

Commission Meeting

of
NEW JERSEY COMMISSION ON
CAPITAL BUDGETING AND PLANNING

LOCATION: 33 W. State Street
Trenton, New Jersey

DATE: November 21, 2014
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony F. Annese, Vice Chair
Senator Paul A. Sarlo
Senator Samuel D. Thompson
Assemblywoman Shavonda E. Sumter
Assemblyman Declan J. O'Scanlon Jr.
Thomas Neff
Steven Petrecca
Robert Romano
James M. Rutala



ALSO PRESENT:

Brian E. Francz
Executive Director

George Leblanc
*Senate Majority
Commission Aide*

Aaron Binder
*Assembly Majority
Commission Aide*

David F. Patella
Ben Neville
*Office of Management and Budget
Commission Staff*

Christopher Emigholz
*Senate Republican
Commission Aide*

***Meeting Recorded and Transcribed by
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Chris Christie
Governor

B. Carol Molnar
Chair

Kim Guadagno
Lt Governor

Commission Meeting

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

November 21, 2014
Friday at 10 a.m.
33 West State Street – 7th floor, Room 707
Trenton, New Jersey

For Commission Members Attending via Conference Call:

Phone Number: 1-888-273-3658
Access Code: 8590177

Agenda

1. Call to Order
2. Open Public Meeting Act Notice
3. Roll Call
4. Approval of the Minutes of October 24, 2014 (**Action**)
5. Fiscal 2016 Capital Requests
 - Department of Corrections
 - Department of Environmental Protection
 - Department of Health
 - Department of Human Services
 - Interdepartmental
 - Office of Information Technology (OIT)
 - Higher Education
6. Other Business ---- **Action may be taken**
7. Adjournment

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(The New Jersey Commission on Capital Budgeting and Planning held a meeting on November 21, 2014, at 10:00 a.m. Members of the Commission present via teleconference were B. Carol Molnar, Anthony F. Annese, Senator Paul A. Sarlo, Senator Samuel D. Thompson, Assemblywoman Shavonda E. Sumter, Assemblyman Declan J. O'Scanlon Jr., Thomas Neff, Steven Petrecca, Robert Romano, and James M. Rutala.

It should be noted that the telephonic connection was of extremely poor quality; several conversations were interrupted by static, and many times voices cut out completely.)

B. CAROL MOLNAR, Esq. (Chair): I'll call the meeting to order.

In accordance with the Open Public Meeting Law, the Commission has provided adequate notice of this meeting by giving written notice of the time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail and/or fax to the Trenton *Times* and the *Star-Ledger*, and filed with the Secretary of State.

We will now take a roll call.

MR. FRAN CZ (Commission Executive Director): Senator Sarlo.

SENATOR SARLO: Here.

MR. FRAN CZ: Senator Thompson.

SENATOR THOMPSON: Here.

MR. FRAN CZ: Assemblyman Fuentes. (no response)

Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Here.

MR. FRAN CZ: Robert Romano.

DEPUTY STATE TREASURER ROMANO: Here.

MR. FRAN CZ: Steven Petrecca. (no response)
Tom Neff.

MR. PETRECCA: Yes, Steve Petrecca.

MR. FRAN CZ: Thank you.

MR. NEFF: And Tom Neff is here too.

MR. FRAN CZ: Great.

ASSEMBLYWOMAN SUMTER: Assemblywoman Shavonda
Sumter is here.

MR. FRAN CZ: Thank you.

Ms. Cimiluca. (no response)

Mr. Rutala.

MR. RUTALA: Here.

MR. FRAN CZ: Mr. Annese.

ANTHONY F. ANNESE (Vice Chair): Here.

MR. FRAN CZ: And Ms. Molnar.

MS. MOLNAR: Here.

MR. FRAN CZ: Okay. We have a quorum.

MS. MOLNAR: Thank you so much.

The first item on our agenda is to approve the minutes of
October 24, 2014.

Do I hear a motion to approve?

MR. ANNESE: So moved.

