
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Committee Room 12
State House Annex
Trenton, New Jersey

DATE: October 24, 2003
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Chair
Anthony F. Annese, Vice-Chair
Assemblyman Joseph Cryan
Patrick R. Brannigan
Gary Brune
Kevin P. McCabe
Robert A. Roth



ALSO PRESENT:

David Rousseau
(Representing John E. McCormac)
George LeBlanc
(Representing Senator Wayne R. Bryant)
Beth Schermerhorn
(Representing Assemblyman Peter J. Biondi)

Michael Vrancik, Acting Executive Director
New Jersey Commission on Capital Budgeting and Planning

Meeting Recorded and Transcribed by
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B. CAROL MOLNAR (Chair): I'd like to call the meeting to order. In accordance with the Open Public Meeting Law, the Commission has provided adequate public notice of this meeting by given written notice of 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 Office of the Secretary of State.

We will now take a roll call.

MR. VRANCIK: Senator Littell. (no response)

Senator Bryant. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. VRANCIK: Assemblyman Biondi -- Beth.

MS. SCHERMERHORN: Here.

MR. VRANCIK: Dave Rousseau for the State Treasurer.

DEPUTY TREASURER ROUSSEAU: Here.

MR. VRANCIK: Kevin McCabe, Department of Labor. (no response)

Gary Brune, OMB.

MR. BRUNE: Here.

MR. VRANCIK: Patrick Brannigan, Governor's Office.

MR. BRANNIGAN: Here.

MR. VRANCIK: Robert Roth.

MR. ROTH: Here.

MR. VRANCIK: Anthony Annese.

MR. ANNESE: Here.

MR. VRANCIK: Chairperson Molnar.

MS. MOLNAR: Here.

DEPUTY TREASURER ROUSSEAU: Kevin's here.

MR. VRANCIK: Oh, Kevin's here.

MS. MOLNAR: Okay.

The next item is the approval of the minutes you got in your packet.

I'm sure Mr. Roth is happy to see these minutes.

MR. ROTH: Yes.

MS. MOLNAR: Do I hear a motion to approve?

ASSEMBLYMAN CRYAN: Motion.

MS. MOLNAR: Any second?

MR. BRUNE: Second.

MS. MOLNAR: Any discussion? (no response)

If not, we'll take a vote.

MR. VRANCIK: Senator Littell. (no response)

Senator Bryant. (no response)

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. VRANCIK: Beth Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. VRANCIK: Dave Rousseau.

DEPUTY TREASURER ROUSSEAU: Yes.

MR. VRANCIK: Kevin McCabe.

MR. McCABE: Yes.

MR. VRANCIK: Gary Brune.

MR. BRUNE: Yes.

MR. VRANCIK: Patrick Brannigan.

MR. BRANNIGAN: Yes.

MR. VRANCIK: Robert Roth.

MR. ROTH: Abstain.

MR. VRANCIK: Anthony Annese.

MR. ANNESE: Yes.

MR. VRANCIK: Carol Molnar.

MS. MOLNAR: Yes.

Thank you.

We have a short Executive Director's report -- announcement.

MR. VRANCIK: Thank you, Chairwoman.

Some of you may have seen the press release. I guess it appeared in the paper today. I will be taking a temporary assignment as the interim executive director of the Casino Reinvestment Development Authority. And that means that I will not be serving in this capacity for the balance of the capital process. At the next meeting, we'll be taking -- the board will be taking a vote to approve another Acting Executive Director. I'd like to ask Mike Lihvarcik to stand. He is the likely candidate, based on his experience with the process and his involvement in the current year.

That's it.

MS. MOLNAR: Thank you.

Okay, moving right along. We'll start with our capital requests. Our first department is the Department of Corrections. I'd like to welcome Peter Roselli.

Good morning.

ASSISTANT COMMISSIONER PETER T. ROSELLI:

Good morning.

Good morning, Madam Chairwoman, members of the Commission. I'm pleased to present the Department of Corrections, Fiscal Year 2005 capital budget request to you.

The Department of Corrections is responsible for the custody and care of persons committed to the adult and youth State correctional institutions. It provides educational, vocational, and counseling programs, and services contributing to the rehabilitation of offenders and their ultimate reintegration into the community upon release from custody. The department is also responsible for ensuring that county and municipal jails comply with statewide standards.

The adult correctional facilities include South Woods, New Jersey, East Jersey, Bayside, Northern, and Riverfront State Prisons; Southern State and Mid-State Correctional Facilities; and the Central Reception and Assignment Facility. The Edna Mahan Correctional Facility for Women provides for custody of adult females. Adult male inmates are also housed in minimum security units at Ancora, a satellite of Bayside State Prison; Marlboro Camp, a satellite of East Jersey State Prison; and Jones Farm, a satellite of the Central Reception and Assignment Facility.

Special units and treatment centers also fall under the jurisdiction of the department. The Adult Diagnostic and Treatment Center provides specialized evaluation and treatment services for state prisoners committed under the State's Compulsive and Repetitive Sex Offender's Act. A special

treatment unit, operated jointly by the Department of Corrections and Department of Human Services, provides for the secure care and treatment of civilly committed sex offenders who have completed their custodial terms as State prisoners. The Department also contracts with non-profit agencies to provide bed spaces for select pre-release offenders in community residential facilities.

In addition to the adult facilities, the department operates three youth correctional facilities. Garden State, Mountainview, and Albert Wagner Youth Correctional Facilities provide for the custody, care, and rehabilitation of younger and less violent males, aged 18 to 26. The Juvenile Justice Commission, an independent agency within the Department of Law and Public Safety, maintains jurisdiction over offenders younger than age 18 committed to State custody.

As of December 2001, parole services were transferred to the State Parole Board, and as such, parolees are no longer supervised by the department.

A major challenge facing the department continues to be prison overcrowding, despite recent decreases in the inmate population. Over the eight fiscal years from 1991 to 1999, the department's adult inmate population increased by 9,775, or 45 percent, from 21,525 to 31,300 inmates. During the next three fiscal years, from 2000 to 2002, the State prison population decreased by approximately 4,000, to 27,300. Since then, the population appears to have stabilized. But recently, increases have again occurred. Sufficient additional and replacement bed space has not been constructed over the last 10 years to keep pace with population growth and the deterioration of much of the department's current housing stock.

During the past seven years, alternatives to traditional institutional incarceration have expanded considerably. The department has increased the number of non-institutional treatment and alternative programs slots by more than 300 percent, from 800 in 1995 to more than 2,800 in Fiscal Year 2002. In Fiscal Year 2004, additional residential treatment space has been added to State Parole Board alternative programs, as well. However, the number of inmates who can be assigned to such programs is limited. The recent decreases in inmate population and the use of alternatives to incarceration have not appreciably relieved pressure on DOC facilities, since most of the reductions have been experienced in the number of State-sentenced inmates housed in county facilities. During the last several years, the number of State inmates housed in county jails has dropped from over 5,000 to between 1,000 and 2,000. The result is that State correctional facilities continue operating at about 136 percent of their design capacity.

State prisoner population growth is directly attributable to various legislative enactments and public safety practices, including the New Jersey Code of Criminal Justice, Title 2C, enacted in 1979; the Parole Act of 1979; the Graves Firearms Act; the Comprehensive Drug Reform Act of 1986; the 1997 No Early Release Act, NERA; and other statutory changes.

The No Early Release Act, which requires an offender to serve 85 percent of his or her sentence, is anticipated to double the length of stay for a significant number of State commitments. There are currently 2,900 inmates serving terms under NERA. However, very few are yet beyond the date by which they might normally have been released prior to enactment of NERA. Therefore, current population projections, developed by the department, and

validated by an independent, external criminal justice research organization, indicate that the State correctional population will increase by 5,000 over the next 8 to 12 years due to NERA.

A second major issue facing the Department of Corrections, the continued use of modular buildings -- essentially trailers constructed of inexpensive, non-durable materials -- throughout the state, is directly related to the rapid prisoner population growth during the 1990s.

