

**Discussion Points**

1. **Open Space Acquisition** Green Acres funding provided through the Garden State Preservation Trust is almost exhausted. Since the approval of the Highlands Act, property owners in that region have been concerned by the future availability of Green Acres funds or the lack of an alternative stable funding source to compensate those residents adversely affected by the act.

- **Question:** What is the balance of available Green Acres funds and how much of this amount (in percentage and actual sums) is expected to be spent in both the preservation and planning areas of the Highlands Region? Please estimate the number of acres in both areas these remaining funds will preserve, as well as the number of acres already preserved in each area through the Green acres program since August 10, 2004 (the date of enactment of the Highlands Act).

The balance of available Green Acres/Garden State Preservation Trust Acquisition and Development Funds is \$269.8 million. The allocation of this funding is as follows:

State Acquisition and Development Program	\$187,100,000
Local Acquisition and Development Program*	79,400,000
Nonprofit Acquisition and Development Program	<u>3,300,000</u>
 Total Available (excluding funds committed to approved projects)	 \$269,800,000

\* Includes projected loan repayments for FY 2007, FY 2008 and FY 2009.

The projected expenditures of available Green Acres/Garden State Preservation Trust Funds in the Highlands for Acquisition Projects\* is:

State Acquisition Program	\$38,500,000	(20.6%)
Local Acquisition Program**	\$15,600,000	(19.6%)
Nonprofit Acquisition Program***	<u>\$ 600,000</u>	(18.2%)
 Total Expenditures	 \$54,700,000	 (20.3%)

\* Percentages are of the total amount of funds available for acquisition and development.

\*\* Highlands Local Acquisition Projects in progress amount to \$69.3 million.

\*\*\* Highlands Nonprofit Acquisition Projects in progress amount to \$10.6 million.

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The following represents the amount of preserved Green Acres Open Space in the Highlands Planning and/or Preservation areas since August 10, 2004 through February 28, 2006:

State Acquisition Program	14,282.4 acres
Local Acquisition Program	1,696.0 acres
Nonprofit Acquisition Program	<u>1,266.6 acres</u>
Total Acres Preserved	17,245.0 acres

The following allocation represents the distribution of those acres preserved in the Highlands Planning and/or Preservation Areas:

Planning Area	1,785 acres
Preservation Area	<u>15,460 acres</u>
Total Acres Preserved	17,245 acres

The following represent the projected open space to be preserved in the Highlands with the remaining funds:

<u>Remaining Funds</u>	
State Acquisition Program	3,500 acres
Local Acquisition Program	900 acres
Nonprofit Acquisition Program	<u>100 acres</u>
Subtotal	4,500 acres
<u>Projects in Progress</u>	
Local Acquisition Program	4,200 acres
Nonprofit Acquisition Program	<u>1,700 acres</u>
Subtotal	5,900 acres
Grand Total	10,400 acres

Lastly the following represent the estimated acres to be preserved in the Planning and Preservation Areas through the Green Acres Garden State Preservation Trust Fund program:

Planning Area	2,800 acres
Preservation Area	<u>7,600 acres</u>
Total	10,400 acres

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2. **Fiscal Year 2007 Reductions** According to the Budget in Brief, the department's operating budget will be reduced by \$2.87 million as a result of "management efficiencies." Most of these efficiencies, or mandated reductions in operating expenses, are manifested in salary and other operating accounts throughout the department.

- **Question:** What impacts will the recommended reductions have on the department's operations? Please describe how these reductions will affect staffing levels and where such reductions will occur. Will the proposed reductions be offset by federal or other nonstate funding sources and, if so, where? If applicable, please identify any such efficiency taken in the current fiscal year by amount and funding source.

The \$2.87 million reduction to the Department's operating accounts represents cuts of (1) \$2.5 million to the Department's Management account (that will be allocated across the board), (2) \$280,000 through the elimination of the facility wide permitting program and (3) \$94,200 through the turn-in of underutilized vehicles reflecting central motor pool (CMP) costs reductions. To achieve the \$2.5 million reduction in salaries, the Department will continue its hiring freeze with limited backfills. While this may impact specific programs, it is not anticipated that any program will be eliminated outside of the \$280,000 elimination of the facility wide permitting program.

The implementation of the \$2.5 million reduction will be achieved through the recognition of attrition savings across the Department through retirements and the reduction of unclassified staff. In total the \$2.5 million reduction equates to the drop of 50 FTEs within the agency. Based on attrition through April 14, 2006 and the known retirements through June 30<sup>th</sup>, the Department has achieved 40 of the target reduction of 50 employees without the necessity to implement a Reduction in Force (RIF).

Based on the allocation of achieved and scheduled attrition, the distribution of the staffing reductions is as follows:

Natural and Historic Resources	7
Policy and Science	1
Land Use Management	6
Site Remediation and Waste Mgt.	6
Environmental Regulation	8
Compliance and Enforcement	3
Department Management	<u>9</u>
 Total	 40

The Department plans to offset the human resource impacts of eliminating the facility wide permitting program by reassigning the staff primarily to the Diesel Risk Mitigation Program,

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which is being funded out of the new dedication of CBT monies. The Department has also announced a Lateral Mobility Reassignment Initiative that will allow employees to move from one program to a newly funded area, thereby reducing the costs within existing areas.

Regarding efficiencies taking place in FY 2006, the department last week began turning in 74 under utilized vehicles representing current year savings. In addition, as it has in the past three to four years, the Department is critically controlling overtime, state travel and the use of temporary contract employees. Effectively, the DEP has reduced expenditures for these categories by 31 percent when compared to the expenditure rates in 2002.

3. **Parks Capital Funding** The Budget Recommendation proposes \$40 million for long-neglected capital improvements and maintenance projects in State parks and forests, historic sites and wildlife management areas under the department's jurisdiction. No such funding is included in the current capital budget, nor has there been any significant capital funding for this purpose since FY 2002.

- ***Question:*** Please provide a detailed listing of the projects to be funded from this appropriation, including the cost and completion date for each. What criteria were used to prioritize the designation of these projects? How much in administrative costs will be charged to this appropriation? How will these funds affect the availability of federal funds or other nonstate funding sources? If applicable, please identify any parks or facilities that are in danger of being closed if this appropriation is not provided or is significantly reduced.

As reflected in Attachments I and II, the Department has identified the range of projects that would be funded with the \$40 million capital appropriation. You should note that the compiled lists represent larger capital needs for Fish and Wildlife and Parks and Forestry and is not limited specifically to \$40 million. – The actual projects that will be funded could change based on health and safety priorities and whether or not a project is construction ready.

The backlog list of capital projects for Parks and Forestry includes their respective project cost, completion date and any administrative charges that must be paid, including Treasury's, Division of Property Management and Construction fees.

The Division of Fish and Wildlife does not have estimated times for completion or estimated administrative costs because, unlike parks, they are not construction-ready to implement.

The criteria used to determine the prioritization of the projects begins at the field area manager's level - a recommendation of each project's priority is then compiled and submitted to the Director for his/her approval. The approval process is based on public benefit and dollar value of the project (i.e., whether the project can be handled as a small maintenance project versus a large scale capital improvement project). From the Director's Office, it is then submitted to the

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Department's Management and Budget through the appropriate Assistant Commissioners for review and approval.

These funds will have no effect on any potential federal or non-state funding sources. If funding is not received or significantly reduced, potentially, it could impact public access to some areas within our parks, such as deteriorating bulkheads at Liberty State Park and Hopatcong State Park.

