includes code compliance upgrades to our 70-year-old electrical systems; water and septic system upgrades in areas of the park that are vulnerable to flooding from increased severe storm events; an

emergency generator for our maintenance center, that will allow us to keep functioning in the event of a power outage; and that includes our responsibilities for maintaining the parkway during and after storm events; work to address flagged conditions on our parkway bridges; and work not just to repair sections of damaged guardrail along the parkway, but to go back and strengthen the support posts that help attenuate crashes.

So, all very important work. This project would allow for improvements to our Fort Lee Historic Park Visitor's Center in advance of the nation's semiquincentennial in 2026. And, in addition to that year being the 250<sup>th</sup> anniversary of the Declaration of Independence, 2026 is the 250<sup>th</sup> anniversary of action at Fort Lee that saved the Continental Army from capture, and a quick end to the Revolution, and it set the table for the Army's game-changing victories in Trenton and Princeton just a few weeks later.

So, thank you very much for your attention to our capital needs. On behalf of the Commission, on behalf of our one million annual park visitors, and the roughly 27 million travelers who use the Palisades Parkway each year, we thank you for your support, and I'd be happy to answer any questions.

MR. RUTALA: Thank you, Mr. Laird.

Are there any comments or questions? (no response)

OK, seeing none, we'll move onto the Department of Health. They have 22 requests totaling \$308,166,000.

Is there someone available from the Department of Health?

SENATOR SARLO: I'm sorry; it's Senator Sarlo. (indiscernible)

Can I ask a question on DEP before you release them?

MR. RUTALA: Yes.

SENATOR SARLO: Thank you; thank you, Chairman.

Quick question for the Department of Environmental Protection. You had mentioned about Liberty State Park. I know the Legislature has appropriated money separately, as part of the budget process.

Can you give us a snapshot of how much money DEP currently has for Liberty State Park?

MR. MATIS: So, the funding that we received in the Fiscal Year '25 budget from the Debt Avoidance Fund I think was around \$35 million. I don't have that exact number, but that's--

SENATOR SARLO: That's fine--

MR. MATIS: --a fair estimate, yes.

We also have--

SENATOR SARLO: What's an aggregate-- What's an aggregate, then -- the aggregate that we have for that project?

MR. MATIS: So, that's the state funding we have. We have some of the SRF funding still available. A lot of the SRF funding -- \$20 million, in fact -- is going towards the (indiscernible) project that we're doing in the interior.

We received SRF funding for Liberty State Park in the amount of \$50 million, and we've used -- we've used a certain amount of that, and, like I said, \$20 million is committed to the interior of the park project. So, the combination of those two is the full resources we have available; we have been spending down on that.

If you need actual numbers, I can kind of--

SENATOR SARLO: Yes, no -- no rush. Whether before or after the holidays, if you could just send it -- through the Chairman -- to my office,

just give us a snapshot, by budget, what's been received and what's been expended. It would be helpful for me.

MR. MATIS: Absolutely; not a problem.

SENATOR SARLO: Thank you, sir.

MR. RUTALA: Thank you, Senator.

Is there someone available from the Department of Health?

I think you're on mute.

MR. ONDA: Yes, I believe you're on mute.

**DEBORAH HARTEL:** Good morning; thank you, sir.

I am Deborah Hartel; Deputy Commissioner for the Department of Health.

Thank you, on behalf of Commissioner Baston, for allowing us to address the Commission on the various needs from the Department of Health.

I am joined today by our CFO, Eric Anderson, and Christian Casteel, who is the Director of Property Management and Construction for DHS, who also assists us with the oversight of our construction and renovation projects at the Department of Health.

The New Jersey Department of Health owns and operates over 250 buildings on more than 1,000 acres across the state, the majority of which comprises our four state psychiatric hospitals. So, two of our hospitals were constructed since 1990. Ancora and Trenton Psychiatric Hospital were constructed well over 70 years ago, with Ancora constructed in the 1950s, and Trenton Psychiatric Hospital -- the first public mental health facility in New Jersey -- actually constructed in 1848. Buildings where patients receive care are regulated both by the Centers for Medicaid and Medicare services,

as well as the Joint Commission. Patient treatment buildings have stringent requirements related to environment of care, which include ligature-safe design; set temperature ranges; numbers of air exchanges per hour; accessibility; standby power; fire protection; and, certainly, the ease of egress during emergencies. These requirements are enforced by CMS and the Joint Commission, and failure for us to maintain requirements can result in citations, which, if left unaddressed, can result in loss of accreditation and associated Federal funds.