In response to prison overcrowding, the department initiated the installation of these units in May 1981. Since then, the Southern State facility, which currently provides housing for 1,634 prisoners in 13 such trailer units, and 10 individual trailer units at six institutions housing an additional 1,123 inmates, have been placed into operation. Due to a recent fire, which destroyed a 120-bed unit at Southern State on August 13, 2003, these units have become a primary life-safety concern. Shortly thereafter, in September, inmates from the Southern State complex had to be evacuated due to the potential for winds of more than 70 miles per hour from Hurricane Isabel.

Although the 20-year-old Southern State facility is the department's primary focus, because it is comprised entirely of trailer units for prisoner housing, the trailer units at the ADTC, Bayside, East Jersey, Edna Mahan, and Riverfront facilities housing inmates are also a concern. The interacting effects of continued prison overcrowding, combined with the aging trailer units, underscores the need for both new construction and internal renovations.

The department recently received Federal grant funds in the amount of \$11 million to construct a new 350-bed minimum security housing unit on the grounds of the Southern State Correctional Facility. Locating the unit on an

existing site results in lower operating costs for the new beds, due to sharing of existing administrative and program services.

A new 134-bed minimum security housing unit is under construction at the Jones Farm Satellite Unit in Mercer County, to replace existing trailers which are beyond their life expectancy. There will be no net gain in bed spaces with this replacement unit. This project, scheduled to be completed in December 2003, is funded via a 1989 Bond Issue appropriation.

In summary, the objective of the department's capital program over the last 10 years has first been to maintain existing facilities and minimize further deterioration, so that the bed spaces added -- through new construction, contracts with the counties, and community-based expansion -- could relieve overcrowding. In addition, the replacement of existing aged facilities, which are costly to maintain and operate, has been a second objective. New facilities would be designed to reduce custody staffing requirements and would incorporate state-of-the-art security technology to enhance operating efficiencies.

The Department of Corrections Fiscal Year 2005 capital request addresses both of these objectives. However, in light of recent events, the department's most pressing capital concern is now the continued use of trailer units constructed of these inexpensive, non-durable materials. The request has, as its first priority, the replacement of all the trailer units at Southern State at a cost of \$13 million for programming and design. The phased replacement of the individual trailer units at various facilities is the second priority, with a request of \$15.3 million to replace the two remaining trailer units at the Bayside facility, at present housing approximately 280, with the department's 350-bed

dormitory prototype. Note that an additional two of these units, housing 280 prisoners, were lost this past winter to snow and mold damage.

The complete Fiscal Year 2005 capital request consists of 35 projects with a total cost of \$109.9 million: \$64.8 million, or 59 percent, addresses the preservation of the physical plant and infrastructure of our facilities, with the highest priorities being compliance with the fire safety code, replacement of existing facility security perimeters, and replacement of internal locking systems; \$45.1 million, or 41 percent, addresses the replacement of the aforementioned modular units and the East Jersey State Prison.

Thank you for this opportunity to present the capital needs of the department to the Commission. Seated with me are Jim Barbo, to my right, the department's Director of Operations responsible for the department's capital program. And not mentioned here, but to my left, is Barbara Kutrzyba, the department's Director of Financial Management. And to the rear is Gerry Kennedy, the department's Supervisor of Construction and Facility Maintenance. We would be happy to answer any questions Commission members may have.

MS. MOLNAR: Thank you.

Any questions or comments from Commission members?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I have a couple of questions.

And thanks for your information.

The hurricane thing just-- Can you explain that a little bit more? Hurricane Isabel is forecasted -- you actually took these people out of these trailers? Could you just give me a little more information on that?

ASSISTANT COMMISSIONER ROSELLI: What we did was -- and Jim can elaborate-- The hurricane was tracked by our special operations staff very closely, and together with the Office of Emergency Management. And as it approached, it was determined that the best course of action would be to evacuate the components of the complex -- the Southern State complex that were associated with these trailer units, because the wind level, at 70 miles an hour or more, predicted -- prior to the actual arrival of the hurricane -- caused concern that they might not be able to withstand it. So what we did was, to evacuate those prisoners to other locations.

ASSEMBLYMAN CRYAN: By not being able to withstand it, what do you mean?

ASSISTANT COMMISSIONER ROSELLI: They would have been blown over.

ASSEMBLYMAN CRYAN: That's what I thought you were going to say.

ASSISTANT COMMISSIONER ROSELLI: I might say, Assemblyman, they were not blown over.

ASSEMBLYMAN CRYAN: I understand, but you had a legitimate fear that these things would actually blow over.

ASSISTANT COMMISSIONER ROSELLI: That was the concern.

ASSEMBLYMAN CRYAN: And these trailers hold about 100 -- if I did the math right -- they hold about 110 prisoners. Is that right?

ASSISTANT COMMISSIONER ROSELLI: No, 120 each, in each one of the units. The total is, now, 1,634.

ASSEMBLYMAN CRYAN: And are they -- with the 352-unit facility coming in that's minimum security, are these trailer units all minimum security, as well, or is it apples to apples?

ASSISTANT COMMISSIONER ROSELLI: No, they're medium security.

ASSEMBLYMAN CRYAN: They're medium security.

ASSISTANT COMMISSIONER ROSELLI: The new building, as Jim corrects me -- the new building, the 352-bed unit, is a minimum security treatment center on those grounds, but the incumbent facility, the trailer units and it's adjacent buildings, is a medium security facility.

ASSEMBLYMAN CRYAN: I had a couple other questions.

On Page 5 of your statement, increased the number of non-institutional treatment alternative programs from 895 to more than 2,800. By going the -- for lack of a better way to put it -- well, the alternate route, so to speak-- Do you have any data that shows whether it works, or is it too early in that to say that it's an effective way to go? Or is there a -- because we're not doing the standard institutionalized performances, is there any risk associated with it, that sort of thing?

ASSISTANT COMMISSIONER ROSELLI: A brief description might help. These are pre-release minimum security inmates who are housed in what amount to privately operated, pre-release centers. The department, as you may know, traditionally has operated minimum security facilities and, over many years, operated work release programs, much the same as these facilities do on our behalf now. So these are a, kind of, enhancement of what the department traditionally did with offenders who were pre-release. They do have

more programming, counseling, etc., and a greater attempt is made to structure the inmates transition such that he or she will be more successful.

I can't tell you that I have any data with me that would say that they're more effective or less effective, but, certainly, they are appropriate for pre-release.

ASSEMBLYMAN CRYAN: So, in essence, we rent the bed, so to speak.

ASSISTANT COMMISSIONER ROSELLI: Yes, indeed.

ASSEMBLYMAN CRYAN: I just have one other -- I think one other question. And that is, when I looked at your priorities, Priority 1, Southern State this year, but next year -- I happened to notice it was a little higher. If I remember right, it was like about \$140 million. I did, kind of, notice that. I added that up with East Jersey at \$170 million for next year, as well.

Can you, kind of, talk to me about both of those. I guess I just want to be a little bit prepped, in terms of--

ASSISTANT COMMISSIONER ROSELLI: Yes, what they represent is an estimate in each case of the cost to actually replace the facility, whereas the -- in the case of our number one priority, the programming and design to replace Southern State would entail a cost of about \$13 million. Whether a facility of that order of magnitude could be rebuilt in one year would be determined by the actual programming design phase.

ASSEMBLYMAN CRYAN: Okay, so in the number one priority, we're really not replacing beds, we're just preparing for a new facility.

ASSISTANT COMMISSIONER ROSELLI: That's right.

ASSEMBLYMAN CRYAN: And by making the commitment for the \$13 million, we're, in essence, making a commitment for \$140 million right behind it. It's a reasonable expectation, isn't it?

ASSISTANT COMMISSIONER ROSELLI: That's right. It would be reasonably expected that if the State were to incur that expense, that there would be a serious view to actually doing the replacement.

ASSEMBLYMAN CRYAN: And I just want to tie that in a little bit with -- I know it's the seventh priority, but -- the East Jersey thing with-- If you could just balance me, a little bit. Why Southern State over East Jersey for priorities? Is it because of the use of the trailers, or the dominant use?

ASSISTANT COMMISSIONER ROSELLI: It's the use of the trailers. You all may recall, last year, trailer replacement was, I believe, fourth and fifth on the priority list. And I guess the concern is, as we've observed these events here with these trailers-- We had a fire, we then had a hurricane situation. Although we didn't evacuate elsewhere where there were trailers, we were concerned we might have to do that in this last hurricane situation. We didn't have to. It is, indeed, the fact that the trailers are so -- I might use the word *fragile*. They're sturdy enough for day-to-day living, but they are not institutional-type facilities.