4. **Drought Mitigation** A new \$6 million grant program is recommended to help finance water resource interconnection projects that would facilitate the movement of water supplies during periods of drought. According to the DEP Budget Overview, a portion of this money would be used to leverage approximately \$100 million in debt to finance such projects, some of which are listed in the Overview. If bonds are sold for this purpose, they would be backed by revenues from a new water supply surcharge, which is currently pending before the Legislature. This surcharge is expected to generate \$12 million annually from assessments to owners of public water supply systems and applicants for water diversion permits.

- ***Question:*** Over what time period will the \$100 million plan be expended, and what is its annual debt service projection? What are the costs of each project cited in the Budget Overview and how were they selected? Please describe other projects being considered for program funding, particularly land acquisition projects in the Highlands. What agencies are being considered to manage the program's financing? What are the anticipated first year administrative costs to the department and the financing agency? In addition to covering debt service, how else will water supply surcharge revenues be used? What will happen to this initiative if the water surcharge bill is not enacted?

Given the preliminary discussions relative to the structure of these leveraged funds, the Department anticipates that the program will finance the proposed projects over a three to four year period. Based on the current revenue estimates the Department anticipates that the tax base would support approximately \$120 million to \$150 million in leveraged bond funds. If the financing were through two sales (\$40 million and \$80 million) with the first issue in Fiscal Year 2007 and the second issue in Fiscal Year 2009 the annual debt service would be approximately \$1.0 million in Fiscal Year 2007, \$3.17 million in Fiscal Year 2008, \$5.16 million in Fiscal Year 2009 (when the second issue comes on line) and \$9.5 million in Fiscal Year 2010 with a full year's debt service covering both bond issues.

The costs of the projects identified in the Budget In Brief are as follows:

Raritan Confluence Reservoir	\$40,000,000
Central and Coastal North Interconnection	\$15,000,000

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Southwest Drought Region Interconnection \$20,000,000

The Department recently awarded a contract to develop a Statewide Water Supply Interconnection Study to identify vulnerable infrastructure improvements and evaluate the physical and financial aspects of the existing primary water transmission infrastructure throughout New Jersey. The Study will propose recommendations to optimize current diversions and transfers to avert and mitigate drought-related water emergencies and impacts from catastrophic loss. Revenues will support improvements identified as necessary to address interconnection deficiencies, including construction of additional interconnections, pump stations, and/or water transmission lines. General estimates are:

- Completion of the Design phase is expected in 2007 at a cost of \$5 million.
- The construction phase is anticipated to commence in 2008, with an estimated infrastructure cost need of \$50 million

**Raritan Confluence Reservoir** The current capital cost estimate for the Confluence Project is \$150 million for engineering and construction of a 200 MGD intake/pump station site at the confluence of the North and South Branches of the Raritan River and a 12 mile long 96"-108" diameter force main to Round Valley Reservoir, which will allow for pumping into and release from the reservoir. This project increases the safe yield of the Raritan Basin by 46 million gallons per day (MGD).

The New Jersey Water Supply Authority (NJWSA) anticipates having the Confluence Project on-line for the summer of 2013 when it estimates that they will have contracted the safe yield of the Raritan Basin. The project can be accomplished in two phases.

- Phase 1 calls for the replacement of 3.4 miles, 108" diameter release pipeline at a project cost of \$40 million. Requests for Proposals could be issued in July of 2006, with design completed by May of 2008 and construction completed in September of 2009. There are no issues with respect to easements because pipeline will be replaced along the existing corridor.
- Phase 2 calls for the construction of a pump station and installation of 7 miles of new 96" diameter pipe between the confluence and Round Valley Reservoir at a project cost of \$110 million. The property for the proposed pumping station has been acquired by the State and most easements have been acquired for the route of the proposed pipeline. Design/ Permitting is scheduled to commence in 2009 with construction to begin in 2011 and completion projected for 2013.

Because the purpose of the project is to not only assure sufficient amounts of water in the Raritan Basin, but also to mitigate drought conditions through transfer of water to both the

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Northeast and Coastal North drought regions, this may be one of the more important projects to be funded. Thus it is appropriate to fund this project with state resources.

The **Interconnection between Central and Coastal North Drought Regions** has long been considered a primary State drought management objective. Providing for the transfer of water (both emergency and routine) between these two Drought Regions will be instrumental in averting and mitigating Coastal North drought emergencies. Area of Critical Water Supply Concern No. 1 encompasses most of the Coastal North Drought Region and limits the amounts of groundwater that is available for withdrawal. This interconnection could also support future development in designated growth areas within Middlesex, Monmouth, and Ocean Counties and provide protection to the Manasquan system in this area.

Feasibility and design could occur as early as 2007, with construction in 2009. Total costs are estimated at \$10-15 million.

The **Interconnections within Southwest Drought Region** includes the extension of Tri-County Water Supply Pipeline (NJ American Water Co.), the preferred water supply alternative in Area of Critical Water Supply Concern No. 2. This project would extend the interconnections to southern Gloucester/Salem County and will support growth in this area and provide continued protection to the already stressed water resources in this area.

Redevelopment projects in many economically depressed areas are being held up due to insufficient quantities of potable water in the region. While NJ American Water has planned an extension of the pipeline into Woolwich and Logan Townships, the extension has been delayed due to lack of development and hesitancy by other water companies and municipal utilities authorities to purchase water. A financial incentive to extend the pipeline will encourage connection by towns with significant water needs. Design of the extension to Aqua NJ is complete and construction is set to begin in this area no later than 2009.

**In addition, one proposal would add safe drinking water protection through the elimination of uncovered finished water reservoirs.** Revenues would be used to pay or offset costs to eliminate the few remaining uncovered finished water reservoirs in the State. The City of Trenton, Passaic Valley Water Commission, and the City of Newark continue to utilize uncovered finished water reservoirs as an integral component of their water delivery system. These systems serve predominately urban areas with a combined population of approximately 800,000.

- Uncovered finished reservoirs present a serious threat to drinking water quality. Although water stored in uncovered reservoirs is re-disinfected prior to distribution to consumers, it is not re-filtered which presents a contamination risk due to microbial pathogens such as Giardia and Cryptosporidium parasites.

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- From a homeland security perspective, the deliberate contamination of a water supply through contaminants introduced into an uncovered finished reservoir poses a serious threat to public health.

<u>System</u>	<u>Total Construction Cost</u>	<u>Total Capacity</u>
City of Newark	\$38,000,000	680 million gallons
City of Trenton	\$13,000,000	100 million gallons
Passaic Valley Water Comm.	\$29,000,000	250 million gallons

**Lastly two other areas that would be considered for funding would address desalination plants and unaccounted for water losses.**

The **Desalination project** would focus on an area designated as the Pinelands grown area just outside Atlantic City and solve many of the water supply issues in that area and has the potential to expand into northern Cape May and solve water supply issues in that area as well.

System upgrades to focus on **Unaccounted for Water Loss** (based upon submitted Water Conservation/Drought Mitigation Plans) in two drought regions would fund projects in the Northeast Drought Region and Coastal North Drought Region where there are Unaccounted for Water Loss of 20% and 17% respectively.

The balance of the funding is proposed to be held as a **Drought Management - Water Transfer Escrow Account**. The Department supports establishment of an escrow account to help offset the cost of large volume water transfers between water suppliers during times of drought emergencies. The escrow account would be used reimburse the cost of water transfers (up to a maximum of \$1,000/million gallons).

Relative to the proposed acquisition component, the Department’s proposal would allocate up to 25% of the financing to state acquisition programs of watershed protection areas. The Department’s acquisition program would be administered within the existing Green Acres Program. Further within the scope of the financing the Department recognizes the crucial nature of protecting lands within the Highlands and thus would allocate the 25% from the first bond sale.

