
Commission Meeting

of

COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: 33 West State Street
Trenton, New Jersey

DATE: November 18, 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
Assemblyman Declan J. O'Scanlon Jr.
Thomas Neff
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

Eugene Lepore
*Senate Majority
Commission Aide*

Aaron Binder
*Assembly Majority
Commission Aide*

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
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Chris Christie
Governor

B. Carol Molnar
Chair

Kim Guadagno
Lt Governor

Commission Meeting

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

November 18, 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. Approval of the Minutes of October 28, 2016 (**Action**)
5. Fiscal 2018 Capital Requests
 - Department of Corrections
 - Department of Environmental Protection
 - Department of Human Services
 - Interdepartmental
 - Higher Education
6. Other Business ---- **Action may be taken**
7. Adjournment

TABLE OF CONTENTS

	<u>Page</u>
Gary T. Alpert Assistant Commissioner Division of Administration New Jersey Department of Corrections	4
Kristi R. Tallone Deputy Director Division of Budget and Finance New Jersey Department of Environmental Protection	5
Katherine Fling Director Office of Property Management and Construction New Jersey Department of Human Services	6
Elizabeth S. Garlatti Chief of Staff, and New Jersey State Longitudinal Data System (SLDS) Project Director Office of the Secretary of Higher Education State of New Jersey	8
Marie Virella Director of Finance Office of the Secretary of Higher Education State of New Jersey	9
pnf:1-12	

(The New Jersey Commission on Capital Budgeting and Planning held a meeting on November 18, 2016, at 10:00 a.m. Members of the Commission present via teleconference were Senator Paul A. Sarlo, Senator Samuel D. Thompson, Assemblyman Declan J. O'Scanlon, Jr., Anthony F. Annese, Aaron Binder, B. Carol Molnar, Esq., Eugene Lepore, Thomas Neff, Steven Petrecca, James M. Rutala, Beth Schermerhorn, and Jerry Traino.)

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

MR. FRAN CZ: (Commission Executive Director): Okay.

MS. MOLNAR: 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. (no response)
Senator Thompson.

SENATOR THOMPSON: Here.

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

ASSEMBLYMAN O'SCANLON: Here.

MR. FRAN CZ: Mr. Neff.

MR. NEFF: Here.

MR. FRAN CZ: 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 Ms. Molnar.

MS. MOLNAR: Here.

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

MS. MOLNAR: Thank you.

The first item on our agenda is approval of the minutes of October 28, 2016.

Do I hear a motion to approve?

SENATOR THOMPSON: So moved.

MR. RUTALA: Second.

MR. FRAN CZ: When folks make a motion, could you please identify yourself for the transcriber, please?

SENATOR THOMPSON: Senator Thompson, so moved.

MR. RUTALA: Second; Jim Rutala.

MR. FRAN CZ: Thanks, gentlemen.

MS. MOLNAR: Okay. I believe we take a vote on those separately, right?

MR. FRAN CZ: Yes.

MS. MOLNAR: Okay.

MR. FRAN CZ: On the motion to approve the minutes from October 28. Senator Sarlo is absent.

Senator Thompson.

SENATOR THOMPSON: Yes.

MR. FRAN CZ: Assemblyman O'Scanlon.

ASSEMBLYMAN O'SCANLON: Yes.

MR. FRAN CZ: Mr. Neff.

MR. NEFF: 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.

MR. FRAN CZ: Chair, the motion moves.

MS. MOLNAR: Thank you.

So let's start with our Fiscal Year 2018 capital requests.

The first Department is the Department of Corrections. They are requesting 24 projects totaling approximately \$262 million.

Any questions or comments from Commission members? (no response)

None?

Is Corrections on the phone? Is there anything you want to add to your documents? Any overall--

GARY T. ALPERT: No, we don't have anything to add.

MS. MOLNAR: Okay; thank you.

The first one is all Department-wide; the second one as well -- infrastructure. Okay.

All right; no questions or comments.

We'll move to the next Department.

SENATOR THOMPSON: Which Department were we just covering?

MS. MOLNAR: Department of Corrections.

SENATOR THOMPSON: Okay.

MS. MOLNAR: Okay. The next Department is the Department of Environmental Protection; 119 projects totaling \$967 million. The very first one is dealing with flood control; the second one is flood control; shore protection, the next three and four.

Any questions or comments?

SENATOR THOMPSON: On Priority No. 1, there it indicates that, for FY 2018, they are requesting \$23,120,000. And then it lists -- it encompasses -- a list of various things it encompasses. The sum totals down there do not correspond with the totals up there. Thus, it is to say that, for

FY 2018, it says \$23,120,000. I add up what they're listing down there, it comes up to \$22,072,000. So somebody might check that out. Maybe it's just something that was deleted -- left off at the bottom that would bring it up to the same total. But the numbers down there and the numbers at the top don't add up.