ASSEMBLYMAN CRYAN: That's a little bit of a softball, but wouldn't-- So one and two together is, really, what you need. You need a replacement of beds, because you have a problem both with fire and shortage, and then you need a plan for the future on Southern State, if the thing is really going to work.

ASSISTANT COMMISSIONER ROSELLI: That would be -- that's correct. I mean, we moved them up to the top of the list and gave a prioritization. But you're, really, dealing with the same kind of situation in one and two.

ASSEMBLYMAN CRYAN: Okay. One last thing, and then I'm done. The fire -- I read it. It's one of your priorities -- fire training issue or fire-- It's in the top five, I thought.

MR. ROTH: Three.

ASSISTANT COMMISSIONER ROSELLI: Fire safety compliance.

ASSEMBLYMAN CRYAN: Right, fire safety compliance. How much of a concern do we have with fire safety compliance with the current trailers, given the fire that you just had? In other words, is there-- Does it have to be \$10 million, based on the fact that we just had a facility burn down? Is there a more immediate concern, as part of that, that we should be at least addressing?

Do you see where I'm going here?

ASSISTANT COMMISSIONER ROSELLI: Assemblyman, that \$10 million is generic fire suppression system work that needs to be done around the department.

I might say about these trailers, when we had the fire in the one trailer unit-- Those units are fairly closely scrutinized and maintained by virtue of the fact that they are older. And we did have, I think, an electrical short, basically, in the air conditioning system in the one unit. And that was what caused the roof fire in that unit -- that caused it not to be able to be used any more.

The others are okay. They were inspected thereafter. They seemed to be okay. We keep an eye on them. But our dilemma with the trailers is their fragility. And the fire safety issues that we are addressing are related as much to citations we've had and advice we've had from DCA's fire safety staff and so forth, as they are anything else. We have not had a history of lots of fires in the Corrections Department facilities over the many years that we've operated.

But we are concerned. The DCA has advised us that's a very critical issue, and therefore, in trying to balance all of these, as we might view them, essentials, we simply planted that one in as number three. But they are all very critical items with regard to handling this large physical plant that we have operating.

ASSEMBLYMAN CRYAN: But I shouldn't take that -- the third priority -- as a direct result of the fire in August.

ASSISTANT COMMISSIONER ROSELLI: No.

ASSEMBLYMAN CRYAN: Okay, thank you.

ASSISTANT COMMISSIONER ROSELLI: You're welcome.

MS. MOLNAR: Thank you.

I had two quick questions. At the Newark facility, I believe you had trailers. Are they still there?

ASSISTANT COMMISSIONER ROSELLI: Yes, they're there. And I guess the point about the trailers is, the ones that are diffused-- Southern State is a trailer grouping. The others that are diffused are somewhat less problematic, because they are small in number at that location.

Jim is going to make a comment about those trailers. He's very familiar with them at Northern State. My general comment, though, is as I stated.

MS. MOLNAR: Right, Northern State. I couldn't think of the name. It's in Newark, though, right?

ASSISTANT COMMISSIONER ROSELLI: Yes, it is.

J I M B A R B O: Approximately a year-and-a-half ago, we stopped using those three trailers, because we considered them to be substandard. It seemed that the deterioration accelerated in those trailers a lot quicker than some of the others.

We're in the process now of doing some in-house renovations to them to use them for temporary housing. But due to the deterioration of those units, we had to stop using them. That accounted for approximately 330 beds.

MS. MOLNAR: The other question-- This Commission was fortunate to have a tour of East Jersey State Prison. Mr. Warner -- Rob Warner and Mr. Forker (phonetic spelling) -- I think he retired -- gave us a tour. It was a real eye-opener.

If you redid that, would you totally demolish it, or would you build a new one behind it and continue using the old one?

ASSISTANT COMMISSIONER ROSELLI: I think, whether it be East Jersey or whether it be modular units, really, the -- one of the key elements of the programming and design phase would be to determine, sort of, the way one would approach replacing the physical plant, the location-specific or general. I mean, that's the value of doing that element of the expenditure.

MS. MOLNAR: That's probably the 16.8 for the plan and design.
So that's still open for discussion -- how the process would work.

That is old. I mean, as you said, 1886, or something like that.

Thank you.

Any other questions or comments?

Mr. Brune.

MR. BRUNE: Pete, good morning.

ASSISTANT COMMISSIONER ROSELLI: Good morning, Gary.
How are you?

MR. BRUNE: How are you doing?

Good.

Three questions, Pete. One which is -- this is in part for the Commission members, as well. There's a series of letters going out about the discretionary money that you may recall is in the capital account for the current year. And the Department of Corrections is in for about \$3.3 million. And that's sprinkled among what you might term fire safety, security type accounts. If not in your hands already, I think that's in route to you, that letter from the Treasurer.

ASSISTANT COMMISSIONER ROSELLI: Okay.

MR. BRUNE: So I'm assuming -- I think it's probably a fair assumption that that \$3.3 million is, sort of -- wasn't known at the time we saw these priorities. So it's, I think, a list of what might be the most key projects within Priorities 3 through 5. Is that a fair assumption? In other words, this was built before--

ASSISTANT COMMISSIONER ROSELLI: We would-- Without pinpointing them, Jim and Barbara are saying they are. So that has helped -- certainly has helped -- and is consistent with what we turned in.

MR. BRUNE: Okay.

Maybe, just for the Commission's benefit -- if you add the \$3.3 million to what I think is about a \$1.4 million uncommitted balance that remains, again, across those priorities -- is about \$4.7 million for obviously, just a piece of what is Priorities 3 through 5, that the department already has or is about to get.

That would be one point, just so we're all on the same page.

And those priorities -- the projects that were selected range from about a million dollars for a warehouse roof on the main office -- I think that might have been one of yours -- is about \$800,000 for a sally port receiving gate at East Jersey. Some of the others are a little smaller, but some of them are life safety, as well.

So that was one point.

The other thing, Pete, was-- You and I have spoken in the past about the trade-offs relative to putting people in county facilities. And I've noted in your testimony that we have gone down there, versus capacity on the State side. And as I understand it, the number of beds that we're trying to replace seem to be about, just maybe, 2,800 between Priorities 1 and 2. I think that's probably in the ballpark of being right.

Let me just give you a chance to embellish on the trade-offs between the choice, that might possibly be made, to house at least some of the prisoners at county facilities versus doing this.

ASSISTANT COMMISSIONER ROSELLI: That's a good point.

I might first say, Gary, that in the aggregate, you're really approaching 4,000 bed spaces in the trailers. If you think about it in this way, 1,600 spaces at Southern State, 1,100-plus elsewhere. But the dilemma with the county facilities -- their use -- is, they're certainly very helpful to have available. But they also are somewhat fragile, in many instances, and somewhat aged. And the dilemma we have is that, right now, in the short run, we have more inmates in those county jails than we had thought, as I think you know. We have almost 2,000. We had expected to be around 1,100 or 1,200 at this point.

So, one could argue that, "Well, there's some room there. If, originally, we had, at one point in time, 5,000, why couldn't we have more in county facilities?" Well, one dilemma is, the facilities were never really designed for crowding. They're really designed for short-term holding of inmates awaiting trial and some inmates who are serving less than a year.

The second problem is that you do not know what the future will bring, with regard to inmates arriving in the system. And if you are counting on those spaces, and you know that your absolute outer limit is around 5,000 -- and that's a critical mass -- that's more than we really should ever have in those facilities, I think all would argue. We would not want to be not having any available potential surplus if something occurred where the arrivals accelerated. It's a dilemma. It is the set of bed spaces of last resort that we have available -- potential bed spaces.

MR. BRUNE: Thanks, Pete.

Just one last question. We're often in the position, as you know, of picking smaller numbers than what the request was around here in the capital

budget. And sometimes it's, obviously, hard to tell, when you get through, say, three through five, what-- If you were given one dollar, what your first priority would be among the, sometimes, 10 different facilities that are listed. And I'm not expecting you to do that today. But if there's any way-- What I guess I'm saying is, it's hard to get the sense of the priority within the priority. And if you could help us with that, through the Chair, that would be a help.

