

ANNUAL OPERATIONS REPORT FOR FISCAL YEAR 2007

SECTION 1 - OVERVIEW

1.1 Legislative History. In 1978 Congress passed and President Carter signed into law the Omnibus National Parks and Recreation Act (P.L. 95-625). Section 502 of that Act created the Pinelands National Reserve consisting of 1.1 million acres, encompassing all or portions of 56 municipalities in the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Ocean.

The federal legislation called upon the State of New Jersey to create a planning entity to devise a comprehensive management plan for the newly designated National Reserve. Upon adoption of the plan, and approval of same by the Secretary of the Interior, New Jersey became eligible for acquisition funding authorized by the legislation. Subsequent to the adoption of the Plan, the Secretary of the Interior performs a continuing monitoring role and approves any amendments to the Plan and implementing statutes. Failure of the State to abide by the federal statute can result in a payback or offset of federal funds expended to support the effort.

On June 28, 1979, Governor Byrne signed into law the Pinelands Protection Act (N.J.S.A. 13:18A-1 et. seq.) which created the Pinelands Commission and conferred upon it the authority: to prepare, adopt, and implement a Comprehensive Management Plan; to serve as the planning entity required by the Federal Act; and to administer a development review function while the Plan was being devised. The Act delineated the Pinelands Area, a region somewhat smaller than the entire National Reserve, and limited the Commission's permitting authority to this area. The remaining portions of the National Reserve are predominately within areas subject to the Coastal Area Facilities Review Act (CAFRA). While the Pinelands Protection Act provided that the Commission adopt a plan for the entire National Reserve, the Department of Environmental Protection was charged with implementing its provisions within the Coastal Zone. The federally approved plan is for the entirety of the National Reserve and cannot be modified without the approval of the Secretary of the Interior.

The Act also provided that, upon adoption of the Comprehensive Management Plan, each of the 53 municipalities and seven counties with lands within the Pinelands Area must revise their master plans and zoning ordinances to be consistent with the plan, and submit such documents to the Commission for certification that they are in compliance. Should any local jurisdiction fail to gain certification, the Commission is empowered to adopt regulations to ensure implementation of the Plan in those locations.

The Act provides that State agency actions within the Pinelands Area are also subject to the provisions of the Comprehensive Management Plan. State development activities and permitting, rulemaking and financial assistance decisions are required to be consistent with the Comprehensive Management Plan.

Under the Act, the Governor is empowered to veto any action of the Commission by vetoing the minutes of the meeting at which the action was taken.

1.2 Mission Statement. The mission of the New Jersey Pinelands Commission is “to preserve, protect and enhance the natural and cultural resources of the Pinelands National Reserve, and to encourage compatible economic and other human activities consistent with that purpose.”

1.3 Comprehensive Management Plan. The Pinelands Comprehensive Management Plan (CMP) was adopted by the Commission in 1980 and went into effect in 1981 following its approval by Governor Byrne and the United States Secretary of the Interior.

The CMP, codified at N.J.A.C. 7:50-1 et seq., has three main components. The first is a land use element that divides the Pinelands region into nine “management” areas in which different types and amounts of development are permitted. These range from the most protective management area, the Preservation Area District, where development is severely limited, to Regional Growth Areas where traditional residential and business development is encouraged.

The land use element also includes a regional development transfer program, known as the Pinelands Development Credit (PDC) program. The PDC program, which is designed to redirect development from important agricultural and natural resource areas to designated development areas, is the most successful regional development transfer program in the country, having permanently protected more than 55,000 acres of land to date.

The second component is a series of environmental standards to protect the region’s water resources, wetlands, rare plant and animal communities and other important Pinelands resources from development-related impacts. These standards, among the most protective in the nation, must be met when development anywhere in the Pinelands is proposed.

The third component is the implementation element. To ensure that the standards of the CMP are implemented at all levels of government, the Commission must: 1) approve all municipal and county master plans and ordinances and amendments thereto before they have any force and effect under state law; 2) approve all state, county and municipal development proposals before construction can commence; 3) review all permits issued by local governments that authorize private development activities and overturn or modify them if necessary to ensure that the development is consistent with the CMP; and 4) grant waivers (variances) from the CMP but only in very limited circumstances.

1.4 Pinelands Commission Responsibilities. The Commission has the following major responsibilities pursuant to its legislative mandates:

- Prepare, periodically review and revise the Pinelands Comprehensive Management Plan (CMP);
- Certify (approve) local master plans and ordinances to ensure their consistency with the CMP;
- Review public and private development applications within the Pinelands Area to ensure their consistency with the CMP;

- Advise the Department of Environmental Protection relative to its administration of the Coastal Area Facilities Review Act for that portion of the Coastal Area within the Pinelands National Reserve;
- Monitor the region's environment and economy and adjust the CMP as necessary to ensure that the plan is accomplishing its legislative mandates;
- Recommend lands that the Department of Environmental Protection or other governmental and non-governmental organizations should acquire using available state and federal funds;
- Administer the Special Pinelands Development Credit Purchase program, the Cape May Acquisition Fund and the Pinelands Conservation Fund;¹
- Administer the Pinelands Infrastructure Trust Fund, which finances infrastructure development within designated growth areas in the Pinelands;
- Review proposed state regulations and legislation to ensure that they are consistent with the CMP;
- Investigate potential violations of the CMP and coordinate enforcement actions with the New Jersey Attorney General and local governments;
- Manage the state and federally funded Kirkwood-Cohansey aquifer research project;
- Work with the National Park Service and the Department of Environmental Protection to implement the Pinelands Interpretation program; and
- Implement appropriate practices to ensure that the Commission's fiduciary, personnel and other business obligations are properly discharged.

SECTION 2 - ORGANIZATION

2.1 Pinelands Commission. The Pinelands Commission, created according to the provisions of Pinelands Protection Act, is a political subdivision of the State of New Jersey charged with the development and implementation of the Comprehensive Management Plan for the New Jersey Pinelands. In accordance with its authorizing legislation, the Pinelands Commission

¹ Although each of these funds has a land acquisition component, the Pinelands Commission is not authorized to purchase lands itself. In accordance with the Pinelands Protection Act, the Commission identifies lands that should be acquired by other organizations and utilizes these Funds to help governmental and non-governmental organizations accomplish those acquisition goals.

independently manages its business affairs, including financial, personnel, insurance and contracting.

The Commission, governed by 15 board members who receive no compensation, also constitutes the “planning entity” for the Pinelands National Reserve required by Section 502 of the National Parks and Recreation Act of 1978. Seven members of the Commission are appointed by the Governor. Each of the seven counties in which the Pinelands are located also appoints a member. The fifteenth member is appointed by, and represents, the U.S. Secretary of the Interior.

The Chair of the Commission is appointed by the Governor from among the membership. In June 2005, Betty Wilson was appointed as Chairperson to succeed former Governor James J. Florio. Commission members are as follows:

Gubernatorial Appointees

Betty Wilson (Chairperson)
Candace McKee Ashmun
Reverend Guy Campbell, Jr.
Steven V. Lee III
Edward Lloyd
Robert Hagaman
Vacancy

County Appointees

Paul E. Galletta - Atlantic
Patrick T. Slavin - Burlington
Norman F. Tomasello (Vice-Chair) - Camden
William J. Brown - Cape May
Leslie M. Ficcaglia - Cumberland
Francis A. Witt - Gloucester
John A. Haas - Ocean

US Secretary of the Interior Appointee

Robert W. McIntosh, Jr.

2.2 Executive Director. Pursuant to the Pinelands Protection Act, the Commission appoints an executive director who serves as the Commission’s chief administrative officer. The executive director serves at the pleasure of the Commission. John C. Stokes was appointed as the Commission’s executive director in 2003.

2.3 Employees. At the end of Fiscal Year 2007, the Commission employed 59 full time employees, 3 part time employees and no seasonal employees. A full time and two part time positions were vacant. In addition, three other full time positions and one other part time position were unfunded. In accordance with the Commission’s Personnel Policies, the executive director is responsible for hiring employees. Employment is not governed by civil service statutes.

2.4 Legal Services. Pursuant to the Pinelands Protection Act, the Attorney General provides legal representation to the Commission.

