STATE OF NEW JERSEY

STATE LEASING AND SPACE UTILIZATION COMMITTEE

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COMMITTEE MEETING

TRANSCRIPT OF PROCEEDINGS

LOCATION: State House Annex
4th Floor, Room 16
Trenton, New Jersey
DATE: Thursday, October 12, 2006
TIME: 11:00 a.m. to 12:25 p.m.

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COMMITTEE MEMBERS:

ASSEMBLYMAN JOSEPH CRYAN

SENATOR STEPHEN M. SWEENEY

DEPUTY TREASURER ROBERT L. SMARTT

ALSO PRESENT:

JOHN A. MacCALUS, Office of Legislative Services
Committee Aide

ROBERT J. SHAUGHNESSY, Esq., Counsel

KIMBERLY A. GARRETT, Office of Legislative Services
Secretary
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ASSEMBLYMAN CRYAN: Everybody, how are we doing? Good morning. I guess we're going open up with the roll call.

MR. MacCALUS: This is the State Leasing and Space Utilization Committee meeting of October 12th. It's being called to order.

Roll call is Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Here.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Here.

MR. MacCALUS: And Deputy Treasurer Bob Smartt.

DEPUTY TREASURER SMARTT: Here.

MR. MacCALUS: We have a quorum.

Notice of this meeting was provided to the Secretary of State, The Courier Post, The Star Ledger, The Trenton Times, and The State House Press on September 5, 2006, in accordance with the Open Public Meetings Act.

The first order of business will be to select or accept nominations and motion for the Chair for the first annual session of the 212th Legislature.

SENATOR SWEENEY: I nominate Joe Cryan.

DEPUTY TREASURER SMARTT: Second.

MR. MacCALUS: All in favor?

MEMBERS: Aye.

MR. MacCALUS: I'll do a roll call on that.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: The new Chair is Assemblyman Cryan.

We do have one final order of miscellaneous business before we turn it over to Steve Sutkin: the approval of the minutes of the last meeting. We do that as a matter of course. Last meeting was on December 6th, I believe, 2005.

So, let's see, can I get a motion to approve?

SENATOR SWEENEY: Motion.

DEPUTY TREASURER SMARTT: Second.
MR. MacCALUS: On the motion, Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Abstain.
MR. MacCALUS: Senator Sweeney.
SENATOR SWEENEY: Yes.
MR. MacCALUS: Deputy Treasurer Smartt.
DEPUTY TREASURER SMARTT: Yes.
MR. MacCALUS: The motion has failed. This is -- Assemblyman Cryan, being the new member, was not at the last meeting, so you can't very well vote on it to the affirmative, and the law states you have to have a full quorum, three members. So this happens every once in a while, and it's fine.

Okay, Steve, I understand you want to work some of these on a consent agenda basis?

MR. SUTKIN: Yes. Thank you, Mr. MacCalus. I was invited to submit a consent agenda, and I submitted one. I hope everyone's had an opportunity to consider it. I'm prepared to proceed in that manner unless there's any questions or comments.

ASSEMBLYMAN CRYAN: In order, Steve, we're going to go DEP, Treasury, Labor, Human Services, Children and Families, Health, DOT, Law and Public Safety, Judiciary, Military, Education and multiples, so everybody has some idea in terms of the order.

As we have discussed, one of things, Steve, that's going to come up in this -- and I want everybody to be aware of it ahead of time -- is, we're going to ask you if you have a long-range plan for these facilities. You're going to hear questions from the Senator and Bob in regards to how much we spend in terms of these facilities. If you don't, be assured -- we're not asking you to haggle today, but be assured we'll ask each group if you don't come up here, we will be back here in about two months. We will review your long-range facilities, and we will go over the cost concepts of those.

Is that a fair way to put it? Are we on agreement on that?

So we do intend to take to role to a little different level. We want to understand what we're spending on leases, and whether or not -- as the Senator will probably make more clear than I will -- whether we should be investing in capital as opposed to simply paying leases.

Does anybody have an opening comment before we start?
SENATOR SWEENEY: I read the booklet on how this Committee works. I got it the other day. And I agree with the way it works. There are some things in here that we haven't done, which is establish long-term facility needs for each department and find a way to get out of leasing or see what's more cost-effective. I saw we're leasing a building for the 45th year. That doesn't make a whole lot of sense. We could probably own it by now. There's another lease for 25 years. We're not going out of the State Police business. If we're spending $200 million -- roughly $200 million -- on lease payments, that's $2 billion if it was debt service amortized. So we've got to try to figure out where we need to rent. And I know I was talking to Deputy Treasurer Smartt -- maybe have conversations with the Building Authority, New Jersey State Building Authority, where we can start converting over facilities' rented spaces and some permanent spaces so somewhere in the future, taxpayers can break down on these expenses.

That's all I have. Thank you, Chairman.

DEPUTY TREASURER SMARTT: This is an issue that Senator Sweeney had raised previously, one that we agree with him wholeheartedly on. And on behalf of the Treasurer, I want to say that we're willing to work under Assemblyman Cryan's leadership, with the Building Authority and with the agencies, to work out those policy issues and to acquire (sic) that there been that kind of planning that the law did anticipate. So you'll have our full support and cooperation as Chairman, Assemblyman.

ASSEMBLYMAN CRYAN: That being said --

MR. SUTKIN: The first grouping of items are from the Department of Environmental Protection. It's Item No. 1, notice of proposed lease, which I'll be referring to as the acronym NPL, 2352 and Item No. 2, NPL 2379. I can submit them for approval.

ASSEMBLYMAN CRYAN: Any members have questions?

Is there anyone here from DEP?

MR. LUCASH: Yes.

ASSEMBLYMAN CRYAN: Can you come up for the record?

MR. LUCASH: Mike Lucash, Manager of Central Servicing and Property Management, Department of Environmental Protection.

ASSEMBLYMAN CRYAN: Mike, I just want to put on the record that you understood that we are going to be requesting -- you should consider this a formal request from this Committee, for a copy of the long-range plan, facilities plan. I'd like to see it by November
15th, submitted to this Committee with the expectation that you should understand that we'll have a hearing on that before the close of year.

DEPUTY TREASURER SMARTT: And also, while we're glad to see the facilities folks we work with all the time, you also should anticipate that your commissioners and deputies and chiefs of staff should be here and should be part of that presentation so that the Committee can hear from the top leadership in the department what that plan is. We'll sure you'll have them put together, but I think we want to hear from them, if I'm not mistaken.

ASSEMBLYMAN CRYAN: All departments are already required to have this. We're not asking for anything brand-new here. I'm going to ask each group when they come up to do the same so that we have a clear understanding on record that folks understand where we're going here.

That being said, I don't think we have any questions.

SENATOR SWEENEY: Motion to approve.

DEPUTY TREASURER SMARTT: Second.

MR. MacCALUS: On the motion to approve the Department of Environmental Protection Leases 2352 and 2379.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Bob Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: Those two have passed.

MR. SUTKIN: The next agency for consideration is the Department of Treasury, Item No. 3, which is NPL 2392; Item 19, NPL 4502; Item 27, 4584; Item 33, 4591; Item 34, NPL 4593; which is submitted for approval.

ASSEMBLYMAN CRYAN: Thank you.