ASSISTANT COMMISSIONER ROSELLI: As the department has done with OMB over the many years, and the Treasurer's Office, we will be happy to go in and give you as detailed a view of what might be prioritized, as we can, among three through five.

I might just add, Gary, one other comment about county jails that Barbara reminds me of. And that is, one of the critical issues with housing inmates in these facilities for longer terms is available programming. And county jails, because of their general nature, do not provide much programming: educational services, social work services which the inmates need, transitioning through the facilities and out of them. And therefore, that adds to the sensitivity of packing those facilities with larger numbers of inmates, as well. It tends to add to the risk. There's a tension that builds up, and so forth.

So I just wanted to leave you with that.

MR. BRUNE: Thank you.

ASSISTANT COMMISSIONER ROSELLI: You're welcome.

MS. MOLNAR: Any other questions or comments?

ASSEMBLYMAN CRYAN: Can I ask one more?

MS. MOLNAR: Sure, Assemblyman Cryan.

ASSEMBLYMAN CRYAN: I'm sorry.

A follow-up to Gary's point. Did you say there's \$800,000 going for the sally port at East Jersey?

MR. BRUNE: Round numbers.

ASSEMBLYMAN CRYAN: Round numbers -- which is your Priority 9, I think, in this list here, which, I mean, is fine. But when I read it-- I guess my concern is, 7 is to replace East Jersey. Can you help me with that?

ASSISTANT COMMISSIONER ROSELLI: Well, we get into these--

Assemblyman, I might say, we get into these kinds of--

ASSEMBLYMAN CRYAN: I recognize priorities are priorities.

ASSISTANT COMMISSIONER ROSELLI: --dilemmas. I mean, it's a, kind of, what do we do in the short run with regard to an inadequate front house element of that facility, when, yet, we know we'd rather replace it. But we have the problem of how are we going to operate.

ASSEMBLYMAN CRYAN: In the short -- in the time that's--

ASSISTANT COMMISSIONER ROSELLI: Yes, how do we do it. I mean, it's a security issue there.

And so these anomalies we end up facing all the time, because we're so pressed here on these capital ends.

ASSEMBLYMAN CRYAN: So based on Gary telling about the 3.3. Is that something you'll do? You'll replace the sally port there.

ASSISTANT COMMISSIONER ROSELLI: Probably. We've got it on our priority list that we gave to OMB for use of the 3.3. Now, I can't tell you that every time we've ever done this, we exactly stick to these things,

because things come up. But we tend to try to stick to them. So that's what's on the list.

ASSEMBLYMAN CRYAN: Through the Chair, is there anything on that list for Southern State?

MR. BRUNE: I could read the list for you.

ASSEMBLYMAN CRYAN: Is there any-- I just-- If we-- I guess with Priority 1 being Southern State, my question is, are we investing any other money in Southern State?

MR. BRUNE: The answer is, no.

ASSEMBLYMAN CRYAN: Okay.

Thanks.

ASSISTANT COMMISSIONER ROSELLI: Okay. You're welcome, Assemblyman.

MS. MOLNAR: Any other questions or comments?

MR. VRANCIK: Assemblyman, just for the record, I'll make sure that the Commission members have a copy of the letter that's going out to the Department of Corrections and the other departments who are going to get the money, so that you all know what the life-safety allocation amounts are. The letter was just signed, I think, yesterday. So if I had known that, I would have had it for you today.

MS. MOLNAR: No other questions.

I'd like to thank you for your presentation.

ASSISTANT COMMISSIONER ROSELLI: Thank you very much.

MS. MOLNAR: Our next department is the Department of Environmental Protection. I'd like to welcome Assistant Commissioner Kropp.

Could you introduce your staff for the record?

ASSISTANT COMMISSIONER IRENE KROPP: Good morning, Madam Chair and members of the Commission.

I have with me, today, Al Payne, who is the Acting Director of the Division of Parks and Forestry; Dave Barth, who is the Director of Finance and Budget for DEP; John Moyle, who is Acting Administrator of Construction and Engineering, who oversees dam safety, as well as shore protection. And also with us today is Jim Hall, who is Executive Director of the Pinelands Interstate Commission -- Palisades Interstate Commission, sorry.

My name is Irene Kropp. I am currently the new Assistant Commissioner of Management and Budget at DEP, replacing Ron Tuminski, who recently retired.

The department's Fiscal Year 2005 capital request focuses on, among other things, water supply and municipal wastewater assistance, restoring our park infrastructure, remediation of contaminated sites, purchasing open space, protection of our beaches and beach water quality, and dam restoration. Our capital needs total \$806.7 million, and are broken out by funding sources on the last page of the handout that I gave.

I would like to take some time to highlight the following projects.

With regards to beach closure, unfortunately, extensive development around an upstream of our coastal lakes in Monmouth and northern Ocean counties have caused these lakes to resemble stormwater detention basins, which are under-designed and under-maintained for the large stormwater flows directed to them. The accumulation of sediments and

sediment-associated pollutants in these lakes results in ocean discharges of a substandard quality.

Beach closings are often necessary to protect public health during the recreational beach season. Some communities have recently completed DEP-funded preliminary evaluations as a prelude to remediating problems in these lakes. Other communities are just beginning similar studies. Over time, we must determine how we can systematically fund the maintenance of these lakes. One immediate need that we have is to remedy the ocean water quality problems that Wreck Pond, in Monmouth County, continues to cause. This past summer there were 80 beach closings in New Jersey -- ocean beach closings -- and 58 of them were directly related to Wreck Pond.

Maintenance of these lakes, including upstream nonpoint source pollution controls and dredging, could be expensive, as evidenced by the \$15 million request for Wreck Pond over the next three years. But the costs must be placed in the context of revenues generated by coastal tourism. The state's shoreline and the quality of our ocean water are vital to New Jersey's economy.

The department's 2005 capital request includes a Beach Closure Abatement Program for Wreck Pond, as well as addressing stormwater discharges directly to the coastal bathing beaches in Wildwood.

With regards to recreational opportunities, more than 30 percent of our state's residents take part in some form of wildlife-associated recreation: fishing, hunting, bird watching, and wildlife photography.

Over 15 million visitors enjoyed New Jersey's parks and forests in 2002. Recreational opportunities are provided at 39 states -- 11 State forests, four recreational areas and golf courses, 115 wildlife management areas, 42

natural areas, and 23 individual historic sites. All of these areas encompass some 610,000 acres of New Jersey.

This year, we are completing capital projects that will upgrade the HVAC system at the Liberty State Park Terminal and awarded construction contracts for Batsto Visitor Center expansion. Last week, Commissioner Campbell announced that the \$2 million interior restoration at High Point Monument will begin this winter, and the monument is scheduled to reopen to the public next year.

The capital plan before you, again, emphasizes the priority that we place on the restoration and renovation of our parks' infrastructure and historic sites. Restoration projects like Batsto Mansion, Fort Mott, and the Walt Whitman House and Rockingham are high on our priority list.

In reviewing our request, you will find that total funding requests of \$87.9 million are included for parks and forestry, and fish and wildlife areas. The requests focus on enhancing the quality of the recreational experience for all of our visitors. Projects which have been categorized as urgent make up \$35 million worth of the \$87.9 million total. The department would use \$11.6 million, or 50 percent of this funding, to renovate, rehabilitate existing facilities in order to eliminate health and safety issues; repair roads, parking areas, and bridges; bring facilities into environmental compliance; and tackle the backlog of differed maintenance.

Additional urgent projects include \$10 million for the continued restoration of the terminal, the train sheds, and the ferry slips at Liberty State Park, and \$5 million for new fish-rearing tanks at the Hackettstown Hatchery.

Since the State set a land preservation goal in May of 1997, a total of approximately 330,000 acres have been preserved, including close to 103,000 acres of farmland. Last year, the Governor signaled a new emphasis on purchases of open space, giving greater priority to those preservation projects that will protect the state's surface and groundwater resources, as well as flood-prone areas.

Next month, ballot question number one proposes to increase the bonding capacity of the Garden State Preservation Trust to \$1.15 billion, an increase of \$150 million. At least \$50 million of the additional funding will be used to create and improve parks in cities and suburbs. In concert with this goal, DEP's Fiscal Year '05 capital request includes \$143 million in requested funds for Preservation Trust projects.

