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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 11, 2023  
10:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

James M. Rutala, Chair  
Senator Douglas J. Steinhardt  
Lisa Almeida  
Aaron Binder  
Patrick Brennan  
Leila Collins  
David Drescher

**ALSO PRESENT:**

James Langsdorf  
*Executive Director*

Brian Onda  
*Assistant Executive Director*

Michael Sullivan  
Bartosz D. Zajac  
*Budget Specialists*



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

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**JAMES M. RUTALA (Chair):** Good morning.

I am Jim Rutala, Chair of the New Jersey Commission on Capital Budgeting and Planning.

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

Do you want to take roll call, Brian?

MR. ONDA: Yes; go ahead.

MR. LANGSDORF: OK, thank you, Chair.

Senator Sarlo. (no response)

Senator Steinhardt.

SENATOR STEINHARDT: Here.

MR. LANGSDORF: Assemblyman Spearman. (no response)

Assemblyman Wirths. (no response)

Mr. Aaron Binder.

MR. BINDER: Here.

MR. LANGSDORF: Mr. David Drescher.

MR. DRESCHER: Here.

MR. LANGSDORF: Ms. Lisa Almeida.

MS. ALMEIDA: Here.

MR. LANGSDORF: Ms. Leila Collins. (no response)

Mr. Patrick Brennan.

MR. BRENNAN: Present.

MR. LANGSDORF: Mr. James Rutala.

MR. RUTALA: Here.

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

Unfortunately, we don't have a quorum; we only have six Commission members. But, we are going to proceed.

MR. RUTALA: OK, so, proceed with reviewing the Fiscal 2025 capital requests for the departments.

We will start with the Department of Corrections. Total request is \$589,061,000.

Were there any questions or comments?

MR. ONDA: Chair, the Commissioner has raised her hand on the (indiscernible)

Here, I can unmute it.

**VICTORIA L. KUHN, ESQ.:** Thank you; good morning, everyone.

I promise I will be really brief, just like last year.

I just wanted to one, thank the Commission for your attention last year. You did give us starting money to be able to move forward with some of the much-needed changes at Garden State Correctional Facility.

We are back this year, having engaged in one additional year of strategic planning. And, while we do have -- as you can see in our request -- a number -- a considerable number -- of infrastructure issues at most of our facilities, Garden State still does rank Number 1 on our list.

So, I just wanted to take a couple of minutes this morning to emphasize that we-- I promise you, we are being very responsible with how we're coming forward with our list. I'm hoping that you were able to see the priority in which we provided that list. Garden State really is one of our multi-functional facilities; with our intake facility, it does house our younger

population. It is our vulnerable population among some other pieces, and we're really placing emphasis, still, at Garden State in order to be able to preserve the facility that we have there. And, I don't know if we're really necessarily talking about significant improvements to the facility, but just preserving the facility. You can see the remaining-- We try to go with a top-10 list again this year, with South Woods and the boilers closely following as second.

But, I wanted to make myself available if anyone had any questions, either today or as you continue to review the process. But, I just wanted to take a couple of minutes to be able to emphasize why Garden State is sitting at the top of our list again this year.

So, I appreciate the Commission's attention, and I thank you.

MR. RUTALA: OK, thank you, Commissioner.

Were there any questions for the Commissioner? (no response)

Hearing none, we'll continue.

Next is Department of Environmental Protection. Total request is \$2,153,096,000.

Is anyone present from the DEP? (no response)

Are there any questions or comments? (no response)

If not, we'll continue.

Next is Palisades Interstate Park Commission. Total request is \$21,750,000.

Were there any comments or questions?

Go ahead, Mr. Laird.

**J O S H U A L A I R D:** So, good morning everyone.

Thanks for just a quick moment to speak.

You want to know, first of all, that just about all of the items in our request this year deal with health and safety issues for the park, which continue to mount given the age of the park and sort of a succession of pressures, including a storm and climate-change impacts on the park.

But, what I really want to note is just -- because last year when we spoke, there had been some questions about our status -- the status of our eligibility for transportation funds. I wanted to clarify that, for this year, we have two items: One for Henry Hudson Drive, and one for Dyckman Hill Road. Those are both internal park circulation roads, and would not be eligible for Transportation Trust Fund allocations or similar transportation funding. Dyckman Hill is our primary entrance that has been out of commission since Hurricane Ida, and Henry Hudson Drive is sort of the spine that connects all of our recreation areas down at the water level of the park, north-south, that is used by cars, bicycles, runners, and hikers. So, that is-- The capital request here is the only source that we know of for addressing those needs.

And, then, there are a couple of Parkway items on there: one for paving; one for guardrails. And, I just want to note that, although we have been advised that we *are* eligible for funding from the Transportation Trust Fund, that, from our conversations with DOT, we understand that their spending plan is already heavily subscribed over the next few years without us in it. So, we put in this request just sort of recognizing that these needs for the Parkway are great, and that they have to be addressed sooner or later.