Is there anyone here from Treasury?

MR. SUTKIN: I will tell you that as you look at the Treasury agenda items, there's a lot of agencies within Treasury that are not what you consider the traditional Treasury agencies, so Public Defender is in there, Office of Administrative Law.

ASSEMBLYMAN CRYAN: So who do we ask these questions of?

UNIDENTIFIED SPEAKER: Excuse me, Mr. Chairman. I'm here for the Office of Administrative Law, which is Item 19.
DEPUTY TREASURER SMARTT: I think the Director of the Property Management Construction can come forward.

ASSEMBLYMAN CRYAN: Let me do it this way. Does anybody have any questions on Item 19, NPL 4502? Anybody have anything?

UNIDENTIFIED SPEAKER: Thanks, Mr. Chairman.

MR. JENKINS: I am Ed Jenkins, I'm Director of the Division of Property Management and Construction.

ASSEMBLYMAN CRYAN: You heard us talk about this before, so you know --

MR. JENKINS: Absolutely. We're on board.

ASSEMBLYMAN CRYAN: I just want to get you on record. Does anybody have any questions on these items?

I actually thought I had one or two. Give me a second.

I want to put on the record that there's a disclosure on Item 27 that I reviewed -- I think it's No. 27. I just want to note for the record the disclosure on Item 27 where the lessee has donated to candidates -- maybe I'm just overly sensitive, given my position these days, but I want make sure on the record -- I'm sure Steve does as well -- no donations to us and we don't know these people. Just a note.

If you could, on No. 34, the fact that there's a disclosure, which is 4593 -- Jim Manning, who I think I've met as a Neptune Committeeman, he's also a member of Department of Labor. I don't think that's a conflict for anybody. I want to be extra sure these days on the record.

I know what my question was. Maybe you can help me with this, Ed. No. 33 and No. 34, we go from Asbury Park to Neptune to get a cheaper rate, all right, which is good. And then in No. 33 we go from Clifton to Wayne and the costs are up 30 percent. So I was wondering -- it just didn't seem to make any sense to me. I can pull the leases.

MR. JENKINS: This was an advertised engagement, sir, and it was the most competitive rate that came back of the respondents.

ASSEMBLYMAN CRYAN: Do you know why Clifton was closed?

MR. LABATE: Yes. I can answer that. The landlord actually wants us out of our building. We've managed to maintain our occupancy so we can move into a new place.

MR. MacCALUS: Would you identify yourself?

MR. LABATE: I'm Bob Labate, Division of Property Management.
ASSEMBLYMAN CRYAN: I saw that the landlord wanted us out. It's just that for a Lottery Commission headquarters, I didn't understand why, especially when you look at the following one, NPL 4593, where we moved Taxation. We're not selling lottery tickets. We don't need to be in a high-profile place. Yet the lease went up, I think, 30 percent. That didn't seem to make any sense whatsoever.

MR. LABATE: According to our advertisement, the site in Wayne was the one that came back as the most competitive of the respondents to that issue.

ASSEMBLYMAN CRYAN: Is Willowbrook Boulevard a high-profile commercial place? Where is that in Wayne? Is it near a mall? Is it a place we're actually supposed to be at?

MR. JENKINS: It's in Wayne, but it's not a Class A building.

ASSEMBLYMAN CRYAN: I have to tell you, from looking at it, to see one close and get one cheaper from Asbury Park to Neptune, and then to see one that goes up, this kind of blew my mind.

MR. JENKINS: And there is a difference between Neptune and Wayne.

ASSEMBLYMAN CRYAN: I get it regionally. What I don't get is, it's a 30 percent difference, it's not like a couple bucks, if my numbers -- if I'm reading this right. That looked, to me, to be a bit --

MR. CAMPANELLA: Chairman, Paul Campanella from Lease Negotiation, Property Management and Construction. I did, actually, both leases here.

Referring to the Wayne location, the current location in Clifton, we were previously in a 10-year deal and we locked those rates in -- what we're paying now, 10 years ago. So the increase in the market in the North Jersey area is kind of dictating that particular market and why it's higher than the Neptune market. The other reason why Neptune is more cost-effective is, you're involved with an EDA project. Financing there is at the cheaper dollars, and we're able to do more, you know -- a better financial deal at that particular location.

ASSEMBLYMAN CRYAN: Okay. Makes perfect sense. Although I did notice some of the other leases that came up in North Jersey weren't up that high, you know, in terms of percentages, just from reading through this stuff. As a matter of fact, most of them -- as a matter of fact, this was, I think, the highest or second highest. The
Health Department one also jumped off. But I accept your answer. I'll be voting it, but I just wanted to know. We are reviewing these things.

MR. CAMPANELLA: And our goal, just as your goal is -- as taxpayers and as Treasury employees, we try to cut the best deal we can always. Sometimes you're able to cut a better deal than others. Just a natural thing that occurs, you know.

ASSEMBLYMAN CRYAN: Thanks. That completes my questions.

Do the members have questions?

SENATOR SWEENEY: Motion.

DEPUTY TREASURER SMARTT: Second.

MR. MacCALUS: On the motion to approve consent agenda of the Department of Treasury.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: They have all passed.

The next one.

MR. SUTKIN: The next agency items submitted for your approval are No. 4, which is NPL 2753; No. 9, which is 3653; No. 18, which is NPL 4314; submitted for your approval.

ASSEMBLYMAN CRYAN: Is there someone here from the Department of Labor?

MR. WILKINS: Good morning. Joe Wilkins, Assistant Commissioner of Administration and Technology for the Department of Labor.

MR WILKINS: I'm just fine.

ASSEMBLYMAN CRYAN: You heard us talk earlier about, we're looking for a long-term facilities plan by November 15th?

MR. WILKINS: Yes.

MR. WILKINS: No.

ASSEMBLYMAN CRYAN: Thank you.

And on notice, we'll have a committee hearing before the end of the year as well.

Do you have any questions?
In No. 4, 2753, I think the lease was up in fall of '06, scheduled to move.

MR. WILKINS: Yes.

ASSEMBLYMAN CRYAN: Did we move?

MR. WILKINS: We're under construction, or shortly will be under construction at the new site.

ASSEMBLYMAN CRYAN: Didn't the lease end in -- I know it says fall of '06, but -- yes, scheduled for some time in fall of '06. Are we moving?

MR. WILKINS: Construction will begin shortly.

I didn't understand what you said.

ASSEMBLYMAN CRYAN: I thought this lease, when I read it, was to conclude relatively soon, was it not?

MR. WILKINS: Yes. We're asking you to extend that lease where we presently are until the new location is ready.

ASSEMBLYMAN CRYAN: When will the new location be ready?

MR. WILKINS: I'm sorry. I can't hear you.

ASSEMBLY CRYAN: When will the new location be ready?

MR. WILKINS: I would think probably in two years.

ASSEMBLYMAN CRYAN: Because I'm looking at the leasing action recommendation sheet here in the overview, and it says, "until we are able to move into the new building scheduled for sometime in the fall of 2006." We're now in fall of 2008?

MR. WILKINS: Well, 5/07 is the date that I'm handed. I don't know that that's realistic.

ASSEMBLYMAN CRYAN: Do we have any idea why? I only got these sheets in the past three weeks. What's up?