Based on discussions with the Environmental Infrastructure Trust’s bond counsel there are tax considerations that might preclude the use of bond proceeds to offset individual property

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owners diminution of their property values based on the restrictions imposed under the Highlands Law.

Based on current discussions the Environmental Infrastructure Trust, the Trust will manage the financing of the program through the issue of bonds securitized by the tax revenues. Relative to the administrative costs the Department anticipates that the expenses of the program would not exceed \$650,000 annually. Further the cost of issuance for bond counsel, financial advisor, printing, rating agency costs, etc. would add another \$600,000 to the cost in the years when bonds were sold. However, these costs would be payable from the bond proceeds.

If the tax proposal of this initiative is not successful, the scope of the program will be reduced significantly. While the Environmental Infrastructure Financing Program would fund certain projects using its structure, the Department does not believe that the more critical projects that relate to drought mitigation will be undertaken due to the economics of the projects financing in general.

5. **Watershed Restoration** A new grant program is proposed that appropriates \$5 million from dedicated Corporation Business Tax revenues for watershed restoration projects. According to the Budget in Brief, Regional Stormwater Management Committees have identified over \$13 million for such projects statewide.

- ***Question:*** Please identify potential grant recipients, maximum grant or loan amounts, matching shares, and administrative costs to the department. What types of projects will be undertaken in the Highlands and how will they be prioritized within the program? If applicable, how will this allocation be used to leverage funding from other funding sources?

In the 2004 Water Quality Monitoring and Assessment Report, 76 percent of assessed non-tidal waters did not meet surface water quality standards. While much progress has been made over the past three decades at controlling point sources of pollution, nonpoint source pollution control has lagged behind. The Department estimates that between 40 and 70 percent of surface water pollution is attributable to nonpoint sources. Nonpoint sources of pollution generally do not respond to a regulatory structure because they are diffuse and omnipresent. To address nonpoint sources of pollution, the Division of Watershed Management develops total maximum daily loads (TMDLs), which identify the sources of pollution, and the amount of pollutant reduction needed from each of those sources to bring the receiving waters back to unimpaired status. However, TMDLs are typically developed at a "macro" scale relying on existing information and remote sensing. Often times the TMDL requires augmentation through a watershed protection and restoration plan (sometimes referred to as a Regional Stormwater Management Plan). Watershed protection and restoration plans build upon the TMDL by using on-the ground reconnaissance and targeted monitoring to verify the largest nonpoint source contributors and to develop a blueprint for restoration. Essentially these plans determine which

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and where specific best management practices and retrofits are needed to achieve the reductions identified in the TMDL. Several of these plans have been developed with sufficient detail to enable the Division to begin implementation. The Division's implementation strategy is to focus financial resources in a few discreet watersheds where these plans have been developed so as to achieve full restoration of water quality.

The following projects and the associated grant recipients are identified below. The administrative costs associated with implementing this program will be funded within the existing appropriations of CBT dedications to the Department's Watershed Program.

Lake Hopatcong – The Department will provide additional grant funding to Lake Hopatcong Commission to continue implementation of its watershed restoration plans begun in FY 2005 using \$844,000 of federal 319 grant funding. These projects include the implementation of best management practices and stormwater retrofits. The Lake represents a recreational and aesthetic resource that also serves as a reserve drinking water supply. The Lake is impaired by phosphorus loading to severe algal and rooted aquatic vegetation growth. The new funding will allocate \$250,000 in continued aid.

Long Swamp Creek - Potential grant recipients included Dover Township, Toms River and Ocean County. The Creek represents a tributary to Barnegat Bay part of the National Estuary Program. Impairments include sedimentation, phosphorus and pathogens. In FY 2006 \$440,000 of federal 319 grant funding was awarded to Dover Township for restoration projects. An additional \$250,000 from these funds will continue a stormwater retrofit project at Ocean County Mall.

D&R Canal Tributaries – The Department will partner with the New Jersey Water Supply Authority. The D&R Canal is recreational and historic resource as well as a public drinking water supply. The Water Supply Authority received \$350,000 of federal 319 grant funding FY 2006 for restoration and best management practice installation. This new funding of \$1 million will continue restoration project implementation.

Wreck Pond – The Department will partner with Monmouth County, Spring Lake, Sea Girt, Spring Lake Heights and Wall Township. Wreck Pond's discharge is responsible for 75% of New Jersey's ocean beach closings annually. The Pond is impaired by pathogens, phosphorus and excessive sediment. The Regional Stormwater Management Plan under development has identified \$13 million in early action restoration and best management practice implementation projects. The Department will use \$1 million in CBT Watershed Funds as the match to fund stormwater retrofits around the pond in 2006. Currently the project is ineligible for federal 319 grant funds without the completion of the stormwater management plan.

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Pequannock River – The Department will partner Pequannock River Coalition / City of Newark – This River represents trout production waters impaired by temperature and dissolved oxygen as a result of the water supply reservoir system operation and loss of riparian vegetation. The river's TMDL has been prepared and is being implemented through Newark's water allocation permit. Changes in operation to Newark's reservoir system will require some financial expense, and therefore the Department is proposing that \$500,000 help offset Newark's expense and to begin riparian restoration.

With regard to specific Highlands projects being funded through the program, Lake Hopatcong is located in the Highlands Planning Area and its watershed extends into the Highlands Preservation Area. The proposed project at Lake Hopatcong is located in the Highlands Planning Area.

The watershed protection and restoration plans listed above were, funded through the 319 grant program wherein funds are awarded through a competitive process following a public request for proposals. There are presently 43 other watershed protection and restoration plans under development throughout the State using State and federal funds. The Department is now shifting its focus from planning to implementation of these plans. These five plans are the first to be developed with sufficient detail to allow comprehensive implementation and thus are being targeted for an additional appropriation from the proposed Watershed Restoration account. The Department expects that the project partners will also continue to compete for 319 implementation money going forward.

Regarding the leveraging of other resources these CBT Watershed Restoration monies will represent the local match to federal 319(h) grant funding. The Department receives about \$3 million dollars per year in federal 319(h) grant funding that is to be used for nonpoint source control. The Department will favor the use of federal 319(h) grant money to implement comprehensive watershed protection and restoration plans through this competitive grant program. However, there are limitations on the use of this money, particularly on private property. Where impaired watersheds are dominated by agricultural sources, the Department is forging a partnership with the USDA, NJDA and others to leverage federal Farm Bill resources for the implementation of best management practices on agricultural lands.

Lastly, the CBT Watershed Restoration monies would match the reappropriation of \$30 million from the 1985 Wastewater Treatment Bond Fund to support implementation projects in the Wreck Pond and Long Swamp Creek watersheds.

6. Diesel Risk Mitigation Pursuant to amendments to the State Constitution approved by voters in November, 2005, the use of Corporation Business Tax (CBT) revenue dedicated for environmental purposes was expanded to fund a new diesel air pollution control program primarily designed to retrofit diesel powered vehicles. The program was established by

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P.L.2005, c.358, which also authorized \$16.3 million from existing CBT accounts for program startup costs in FY 2006. In January, 2006, the transfer of these funds was effectuated. The recommended budget includes \$21.77 million in CBT funds for the Diesel Mitigation Fund in FY 2007.