Specifically, \$77.5 million is included for State acquisition projects, and \$5 million for new urban parks. Another \$175.5 million is included for the Green Trust Program, to provide loans and grants to local government and nonprofit entities.

The State's preservation efforts will be further bolstered by the acquisition of 15,000 acres of environmentally sensitive lands associated with watersheds, groundwater recharge, wellhead protection, and stormwater management. This will be accomplished through DEP's partnership with the Environmental Infrastructure Trust.

New Jersey's Environmental Infrastructure Financing Program has proven to be a valuable asset to the State, in terms of water quality protection. Earlier this month, project sponsors again had the opportunity to submit planning documents for 2004 financing. Eligible projects fall under the broad

categories of wastewater treatment, stormwater and nonpoint source pollution control, and water supply. Projects eligible for funding include: wastewater and drinking water treatment, new water supplies, combined sewer overflows, stormwater management, landfill closures, brownfields remediation, streambank stabilization, and open space acquisitions which protect water quality.

New Jersey's Environmental Infrastructure Financing Program is in its second decade. Since 1987, the Trust and DEP have provided more than \$2 billion in low interest loans to finance clean water projects. By leveraging this financing mechanism, New Jersey residents have saved nearly \$600 million, or 26.3 percent, as a result of these low-cost loans. This year's financing, which closes on November 7, 2003, will fund 24 county and municipal projects worth \$102 million. The bonds, which were offered earlier this week, were sold with interest rates of 4.23 percent. The 2004 financing project, which corresponds to our Fiscal Year 2005 request, currently includes 56 projects, with a projected cost of \$493 million.

The Federal Safe Drinking Water Act Amendments of 1996 provided New Jersey with the opportunity to leverage State loan funds to improve drinking water infrastructure facilities. The current Drinking Water SRF priority list identifies 188 projects and a need of \$542 million. We expect \$46 million in projects will be financed in November. Our Fiscal Year 2005 capital request of \$3.6 million from the 1981 Water Supply Fund represents the eighth year of financing under the Federal Drinking Water SRF, and will match \$18 million in Federal funds. As with the \$102.5 million in Federal funds available from Fiscal Years 1997 through 2004, the department will continue to leverage these moneys through the Environmental Infrastructure Trust.

Shore protection: New Jersey's Shore Protection Program remains a viable one, with the annual dedication of \$25 million. That funding, coupled with Federal and local support, has been, and will continue to be, critical to the State's efforts to protect our coastline. Over the course of the past year alone, beachfill work has continued in Ocean City, Sea Bright, Monmouth Beach, Spring Lake, and Avalon. Construction is scheduled to begin shortly in Atlantic City and Ventnor.

Our Fiscal Year '05 capital request of \$34.5 million for shore protection focuses on beachfill projects that cover such areas as Deal to Asbury Park, and Great Egg Harbor to Cape May Inlet. As in the past, our request for dedicated shore protection funds will be used in large part to leverage some \$75.5 million in Federal funds.

The flood control projects contained in our request include both the deferred maintenance of culvert repairs and replacements, and funding required as the State's match to Federal HR 6 projects. Specifically, \$11.6 million in State funds will leverage \$29.2 million in Federal funds. Major projects to be continued in Fiscal Year '05 include the Green Brook, South River, Ramapo River at Oakland, and Newton Creek.

The department's request also include capital moneys to address needs at the Bayshore Floodgate. Specifically, \$500,000 is being requested to address capital needs involving the replacement of outfall pipes at the Floodgate buildings.

If passed, ballot question number three could satisfy some of our capital needs. This bond issue proposal would provide financing for the repair and restoration of both State-owned and local or privately owned dams, local

and privately owned lake and stream cleaning and dredging, State flood control projects and water supply, and wastewater treatment projects.

Our Fiscal Year '05 request includes \$6 million in capital moneys needed to maintain New Jersey's navigational channels and harbors. The funds will not only serve to eliminate the hazards of shoaling and the lack of regular routine maintenance dredging, but will also leverage an estimated \$4 million in Federal funds.

Our Fiscal Year '05 capital needs for site remediation include \$102.4 million in funds in order to address ongoing remediation projects, water line replacements, operation and maintenance, and closure of sanitary landfills. Offsetting part of these needs, we anticipate Federal participation from the Superfund Program at a level of \$10 million, and \$30.7 million from CBT dedication. To date, the availability of the dedicated CBT funds for cleanups has allowed the State to avoid the issuance of approximately \$136.5 million in bonds. This has saved the State an estimated \$110 million in interest, which would have otherwise been incurred if these cleanup efforts had been funded by the traditional bonding method.

Further, the Fiscal Year '05 request anticipates the commitment of \$25 million in CBT funding for underground storage tanks. Public ballot question number two will, if passed, redirect CBT moneys previously earmarked for underground storage tank remediation and provide stable funding for brownfields cleanup and redevelopment.

In addition to these requests I have already mentioned, I also call your attention to the following items contained in our '05 capital submission. Requests on behalf of the Palisades Interstate Park Commission are included at

the level of \$5.9 million. Specifically, the Commission is seeking \$3.7 million for recreational development, and \$1.2 million for road improvements.

So far this year, 26 people have been confirmed positive for West Nile Virus in New Jersey. There have also been over 100 horse cases of West Nile Virus. Earlier this week, the Department of Health and Senior Services announced the first human case of Eastern Equine Encephalitis in over a decade in Burlington County. Five horses have also tested positive for this disease.

One of the most effective methods of mosquito control is open marsh water management, in which heavy-duty amphibious equipment is used to create tidal flushing and eliminate the mosquito breeding habitat. The request for the State Mosquito Control Commission includes \$60,000 for an equipment storage facility and \$745,000 for the addition or replacement of equipment used by our county mosquito control commissions to eliminate open marsh water management projects -- to implement open marsh water management projects. These projects are critical to controlling the mosquito population and related diseases in New Jersey.

Thank you for your time. If you have any questions, hopefully, we can answer them.

MS. MOLNAR: Thank you.

I had two questions: one for our staff, and one for you.

You mentioned ballot question number three, a bond issue proposal.

When does this Commission review the bond issue proposal for the ballot? Is this within that purview?

MR. VRANCIK: This is a piece of legislation that passed, I guess, at the end of June. And it was signed into law by the Governor in August.

MS. MOLNAR: Okay.

MR. VRANCIK: It's something that the Commission could look at, but it's pretty much in an advisory nature, because it's already been approved.

MS. MOLNAR: All right. The legislation--

MR. VRANCIK: The legislation was introduced and passed subsequent to the conclusion of last year's capital planning process and was signed by the Governor into law in August in order for it to be on the ballots.

MS. MOLNAR: Is this a bond issue strictly for DEP or what?

MR. VRANCIK: I believe so.

DEPUTY TREASURER ROUSSEAU: DEP--

MR. VRANCIK: The bond issue.

DEPUTY TREASURER ROUSSEAU: Yes, I think it's all DEP.

MS. MOLNAR: Okay.

Normally, if we were in session, we would have looked at it and looked at the -- even the-- I think we've even reviewed the ballot language. I can't remember. Normally, we would be involved in that question.

The other one-- The other bond issue is just increasing their bond issue one -- increasing their bonding ability. I'm not sure we vote on that, normally.

MR. VRANCIK: I don't think so.

MS. MOLNAR: Okay. The other question I had is on shore protection. Are there any projects still in the works to prevent further erosion at Cape May Point? Pretty soon, Cape--

ASSISTANT COMMISSIONER KROPP: Can I defer this question to John Moyle, who is the head of that project?

MS. MOLNAR: Okay. If he could come up here-- Because eventually Cape May Point, I hear, is going to be an island, if the erosion continues.

JOHN MOYLE: We're currently working with the Corps of Engineers on several projects down in Cape May. And we just signed a PCA that's going to start a project at Cape May this fall.

MS. MOLNAR: And what will exactly happen in these projects?

MR. MOYLE: It's beach replenishment projects, where they're going to be pumping sand on the beach.

MS. MOLNAR: Isn't there an issue with Wildwood, though, preventing the sand from migrating to Cape May?