MS. MOLNAR: Any seconds?

ASSEMBLYMAN O'SCANLON: Second.

MR. FRAN CZ: Thank you.

MS. MOLNAR: Thank you.

MR. FRAN CZ: Okay, we'll have a roll call.

On approval of the minutes, Senator Sarlo. (no response)

Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. FRAN CZ: Robert Romano.

DEPUTY STATE TREASURER ROMANO: Yes.

MR. FRAN CZ: Steven Petrecca.

MR. PETRECCA: Yes.

MR. FRAN CZ: Tom Neff.

MR. NEFF: Yes.

MR. FRAN CZ: Mr. Rutala.

MR. RUTALA: Yes.

MR. FRAN CZ: Mr. Annese.

MR. ANNESE: Yes.

MR. FRAN CZ: And Ms. Molnar.

MS. MOLNAR: Yes.

MR. FRAN CZ: The motion moves.

MS. MOLNAR: Thank you very much.

We will do our Fiscal 2016 capital requests.

The Department of Higher Ed has asked to go first. You should have all received this morning, I believe, a list of projected expenditures funded by the Building Our Future Bond Act -- general obligation bonds. That was sent this morning, I believe.

Now, Higher Ed is not making a formal presentation, correct?

ELIZABETH GARLATTI: Correct.

MS. MOLNAR: All right. So we have the list from this morning, and their requests. Now, I just have one question. Are these requests in addition to the projects on this general obligation bond list?

MR. FRAN CZ: Yes, they are.

MS. MOLNAR: They are -- above and beyond that; okay. And how much is left in the bond after these projects?

MS. GARLATTI: The Bond Act has only about \$35 million left to be distributed.

MS. MOLNAR: Thank you; good.

Okay, any questions or comments from the Commission members?

SENATOR SARLO: They've allocated \$600 -- if I'm reading this correctly, they allocated \$616 million of the \$715 million of the general obligation bond? Is that what--

MS. GARLATTI: No, I'm sorry; let me clear. The \$715 million has been allocated out of the \$750 million.

SENATOR SARLO: Okay.

MS. MOLNAR: Good.

SENATOR SARLO: So \$98 million actually in payments.

MS. GARLATTI: Almost \$99 million; yes, sir.

SENATOR SARLO: With Montclair State kind of leading-- Well, yes; them and Ocean County College look like their projects are-- Oh, no, Montclair is very--

Okay.

MS. MOLNAR: Now, these allocations will take place over the next five years, to be realistic?

MS. GARLATTI: We were hoping to be more ambitious than that; but, yes.

MS. MOLNAR: Oh, good; okay. Wonderful.

Any other questions or comments?

SENATOR THOMPSON: I do have one.

I noticed that Kean University, unlike those in some other departmental requests -- their priority No. 8 -- men and women's bathroom upgrades. They are asking for no money in FY 2016; but this is listed as a higher priority than other projects that they are asking money for 2016. That, and some other places, some other departments -- they would place something higher priority-- They don't need any money this year, but it was a higher priority than other items they say they need money for this year. I can't see how you could consider something you don't need money for this year to be a higher priority, this year, than something you don't need money for. Again, Item 8, no money; but subsequent items -- 9, 10, and so on -- they do need money this year.

MS. MOLNAR: Yes.

SENATOR THOMPSON: And I notice this again for at least one of the Departments of State -- that they have done this on at least one item.

MS. MOLNAR: That's interesting.

Any comments from Higher Ed?

MS. GARLATTI: No. As you probably are aware, the institutions themselves develop their priorities. We just put them forward.

SENATOR THOMPSON: Well, I realize that, but I'm saying they seem to be kind of fouled up, as well as at least one Department of State -- I noticed the same kind of thing that-- I mean, they don't want any money for this year, and they put it as a higher priority than other things they want money for this year. Next year they might be higher priority; but the only money this year is-- It's hard to say they are higher priority this year.

MS. MOLNAR: All right. Would it be possible for the universities to get back to us -- for example, Kean -- why they're showing zero dollars, but it has a higher priority?