MR. LABATE: Development of the plans and construction documents to get the new space ready.

SENATOR SWEENEY: Chairman, I agree with you. Again, we need to have accurate timelines of when. And when the departments come here, they should know when they're going to be moving in. We really need to get the answers, you know what I mean? When we're starting, when we're finishing, when we're moving. Being in construction myself, I know that fluctuates. But we should be able to have a little bit tighter timeline on it.

MR. WILKINS: Senator, we've been working on this for almost three years.
SENATOR SWEENEY: I understand that, but we still need to get an answer. We still need to have an answer when we're approving these leases that we at least know when the lease is going to take place. Because I guess we're going to go month to month now on this property, is that what we're going to do?

MR. LABATE: Yes.

SENATOR SWEENEY: We're going to go month to month on this property. Is that anywhere in here? I didn't recognize that.

ASSEMBLYMAN CRYAN: Does it?

MR. WILKINS: He's reviewing it now.

ASSEMBLYMAN CRYAN: While he reviews that, Mr. Wilkins, let me direct. Let me request as the Chair of this Committee that you give us an updated report -- whoever you need to give us that on the terms of construction and where this facility is.

MR. WILKINS: Sure.

ASSEMBLYMAN CRYAN: Who do I make that request to? Is that you?

MR. WILKINS: I think it's probably better addressed to Treasury.

ASSEMBLYMAN CRYAN: You got it?

MR. WILKINS: Absolutely.

MR. LABATE: On the page --

SENATOR SWEENEY: Just read it.

MR. LABATE: It just says month-to-month lessor agrees to hold the rate for a two-year period.

SENATOR SWEENEY: So you have a two-year window, okay. Well, as you can see, we read these, so it was a lot of reading.

Thank you.

MR. SUTKIN: I would just add, I appreciate you want firm dates, and we're going to get them for you. But this is not a situation where there's double rent being paid. We're only paying on the earlier lease rate, and it's actually a cheaper lease rate than the lease we're moving into, so it's not a case double paying.

ASSEMBLYMAN CRYAN: I get that. But I also get reading here -- I'm reading a document that says we're going to move in, in fall of '06. In the span of the last five minutes we've either gone to two years or May of '07. None of us sitting here are going to approve this lease month to month, whatever way we do it -- have any concept as to when
we're going to be out of it. That's what we're charged with doing here, being responsible with those dollars. That's what I want. It's that simple. Okay.

No. 9, I guess it was the same thing, a long-term plan. Is there a plan to move out? This lease term was to April 30, 2006.

MR. LABATE: On this one, I believe I can speak somewhat as far as what's happening with the Department of Labor and Treasury, working with the County of Passaic, with Passaic County Community College for the location that they will be constructing. And as soon as that gets finalized, we would end up participating in that project.

ASSEMBLYMAN CRYAN: So where are we now with this particular lease that's on Broadway and Patterson? Is that month to month right now?

MR. LABATE: Yes, it is.

ASSEMBLYMAN CRYAN: So it's month to month and we're working -- do I get this right? We're working with a community college to potentially go there?

MR. LABATE: Yes, to create a one-stop with the community college.

ASSEMBLYMAN CRYAN: You need to be clear when you talk long-range facilities in the next couple months. This is one of the items I, obviously, have an interest in. It makes no sense to have a lease that's April 30th of '06 and no plan as to where to go.

MR. LABATE: We agree with that.

ASSEMBLYMAN CRYAN: I assume you agree on that.

And No. 18, Union City was significantly more expensive than the others. This was Department of Labor, as I noticed it, right?

MR. LABATE: Yes.

ASSEMBLYMAN CRYAN: Patterson is 20 bucks a square, 18 is 26, goes up to 31.25. Why such a difference in cost? Is Union City that much more difficult?

MR. LABATE: Yes, very difficult to find any space that can accommodate the size of the requirement. We have searched up and down, literally up and down the streets -- approached a lot of people that might have been able to do something.

ASSEMBLYMAN CRYAN: Does the law require us to be in Union City?
MR. LABATE: I believe that's a Department of Labor requirement.

ASSEMBLYMAN CRYAN: That's all my questions. Anybody else?

SENATOR SWEENEY: I make a motion.

DEPUTY TREASURER SMARTT: Second.


ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: The consent agenda for the Department of Labor have all passed.

ASSEMBLYMAN CRYAN: Next up is Human Services.

MR. SUTKIN: Yes. Thank you.

You'll see on the agenda I broke out Human Services from what was formerly the DYFS. Human Services lease No. 5, I believe it's the Division of Developmental Disabilities for NPL 3120, which I submit for your approval.

ASSEMBLYMAN CRYAN: How are you?

MR. SHOVLIN: John Shovlin, Director of Real Estate and Facilities Management, Human Services.

ASSEMBLYMAN CRYAN: John, good to see you. Thanks for coming.

You heard us talking before about the need for a long-range facilities plan submitted to the Committee by November 15th. Do you have a problem with that?

MR. SHOVLIN: No.

ASSEMBLYMAN CRYAN: This lease is month to month?

MR. SHOVLIN: Yes.

ASSEMBLYMAN CRYAN: Pending the final award of new lease? Has that happened? Where are we at with that? Where are we on the long-range plan with this one? Do you have any idea?

MR. SHOVLIN: Through the lease negotiations, different sites have been reviewed and it's still in the process of responding. I guess the bidders have been responding.
MR. CAMPANELLA: Yes. I'm just in the process of wrapping up. I just did a best and final for the 10-year lease with two 5-year options for the long-term requirement for this agency. And that's going to be wrapped up and notice of intent to award will go out next week, with the hopes of getting it on the agenda for the next meeting.

ASSEMBLYMAN CRYAN: Thank you.

MR. CAMPANELLA: You're welcome.

MR. MacCALUS: Motion to approve?

SENATOR SWEENEY: Motion.

MR. MacCALUS: Do I have a second?

ASSEMBLYMAN CRYAN: Second.

MR. MacCALUS: On the motion to approve the NPL No. 3120 for the Department of Human Services.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: NPL 3120 has passed.

Next, we have Children and Family.

MR. SUTKIN: Yes. The next lease is for the Department of Children and Family Services. In your agenda book, it's referred to as DYFS. It dates back a little bit. They are Items No. 22, which is NPL 4556; Item No. 23, NPL -- excuse me. The first one is 4556 for Item 22; for Item 23, it's 4566; for Item 24 it's NPL 4580; Item 25, 4582; Item 31, 4589; Item 36, NPL 4595; submitted for approval.

ASSEMBLYMAN CRYAN: Questions?

SENATOR SWEENEY: Thanks, Chairman.

I remember when I first got on this Committee, we were racing to find space because we had problems so we had to do all these two-year leases, short leases, until we figure something out. Have we figured anything out yet?

When we did -- I don't remember, I think we did, like, 20 of them in the beginning. When we did that, saying we had to do these immediately because we had hired all these employees-- But we would now, once we did that -- would start figuring out what we were going to do for long-term solutions. We're doing two-year leases still. So I guess my
question is -- and this is why the Chairman raised the issue and I was raising the issue, Steve, is, it's been a while. Where is the plan? Two-year leases is not the long-term plan. And I'll be supportive of this, but I'm not going to be supportive of it again unless I see a plan.

