
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: 33 West State Street
Trenton, New Jersey

DATE: October 28, 2016
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Esq., Chair
Anthony F. Annese, Vice Chair
Senator Paul A. Sarlo
Senator Samuel D. Thompson
Assemblywoman Shavonda E. Sumter
Steven Petrecca
James M. Rutala
Beth Schermerhorn
Jerry Traino

ALSO PRESENT:

Brian E. Francz
Executive Director

David F. Patella
Assistant Executive Director

Brian Onda
Budget Specialist

Aaron Binder
*Assembly Majority
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:

October 28, 2016
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. Election of Chair and Vice-Chair and Approval of Executive Director (**Action**)
5. Approval of the Minutes of February 26, 2016 (**Action**)
6. Executive Director's Report
7. Fiscal 2018 Capital Requests
 - Department of Agriculture
 - Department of Children and Families
 - Department of Education
 - Department of Law and Public Safety
 - Department of Military and Veterans Affairs
 - Judiciary
 - Juvenile Justice Commission
8. Other Business ---- **Action may be taken**
9. Adjournment

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(The New Jersey Commission on Capital Budgeting and Planning held a meeting on October 28, 2016, at 10:00 a.m. Members of the Commission present via teleconference were Senator Paul A. Sarlo, Senator Samuel D. Thompson, Assemblywoman Shavonda E. Sumter, Anthony F. Annese, Aaron Binder, B. Carol Molnar, Esq., Steven Petrecca, James M. Rutala, Beth Schermerhorn, and Jerry Traino.)

MR. FRAN CZ: (Commission Executive Director): Madam Chair, I think -- I believe we have a quorum at this point, if you would like to start the meeting.

B. CAROL MOLNAR, Esq. (Chair): Is there anyone else you're expecting--

MR. FRAN CZ: No.

MS. MOLNAR: --confirmed?

MR. FRAN CZ: Assemblyman O'Scanlon will not be able to join us; but I believe I heard everyone else.

MS. MOLNAR: Okay, wonderful.

Well, I want to thank you all for joining us today for our new season of Capital Planning.

Someone just joined us. (referring to conference call)

So I would like to call the meeting to order.

In accordance with the Open Public Meetings Act, 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: Senator Sarlo.

SENATOR SARLO: Yes; present.

MR. FRAN CZ: Senator Thompson.

SENATOR THOMPSON: Here.

MR. FRAN CZ: Assemblywoman Sumter.

ASSEMBLYWOMAN SUMTER: Here.

MR. FRAN CZ: Assemblyman O'Scanlon. (no response)

Mr. Neff. (no response)

Mr. Petrecca.

MR. PETRECCA: Here.

MR. FRAN CZ: Ms. Schermerhorn.

MS. SCHERMERHORN: Here.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: Here.

MR. FRAN CZ: Ms. Cimiluca. (no response)

Mr. Rutala.

MR. RUTALA: Here.

MR. FRAN CZ: Mr. Annese.

ANTHONY F. ANNESE (Vice Chair): Here.

MR. FRAN CZ: And Chair Molnar.

MS. MOLNAR: Here.

MR. FRAN CZ: Madam Chair, we have a quorum.

MS. MOLNAR: Thank you.

The first order of business -- I believe, Brian, you'll have to run this section of the agenda. You'll have to take nominations for Chair and Vice Chair.

MR. FRAN CZ: Yes. Would someone like to nominate Carol Molnar and Anthony Annese as the Chair and Vice Chair for another year; as well as me, Brian Francz, as the Executive Director for another year?

MS. SCHERMERHORN: This is Beth; I'll move it.

MR. PETRECCA: Second.

MR. FRAN CZ: Thank you.

So we'll now take a roll call on Carol Molnar as the Chair for another year; Anthony Annese as the Vice Chair; and Brian Francz as the Executive Director.

MR. FRAN CZ: Senator Sarlo.

SENATOR SARLO: Yes.

MR. FRAN CZ: Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblywoman Sumter.

ASSEMBLYWOMAN SUMTER: Yes.

MR. FRAN CZ: Mr. Petrecca.

MR. PETRECCA: Yes.

MR. FRAN CZ: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: 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.

The motion moves.

MS. MOLNAR: Thank you.

The next order of business is the approval of the minutes of February 26, 2016. I believe you all should have received a copy.