MR. FRAN CZ: We'll follow up with them.

MS. MOLNAR: Perfect. Thank you so much.

SENATOR THOMPSON: Also, they were looking for service road widening on priority 17, and it only takes \$25,000. Must be an awfully small road and awfully small widening for only \$25,000 for roadwork.

MS. MOLNAR: What university is that? Was that Kean?

SENATOR THOMPSON: Yes, that was Kean.

MS. MOLNAR: Oh, okay. Thank you. All right, perhaps Kean can get back to us on that item too, then.

MR. FRAN CZ: Okay, we'll follow up.

MS. MOLNAR: Perfect; thank you.

Any other questions or comments on Higher Ed?

SENATOR SARLO: Yes, I have a question.

Who's with us from Higher Ed?

MS. GARLATTI: Betsy Garlatti; I'm the Chief of Staff at the Office of the Secretary.

SENATOR SARLO: Hi, okay.

With regards to the-- I see \$99 million has been dispersed or paid out to pay for capital projects that are underway. Are there any institutions waiting for reimbursement? I mean, that's all we've spent since the voters approved this -- is \$99 million? Or are there a bunch of reimbursements that are pending?

MS. GARLATTI: No, there are not. We are current.

SENATOR SARLO: We are current. Well, do we have an idea what's taking so long? I mean, these are supposed to be shovel-- When we went to the voters, these were supposed to be shovel-ready projects. I mean, it appears that none of them were shovel-ready projects other than a few; I see a few at Montclair and a few others. But any reason why it's taking so long?

MS. GARLATTI: I could enumerate a number of potential reasons why there have been delays. But I don't know, specifically; no one has come to us seeking assistance with problems. So I'm assuming that they're moving slower than anticipated, but that they're moving.

SENATOR SARLO: Right.

MS. MOLNAR: Thank you.

SENATOR SARLO: Just one follow-up; I'm sorry, Madam Chair. I'm sorry.

MS. MOLNAR: Yes.

SENATOR SARLO: If I look at this chart correctly that was sent out this morning, there's \$35 million remaining allocated. Now, Kean

is requesting -- just alone, Kean is requesting \$123 million here. That's not out of this Bond Act, then, correct? They're looking for additional--

MS. GARLATTI: Yes, sir. They are looking for additional.

SENATOR SARLO: All right. So Kean University is asking for \$123 million, but that's well above what they have been allocated on the spreadsheet that we have been provided this morning.

MS. GARLATTI: Yes.

SENATOR SARLO: Okay. Is there any-- Is Higher Ed proposing any of this to be funded through the General Appropriations Act? I'm assuming not, but has any thought been given to that, or is that something that--

MS. GARLATTI: Well, I think it demonstrates the ongoing need of the institutions throughout New Jersey for capital improvements. And obviously we would like to be able to see institutions moving forward on additional projects, but at this time there have been no resources identified for that.

SENATOR SARLO: Okay.

MS. MOLNAR: Do the universities allocate a certain percentage every year for capital improvements -- like half of a percent, or anything like that?

MS. GARLATTI: Again, the institutions each have their own system, if you will, of allocating resources within their own budgets. So some have a percentage, and some have an annual fund that may or may not serve as a percentage. It varies greatly across the sectors and the institutions themselves.

MS. MOLNAR: Good; thank you.

Any other questions or comments? (no response)

If not, I want to thank Higher Ed for coming -- Betsy.

MS. GARLATTI: Well, thank you, Madam Chair, for allowing me to jump ahead on the agenda. I appreciate the consideration and look forward to working with you again.

MS. MOLNAR: No problem.

Okay, our next Department is the Department of Corrections -- a total of -- their total is \$117 million for 2016.

Any questions or comments?

SENATOR THOMPSON: This is another one of those that their priority 15 does not request funding for this year, while priorities 16 to 22 do. And I'd like to raise the same question why it has a high priority than those that need funding for this year.

MS. MOLNAR: Okay. Our staff will check with the Department of Corrections.