SECTION 3 – SIGNIFICANT ACTIONS IN FY2007

LAND PROTECTION

3.1 Southern Medford/Evesham Sub-regional Resource Protection Plan. In July 2006, the Pinelands Commission endorsed a sub-regional conservation plan developed specifically to better protect natural resources and avoid development conflicts within a 14,521 acre area encompassing the southern portions of Medford and Evesham Townships, Burlington County. This effort was financed by a \$73,000 grant from the William Penn Foundation. The plan, representing the culmination of 2 years of work, was prepared by a four-person “steering committee” representing the Townships of Medford and Evesham, the New Jersey Department of Environmental Protection and the Pinelands Commission, with support provided by the Commission’s staff. The Steering Committee relied on assistance and advice from an 18-person Project Advisory Committee (comprised of representatives from local, regional and statewide organizations, including environmental and development interests) and a 17-person Technical Support Group (comprised of natural resource experts and planning and design professionals).

The Plan recommends eight (8) regulatory strategies that will considerably change the Townships’ land use and zoning controls, with the intent of shifting development and protecting high-value natural resource areas. For example, it proposes the creation of a 436-acre Rural Development Sending Area within the northerly portion of the Black Run watershed basin, the area with highest natural resource value within the project area. The Plan also proposes transferring development out of or clustering development that might otherwise occur within the remainder of this sub-watershed. It proposes creating a receiving area at the westerly border of Evesham Township which is most suited to accommodate growth. The Plan also proposes expanding forest area designations, thereby establishing a 1,371-acre continuous expanse of connected forested area straddling both municipalities. As a result of these recommended regulatory strategies, the development potential within the project area will be reduced by over 53% and large areas of open space will be protected as a result of mandatory clustering requirements. In addition, the Plan recommends the integration of a fairly wide array of complementary, non-regulatory strategies which are deemed essential if the Townships expect to achieve a successful preservation program. Non-regulatory strategies generally fall into three major categories: land acquisition; inventory needs; and education programs to promote land stewardship.

Later in FY2007, the Commission sought and received a second grant of \$82,500 from the William Penn Foundation to help the Townships implement the plan’s regulatory and non-regulatory strategies. Work has started on developing the zoning and land use regulations, as well as the education and outreach programs. Acquisition initiatives are also being explored. Implementation activities will continue in FY2008.

3.2 The Pinelands Conservation Fund – Land Acquisition. The Pinelands Conservation Fund (PCF) was established to further the Pinelands protection program and ensure a greater level of preservation for the unique resources of the Pinelands Area. One of the three components of the PCF is the Land Acquisition Program.

Six million dollars (\$6,000,000) has initially been dedicated to the Land Acquisition Program to support the permanent protection of important natural, cultural, historic and agricultural resources. The Land Acquisition Program will provide funding of up to 33% of the total cost of worthy land acquisition projects. These funds will supplement other local, state, federal and/or non-governmental organization funds for a total investment of \$18.

In order to determine where to focus preservation efforts, specific geographic areas of the Pinelands were identified. These include two areas for which sub-regional conservation plans have been prepared (Southern Medford/Evesham and the Toms River Corridor) and other areas targeted for acquisition because of special natural resource values.

In FY2007, the Pinelands Commission hired Conservation Resources, Inc. to assist in identifying candidate land preservation projects and to help complete the land purchases once funding is approved by the Commission. In FY2008, specific proposals will be ranked and selected for funding.

NATURAL RESOURCE MANAGEMENT

3.3 Kirkwood-Cohansey Project. In 2001, the New Jersey Legislature directed the Pinelands Commission to assess the key hydrologic and ecological information needed to determine how the current and future water-supply needs within the Pinelands Area may be met while protecting the Kirkwood-Cohansey aquifer system and avoiding any adverse ecological impact to the Pinelands. The enabling legislation, which appropriated \$5,500,000 from the Water Supply Fund for the preparation of the assessment, also required that the assessment be implemented in cooperation with the New Jersey Department of Environmental Protection, Rutgers University, the United States Fish and Wildlife Service, and the United States Geological Survey. Scientists from the cooperating agencies and institutions prepared a work plan for the Kirkwood Cohansey Project which was approved by the Pinelands Commission in October 2003. The work plan consists of several components that are to be completed by project cooperators.

The work plan addresses two major research questions. First, what are the probable hydrologic effects of groundwater diversions from the Kirkwood-Cohansey aquifer on stream flows and wetland water levels? Second, what are the probable ecological effects of induced stream-flow and groundwater-level changes on aquatic and wetland communities? The approach used to answer these two related research questions includes several coordinated steps. First, study areas were selected. Second, a detailed study of these representative areas will provide the information needed to develop groundwater-flow models that can be used to predict the probable hydrologic changes resulting from groundwater diversions. Third, ecological models that relate community gradients and the distribution of individual species to stream flow or the depth, duration, and frequency of saturation and flooding will be developed. Finally, the ecological models will be linked to the hydrologic models to evaluate the possible ecological effects of different water-diversion scenarios in the Pinelands.

Data-collection efforts began in 2004 for each of the individual project components, including hydrology, wetland-forest communities, swamp pink populations, intermittent-pond vegetation, anuran-larval development, stream fish and macroinvertebrates, ecological-process indicators

(nitrogen and plant physiology), and development and water demand projections. In FY2007, the majority of the data collection was completed and data analysis, report preparation, and database construction was initiated. The anticipated completion date for the entire project is December 2009.

To the extent that this project will help government agencies make strategic water supply investments in a sustainable manner, it supports the third priority of New Jersey's economic growth strategy.

3.4 Ecological Integrity Assessment. In 2005, the Commission initiated a project to assess the ecological integrity of the Pinelands. The objective of the project is to provide a comprehensive review of landscape and watershed conditions throughout the Pinelands in order to better ensure that important natural areas, including those that protect water quality and provide habitat for characteristic and threatened and endangered plant and animal populations, are conserved. This is the first comprehensive review of the Pinelands region-wide land use policies in 27 years.

Staff scientists have assembled available geographic information system data, reviewed relevant scientific literature regarding the relationship between land use and ecological integrity, and evaluated approaches used to assess ecological integrity in other regions. In FY2007, the results of the literature review were completed and the methodology for assessing ecological integrity were developed and tested. The assessment, which will be completed in FY2008, can be used to evaluate Pinelands land-use-management area and zoning designations, identify areas best suited for clustering, and provide a regional basis for the review of individual project applications. Other possible applications include the completion of cumulative watershed and wetland impact assessments, development of habitat conservation plans, and the identification of important areas for acquisition.

3.5 Electric Transmission Right-of-Way Maintenance Plan. The Pinelands Commission initiated the development of an ecologically based right-of-way (ROW) maintenance plan for electric transmission lines in January 2006. The goal of the project is to prepare ROW maintenance plans that create and maintain relatively stable and sustainable, early successional habitats that reflect characteristic Pinelands habitats, require minimal management, ensure transmission reliability and safety, and minimize the need for individual Pinelands permit reviews. This project is being completed in cooperation with Rutgers University and representatives of the Board of Public Utilities, Public Service Electric and Gas (PSE&G), Jersey Central Power and Light (JCP&L), Atlantic City Electric (formerly Conectiv) and the New Jersey Department of Environmental Protection.

In FY2007, Rutgers University cooperators completed mapping characteristic reference-vegetation habitats and "managed" ROW vegetation in order to compare the size, shape, and composition of reference and ROW vegetation patches. Recent ROW vegetation-management information was obtained from the utilities in an effort to link past maintenance practices with the status of the current vegetation. These data will provide the basis for evaluating existing management strategies and ROW conditions and for recommending future low-growth vegetation-management prescriptions. The plan will be completed in FY2008 and will describe

the type, application, timing, and return interval of management strategies to be applied to each individual transmission-line span.

This project supports the first priority of New Jersey's economic growth strategy.