DEPUTY TREASURER SMARTT: Someone from the Department, Mr. Chairman, I think can come forward.

ASSEMBLYMAN CRYAN: Who's here from the Department?

MR. MacCALUS: Make sure you identify yourself.

MS. EISENBUD: Good morning. My name is Lisa Eisenbud. I'm the Chief of Staff at Children and Families. With me I have Lisa Taylor, my Director of Administration, and the Head of Facilities, Steve Matolla.

SENATOR SWEENEY: You heard my question?

MS. EISENBUD: I did. Absolutely. And it's well taken.

Since the beginning of this administration, we have halted any requests for new space and actually have been engaged quite significantly with the Department of Treasury about how to manage this process differently.

You may have heard in last year's budget testimony that we are in the process of consolidating area offices previously envisioned by a former administration. And we've been trying to occupy those spaces as robustly as possible so that we are being more efficient in our space.

Further, our current process on the table with Treasury is to look at state-owned property -- property owned by Treasury, leased space with other divisions, EDA projects -- to try as efficiency as possible to co-habitate with other entities in state government so that we're not asking for new space. We're also beginning to discuss other trials, whether we should go to hospitals, community partners, other places where the communities are. We know DYFS is going to live for a long time, that we could perhaps take this process on in a different way.

So you'll see in front of you, these are actually the varied requests that you probably last discussed and nothing more at this point, because we will have to give you on November 15th a new long-range plan that takes these kinds of efficiencies into the process.

SENATOR SWEENEY: My point, my reason is, governors do change, administrations do change. Departments are there. Commissioners change, but people that are underneath those commissioners are still there. And when I got here, after we did the first round, we said we
weren't going to do them anymore until we came up with a plan. It's, I guess, 15, 16 months later, and we're still doing the same thing, which means -- I know administrations changed, but no one started working on the plan. Or whoever was working on it left. I would ask, is your facilities person here?

MS. EISENBUD: Yes. I think we're just misunderstanding each other. These actually are those old requests. These are not new requests. We actually heard you and what we've done is --

SENATOR SWEENEY: But these are the same ones we're redoing, right?

MS. TAYLOR: No. They're just making it here through the process.

MS. EISENBUD: These are asks from 2005 for those original hires. And we don't have a new one in front of you because what we did was we took -- and to his credit, Steve Matolla did have a long-range plan in development with Treasury that was completed. We just pulled it back because we wanted to look at this in a different way. We wanted to see if perhaps the process could look different because, you know, DYFS will be around long past many of us sitting at this table and in this room. We wanted to try to find a different way to create enterprise in the community so that this is not an ongoing lease temporary-type situation, I think exactly what you're asking us to do here.

SENATOR SWEENEY: I'm a little confused. Didn't we approve a bunch of leases because we hired a bunch of people?

MS. TAYLOR: And this is the space that's actually catching up with those people.


MS. TAYLOR: Most of these requests were submitted in '04 and '05.

MR. LABATE: We have leased quite a bit of new space over the past two to three years.

SENATOR SWEENEY: That's what I thought.

MR. LABATE: Subsequent to that or part of that initial request -- the initial plan was in three or four different phases. This is kind of the third or fourth phase of that initial --

SENATOR SWEENEY: What you were relaying to me is, we didn't approve anything. That's how it came off to me, Mr. Chairman. You
confused me because I said we approved a bunch of leases, and we did. And we occupied those leases. And when we did those things -- I guess we can go through the records and the minutes. My concerns were, we know this is going to continue, we had to do these, I was told, in the beginning because we had to do these in a rush, but the next go-around we wouldn't be doing this. We're doing exactly the same thing as we did two years ago. These are two-year leases and they're temporary fixes. And we know that we were looking for long-term fixes. So this is not a long-term fix, it's a temporary fix. And what I guess the point I was trying to make was, two years ago, 18 months ago, we said we would do some, even though these might have been part of your plan, this wasn't a permanent plan; we would get a more permanent fix. I think that's what we said, isn't it?

MR. LABATE: Senator, actually on some of these, you'll see a couple on this agenda that are -- one, off the top of my head, that is part of the long-range plan. We're working on about four or five right now, longer-range plans. Right now, we're just trying to secure some space because we're hiring people faster than what they expected. We're working on that at the same time.

SENATOR SWEENEY: But we did this 16 months ago, or 15 months ago. And the understanding was, when we came back -- I know we need the space. I'm going to vote for it, but I can be on record right now, I won't vote for any more until we have a plan. This is not what we agreed to.

ASSEMBLYMAN CRYAN: I just got a couple. Some of these are really small. Some of these lease spaces kind of jump off, like 24, 4580, Hainesport, it's small. I assume that when we look at this long-range plan, that would be the kind of place that could be absorbed based on all sorts of issues that you have today. Would that be right?

MR. LABATE: That particular one actually is -- the long-range plan is actually in this agenda for the Hainesport space.

ASSEMBLYMAN CRYAN: Now, my other question is on No. 22, which is 4556. This is probably you, Steve; I'm not sure. That lease goes to a location -- let me just get to it. That lease goes to a location at 415 Landis Avenue and the amount we're paying per square foot is $19 right now. When I go to No. 26, which isn't part of Human Services, that lease, one goes to 451 Landis, whatever it is. And No. 26 goes to 541 Landis, same town, and the rent there is only 9 bucks a square foot. Why is that?
MR. CAMPANELLA: Chairman, I know on the Landis Avenue one, that's a two-year deal, 4556. There's $100,000 worth of work that's included in that $19. That's one of the reasons. I didn't do the other one, 4583. I think that's --

ASSEMBLYMAN CRYAN: So we're going to invest $100,000 in this facility as well?

MR. CAMPANELLA: Correct. That's part of the $19.

MS. EISENBUD: I'm sorry. Doesn't it say that the landlord is going to furnish the tenant improvement allowance of $100,000. The landlord is providing--

MR. CAMPANELLA: He is providing it, but ultimately the $19 encapsulates that.

SENATOR SWEENEY: It's not free.

MR. CAMPANELLA: Right. Exactly.

ASSEMBLYMAN CRYAN: How do you do that without a plan? If you don't mind me asking, how do you do that if you don't have a plan? Who says, "Let's give a landlord a few hundred thousand in capital improvements without a plan"?

MR. LABATE: The one for Children and Families, there is a plan for what needs to be done with the space to make it habitable for us. That's not the long-range plan as far what's going to happen to the space ultimately, but work needs to be done with that space so we can live in it.

ASSEMBLYMAN CRYAN: You get where I'm coming from here? There's a lesson of -- you're on the same street, and one rent is more than double the other because it's capital improvements and we don't have a plan.

MR. LABATE: Yes, I understand.

ASSEMBLYMAN CRYAN: Am I missing something? Guys, this stuff is going to end. It's going to end. Who makes the call that says -- how does that work, Paul? Who says, "We're going to give the landlord 3 or $400,000 in capital improvements and put it into lease"? Who says that's the right thing to do?