- **Question:** Why aren't the monies transferred to the diesel program accounts in FY 2006 displayed or footnoted in the Budget Recommendation? What is the current implementation status of the program, including the disposition of the \$16.3 million budgeted thus far in FY 2006? Please provide an expense budget for FY 2007 detailing the program's projected staff level, operating costs, and other expenses.

The decision to display or footnote the transfer was a decision of OMB. Consistent with previous budget policy, transfers are not reflected within the Adjusted Appropriation amount. Adjustments to the FY 2006 appropriation normally reflect only supplemental appropriations and not transferred amounts between accounts. From a budget message display perspective the transfer will be reflected in the next budget message on the left hand side

The \$16.3 million that is currently available will be used exclusively to reimburse vehicle owners for the cost of complying with the new requirements. However, the Diesel Law requires that the NJDEP first propose and adopt regulations setting forth the requirements for the vehicle owners and the procedure by which they will be reimbursed; the rules must be adopted before the \$16.3 million can be disbursed via the reimbursement program. As required by the Law, we are coordinating the rulemaking with the Dept of Treasury, the Dept of Labor, the Motor Vehicle Commission, and NJ Transit and we anticipate that the rules will be proposed within the next several months. We are also developing an e-permitting portal in NJEMS as well as an extensive outreach, education and training program to ensure that the regulated community understands the new requirements.

The operating budget of the Diesel Risk Mitigation Program is as follows.

Salaries	\$709,000
Operating	<u>191,000</u>
	\$900,000

7. **Passaic River Litigation** An appropriation of \$12 million is recommended to pay litigation costs associated with the State's pursuit of compensation from Occidental Chemical and its predecessors for polluting the Passaic River and Newark Bay.

- **Question:** Please provide a brief history of this situation, including the current status of litigation and copies of pertinent documents that have already been filed. How was the proposed appropriation level calculated? Please provide an expense budget for this appropriation, including a spending timetable, prospective counsel

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**fees, expert witness fees, departmental or State costs, and other pertinent expenses. How will law firms be chosen for this litigation? How will the federal government and the State Attorney General's Office be involved in this case? What are the expected or hoped for outcomes of this effort?**

For many years, the Passaic River has suffered from dioxin contamination so severe and extensive that recreational and navigational use of the river has been effectively prohibited. Much of the industry that was once located along the lower Passaic River was shuttered due to the inability to dredge the river's navigation channel and private slips since 1982, when the dioxin contamination was first discovered. Since that time, dredging of the river necessary to return it to productive navigational use has not been possible due to the dioxin contamination.

Ecological impacts have also been severe. Small organisms present in the river sediments take in contamination which is accumulated and magnified when fish, crab and fowl eat those organisms. In fact, dioxin concentrations in the blue crabs in the Passaic River and Newark Bay may be the highest ever discovered in aquatic animals. This phenomenon continues up the food web and presents severe human health threats when humans fish and ingest their catch. DEP has had to issue fishing advisories for 20 years banning the catching of certain species, including blue crab, due to the highly carcinogenic nature of the fish tissue. Nonetheless, recent data collected by DEP confirms that subsistence fishing has continued, exposing the communities on the Passaic to serious health threats

The most significant contaminant to the river, overwhelmingly discharged by Occidental Chemical Corporation (OCC) from a single site on the bank of the Passaic River, is a highly toxic form of dioxin (2,3,7,8-tetrachlorodibenzo-p-dioxin or TCDD). After years of study of the Passaic and against the backdrop of a USEPA led long-term evaluation process that is not expected to result in a decision on how to remediate the severe contamination of the River until at least 2015, DEP decided to seek damages from OCC caused by their knowing discharge of highly toxic dioxin to the Passaic. In December 2005, the Department, through the Attorney General and special counsel, filed a complaint in Superior Court seeking damages from OCC as well as all past and future costs incurred by the State as a result of OCC's contamination to the River and Newark Bay. At the same time, DEP also issued a Dredge Directive to OCC and its successors to fund the development of a dredge remedy designed to remove the source and abate the continuing release of TCDD from the river sediments, abate the continuing endangerment to human health and the environment, and restore the Passaic River for public use.

Earlier this year, OCC removed the State court action to federal court. The State has moved to remand the matter back to State Court. Extensive additional motion practice has ensued on the remand and other jurisdictional and procedural matters. Counsel has also been required to expend considerable time assisting DEP in addressing dozens of Open Public Records Requests filed by OCC counsel.

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In 2005, the Attorney General retained the law firm of Connelly, Baker, Maston, Wotring & Jackson, L.L.P. of Houston, Texas as part of a broader effort to retain outside counsel to supplement the State's legal efforts to sue parties responsible for natural resource damages (NRD) as a result of discharges of contaminants. Connelly Baker brings unique experience to the State, having successfully sued the same parties (OCC) for contamination of the Port of Houston. Connelly Baker, along with Gordon & Gordon of New Jersey and other associated special counsel, have been retained by the State to address the dioxin contamination in the Passaic River.

The Attorney General's office oversees all work of the special counsel, reviews all papers prepared by them, and signs all court filings on behalf of the State.

The federal government, led by USEPA working with the US Army Corps of Engineers, is conducting the long-term, multi-year Passaic River Restoration Project (PRRI) under the authority of the federal Superfund law. NJDEP and NJ Department of Transportation are active participants in this PRRI process and intend to continue to work in that cooperative mode to pursue a comprehensive solution to the contamination of the entire Newark Bay Complex (including the 17 miles of the Passaic River and Newark Bay that are included in the federal process). The State's actions were taken under State law (Spill Act), not federal law, and are targeted at removing the source of continuing dioxin loadings to the Passaic River and the entire estuary. USEPA is not a party to the litigation or the Dredge Directive. However, pursuant to an agreement reached by DEP Commissioner Lisa Jackson with USEPA Regional Administrator Alan Steinberg, USEPA and DEP are working closely and cooperatively to determine if both agencies can agree on an interim remedy to address the immediate source control issues. That process is ongoing. The State lawsuit does not involve the federal government as it seeks damages incurred only by the State.

DEP hopes that the lawsuit will result in the payment by OCC of a substantial sum of damages suffered by the State. The State will also seek from OCC the recovery of attorneys fees expended by the State to pursue these actions.

The \$12 million dollar figure was estimated by outside counsel based upon their experience in the Port of Houston case. In that case, the Port spent approximately \$10 million dollars per year to litigate and then negotiate settlement of its claims. These costs included substantial expert fees, costs related to documents and databases with millions of pages of data, and attorney's fees. The Port of Houston's costs and attorney's fees were completely recouped as part of the \$100 million settlement of the Houston matter. Due to the complex nature of this case, the parties involved and the 25-year regulatory history, it is anticipated that the budget for experts, database and document costs and attorneys fees will be higher than the Port of Houston case. Outside counsel has already been requested to develop and submit to the Attorney General's Office a detailed budget for the expected work over the next year or two.

Any unexpended funds from FY07 could be carried forward to the following year, if necessary, to cover counsel and expert expenses or help defray Division of Law expenditures for the staff

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time devoted to the Passaic River Initiative. DEP does not have a dollar figure available at this time that reflects the level of staff time devoted to this initiative. Note that the staff working on the DEP Initiative do so as part of their normal duties under their existing funding sources. DEP staff working on the USEPA-lead, long-term Passaic River Restoration Project under the authority of the federal Superfund law do so through a grant from USEPA.