Additionally, the Office of the Chief Medical Examiner -- which is *in* but not *of* the New Jersey Department of Health -- manages the medical examiner system throughout the state. The Office of the State Medical Examiner operates out of two primary locations: The Northern Region Medical Office and State Toxicology Lab in Newark, and the Southern Regional Medical Examiner Office in Woodbine. New Jersey Regional Medical Examiner's Office and State Toxicology Lab are in a 45-year-old building. This facility handles approximately half of all homicides, medical legal investigations in New Jersey; provides forensic post-mortem analysis and drug testing; and conducts around 20,000 law-enforcement drug tests annually for agencies across the state. This facility is currently undergoing improvements to the autopsy suite and morgue, addressing issues with air flow; storage; lighting; fire alarms; and outdated equipment. However, it still suffers from a leaking roof and an inadequate HVAC system. These conditions are critical to the safety of employees; protection of equipment; preservation of remains; and the overall integrity of the building. They are also essential for meeting various standards, regulations, and accreditations.

The New Jersey Department of Health FY26 budget request prioritizes the replacement of critical-condition roofs; HVAC infrastructure upgrades; fire-safety improvements; elevator upgrades; and ligature-risk reduction. Currently, the Department of Health manages five buildings with critically leaking roofs. These buildings provide essential services including behavioral health treatment; central heating plant operations; regional autopsy services; and law-enforcement drug screening. Several of these buildings also house end-of-life HVAC equipment.

Replacing the roofs and HVAC unit simultaneously will be both fiscally and, engineering-wise, efficient -- enabling the Department to leverage economies of scale and scope. The majority of the buildings for patient living and treatment were among the first constructed at the hospitals to include HVAC systems, and their air-handling systems are original. Facility maintenance personnel resourcefully maintained 50- to 60-year-old air handling equipment that no longer meets today's requirements for indoor air quality. Well-functioning HVAC -- excuse me -- systems with redundancy are a necessity for hospitals, for providing climate resilience -- especially for the vulnerable patients whose medications often impair their body's ability to thermoregulate. Increased frequency of equipment failure has forced the hospitals to divert resources towards costly emergency repairs of steam lines, and emergency rentals of HVAC equipment, which often costs tens of thousands of dollars per month.

The New Jersey Department of Health is requesting funding for upgrades of existing fire-protection systems, including the installation of fire suppression to patient tunnels at Ancora Psychiatric Hospital, which has been cited by DCA Division of Fire Safety. The New Jersey Department of Health

psychiatric hospitals operate on-site fire departments, which provide first-responder services. Newly adopted changes prompt us to have new minimum requirements for these departments. The Department of Health also seeks to replace funds that were previously awarded; but, however, lapsed in FY09 for the upgrades of our elevators. Many of the elevators at the psychiatric hospitals have not undergone major upgrades since the 1970s, and their failure would reduce accessibility; seriously impede operations, and threaten our continued accreditation.

As new technologies emerge and treatments evolve, the Joint Commission regularly updates guidance on what hardware it considers to best mitigate any ligature risk. The Department of Health strives to stay ahead of Joint Commission citations by regularly assessing the environment of care against national and leading state standards, such as the New York State Behavioral Health Design Guide. The Department aims to pursue CMS accreditation in the future for our Ann Klein Forensic Center. A critical component to accreditation is meeting environment of care standards for ligature reduction.

Nearly 1,200 of New Jersey's most vulnerable behavioral health patients receive treatments at our state psychiatric hospitals. The Department of Health is committed to ensuring these patients receive care in the safest, securest, and most therapeutic environment possible. The projects requested in the New Jersey Department of Health FY26 capital budget seek to fulfill the promise of providing the best care to New Jerseyans who are suffering from behavioral health issues.

Thank you.

MR. RUTALA: Thank you, Commissioner.

Are there any questions or comments? (no response)

OK, moving on, Department of Human Services has 21 requests for \$225,163,000.

Is there someone here from the Department of Human Services?

**CHRISTIAN CASTEEL:** Yes, hi. My name is Christian Casteel; I am the Director of the Office of Property Management and Construction at DHS.