MR. CAMPANELLA: Well, part of it is the agency has a two-year need or a short-term need, and in order to habitate them in that location, certain things need to be done. I agree with you a hundred percent. The long-term stuff has to be ironed out.
ASSEMBLYMAN CRYAN: Would you be able to show me -- I'm not jumping on you. Maybe it's just being new on the Committee. I know it says in the document -- I don't want to pull it up. Would you be able to tell us what else was looked at and how it was done?

MR. CAMPANELLA: Yes.

SENATOR SWEENEY: I have a quick question.

When we make improvements with the landlord-- This is a question you could probably answer. Say we put, like one of these leases, $5 or $600,000 into a building to improve it. Now, it might be a different use after we're done with it, but is there any kind of -- like you take an old building that's really beat up, and we rock it and do all the things we need to improve it, new lighting and everything. When we leave, we don't take that. Is that reflected in the rent? Even though we make $100,000 or $500,000, do we get any credit for the improvement on the building to bring the rent down a little bit?

MR. CAMPANELLA: Usually we don't. In a 10-year deal, those costs are averaged as part of a turn-key project based on our specifications and all the requirements that the State needs when they procure a space.

If I'm not mistaken, this 415 Landis Avenue, it was originally on the agenda way back when as a longer-term space, and that was pulled or on hold for -- I don't remember.

MR. LABATE: The agency.

MR. CAMPANELLA: The agency actually pulled that one back. That was slated for a 10-year deal for 22,000 feet. During, I guess, the change in plans at mid-stream, that was pulled off and this is just being considered for a short term, pending the long-term plan of what they need in that particular county, which I don't think we have yet in the form of an SPR.

MR. LABATE: Right.

ASSEMBLYMAN CRYAN: Let me just ask as the Chair, Paul, can you give the members of the Committee just a quick memo on how the authorization process to add capital improvements to a facility is done, just how it works. Agency X, it doesn't have to be anybody specific. Would you do that for us? Will somebody do that for us?

MR. LABATE: Sure. I believe that part of the answer is going to be that each one is an individual negotiation. Some cases, we were working on a 10-year lease. All those renovations are included in
what the final rental rate is. When we're only guaranteeing somebody that we're only going to be there two years or negotiating to be there for two years, they're not going to invest as much as -- so each negotiation is specific to the needs at that time.

ASSEMBLYMAN CRYAN: I get that. But I still don't understand who says we can make capital -- who's the final call when somebody says, "We'll approve you, Mr. Landlord."

MR. LABATE: This Committee is the ultimate --

ASSEMBLYMAN CRYAN: It is. And you wouldn't want my vote today. I'll leave it at that. We made the point. Thank you.

DEPUTY TREASURER SMARTT: Going back in history with Senator Sweeney, I think when this initiative was launched, particularly because we were dealing with short-term spaces, there was a discussion about trying, to as great extent as possible, to move into spaces requiring minimal or no renovation. Is it safe to say that the plan you will be coming forward with will provide that if these are short-term spaces or even if they are longer-term spaces, that there will minimal renovations and that those will be tied to the needs of serving the clientele? It won't be cosmetic things or that kind of thing. So that will reduce the amount of renovations. If we have a building that's serviceable, anything beyond that would be justified in terms of whether it was used for required for functionality.

MS. EISENBUD: Absolutely. I completely agree that that is one of the issues that we have been discussing and will present to the Committee. I can't speak to what decisions were made prior to my tenure, but we're not in the business of providing more than just sufficient space so that people aren't working on top of each other in these offices.

SENATOR SWEENEY: Motion.

DEPUTY TREASURER SMARTT: Second.

MR. MacCALUS: On the motion to approve consent agenda for the Department of Children and Families.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: They have been approved.
Someone here from Health?

MS. YOUNG: Michelle Young, Division of Public Health and Environmental Laboratories from the Department of Health and Senior Services.

ASSEMBLYMAN CRYAN: Hi, Michelle.

You heard us talking about the need for long-range plans. Would you carry that message back?

MS. YOUNG: Yes, I will. Just to let the members of the Committee know that the Department of Health and Division of Public Health Environmental Laboratories is currently constructing a new state building under the direction of the New Jersey Building Authority. We should take occupancy -- the latest time would be early 2010. So we are currently in the design development phase of the building.

ASSEMBLYMAN CRYAN: That's why this lease goes until 2010?

MS. YOUNG: Correct. The Division, the sub-unit, the environmental chemistry laboratory took ownership, assumed the lease, in November of 2004 from the New Jersey State Police due to new initiatives from the federal government regarding chemical terrorism. So we assumed the lease, and now the extension is to continue, no disruption in the laboratory services.

ASSEMBLYMAN CRYAN: Thank you.

Questions?

Motion?

senator Sweeney: Motion.

Deputy Treasurer Smartt: Second.

Mr. MacCalus: On the motion to approve the Department of Health and Senior Services Ewing Township lease.

ASSEMBLYMAN CRYAN: I wanted to make another comment. It's not for you, Michelle. You're safe.

On the disclosure, somebody on here donated to Corzine for Governor. I think it's in this one, right? My notes say it's this one. Here, there is an individual, Ted Golfinopoulos, who donated. I don't know him and want to make sure to put that on the record as well.

MR. MACCALUS: If it's under $250, it's under the cap.

ASSEMBLYMAN CRYAN: I understand that, but trust me, my daytime job.

Senator Sweeney: We're very sensitive individuals.
ASSEMBLYMAN CRYAN: Very sensitive.

MR. SUTKIN: Just for the record, Assemblyman Cryan, before we take any proposed item to the Committee, we run it by the Pay to Play Section of the Department of Treasury. And they still refer to it as EO approval, but it's actually statute.

ASSEMBLYMAN CRYAN: I'm aware of that. Thank you for that. I also, as you probably know, as Chairman had to make sure that these names didn't blow by there as well. Frankly, I don't need some story somewhere about something. I'm extra sensitive to it.

MR. MacCALUS: For approval.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: The lease has passed.

On to Department of Transportation.

MR. SUTKIN: Thank you, Mr. MacCalus.

For your consideration, Item No. 7, which is Lease 3502; Item No. 8, NPL 3599; Item No. 14, NPL 4107; Item 21, 4545; Item No. 28, NPL 4585; and Item 32, which is 4590.

ASSEMBLYMAN CRYAN: Thanks.

Name for the record?

MS. GOYLE: Denise Goyle, Assistant Chief Administrator, Motor Vehicle Commission. I'd like to just make a comment, Chairman, before we go forward. I just want to state for the record that the Motor Vehicle Commission does have a long-term facilities master plan which goes out to Fiscal Year '11. Part of the reason for that plan is, some of the money that we have received when we became a commission was through bonds, and part of that bond is dedicated to improving of facilities. So, therefore, when we look to move forward, part of our approach is to first look at state-owned property that we currently have and see if there's a way to consolidate and take smaller leases, and put them all in state property and maybe have an inspection station with that Motor Vehicle Agency.

The second thing we have aggressively gone after are month-to-month leases, because we have had situations where we've had
eviction notices. And it's not the kind of business that I can just say, "Oh, sorry. We're closed. We're being evicted." So we've taken an approach of looking at state-owned properties that we can build upon. We do have a requirement statute to have a Motor Vehicle Agency in every county. But I think there's ways to look at that. So sometimes you will see leases that we're moving towards 10 years, because we really need to get out of month to month. I just wanted to give a little overview of how we approached our master plan.