3.6 Alternative Septic System Pilot Program. In addition to regional land use policies that help to minimize impacts on important conservation and agricultural areas, the CMP includes specific site development standards to protect water quality. To prevent significant groundwater degradation from septic systems, no home that is served by a conventional septic system can be built on a lot smaller than 3.2 acres. Since zoning in some non-sewered areas allows for smaller lots (one acre in size in some instances), the original CMP authorized the use of "alternative" septic systems that reduce pollution. Since the technologies identified two decades ago proved to be ineffective in reducing pollution, the Commission, with the help of DEP and a special committee of environmental and development representatives, investigated newer septic technologies and selected several, which may reduce pollutant loading by as much as 65%, to test in the Pinelands. The testing is accomplished by allowing homeowners to install these technologies on 1 acre lots and requiring that the manufacturer monitor each system's performance for three years.

A comprehensive report on the results of the first phase of the testing period was issued in November 2006. Two technologies, Amphidrome and Bioclere, were performing well but one technology, Cromaglass, had not met expectations. The installation of additional Cromaglass systems was suspended until the performance problems at existing systems are resolved. Amendments to the CMP to extend and refine the testing program were also officially proposed by the Pinelands Commission and are scheduled to be adopted early in FY2008.

Because the new systems are technologically sophisticated, care must also be taken to properly operate and maintain them on a long term basis. With help from a DEP grant, in November 2006, the Pinelands Commission retained a consultant with expertise in septic system management to investigate options for their management in the Pinelands. The consultant has now analyzed the existing regulatory framework pertaining to the operation and management of onsite wastewater systems. This included a review of State statutes and regulations, local ordinances and practices, and regional and sub-regional institutional entities (utility authorities, environmental health agencies, etc.) that could play a role in the long term management of septic systems. In FY2008, the consultant will be working with local entities throughout the Pinelands to identify the types of institutional arrangements to assure that septic systems are maintained in a manner that protects public health and the environment. These efforts will provide much needed assistance to Pinelands Area counties and municipalities in complying with CMP requirements as well as water quality management planning requirements recently proposed by the DEP.

These efforts to roll out and effectively manage innovative wastewater technologies further the first and fourth priorities of New Jersey's economic growth strategy.

3.7 New municipal stormwater ordinances. In 2006, the Commission adopted a set of amendments to the Pinelands Comprehensive Management Plan which require stormwater runoff

to be managed in accordance with both New Jersey Department of Environmental Protection stormwater regulations and Pinelands Comprehensive Management Plan regulations. These amendments were adopted to address stormwater-related water quality, groundwater recharge and water quantity impacts of major developments, and to integrate the New Jersey Department of Environmental Protection requirements and current stormwater engineering practices into the Pinelands Comprehensive Management Plan, including requirements for pre-treatment and recharge of stormwater from high pollutant loading areas, specific site assessment protocols for major development, low impact site design, standards for permanent stormwater facility maintenance and management of onsite soil resources, particularly in the post-construction period to test as-built field conditions against design assumptions.

These Comprehensive Management Plan amendments became effective on May 1, 2006. By law, municipalities located within the Pinelands Area are to adopt ordinance amendments necessary for conformance with any Comprehensive Management Plan amendments within one year of the effective date of any such amendments. During FY2007, the Commission prepared and distributed a model stormwater control ordinance to all Pinelands municipalities to assist them in meeting this requirement. Five of the 53 Pinelands Area municipalities subsequently adopted revised stormwater plans and ordinances and obtained the Commission's certification. During FY2008, the adoption and certification process is expected to be completed for all remaining municipalities.

3.8 Construction debris recycling. In 1996, the Pinelands Commission adopted new waste management regulations designed to address evolving policies and technological advances in the waste management field. These regulations reflected the Commission's policy that more intensive waste management facilities be sited in close proximity to the areas from which wastes are generated. Certain exceptions were made for recycling centers that process concrete, brick or block resulting from construction or demolition activities, which were allowed throughout the Pinelands if they were accessory to an existing resource extraction operation or asphalt or concrete manufacturing facility.

Existing resource extraction operations, as well as asphalt and concrete manufacturing facilities, are considered to be nonconforming uses in the most environmentally sensitive portions of the Pinelands Area; namely, the Preservation Area District and the Forest Area. There are 36 resource extraction operations in the Preservation Area District and Forest Area which are considered to be "grandfathered," that is, allowed to continue operation. In total, these mining sites encompass over 13,000 acres, although only a small portion of that acreage (perhaps 25 percent) has actually been subject to mining activity to date. Resource extraction operations are also located in other Pinelands management areas; approximately 35 mines comprising over 5,000 acres exist in the Rural Development Area, Regional Growth Area and Pinelands Villages where they are permitted uses pursuant to the Comprehensive Management Plan.

Despite the large number of potentially eligible sites for accessory recycling centers, only one such facility has been constructed since 1996. This facility is accessory to an existing asphalt manufacturing facility within the Preservation Area District in Ocean County. A second recycling facility, also in Ocean County's Preservation Area District, has been approved but not yet constructed. That facility would be accessory to an existing resource extraction operation. A

third facility in Ocean County is under consideration; however, it is located in the Regional Growth Area and has become controversial at the local level. In addition, there are one or perhaps two existing recycling facilities of this type located outside the Pinelands Area in Ocean and Cape May Counties.

The Commission's goal is the ultimate cessation of nonconforming uses in the Pinelands, including resource extraction and concrete or asphalt manufacturing facilities in the highly sensitive Preservation Area District and Forest Area. Allowing accessory recycling centers to be developed at the sites of these nonconforming uses provides an opportunity for ever increasing and long lasting operations at these sites which is contrary to that objective. The Commission therefore proposed amendments to the Comprehensive Management Plan in 2007 which would allow accessory recycling centers in the Preservation Area District and Forest Area only at those existing resource extraction sites and manufacturing facilities which are in close proximity to designated development areas and population centers. Close proximity is proposed to be defined as within one mile of a Regional Growth Area or Pinelands Town. This proposed restriction is in keeping with the Commission's long-standing policy of locating waste management facilities in or near those areas from which the wastes, or in this case, recyclable materials, are generated.

There are eight existing resource extraction operations in the Preservation Area District and Forest Area which are within one mile of a Regional Growth Area or Pinelands Town. The development of new accessory recycling centers would continue to be permitted at these sites; however, new recycling centers would no longer be permitted elsewhere in the Preservation Area District or Forest Area. Ample opportunities for new accessory recycling facilities will remain at the numerous existing mines in the Rural Development and Regional Growth Areas. In addition, a much broader range of recycling facilities will continue to be permitted in the development-oriented management areas of the Pinelands (Regional Growth Area, Pinelands Villages and Pinelands Towns). Any existing accessory recycling centers in the Preservation Area District and Forest Area will also be allowed to continue, provided the nonconforming resource extraction operation or manufacturing facility to which they are accessory also continues.

The Commission is expected to adopt the proposed Comprehensive Management Plan amendments in early FY2008.

3.9 Non-Conforming Uses. The Comprehensive Management Plan contains provisions relating to the expansion of and changes to existing uses in the Pinelands Area which do not conform to the Commission's regulations. However, the Comprehensive Management Plan has never contained a definition of the term "nonconforming use" nor explicit regulations addressing either the continuation or cessation of these uses in the Pinelands. The Commission therefore proposed amendments in late FY2007 to clarify and codify its policies with respect to nonconforming uses. In general, the Commission's goal has been and will continue to be the ultimate cessation of nonconforming uses throughout the Pinelands

The proposed amendments relative to nonconforming uses include the addition of two definitions at N.J.A.C. 7:50-2.11. The first is a definition of "nonconforming use." This definition was taken directly from the Municipal Land Use Law (N.J.S.A. 40:55D-5), although it has been modified slightly so that it refers to Pinelands management areas as well as municipal zoning

districts. The second is a definition of “abandonment” as it relates to nonconforming uses. As proposed, a nonconforming use would be considered abandoned if it were to be voluntarily ceased or discontinued for a period of two years. Temporary or short-term interruptions to a use during periods of remodeling, maintenance or improvement would not constitute abandonment, nor would closure due to normal periods of vacation or the seasonal nature of the use. The proposed definition makes clear that it is the applicant’s responsibility to demonstrate that a nonconforming use has not been abandoned by providing objective proof of intent to continue the use. A list of factors or documents which the Commission will rely on in evaluating such intent has been provided in the definition. Given the wide variety of nonconforming uses which exist in the Pinelands, all of which have their own special circumstances, it would be impossible to come up with a list or definition that directly relates to all such uses. Those included in the definition have been written in broad terms and, as the definition makes clear, the Commission will not be limited to considering only those on the list in making its determinations. Each nonconforming use will be carefully evaluated by the Commission on a case by case basis. Additionally, it should be noted that a nonconforming use will be evaluated in its entirety when determining whether not it has been abandoned. In other words, the fact that a portion of a nonconforming use (e.g, activity on one parcel in a multi-parcel holding) may have been discontinued for two or more years will not render the entire use abandoned. This will be particularly true when dealing with land extensive uses such as agriculture and resource extraction which are not static but, rather, move or rotate from one area to another (or from one lot to another) on a parcel over time, depending on the amount or quality of the resources in question and their demand.