Do I hear a motion to approve?

MR. ANNESE: So moved.

MS. MOLNAR: Do I hear a second?

ASSEMBLYWOMAN SUMTER: Second.

MS. MOLNAR: Thank you.

Any discussions or changes?

SENATOR THOMPSON: The minutes? Yes.

MS. MOLNAR: Yes.

SENATOR THOMPSON: There is an error page 7.

MS. MOLNAR: Okay.

SENATOR THOMPSON: It says that the non-bonded obligations were \$110,283.9 billion; in other words, \$110 trillion. The decimal needs to be moved three places.

MS. MOLNAR: Okay; thank you, Senator.

Any other comments? (no response)

If not, we'll take a--

MR. FRAN CZ: Okay. On the motion to approve the minutes of February 26, 2016, Senator Sarlo.

SENATOR SARLO: Yes.

MR. FRAN CZ: Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblywoman Sumter.

ASSEMBLYWOMAN SUMTER: Yes.

MR. FRAN CZ: Mr. Petrecca.

MR. PETRECCA: Yes.

MR. FRAN CZ: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: Yes.

MR. FRAN CZ: Mr. Rutala.

MR. RUTALA: Yes.

MR. FRAN CZ: Mr. Annese.

MR. ANNESE: Yes.

MR. FRAN CZ: And Chair Molnar.

MS. MOLNAR: Yes.

MR. FRAN CZ: The motion moves.

MS. MOLNAR: Thank you.

The next order of business is the Executive Director's report.

MR. FRAN CZ: As you should have gotten, there -- we have listed here, basically, that all the items that were recommended are funded. You'll notice that the Education items have been funded at a slightly higher level due to -- just some miscalculation at the time. We forgot to add in the soft costs for those projects. So we were able to use some leftover balances

from other projects to fully fund the Education projects that the Commission had recommended.

MS. MOLNAR: Okay.

MR. FRAN CZ: Does anyone have questions about any of these?

MS. MOLNAR: Juvenile Justice dropped from \$530,000 to \$226,000. Is there any special reason?

MR. FRAN CZ: I'm looking to my technical experts. If we could hold for just moment. (confers with staff)

MS. MOLNAR: But then it went up in another area; so maybe it's a wash. I don't know.

MR. FRAN CZ: The net cost is the same. It was simply a reallocation between projects.

MS. MOLNAR: Oh, good; so it is the same. And the other changes are all in Education, correct? Yes.

MR. FRAN CZ: Correct.

MS. MOLNAR: Okay; good. Thank you.

Any questions or comments? (no response)

If not, we'll move along to our next items, which are our capital requests for 2018.

Are all the departments on the phone; do you know? Or just some of them?

MR. FRAN CZ: Yes, they are. All the departments are on the phone.

MS. MOLNAR: Wonderful.

Okay, our first Department is the Department of Agriculture. There are five projects listed; \$7 million.

Any questions or comments from Commission members?

MS. SCHERMERHORN: Yes, I have one question.

For the tissue digester -- you mentioned that there is Federal money available if the lab has a digester. They don't offer any money -- like any capital money to purchase it?

SEBASTIAN G. REIST, D.V.M.: No, the money would be in the matching funds through co-op; and opportunities to be able to take care of certain disease programs that we don't have available to us right now because of our lack of ability to get rid of the waste afterwards.

MS. SCHERMERHORN: Thank you.

MS. MOLNAR: So the additional revenue -- down the road.

DR. REIST: That would be part of the additional revenues that we would expect down the road.

MS. MOLNAR: Wonderful.

Any other--

SENATOR THOMPSON: I have two questions--

MS. MOLNAR: Sure.

SENATOR THOMPSON: --related to the digester also.

Now, this is in the old Health and Ag Lab building?

DR. REIST: Yes, it is.

SENATOR THOMPSON: What is the status of that building? Thus, I think it's essentially empty, and I thought there were some proposals to get rid of it, or something of that nature. Is it intended that we will keep this thing for another 20 years or so?

DR. REIST: Sorry, I didn't get that exactly. It's at one of the Health and Agriculture buildings; it's at the Phil Alampi -- what we call the *Field* -- the Plant Health Agriculture--

SENATOR THOMPSON: No, but is this the round lab building that we have had for years?