So, on behalf of DHS, we can (indiscernible) for the Commission's continued support on both DHS capital needs, and for allowing our agency to make some remarks about our FY26 capital budget request. I would like to go over what are, primarily, our top five objectives.

So, DHS owns and operates over 300 buildings on more than 2,500 acres of land across the state -- the majority of which is comprised of five developmental centers that operate under our Division of Developmental Disabilities. (indiscernible) across the developmental centers, most of the residential buildings where DDD residents live were constructed between the '60s and '70s, and many (indiscernible) buildings were constructed even earlier than that. Vineland Developmental Center, which is the Department's oldest, was constructed in 1888. Buildings where clients live and receive active treatment are deemed by Federal Medicaid statutes as "intermediate care facilities" for people with intellectual disabilities, or ITFIID. ITFIID buildings have stringent requirements related to environment of care, which include, but are not limited to, set temperature ranges; number of air exchanges per hour; disability standby power; fire protection; and use of egress for certain emergencies. The requirements are enforced by CMS, and failure to maintain them will result in CMS citations,

which, left unaddressed, could also result in the loss of accreditation and Federal funding.

The DHS FY26 capital budget request prioritizes HVAC infrastructure; electrical distribution upgrades; and replacement of underground site utilities. An increased frequency of failure has forced developmental centers to defer resources towards costly emergency repairs of electrical, steam, and chilled water lines, as well as procuring emergency rentals of HVAC equipment during extreme summer heat.

Most of the ICFIID buildings were first constructed as developmental centers with HVAC systems, and they are original to the building. So, the facility maintenance personnel are in the process of maintaining 50- to 60-year-old air handling equipment, which no longer meets today's requirements for indoor air quality. During the height of the COVID-19 pandemic, the Department began installing higher efficiency MERV 13 air filters, which further placed strain on these aging air handling systems. While functioning HVAC systems with redundancy are necessary for mitigating the effects of climate change and ensuring climate resilience for our vulnerable clients, upgrades to existing capital electrical distribution system are prioritized as a necessary step in transitioning toward electrified campuses and meeting the goals of the Energy Master Plan, including the installation of EV charging stations to facilitate (indiscernible) conversion.

All funding requests that DHS has presented in the FY26 requests focus that on in-kind upgrades of capital and end-of-life HVAC equipment and infrastructure also include additional design (indiscernible) so that we can assess and study the budgetary impacts of electrifying those

particular systems. Developmental Center underground utility infrastructure is, in most cases, at least 50 years old. So, electrical feeders can negate the delivery of electricity from a recently replaced standby generator, a failed chilled water line, and result in reduced cooling efficacy from a new chiller, and aged domestic water lines create challenges for delivering highest-quality drinking water to our residents. Again, this fiber-optic line can create a risk to life safety, inspire alarm, or public address systems when notifications don't reach their intended recipients. And, all of these things can increase the risk to both our staff and our residents.

So, that's a short summary of our top objectives. And, nearly 1,000 of New Jersey's most vulnerable residents live at developmental centers, and DHS strives to ensure that these residents' homes are safe and secure. At least two developmental centers are also regional evacuation sites for the residents of the surrounding counties and communities during natural disasters. For example, Woodbine Developmental Center and the New Lisbon Developmental Center were both regional evacuation sites for county residents during Hurricane Sandy.

The projects requested in the DHS FY26 capital budget request deliver on the promise of providing safety and security to the most vulnerable in our community.

Thank you, guys, for your time, and if anyone has any questions related to our submission, please don't hesitate to ask.

MR. RUTALA: Thank you, Mr. Casteel.

Are there any questions or comments? (no response)

Hearing none, we'll move forward.

Next is the New Jersey State Library; they have one request for \$262,000.

Is there someone here from the Library?

**SHERI SHAFER:** Hi, good morning, this is Sheri Shaffer, the Chief Operating Officer of the New Jersey State Library.

I do believe there might be an error, because our request is actually for \$1.2 million -- \$1,243,000. So, I can follow up with Treasury staff after the meeting about that.

**MR. ONDA:** I can clarify that.

So, in total, it's \$1,243,000. There's a-- What the Chair is referring to is just the amount for FY26.

**MS. SHAFER:** Sorry; I apologize--

**MR. ONDA:** No, you're good--

**MS. SHAFER:** This is my first time addressing the Commission, so I apologize for that.

All right. Thank you.