The Commission is expected to consider adoption of these proposed Comprehensive Management Plan amendments in early FY2008.

3.10 Rare plants/animals data sharing with DEP. The Commission has been working with staff in DEP’s Endangered and Non-Game Species Program to develop an agreement to enable the exchange of location- and species-specific information relative to endangered and threatened animals that inhabit the Pinelands. Both agencies collect and maintain data that is useful in various research projects, when proposals for development are evaluated, and when land use management and when resource protection programs are planned and implemented. The mutual exchange of this information could be very useful in ensuring that such efforts are properly targeted to ensure the protection of these animals and the preservation of the habitat upon which they depend. A data sharing agreement has been drafted and is expected to be executed by both agencies in FY2008. That agreement should serve as a model for a similar data sharing arrangement with the DEP Natural Heritage Program for rare plants.

GROWTH & DEVELOPMENT

3.11 Pinelands Housing Projections. As a result of its last comprehensive review of the Pinelands protection program, the Pinelands Commission decided to review and update the projections for housing demand in Southern New Jersey. The objective was to determine whether zone capacities within and outside the Pinelands Area were adequate to meet the projected demand. A Task Force of government and non-government organizations completed its report in January, 2007. The report estimated that approximately 162,300 new homes will be

needed in south Jersey through 2020 and that approximately 37,500 of them would probably be located within the Pinelands Area. Land that remains available for higher density development within the Pinelands Area can accommodate much more than this amount of development so the Task Force recommended zoning in municipalities with these development areas (those located within Pinelands Regional Growth, Town, and sewerage Village management areas) that equates to an average of 3.7 homes per acre, net of wetlands and non-residential land. To assure that land is used efficiently, the Task Force also recommended that policies should be adopted that promote the development of centers.

The Pinelands Commission's Policy and Implementation Committee has been reviewing these recommendations and, in FY2008, expects to incorporate new growth policies into specific amendments to the Comprehensive Management Plan. This project supports the third priority of New Jersey's economic growth strategy.

3.12 Pinelands Development Credit Study. The Pinelands Development Credit program is a regional development transfer program that encourages the permanent protection of land in Pinelands Preservation Area District, and agricultural areas by "transferring" development to designated Regional Growth Areas. Although more than 55,000 acres of land have been permanently protected through the program to date, the Commission is conducting a comprehensive review to ensure that the program will continue to operate effectively in the years to come.

Because the number of "sending" opportunities in the Preservation and agricultural areas exceed the expected number of "receiving" opportunities in the Regional Growth Areas, the Commission's Policy and Implementation Committee examined a variety of ways to increase the number of receiving opportunities. These include modifying the "bonus" density policies for residential development, adding a bonus density provision for non-residential development and allowing Pinelands Development Credits to be redeemed in Pinelands Town management areas. If the number of receiving opportunities significantly increases, sending areas may be established in some Pinelands Forest management areas. Meetings with interested parties were also held to explore ideas.

In FY2008, the Policy and Implementation Committee will complete its review and specific amendments will be prepared to reflect program changes in the CMP. Since the Pinelands Development Credit program helps to promote sustainable growth, this project supports the third priority of New Jersey's economic growth strategy.

3.13 Pinelands Infrastructure Trust. In the mid-1980's, New Jersey voters approved a \$30 million bond program to help Pinelands Regional Growth Areas develop the infrastructure necessary to support future growth and development. Pinelands Infrastructure Trust assistance was provided to ten projects in the form of a 40% grant and a 20% loan. The remaining 40% was provided by the recipient. Due to loan payback, lack of a need to use contingency funds and interest earned, the Department of the Treasury account has risen to over \$13 million.

In the past, funds have only been used for wastewater projects since the Department of Environmental Protection had an established mechanism to dispense grants and loans for this

purpose. Expanding the range of eligible projects to include water supply or transportation would require a new administrative structure which, considering that \$13 million is a relatively modest amount of funding, may not be cost-effective to establish.

Following an unsuccessful effort to solicit eligible wastewater projects from counties and municipalities last year, the Commission's staff is now working directly with municipalities to develop "smart growth" wastewater proposals. This project is intended to promote strategic infrastructure investments and addresses the third priority of New Jersey's economic growth strategy.

3.14 Egg Harbor Township Livable Community Plan. In November 2004, the Pinelands Commission received a \$167,000 two-year grant from the Geraldine R. Dodge Foundation to continue the Pinelands Excellence Program, a program that began in 2002 to assist growing municipalities to create better designed, "livable" communities. During the first round of this program, the Commission worked with Hamilton Township in Atlantic County and Winslow Township in Camden County to develop community action plans.

This latest planning effort, completed in March 2007, was aimed at helping Egg Harbor Township in Atlantic County, one of the fastest growing communities in the Pinelands. The Township's population currently exceeds Atlantic City's and is growing at a much faster rate. Many factors have contributed to the community's growth including regional and national economic trends, the Township's proximity to Atlantic City, access to the Garden State Parkway and the Atlantic City Expressway, designation as a Pinelands "growth area," and comparatively low land costs. As a direct consequence of this growth, the Township is experiencing increased traffic, loss of natural resources, a demand for public services such as schools and recreation facilities that are outstripping the municipality's financial resources and a loss of its rural character.

With assistance from a team of professional planning and community design experts, the planning process was guided by a team of Egg Harbor Township leaders comprised of fourteen volunteers representing the planning and zoning boards, environmental commission, utilities authority and school district. The Township's Mayor, its administrator, a local realtor, representatives from local political clubs, a developer and two residents were also members of the Visioning Team.

Egg Harbor Township's Plan describes a set of 37 strategies that are designed to address the lack of a town center; traffic and congestion; loss of wooded areas related to development; increasing population of school-aged children and the consequent need for more schools; and the need for support from the Pinelands Commission and other state agencies to help the municipality respond to issues relating to rapid growth.

Work to begin implementing the plan's recommendations will occur throughout FY2008. Egg Harbor Township will first establish priorities and Commission staff will assist the Township secure the expertise or the resources, as necessary, to pursue them. This project helps to address the third priority of New Jersey's economic growth strategy.

3.15 Southern Pinelands Natural Heritage Trail. In 1997 the Legislature appropriated \$250,000 to the Pinelands Commission to be utilized to assist rural communities in identifying the economic development strategies to stimulate environmentally suitable growth. Meetings with seven municipalities in limited growth areas resulted in several planning initiatives, including development of a National Scenic Byway. The Pinelands Commission worked with the municipalities to establish an Organizing Committee and identify and document a byway route. This led to identification of a Southern Pinelands Natural Heritage Trail, which passes through 16 municipalities and 5 counties. In 2005 the N.J. Department of Transportation officially designated the Southern Pinelands Natural Heritage Trail a New Jersey State Scenic Byway and the Pinelands Commission applied for a National Scenic Byways Program grant to continue the process for National Scenic Byway designation. In 2007 the National Scenic Byways Program awarded the Commission a \$200,000 grant to complete a Corridor Management Plan for the Trail. The grant will be supplemented with \$25,000 in funds from the New Jersey Department of Transportation, and \$25,000 in matching in kind services from the Pinelands Commission.

In FY2008, the Commission will contract with a qualified planning consultant to prepare a comprehensive Corridor Management Plan. A Corridor Management Committee, consisting of representatives of the municipalities and counties along the byway, will also be established to oversee corridor planning activities.