MR. FRAN CZ: Do we have anyone from the Department of Corrections on the line who can answer that question?

PATRICIA LORETI: Yes, Patricia Loreti is on the line.

It's more of a timing-- The request for 2015 has to do with-- It's like a second phase of a project that's currently in progress. And so we felt it was -- the best way to show this was to show it in 2017 -- the need -- because we think that's when the need will occur.

SENATOR THOMPSON: Yes, but since it doesn't have any need for this year, can't it be a higher priority than those you have a need for this year?

MS. LORETI: So noted.

MS. MOLNAR: Okay, perfect.

Any other questions or comments on Corrections?

MR. ANNESE: Madam Chair, going to priority No. 1, there is a request for some roof work. And you can direct this question as you see fit, Madam Chair -- to whomever; perhaps to our Exec. How do we stand with our funds in our ongoing roof replacement projects? We have a separate fund for that, don't we?

MR. FRAN CZ: We do have a separate fund, but it is fully allocated at this point. So there is no additional funding, except what would be allocated through the FY 2016 process.

MS. MOLNAR: All right. So it is fully utilized; okay. A couple of the other departments had roofing issues as well.

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

If not, we'll move on to Department of Environmental Protection.

I had one question, if I can find it. Maybe it was in Health that I had it; yes, I didn't have a question on this one.

I'll open the floor up -- any questions on Department of Environmental Protection?

SENATOR THOMPSON: We have several items in here -- thus, priority 5, public funded site remediation, Petroleum UST Upgrade and Closure Remediation, upgrade and closure. Priority 10, hazardous waste; and, in fact, in another section-- There are three items here that may well be impacted by the constitutional amendment that was passed related to Open Space funding; thus, the dedication there of CBT for Open Space

funding would impact, for example, the priority 5, UST Remediation. Because I think some of the money from the CBT was funding that before. So I'm wondering if the impact of the rededication of funds through the constitutional amendment -- what impact it has on these particular items -- has been taken into consideration.

MS. MOLNAR: In fact, that was on the bonds -- that was on the voters' referendum this year.

SENATOR THOMPSON: Yes, they passed it and said, "Okay, we're going to dedicate more CBT money to Open Space funding." And part of it is actually taking money away from remediation of underground storage tanks and so on, etc. So our ability to meet these needs here might be impacted on that -- as well as the Green Acres program, urban-- Well, that's priority 6.

MS. MOLNAR: Which means item 5 would be funded, then.

SENATOR THOMPSON: What's that?

MS. MOLNAR: Item 5 would be funded then, based on this additional revenue.

SENATOR THOMPSON: Yes, that's what I'm wondering -- whether the impact on their ability to (indiscernible).

MS. MOLNAR: What? I can't hear you.

SENATOR THOMPSON: I was wondering whether the impact on the revenue here has been taken into consideration with regards to these requests.

MS. MOLNAR: Could your staff check with DEP about this?

MR. FRAN CZ: Madam Chair, I believe they may be on the line. Is there someone from DEP who could answer?

PATRICK GOAN: Yes; this is Pat Goan on the line.

I would have to check with the Site Remediation Program.
Could I get back to the Commission on that?

SENATOR THOMPSON: And there's at least three different items you have here that are tied in with the funding from CBT -- which, again, may be impacted.

MR. GOAN: Okay.

ADRIENNE KREIPKE: Sorry, this is Adrienne Kreipke, the Director of Budget and Finance for DEP. And I will confirm that these requests came in prior to the ballot initiative. So they were based on the expectation of funding per the prior CBT dedication -- not under the lens of the new dedication.

SENATOR THOMPSON: I recognize that, that's why I raised the issue.

MS. MOLNAR: Thank you. That's a good point.

ASSEMBLYMAN O'SCANLON: It's an excellent point, because pretty much, as I understand it, the referendum will have us pretty much gutting these other programs in order to acquire open space. So this would be a dramatic impact.

MS. MOLNAR: I heard there's a three-year wait list on people who have applications in. Good point.