OK, good morning everyone.

As I mentioned, I am the Chief Operating Officer of the New Jersey State Library. So, on behalf of State Librarian Jen Nelson, who couldn't be with us today, I want to thank the Commission for allowing us to present our relatively small capital request to you today.

(indiscernible) State Library is requesting \$1.2 million in total -- \$262,000 in the first year -- to retrofit an area of our building at 185 West State Street, that currently houses library materials, and construct a dedicated digitization studio. The library, in existence since 1796, contains a treasure trove of historical documents that date back to the birth of our

nation and earlier. Going back decades, the digitization and imaging of historic State documents has become a major priority for the library. By increasing just under 2,000 square feet of space, the Library hopes to continue its ambitious efforts to digitize significant collections of historic documents, including large, two-dimensional items, such as historic maps. Such work is critical to the Library's effort to create meaningful displays of original documents that promote New Jersey's upcoming 250<sup>th</sup> anniversary, and to make the collections widely available to researchers and the public.

In addition, a new studio will allow the Library to offer other State agencies the opportunity to work with our staff to digitize their own fragile or confidential documents using current preservation standards. Currently, the Library's building does not have the suitable space to have its growing collection of digitization imaging equipment, or to add any new equipment. Using State appropriations and Federal grant funds, the library purchased initial equipment that it installed in space *not* designed for imaging purposes. The current space is too small; is not dark enough, even though we've installed light-blocking curtains; (indiscernible) the building's central HVAC system, which causes dust problems for the equipment; does not have dedicated electrical switches and network connections; and, is just not conducive to the work we need to do. It is therefore time for a dedicated space.

Construction of a new studio within the Library's current space will require emptying bound volumes from an area of approximately 2,000 square feet; removing installed shelving; installing compact, movable shelving to re-house those volumes; and, constructing interior rooms with walls, doors, dedicated electrical switches, HVAC, etc., in a space of

approximately 900 square feet. Upon completion of construction, equipment already owned by the Library will be moved to this new space, and (indiscernible) a larger volume of imaging will be purchased.

The State Library engaged DPMC to provide their initial construction estimate, and the \$1.2 million requested is inclusive of all the design fees; construction; hazardous material testing and abatement; compact shelving; and equipment. Once completed, the new state-of-the-art digitization studio will allow the Library to continue its work preserving New Jersey's past, so these important materials are widely available now and in the years to come.

I want to thank you for your time today, and I would be happy to answer any questions that you might have.

MR. RUTALA: Thank you, Ms. Shafer.

Are there any comments or questions? (no response)

OK, we'll move onto the Department of Transportation. They were-- They have five requests for a total of \$9,499,186.

Is there someone from DOT?

**STEVE MORLEY:** Good morning.

I'm Steve Morley; I'm the Director of the Division of Budget at the Department of Transportation.

First, I would like to thank the Commission and Legislature as a whole for their continued support of the Transportation Trust Fund and its debt service as part of this request. Without your support, New Jersey's roads -- and other transportation systems -- wouldn't be in the condition they're in, and our Federal capital draw and Federal maximization wouldn't be there.

So, we appreciate your continued support in that area.

We've also made requests for four specific yards to do facility overhauls in those yards. These yards are not only the base of operation for our day-to-day business, but staging points during weather and other emergencies. And, during those emergencies, many of our crew spend extended periods eating, sleeping, and warming while dealing with the snow and other emergent situations.

DOT can prioritize repairing life and health needs within our existing facilities allotments; however, the age and condition of these yards mean that the limited funding for the facilities is unavailable for anything but short-term fixes to prevent catastrophes and other issues. Crews continue to function with HVAC systems that need replacements or often malfunction, leading to too-hot or too-cold conditions; leaking roofs; structural damage; and, at least one small façade collapse that has since been repaired. Bathrooms are often too small for crews to use comfortably, and showers are insufficiently (indiscernible) to clean up after long days on the road. Other areas of the yards do not have permanent restroom facilities accessible or they're great distances away, such that during weather events, portable toilets are used through the distance to permanent facilities.

In addition to heating comforts, the (indiscernible) yards were designed for smaller trucks from another generation. At least one yard does not have the facility to work indoors on vehicles, meaning that repairs done during snow events must be done in the elements. Other garages are too small to have trucks outfitted with full snow kits, plows, and salt spreaders in the bays due to length, or are too short to allow ease of access under the

newer, taller trucks. (indiscernible) yards, we need to work outside, or in unheated tents, or -- at least in one case -- completely outside to work on vehicles caked with snow and ice.