8. **Smart Growth** The Division of Smart Growth, created pursuant to P.L.2004, c.89, has yet to be fully operational due to two Executive Orders that have delayed indefinitely the promulgation of "fast track" rules and regulations. The Division received an initial appropriation of \$3.3 million in FY 2005, of which all but \$1.2 million was later lapsed to the General Fund. In FY 2006, the Division is budgeted at \$1 million, which appears as two supplemental appropriations (\$698,000 under "Salaries and Wages" and \$302,000 under "Services Other Than Personal") on page D-130 of the Budget Recommendation. In both years, budget language authorized funding from permit fees and the General Fund. No budget language or line item appropriations are indicated for FY 2007 in the Budget Recommendation.

- **Question:** In light of the continuing delay in implementing the so-called "Smart Growth Act," what functions have the Division of Smart Growth performed over the past year? What is the Division's current funding source, staff level and organizational location? What is its FY 2007 budget, staff level and mission? If and when implementation issues become resolved, how soon will the Division be able to fully implement the provisions of the act?

Since the Act's implementation, the staff of the Division of Smart Growth has been involved in drafting rules to implement the Smart Growth Act, working with the Office of Information Resource Management (OIRM) in developing a pilot electronic permit submittal system for the Division of Land Use Regulation, meeting with the former Smart Growth Ombudsman, reviewing, commenting and making recommendations on Department rules from a Smart Growth perspective, reviewing applications submitted to the Land Use Regulation Program in Smart Growth areas, assisting permit applicants in Smart Growth Areas through the Land Use permit process, developed a proposed reorganization plan/structure to implement Smart Growth permit processing with the Land Use management program, and has participated in Smart Growth and Green Growth discussions within and outside the Department.

The Division of Smart Growth consists of four staff reassigned to the Division of Land Use Regulation in December of 2005. Eight other staff have been hired under funding from the Smart Growth Act into OIRM, Budget and Finance and Human Resources. A \$1 million appropriation in FY 2006 represents a supplemental appropriation to continue the funding of existing staff without any growth. Going forward into FY 2007 the funding levels will remain constant and the \$1 million appropriation is rolled into the Land Use Program.

## Discussion Points (Cont'd)

If and when implementation issues become resolved, the Division of Smart Growth will need to redraft rules based on the proposed changes in legislation, fully staff the Division, and identify space to occupy among many other things. The Division will be able to begin implementing the Smart Growth Act within 6-9 months. Full implementation will depend on the law that is adopted and any needed coordination efforts with the Federal government.

9. **Hunters and Angler Fund** The Division of Fish and Wildlife has been traditionally supported by dedicated revenues from hunting and fishing licenses and permits. Due to declining revenues and rising costs, the Legislature added \$4.2 million from the General Fund to the Division's FY 2006 budget. This amount is also included in its FY 2007 budget proposal. The Budget Recommendation indicates a revised, lower hunting and fishing license revenue projection of \$11 million for FY 2006, with the same amount estimated for FY 2007. The original FY 2006 projection was \$12.5 million.

- **Question:** If the current General Fund subsidy remains constant, how will the revised FY 2006 and projected FY 2007 revenue projection of \$11 million affect the Division's operations in both years? Why wasn't the FY 2006 Adjusted Appropriation for the Hunters' and Anglers' License Fund adjusted downward accordingly, as was its FY 2007 recommended appropriation? What steps, if any, are being taken to address this projected shortfall in the Division's operating budget?

When the FY 2006 budget was crafted, the anticipated revenue base was estimated at \$12.5 million from license fees. Shortly after the FY 2006 appropriation was passed the Division of Fish and Wildlife revised their revenue estimates reflecting a \$1.5 million drop in fees. Recognizing the impact, the Division immediately put into effect a series of spending controls that would insure that they would be able to manage their operations within the reduced level of resources. These spending controls will remain in effect through the FY 2007.

The decision to maintain the FY 2006 Adjusted Appropriation at the initial FY 2006 level was consistent with OMB budget display policies. Thus the comparison between FY 2006 Adjusted Appropriations and the recommended FY 2007 Appropriation reflects this decrease; and reflects the changing revenue base.

Consistent with the directions taken this fiscal year, the Division of Fish and Wildlife will continue to monitor its expenditures and maintain a controlled attrition plan to keep salary costs within manageable limits. Further, the Fish and Game Council approved changes to the Deer Permit program, which upon its adoption will help close the revenue decreases currently reflected in the FY 2007 anticipations.

## Discussion Points (Cont'd)

10. **OLS Audits** During last year's Assembly Budget Committee hearing on the DEP's FY 2006 budget, the department was asked to comment on a State Audit report that noted the existence of many outdated leases and unpaid rents from companies and tenants who live in or utilize State parks or forests. It responded by outlining a series of steps it had taken or planned to take to address these concerns. Meanwhile, several environmental groups testified before the Committee in February, 2006 that millions of dollars could still be accrued by the department through lease renegotiation or back rent collection from the aforementioned companies and tenants.

- **Question:** Please provide a status report of the actions taken by the department since its response to last year's Assembly budget hearing questions. Have any leases been renegotiated or back rent collected during the past year and, if so, how much more revenue is anticipated as a result of these actions in FY 2006 and FY 2007?

The Divisions of Parks and Forestry and Fish and Wildlife have completely reviewed and inventoried all leases. A database has been established to identify expired leases, and track lease expirations and rental payments. Combined, the divisions administer 286 leases. Additionally, the Division of Parks and Forestry administers 22 concession agreements, which are mostly seasonal between Memorial and Labor Day.

At the time of the audit, 59 leases were expired and 154 leases were current with expiration dates between 2004 and 2028. During 2005, 19 additional leases were scheduled to expire. Presently, 47 of the 78 expired leases (between 2003 and 2005) are in various stages of renewal. These stages include fully executed leases, leases pending State House Commission review, leases pending DAG review, or leases being executed following State House Commission approval. Lastly, 31 of the expired leases remain in effect through hold-over tenancy clauses. The Department has begun the process of addressing these expired leases by informing each of the lessees in writing that they are in hold-over tenancy status, and that their leases must be updated. In addition, the on-going review process ensures that current fair market value rates are reflected in new leases, as well as in leases that come up for renewal, in accordance with the lease terms and conditions.

The Department discontinued its prior practice of allowing area superintendents to issue Special Use Permits in lieu of lease agreements. These "Special Use Permits", which were intended as short-term in nature, have been converted to appropriate lease agreements in response to the 2003 audit recommendation.

Other actions taken include:

- The Department updated its departmental policy concerning the signatory process for the execution of leases and concessions in 2005.

## Discussion Points (Cont'd)

- Formal procedures over rent collection are pending. The Department intends to centralize rent collection and remove the responsibility of rent collection from the area superintendent and Fish and Wildlife staff. Several short and long-term options for centralizing collections have been identified, including centralized payments to the Office of Leases and Concessions or the Department's Bureau of Financial Operations. A long-term opportunity would be to shift centralized rent collections to the Department of Treasury's Division of Revenue, which would collect the rent through a computer tracking program known as the Land Band Asset Management Tracking System (LBAM). LBAM is currently under development.
- A procedure for rental abatement is nearly finalized and anticipated to be complete within the next few months. Since the 2003 audit, area superintendents with the assistance of the Office of Leases and Concessions are actively enforcing the internal review process for rental abatements.
- The majority of Fish and Wildlife leases are now in compliance with their insurance requirements. There are five lease agreements remaining that do not have up-to-date insurance documents.

The collection of back rent was not an identified audit deficiency. Rather, it was recommended that we inventory our lease and concession agreements to ensure that leases are current and thus appropriately valued and rent collection is monitored for timeliness. This process is well underway as demonstrated by the completion of the inventory and our continued progress in renewing expired leases as deemed appropriate. Additionally, aside from problematic residential leases primarily located in the Six Mile Run Reservoir site, the majority of Parks and Forestry leases are paid on time (75 percent), or within one-to-two months if late (20 percent at a given time). This was true at the time of audit.