ASSEMBLYMAN CRYAN: I understand. Before you mentioned you do have a copy of that plan, right?

MS. GOYLE: Absolutely.

SENATOR SWEENEY: This is absolutely one agency that we should be owning our buildings. It's actually confusing for residents that the DMV was over here, they rented, now it's over here. We're not going out of business. I was one of the ones who voted for raising the fee and everything else because we were basically told we would start moving towards permanent facilities.

MS. GOYLE: We are. We have four builds on the way.

SENATOR SWEENEY: I know. Again, I'm on this Committee, how many months? Eighteen months on this Committee or 16 months, and the problem with government, from what I know, is unless you give them a deadline and make them move, they're not moving. Because, you know, we rented a building here for 45 years. I bet you before I was here, somebody said we should be owning that building or building a building, I'm sure. You know, so, again, this is an agency I want to see a plan.

MS. GOYLE: Okay, Senator.

ASSEMBLYMAN CRYAN: I have a question for you. I'm sorry, Bob, did you have a question?

DEPUTY TREASURER SMARIT: No.

ASSEMBLYMAN CRYAN: No. 21, which is 4545, we're going from Wyckoff to Paterson. Isn't that fairly far?

MS. GOYLE: Well, let me be clear that there was decision made a while back to enter into a partnership with the City of Paterson, who felt that they had a need to have Motor Vehicle's presence in their city. So between the City of Paterson, the Paterson Parking Authority, we entered into an agreement and decision to open an agency in Paterson. In looking at that, one of the things that we are evaluating
is, we have a Motor Vehicle Agency in Wyckoff and there's one in Oaklyn. They're only, I believe, a couple miles apart.

And because of the situation with hiring and everything else, we're looking to see if we open Paterson, whether we can't keep the workforce from Wyckoff and move it to Oaklyn and to Paterson and surrounding areas.

ASSEMBLYMAN CRYAN: So when I look at this lease information and space, SPR, I guess, is the acronym --

MS. GOYLE: Yes.

ASSEMBLYMAN CRYAN: It's really not Wyckoff going to Paterson. It's really services are there, and they're Oaklyn, and they're close by?

MS. GOYLE: We are trying to look to consolidate certain areas where they're close and the space itself doesn't accommodate.

One of the things we did recently was actually go through a process of developing what a Motor Vehicle Agency should look like, how much square footage. Credit cards are starting to come in, all types of technologies. We've done a redesign. We've done that for our larger regional facilities as well as our individual agencies, so that we know what we want and look to the future in terms of technology.

ASSEMBLYMAN CRYAN: The only question I have on the Motor Vehicle was on No. 32, I guess, one in Teaneck.

Maybe, Paul, this is for you.

MR. CAMPANELLA: No, I didn't do this one.

MS. GOYLE: Chuck is coming up behind me.

ASSEMBLYMAN CRYAN: What's your name?

MR. CONNELLY: Chuck Connelly.

ASSEMBLYMAN CRYAN: If I read this right, you're adding $500,000 worth of improvements?

MR. CONNELLY: Yes.

ASSEMBLYMAN CRYAN: And the rent on this looks like it was $30 when we end this thing, is that right, or 28 bucks?

MR. CONNELLY: Base rent is, I believe, under $25 a square foot.

ASSEMBLYMAN CRYAN: So $25 even, then it goes to $28.12 a square foot, right?

MR. CONNELLY: Right.
ASSEMBLYMAN CRYAN: That rent looked really high, given the amount of it. It's the one that kind of jumps off Motor Vehicle stuff. What's the deal with that?

MR. CONNELLY: I would explain it this way. This is a requirement that we've been working on probably -- I've been with this group three years, and it was a search and several advertisements put in before that and subsequently made. We've advertised this maybe four times over the last five years to find a replacement site. We've never had any responses to the ads. This was a site that we located through a lot of searching, what we call canvassing. We explored a lot of different sites in that area. While you look at $25 a square foot, you might say that's high. In fact, that's lower than what we find most retail landlords are getting in that area, where we're looking for Teaneck and Bergenfield. And frankly, the rents are just much, much higher in that area.

ASSEMBLYMAN CRYAN: Don't rents -- I assume people like having the State as tenants. As a landlord, they'll get paid retail.

MR. CONNELLY: It varies.

ASSEMBLYMAN CRYAN: I just don't understand why we're adding-- It's easy for me to sit up here and look at a piece of paper. Still, it's $500,000 in improvements and the lease that's, at the end of the option, is $36.55. I mean, it's not cheap. This one is really expensive.

MR. CONNELLY: No, it's not. What I would say is, it's comparable and actually less than what we see other landlords in that area.

Motor Vehicles is a little more difficult to locate for a number of reasons. They have very intensive parking requirements, which is why we typically end up in retail sites. Those sites aren't naturally suited for a Motor Vehicle agency, which is part of the reason that our fit-out is much higher than the average state agency. I think you'll find that most fit-outs for most agencies are much less than Motor Vehicle's, but there's actually a reason for that. Their HVAC requirements are much more intense. There's a number of components that their fit-out that you won't see in a typical State office.

ASSEMBLYMAN CRYAN: And this one happens to give you more parking, looks like, from Englewood?

MR. CONNELLY: Yes.
ASSEMBLYMAN CRYAN: There's a need for more parking even though we're doing things interactive more and more on the website?

MR. CONNELLY: Well, I was going to say, one thing I observed -- and I was actually shocked by this. We just opened a site in Turnersville, and I was shocked to find out that they have over 500 cars a day going into those sites. At any given time, I think I was told, there were 75 people parking and coming in and out. So it's a very intensive use.

ASSEMBLYMAN CRYAN: I'm going to vote for this, but I have to tell you, this one in particular was glaring, at least in terms of Motor Vehicle. I'm sure you guys saw the same thing. The numbers are way out of whack with everything else.

MS. GOYLE: I think I should state, though, that part of the reason also is, don't forget, I've gone to expanding the square footage as well as what we had in Englewood versus Teaneck. You know, a decision had been made that we have a prototype, 6,000-square foot agency which also then causes some types of renovations that we need, I would say overall, to be maybe higher than other types of state rented buildings. So I'm not going to say that --

ASSEMBLYMAN CRYAN: I know if we take the Motor Vehicle ones that are here and put rents together, this one is just head and shoulders way above. Not just because it's in North Jersey; because of the rates. Now we add in the amount of capital improvements that we just had a discussion on, it looks goofy.

MR. CONNELLY: Honestly, I don't disagree with you. I would say this, that we spent literally years talking with numerous landlords in that area from Closter down to Teaneck, and we've never been able to find anyone that's been able to produce a rate lower than $25 a square foot. And we are also faced with the issue of having a notice to vacate on top of that.

So while the number may seem high on paper, I'm very comfortable that it's lower than what the average retailer is paying. And frankly, we have to have a site up there. We're fortunate to find this one.

SENATOR SWEENEY: Just a question.

What is this square footage cost for construction in that area? What does it cost to construct in that area?

MR. CAMPANELLA: New construction?
SENATOR SWEENEY: Yes.

UNIDENTIFIED SPEAKER: Probably -- you're talking a new building completely from ground up?