The Department continues to be committed to maintaining New Jersey's excellent transportation system, and I thank the Committee for its consideration in these matters.

MR. RUTALA: Thank you, Mr. Morley.

Are there any comments or questions? (no response)

Any questions regarding DOT? (no response)

Hearing none, we'll continue.

Next is the Public Broadcasting Authority. It has one request for \$100,000.

Is there anyone from the Public Broadcasting Authority?

**RICK WILLIAMS:** Yes, good morning.

This is Rick Williams; I am the Executive Director of the New Jersey Public Broadcasting Authority.

Thank you for allowing me to speak this year -- today -- regarding the replacement of a multi-viewer system at our headquarters in Trenton.

This is an example of what that system looks like. It's a window on our ability to see what almost 28 million people who view our signal see on a daily basis. We use the multi-viewer system to verify compliance with various State and Federal regulations. We also -- the system helps with being able to address any viewer complaints when we receive those; we can go back and look at the systems and its recordings.

The important takeaway is that this -- the system and its components are obsolete. And, any failure would result in a complete shutdown. And, the system has been in operation now for 24/7 for over 16 years. So, it is a modest request, but, again, I think it's something that, if funded, we'll be able to replace almost immediately, and it'll have a big impact on our operation.

So, thank you very much for the opportunity to speak with you today, and I am available to answer any questions.

SENATOR STEINHARDT: Chairman, (indiscernible) but I had questions -- this is Senator Steinhardt. I'm catching every third or fourth word; it's kind of hard to follow, for whatever reason. I guess my connection is no good.

I had a question for the DOT, if they're still available.

MR. MORLEY: We're still here.

MR. RUTALA: Go ahead.

SENATOR STEINHARDT: Yes, great; thank you.

Mr. Chairman, if you'd indulge me, I have a short comment and just -- I've got a handful of questions related about -- mostly related to the debt yesterday, and the debt defeasance and a couple quick things, and I'll try to blow through it pretty fast if you don't mind.

MR. RUTALA: Certainly.

Go ahead, Senator.

SENATOR STEINHARDT: Thank you; I really appreciate it.

Let me start with the lead-off. Two weeks ago, the Governor announced a nearly 2-cent-a-gallon increase in the gas tax that funds the

Transportation projects, and help pay more than \$17 billion to the debt service payments on the debt that we already have.

And, it wasn't yesterday -- I think it's upcoming -- but the Administration is issuing another \$1.5 billion in new transportation debt to fund various projects. But new debt, from our perspective -- mine and my colleagues -- I think could have been reduced by the \$528 million in unallocated cash that sits in the Debt Defeasance and Avoidance Fund. If that fund had been used to avoid the new debt -- exactly the fund's purpose, as I understand it -- we could have saved the taxpayers hundreds of millions of dollars in interest payments on the new debt that won't be paid off, as I understand it, until 2055 -- 30 years from now.

We have proposed exactly that concept on a multitude of occasions to lessen debt issuances and mitigate gas tax increases that always are met with silence or stonewalled. Through the current budget year, our proposal was ignored; instead, the Administration took the \$600 million of the remaining Debt Defeasance Fund and washed into a grossly out-of-balance State budget that's spent about \$4.5 billion more than it brought in -- by way of recurring revenue -- the State unsubstantially -- excuse me, unsustainably spent the surplus down by \$2 billion, and used more than \$1 billion for the new tax on businesses that won't be available through the budget next year, when it's dedicated to New Jersey Transit and, to today's point, raided \$600 million from the dwindling Debt Defeasance and Avoidance Fund to prop up spending.

The State's budget is still grossly out of balance, and running on fumes. It looks like this Administration is planning to use the last \$528 million in the Debt Defeasance and Avoidance Fund for one final grab to

support unsustainable spending in the Governor's last budget that he'll propose in February.

And, then, the final -- just, be empty, leaving the next governor holding an empty bag. It should be offensive to all of us on this Commission, the Debt Defeasance and Avoidance Fund to be used for its intended purpose -- not raided at the Governor's will -- and, certainly not raided one last time to stop up unsubstantiated spending in a State budget that kicks the can down the road to somebody else.