There may be potential opportunities for the collection of back rent for residential leases within the above-referenced Six Mile Run Reservoir site. We have been working to update and finalize the leases at this site. We are working to resolve the appropriateness of rental abatements and the existence of back rent. In coordination with the Attorney General's Office, we are meeting with these tenants and performing on-site property inspections. This process is ongoing and is expected to conclude within the next several months if legal intervention is not required.

There are opportunities for increased revenue to the Division of Fish and Wildlife's Hunters' and Angler's Fund as they renegotiate lease terms with tenants in holdover status and convert agricultural Special Use Permits to agricultural leases. Presently, Fish and Wildlife has brought their agricultural agreements up-to-date through the use of current Special Use Permits. Currently, there remains no charge for the use of these lands as the Department seeks approval from the Department of Agriculture to use fair market values established per soil type as outlined by the USDA's Conservation Reserve Program.

## Discussion Points (Cont'd)

There is a limited opportunity for revenue enhancement through the re-evaluation of residential leases administered by Parks and Forestry (Fish and Wildlife does not administer residential leases). In most cases the existing leases include provisions that allow the Department to annually increase the rent in accordance with the annual CPI. We annually notify tenants of the CPI increase and their new rental amount. However, we do want to ensure that we are charging fair market value. In the past, rent amounts were sometimes set through market comparisons without the assistance of an outside appraisal. The Department no longer establishes rent in this manner. The Department of Treasury is currently soliciting appraisers to establish fair market value of all Parks and Forestry residential properties.

Of the 307 leases and or easements we administer, 79 are with municipal or non-profit entities that provide public programs or recreational activities at their sole expense. We lease these non-residential properties to these entities for \$1. We justify this amount by acknowledging the value of the public programs offered at the site by the non-profit or municipality, the cost of insurance provided, and the restoration costs attributed in maintaining the property. This practice has proved beneficial in achieving the Department's goals of preserving historic properties and providing interpretive and recreational programs to augment our funding limitations. It also helps provide public access to sites that the Department is unable to staff because of funding limitations. Based on the in-kind value of these leasing arrangements we do not anticipate renegotiating these leases to seek increased compensation. However, we are thoroughly reviewing each individual lease to ensure its in-kind service to the State is sufficient and appropriate to justify the \$1 rent.

Parks and Forestry has increased revenue through the conversion of former Special Use Permits for agricultural use to lease agreements. Twenty seven new leases have been executed, and an additional 13 are pending execution.

Over the last decade, the Department has proactively achieved increased revenue on its commercial leases and concession agreements. These agreements typically have language that provides that if they exceed anticipated revenue that a specific percent of that excess revenue is remitted to the Department. This additional revenue is confirmed annually through an external audit certification.

While the review process of the Department's lease program continues, it is premature to estimate what additional revenue could be generated in the current and next fiscal year. Based on the information gathered, we do not foresee the collection of back rent and the re-negotiation of existing leases generating "millions" of additional dollars of revenue for the State. However, the update of residential leases through fair market value appraisals, the re-execution of expired leases, the collection of back rent, and the conversion of Fish and Wildlife's agricultural permits to leases are improvements in the Departments lease program anticipated to generate additional income.

## Discussion Points (Cont'd)

11. **Highland Regional Master Plan** Pursuant to the Highlands Act, the Highlands Council is required to prepare and complete a regional master plan within 18 months of enactment, or by this June. Since the act did not provide specific funding for this task, the Council requested and received an additional \$1 million for this purpose through a transfer of funds from the Higher Education Capital Improvement Program-Debt Service account. This action was approved by the Joint Budget Oversight Committee in November, 2005. The Council is recommended to receive an increase of \$1 million in operating funds in FY 2007.

- ***Question:*** What is the current status regarding the completion of the regional master plan? Once completed, will additional staff or resources be needed to carry out the Council's responsibilities relative to the plan's implementation or acceptance process? How will the recommended funding increase be utilized?

Currently, the plan's adoption will not take place until November of 2006, approximately 6 months behind the intended schedule. The delay was the result of incomplete data or information that is necessary to complete the regional master plan. This delay will also allow for additional public comment on the draft plan prior to its finalization.

Once the plan is completed, it is not anticipated that any additional resources will be required during implementation. Staff functions, however, are likely to change.

The additional money is being used to update and analyze a series of critical data sets and to incorporate them into the Highlands Regional Master Plan. This information will be provided to all 88 municipalities at no cost.

DIVISION OF PARKS AND FORESTRY

Design/Construction Projects	Approximate Cost	Estimated Start/Completion Dates	Approximate Administrative Costs (includes 8% DPMC fees, permit fees, etc.)
<b>Southern Region:</b>			
Bass River State Forest- Maintenance Facility Improvements	\$500,000	Summer FY10 - Summer FY11	\$50,000
Bass River State Forest- Campground Improvements	\$1,000,000	Summer FY08 - Summer FY10	\$100,000
Bass River State Forest- New Camping Sanitary Sewer Distribution System	\$1,500,000	Summer FY08 - Summer FY11	\$150,000
Bass River State Forest- Lake Absorption Water Quality Improvement	\$660,000	Summer FY08 - Summer FY10	\$66,000
Bellefleur State Forest- New Municipal Water Supply System	\$1,500,000	Summer FY08 - Summer FY10	\$150,000
Bellefleur State Forest- Lake Noddy Water Quality Improvement	\$660,000	Summer FY08 - Summer FY10	\$66,000
Belleplain State Forest- New Interpretive Facility	\$1,500,000	Summer FY10 - Summer FY12	\$150,000
Belleplain State Forest- Camping Area Improvements	\$600,000	Summer FY09 - Summer FY11	\$60,000
Belleplain State Forest- Historic Somers Mansion Restoration	\$500,000	Winter FY10 - Winter FY12	\$50,000
Belleplain State Forest- Corson's Inlet Contact Station	\$200,000	Winter FY10 - Winter FY12	\$20,000
Brendan T. Byrne State Forest- Historic Site Restoration	\$750,000	Winter FY07 - Winter FY08	\$75,000
Brendan T. Byrne State Forest- Historic Whitesbog Development	\$5,000,000	Summer FY09 - Summer FY12	\$500,000
Brendan T. Byrne State Forest- Campground Improvements	\$500,000	Summer FY09 - Summer FY11	\$50,000
Cape May State Park- New Interpretive Facility	\$5,000,000	Summer FY08 - Summer FY11	\$500,000
Cape May Point State Park- Natural Area Walk Renovations	\$100,000	Summer FY10 - Summer FY11	\$10,000
Cape May Point State Park- Interpretive Center Development (Joint Project with Fish & Wildlife)	\$4,000,000	Summer FY09 - Spring FY12	\$400,000
Fort Mott State Park -- Hancock House Restoration	\$250,000	Summer FY09 - Summer FY11	\$25,000
Fort Mott State Park -- Officers' Quarters Restoration (GSPT funded)	\$0	Summer FY07 - Spring FY07	
Fort Mott State Park- Historic Fort Restoration	\$3,000,000	Winter FY08 - Winter FY12	\$300,000
Parvin State Park- Campground Development	\$700,000	Summer FY09 - Summer FY11	\$70,000
Parvin State Park- Lake Bulkhead Replacement	\$500,000	Summer FY10 - Summer FY12	\$50,000
Parvin State Park- Parvin Lake Water Quality Improvement (GSPT funded)	\$0	Spring FY06 - Fall FY07	
Southern Region Office Renovations	\$750,000	Winter FY07 - Winter FY08	\$75,000
Walt Whitman Complex Renovations/Development	\$1,000,000	Winter FY08 - Winter FY09	\$100,000
Wharton State Forest- Crowley's Landing Improvements	\$500,000	Winter FY09 - Winter FY11	\$50,000
Wharton State Forest- Alison Store/Office Restoration	\$700,000	Summer FY09 - Summer FY11	\$70,000
Wharton State Forest- Batsto Village Renovations	\$500,000	Summer FY09 - Summer FY11	\$50,000
Wharton State Forest- Alison Mansion Restoration	\$1,500,000	Winter FY07 - Spring FY08	\$150,000
Wharton State Forest- Batsto Mansion Restoration	\$2,000,000	Winter FY07 - Spring FY08	\$200,000
<b>Subtotal</b>	<b>\$35,270,000</b>		<b>\$3,527,000</b>