Okay, any other questions or comments on DEP?

MR. ANNESE: Madam Chair, on priority No. 4, could the Department give us some detail about where this dredging is going to occur?

MR. GOAN: Hang on one second; let me check the particular project.

No, the program does not have that specified; again, I could check with the program.

MR. ANNESE: Okay, fine.

MS. MOLNAR: Thank you.

MR. ANNESE: My next question has to do with Department priority No. 5, and I think we alluded to it slightly before. Could we have a little bit more detail? Is this funding for the public? Is it for a business? Do you have any funds for either one? Could you bring us up to date there?

MR. GOAN: Well, as it's stated there, I think that's for the private underground storage tanks, so I think that's for individuals. But again, I could check again with the program.

MS. MOLNAR: All right.

MR. ANNESE: Okay, thank you.

MS. KREIPKE: Sorry, that funding goes over to EDA for the Petroleum Underground Storage Tank Fund administration.

MS. MOLNAR: But it's strictly residential -- no commercial?

MS. KREIPKE: I'm not sure. It's governed by the size of the tank. I think some of the smaller tanks, that might be with-- Gas stations might-- I'm not sure; Pat can double check.

MR. GOAN: Yes, we'll check with the program.

MS. KREIPKE: It's under that program that EDA administers.

MS. MOLNAR: Right; if you could get back to us on that.

MR. ANNESE: All right, thank you. I'm done, Madam Chair.

MS. MOLNAR: Okay, any other questions or comments on DEP?

SENATOR THOMPSON: Yes, priority No. 98 -- flood plain update and digitization; urgent. Now, I recognize what we have here is recommendations on priorities. I think in light of what we've been through with Sandy and so on, this bears to have a higher priority than No. 98.

And I further note that, of course, according to our statutory responsibilities, we are responsible for assigning priorities; therefore, I would suggest that this should have a higher priority than No. 98.

MR. GOAN: Okay.

SENATOR THOMPSON: The Department recommends priorities; the statute says we are to recommend (*sic*) priorities.

MR. GOAN: Okay.

MS. MOLNAR: Good. All right, we can move this up. Staff will take it under consideration.

Okay, any other questions on DEP? (no response)

If not, we'll move to the Department of Health. They had just two priorities listed.

Any questions or comments?

SENATOR THOMPSON: On priority No. 1 there -- which is an emergency generator. As they make their discussion here -- a total here of \$1.6 million for a generator -- the question I would ask, would it be--

MS. MOLNAR: You're looking at-- I'm sorry, Senator. You're looking at Human Services; we're on Health, the Department right before that.

SENATOR THOMPSON: I'm sorry? Okay -- wrong one. Which one are we on?

MS. MOLNAR: We're on Health. I don't think there are any questions on Health. If not, we'll jump to Department of Human Services. Okay, go ahead, Senator, on Item 1.

SENATOR THOMPSON: Okay, Item 1, to purchase and install a 200-kilowatt emergency generator. It seems that the main reason for this is that -- they do have a secondary system, as required, but it does not automatically come in -- which is required (indiscernible). So the question I would ask is, is it possible to install an automatic switching system and, if so, what would be the cost (indiscernible) a second -- a new back-up system? Ask him to take a look at that.

MS. MOLNAR: Okay. Is Human Services on the line? If not, could our staff check with them on this?

KATHERINE FLING: Yes, this is Katherine Fling; I'm Director of Property Management and Construction for the Department of Human Services.

This request is for the Department of-- I'm sorry, a request at the Mahon Correctional Facility. And, together, those two generators that we're (indiscernible) would provide an automatic switching to an emergency generation system for both campuses. Right now, at Hunterdon, we do not meet our Federal accreditation standards requirements for automatic switching, and we also do not have emergency generation. What we have is a co-generation plant that feeds us facility power. If the utility goes down, we have manual switching to two other feeds, but no emergency generators

and no automatic switching. So we do not meet our Federal requirements, currently.