SENATOR SWEENEY: Ground up.

UNIDENTIFIED SPEAKER: Probably $125, $150, without the land and soft costs.

SENATOR SWEENEY: What would it cost to build a 6,000 square foot building there? I'm trying to envision what debt service on a note would be, to what the rental payments would be. And as the Chairman said, I think it might be high. So these are the areas -- when we're saying I know we got to fix and we've got to move, but --

MS. GOYLE: I agree with you, and I think that one of the things that we have worked with the Treasurer's Office in trying to do is look at our assets and start to maximize.

SENATOR SWEENEY: Your department has more than other departments. We've granted extra funding to you when we raised fees. I think what I'm saying is when I hear how we looked for years for a space to rent and X amount of dollars a square foot, why don't we look and see -- I think one the criteria right off the bat is, is it cheaper to build it than to rent it. If the rental cost, max, you know, the debt service, which actually we found a couple leases before where the debt service would have been the same or a little bit less than the rental space or the rental cost would be. That makes no sense.

MS. GOYLE: I agree, Senator. I think that the process has to be looked at further. I will tell you when you see the master plan, you'll see that every penny of that money that went into the bond for the projects, most of them are going into building and on owned properties.

SENATOR SWEENEY: Does this have to happen right now?

MS. GOYLE: Well, the Englewood landlord does not wish to have us as a tenant anymore, and I believe he wants us out, and so it's important to us.

SENATOR SWEENEY: I understand that. But we have other landlords that want us out and we do month-to-month leases, don't we? They can't really kick us out until we're ready to leave.

MR. SUTKIN: Case by case basis. They have to proceed to court get us evicted.
MR. CONNELLY: The landlord has another tenant that wants to come in and they're very anxious to get us out. I would anticipate --

SENATOR SWEENEY: I understand that. But what if we want to stay?

MR. CONNELLY: I assume they would file a lawsuit and evict us. We have no legal right to stay there.

SENATOR SWEENEY: How many years have you been looking for another space there?

MR. CONNELLY: Been over three years.

SENATOR SWEENEY: Why wasn't -- Going back to my original question, why wasn't it looked at to build in that area when we knew we had a space problem, where the landlord might be indicating they want us out rather than looking to lease? The lease might be cheaper, it might be a better deal. All I'm saying is, it doesn't sound like that option was explored here. It was just, "Let's go find another lease."

MR. CONNELLY: I know Motor Vehicles had a study done by Standard and Poor's. I don't know if this was one of the areas targeted for construction. In fact, I assume it wasn't. Obviously, that's not in our control. We got our marching orders.

MR. CAMPANELLA: We've been trying for years to buy stuff. Bob will tell you. We agree with you a hundred percent. Its just that you get to the point when something's on the table and it's just nobody seems to want to make the decision go ahead and do it.

SENATOR SWEENEY: It's not trying to be critical, it's trying to change the focus that if we're spending $200 million, that's $2 billion construction.

MR. CAMPANELLA: That's right.

SENATOR SWEENEY: Rough numbers.

MR. SUTKIN: Senator, speaking for DPMC, we're prepared to engage in any discussion on building, but the funds have to be generated. We're also the contracting agency for the New Jersey Building Authority. I'm the contracting officer for the Building Authority. If someone comes up with the cash, we're ready to go.

MR. CAMPANELLA: But you need to have the plan.

ASSEMBLYMAN CRYAN: You need to have the cost relationship with it.

How much is a 6,000-square-foot building?
UNIDENTIFIED SPEAKER: About $135 a square foot.

MR. CAMPANELLA: Plus the land and soft costs.

ASSEMBLYMAN CRYAN: Skip the land. How much?

MR. CAMPANELLA: Six million dollars.

ASSEMBLYMAN CRYAN: Was there any check done on this? With $500,000 on fit-outs in three years -- and the other part of this is, is there any check done for State-owned land in that area? Did anybody look at State-owned assets? On the Budget Committee, which both of us have part of -- I'm wondering whether or not somebody took a look and said, you know, are we going in the right spot.

MR. CAMPANELLA: We do it all the time. For someone to make a decision to go ahead with it and in long-term plan to know you're going to be there, a lot of this stuff makes sense, and then making sure that you can maintain the property over the life of the asset. That's the other part of the equation.

SENATOR SWEENEY: I know the Treasurer -- the previous Treasurer and this Treasurer both looked at and would like to see a change in direction. And if it's an increase in some capital in order to get--You've got to put a little bit in, you take a little bit away to start moving in the right direction. We need to do that. Because what we're doing right now continues to be hundreds of millions of dollars, and I keep going back to the building we've been renting 45 years. I think we could have bought that building. That's all. I'm beating a dead horse. I apologize.

MR. CAMPANELLA: We agree.

ASSEMBLYMAN CRYAN: Bob?

DEPUTY TREASURER SMARTT: No.

SENATOR SWEENEY: Motion.

DEPUTY TREASURER SMART: Second.

MR. MacCALUS: On the approval of the consent agenda for the Department of Transportation.

Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

MR. MacCALUS: All of these leases have passed.

We're on to Law and Public Safety.
ASSEMBLYMAN CRYAN: If you could, tell us who you are.

MR. SIMONE: I'm Mike Simone from the Attorney General's Office, Manager of Administrative Service.

MR. MAZZELLA: I'm Tony Mazzella of the Division of State Police.

ASSEMBLYMAN CRYAN: I'll start with questions. No. 10, as a comment, which is NPL 3790 -- I think it says month to month until January of '08 and it talks about considering purchasing the property for a long-term plan. Is there anything --

By the way, before I do that -- I'm sorry. Both you guys heard me talk about the fact we want a long-range facilities plan.

MR. SIMONE: Yes, sir.

ASSEMBLYMAN CRYAN: Is there any problem with that?

MR. MAZZELLA: No. I'd be happy to respond to the State Police issues. We have, as Senator Sweeney has indicated, prepared a number of economic analyses that would represent dollar savings in the event we converted these leases to debt service. Obviously, there's financing mechanisms we have to deal with, and we're prepared to sit with the Treasury Department and deal with all of those issues.

In some cases, however, going down the road, I think what we're going to find is a number of stations that go back to the '60s, that were constructed and leased. The rental delta is going to give pause to considering construction of a new facility today compared to, let's say, a rental stream that runs in the neighbor of about $50 to $60,000 a year.

Recognizing that we need an upgraded facility, we need a larger facility -- for example, Woodstown is one in the Senator's district, I believe, that has been problematic. I know we've got a 5,000 square foot station there and we'd like to increase it to about 8 to 9,000 square feet. I believe our annual rent there is about $60,000 a year. We've been month-to-month for probably 10 to 15 years. A new station there, we'll call it 8,000, assuming land as well, probably going to be around 1.6, 1.7 million dollars. So just in terms of the “rule of tens” for debt service, you're going to triple your rental exposure on acquisition.

SENATOR SWEENEY: But it ends at some point. You know what I mean?
I apologize for interrupting you. But if you build, eventually you own.

MR. MAZZELLA: No question.

SENATOR SWEENEY: And I guess like the Bellmawr Barracks, if we want to stay and the owner doesn't sell, there is designed for state police barracks, public good, possible condemnation and having you buy the property, right?