DR. REIST: It's not that building; it's a--

SENATOR THOMPSON: Okay; that's the (indiscernible) that needed clarification.

The second thing is, it's projected that this will produce a revenue stream of \$187,000 per year, which later could go up to, possibly, \$250,000. If it is projected that-- Thus, it would be about \$150 for the average-sized animal there; and that would generate \$187,000. That means you would have to process about 1,240 animals a year. Is that-- How many are being processed at the present time, roughly?

DR. REIST: About 1,000-plus at this point in time.

SENATOR THOMPSON: Oh, they do that many now, 1,000-plus.

DR. REIST: It depends on the size of the animals as well. You know, we have animals ranging anywhere from 5,000 pounds to 10 pounds.

SENATOR THOMPSON: Yes.

DR. REIST: And there are opportunities for DEP and other people to use that facility to handle some of the waste animals that they have, as well as talking with some other local and statewide governmental agencies that have a need to get rid of this kind of waste.

SENATOR THOMPSON: Okay.

All right; those were my questions. Thank you.

MS. MOLNAR: Thank you.

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

If not, we'll move along to the Department of Children and Families.

Just one request -- window replacements at the regional schools.

Any questions or comments? (no response)

Okay. If not, I will move on to Department of Education; 17 requests.

Now, I have a question. Have we seen requests like this from the Department of Education before, for these buildings around the state?

MR. FRAN CZ: Yes, we have.

SENATOR THOMPSON: Question: What buildings are these? Are these schools that the State has; are they-- What kind of buildings are we talking about?

A M A N D A S C H U L T Z: These are the regional day schools that the Department of Education is responsible for.

MS. MOLNAR: Regional; okay.

SENATOR THOMPSON: Okay. A question related to Priority 4; no, sorry, 5. There they are requesting \$610,000. It says this is select exterior areas requiring code compliance signage and clearance for bathroom doors. It seems like a lot of money for signage and clearance for bathroom doors.

MS. SCHULTZ: That's the quote that they provided to us.

SENATOR THOMPSON: I'm sorry?

MS. SCHULTZ: The Jersey City School District provided that quote to us.

MS. MOLNAR: All right. Can we get more information on that?

SENATOR THOMPSON: And then, also, Priority 8 -- they are requesting \$60,000 to replace a metal door in poor condition due to rusted hardware and door panels. It is \$60,000 to replace a door?

MS. SCHULTZ: That's, again, the quote that we received from Jersey City. We can go back and get additional information.

SENATOR THOMPSON: I'll bet I could find somebody to put in a new door for less than \$60,000. (laughter)

Okay.

J A N E L L E M O N I N: They are not always -- some of them are operated for the-- This is a handicapped population. So the doors sometimes are power-assisted, or they're not just simple--

MS. MOLNAR: Swinging open--

MS. MONIN: --swinging-open doors.

MS. MOLNAR: Okay.

SENATOR THOMPSON: Well, the description and the amount just don't seem to fit well, that's all. (laughter) Maybe a better description would handle it.

MS. SCHULTZ: Okay; we can -- we'll check into this for the price, and we will give you a better description.

SENATOR THOMPSON: Okay.

MS. MOLNAR: Good. Thank you, Senator.

Any other questions on that Department? (no response)

If not, I will go on to the Department of Law and Public Safety. They have two major requests totaling \$2.9 million.

Any questions or comments on the boiler replacement, and then morgue renovations?

SENATOR THOMPSON: I dare say that Priority 1 is one that definitely should be funded. It sounds like a real gain. (laughter)

MS. MOLNAR: Yes.

Any other questions or comments? (no response)

If not, I will move on to the Department of Military and Veterans Affairs.

They have 13 projects. Now, I had one question. Some of the projects say there's some Federal match, and some of them say there is no match. The ones where they say there is a match, some are 65 and some are 50. How do you determine what the percentage is?

COLONEL MICHAEL LYONS: This is Colonel Mike Lyons from the Department of Military and Veterans Affairs. I am the Facility Management Officer here.

It depends on the type of facility. We're talking about -- when we're talking about Veterans administrative match money, they match at -- depending upon the activity, it's a 65-35 percent match. They only will match projects in excess of \$500,000, and we have to submit approval maybe two years in advance to vet or qualify for those matches.