KRISTI R. TALLONE: Thank you for that.

We didn't list everything in the description, but we can definitely double check them and get back to you with a complete list.

SENATOR THOMPSON: Okay.

MS. MOLNAR: Thank you, Senator, for looking at that.

Any other questions or comments on the Department?

Yes.

MS. SCHERMERHORN: I have one.

The Mosquito Control Commission -- when the locals use their equipment, do they rent it, or lease it, or is it just goodwill? It's Priority No. 9.

MS. TALLONE: It's goodwill, as far as we know. They don't bill us or we don't pay for it in any way.

MS. SCHERMERHORN: Okay.

MS. MOLNAR: Okay.

SENATOR THOMPSON: A second question: There's a number of projects -- like Priority No. 56, 57, etc. -- that are listed as *urgent* but they're down at 56, 57, and so on. I find it hard to correlate these being as *urgent* and being that far down.

What's the story here? Priority 56 and Priority 57 are also listed as *urgent*; and Priority 59 is listed as *urgent*.

MS. TALLONE: So we have different areas of the Department. And while these may be urgent for Parks and Forestry, there are other types of projects that are more urgent and bigger priorities in the Department; and that's why they are pushed to the top of the list.

SENATOR THOMPSON: Okay.

MS. MOLNAR: So they're urgent for Parks and Forestry; okay.

MS. TALLONE: Yes.

MS. MOLNAR: Any other questions or comments? (no response)

If not, I'll move along to the Department of Human Services. There are 20 projects totaling approximately \$38 million.

Any questions or comments? (no response)

Okay, if not--

SENATOR THOMPSON: Let's see; hang on, one moment here.

MS. MOLNAR: Yes.

SENATOR THOMPSON: On Priority No. 9, I had a note here.

MS. MOLNAR: Yes.

SENATOR THOMPSON: Simply that, since that is an 18 percent savings there, I suggest that one might be worthwhile to move higher up on their priority list.

MS. MOLNAR: Good point.

SENATOR THOMPSON: Save us a loan.

KATHERINE FLING: I'm sorry; you're referring to Priority No. 9, landfill remediation?

SENATOR THOMPSON: Right. It says they anticipate an 18 percent savings if they institute this. We're going to be looking for savings in the budget, that's for sure. (laughter)

MS. FLING: There are no savings associated with remediating the landfills.

SENATOR THOMPSON: Oh; well, it says there that there would be savings. Maybe I miss--

MS. FLING: All right. Can you point that out to us, sir?

SENATOR THOMPSON: It says, "As an alternate offer to multi-year funding, accomplishing this design in FY 2017 and then construction at all three landfills as one project in FY 2018 would cost an estimated \$5.12 million. This will save an estimated \$90,000 over the multi-year scenario."

MS. FLING: Yes. Those are savings that would come from the one-time contract for design services, rather than--

SENATOR THOMPSON: I realize that (indiscernible)

MS. MOLNAR: Multi-year funding.

MS. FLING: Right.

SENATOR THOMPSON: That's why I said the *savings*; you said there was no savings.

MS. FLING: Yes, you're correct.

I did not notice that line at the bottom there. So there is a savings to contracting for the design of all the landfills at one time. But there's not a savings to the General Fund, so to speak, because we are spending money to remediate the landfills.

SENATOR THOMPSON: I realize that. Savings is savings, however you achieve it.

MS. MOLNAR: Okay; thank you, Senator.

SENATOR SARLO: Madam Chair, if you could just-- Senator Paul Sarlo joining the call; if you could just note that for the record, please.

MR. FRAN CZ: We will; thank you.

MS. MOLNAR: I'm sorry; who joined?

SENATOR SARLO: Senator Paul Sarlo.

MS. MOLNAR: Oh, good; thank you.

Okay, welcome, Senator.

Okay, we're now up to Interdepartmental; 29 projects, \$150 million.

Any questions or comments on Interdepartmental? (no response)

None? Okay.

The last Department is the Department (*sic*) of Higher Ed.

We received a printout of the General Obligation Bond; I guess it's the Higher Education bond that we received? Is that correct?

E L I Z A B E T H S. G A R L A T T I: That's correct.

MS. MOLNAR: It's showing what, of the original amount -- what they paid; and there's a balance left of \$257 million, it looks like.

MS. GARLATTI: Correct.

MS. MOLNAR: Okay.