DIVISION OF PARKS AND FORESTRY

Design/Construction Projects	Approximate Cost	Estimated Start/Completion Dates	Approximate Administrative Costs (Includes 8% DPMC fees, permit fees, etc.)
<b>Shore Region:</b>			
Allaire State Park- Historic Village Renovations	\$1,500,000	Summer FY09 - Summer FY11	\$150,000
Allaire State Park- Village Exhibit Improvements	\$500,000	Winter FY10 - Winter FY12	\$50,000
Allaire State Park- Ground Development	\$1,000,000	Summer FY08 - Summer FY10	\$100,000
Allaire State Park- Wetland Center Development	\$750,000	Winter FY07 - Fall FY08	\$75,000
Chassahon State Park-Erison Tower Restoration	\$2,400,000	Summer FY08 - Summer FY11	\$240,000
Forked River Marina Improvements	\$500,000	Summer FY09 - Summer FY11	\$50,000
Island Beach State Park- Barnegat Lighthouse Interior Renovations	\$500,000	Summer FY08 - Summer FY11	\$50,000
Island Beach State Park- Coast Guard Station 112 Improvements (GSPT funded)	\$0	Winter FY06 - Fall FY07	\$0
Island Beach State Park- Double Trouble Coastal Heritage	\$9,000,000	Fall FY09 - Spring FY12	\$900,000
Island Beach State Park- Shoreline Stabilization	\$2,000,000	Fall FY07 - Summer FY08	\$200,000
Island Beach State Park- Building Renovations	\$500,000	Winter FY09 - Winter FY11	\$50,000
Leonardo Marina- Office, Sanitary & Maintenance Improvements	\$2,000,000	Winter FY08 - Winter FY10	\$200,000
Liberty State Park- Ferry Slips Restoration	\$8,000,000	Winter FY08 - Winter FY10	\$800,000
Liberty State Park- Trail Signage Restoration/Stabilization	\$13,000,000	Summer FY08 - Summer FY12	\$1,300,000
Liberty State Park- Shuttleway Walkway/Bulkhead Improvements	\$3,000,000	Summer FY08 - Summer FY10	\$300,000
Monmouth Battlefield State Park- Interpretive Facility	\$3,000,000	Spring FY09 - Spring FY12	\$300,000
Monmouth Battlefield State Park- Visitor Center Improvements	\$4,000,000	Summer FY08 - Summer FY11	\$400,000
Spring Meadow Golf Course Improvements	\$500,000	Spring FY09 - Spring FY10	\$50,000
<b>Subtotal</b>	<b>\$52,150,000</b>		<b>\$5,215,000</b>
<b>Central Region:</b>			
Allamuchy Mt. State Park- Interpretive Facility	\$800,000	Winter FY09 - Winter FY11	\$80,000
Allamuchy Mt. State Park- Building Improvements	\$500,000	Summer FY09 - Summer FY11	\$50,000
Allamuchy Mt. State Park- Historic Site Parkways Signage	\$800,000	Summer FY07 - Summer FY08	\$80,000
D & R Canal State Park- Griggstown Mulelender's Barracks (GSPT funded)	\$0	Summer FY07 - Spring FY07	\$0
D & R Canal State Park- Bulls Island Renovations	\$1,500,000	Winter FY08 - Winter FY11	\$150,000
D & R Canal State Park- Path Development	\$1,000,000	Winter FY07 - Winter FY08	\$100,000
D & R Canal State Park- New Interpretive Facility	\$3,000,000	Fall FY09 - Spring FY12	\$300,000
Hopalong State Park- Lake Hopalong Landing Bulkhead	\$2,000,000	Summer FY08 - Summer FY10	\$200,000
Hopalong State Park- Day Use Area Improvements	\$500,000	Spring FY09 - Spring FY10	\$50,000
Hopalong State Park- Interpretive Exhibits	\$500,000	Winter FY09 - Winter FY10	\$50,000
Hopalong State Park- Sanitary Facilities Improvements	\$1,000,000	Summer FY08 - Summer FY10	\$100,000
Round Valley Recreation Area- Office Renovations	\$1,500,000	Winter FY09 - Winter FY11	\$150,000
Round Valley Recreation Area- Day Use Improvements	\$1,000,000	Summer FY09 - Summer FY11	\$100,000

DIVISION OF PARKS AND FORESTRY

Design/Construction Projects	Approximate Cost	Estimated Start/Completion Dates	Approximate Administrative Costs (Includes 8% DPMC fees, permit fees, etc.)
Round Valley Recreation Area- Historic Structures Restoration	\$500,000	Winter FY09 - Winter FY11	\$50,000
Spruce Run Recreation Area- Day Use/Boating Improvements	\$1,500,000	Fall FY10 - Fall FY12	\$170,000
Spruce Run Recreation Area- Sanitary Facilities Improvements	\$1,700,000	Summer FY09 - Summer FY11	\$170,000
Stephens State Park- Day Use Improvements	\$500,000	Fall FY10 - Fall FY12	\$50,000
Stephens State Park- Office/Maintenance Renovations	\$1,000,000	Winter FY09 - Winter FY11	\$100,000
Washington Crossing State Park- Visitor Center Complex Development	\$8,000,000	Summer FY08 - Summer FY10	\$800,000
Washington Crossing State Park- Historic Structures Restoration	\$1,000,000	Winter FY09 - Winter FY11	\$100,000
<b>Subtotal</b>	<b>\$29,300,000</b>		<b>\$2,930,000</b>
<b>Northern Region:</b>			
High Point State Park- Day Use Improvements	\$500,000	Summer FY09 - Summer FY11	\$50,000
High Point State Park- Lusscroft Development/Improvements (GSPT partially funded)	\$8,000,000	Fall FY08 - Spring FY12	\$800,000
High Point State Park- Monument Park and Lighting	\$1,000,000	Summer FY07 - Spring FY08	\$100,000
High Point State Park- Office Renovations	\$750,000	Winter FY07 - Winter FY08	\$75,000
High Point State Park- Steenykill Lake Water Quality Improvement	\$650,000	Summer FY09 - Summer FY11	\$66,000
Jenny Jump State Forest- Day Use Improvements	\$500,000	Summer FY09 - Summer FY11	\$50,000
Jenny Jump State Forest- Office/Maintenance Improvements	\$500,000	Winter FY09 - Winter FY11	\$50,000
Kittatinny Valley State Park- Day Use Development	\$1,000,000	Winter FY09 - Winter FY11	\$100,000
Long Pond Ironworks State Park- Historic Restorations	\$500,000	Winter FY08 - Spring FY10	\$50,000
Long Pond Ironworks State Park- Sanitary Facilities	\$800,000	Summer FY09 - Summer FY11	\$80,000
Ringwood State Park- Skylands Area Improvements	\$2,000,000	Fall FY09 - Spring FY12	\$200,000
Ringwood State Park- Skylands Area Improvements	\$1,000,000	Summer FY08 - Summer FY09	\$100,000
Ringwood State Park- Ringwood Area Improvements	\$2,000,000	Fall FY09 - Spring FY12	\$200,000
Ringwood State Park- Historic Heritage Restoration	\$1,000,000	Winter FY08 - Spring FY10	\$100,000
Stokes State Forest- Day Use Improvements	\$660,000	Summer FY08 - Summer FY10	\$66,000
Stokes State Forest- Campground Improvements	\$1,000,000	Winter FY08 - Spring FY10	\$100,000
Stokes State Forest- Day Use Improvements	\$500,000	Winter FY08 - Spring FY10	\$50,000
Swartswood State Park- Historic Keens Mill Restoration	\$1,000,000	Fall FY08 - Fall FY10	\$100,000
Swartswood State Park- Swartswood Lake Water Quality Improvement	\$660,000	Summer FY08 - Summer FY10	\$66,000
Wawayanda State Park- Historic Structures Renovations	\$1,000,000	Winter FY08 - Winter FY11	\$100,000
Wawayanda State Park- Campground Development	\$3,250,000	Summer FY08 - Summer FY11	\$325,000
Worthington State Forest- Day Use Development	\$2,000,000	Fall FY10 - Fall FY12	\$200,000
<b>Subtotal</b>	<b>\$30,280,000</b>		<b>\$3,028,000</b>