I think it's too late, with respect to the \$1.5 billion of new Transportation debt that I think has already been issued, but we could fund so many of the one-time capital repair and maintenance projects that we hear about that are before us, that we see every day when we're driving, with the remaining \$528 million.

So, with that, I just have a couple of questions. The first one is a compound one, so I'm happy to break it into pieces if anybody wants, but I'll just rattle it off to see if I can get an answer. Does *anybody* from the Administration know how the remaining \$528 million in the Debt Defeasance and Avoidance Fund is going to be spent? And, plans to use that money for debt reduction or avoidance? And, is the Administration simply going to squander that loss like they did last year when they diverted that \$600 million to the General Fund?

MR. RUTALA: Thank you, Senator.

Can DOT respond?

MR. ONDA: So, I'll jump in on that one on behalf of DOT.

So, those questions are more pertinent for the Governor's Office to respond to than the career staff at DOT -- I believe -- to handle that.

SENATOR STEINHARDT: OK.

I know I've only been in the Senate for two years, but it always seems to be more pertinent for somebody -- another office -- to answer. So, I understand.

Do you know if the State settled the \$1.4 billion of new transportation debt yesterday?

MR. MORLEY: Senator, I can respond to that.

Yes, the bond deal did close.

SENATOR STEINHARDT: What was the rate on it? Do you know?

MR. MORLEY: I would have to communicate that through the Chair, if that's permissible.

SENATOR STEINHARDT: That's fine; I'm grateful.

It's my understanding that more than half of the debt issued -- about \$800 million -- doesn't get paid back until the first payment is made in 2046, and a final payment is made in 2055.

It's also my understanding the interest rate on the backload of the debt is really high. I ask the question, because it was my understanding that it might be as much as 5.25%. If the \$528 million left in the Debt Defeasance and Avoidance Fund was used to avoid that debt, could we not-- We could have not only avoided the \$528 million in new debt, but avoided about the same amount in interest payments.

So, I guess my question is why is so much of the debt structured with backloaded payments (indiscernible) 20 years from now -- if you know?

MR. ONDA: Yes, that's -- again -- another question that I think--

SENATOR STEINHARDT: For somebody else--

MR. ONDA: Yes.

But, Senator, did you-- I do ask if you could, please, put these questions into writing and send them through to our staff and the Chair. Just so we can work on getting you an answer to those.

SENATOR STEINHARDT: Sure; I appreciate that.

Just so I place this on the record, but I'm happy to write it and send it out to you if we have to do that. The \$528 million in debt avoidance funds to avoid this particular -- particularly expensive backload of debt, do you know what the total of interest payments over the next 30 years would have -- what they would have been? What would have been avoided?

I'll put it in an email, we'll send it off to you, and then ask through the Chair. Perhaps we can get some answers.

MR. ONDA: OK.

Thank you, Senator.

SENATOR STEINHARDT: That's all I had, Chairman.

Thanks.

MR. RUTALA: Thank you for your comments, Senator.

SENATOR STEINHARDT: My pleasure.

MR. RUTALA: OK, we'll move onto Interdepartmental accounts.

There were 32 requests for \$442,223,000. Is there anyone available to address this request? (no response)

If not, we'll move on.

Are there any questions regarding this request? (no response)

We'll move onto Higher Education. They have a request of -- 285 requests, for \$4,953,984,000.

Is there someone to respond to this request?

MR. ONDA: I just want to clarify on this one.

So, there are requests for every higher ed. institution here. We do have members -- staff -- from the Office of the Secretary of Higher Education, in case there are any questions, and then also if there are any questions related to *their* requests, I can also field those and hand those to each individual.

MR. RUTALA: Sure.

ANGELA BETHEA: Good morning; I'm Angela Bethea from the Office of the Secretary of Higher Education.

Did you want me to respond to that, or do my normal report out?

MR. ONDA: I think you're OK, Angela.

MS. BETHEA: OK.

MR. ONDA: Next, we will be getting to the reports, I believe. We'll wait for Jim to get to it, though.

MS. BETHEA: OK; thank you.

MR. ONDA: Thank you.

MR. RUTALA: Very good.

(indiscernible) we will proceed now to the Bond Funding Update.

MR. ONDA: Yes, we can.

Thank you, Chair.

MR. LANGSDORF: OK, the next order of business is to review the Building Our Future Bond Act information that is included in the materials provided.