3.16 Municipal Master Plans and Ordinances. To facilitate a comprehensive and consistent application of the provisions of the Pinelands Protection Act and the Comprehensive Management Plan, each municipality in the Pinelands Area is required to revise its master plan and land use regulations in order to implement the objectives and standards of the Comprehensive Management Plan. Of the 53 municipalities located in the Pinelands Area, 52 have had their master plans and land use ordinances certified by the Commission as being in conformance with the Comprehensive Management Plan.

The master plans and land use ordinances of the 52 certified municipalities are not static documents. Municipalities frequently adopt amendments and, as required by the Comprehensive Management Plan, submit these amendments to the Commission for review and approval. During FY2007, the Commission received and reviewed 279 such municipal master plan and ordinance amendments. This was more than double the number of master plans and ordinances reviewed during FY2006.

Among the more notable amendments reviewed during FY2007 were Redevelopment Plans for the Richland Village area in Buena Vista Township and a shopping center district in Monroe Township, both of which encourage mixed use development in areas targeted for growth by the Comprehensive Management Plan. Also reviewed and approved were a master plan and ordinance from Ocean Township which rezoned approximately 3,000 acres from a Pinelands Rural Development Area to a more restrictive Pinelands Forest Area designation, in recognition of the area's environmental limitations. Finally, the Commission reviewed Hamilton Township's Affordable Housing Compliance Plan and implementing ordinance which created a high density zone in several locations within the municipality for purposes of facilitating planned village developments and the production of affordable housing units.

REGULATORY ACTIONS

3.17 Stafford Township Landfills. Stafford Township, Ocean County, owned a 360 acre “business park” adjacent to the Garden State Parkway, on which two landfills were located. The Township, under orders from the Department of Environmental Protection and the Pinelands Commission to properly close these 70 acre landfills which were polluting groundwater, undertook several unsuccessful closure attempts throughout the 1980’s and 1990’s. Ultimately, the Township concluded that the only practical way to proceed was to offer a developer the opportunity to redevelop the business park property if the developer would also properly close the landfills.

The Commission’s staff and Public and Government Programs Committee began their review of the Township’s proposal in 2004. Because the proposal raised important environmental issues (the benefits of landfill closure compared to the negative impacts that the closure work and associated redevelopment would have on important habitat for rare plants and animals), the Commission explored a variety of options to lessen the project’s impacts. A revised proposal was approved through an intergovernmental agreement approved by the Commission early in FY2007. A legal challenge to the agreement was settled and work has commenced on the project.

3.18 Hammonton Wastewater Recharge Facility. Although centralized sewer service is not encouraged in the more rural parts of the Pinelands, sewer service is provided in developed and developing communities. Some of these central sewer plants pre-dated the Pinelands CMP when direct discharge of treated wastewater to surface water bodies, such as streams, was permissible. Under the CMP, however, recharging highly treated wastewater into the ground is the preferred approach because it replenishes the aquifer.

In 1992, the Town of Hammonton, Atlantic County, received Commission and DEP approval to replace an old sewer plant that discharged into a stream with a state-of-art treatment facility which would recharge the treated effluent into the ground through the use of infiltration basins. Unfortunately, the recharge area has not worked, and, because wastewater continues to be discharged to a surface water body, the Town is in violation of administrative consent orders, judicial consent orders and various permits, including its Pinelands approval. Although the Town had taken some steps to investigate the problems, it had not conducted a comprehensive analysis. Unless the recharge problems are resolved, the Town will face a sewer moratorium and be liable for various other penalties.

In 2006, the Pinelands Commission entered into an agreement with the United States Geological Survey (USGS) to research the Hammonton infiltration-percolation lagoons to determine the cause for impeded infiltration and to identify methods to improve infiltration of the treated wastewater. Since the recharge of wastewater is a region-wide objective, the USGS is also assessing regional conditions throughout the Pinelands to provide guidance on how to improve infiltration at existing and future wastewater infiltration projects elsewhere. In FY2007, USGS evaluated site design and facility operations data, and conducted geologic and geophysical subsurface investigations at the recharge site. The USGS research team will provide the Town of

Hammonton and the Pinelands Commission with the results of the site-specific data analysis in December, 2007 and will issue the final report, including an analysis of regional site conditions in 2009.

The \$240,000 research project is being funded by the Town of Hammonton (\$100,000), the Pinelands Commission through the Pinelands Conservation Fund (\$100,000) and the USGS (\$40,000).

3.19 Buena Borough Wastewater Discharge. The Buena Borough Utilities Authority (BBMUA) operates a wastewater treatment plant that has discharged wastewater into a tributary of the Great Egg Harbor River since 1968. When the BBMUA upgraded its plant in 1990, the Pinelands Commission required that the wastewater be recharged to the aquifer by 1995. This requirement was also incorporated into an Administrative Consent Order with the Department of Environmental Protection. Although the BBMUA explored several recharge options, it did not settle on an approach until a property thought to be suitable for recharge facilities was identified a few years ago.

This matter was initially reviewed by the Commission's Public and Government Programs Committee in 2003. Following detailed discussions with the BBMUA, Commission staff drafted the intergovernmental agreement that is needed to implement this arrangement in 2004. Negotiations continued for two and a half more years, culminating with the Pinelands Commission's approval of the agreement in April 2007. The agreement provides for a phased approach to construct the groundwater recharge facilities and to end the discharge of wastewater into the stream by 2014.

3.20 Ancora Psychiatric Hospital. The Department of Human Services has operated the Ancora Psychiatric Hospital in Winslow Township, Camden County since 1955. An on-site sewage plant serves the complex. For years, wastewater was discharged directly into a tributary of the Mullica River but, because of Pinelands environmental requirements, the facility began to recharge (infiltrate) treated wastewater into the ground in the 1990's. Because these infiltration facilities are now failing and are creating public health and environmental problems, the Department of Environmental Protection imposed an Administrative Consent Order requiring that the failures be remedied.

Working with the Departments of Human Services and Environmental Protection, Pinelands Commission staff recommended that the facility be connected to Camden County's regional sewer system, located approximately 3 miles from Ancora, which conveys wastewater to a Camden City plant for treatment. Although this arrangement will solve the wastewater problem, recharge of the surficial Kirkwood-Cohansey aquifer will be diminished, an undesirable ecological impact. Therefore, Commission staff also recommended that Ancora obtain its water supply from a source other than the Kirkwood-Cohansey aquifer, an outcome which would offset the negative hydrologic impacts on the aquifer.

This matter was reviewed by the Commission's Public and Government Programs Committee in 2006, at which time Commission staff drafted the intergovernmental agreement between the Pinelands Commission, Department of Human Services and the Department of Environmental

Protection which is needed to implement this arrangement. Following the agreement's review by all parties, a public hearing regarding the proposed agreement was held on February 13, 2007. The agreement has not yet been presented to the Pinelands Commission for its approval because the Departments of Human Services and Environmental Protection are still reviewing some of its provisions. The agreement should be finalized early in FY2008.

3.21 Garden State Parkway Widening Project – Interchange 80 to Interchange 30. In early 2006, the Turnpike Authority renewed its efforts to obtain regulatory permits to authorize the widening of the Garden State Parkway between Interchange 80, South Toms River, and Interchange 30, Somers Point. The widening project involves construction of an additional traffic lane, in both the north and south bound directions, for approximately 50 miles. Almost all of the widening will occur within the existing median of the Garden State Parkway and all but 1 mile of the widening will occur within the Pinelands Area.

As would be expected with a project of this size, there are a number of regulatory programs, issues and agencies involved. In addition to the Commission, the project requires approvals from the New Jersey Department of Environmental Protection and the Army Corp of Engineers. The United States Fish and Wildlife Service, the Coast Guard, the National Marine Fisheries Service and the United States Environmental Protection Agency are also involved through the Corp of Engineers permitting process.

The Pinelands Commission staff has been working in a coordinated fashion with the Department of Environmental Protection to review the widening project, especially with regard to threatened and endangered species impacts, stormwater, and secondary impacts associated with the project.

Because the impacts to threatened and endangered species associated with the widening project are not fully consistent with the protection of threatened or endangered wildlife standards of the Pinelands Comprehensive Management Plan, N.J.A.C. 7:50-6.33, the project would require execution of an intergovernmental agreement between the Pinelands Commission and the Turnpike Authority.

Once all of the regulatory issues are resolved, including the identification of all measures to offset the negative impacts of the project, the Commission will determine whether to enter into an intergovernmental agreement that authorized the project to proceed.