**DIVISION OF PARKS AND FORESTRY**

Design/Construction Projects	Approximate Cost	Estimated Start/Completion Dates	Approximate Administrative Costs (Includes 8% DPMC fees, permit fees, etc.)
<b>Miscellaneous Areas:</b>			
Restoration of Dams Statewide	\$7,000,000	Winter FY07 - Spring FY11	\$700,000
Health & Life Safety Projects	\$4,000,000	Winter FY07 - Spring FY11	\$400,000
Road & Bridge Improvements Statewide	\$16,000,000	Winter FY07 - Spring FY11	\$1,600,000
REPAIRS TO STATEWIDE BRIDGES - Statewide (Barnegat, Alton Point, ...)	\$2,000,000	Summer FY08 - Summer FY11	\$200,000
Urban State Parks Development (Paterson, Trenton, Historic New Bridge Landing & Allieri)	\$11,000,000	Summer FY08 - Summer FY12	\$1,100,000
Jackson Nursery Improvements	\$1,000,000	Winter FY08 - Spring FY10	\$100,000
Landscaping & Forest Management	\$4,000,000	Summer FY08 - Summer FY10	\$400,000
Forest Fire Division C Headquarters Development	\$4,000,000	Summer FY08 - Summer FY12	\$400,000
Forest Fire Tower Repairs Statewide (OSP partially funded)	\$2,000,000	Winter FY07 - Summer FY10	\$200,000
Energy Efficiency Projects Statewide (OSP partially funded)	\$2,000,000	Winter FY07 - Summer FY10	\$200,000
<b>Subtotal</b>	<b>\$53,000,000</b>		<b>\$5,300,000</b>
<b>Grand Total</b>	<b>\$200,000,000</b>		<b>\$20,000,000</b>

NOTE: A) Highlighted areas were shown in the \$40 million project list.  
 B) Start/completion dates are based on current staffing levels.

DIVISION OF FISH AND WILDLIFE

Capital projects	Approximate Cost	Estimated Start/Completion Dates	Approximate Administrative Cost
Hacketts town Hatchery-Phase III Renovation to upgrade water supply , expand visitor facilities and install educational exhibits	\$4,400,000		
Pequest State Fish Hatchery-Upgrades to replace the heating system and re-condition the weather-proofing of stone structure and exposed wooden beams of building	\$1,100,000		
Pequest State Fish Hatchery Education Center-Upgrades to design and install new educational exhibits	\$600,000		
Pequest State Fish Hatchery-Trail development and fishing access to convert abandoned rail bed for multi-use trail	\$300,000		
Rockport Game Farm-Replacement of range pens and storage/upgrade Visitors Center	\$700,000		
Ken Lockwood Gorge WMA project to reconstruct wash-outs, provide better drainage and pull-offs for fishermen and sightseers; interpretive signage	\$750,000		
Sparta Mountain WMA-Development of new trail with boardwalks, clivus and interpretive signage	\$185,000		
Wildcat Ridge WMA Hawkwatch Interpretive Center-Development of Visitors Center	\$1,700,000		
Higbee Beach WMA Pond Creek Marsh Restoration Project to create shorebird impoundment, eliminate invasive Phragmites, control mosquitoes and flooding	\$1,200,000		
Higbee Beach WMA-Signage, clivus, trail development	\$100,000		
Mason Point Dike-Construction of an internal dike to protect the Abel Nicholson House and the establishment of a new waterfowl/shorebird impoundment	\$400,000		
Heislerville Auto Birding Tour	\$600,000		
Wading River Youth Hunting/Fishing Area handicapped facilities	\$200,000		
<b>Statewide Projects:</b>			
ADA Facilities upgrade of WMA facilities to comply with ADA standards	\$1,500,000		
Dam Safety Projects to upgrade low hazard dams	\$4,000,000		
Dredging projects at Harrisonville, Columbia & Elmer Lakes and Tuckahee Impoundment #2	\$5,100,000		
Health & Life Safety projects to eliminate hazardous conditions, including asbestos, lead, mold and structural defects; demolish abandoned and hazardous substances	\$5,150,000		
Ecotourism Interpretive Signage to expand natural resource interpretive signs and wayside exhibits	\$750,000		
WMA Regional storage building upgrades	\$800,000		

DIVISION OF FISH AND WILDLIFE

Capital projects	Approximate Cost	Estimated Start/Completion Dates	Approximate Administrative Cost
Roads & Bridges improvement and replacement of deteriorating roads and bridges throughout WMA system	\$4,500,000		
Fishway development to increase the spawning habitat for shad, herring and striped bass	\$350,000		
Hunter Safety & Training Facilities-establishment of three new shooting ranges and upgrade the existing facilities	\$2,000,000		
Fishing & Boating Access-Development and maintenance of boat ramps and other fishing access facilities statewide	\$3,070,000		
Habitat development-Establishment and maintenance of grassland and scrub-shrub habitats	\$1,500,000		
Marine Fisheries Resource Educational Center-Replacement of offices, labs and storage trailers at Nacote Creek and the addition of a Visitors Center and dredge boat basin	\$5,300,000		
<b>Marine Fisheries:</b>			
Artificial Reef Material-Enhancement of recreational and fishery productivity of three existing artificial reefs	\$2,250,000		
Delaware Bay Oyster Reef-Purchase of clean oyster shell for establishment of new oyster beds in the Delaware Bay	\$750,000		
Shellfish Research Boat-Replacement of antiquated 32-foot research vessel	\$150,000		
<b>Delaware Bay Region</b>			
Delaware Bay Natural Resource Educational Center for education, research and management, combining several existing DFW offices	\$8,375,000		
<b>Highlands Region</b>			
Highlands Natural Resource Educational Center-an administrative and educational facility to combine deteriorated NRO, Lebanon Lab and Clinton office facilities	\$10,600,000		
<b>TOTALS</b>	<b>\$68,280,000</b>		