Now, some of the projects are Army National Guard projects. Now those projects -- it depends upon the activity. If it's a new construction project, a new feature, or a major renovation, it can qualify for a 75-25 percent match. If it's just a sustainment, it's a 50-50 match.

MS. MOLNAR: Okay; perfect.

There are a few that don't show any match. It seems to me -- the security items don't seem to have a match.

COLONEL LYONS: Well, the Veterans Home Project -- the No. 2 on the list, which shows no match -- is under \$500,000. And it's really two different homes, so it would be two different submittals anyway.

MS. MOLNAR: I see.

COLONEL LYONS: So it's really less than-- But it is security TV upgrades to provide additional security at the residences.

MS. MOLNAR: I see. I wasn't aware of the \$500,000-- That's helpful; thank you.

Any questions or comments? (no response)

If not, I will move along to Judiciary. They have seven items, spread out over four years.

Any questions or comments? (no response)

Now, item one -- about the *eCourts*. Is there money elsewhere for this IT upgrade?

MICHAEL DURIK: We would probably have to try and obtain it somewhere within the Judiciary by cutting back in other programs and areas, at this point.

MS. MOLNAR: All right; so there is no IT program -- pot of money anywhere.

MR. DURIK: No.

SENATOR THOMPSON: Of course, we did enact new fee structures, and so on, to generate money for a lot of IT work there -- new fees. I gather none of that could be applied to this stuff.

MR. PATELLA (Assistant Executive Director): Senator Thompson, I believe you are referring to the 21st Century Fund--

SENATOR THOMPSON: Yes.

MR. PATELLA: --where they are collecting the increased fees.

MS. MOLNAR: Yes.

MR. DURIK: That can't be used for that.

MS. MOLNAR: Is there any discussion at the Governor's level or the Legislature's level of creating a fund for IT upgrades? It must be an issue across all departments.

MR. DURIK: Not that we're aware of.

MS. MOLNAR: Okay.

SENATOR THOMPSON: Now, I gather -- some of it you wouldn't consider as a capital project; for example, over in Motor Vehicles they are still trying to upgrade their system over there.

MS. MOLNAR: So where do they get those funds? Strictly from the motorists, or the fees on licenses and registrations? That's their source of revenue?

MR. DURIK: Yes.

MS. MOLNAR: For their IT? Okay.

Okay; any other questions or comments on Judiciary? (no response)

If not, I will move along to Juvenile Justice. They have 22 projects, spread out over four years as well.

Any questions or comments on Juvenile Justice? (no response)

Okay; if not, that will close our capital requests discussion.

Now, under Other Business, I want to raise one issue.

The statutes and the bylaws say that we should make our capital recommendations to the Governor and the Legislature by December 1. And in the past, it was being held up because the Debt Report can't be generated until the CAFRA report comes out. So that has been pushing it to January, February, and now March.

I'm wondering if there is any interest in, just this December, we would make just our capital recommendations for the projects. Now, we would have to-- I'd like Brian to weigh in, whether that's possible from a staff point of view -- whether we could meet the December deadline of just making our recommendations for the capital projects, and consider the Debt Report at a later date.

MR. FRAN CZ: It's possible. If the Commission would like to do that, we'll make sure the staff resources are available to get it done.

MS. MOLNAR: Is there anyone on the Commission who has any strong feelings about this, one way or another?

SENATOR THOMPSON: I support your suggestion.
(laughter)

MS. MOLNAR: Yes, because the Legislature starts talking about the budget in February; so you really need these numbers in front of you.

SENATOR THOMPSON: Right.

MS. MOLNAR: I'm not sure if it needs a motion or not, since it's in bylaws and we're supposed to be opining by December. We could do it telephonically; I don't think we have to do it in person. We could do it telephonically. The Debt Report, we might want to do in person, perhaps.

MR. FRAN CZ: Right. Okay, we will work with the Commission members to set up an additional date--

MS. MOLNAR: All right.

MR. FRAN CZ: --where we will review the final grouping of agencies and make our recommendations.

MS. MOLNAR: Wonderful.

Are there any other questions or comments, or any new business anyone wants to bring up? (no response)

If not, the meeting is adjourned.

Thank you for attending.

MR. FRAN CZ: Thank you, everyone.

ALL: Thank you.

(MEETING CONCLUDED)