MR. MOYLE: I'm not aware of that issue.

MS. MOLNAR: Their jetties are preventing the sand from migrating, and that's what's causing the Cape to erode.

MR. MOYLE: When the Corps looks at these, we certainly look at the jetties. As far as the projects go, they do a lot of modeling. And there are certain jetties that need to be removed so that the sand can migrate. So that's all taken into consideration.

MS. MOLNAR: All right, thank you.

Any questions or comments?

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Thank you.

I have a couple of questions on the first two priorities. Priority 1, in particular Wreck Pond, you're going to dredge Wreck Pond. First off, where is Wreck Pond? In Monmouth County, where?

ASSISTANT COMMISSIONER KROPP: Monmouth County, Sea Girt area.

MR. MOYLE: It's located on the borderline between Spring Lake and Sea Girt.

ASSEMBLYMAN CRYAN: Okay, and how big is it? One acre, fifty? I have no idea.

MR. MOYLE: It's about a 50-acre lake.

ASSEMBLYMAN CRYAN: Fifty-acre lake.

So it's been tested, and the study says that if we dredge it, this will remove the contaminants. Do I have that right?

ASSISTANT COMMISSIONER KROPP: If we dredge the lake, it will remove the contaminants, but there is no guarantee that contaminated sediments from stormwater would not continue to enter the lake. So that's why we're looking comprehensively at all the nonpoint source pollution and stormwater management issues, as well as an immediate fix.

ASSEMBLYMAN CRYAN: But the stormwater management issue is for Wildwood in Priority 1, it's not for Wreck Pond, if I read this correctly. Is that right?

ASSISTANT COMMISSIONER KROPP: No, Priority 1 has both costs included for dealing with Wreck Pond -- or starting to deal with Wreck

Pond, because it really is an issue that would take a couple of years, as well as dealing with the stormwater discharges onto the beach at Wildwood.

ASSEMBLYMAN CRYAN: All right, so help me a little bit. So there's \$5 million to dredge Wreck Pond, which we know isn't a long-term solution, it's a short-term solution to prevent the closures -- for example, last year, 58 closures. Is that correct?

ASSISTANT COMMISSIONER KROPP: I would say that we haven't made a definitive answer on whether we'll be dredging the lake or not. There's some additional engineering studies that need to be done. Dredging was the original solution. We're also looking at aeration and building some other engineering fixes to that. But dredging is the direction that we appear to be heading. And that would be -- that would cost the \$15 million over three years.

ASSEMBLYMAN CRYAN: Am I missing this, or does this specifically say you're asking for dredging?

ASSISTANT COMMISSIONER KROPP: It does say dredging and disposal.

ASSEMBLYMAN CRYAN: Okay. So you're not looking for dredging, you're looking for dredging to be part of solution. You're not sure how much of a solution. Do I have that right?

ASSISTANT COMMISSIONER KROPP: Dredging will definitely remove all the contaminated sediments in the lake and be a fix that would improve water quality immediately.

ASSEMBLYMAN CRYAN: Okay. But why don't we try it this way. If this -- which I think these should be separate, but that's okay -- if we

allocate \$5 million and say, "Okay, go do Priority 1 for Wreck Pond," are you going to dredge it, or are you going to do continuing studies?

ASSISTANT COMMISSIONER KROPP: I would say that we would do at least one study that's funded separately that we have money for -- Federal money to do a study to determine whether dredging is the complete solution. We know that it's part of the solution. So we would probably start to dredge next year.

ASSEMBLYMAN CRYAN: But we're not sure.

ASSISTANT COMMISSIONER KROPP: Correct.

ASSEMBLYMAN CRYAN: And we're not sure whether dredging -- we know dredging is not the long-term fix, or we're not sure it is.

ASSISTANT COMMISSIONER KROPP: There needs-- It's part of it. It's part of that.

ASSEMBLYMAN CRYAN: But we don't know what the long-term fix is, because we're doing a study.

ASSISTANT COMMISSIONER KROPP: Well, the long-term fix is going to be eliminating stormwater -- the ongoing stormwater discharges to the lake, that are contaminated.

ASSEMBLYMAN CRYAN: Okay. And how long of a build-up, if you dredge--

ASSISTANT COMMISSIONER KROPP: Right.

ASSEMBLYMAN CRYAN: When was the last time that the lake -- the pond was dredge?

ASSISTANT COMMISSIONER KROPP: I don't know that the lake was ever dredged.

ASSEMBLYMAN CRYAN: Okay, so how long of a solution is dredging? By the way, what's the cost of dredging, just by itself, without the studies?

ASSISTANT COMMISSIONER KROPP: We're thinking that it's approximately \$8 million to \$15 million to dredge and dispose of the materials.

ASSEMBLYMAN CRYAN: Eight to fifteen.

ASSISTANT COMMISSIONER KROPP: Correct.

ASSEMBLYMAN CRYAN: Okay.

ASSISTANT COMMISSIONER KROPP: I guess-- Let me say that one of the things that we're doing right at this particular point in time is taking samples of the sediment in the lake to determine exactly how deep the sediments are, as well as how contaminated they are. And once we get those answers, that would help us finalize the costs on where the materials can go, and how much materials there are.

ASSEMBLYMAN CRYAN: That's why you say some communities have done some DEP funded testing, and some haven't, right?

ASSISTANT COMMISSIONER KROPP: Correct.

ASSEMBLYMAN CRYAN: So what you're doing is, your taking the analysis of the communities that have finished and making that assessment.

ASSISTANT COMMISSIONER KROPP: We're taking the analysis of the communities that are finished to make the determination of what the sources of the pollution are and what some of the solutions are, with regards to nonpoint source pollution and stormwater management.

ASSEMBLYMAN CRYAN: So even if you dredge, you have a pretty good idea that you're going to fix the short-term issue, but you have no idea how long it will take for it to resurface itself. Is that basically right?

ASSISTANT COMMISSIONER KROPP: Well, we're hoping that we'll put the mechanisms in place so it won't resurface itself, through stormwater management.

ASSEMBLYMAN CRYAN: Right. How many towns border Wreck Pond?

ASSISTANT COMMISSIONER KROPP: Quite a few.

ASSEMBLYMAN CRYAN: It's a 50-acre thing.

ASSISTANT COMMISSIONER KROPP: At least.

E. DAVID BARTH: Immediately adjacent to Wreck Pond is Spring Lake and Sea Girt. Upstream is Wall Township, Spring Lake Heights; and I'm not sure if it originates in Howell Township.

ASSEMBLYMAN CRYAN: I guess the reason I ask that is I'm on Page 2, where it says coastal beach closure abatement. The last sentence on that page: Some communities have recently completed DEP funding evaluations as a prelude, and others are just starting.

Who's finished, who's starting, and what does the data mean? I'll be honest with you, I thought this was -- and I'm not the only one who thought that this was \$5 million just for dredging. That's the way I read it, and that's the way it's kind of explained to us here.

ASSISTANT COMMISSIONER KROPP: The lakes that have already done analysis are actually Ocean County lakes. And Deal Lake and Wreck Pond are the ones that are currently beginning to do the evaluations.

ASSEMBLYMAN CRYAN: All right, then, I need you to help me. So we don't have an evaluation on Wreck Pond yet.

ASSISTANT COMMISSIONER KROPP: We do not have a complete evaluation on Wreck Pond yet.

ASSEMBLYMAN CRYAN: So coming in here, I thought that the request -- because it specifically says it here -- was for \$5 million to dredge. That's not what it is, right?

ASSISTANT COMMISSIONER KROPP: It's the cost of the first year to finish those studies -- actually, the studies are separate -- to start dredging.

ASSEMBLYMAN CRYAN: And how much are the cost of the studies?

ASSISTANT COMMISSIONER KROPP: Well, we have about \$180,000 to do studies right now.

ASSEMBLYMAN CRYAN: Does \$180,000 complete the studies and leave \$4.8 million for dredging?

ASSISTANT COMMISSIONER KROPP: We have \$180,000--

ASSEMBLYMAN CRYAN: Now.

ASSISTANT COMMISSIONER KROPP: --now, ourselves, separately.

ASSEMBLYMAN CRYAN: So how much is the tab to do the studies before we dredge.