3.22 Egg Harbor City Middle School. The Egg Harbor City School District applied to the Commission to develop a new middle school, with funding to be provided by the New Jersey School Construction Corporation. When the application was initially filed, the applicant's consultant identified the possibility that the school site might be important habitat for a rare bird specie. In order to ensure that the project would not destroy critical habitat for this projected bird specie, the school district's consultants conducted additional analyses. Since those analyses were not conclusive, Commission staff conducted field work in the Spring of 2007 and requested the School Construction Corporation to maintain the District's eligibility for funding. Commission staff completed the field work review and concluded that the proposed school would not impact threatened or endangered species. The project was approved on June 8, 2007.

3.23 J.P. Rail. This matter involved an attempt by a waste hauler to construct and operate a waste transload facility on a site in Mullica Township under the alleged auspices of the J.P. Rail, Inc. d/b/a Southern Railroad Company of New Jersey in order for the operation to fall within the preemption provision of the Interstate Commerce Commission Termination Act. The Interstate Commerce Commission Termination Act grants the Surface Transportation Board exclusive jurisdiction over transportation by rail carriers and facilities of such carriers. 49 U.S.C. § 10501(b). The term transportation is broad and includes, among other things, property, facilities, or equipment of any kind related to the movement of passengers or property, or both, by rail, regardless of ownership or an agreement concerning use.

The proposed site was located within a Pinelands Town, where waste transfer stations and collection facilities are extremely limited. The waste transload being proposed by J.P. Rail and the waste hauler was considerably larger than would be permitted by the CMP.

J.P. Rail filed an application in the District Court of New Jersey for a preliminary injunction against the Commission's enforcement of Pinelands regulations. The Commission filed a cross-application seeking to enjoin construction and operation of the waste transload facility. On December 22, 2005, Judge Jerome B. Simandle, J.U.S., issued a decision finding that the proposed waste transload facility did not constitute transportation by rail, but rather transportation to rail, and an order that granted the Commission's application for a preliminary injunction that enjoined J.P. Rail and the waste hauler from conducting further site preparation and construction on the Mullica site.

In March 2007, J.P. Rail executed a consent order and agreed to dismiss its complaint against the Commission regarding the Mullica property. In addition, J.P. rail agreed to be permanently enjoined from constructing and/or operating a solid or hazardous waste facility at the Mullica Property and from disposing, processing, dumping, transferring, transporting, and/or handling solid or hazardous waste in any manner at the property. Judge Simandle signed the consent order for final judgment on March 26, 2007.

3.24 DEP Statewide Rare Animal Habitat Protections Regulations. Since approximately 2005, the Department of Environmental Protection has been developing regulations to address the impacts to endangered and threatened species habitat that occurs as a result of development. The regulations would establish standards and procedures for the Department's review of activities that may result in an incidental take of endangered or threatened species under the Endangered and Nongame Species Conservation Act, N.J.S.A. 23:2A-1 et seq., through adverse modification of habitat.

The Pinelands Protection Program has addressed impacts to threatened and endangered species habitat since the promulgation of the Pinelands Comprehensive Management Plan (CMP), N.J.A.C. 7:50, in January 1981. Given the potential for conflicts between the two programs, the Pinelands Commission staff has been working with DEP staff to ensure that Department's Endangered and Threatened habitat program will be structured to work effectively and efficiently in the Pinelands Area.

3.25 Permit Processing. In FY2007, the Pinelands Commission received 969 new applications for development within the Pinelands. The Commission staff reviews these applications and resulting county and municipal approvals and permits to ensure that they are consistent with the CMP's land use and environmental requirements. A total of 2950 different land development applications necessitated some type of Commission action during FY2007.

Because of this heavy workload, the Commission's Regulatory Programs Office has not historically been able to meet prescribed processing periods in the CMP for reviewing applications and permits. Steps have been taken to improve processing times during the past few years and average response times have improved. In FY2003, for example, the processing time for 1850 actions averaged 36.9 days. However, in FY2007, the average processing time for roughly the same number of actions (1802) had dropped to 31.8 days, in spite of the fact that staffing levels in the Regulatory Programs office were significantly lower due to unfilled positions and extended health-related leaves of absence.

Efforts to reduce processing times will continue and further improvement is expected. A comprehensive, top to bottom re-engineering of the permitting system's business processes would achieve significantly greater improvement but is currently beyond the financial means of the Commission.

OTHER MAJOR ACTIVITIES

3.26 Conference and Banquet marking the 25th Anniversary of the Pinelands Comprehensive Management Plan. A special two-day conference, entitled "Regional Planning Comes of Age," was held on September 28 and 29, 2007 in New Brunswick, NJ, to mark the 25th anniversary of the Pinelands Comprehensive Management Plan. The New Jersey Pinelands Commission helped organize and carry out the educational conference, which was co-sponsored by the National Park Service, the Fund for New Jersey, the Geraldine R. Dodge Foundation, the Pinelands Preservation Alliance, PSE&G and the William Penn Foundation. The conference showcased the success of the Pinelands Comprehensive Management Plan (CMP) and featured seminars on topics such as transfer of development rights, growth management tools, protecting water resources through regional planning, the economic impact of regional planning and using regional planning to preserve historic and cultural resources. A banquet celebrating the CMP was held on September 28. The conference and banquet attracted a total of 430 people and raised awareness of the success of the Pinelands protection program.

3.27 Pinelands Short Course. The 18th annual Pinelands Short Course, held on March 3, 2007, drew a record crowd of more than 450 people. Held at Burlington County College's Pemberton Township campus, the Short Course featured 15 new programs, along with 11 popular programs that were offered in the past. The event is sponsored by the Pinelands Commission and Burlington County College, which has hosted the event since 2003. Commission staff members organize, promote and carry out the event, which seeks to raise awareness and appreciation of the Pinelands. The Short Course is registered with the New Jersey Department of Education, and professional development credits are available to New Jersey teachers who attend.

3.28 Pinelands Commission Information System (PCIS) Enhancements. In FY2006 the Pinelands Commission went live with a newly re-developed Pinelands Commission Information System (PCIS) which unified several disparate systems into a single Oracle database that consolidated system-wide data, provided consistent user interfaces, broadened data, and improved overall data quality. The PCIS enables the Commission to track development permitting activity throughout the Pinelands and uses that information for regulatory, planning and policy decision-making purposes.

The overall system design uses a three-tier approach, with data reading supported by the middle tier, which is based upon web services. The web services approach was specifically chosen due to its ability to be used by future web based public access components, without the need to re-develop that code.

In FY2007 the PCIS was enhanced in several areas based on feedback from users and was also fully integrated with the Pinelands Development Credit Bank's tracking system. The Pinelands Commission and the Pinelands Development Credit Bank have a shared business process with respect to Pinelands Development Credits (transferable development rights) and in order to maximize efficiency, the PDC Tracking System was developed by Pinelands Commission MIS staff using the same technology and housed in the same Oracle database as PCIS. It is accessed by the PDC Bank through the Garden State Network.

3.29 Parcel Data. The Pinelands Commission needs to maintain an updated, comprehensive database of digitized parcel data. This information fuels our Geographic Information System and is essential to the Commission's permitting and zoning work. Each and every one of the thousands of development applications we receive must be reviewed against a variety of environmental and land use requirements. Many of these requirements, such as the locations of wetlands and zoning districts, are maintained in a digitized database but are of limited value unless they can be rectified against the specific boundaries of the property proposed to be developed. Thus, digitized parcel data is a mission-critical requirement for the Pinelands Commission.

In lieu of contracting with a firm to digitize updated parcel data in FY2007, the Commission hired a part-time, temporary employee to do most of the work at a significant cost savings. Only digitizing work for one particularly unusual municipality was contracted.

3.30 Document Imaging. The Pinelands Commission began pursuing document imaging in earnest in FY2005 by conducting a pilot project with the Department of Treasury's records management group, who were offering the use of their FileNet system to other state agencies at a significantly reduced cost. The pilot was successfully completed and in FY2006 business processes were modified to accommodate the daily document imaging of all incoming mail related to permit review.