SENATOR THOMPSON: Yes, I recognize that that's what you're saying there -- that there is no automatic switching between the two, and that's why you needed that. So could you install automatic switching as opposed to pursuing the additional generator?

MS. FLING: Yes, that is the intent -- to install two generators and automatic switching.

MS. MOLNAR: Good.

I had one question. Under the Greystone Park -- Item 6, priority 6 -- it says there's pending litigation from the construction of the new hospital. Could you refresh our memories what that's about?

MS. FLING: Yes. There are several lawsuits filed that have all been joined into one lawsuit. It started with subcontractors, to the prime contractor -- suing the prime contractor for nonpayment for services. And it expanded when the prime contractor turned around and sued the EDA. So the Attorney General's Office is responsible for this litigation; it's been pending for five or six years. We've not occupied the new building for that long. And the funds are in a construction trust, at this point, pending the outcome of the litigation -- when the decisions will be made concerning who gets paid how much money from that trust. So we have been unable to-- We can request money from HDSSA balances, but were told all of those balances were in the (indiscernible) dollars until the litigation is completed.

MS. MOLNAR: Yes, but the general contractor is not being paid; are we alleging some kind of defective construction?

MS. FLING: That's really between the EDA and the Attorney General's Office. We're really not party to the litigation (indiscernible).

MS. MOLNAR: Okay. Any other questions on Human Services? (no response)

If not, we'll go to Interdepartmental items; there are a few of them.

Any questions or comments? (no response)

If not, I will move on to Office of Information Technology. We received a PowerPoint presentation from them this morning, I believe.

Any questions or comments on their presentation -- or their PowerPoint? (no response)

I just had one question. Do any of the departments provide some of their own operating budget towards these costs?

G L O R I A J. B R O E K E R: Some of the items -- well, not these items. Every agency and department has an IT operational budget. These particular items are for the application hosting environment, in general, that the Office of Information Technology provides to the rest of the Executive Branch agencies.

MS. MOLNAR: All right.

SENATOR THOMPSON: You said there was a PowerPoint presentation this morning. I'm not aware of any such thing. Where was that?

MS. MOLNAR: Yes, when was that sent?

MR. PATELLA (Commission Staff): We sent it out early this morning. It was received last night, and when I came this morning, I sent it out to the Commission members via e-mail.

MS. MOLNAR: Could someone resend it to the Senator, just in case?

MR. PATELLA: Absolutely.

MS. MOLNAR: Good. It summarized, in plain English, some of their requests. It was very good; I thought it was a very good overview.

Some of their-- Their first one is dependent -- it says -- on “print operations vacating the facility.” What exactly is that referring to, *print operations*? The whole State printing service? Again, on Item 2.

MS. BROEKER: Yes.

MS. MOLNAR: “Migrate print services to a service provider.” You’re talking about outsourcing printing?

MS. BROEKER: There’s an active RFP for migrating those services to a third party. Right now, that operation -- which does support all the printing for the State -- occupies about 8,000 square feet within one of the data centers. The intent is to relocate that out of that facility.

MS. MOLNAR: So we would find an independent, private vendor to do this. Is that what that’s saying?

MS. BROEKER: That’s correct.

MS. MOLNAR: All right. Hopefully there’s a huge cost savings.

Any other questions or comments for OIT? (no response)

If not, under Other Business, our December meeting has been moved to Friday, January 30, 2015. I believe we surveyed some of the members to see who was available. I assume we have a quorum; can our staff confirm that?

MR. PATELLA: We'll confirm. Not everybody has responded so, if you would, please respond via e-mail to let us know if you can attend the meeting.

MS. MOLNAR: All right, good.

Any other questions or comments? (no response)

My comment is, I wish you all a happy Thanksgiving, happy holiday, Merry Christmas, and Happy New Year -- because we'll be seeing you in January. And I'm sure that you'll be receiving other materials before then.

If there are no other questions or comments, the meeting is adjourned.

ALL: Thank you.

MS. MOLNAR: Thank you very much.

(MEETING CONCLUDED)