MR. MAZZELLA: Absolutely.

SENATOR SWEENEY: That's actually another option.

MR. MAZZELLA: Yes. Eminent domain --

SENATOR SWEENEY: Well, eminent domain works for the public good. We're paying market value for the building.

MR. MAZZELLA: Fundamentally, Bellmawr is a perfect example. We have a relatively recent appraisal on that. It's our opinion that we could probably save, based on the rent that we're currently paying -- not the increased rent -- I believe it's in the neighborhood of about $80,000 a year. So assuming -- about $67,000 a year, assuming we purchased it at the appraised value. The rental increase in there is around $60 or $70,000, so presumably if property values didn't go up, we could save $120,000 a year by buying it.

Perryville was a lease that was approved last year for a two-year extension. We'd like to purchase that as well.

Allenwood is a station we'd like to purchase, along with some adjoining property.

The Franklin Station, we would not want to purchase that one. We physically want to move it. The station area has, in fact, changed. Our folks are driving about 40 to 50 miles round trip to get to their patrol area.

But we do have a plan in place. We're happy to share it with you. I think we can generate some significant savings, and we appreciate the opportunity to do it. I think it's a great step in the right direction.

DEPUTY TREASURER SMARTT: Mr. Chair, I spoke to the new administrator of the Department of Law and Public Safety the other day. I want to represent that the Department expressed a willingness to work with the Treasury and Building Authority on finding out ways to do exactly what we're talking about here.

MR. MacCALUS: Do you have a motion?
SENATOR SWEENEY: Motion.
DEPUTY TREASURER SMARTT: Second.
MR. MacCALUS: Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Yes.
MR. MacCALUS: Senator Sweeney.
SENATOR SWEENEY: Yes.
MR. MacCALUS: Deputy Treasurer Smartt.
DEPUTY TREASURER SMARTT: Yes.
MR. MacCALUS: All of the NPLs for the Department of Law and Public Safety have passed.

Now on to Judiciary.
ASSEMBLYMAN CRYAN: Good morning.
MR. WILLIAMS: Gerald Williams, Administrative Support Services with the Administrative Offices of the Courts.
ASSEMBLYMAN CRYAN: Mr. Williams, good to see you. Did you hear us talk about the long-range plan?
MR. WILLIAMS: Yes.
ASSEMBLYMAN CRYAN: Any problems with that?
MR. WILLIAMS: I don't believe so.

Any questions for the Judiciary?
MR. MacCALUS: Do we have a motion?
SENATOR SWEENEY: Motion.
DEPUTY TREASURER SMARTT: Second.
MR. MacCALUS: Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Yes.
MR. MacCALUS: Senator Sweeney.
SENATOR SWEENEY: Yes.
MR. MacCALUS: Deputy Treasurer Smartt.
DEPUTY TREASURER SMARTT: Yes.
MR. MacCALUS: The two leases for the Judiciary Branch of Government have passed, as opposed to the Judiciary Department. Thank you very much.

Military Veterans Affairs.
ASSEMBLYMAN CRYAN: Hi.
MS. McGUINN: Kathy McGuinn, Department of Military Veterans Affairs, Office of Real Property.
ASSEMBLYMAN CRYAN: Did you hear us talk about the November 15th date for the long-range facilities plan?
MS. McGUINN: Yes. I have a question about that. Considering the National Guard Bureau directive, it basically is depending on the times as far as the recruiting offices go. I just didn't know if that would really play into anything for us.

ASSEMBLYMAN CRYAN: Use your best judgment, recognizing you guys have a particular function.

Anybody have any questions?

MR. MacCALUS: Do we have a motion?

SENATOR SWEENEY: Motion.

DEPUTY TREASURER SMARTT: Second.

MR. MacCALUS: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.

MR. MacCALUS: Senator Sweeney.

SENATOR SWEENEY: Yes.

MR. MacCALUS: Deputy Treasurer Smartt.

DEPUTY TREASURER SMARTT: Yes.

MR. MacCALUS: The leases for the Department of Military and Veterans Affairs have passed.

MS. McGUINN: Thank you very much, everyone.

MR. MacCALUS: Education.

MR. CORSO: David Corso, Director of Administration of Resources for Department of the Education.

ASSEMBLYMAN CRYAN: Good afternoon, David. How are you?

MR. CORSO: Good. How are you?

ASSEMBLYMAN CRYAN: Did you hear us talk about the November 15th date?

MR. CORSO: Yes.

ASSEMBLYMAN CRYAN: Any problems with meeting that?

MR. CORSO: No.

ASSEMBLYMAN CRYAN: Thank you.

Anybody have any questions for Education? It's East Orange facility, right?

MR. CORSO: Yes.

MR. MacCALUS: Motion to approve.

ASSEMBLYMAN CRYAN: Motion.

SENATOR SWEENEY: Second.

MR. MacCALUS: Assemblyman Cryan.

ASSEMBLYMAN CRYAN: Yes.
MR. MacCALUS: Senator Sweeney.
MR. MacCALUS: Deputy Treasurer Smartt.
DEPUTY TREASURER SMARTT: Yes.
MR. MacCALUS: Lease for Department of Education in East Orange has been approved.
ASSEMBLYMAN CRYAN: Multiple agencies.
Is this for you, Steve?
MR. SUTKIN: Department of multiple agencies.
ASSEMBLYMAN CRYAN: This facility is four times the size than the previous one? That's what my notes say. Am I right?
MR. SUTKIN: It's a combination of agencies existing in separate facilities.
ASSEMBLYMAN CRYAN: You go from 500 square feet to over 2,000.
MR. LABATE: That's the State Auditor's Office.
MR. MacCALUS: I can speak a little bit to that. They want to establish a southern regional office. They already had people hired from South Jersey. This has taken a long time. People are actually commuting a bit into Trenton. This has been approved now for a year and half, two years. So here we are.
ASSEMBLYMAN CRYAN: Motion?
SENATOR SWEENEY: Motion.
DEPUTY TREASURER SMARTT: Second.
MR. MacCALUS: On Lease No. 4594 for various agencies and multiple departments in Cherry Hill.
Assemblyman Cryan.
ASSEMBLYMAN CRYAN: Yes.
MR. MacCALUS: Senator Sweeney.
SENATOR SWEENEY: Yes.
MR. MacCALUS: Deputy Treasurer Smartt.
DEPUTY TREASURER SMARTT: Yes.
MR. MacCALUS: The Cherry Hill lease has been approved.
ASSEMBLYMAN CRYAN: Anything else on the agenda?
DEPUTY TREASURER SMARTT: We're attempting to have Mr. MacCalus, Secretary of the Committee, communicate to the departments the thrust of today's conversation and what it is that the Committee wants.
ASSEMBLYMAN CRYAN: You will take that up, Mr. MacCalus?
MR. MacCALUS: I will.
ASSEMBLYMAN CRYAN: Thank you.
MR. MacCALUS: Motion to adjourn?
ASSEMBLYMAN CRYAN: Motion.
DEPUTY TREASURER SMARTT: Second.
MR. MacCALUS: All those in favor?
MEMBERS: Aye.
MR. MacCALUS: The meeting is adjourned.
(Meeting adjourned at 12:25 p.m.)