In FY2007, in anticipation of ultimately creating microfilm from the image files and reducing paper filing requirements, the Commission began taking the necessary steps to have the document imaging process certified by the Department of Archives and Records Management (DARM), which is expected in early FY2008.

In an on-going effort to maximize the benefits of document imaging, the Commission began a second pilot project with the Department of Treasury covering an extensive manual filing system regarding municipal ordinances and the conformance business process. These documents are kept in a central filing area of the Commission's offices and are frequently accessed by staff, making them a good candidate for document imaging. The pilot project will be completed in FY2008 and a report will be developed outlining recommendations for implementation, including any business process changes that may be required.

3.31 Pinelands Conservation Fund Investment Plan. In 2005, the Pinelands Commission adopted policies governing the use of the Pinelands Conservation Fund, a \$13 million fund dedicated to land acquisition, conservation research/planning and community planning. The policy called for a portion of the Fund to be invested in long term instruments that yield annual income that can then be used to support specific research and planning initiatives.

In FY2007, the Commission's Personnel and Budget Committee reviewed a long term investment approach that focuses on investment grade corporate bonds selected from among those held by the N.J. Pension Fund. Investment in these bonds will be triggered if the yield exceeds that of N.J. Cash Management Fund (where funds are currently invested) by at least 25 basis points.

3.32 Accounting/Financial Controls. In May 2007 the Commission's Personnel and Budget Committee approved an Accounting /Financial Controls Procedure Manual. The Manual describes the procedures, including internal controls, for the majority of the financial and accounting transactions handled by the Commission staff on a routine basis.

3.33 Procurement Policy. In September 2006, Governor Corzine issued Executive Order #37 that reinforces the need for State authorities to award contracts to vendors in a manner that is fair, transparent, ethical and designed to ensure that the authorities are obtaining quality products and services at the best possible value. As a result of the Executive Order, the Commission reviewed its existing procurement policy and identified several areas in which the Commission's existing practices could be strengthened. In April 2007, the Commission approved an updated procurement policy.

3.34 FY2007 Professional Services Contracts. In FY2007, the Pinelands Commission had 18 active professional or technical service contracts, seven of which were with other government agencies.

- The Delaware Valley Regional Planning Commission was engaged to help review the Garden State Parkway expansion proposal, specifically whether the project is likely to result in undesirable secondary development impacts. See Section 3.21 for more details. The contract amount was \$10,500.
- Rutgers University is taking the lead role in preparing the electric transmission right-of-way maintenance plan. See Section 3.5 for more details. The total amount of this multi-year contract is \$178,802.

- Rutgers University is also one of the cooperators in the Kirkwood-Cohansey research project. See Section 3.3 for more details. The total amount of this multi-year contract is \$409,190.
- The United States Geological Survey is a lead cooperator in the Kirkwood-Cohansey research project. See Section 3.3 for more details. The total amount of this multi-year contract is \$3,224,294.
- The United States Geological Survey is conducting the hydrologic assessment of the Hammonton wastewater recharge facility. See Section 3.18 for more details. The total amount of the contract is \$240,000, including in kind services of \$40,000 provided by the Survey.
- The United States Geological Survey conducts water monitoring in Monroe Township and the southern parts of Camden County as part of two ongoing programs to evaluate the impacts of consumptive water supply and wastewater exportation. The current year costs of these two contracts are \$5,250 and \$10,600, respectively.
- A multi-year contract, not to exceed \$135,000, with Conservation Resources, Inc. provides for project evaluation and closing services relative to the Pinelands Conservation Fund acquisition program. See Section 3.2 for more details.
- Stantec Consulting Services Inc. (formerly Vollmer Associates LLP) had a multi-year contract for the Egg Harbor Township livable community plan. See Section 3.14 for more details. The contract cost was \$154,335.
- Alion Science and Technology has been engaged to provide technical radio-frequency services in support of the Commission's review of a wireless communications plan. The contract amount is \$27,232.
- Stone Environmental, Inc. is developing a septic system management program for the Pinelands. See Section 3.6 for more details. The amount of this multi-year contract is \$110,000.
- Storm Water Management Consulting, LLC is providing technical support and training relative to the Commission's review of development applications, specifically regarding stormwater management plans. Services are billed on an hourly rate, not to exceed \$33,000.
- Sanborn Map Company provided parcel digitization services at a cost of \$9,801. See Section 4.2 for more details.
- Western Technologies Group, LLC (formerly CRT Support) provided parcel data services. The cost was \$15,000.
- Fountains Spatial, Inc. (formerly Applied GIS, Inc.) provides computer programming services pursuant to its State Contract. These services support the Pinelands Commission Information System. See Section 4.1 for more details. The cost is \$50,000.
- Eco Analysts, Inc. was engaged to provide technical services relative to macro invertebrate identification. This is in support of the Kirkwood-Cohansey research project. See Section 3.3 for more details. The contract cost was \$27,300.
- Dr. Rex Lowe provided technical services relative to diatom identification in support of an EPA funded research project to assess the effect of watershed-wide land use on Pinelands lakes. The cost was \$4,100.

- Ruderman & Glickman, P.C. has been retained to provide legal services relative to the Commission's contract negotiations with the Communication Workers of America, Local 1040. Services are billed on an hourly rate, not to exceed \$50,000.

3.35 FY2008 Work Plan and Budget. In preparation for FY2008, the Commission and its staff reviewed the status of its FY2007 major initiatives and special projects. Also at this time, the anticipated staffing level and projected financial position for the upcoming fiscal year were calculated. Using this information, the Executive Director prepared the FY2008 Work Plan. The FY2008 Work Plan consists of 38 major initiatives and special projects, many of which were continued from FY2007 and are described in this report. To support the Work Plan, the Commission adopted five budgets in early July 2007. These budgets (the Operating Budget, the Kirkwood Cohansey Aquifer Assessment Study Fund Budget, the Pinelands Conservation Fund Budget, the Pinelands Development Credit Purchase Program Budget and the CMCMA Land Acquisition Program Budget) total \$10,196,870, of which less than 37% is provided through the State of New Jersey.

SECTION 4 – ELIMINATING WASTE AND INEFFICIENCIES

4.1 Pinelands Commission Information System (PCIS) Enhancements. As mentioned in section 3, the PCIS was enhanced in several areas in FY2007 based on feedback from users. In addition, a number of enhancements were initiated in FY2007 and will be implemented in FY2008. These enhancements are targeted at streamlining the processing of development applications and reducing costs. For example, a functional mockup was developed to enable PCIS users to automatically copy relevant application data (application number, municipality, block/lot info, contact addresses, etc.) into word processing documents automatically, thereby eliminating the need to manually type the data.

4.2 Part Time Employee Digitizing Parcel Data. The Commission initially expected to contract with a firm to digitize all updated parcel data from municipal tax maps. After seeking quotes for this on two occasions, the lowest quote received was for \$65,000. This was far in excess of the Commission's budget and reflected what we felt were excessive labor estimates.

After examining a number of alternatives, the Commission selected the most cost-effective approach which involved 1) the issuance of a \$9,801 contract to digitize one municipality's parcel data because it was in a particularly unusual and difficult format and 2) hiring a temporary employee to complete the other digitizing work for the remaining 52 Pinelands municipalities at a cost of approximately \$15,000. Added to the cost of the \$9,801 contract, the Pinelands Commission will spend approximately \$25,000 for this work, saving \$40,000 when compared to quotes provided by GIS consulting firms.

4.3 Document Imaging. Work was begun in FY2007 to seamlessly integrate into PCIS the ability to view document images stored in FileNet (see document imaging in section 3). While document imaging has increased efficiency in the regulatory programs office by enabling staff to access incoming mail documents on-line via FileNet without the need to retrieve the physical file

from central filing, this new enhancement will further increase that efficiency since users will not need to launch a separate viewer program to see the document images.

4.4 Unfilled & Vacant Positions in FY2007. In FY2007, there were 66 full time equivalent positions included in the Commission's authorized staffing level. As a cost savings measure, the FY2007 budget only financed 62 ½ out of the 66 positions. The estimated savings amounted to \$210,000, including fringe benefit savings.

In addition, several employees were on extended unpaid leaves of absence yet the Commission did not seek to hire temporary replacements. In one instance where two employees in the same office were on extended unpaid leaves of absence at the same time, several other employees were temporarily promoted to help handle the increased workload. The cost of these temporary promotions represented less than 68% of the unpaid salary savings.