Thank you very much.

MR. RUTALA: Thank you for your comments.

Are there any questions for Mr. Laird? (no response)

Hearing none, we'll continue.

Next is Department of Health. They had 21 requests; the total amount is \$208,968,000.

Is there any comments or questions? (no response)

Moving on, Department of Human Services. Total request is \$191,873,000.

Are there any comments or questions? (no response)

Hearing none, we'll continue.

New Jersey Department of Transportation: \$1,605,094,000.

Any comments or questions?

SENATOR STEINHARDT: Yes, sir.

Chair, are you OK with me continuing?

MR. RUTALA: Yes, please.

SENATOR STEINHARDT: All right, great; thanks.

(indiscernible) reviewed at the DOT's request, at best, seems superficial. It amounts to two pages where they formally request for \$1.6 billion that is necessary in Fiscal Year 2025 to pay debt service on more than \$10 billion of outstanding TTF debt. And, they request \$9 million to address \$24 million of what the Department classifies as, "Critical needs for the useful life of capital facilities that have less than one year of life left."

But, it seems to me that the most critical of capital-funding issues facing the State and the DOT is how we will reauthorize the TTF Capital Program, which expires on June 30 of this year, and how we'll pay for road projects in 2025 after the TTF reauthorization and borrowing authority have disappeared.

There's absolutely no discussion in the administration's capital request about how the administration proposes to reauthorize it. It seems odd that we received hundreds of pages of requests from the other departments requesting money for routine deferred maintenance needs -- and in mind-numbing detail -- but we have *nothing* at all about how we're going to renew a \$2 billion annual capital program that is expiring in six months.

To me, it begs a myriad of questions. First, what are the options to keep the TTF moving? Can we redirect less critical funding in the budget, or some of the non-critical requests for capital we received to our roads? Can we use some of the existing State debt defeasance or capital monies? Can we use more of the Federal COVID funds that remain unallocated for any project? Or, will the administration proposal necessitate more gas taxes and other taxes to pull money from motorists, as well as to authorize to borrow -- or authorization to borrow.

Regardless of what the administration's proposal is, the proverbial tail seems to be wagging the dog if the Commission just ignores the TTF issue while reviewing routine requests for road repairs. We ought to make a formal request, through the Chair, for the administration to share a TTF reauthorization proposal with the Commission so we can at least review it and discuss it. And, I would request that the Chair make that request on our behalf, Chair, if you would.

I am asking if you would entertain a suggestion to make that request on behalf of the Commission.

MR. RUTALA: Thank you, Mr. Neff.

SENATOR STEINHARDT: I'm sorry -- It's Doug Steinhardt, but I took Tom Neff's seat today. He's wandering the hallway while I hijacked his office.

MR. RUTALA: (laughter)

Not a problem.

Does the staff have any response to the request?

MR. ONDA: Typically, a reauthorization of the TTF would not fall into the Commission on Capital Budgeting's purview; however, we can relay this to the administration and see what answers we can get.

SENATOR STEINHARDT: I'm just asking that the request be forwarded; and, we'll just see what the response is. I have an idea what it'll be, but at least I'd ask -- through the Chair, that we ask.

MR. ONDA: OK.

MR. RUTALA: Thank you.

That request will be made.

Thank you.

SENATOR STEINHARDT: Chairman, thank you so much.

MR. RUTALA: Very good.

Any other questions regarding the Department of Transportation?

I will move on to Interdepartmental requests. It is \$367,441,000.

Any comments or questions? (no response)

Now, for final requests -- this is for Higher Education.

Total request is \$4,302,461,000.

Are there any comments or questions? (no response)

If not, we will move onto the bond-funding update.

MR. LANGSDORF: Thank you, Chair.

The next thing to do is review the Building Our Future Bond Act information that is included within the materials provided.

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

ANGELA BETHEA: Good morning, everyone.

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

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

Our office, in partnership with the Educational Facilities Authority, released the general application bond solicitations in two rounds. The first round of funding was for \$715.6 million in 2014, and the second round of funding was the remaining balance of \$34.3 million in 2017.

In the document we shared, you will see that there were some reallocations that have been done, and they were approved by the secretary, in collaboration with the educational facilities authority, the AG's office, as well as bond counsel. And, we wanted to ensure that any modifications would meet the goals of the funding and adhere to compliance requirements.

For the 2014 projects, \$691.7 million has already been expended, which is approximately 97% of the funding. And, for the 2017 projects, \$38.6 million has been expended, which is approximately 98% of the funding.

In May of each year, all the grantees provide annual compliance reporting so that we are able to continue to monitor the progress of their projects.

And, that concludes my update. Thank you for allowing me this time.

I am here if you have any questions.

MR. RUTALA: Thank you.

Are there any questions?

