
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: 33 West State Street
Trenton, New Jersey

DATE: November 17, 2017
10:00 a.m.

MEMBERS OF COMMISSION PRESENT:

B. Carol Molnar, Esq., Chair
Anthony F. Annese, Vice Chair
Senator Samuel D. Thompson
Assemblywoman Shavonda E. Sumter
Assemblyman Declan J. O'Scanlon Jr.
Shannon McManus
James M. Rutala
Beth Schermerhorn
Jerry Traino



ALSO PRESENT:

Brian E. Francz
Executive Director

Eugene Lepore
*Senate Majority
Commission Aide*

David F. Patella
Assistant Executive Director

Brian Onda
Budget Specialist

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



State of New Jersey

COMMISSION ON CAPITAL BUDGETING AND PLANNING
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BRIAN E. FRAN CZ
Executive Director

Commission Meeting

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

November 17, 2017
Friday at 10 a.m.
33 West State Street – 7th floor, Room 707
Trenton, New Jersey

For Commission Members Attending via Conference Call:

Phone Number: 1-888-273-3658

Access Code: 8590177

Agenda

1. Call to Order
2. Open Public Meeting Act Notice
3. Roll Call
4. Approval of the Minutes of October 13, 2017 (**Action**)
5. Fiscal 2019 Capital Requests
 - Department of Corrections
 - Department of Environmental Protection
 - Department of Health
 - Department of Human Services
 - Interdepartmental
 - Higher Education
6. Other Business ---- **Action may be taken**
7. Adjournment

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(The New Jersey Commission on Capital Budgeting and Planning held a meeting on November 17, 2017, at 10:00 a.m. Members of the Commission present via teleconference were B. Carol Molnar, Esq., Anthony F. Annese, Senator Samuel D. Thompson, Assemblywoman Shavonda Sumter, Assemblyman Declan J. O'Scanlon Jr., Shannon McManus, James M. Rutala, Beth Schermerhorn, and Jerry Traino.)

B. CAROL MOLNAR, Esq. (Chair): I'd 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 (Commission Executive Director): Senator Sarlo. (no response)

Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblywoman Sumter. (no response)
Assemblywoman?

ASSEMBLYWOMAN SUMTER: Yes.

MR. FRAN CZ: Thank you.

Assemblyman O'Scanlon. (no response)

Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: Yes.

MR. FRAN CZ: Mr. McManus.

MR. McMANUS: Yes.

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

Mr. Rutala.

MR. RUTALA: Yes.

MR. FRAN CZ: Mr. Annese.

ANTHONY F. ANNESE (Vice Chair): Yes.

MR. FRAN CZ: And Chair Molnar.

MS. MOLNAR: Present.

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

MS. MOLNAR: Thank you.

The first order of business is approval of the minutes of October 13, 2017.

I note on the minutes it said, "It should be noted that the telephonic connection was of extremely poor quality; several conversations were interrupted by static, and many times voices cut out completely."

How is the reception now, today? Is it any better?

MR. FRAN CZ: We're being told that the reception is much better today.

Just as a reminder to the people from the agencies, we are transcribing this meeting. If you could, please -- when you are answering questions, if you could first announce your name.

MS. MOLNAR: Wonderful.

ASSEMBLYMAN O'SCANLON: Assemblyman O'Scanlon has joined the call. Sorry I'm a few minutes late.

MR. FRAN CZ: Thank you, Assemblyman.

MS. MOLNAR: Thank you.

All right; so right now, we're taking a vote on the approval of the minutes of October 13, 2017.

Are there any questions or comments? (no response)

If not, we will take a roll call on approval.

MR. FRAN CZ: I believe we need a motion.

MS. MOLNAR: Do I hear a motion?

ASSEMBLYMAN O'SCANLON: So moved.

MS. MOLNAR: Second?

SENATOR THOMPSON: Second.

MR. FRAN CZ: Okay, now we'll take a vote on the motion to approve the minutes.

Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblywoman Sumter.

ASSEMBLYWOMAN SUMTER: Yes.