ASSISTANT COMMISSIONER KROPP: We're hoping it's \$180,000.

ASSEMBLYMAN CRYAN: So the \$180,000 will cover -- so I understand it-- Just to Wreck Pond?

ASSISTANT COMMISSIONER KROPP: Right.

ASSEMBLYMAN CRYAN: It will finish the studies that will allow us to evaluate what to do with Wreck Pond.

ASSISTANT COMMISSIONER KROPP: Yes.

ASSEMBLYMAN CRYAN: Okay. And when will those studies be finished?

ASSISTANT COMMISSIONER KROPP: By the spring.

ASSEMBLYMAN CRYAN: Okay. So this request for the \$5 million is to, based on what you anticipate the results of the studies to be, you know -- or you implicitly know that the dredging is part of this.

ASSISTANT COMMISSIONER KROPP: Dredging will be a part of this.

ASSEMBLYMAN CRYAN: Okay. How much is the cost for just the dredging? Is it between \$8 million and \$15 million? Is that what you're telling me?

ASSISTANT COMMISSIONER KROPP: Yes, for dredging and disposal of materials, between \$8 million and \$15 million.

ASSEMBLYMAN CRYAN: So if we did this today, we wouldn't prevent any beach closures next year? This sounds like a couple year plan. I don't know.

ASSISTANT COMMISSIONER KROPP: Correct.

ASSEMBLYMAN CRYAN: And how long does it actually take to physically dredge a 50-acre lake?

ASSISTANT COMMISSIONER KROPP: It's going to take a long time. I don't know.

MR. MOYLE: Currently, we have done some sampling to determine the depth of the sediment in the lake. Right now, we're in the process of conducting the sediment samples to determine if there's any contaminants in the sediment. Depending on what we find in the sediment, will dictate where the disposal is, or how easily we can dispose of the sediment. And those are the unknowns at this point, which we're going to find out shortly.

ASSEMBLYMAN CRYAN: Do you have any reason to believe, based on whatever is completed upstream or what you know so far, that any of the contaminants in that sediment are going to be either more cost-prohibitive than what you're telling us, or are going to make disposal or dredging non-feasible?

MR. MOYLE: We do know that there is a particular facility within the watershed that may have contributed some contaminants from a dry cleaning operation. So there is the potential that it may be contaminated sediment.

ASSEMBLYMAN CRYAN: Are there contaminants that we should be worried about, as providing funding for this, that we should be concerned are going to either delay this project or make it more cost-prohibitive to do, that are, realistically, part of this? Do you see where I'm going here? Should I be concerned that something's in that sediment that we don't know about, that you have some idea, that would drive the cost up and/or make it unfeasible?

ASSISTANT COMMISSIONER KROPP: No, I don't think so. I mean, I'm assuming that there will be some sort of heavy metals in the--

MR. MOYLE: There could be.

ASSEMBLYMAN CRYAN: There could be anything in there. You don't know what's in there then, right?

MR. MOYLE: A lot of it is a problem from the geese situation. We do know that.

ASSEMBLYMAN CRYAN: The geese.

MR. MOYLE: Because it's so shallow.

ASSEMBLYMAN CRYAN: And just to summarize, because I've gone on this-- We don't have any studies yet on Wreck Pond that are completed. And the \$5 million that we're asking for is, really, a down payment for what's going to be an out-year cost of-- Is this why I see-- I guess I want to understand, in the out-years--

You have \$9.3 million here. And the way I read this is it's, really, two requests. It really is. How much of the \$9.3 million in the out-years -- 2006, 2007 -- because this is really a \$5 million request for a down payment for dredging and other things to fix this. How much of the out-year cost is for dredging and the fix for just Wreck Pond, as opposed to Wildwood Crest?

MR. BARTH: The out-years would be \$5 million for Fiscal Year 2006 and Fiscal Year 2007.

ASSEMBLYMAN CRYAN: So Wreck Pond is a \$15 million project, in and of itself.

MR. BARTH: It's \$15 million, three-year project.

ASSEMBLYMAN CRYAN: It stays equally balanced all the way through on this thing?

MR. BARTH: Unless we find that the sediments do not contain heavy metals or other heavy contaminants. That's why the range, in part, is from \$8 million to \$15 million, depending on, really, the disposal cost -- will be the determining factor of the cost.

ASSEMBLYMAN CRYAN: Through the Chair, I'd like to ask, when those studies come in, I'd like to receive a copy.

MR. BARTH: Yes, sir.

ASSISTANT COMMISSIONER KROPP: Yes, sir.

ASSEMBLYMAN CRYAN: And my other question is on Priority 2, and through the Chair, as well. The items that you have listed, the Walt Whitman House, the other stuff-- Can you just tell us -- it doesn't have to be today -- how many people visit these things?

MR. BARTH: Okay.

ASSISTANT COMMISSIONER KROPP: Absolutely.

ASSEMBLYMAN CRYAN: I'd like to know the traffic before we vote on that.

Thanks.

ASSISTANT COMMISSIONER KROPP: Thank you.

MS. MOLNAR: Any other questions or comments?

Kevin McCabe.

MR. McCABE: On Wreck Pond again. Does Wreck Pond fall solely under the purview of DEP? My question would be not only for the \$5 million, but it sounds like you may need more down the road. Would the county be able to help fund any of this project, or the Feds?

ASSISTANT COMMISSIONER KROPP: I think the county and the Feds both would be able to help fund projects. I mean, the reason that we're dealing with that issue is because of the ocean beach quality, the water quality. So that's why we're tackling the issue. But I think that the county, if it had funding, could definitely participate. And the Federal government -- our original money for the studies is coming from the Federal government.

MR. McCABE: Do you anticipate talking to the county?

ASSISTANT COMMISSIONER KROPP: Absolutely.

MR. BRANNIGAN: Follow-up question on Wreck Pond. Who owns Wreck Pond?

ASSISTANT COMMISSIONER KROPP: The surrounding communities.

MR. BARTH: I'm not certain. The history of Wreck Pond is, it used to be an inlet until the 1950s, when it filled in after a -- I think a northeastern storm. It was actually somewhat of a small navigational inlet between Spring Lake and Sea Girt. I don't believe either community owns Wreck Pond at this point. It's only a pond. From the ocean westward, it's got to be a good 300 yards of filled-in sand.

MR. BRANNIGAN: I'm very familiar with Wreck Pond. For those of you who are not, it's one of the most beautiful ponds in the State of New Jersey, despite the pollution. And the homes around there are homes that people are charging-- I went through one a few weeks ago, because I stopped at the sign. It was new construction, and it was a home that was, at least, 50 or 60 years old. It was \$1.6 million. And I said to the person, "Where's the new construction?" They said, "Oh, well you tear this down, and you build a new

home.” So the property values around there -- probably the cheapest home you could get is in excess of a million dollars.

I’m concerned about a few things. If it’s runoff water from local communities that do not have sewage treatment and do not have high school taxes -- because they have quite a few summer homes there -- participation of not only the county, but the municipalities. And, secondly, public access to that pond -- that if we’re investing this type of money, and it’s one of the most beautiful assets of this state-- And right now, if you drive around there, it is virtually impossible to stop. And if you do pull into one of the parking spots, within about 15 or 20 minutes, a police car will drive by.

So, in addition to the worthy, and important, and critical task of cleaning up our beaches -- which are not only for recreational, but it’s also an asset for bringing the economy up in that area for tourism. I would appreciate if the department could do some work and, through the Chair, get back to us information on who owns it, and what provisions will be made to provide public access to this beautiful lake, and one of the most -- one of the richest areas -- as they call it, the Irish Riviera.

DEPUTY TREASURER ROUSSEAU: I have one quick follow-up.

MS. MOLNAR: Sure, DEPUTY TREASURER ROUSSEAU.

DEPUTY TREASURER ROUSSEAU: On the beach closures that you mentioned, where it -- result of Wreck Pond -- the 58. How many of those were public beaches versus private beaches?

ASSISTANT COMMISSIONER KROPP: They’re all public beaches.

DEPUTY TREASURER ROUSSEAU: They were all public.

How about natural resources damages. Have we looked at, if we could find-- Is there any place where we could get some of the money from that? You mentioned dry cleaning, I guess, was one of them.