MR. BRENNAN: I wanted to just get a little bit of background beyond what's in the footnote about why the number for-- Well, one, what's the difference between the top section here and the smaller bottom section? It looked like the William Paterson seems to be a reallocation between the two?

MS. BETHEA: Yes, that--

MR. BRENNAN: And, then, a little bit of background on what's going on with the Beth Medrash allocation.

MS. BETHEA: That is true; there was a reallocation for the William Paterson funding that actually moved into the second-round funding from 2014 to 2017. So, that's the true allocation that was requested by the institutions, and what we normally do -- as I mentioned -- is we go through the process of looking to make sure those allocations are appropriate and they're approved by the secretary in collaboration with our working group.

As far as Beth Medrash, those funds have been unencumbered and released back to the Treasury. Beth Medrash has closed their litigation against the State, so, as of now, those funds are open to be reallocated for

something in the future, but we haven't begun discussions about those as of yet.

MR. RUTALA: Thank you.

Are there any other questions? (no response)

OK, thank you very much.

MS. BETHEA: Thank you.

MR. RUTALA: Next, we'll have an update on the New Jersey Library Construction Bond Act.

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

We would like a representative from State Library to provide a brief synopsis of that report.

Thank you.

**JENNIFER R. NELSON:** Good morning, and thank you for the opportunity to talk a little bit about the Construction Bond Act.

It passed in 2017 with \$125 million. Two separate grant rounds were issued -- one in 2021-2022, and the second in 2022-2023 -- giving out the whole \$125 million, or allocating it out. Of the 75 projects that have been funded, about 30% are complete or substantially complete, which is 16 fully complete and six are substantially complete -- the substantial completion ones are primarily waiting equipment that has been delayed because of the COVID economic situation. Seven of the projects did receive the direct quote "Legislative appropriations" to help with cost escalation; an additional two received State fiscal recovery funds -- Federal funds -- to complete funding with the cost escalation.

That's probably the notable feature of the grant opportunity is that about 36% of our grantees have requested substantial change because of cost increases. So, we're aware that that's really made a difference for the timing and ability of the grantees to move forward.

Sheri Shafer, our Chief Operating Officer in the State Library, is with me and she can go over the numbers really briefly for you.

Sheri.

**S H E R I S H A F E R:** Hi, good morning, everyone.

In the report that was included that was sent out to the Commission, through mid-November, we have paid out approximately 28%, or \$24 million, or 28% percent, of our funds for the Round 1 grantees; and \$1.9 million or 5% for our Round 2 grantees. So, the total amount that has been allocated for the grants -- approximately \$26 million has been spent to-date. We expect to spend another approximately \$40 million in the rest of this fiscal year, and another \$33 million in FY25.

So, as Jen mentioned, there have been delays because of cost escalations and the grantees have to show us before the projects can move forward and before we will disperse any funds, we need to show proof -- they need to show us proof that they have additional matching funds for those cost escalations. Because we want to make sure that the State funds are being spent wisely.

And, I think that was all I had for that.

MR. RUTALA: Thank you.

Are there any questions? (no response)

If not, we'll move on.

Is there any other business?

MR. ONDA: Actually, Chair, we did have another Commission member join the meeting. So, we can do the approval of the minutes.

MR. RUTALA: OK, great.

Can we have a motion for approval of the minutes, November 13, 2023?

MR. BINDER: Motion.

MR. RUTALA: Thank you.

Second?

MR. DRESCHER: Second.

MR. RUTALA: Thank you.

MR. LANGSDORF: On the motion to approve the minutes for November 13, 2023.

Senator Sarlo. (no response)

Senator Steinhardt. (no response)

Assemblyman Spearman. (no response)

Assemblyman Wirths. (no response)

Mr. Aaron Binder.

MR. BINDER: Yes.

MR. LANGSDORF: Mr. David Drescher.

MR. DRESCHER: Yes.

MR. LANGSDORF: Ms. Lisa Almeida.

MS. ALMEIDA: Yes.

MR. LANGSDORF: Ms. Leila Collins.

MS. COLLINS: Yes.

MR. LANGSDORF: Mr. Patrick Brennan.

MR. BRENNAN: Yes.

MR. LANGSDORF: Mr. James Rutala.

MR. RUTALA: Yes.

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

Chairman, we have majority. The motion moves.

MR. RUTALA: OK, thank you.

Is there any other business? (no response)

Hearing none, a motion to adjourn?

MR. LANGSDORF: Chair, we -- just let the Commission members be aware that our next meeting is tentatively scheduled for Wednesday, February 21, to be confirmed.

And, unless there's no other questions or comments or other business to discuss, can someone put forward a motion to adjourn?

MR. BRENNAN: Moved.

MR. LANGSDORF: Second?

MR. DRESCHER: Second.

MR. LANGSDORF: OK, thank you.

Thank you all.

Have a wonderful holiday.

**(MEETING CONCLUDED)**