We ask that the Office of the Secretary of Higher Education give us a brief synopsis of the report.

MS. BETHEA: Good morning, everyone.

I am Angela Bethea; Assistant Secretary and CFO at the Office of the Secretary of Higher Education.

I appreciate the opportunity to provide an update on behalf of Secretary Brian Bridges on the Building Our Future Bond Program.

In partnership with ESA, our Office released the general obligation bond solicitation in two rounds. The first round of funding was for \$715.6 million in 2014; and, the second round of funding for the remaining balance of \$344.3 million in 2017.

In the document we shared, you will see the allocations have been approved by the Secretary in partnership with ESA, the AG's office, and bond counsel, to ensure that all modifications meet the funding goals and adhere to compliance requirements. Six hundred-and-ninety-three-point-two million has been expended of the 2014 project, which is approximately 97.5% of the funding; and \$38.8 has been expended on the

2017 project, which is approximately 98% of the funding. So, the institutions have been making real progress on these projects.

That concludes my update, and thank you again for the opportunity to provide this information. And, I'd be happy to take any questions.

MR. RUTALA: Are there any questions? (no response)

OK.

MR. LANGSDORF: Our materials also include information on the Library Construction Bond Act.

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

MS. SHAFER: Good morning again, everyone, and thank you for taking the time to listen to us about the Library Construction Bond Act.

I will remind you, there were two rounds of funding for the Library Construction Bond Act -- a first round in 2020 issued 38 awards, totaling \$84,975,000, two (indiscernible); and then two in 2021 for more than 37 grants totaling \$37,000,052 for round two.

(indiscernible) so there are 75 projects in total. As of today, we have 38 projects that are complete and 12 that are substantially complete. As shown in the materials that were provided to you, round one of the \$84 million that was allocated, we've paid out approximately \$43.7 million, representing 51.5%. And, in round two, the \$37 million was allocated to be paid out approximately \$5.2 million. Round two is taking a little bit longer to get moving; I think a lot of that had to do with just getting started during COVID. But, there is additional funding plans for FY23, FY25, 26, and beyond.

So, in total, we've paid out just under \$40 million, or 40% of the funds. We had a 30% plan in FY25, and another 20% planned in FY26.

Just a couple of items of note that I wanted to bring to your attention -- we had Elizabeth Public Library receive three awards in round two, and the grantee had made some clerical errors in the amounts requested for two of the projects. So, we had a reallocation request that was approved by (indiscernible) at their September 24 meeting -- so, thank you for those of you who attended that and approved that.

We had two grant programs that are reducing their initial awards because they changed their projects and reduced the square footage of their buildings, and the grants were funded based on a maximum cost per square foot. So, the Sussex County Library had a \$3 million grant reduced to \$1.5 million because they undertook a much smaller renovation due to rising costs. And, West New York had our largest grant awarded to them of \$12.5 million, and that's in the process of being reduced to just over \$6 million because they changed from building a brand new 25,000-square-foot building to renovating a different location, and the cost of renovation and the maximum cost-per-square-foot is lower than the funds available for new construction.

So, West New York, we're in the process of sorting that out, and we'll get a -- have them sign a new amendment to their grant agreement. Once that's sorted, we'll have approximately \$8.7 million in kind of leftover funds to distribute. So, our plan is to reach out to three applicants that received conditional approval, Legislative approval, as round two alternates to see if they're still interested in moving forward. So, that

would be very exciting. And, if so, we'll still have -- that will take up about \$5.1 million of that \$8 million. And, if they don't choose to move forward and/or use the remaining funds, we will look to do a small third round with the remaining funds -- most likely for repair-only projects, because there are still quite a lot of needs in our public libraries.

I'm happy to answer any questions that anyone might have.

MR. RUTALA: Thank you.

Are there any questions or comments for the Library Construction Bond Act? (no response)

Seeing none, is there any other business to come before the Commission? (no response)

Is there any additional business to come before the Commission?

MR. LANGSDORF: Not that I'm aware of, Chairman.

MR. RUTALA: OK; thank you very much.

Do we have a motion to adjourn?

UNIDENTIFIED SPEAKER: Yes--

UNIDENTIFIED SPEAKER: Motion.

MR. RUTALA: Thank you.

Second? (no response)

Thank you, everyone.

Have a great holiday season.

**(MEETING CONCLUDED)**