MR. FRAN CZ: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. FRAN CZ: Ms. Schermerhorn.

MS. SCHERMERHORN: Yes.

MR. FRAN CZ: Mr. Traino.

MR. TRAINO: Yes.

MR. FRAN CZ: Mr. McManus.

MR. McMANUS: 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: Chairwoman, the motion moves; the minutes are approved.

MS. MOLNAR: Thank you.

Okay, the next order of business is the capital requests.

The first department we have is the Department of Corrections. I believe we have members of the Department of Corrections present on the telephone conference.

You have before you their requests. The first priority asks for \$147 million for fire safety, as well as other requests.

Any questions or comments?

MS. SCHERMERHORN: I have a question.

MS. MOLNAR: Okay.

MS. SCHERMERHORN: So the first, 1A, asks for money for an assessment; and then it says the last one was done in 2016. I'm just curious -- is the 2016 one obsolete, or have we done some of the things and we need to move on to the next round of things?

G A R Y T. A L P E R T: The last assessment was just one facility; it was Albert Wagner that we conducted.

MS. SCHERMERHORN: Oh, okay.

And I have a second question.

MS. MOLNAR: Okay.

MS. SCHERMERHORN: So your IA is asking for the assessment to be done; and the monies being asked for in year one -- is that realistic, that the assessment will be done and you'll be able to move on most of the projects in year one?

C H R I S T O P H E R H O L M E S: The money that we asked for in year one is basically to identify what the issues are that we're having, and come up with some set of overall design, or scope of work, for that specific facility that we choose to assess; and then we can move forward. We won't be able to complete it in year one, but we will probably be able to complete the project in future years.

MS. SCHERMERHORN: So you think-- Okay, so if there's, like, \$140 million for fire safety projects, you think that they would all -- could be concluded in year one?

MR. HOLMES: No. But we have to have the money so we can be able to go forward with it in the future years.

MR. ALPERT: To proceed.

MS. MOLNAR: Is that the usual process?

MR. HOLMES: The usual process is that, in order for us to initiate a project, we have to have funding to initiate the project upfront.

SENATOR THOMPSON: I think her question relates to the fact that this has what you're requesting for 2019, 2020, and 2021. And so I think she's getting to, well, look, if you don't think you're going to spend it until 2020 or 2021, shouldn't some of that money be allocated to 2020 and 2021, rather than all in 2019.

MR. ALPERT: I believe we agree with you. But the process, through the Department of Property Management and Construction, is that

the funding has to be available to obligate for the project upfront, and then they move forward with designing and the scope.

SENATOR THOMPSON: Yes, but it would seem appropriate that you're putting it upfront in the years that you're looking to need it, rather than in two years before you need it.

MS. MOLNAR: Brian, could you work with Corrections to, perhaps, smooth this out over a few years?

MR. FRAN CZ: Yes, we will work with them to come up with a plan that stretches that out a bit. Certainly we could probably talk about attacking some of these projects in phases, or we certainly would need to study them first to even know how much money we need to set aside to start the projects.

So let's work with Corrections to come up with a bit more of a detailed plan.

MS. MOLNAR: All right.

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

If not, we'll move on to the next department, if there are no further questions or comments.

Our next department is the Department of Environmental Protection. The first priority is \$179 million, spread out over five years -- four years. There are Federal match dollars, two for one.

Any questions or comments?

MS. SCHERMERHORN: I have another question.

MS. MOLNAR: Go ahead.

MS. SCHERMERHORN: This is more for Brian.

Brian, when you go through these, I notice that for some requests for landfill remediation -- do you match it up to see if there's any money in the Sanitary Landfill Fund to do these projects?

MR. FRAN CZ: Yes, we do.

MS. SCHERMERHORN: Okay.

MS. MOLNAR: Good; that's good to know. It's important.

Part-- Let's see.

SENATOR THOMPSON: (Indiscernible)

MS. MOLNAR: Which one?

SENATOR THOMPSON: Item one, Fire Engine Museum at Allaire State Park.