Lastly, the Commission has begun to explore the use of volunteer summer interns. In FY2007, a volunteer intern assisted in the Public Programs Office.

4.5 Meeting Advertisements. The Commission's staff is investigating changing its procedure for advertising Commission and Committee meetings. The current practice consists of advertising an annual notice of regular Commission meetings in five designated newspapers (Asbury Park Press, Ocean County Observer, Atlantic City Press, Burlington County Times and Courier Post). In addition, each monthly Commission and Committee meeting is advertised in the five designated newspapers.

Although the annual meeting notice will continue to be advertised, monthly meetings will only be advertised if the schedule changes. Detailed meeting notices are also regularly posted on the Commission's web site.

4.6 Pinelands Commission Identification Cards. Staff identification cards have historically been produced in-house. In response to the need to produce a more official looking identification card, the staff began researching alternative means of production. After determining that the cost to purchase card printing equipment ranged from \$3,600 to \$10,825, other options were investigated. After contacting several local governmental entities, the Pinelands Commission entered into an agreement with Burlington County College to design, photograph staff and print 100 employee identification cards for \$550. The cost savings realized from this option was between \$3,000 and \$10,000.

4.7 Human Resources Management System. The Business Services Office currently maintains its human resource data in a series of Quattro Pro spreadsheets. In FY2007, a project was initiated to develop a Human Resources Management System that would maintain that information in an Oracle database in order to reduce data duplication, increase efficiency, enhance reporting capabilities, and facilitate data exchange with the Pinelands Commission timesheet tracking system. The new Human Resources Management System is scheduled to go live in FY2008.

SECTION 5 – INTERNAL FINANCIAL CONTROL & FINANCIAL STATEMENTS

5.1 Internal Financial Control. The purpose of the internal control system is to ensure accurate and timely reports on the Commission’s financial activity; protect the assets of the Commission from theft, waste, loss and unauthorized use; and ensure compliance with the Commission’s policies and compliance with State and Federal laws and regulations concerning financial transactions.

Internal controls are designed to both influence the activities of the Commission staff by providing a structure for decision making concerning the organization and assert an environment of integrity, ethical values and competence within which the Commission and staff shall function. Specifically, the internal control system is intended to minimize risks inherent in performing the Commission’s mission.

The procedures detailed in the Commission’s Accounting/Financial Control Procedures manual are intended to express management directives regarding internal controls and to help ensure the directives are carried out. The manual helps ensure the necessary steps are taken to provide guidance and direction to implement control activities, including activities as diverse as approvals, authorizations, verifications, reconciliations, compilation of supporting documentation, reviews of operating performance, security of assets, data and records, and segregation and/or rotation of duties.

5.2 Pinelands Commission Combined Balance Sheet (see page 26).

5.3 Pinelands Commission Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (see page 27).

SECTION 6 – CERTIFICATION

I hereby certify to the best of my knowledge that, during the Pinelands Commission Fiscal Year 2007 beginning July 1, 2006 and ending June 30, 2007, all of the Commission’s standards, procedures, and internal controls were followed.

John C. Stokes
Executive Director

Donna L. Connor
Business Manager

Pinelands Commission
 Combined Balance Sheet
 All Fund Types and Account Groups
 For the Fiscal Year Ended June 30, 2007
 (unaudited)

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Account Groups</u>	
	General Fund	Special Revenue Fund	Capital Projects	Private Purpose Trust	General Fixed Assets	General Long-Term Debt
Assets						
Cash & Cash Equivalents	\$2,898,640	\$24,708,831		\$85,671		
Receivables:						
State	\$24,190					
Federal	\$94,333					
Other	\$10,232					
Prepaid Expenses	\$752					
General Fixed Assets:						
Furniture & Equipment					\$1,303,917	
Vehicles					\$110,595	
Amount to be Provided for Retirement of Long-Term Liabilities						\$381,489
Due from Other Funds	\$586,007					
Total Assets	\$3,614,154	\$24,708,831	\$0	\$85,671	\$1,414,512	\$381,489
Liabilities & Fund Equity						
Liabilities:						
Accounts Payable	\$468,382	\$7,735		(\$1,881)		
Salaries Payable	\$65,115					
Payroll Deductions Payable	\$63,623					
Liabilities for Compensated Absences	\$42,292					\$381,489
Deferred Revenue:						
Other Grants	\$159,784	\$5,102,587				
State Financial Assistance		\$3,924,316				
Other	\$5,221					
Due to Other Funds	\$84,633	\$501,374				
Total Liabilities	\$889,050	\$9,536,012	\$0	(\$1,881)	\$0	\$381,489
Fund Equity						
Investment in General Fixed Assets					\$1,414,512	
Fund Balances - Reserved:						
Reserved for Encumbrances	\$106,897					
Reserved for Land Acquisition - CMCMUA		\$258,395				
Reserved for Unemployment Compensation				\$71,226		
Reserved for Timber Rattlesnake Study	\$16,422					
Reserved for Rattlesnake Fencing	\$20,139					
Reserved for Pinelands Conservation		\$13,793,000				
Reserved for Wastewater Infiltration Study		\$55,000				
Fund Balances - Unreserved, Designated:						
Designated for Subsequent Years Expenditu	\$0					
Designated for Retiree's Health Benefits	\$737,002					
Designated for Microfilming Project	\$72,262					
Designated for Building Improvements	\$18,526					
Designated for Parcel Data	\$13,825					
Designated for Computer Replacement	\$119,100					
Designated for Vehicle Replacement	\$30,000					
Designated - Other	\$20,753	\$1,066,424		\$16,326		
Fund Balances -Undesignated	\$1,570,178					
Total Fund Equity	\$2,725,104	\$15,172,819	\$0	\$87,552	\$1,414,512	\$0
Total Liabilities & Fund Equity	\$3,614,154	\$24,708,831	\$0	\$85,671	\$1,414,512	\$381,489

Pinelands Commission
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Fund Types
 Budget and Actual - Budgetary Basis
 For the Fiscal Year Ended June 30, 2007
 (unaudited)

	<u>General Fund</u>		<u>Special Revenue Fund</u>		<u>Fiduciary Fund Type</u>	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
State of New Jersey Appropriations	\$3,248,000	\$3,248,000				
Federal Grants	\$381,810	\$440,742				
State Grants	\$109,000	\$63,612	\$1,009,500	\$747,082		
Other Grants	\$139,730	\$130,726	\$2,830,850	\$898,842		
Interest Income	\$115,000	\$140,134	\$705,000	\$1,291,868	\$0	\$4,134
Application Fees	\$587,790	\$723,078				
Snake Sanctuary Settlement	\$0	\$4,035				
Unemployment Fund Contributions						\$4,917
Building, Microfilm and Parcel Data Reserves	\$23,000	\$14,486				
Other	\$7,400	\$10,600				\$379
Total Revenues	\$4,611,730	\$4,775,413	\$4,545,350	\$2,937,792	\$0	\$9,430
Expenditures						
Current:						
Personnel	\$3,989,100	\$3,951,503	\$387,500	\$336,615		
Supplies	\$116,200	\$104,823	\$2,650	\$823		
Services	\$588,930	\$478,498	\$1,339,700	\$731,567		
Maintenance & Rent	\$38,100	\$29,531	\$500	\$90		
State Aid & Grants	\$0	\$0				
Capital Outlay	\$71,900	\$57,861	\$0	\$5,345		
Special Purpose	\$500	\$0				
Purchase of Pinelands Development Credits			\$0	\$0		
Land Acquisition			\$2,700,000	\$511,484		
Unemployment Compensation Claims						
Total Expenditures	\$4,804,730	\$4,622,216	\$4,430,350	\$1,585,924	\$0	\$0
Other Financing Sources (Uses):						
Operating Transfers Out			(\$115,000)	(\$150,823)		
Operating Transfers In	\$143,000	\$150,823				
Total Other Financing Sources (Uses)	\$143,000	\$150,823	(\$115,000)	(\$150,823)	\$0	\$0
Net Increase (Decrease) in Fund Balance	(\$50,000)	\$304,020	\$0	\$1,201,045	\$0	\$9,430