ASSISTANT COMMISSIONER KROPP: I think if-- We could, theoretically, ask-- If we can prove that the soils are contaminated from specific facilities, we could go after those facilities for costs associated with disposal. But the actual materials in the lake that need to be dredged are a result of just silt, the geese population, that type of nonpoint source pollution.

MS. MOLNAR: Mr. Brune.

MR. BRUNE: Irene, as opposed to the Capital Planning Commission, is the-- Assuming the voters approve the bond in the fall, it seems to list dredging in itself-- It talks about local and privately owned lakes. Is that an option for the dredging piece?

ASSISTANT COMMISSIONER KROPP: Yes, I think it is.

MR. BRUNE: Okay.

ASSISTANT COMMISSIONER KROPP: I think there's a percentage, though, that's limited to our use. But I guess we could give loans, also, to the counties and municipalities to assist.

MR. BRUNE: So that would be a loan.

ASSISTANT COMMISSIONER KROPP: I think that's there's some limitations on the amount of money that can be used. There's \$15 million for providing loans and grants for lake dredging and restoration projects.

MR. BRUNE: As another option, you mentioned the Environmental Infrastructure Trust. We all know they give out loans for stormwater management. Are they a possible option, as opposed to the Capital

Planning Commission, for this kind of project? If somebody, for instance, got passed the threshold the question of a loan--

MR. BARTH: Of who owns it. I think the threshold question is: "Who owns it?" that you can then identify a revenue source that would be able to repay any loans. The ownership is probably -- as Mr. Brannigan requested -- the ownership issue is, probably, our first threshold question.

MR. BRUNE: One last question, with regard to funding sources. We put in the small amount of money -- I guess it was \$6 million -- for stormwater management planning, I think it was, for the most part in the '04 budget. Is any of that -- which I seem to recall was going to leverage some Federal dollars. Is there any part of that that would be applicable to this project?

ASSISTANT COMMISSIONER KROPP: That's the \$6 million loans to municipalities? I think those loans were specifically to get -- it's related. It's definitely related. It's for them to start to develop mandatory ordinances to deal with stormwater runoff, which would be part of the long-term solution to the problem. But it's not specifically for construction or anything like that, dredging.

MR. BRUNE: Not for any study costs you may have, either?

ASSISTANT COMMISSIONER KROPP: Correct.

MR. BRUNE: Okay. One other question, Irene. On the HR 6, which, I guess, is down your list of priorities. We normally try to put money in for that for leveraging of Federal moneys. The number that is listed here -- at least the number I'm looking at -- is \$11.7 million. I want to make sure-- That seems a little bit higher than what we normally do. Is that the answer to the

question, what does the State have to put up to leverage the maximum amount of Federal flood control money? I guess I'm asking, in part, because there's a fair amount -- I think \$8.5 million -- of uncommitted money in HR 6 at the moment. I just want to get square on what we need to put up in '05.

MR. MOYLE: Well, right now, the '04 HR 6 money is still sitting there, because the Federal government's budget hasn't been put in place.

MR. BRUNE: Sure.

MR. MOYLE: All right? Now that we're in the final stages of that, I do expect the WRDA bill to pass this week that will include all the Corps projects. We then will be giving that money to the Corps to continue those projects we've started.

MR. BRUNE: Okay.

MR. MOYLE: Is the question, why have we gone from \$8 million up to \$11 million?

MR. BRUNE: Yes.

MR. MOYLE: As we move forward, a lot of these feasibility studies that we have done with the Corps -- identified projects that are going to go to construction. When we go to construction, the costs are going to increase as the years go on. We're in the middle of constructing the Green Brook this year. We're looking to start the open dam modification this fall. So as we move forward with these projects, the construction costs will go up, and the need for capital money goes up.

MR. BRUNE: But every bit of that \$11.7 million is going to leverage Federal dollars. It's just that the construction phases are now kicking in.

MR. MOYLE: That's correct.

MR. BRUNE: Okay.

MR. MOYLE: Every one of those projects.

MR. BARTH: The \$11 million will leverage \$29 million in Federal funds.

MR. BRUNE: Okay. One last point. I know Jim Hall is here from Palisades. And we've been, kind of, going through what's been handed out, in terms of the current year discretionary money, Carol. The letter, in this case, went to the Commissioners. I'm not sure if Jim knows or not, but there is \$300,000 of the \$9. -- I guess \$9.5 million will be going to Palisades, \$90,000 for a water line, \$105,000 for electrical systems, and \$105 for pedestrian overpasses and underground storage tanks.

So I just wanted to share that with the Commissioner, and while Jim is here.

MS. MOLNAR: Mr. LeBlanc.

MR. LeBLANC: Thank you.

I just wanted to go over the funding for shore protection. Right now, the information we have is that the '04 appropriation of \$25 million, combined with the carryforward -- there's a balance of \$38.5 million for shore protection. What's the need in '04? What's the expected expenditure in '04, total, on shore protection projects?

MR. MOYLE: Our '04 spending plan, that we just cleared through the Commissioner's office, includes \$40 million.

MR. LeBLANC: Forty million.

MR. MOYLE: That is to use the \$25 million, and then the carryover.

MR. LeBLANC: What did you spend in '03 on shore protection projects? Was it in the neighborhood of \$15 million?

MR. MOYLE: The previous year?

MR. LeBLANC: The previous year.

MR. MOYLE: Yes.

MR. LeBLANC: So you're increasing expenditures by what, \$25 million in '04? This wouldn't be in your '05 budget request, obviously. But could you provide an '04 -- a list of the '04 projects?

MR. MOYLE: Yes.

MR. LeBLANC: Thank you.

And then in '05, you're requesting \$34.5 million. You're getting a \$25-million statutorily dedicated appropriation. So you're going to need the \$9.5 million that you're talking about in addition -- is what you are requesting.

That's all. Thanks.

MS. MOLNAR: Thank you.

I just have one more question. On Wreck Pond, would it ever be feasible to convert it back to an inlet?

ASSISTANT COMMISSIONER KROPP: That, actually, is one of the things that we were hoping to look at as part of the study -- is actually just-- But the only problem is, that every time a huge storm comes, it just closes it up again. So you'd have to build some sort of an engineering solution that would keep it open. One of the ideas was dredge it, and then open the inlet and allow it to just continue to flow.

MS. MOLNAR: It makes sense.

All right, any other questions or comments? (no response)

If not, I want to thank you for your presentation.

ASSISTANT COMMISSIONER KROPP: Thank you very much.

MS. MOLNAR: Okay.

I had something for new business. It's that bond issue. I know these Commission members were available May and June. We've convened both physically and telephonically to approve these bonds before they go on the ballot. We are -- try to make ourselves available. So going forward, I would hope that the staff would, somehow--

DEPUTY TREASURER ROUSSEAU: The legislative history with this was, a decision wasn't made to actually -- the Governor didn't agree that he would sign this -- that he would even consider signing it. In fact, the Speaker of the Assembly and the Senate Presidents didn't agree to post it until sometime around two or three o'clock on the morning of June 31 -- whatever day it was.

MS. MOLNAR: It was down to the--

DEPUTY TREASURER ROUSSEAU: Yes.

MS. MOLNAR: They stopped the clock.

DEPUTY TREASURER ROUSSEAU: Well, yes. This was-- It was out of one-- It had moved out of one house, but the other house hadn't moved it at all.

MS. MOLNAR: But don't we see it even before the Legislature, when the concept comes up?

DEPUTY TREASURER ROUSSEAU: I don't think we've ever reviewed, because if that's the case, we'd be spending probably three or four

whole meetings reviewing all the bonding. I think it's, usually, we do them -- try to do them in between the time the bill is passed and the Governor signs. I think that's, historically, what has tried to be done.

MS. MOLNAR: In that time window.

All right. Going forward, it would be helpful, if you know of anything coming through the pipeline, we can -- we are available.

Do you have something you want to bring up?

MR. VRANCIK: No, that was it.

MS. MOLNAR: That was it.

Is there any other new business? (no response)

Next meeting, we have a full agenda. We have the debt report, we have, hopefully, the Department of Military and Veterans' Affairs, Human Services, Health and Senior Services, and then Interdepartmental. And we'll be back in the main room on November 14.

Thanks.

Meeting adjourned.

(MEETING CONCLUDED)