It seems an issue up here. That's apparently a building that was going to be set aside for a fire engine museum. But Treasury seems to be debating whether it's really going to be made available for that, or just some other purpose -- being taken away from DEP. So we need to get that question resolved, related to that one.

MS. MOLNAR: Okay.

I had a question about Priority 12. Is DEP on the phone; are they available?

KRISTI R. TALLONE: Yes, we're here.

MS. MOLNAR: Good. Item 12 -- it's almost \$2 billion for a wastewater treatment; \$1 billion is in years 2022 to 2025. What exactly is this request for?

MS. TALLONE: So this is for our New Jersey Environmental Infrastructure Trust program, the State revolving fund, which is where we

give wastewater treatment grants, and loans, and principal-forgiveness loans to MUAs and the local governments to do infrastructure work.

MS. MOLNAR: Are there ever matching dollars required from the municipalities or local governments?

MS. TALLONE: I'd say I'm not 100 percent sure about that, but I can get back to you on the matching part of the local.

MS. MOLNAR: Okay.

How many local governments are we talking about here?

MS. TALLONE: Well, each year it varies significantly on who comes in for the loan. There are MUAs all over the state; I believe the last one was -- it could have been up to 90 to 100 MUAs.

MS. MOLNAR: Yes.

MS. TALLONE: We can definitely get you a list of what was involved in the most recent closings back in last May.

MS. MOLNAR: All right; that would be helpful.

Any questions or comments from other Commission members?

(no response)

If not, I'll move on to the next department, the Department of Health. You have those requests.

Any questions or comments on the Department of Health?

MS. SCHERMERHORN: I notice that some of the requests say that HCFFA funding has been requested. What are-- I guess there are specific guidelines of what is eligible for that; because some of them seem similar, and they are not HCFFA-eligible, or they're not being requested.

C H R I S T I A N C A S T E E L: I'm from the Department of Human services. We're actually supporting the Department of Health through their capital budget request submission this year.

MS. MOLNAR: Because they have--

MR. CASTEEL: Mental health.

MS. MOLNAR: --mental health now.

MR. CASTEEL: Yes; so the process with the HCFFA approvals is that there was a list of projects submitted to HCFFA in April of 2016. It should have been included in one of the appendices. And that was a project that was approved by the board.

MS. MOLNAR: Okay.

MR. CASTEEL: So some of the projects that are highlighted are actually -- there probably will not be enough funding to finish those projects. We had requested enough projects so that in case there were other projects under budget, we could possibly fund others.

MS. MOLNAR: Okay.

SENATOR THOMPSON: Priority No. 14, Landfill Remediation at Ancora.

They indicate, towards the end of that item, that, "As an alternative to multi-year funding, accomplishing the design in FY19 and then the construction at all three landfills as one project in FY20 would cost an estimated \$5.12 million. This would save an estimated \$90 million (*sic*) over the multi-year scenario."

As I look at your numbers there, the math seems kind of off. Thus, if you're talking about the three capping projects there -- aside from the ballfield, because it wasn't counting those -- they add up to \$5.503

million; and subtract \$5.12 million from it, it looks like you might save \$383,000. So I suggest they take a look at that math there again, and see which is correct. It might be an even bigger savings than it was projected.

MR. CASTEEL: I believe the number that we were looking at for savings is actually \$90,000. So that might just be a decimal-place issue. I'm looking in the project description for the capital budget request submission.

SENATOR THOMPSON: I'm just saying, taking the numbers you have right here, I'm putting them together, they don't add up to -- they don't say a \$90,000 savings; they say a \$383,000 savings. So you might take a look at that again and see which is correct.

MR. CASTEEL: Okay.

SENATOR THOMPSON: Because if you add those three up, (indiscernible) 2 from it, you get \$383,000, not \$90,000.

MR. CASTEEL: I do have an appendix to support that.

SENATOR THOMPSON: (Indiscernible) \$380 million -- thousand, rather.

MR. FRAN CZ: We'll work with the Department of Health and the Department of Human Services to figure out where that discrepancy is. There is some back-up documentation that we have here, that is not included in the packet, that we'll have to review. If we find anything meaningful, we'll distribute that through the Chair.