SENATOR SARLO: I have a question on that.

The \$257 million -- is that already earmarked or appropriated? Or is that--

MS. GARLATTI: Absolutely, yes.

SENATOR SARLO: That's not surplus; those are already connected to and earmarked for specific approved projects. Is that correct?

MS. GARLATTI: That is absolutely correct, Senator.

SENATOR SARLO: Okay. Would you be able to give us, provide -- unless it's in the documentation already -- the \$257 million-- Well, let me ask you this; let me rephrase that question. Is it \$257 million for projects already out to bid--

MS. GARLATTI: Yes.

SENATOR SARLO: --or are these projects that are in the pipeline?

MS. GARLATTI: No, most of these projects are actually underway. There is in-the-ground construction going on, and many of them have been completed, in terms of the expenditures of the Bond Fund.

MS. MOLNAR: Okay.

What year was that Bond Fund passed? Does anyone remember?

MS. GARLATTI: Fiscal Year 2013, I think?

SENATOR SARLO: It went to the voters--

M A R I E V I R E L L A: Yes, it was in Fiscal Year 2014.

MS. MOLNAR: So in three years, they've pretty much used up the whole Bond Fund.

MS. GARLATTI: Well, there has been a second round of funding--

MS. MOLNAR: Okay.

MS. GARLATTI: --for the remainder of the funds. I believe it was \$35 million--

MS. VIRELLA: Something like that, yes.

MS. GARLATTI: It was \$35 million. So those projects have not yet started. But the projects that were funded in the original round of funding were supposed to be, and obviously turned out to be, what we called *shovel-ready*. And so the institutions moved pretty quickly to get them in the ground and completed so that they could bring those facilities on line.

MS. MOLNAR: Okay.

SENATOR SARLO: I mean clearly, clearly there was, going into it -- and that was always the debate in the Legislature with the Governor's Office -- is clearly the requests from the Higher Education facilities were a much higher than the number that we actually went out to the voters for. So I concur with that -- that all these projects were shovel-ready, and that was one of the -- there was so much strong support for this from not only the Legislature, but from the voters.

MS. MOLNAR: Other than bond funds, the only alternative is tuition, I would suspect. Are there any other sources?

MS. GARLATTI: Well, there's always a potential for fundraising outside tuition. And there are -- some of the institutions still have the flexibility to engage in public-private partnerships to access other sources of capital.

MS. MOLNAR: Okay; good to know.

Okay.

SENATOR SARLO: Well, again, we have to remember, under the 2009 Stimulus Act, the available funds for the P³ -- the public-private partnerships -- was almost \$1 billion of funds through that 2009 Stimulus Act which also were expended and constructed, and have been very successful, including at The College of New Jersey and Rowan University. Montclair State has been a leader on those public-private partnerships. But I believe some of the funds that were available to be used for that are also gone.

They still could get creative; they still have opportunities to get creative and work with private developers on dormitories, and parking garages, and things of that nature. But I think it is incumbent upon the Legislature to really revisit the public-private partnership legislation.

MS. MOLNAR: Yes; thank you, Senator.

Any other questions or comments?

SENATOR THOMPSON: Yes, with regard to the table we have on the Building Our Future "GO" Bond--

MS. MOLNAR: Yes.

SENATOR THOMPSON: In the future, with that table -- some information I would find useful would be if they could indicate when these bonds were issued and when it is anticipated they will be paid off. In other words, how much longer they have in place. That would be useful information to have in that table.

MS. MOLNAR: Okay.

Executive Director, is that doable?

MR. FRAN CZ: Yes, absolutely.

MS. MOLNAR: Okay, good.

All right, that's the end of the requests.

Let's see -- other business. Do you have other business, Mr. Francz?

MR. FRAN CZ: No, we do not.

MS. MOLNAR: Okay. The original plan was to have our recommendations in December; but it's getting difficult to put a mutually agreeable date together. Now it looks like it will be in January. I don't think we have zeroed in on a date; is that correct?

MR. PATELLA (Commission Assistant Executive Director): That's correct. We don't have a date yet, but we're thinking between January 18 and January 20. So if you can take a look at your calendars for those times. We'll do it at the same time in the morning, at 10:00 a.m.

MS. MOLNAR: Okay, wonderful.

And then we'll have the Debt Report, probably, in February or March?

MR. FRAN CZ: That's correct.

MS. MOLNAR: Okay, wonderful.

Any other questions or comments for the Commission? (no response)

If not, the meeting is adjourned.

Have a nice Thanksgiving, everyone.

ALL: You too. Thank you.

MS. MOLNAR: Thank you.

(MEETING CONCLUDED)