MS. MOLNAR: Thank you.

Any other questions or comments? (no response)

If not, we'll move on to the Department of Human Services.

The first request -- fire alarm system upgrades.

Any questions or comments? (no response)

If not, I will move on to the Interdepartmental requests.

Now, I had a question about the Justice Complex. Is that normally the Judiciary's budget item? I'm wondering why that's Interdepartmental.

G A R Y M. K A R R: This is for the entire building that DPM&C manages and operates. So it's for Law and Public Safety, Judiciary--

MS. MOLNAR: Oh, okay.

Thank you.

Any other questions or comments? (no response)

If not, I'll move on to Higher Education.

Now, Brian, this-- Could you explain this *Building Our Future*? Is this the bond that was passed, and you're saying there's \$91 million left in the bond? I'm sorry; \$91 million, plus another \$32 million?

MR. FRAN CZ: Hold on; I'm looking over to Brian Onda here to get some guidance.

MR. ONDA (Commission Budget Specialist): So with both of those, all the funding for Building Our Future has been provided.

MR. FRAN CZ: So it's all allocated?

MR. ONDA: It's all allocated now over to -- over two sets.

MR. FRAN CZ: So what does the \$91 million represent?

MR. ONDA: This is the first round of funding that was presented in 2014; the remainder of the bond was from 2017. And the remainder-- So if you add those two together, that gives you the total value of the bond.

MR. PATELLA (Commission Assistant Executive Director):
The bonds have been issued -- all the bonds have been issued. These are the projects that have not been -- this is the balance that hasn't been reimbursed yet to the colleges.

MR. ONDA: So the first round of funding presented \$715 million worth of projects. The second round was given in 2017, and that provided the \$34.3 million worth of projects. So over those two courses of funding, that gives you the full \$750 million worth of bonds.

MS. MOLNAR: Okay; thank you.

So these requests that are attached are above and beyond the funds they received under the bonds.

MR. FRAN CZ: Yes, they are.

MS. MOLNAR: Okay.

Any questions or comments? (no response)

Is it safe to assume that a lot of this -- these projects are funded from the tuition that's collected?

MR. FRAN CZ: Yes, I think that's a fair assessment.

If someone from HESAA (*sic*) would like to chime in.

MS. MOLNAR: Okay.

M A R I E V I R E L L A: I know there are multiple sources that the institutions have to match in order to receive the funding. So it could be tuition; but it could be other sources of revenues, just for clarification.

MS. MOLNAR: Okay; thank you.

MS. VIRELLA: You're welcome.

MS. MOLNAR: Any questions from Commission members?

SENATOR THOMPSON: Madam Chair, you run a very efficient meeting. (laughter) (Indiscernible). That's for your letter.

MS. MOLNAR: Are there any projects for Higher Ed that are urgent, that are almost on an emergency status -- that they have to get done, that need allocation? I'm always nervous when I see so many requests.

MS. VIRELLA: Well, just for clarification. What you're seeing for the allocation balance -- these have already been approved and appropriated to the institutions. So there are no additional requests through the Building Our Future; everything has already been allocated.

But to your other question, I'm not-- I think at this time there's not-- I'm looking to Angela Bethea -- if there are any other additional things that we're not aware of at this point.

ANGELA BETHEA: No; as far as I know, there are no additional things that are going to be requested.

MS. MOLNAR: Okay.

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

Okay; if not--

Yes.

SENATOR THOMPSON: (Indiscernible).

MS. MOLNAR: If not, our next meeting is scheduled for January 5; that's when we would make our recommendations. I don't believe that's the date for the Treasurer's report, is that correct, Brian? That's another meeting?

MR. FRAN CZ: Right; that will be a fourth meeting.

MS. MOLNAR: Okay. We will make our recommendations to the Legislature and Governor on January 5.

Any other business we want to cover? (no response)

If not, I want to wish you all a happy Thanksgiving and a nice holiday season.

I'll talk to you in January.

ALL: Thank you.

(MEETING CONCLUDED)